Item #7
Treasure Island Development Authority
City and County of San Francisco
Meeting of November 8, 2023

Subject: Review of Preliminary Official Statement Related to Proposed Public Financing Offerings

Contact: Robert Beck, Treasure Island Director

SUMMARY

In anticipation of the upcoming City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2023 ("CFD Bonds") and the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023 ("IRFD Bonds"), which will be issued by the City, through the Controller's Office of Public Finance in consultation with the Authority, Authority Staff, City Attorney, and disclosure counsel have prepared the attached letter memorandum summarizing securities law disclosure responsibilities that TIDA Board members should be aware of during their review of the Preliminary Official Statements and Official Statements in connection with the CFD Bonds and IRFD Bonds. See Exhibit A.

Additionally, TIDA staff has also provided a "FAQs" that TIDA Board members may have in connection with their review of Preliminary Official Statements and Official Statements in connection with the CFD Bonds and IRFD Bonds. See Exhibit B and Exhibit C attached.

TIDA Board members are asked to review the attached draft Preliminary Official Statements and provide comments to Bob Beck (Bob.Beck@sfgov.org) and Jamie Querubin (Jamie.Querubin@sfgov.org) no later than **Wednesday, November 22, 2023**. However, TIDA Board members are encouraged to email questions or comments before that date.

EXHIBITS

A. Letter from City Attorney and Norton Rose Fulbright US LLP related to securities law disclosure responsibilities of TIDA Board member
B. TIDA staff "FAQs" for the CFD Bonds
C. TIDA staff "FAQs" for the IRFD Bonds
D. Draft Preliminary Official Statement Improvement Area No. 1 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2023; Draft Continuing Disclosure Certificate
E. Draft Preliminary Official Statement for City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023AB; Draft Continuing Disclosure Certificate

Prepared by Jamie Querubin, Treasure Island Finance Manager

EXHIBIT A

This memorandum sets forth securities law disclosure responsibilities that TIDA Board members should be aware of during their review and approval of Preliminary Official Statements and Official Statements in connection with CFD bond sales.

The following has been provided by the City Attorney's Office and the TIDA's Disclosure Counsel, Norton Rose Fulbright US LLP.

I. Preliminary Official Statements/Official Statements

The Preliminary Official Statement (POS) (distributed to investors prior to the sale of the CFD Bonds and the IRFD Bonds, respectively) and the related Official Statement (OS) (delivered to purchasers once final terms have been determined) are prepared in order to provide a prospective investor with the information necessary to make an informed investment decision.

Each POS describes the terms of the related Bonds and the sources of repayment for the Bonds (i.e. CFD special taxes in the case of the CFD Bonds and a designated portion of tax increment in the case of the IRFD Bonds) and discloses information about the CFD and IRFD, as applicable, and its operations and finances germane to the ability to make timely payments of principal of and interest on the applicable Bonds.

Each OS is the City's (i.e. CFD's) disclosure document and under the anti-fraud provisions of the federal securities laws the OS cannot contain material misstatements or omissions. Investors understand that the CFD or the IRFD, as applicable, may face financial challenges; they simply want to know what the material challenges are and how management is responding to such challenges.

Unlike securities issued by private companies, securities issued by the City/CFD or the IRFD are not required to be registered with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933. However, the sale of such securities is subject to the "anti-fraud" rules under the Securities Act of 1933 and the Securities Exchange Act of 1934 (collectively, the "Securities Acts"). Each POS and OS are analogous to the preliminary and final prospectus in a registered public offering.

Inadequate disclosure can result in the reputational damage with investors, and as well, rating downgrades or suspensions, the imposition of civil and criminal penalties, investor lawsuits and an inability to access the capital markets for additional financing.

Prior to the distribution of each POS and OS, the substantially final draft to be approved by the Board of Supervisors will have been thoroughly and critically reviewed by TIDA and City and staff (in consultation with the City/TIDA's professional advisors, including Disclosure Counsel) to reflect the best and most current information available at the time.

II. Commissioners' Responsibilities

TIDA Board members, together with members of the Board of Supervisors, have a legal responsibility to ensure that no OS is distributed to investors that contain materially false and misleading statements or omissions in violation of the anti-fraud rules of the Securities Laws and may be subject to personal civil and criminal penalties for failure to discharge such responsibility. The SEC view governing boards as final 'gatekeepers' with the responsibility to ensure that OSs that contain misleading misstatements or omissions are not released to the financial markets.

Specific TIDA Board member responsibilities include the following:

- Ensure that financial and other information provided to describe the CFD and IRFD to the public provide fairly and transparently describe the CFD's and IRFD's financial condition.

- Ensure that the TIDA/City staff has established and followed adequate internal review procedures for the preparation of POSs and OSs

- Ensure that the TIDA/City staff has established and followed adequate procedures for compliance with its undertakings to provide disclosures following the issuance of the Bonds.

- Ensure that the TIDA/City staff have engaged third-party professionals to assist it (bond counsel, disclosure counsel, financial advisors) that are knowledgeable regarding structuring public finance (particularly utilities transactions) and expert in the requirements of Securities Laws, and pronouncements and statements of the SEC.

- Read the draft POSs, especially the presentation on matters about which TIDA Board members have specific actual knowledge.

- Be certain that the TIDA staff involved with the preparation of the POSs and OSs are aware of any matters important to the financial condition of the CFD and IRFD of which TIDA Board members have personal knowledge.

- Take steps to advise the TIDA staff involved with the preparation of the POSs and OSs or the City Attorney promptly of any concern that material risks exist regarding the related project or financial condition of the CFD or IRFD that are not fully and fairly described in the POSs/OSs or that any of the information presented in the POSs/OSs are untrue, incomplete or potentially misleading.

- Understand the key terms of the transactions being approved and make such inquiries of professionals and TIDA/City staff as are necessary for such understanding, such as

  -- How much debt is being authorized?

  _ What project costs are being paid for with bond proceeds?

  -- How is the debt being structured (i.e. fixed vs. variable interest rates, term and serial debt service structure)?

  -- Are there particular risks associated with the issuance of the bonds?

  -- How will the bonds be sold (i.e. competitive vs. negotiated)?

  -- What will the annual debt service burden be following the issuance of the bonds?

  -- Does the CFD and IRFD, as applicable, have sufficient revenues (i.e. special taxes in the case of the CFD and a designated portion of tax increment in the case of the IRFD) to repay the bonds?

  -- How does this transaction relate to the overall debt portfolio and capital improvement financing plan of the CFD and IRFD, as applicable?

  -- What commitments (i.e. continuing disclosure) has each of the CFD and IRFD undertaken in connection with the issuance of their bonds?

A TIDA Board member should not permit the distribution of a POS and the sale of Bonds unless and until such member has determined or is satisfied that the CFD and IRFD, respectively, will be able to fulfill all of the obligations it will undertake in connection with the applicable Bonds (including, but not limited to, to make timely payments of principal and interest) and that the related POS and the OS contain all material information and do not omit information necessary for a complete understanding by investors of the financial wherewithal of the CFD and IRFD to repay the debt.

Should you have any questions regarding this information, please feel free to contact Bob Beck, TIDA Director or Jamie Querubin, TIDA Finance Manager.

EXHIBIT B – CFD Bonds FAQs for TIDA Board Review

Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2023 for Improvement Area No. 2 (“CFD Bonds”)

Question 1: What is the purpose of the bond issuance?

Answer: The CFD Bonds will be issued by the City on behalf of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (the "District") of Improvement Area No. 2. The Disposition and Development Agreement ("DDA") between Treasure Island Series Community Development ("TICD" or Developer) and TIDA to deliver the Treasure Island/Yerba Buena Island Development Project (Project) and the Financing Plan provides for reimbursement to the Developer for costs incurred to construct public infrastructure with special tax bonds issued under the Mello-Roos Community Facilities Act of 1982 ("CFD Bonds").

The Controller's Office of Public Finance in collaboration with TIDA intends to issue an aggregate principal amount not-to-exceed $17,000,000 for the issuance of CFD Bonds to reimburse the Developer for costs incurred from the construction of public infrastructure for the Project. The proposed Bonds will be the fourth bond issuance for the Treasure Island CFD overall.

Question 2: What project costs are being paid for with bond proceeds?

Answer: See "THE FINANCING PLAN" on page 9 of the Preliminary Official Statement.

The proceeds of the proposed Bonds are expected to reimburse the Developer for developer qualified costs to finance acquisition and construction of public facilities. More specifically, subject to further review, it is expected that the 2023 CFD Bonds will reimburse the Developer for approximately $156,000 in CFD district formation costs, $2.36 million for predevelopment costs, and $9.28 million of soft costs related to infrastructure incurred to date, for an approximate total of $11.8 million in developer qualified costs.

Question 3: How will the bonds be repaid?
Ensure that financial statements and other information provided to describe the CFD to the public provide fairly and transparently describe the CFD's financial condition.

Answer: see "SECURITY FOR THE BONDS" and "SECURITY FOR THE BONDS – Special Tax Fund" on pages 16-18 of the Preliminary Official Statement.

The proposed CFD Bonds will be sold without a rating ("Non-Rated"). Non-rated special tax bonds have unique credit considerations and risk factors for investors, as discussed under "Special Risk Factors" section of the Preliminary Official Statement ("POS") for the CFD Bonds. The City, in consultation with the underwriter and the City's municipal advisor, has determined to limit the pool of prospective investors to individuals who can manage the potential risks associated with Non-Rated obligations, such as the CFD Bonds.

The CFD Bonds will be offered and sold only to Qualified Purchasers who meet certain sophisticated investor criteria, as described in "Transfer Restrictions" of the POS. The CFD Bonds are limited obligations of the City, secured by and payable solely from the special taxes levied in Improvement Area No. 2. The General Fund of the City is not liable for the payment of principal or interest on the CFD Bonds, and the credit of the City is not pledged to the payment of the CFD Bonds.

The proposed Bonds will be secured by a pledge of special taxes levied on taxable property in Improvement Area No. 2. In accordance with Ordinance No. 22-17 and the Rate and Method of Apportionment of Special Tax for Improvement Area No. 2 (the "RMA") approved by Unanimous Approval at annexation and confirmed by the Board in Resolution No. 410-20, the City has the authority to begin levying special taxes on all taxable property within IA No. 2. Improvement Area No. 2 (or "IA No. 2") consists of five development parcels (B1, C2.2, C2.3, C2.4 and C3.4) located on Treasure Island, which are expected to include 779 residential units at buildout.

Under the Fiscal Agent Agreement, the City, on behalf of the District, has covenanted for the benefit of the owners of the CFD Bonds that, under certain circumstances, the City will commence judicial foreclosure proceedings with respect to delinquent special taxes on property within IA No. 2, and will diligently pursue such proceedings to completion.

Questions 4: Does the CFD have sufficient revenue (i.e. special taxes) to repay the bonds?

<u>Answer</u>: Yes. The CFD levies and collects special taxes based on the maximum special tax rate applied to taxable property, per the approved Rate and Method of Apportionment ("RMA") for Improvement Area No. 2. In Fiscal Year 2023-24, the CFD is projected to levy and collect up to $3,077,797 of annual special taxes from Sub-Block B1, Sub-Block C2.2, Sub-Block C2.3, Sub-Block C2.4, and Sub-Block C3.4 located on Treasure Island, escalating at 2.00% annually.

See "SECURITY FOR THE BONDS – Rate and Method of Apportionment of Special Taxes" beginning on page 22 of the Preliminary Official Statement. See *Table 1 Base Facilities Special Tax Rates per Taxable Square Foot* on page 25 for specific rates, and see *Table 16 Fiscal Year 2023-24 Actual Special Tax Levy and Summary of Value-to-Lien Ratios (Development Status as of June 30, 2023)* on page 79 for FY 2023-24 maximum special tax levy of $3,077,797.

The Bonds are limited obligations of the City, secured by and payable solely from the special taxes. The General Fund of the City is not liable for the payment of principal or interest on the Bonds, and the credit of the City is not pledged to the payment of the Bonds.

Question 5: What are the key terms of the bond transaction?

<u>Answers:</u>

How much debt is being incurred?

The City is seeking approval to issue an aggregate principal amount not-to-exceed $17,000,000 for the fourth bond issuance.

How is the debt being structured (i.e. fixed vs. variable interest rates, term and debt service structure)?

The City expects to structure the Bonds with a 30-year term and fixed interest rates, so that the annual debt service escalates at 2.00% per year to align with the collection of special taxes levied each year in Improvement Area No. 1. The City will structure the Bonds so that annual special taxes will be equal to approximately 110% of the total annual debt service on the Bonds to allow for a 10% coverage on the projected annual debt service on the Bonds. For these CFD Bonds specifically, an Additional Special Tax Reserve Fund will be available to pay debt service on the CFD Bonds until a release test has been satisfied, which is expected to be tied to commencement of construction on Sub-Block B1.

What will the annual debt service burden be following the issuance of the Bonds?

Based upon current market conditions, a 29-year term and a true interest cost of 6.56%, which assumes the issuance not to exceed amount of the Bonds on a tax-exempt basis, the Controller's Office of Public Finance estimates an average annual debt service of approximately $1.14 million. The estimated total par amount of $14.38 million is estimated to result in approximately $18.26 million in interest payments over the life of the Bonds. The total debt service over the life of the Bonds is estimated at approximately $32.64 million.

How will the Bonds be sold (i.e. competitive vs. negotiated)?

Given the unique credit characteristics associated with special tax revenue bonds, a negotiated sale is planned in connection with this transaction. The CFD Bonds are repaid from special tax revenues from taxable property within Improvement Area No. 2 and are outside of the City's customary credit profile. Following the completion of competitive Request for Qualifications ("RFQ") process in May 2023, the highest-ranked proposer in the Development Finance pool, Stifel, Nicolaus & Company, Incorporated was selected to serve as the Underwriter for the transaction. The proposed Bond Resolution approves the form of the Bond Purchase Agreement, which provides the terms of sale of the Bonds by the City to the Underwriter.

Question 6: Are there any particular risks associated with the issuance of the Bonds?

Answer: See "SPECIAL RISK FACTORS" beginning on page 82 of the Preliminary Official Statement.

Question 7: What happens if the CFD is not able to repay the Bonds?

Answer: See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure" on page 26 of the Preliminary Official Statement for a discussion of the provisions that apply, and procedures that the District is obligated to follow, in the event of delinquency in the payment of Special Tax installments.

The CFD Bonds will be sold without a rating ("Non-Rated"). Non-Rated special tax bonds have unique credit considerations and risk factors for investors which are discussed in the Preliminary Official Statement. Further, under the Fiscal Agent Agreement, the City, on behalf of the District, has covenanted for the benefit of the owners of the Bonds that, under certain circumstances, the City will commence judicial foreclosure proceedings with respect to delinquent Special Taxes on property within the District, and will diligently pursue such proceedings to completion.

Question 8: How does this transaction relate to the CFD's overall debt portfolio and financing plan?

Answer: The CFD Bonds will be the fourth series of Bonds issued for the CFD overall and the second series of Bonds under Improvement Area No. 2's maximum bonded indebtedness limit of $278.2 million. The principal amount of the Bonds and any Parity Bonds shall not exceed $278.2 million (although Parity Bonds that constitute refunding bonds under the Act will not count against this $278.2 million limit).

If the CFD Bonds are issued in the principal amount of $17,000,000, the remaining bond authority for Improvement Area No. 2 would be $236,070,000. The CFD Bonds will reimburse the Developer for infrastructure costs incurred to date and will allow the Project to proceed with the development plan.

See "SECURITY FOR THE BONDS – Parity Bonds" on page 28 of the Preliminary Official Statement.

Question 9: Who is on the bond financing team? How were the parties selected?
Ensure that the TIDA/City staff have engaged third-party professionals to assist it (bond counsel, disclosure counsel, financial advisors) that are knowledgeable regarding structuring public finance (particularly utilities transactions) and expert in the requirements of Securities Laws, and pronouncements and statements of the SEC.

Answer: The Professional Services team:

Bond Counsel – Jones Hall, A Professional Law Corporation (San Francisco, California)

Disclosure Counsel – Norton Rose Fulbright US LLP (Los Angeles, California)

Special Tax Consultant – Goodwin Consulting Group, Inc. (Sacramento, California)

Municipal Advisor – CSG Advisors, Inc. (San Francisco, California)

Fiscal Agent – Zions Bancorporation, National Association (Los Angeles, California)

Senior Underwriter – Stifel, Nicolaus & Company, Incorporated ("Stifel")

The City, through the Controller's Office of Public Finance, is issuing the Bonds on behalf of the CFD, it has selected the financing team, including the Special Tax Consultant, Co-Municipal Advisors, Fiscal Agent, and Underwriters. The parties were selected from the Controller's Office pool of pre-qualified firms, which was established via a competitive process. Bond counsel and Disclosure Counsel were selected by the Office of the City Attorney via competitive process.

Question 10: Does TIDA have debt policies? Or, does TIDA follow policies of City?
Ensure that the TIDA/City staff has established and followed adequate internal review procedures for the preparation of Preliminary Official Statement(s) and Official Statement(s).

Answer: Because TIDA is not a frequent issuer of debt, TIDA does not have its own debt policy. As the primary issuer of the Bonds, TIDA has deferred to the City's adopted Debt Policy and the Controller's Office of Public Finance's internal review procedures for the preparation of the Preliminary Office Statement and Official Statement as set forth in the Debt Policy. The City's Debt Policy was last updated in February 2020 and can be found at www.sfcontroller.org/debt-policy.

Additionally, Under the City's Amended and Restated Local Goals and Policies for Community Facilities Districts and Special Tax Districts and bond covenants, the City must achieve at least a 3-to-1 value-to-lien ratio ("VTL") at issuance based on (i) an appraised value (in this case) or assessed value and (ii) special tax and assessment debt encumbering the taxable property.

Integra Realty Resources, Inc. ("Appraiser") has prepared an Appraisal Report dated September 20, 2023 with a valuation date of August 4, 2023, estimating the market value of the fee simple interest in the five development parcels within Improvement Area No. 2 currently subject to the special taxes. The Appraiser concluded in the Appraisal Report that the market value of the fee simple interest of these parcels is $219,900,000, subject to certain assumptions and limiting conditions set forth therein. The estimated value-to-lien ratio based on the outstanding 2022A CFD Bonds and proposed not to exceed par amount of $17,000,000 for the 2023 CFD Bonds and the appraised value of $219,900,000 is 5.2-to-1. The value of individual parcels in Improvement Area No. 2 may vary significantly, and no assurance can be given that should Special Taxes levied on one or more of the parcels become delinquent, and should the delinquent parcels be offered for sale at a judicial foreclosure sale, that any bid would be received for the property or, if a bid is received, that such bid would be sufficient to pay such parcel's delinquent Special Taxes.

Question 11: What are the City's current procedures for drafting and reviewing disclosure documents?
Ensure that the TIDA/City staff has established and followed adequate internal review procedures for the preparation of Preliminary Official Statement(s) and Official Statement(s).

Answer: The City outlines its internal review procedures in Appendix I of the Debt Policy, *Municipal Finance Disclosure Policies and Procedures.* A copy of this can be found at www.sfcontroller.org/debt-policy. Although these procedures are not applicable to CFD Bonds as stated, the Controller's Office of Public Finance, TIDA staff, and other contributors have mirrored these procedures, where applicable, as it relates to the drafting and review of the Preliminary Official Statement for the Bonds.

The current draft of the Preliminary Official Statement attached herein was drafted by disclosure counsel and includes several iterations of review and comments from other members of the bond financing team including the Developer, TIDA staff, City Attorney, Underwriters, Controller's Office staff, Municipal Advisors, and the Special Tax Consultant. The draft attached is the same version shared with the Board of Supervisors for approval of the form of the Preliminary Official Statement and issuance of the Bonds.

Question 12: What commitments have the CFD undertaken after the issuance of the Bonds?
Ensure that the TIDA/City staff has established and followed adequate procedures for compliance with its undertakings to provide disclosures following the issuance of the Bonds.

Answer: See "CONTINUING DISCLOSURE" on page 103 of the Preliminary Official Statement. The City covenants, on behalf of the CFD, to provide certain financial information and operating data relating to the Bonds ("Annual Report") not later than nine months after the end of the fiscal year and to provide notices of the occurrence of certain enumerated events, if material. The Continuing Disclosure Certificate describes the nature of the information to be contained in the Annual Report or the notices of material enumerated events. These covenants have been made in order to assist the Underwriter of the Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

As the issuer of the CFD Bonds, the Controller's Office of Public Finance is responsible for administering the filing requirements of the Continuing Disclosure Certificate (see draft attached).

Question 13: What is the timing of finalizing the Preliminary Official Statement, prior to the issuance of the Bonds?

Answer: The San Francisco Board of Supervisors is scheduled to fully approve the issuance of the Bonds on November 28, 2023. The Controller's Office of Public Finance intends to publish the final Preliminary Official Statement for wider dissemination to potential investors in December 2023. The CFD Bonds are anticipated to close in late December 2023 or early January 2024.

To incorporate all changes and edits to the Preliminary Official Statement, TIDA staff and disclosure counsel are requesting that TIDA Board members send final comments to Bob Beck (Bob.Beck@sfgov.org) and Jamie Querubin (Jamie.Querubin@sfgov.org) no later than **Wednesday, November 22, 2023**. However, TIDA Board members are encouraged to email questions or comments before that date.

The final Official Statement will be drafted and finalized between the pricing date in December and the final closing date anticipated in late December 2023 or early January 2024. The final Official Statement will include final content related to the final sources and uses of CFD Bonds, final interest rates, and final annual debt service resulting from the final pricing of the CFD Bonds. All other content related to the credit and risks of the CFD Bonds will be consistent with the content of the Preliminary Official Statement unless City Attorney and Disclosure Counsel determine that factual or substantial information shall be updated.

EXHIBIT C – IRFD Bonds FAQs for TIDA Board Review

Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023AB

Question 1: What is the purpose of the bond issuance?

Answer: The IRFD Bonds will be issued by the City on behalf of the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island). The Disposition and Development Agreement ("DDA") between Treasure Island Series Community Development ("TICD" or Developer) and TIDA to deliver the Treasure Island/Yerba Buena Island Development Project (Project) and the Financing Plan provides for reimbursement to the Developer for costs incurred to construct public infrastructure with tax increment revenue bonds (IRFD Bonds) issued under the state of California's Infrastructure Revitalization Financing District law.

The Controller's Office of Public Finance in collaboration with TIDA intends to issue an aggregate principal amount not-to-exceed $10,000,000 for the issuance of IRFD Bonds to reimburse the Developer for costs incurred from the construction of public infrastructure for the Project and to finance of portion of the Treasure Island Parcel IC4.3 affordable housing project in collaboration with the Mayor's Office of Housing and Community Development. The proposed IRFD Bonds will be the second bond issuance for the Treasure Island IRFD overall.

Question 2: What project costs are being paid for with bond proceeds?

Answer: See "THE FINANCING PLAN" on page 7 of the Preliminary Official Statement.

Proceeds of the IRFD Bonds (Series 2023A Facilities Bonds) will finance or reimburse expenditures on public improvements for the Project incurred by Developer. More specifically, the proceeds of the proposed Series 2023A Facilities Bonds are expected to be used to reimburse the Developer for approximately $5.85 million in certain geotechnical work on Treasure Island that has been completed by the Developer and was necessary to begin horizontal development.

Proceeds of the IRFD Bonds (Series 2023B Housing Bonds) are currently anticipated to be used by TIDA and MOHCD to finance a grant or forgivable loan of approximately $1.23 million for a portion of the affordable housing component of a development by John Stewart Company and Catholic Charities on Treasure Island (the "TI Parcel IC4.3 Project"). The proposed 150-unit affordable housing development includes approximately 30 Transitional Units for Legacy Households relocating from formerly Navy-owned housing on Treasure Island, 60 One Treasure Island replacement units currently operated by HomeRise for households that were homeless upon move in, and approximately 60 new affordable units. The development will also include a 6,000-10,000 square foot childcare facility for 50-100 children. Construction is scheduled to begin in late 2025 and is expected to be completed in late 2027. The grant or forgivable loan to the TI Parcel IC4.3 Project is anticipated to fund certain predevelopment costs. The TI Parcel IC4.3 Project will not be subject to property taxes.

Question 3: How will the bonds be repaid?
Ensure that financial statements and other information provided to describe the CFD to the public provide fairly and transparently describe the CFD's financial condition.

Answer: see "SECURITY AND SOURCES OF PAYMENT" on page 15 of the Preliminary Official Statement.

Under the terms set forth in the IRFD Financing Plan, the City has committed a portion of the 1.00% incremental property tax revenues derived in the project areas to the IRFD (the "IRFD Portion") for the reimbursement of eligible project costs consistent with the terms and limitations of IRFD Law, as detailed in the Infrastructure Financing Plan (IFP) and Table 1 shown below:

Table 1: Apportionment of 1.00% Ad Valorem property tax from the IRFD Financing Plan

IRFD Portion			
	Net Available Increment	To IRFD for Facilities & Housing	56.588206%
	Conditional City Increment	To IRFD available for debt service coverage	8.000000%
Total IRFD Portion of 1.00%			64.588206%
Other Taxing Entities Portion: State ERAF, Local Education Agencies & Special Districts			
	Education Revenue Augmentation Fund ("ERAF")		25.330113%
	San Francisco Unified School District		7.698857%
	San Francisco Community College Fund		1.444422%
	San Francisco County Office of Education		0.097335%
	Bay Area Rapid Transit District		0.632528%
	Bay Area Air Quality Management District		0.208539%
Total Other Taxing Entity's Portion of 1.00%			35.411794%
Total 1.00% Ad Valorem Property			**100.000000%**

Pursuant to the IRFD Financing Plan, the City has committed its 56.588206% portion of the 64.588206% IRFD Portion of the 1.00% Tax Increment to the public financing for the Project ("Net Available Increment"), with 82.5% of those committed revenues being available to finance infrastructure constructed by the Developer ("Facilities" and "Net Available Facilities Increment") and 17.5% of the revenues reserved for the use of TIDA and the City, through MOHCD, to finance affordable housing ("Housing" and "Net Available Housing Increment").

The remaining balance of 8.00% of the 64.588206% IRFD Portion of the 1.00% Tax Increment ("Conditional City Increment") is not dedicated directly to the funding of the Project, but it is pledged, if needed, to pay debt service on currently outstanding bonds of the IRFD and any future debt of the IRFD ("Parity Debt"). On an annual basis, Conditional City Increment will be returned to the City's General Fund if not needed for debt service on any outstanding bonds.

The Net Available Increment revenues from the IRFD Portion will be dedicated to repay the debt service on the IRFD Bonds.

Questions 4: Does the IRFD have sufficient revenue (i.e. tax increment revenue) to repay the bonds?

Answer: Yes. The Original Adopted IFP established the initial Project Areas (A, B, C, D and E) including (i) legal boundaries (amended by the IFP); (ii) the fiscal year to be used as the base year for calculating incremental assessed value and tax increment available to the Project; (iii) the trigger amount of tax increment to be collected by the City in order to commence the distribution of the tax increment to the IRFD from a given Project Area in the following fiscal year (the "Commencement Year"), and to determine the final year of tax increment allocation to the Project, which is 40 years or longer following the Commencement Year. Project Area A encompasses development parcels located on Yerba Buena Island. Project Areas B, C, D, and E encompass a portion of the development parcels located on Treasure Island within the first phase of development along the waterfront nearest to Downtown San Francisco and the causeway connection to Yerba Buena Island.

The IRFD received the first distribution of tax increment from Project Area A in FY 2019-20. In FY 2022-23, the IRFD also began to receive distributions of tax increment from Project Areas B and E, as shown in Table 2 below.

Table 2: Historic Tax Increment Distributed to the IRFD District

Historic Allocations of Tax Increment to IRFD No. 1						
City 1%	Active	Dedicated & Pledged to IRFD			City Conditional	Total City Increment*
Portion	Project Areas	56.588206%			8.000000%	64.588206%
Fiscal		82.50%	17.50%			
Year		Facilities	Housing	Total	Conditional	Total City
2019-20	A	$327,218	$69,410	$396,628	$56,072	$452,700
2020-21	A	$471,256	$99,963	$571,219	$80,755	$651,974
2021-22	A	$1,037,096	$219,990	$1,257,086	$177,717	$1,434,803
2022-23	A, B, E	$1,840,780	$390,468	$2,231,248	$315,437	$2,546,685
Total		**$3,676,350**	**$779,832**	**$4,456,182**	**$629,980**	**$5,086,162**

** Net of Property Tax Admin Cost.*

See "TAX INCREMENT REVENUE AND DEBT SERVICE" section beginning on page 53 of the Preliminary Official Statement. See *Table 8 Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Projection of Tax Increment (Based on Reported Fiscal Year 2023-24 Assessed Value)* on page 63 for projections of the tax increment in FY 2023-24.

The IRFD Bonds are limited obligations of the IRFD (not the City), and are secured by and payable solely from the Pledged Tax Increment of the IRFD. Other than the limited pledge of City Conditional Increment within the IRFD, the General Fund of the City is not liable for the payment of principal or interest on the IRFD Bonds, and the credit of the City is not pledged to the payment of the Bonds.

Question 5: What are the key terms of the bond transaction?

Answers:

How much debt is being incurred?

The City is seeking approval to issue an aggregate principal amount not-to-exceed $10,000,000 for the second bond issuance under the IRFD.

How is the debt being structured (i.e. fixed vs. variable interest rates, term and debt service structure)?

It is anticipated that both the Series 2023A Facilities Bonds and the 2023B Housing Bonds will be structured such that aggregate debt service for all Facilities Bonds and aggregate debt service for all Housing Bonds, respectively, after issuance of Series 2023A Facilities Bonds and Series 2023B Housing Bonds, are substantially level on an annual basis. The City expects to structure the IRFD Bonds with a 30-year term and fixed interest rates, so that the annual debt service for all prior and proposed IRFD Bonds aligns with the collection of tax increment each year.

The City has covenanted to investors to not issue additional parity debt unless revenues are at least 125% of debt service from Pledged Tax Increment, which includes the 8.0% Conditional City Increment (or 109% excluding the Conditional City Increment). "Pledged Tax Increment" consists of an allocated share of Net Available Increment plus City Conditional Increment as applicable to each of the Facilities Bonds and the Housing Bonds.

The bond covenants pledge that the Conditional City Increment will be available to repay debt service in the case where the Net Available Increment in a given year is insufficient to pay the debt service requirements on the Outstanding Bonds in that year. Conditional City Increment for one fiscal year is not available to fund a shortfall in Net Available Increment in a subsequent year.

What will the annual debt service burden be following the issuance of the Bonds?

Based upon current market conditions, a 30-year term and a true interest cost of 6.40%, which assumes the issuance not to exceed amount of the IRFD Bonds on a tax-exempt basis, the Controller's Office of Public Finance estimates an average aggregate annual debt service of approximately $659,292. The estimated total par amount of $8.515 million is estimated to result in approximately $11.06 million in interest payments over the life of the IRFD Bonds. The total debt service over the life of the IRFD Bonds is estimated at approximately $19.58 million.

How will the Bonds be sold (i.e. competitive vs. negotiated)?

Given the unique credit characteristics associated with tax increment bonds, a negotiated sale is planned in connection with this transaction. The IRFD Bonds will be repaid from tax increment revenues from a specific development project which is outside of the City's customary general fund credit profile. Following the completion of competitive Request for Qualifications ("RFQ") process in May 2023, the highest ranked proposer in the Development Finance pool, Stifel, Nicolaus & Company, Incorporated was selected to serve as the Underwriter for the transaction.

The Bond Purchase Agreement provides the terms of sale of the Bonds by the IRFD to the Underwriter. In order to sell the IRFD Bonds on a negotiated basis, in accordance with State IRFD Law, the IRFD will sell the bonds first to a third-party statewide joint powers authority, the California Statewide Communities Development Authority ("CSCDA"), of which the City is a member, and then CSCDA will, in turn, sell the Bonds to the Underwriter. Pre-dissolution, this sale structure was commonly used by redevelopment agencies issuing tax allocation bonds, as the authorizing Community Redevelopment Law contained similar conditions on negotiated sales.

Question 6: Are there any particular risks associated with the issuance of the Bonds?

Answer: See "RISK FACTORS" beginning on page 71 of the Preliminary Official Statement.

Question 7: What happens if the IRFD is not able to repay the Bonds?

Answer: See "SECURITY AND SOURCES OF PAYMENT – Security for the Series 2023A Facilities Bonds and Parity Facilities Debt" starting on page 18 of the Preliminary Official Statement and "SECURITY AND SOURCES OF PAYMENT – Security for the Series 2023B Housing Bonds and Parity Housing Debt" starting on page 25 for a discussion of the provisions that apply.

Each of the 2023A Facilities Bonds and the 2023B Housing Bonds will contribute to a cash-funded debt service reserve fund originally funded from proceeds of the 2022A Facilities Bonds and the 2022B Housing Bonds, respectively. Under the parity debt provisions applicable to the issuance of the 2023A Facilities Bonds and 2023B Housing Bonds, the contribution to the debt service reserve funds is projected to be an amount needed to equal maximum annual debt service for the combination of the respective 2022A Facilities Bonds/2023A Facilities Bonds and 2022B Housing Bonds/2023B Housing Bonds, respectively. The respective reserve fund is available to repay debt service of such corresponding series in the event that Net Available Tax Increment and Conditional City Increment pledged to such series are insufficient to cover the debt service requirements of the 2022AB Bonds and 2023AB Bonds on a proportional basis. If either respective reserve fund is ever drawn upon for the payment of debt service, each can only be replenished from Net Available Increment as applicable; City Conditional Increment cannot be used for this purpose.

Question 8: How does this transaction relate to the IRFD's overall debt portfolio and financing plan?

Answer: The IRFD Bonds will be the second series of bonds issued for the IRFD. Pursuant to the Ordinance No. 21-17 forming the Treasure Island IRFD (the "IRFD") and adopting the Infrastructure Financing Plan (the "Original Adopted IFP"). The IRFD consists of five (5) Project Areas on Yerba Buena Island (Project Area A) and Treasure Island (Project Areas B, C, D & E), which represent the initial phases of development of the Project. Pursuant to the Resolution No. 7-17, the City also approved an aggregate principal amount not to exceed $780,000,000 for Project Areas A-E.

The DDA Financing Plan provides that the Developer may request the issuance of debt by the IRFD from time to time. In August 2022, the City completed the first issuance of IRFD No. 1 (Treasure Island) Tax Increment Revenue Bonds in the total principal amount of $29,390,000. The 2022A Facilities Bonds and the 2022B Housing Bonds (together, the "2022AB Bonds") are currently outstanding in the principal amount of $28,925,000.

If the proposed IRFD Bonds are issued in the principal amount of $10,000,000, the remaining bond authority for the Project Area A-E would be $741,075,000. The IRFD Bonds for Facilities will reimburse the Developer for infrastructure costs incurred to date and will allow the Project to proceed with the development plan. The IRFD Bonds for Housing will partially finance the Treasure Island Parcel IC4.3 affordable housing project.

Question 9: Who is on the bond financing team? How were the parties selected?
Ensure that the TIDA/City staff have engaged third-party professionals to assist it (bond counsel, disclosure counsel, financial advisors) that are knowledgeable regarding structuring public finance (particularly utilities transactions) and expert in the requirements of Securities Laws, and pronouncements and statements of the SEC.

Answer: The Professional Services team:

Bond Counsel – Jones Hall, A Professional Law Corporation (San Francisco, California)

Disclosure Counsel – Norton Rose Fulbright US LLP (Los Angeles, California)

Fiscal Consultant – Keyser Marston Associates (Northern California)

Municipal Advisor – CSG Advisors, Inc. (San Francisco, California)

Fiscal Agent – Zions Bancorporation, National Association (Los Angeles, California)

Senior Underwriter – Stifel, Nicolaus & Company, Incorporated ("Stifel")

The City, through the Controller's Office of Public Finance, is issuing the Bonds on behalf of the CFD, it has selected the financing team, including the Fiscal Consultant, Co-Municipal Advisors, Fiscal Agent, and Underwriters. The parties were selected from the Controller's Office pool of pre-qualified firms, which was established via a competitive process. Bond counsel and Disclosure Counsel were selected by the Office of the City Attorney via competitive process.

Question 10: Does TIDA have debt policies? Or, does TIDA follow policies of City?
Ensure that the TIDA/City staff has established and followed adequate internal review procedures for the preparation of Preliminary Official Statement(s) and Official Statement(s).

Answer: Because TIDA is not a frequent issuer of debt, TIDA does not have its own debt policy. As the primary issuer of the Bonds, TIDA has deferred to the City's adopted Debt Policy and the Controller's Office of Public Finance's internal review procedures for the preparation of the Preliminary Office Statement and Official Statement as set forth in the Debt Policy. The City's Debt Policy was last updated in February 2020 and can be found at www.sfcontroller.org/debt-policy.

The proposed IRFD Bonds will be sold without a rating ("Non-Rated"). Non-rated special tax bonds have unique credit considerations and risk factors for investors, as discussed under "Special Risk Factors" section of the Preliminary Official Statement ("POS") for the Bonds. The City, in consultation with the underwriter and the City's municipal advisor, has determined to limit the pool of prospective investors to individuals who can manage the potential risks associated with Non-Rated obligations, such as the Bonds.

The IRFD Bonds will be offered and sold only to Qualified Purchasers who meet certain sophisticated investor criteria, as described in "Transfer Restrictions" of the POS. The Bonds are limited obligations of the IRFD (not the City), and are secured by and payable solely from the Pledged Tax Increment of the IRFD. Other than the limited pledge of City Conditional Increment within the IRFD, the General Fund of the City is not liable for the payment of principal or interest on the IRFD Bonds, and the credit of the City is not pledged to the payment of the Bonds.

As part of the disclosure for investors included in the Official Statement, the Fiscal Consultant, Keyser Marston Associates, has prepared a report ("Fiscal Consultant Report" or "FCR") detailing the assessed valuation of the Project Areas of the IRFD. See APPENDIX H of the Preliminary Official Statement.

Question 11: What are the City's current procedures for drafting and reviewing disclosure documents?
Ensure that the TIDA/City staff has established and followed adequate internal review procedures for the preparation of Preliminary Official Statement(s) and Official Statement(s).

Answer: The City outlines its internal review procedures in Appendix I of the Debt Policy, *Municipal Finance Disclosure Policies and Procedures.* A copy of this can be found at www.sfcontroller.org/debt-policy. Although these procedures are not applicable to IRFD Bonds as stated, the Controller's Office of Public Finance, TIDA staff, and other contributors have mirrored these procedures, where applicable, as it relates to the drafting and review of the Preliminary Official Statement for the Bonds.

The current draft of the Preliminary Official Statement attached herein was drafted by disclosure counsel and includes several iterations of review and comments from other members of the bond financing team including the Developer, TIDA staff, City Attorney, Underwriters, Controller's Office staff, Municipal Advisors, and the Fiscal Consultant. The draft attached is the same version shared with the Board of Supervisors for approval of the form of the Preliminary Official Statement and issuance of the Bonds.

Question 12: What commitments have the IRFD undertaken after the issuance of the Bonds?
Ensure that the TIDA/City staff has established and followed adequate procedures for compliance with its undertakings to provide disclosures following the issuance of the Bonds.

Answer: See "CONTINUING DISCLOSURE" on page 87 of the Preliminary Official Statement. The IRFD has covenanted for the benefit of owners of the Series 2023A Facilities Bonds to provide certain financial information and operating data relating to the District (the "2023A Annual Report") on an annual basis, and to provide notices of the occurrences of certain enumerated events. Pursuant to a Continuing Disclosure Certificate, relating to the Series 2023B Housing Bonds (the "2023B Disclosure Certificate," and together with the 2023A Disclosure Certificate, the "Disclosure Certificates"), the IRFD has covenanted for the benefit of owners of the Series 2023B Housing Bonds to provide certain financial information and operating data relating to the District (the "2023B Annual Report" and together with the 2023A Annual Report, the "Annual Reports") on an annual basis, and to provide notices of the occurrences of certain enumerated events. These covenants have been made in order to assist the Underwriter of the Bonds in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

As the issuer of the IRFD Bonds, the Controller's Office of Public Finance is responsible for administering the filing requirements of the Continuing Disclosure Certificates (see drafts attached).

Question 13: What is the timing of finalizing the Preliminary Official Statement, prior to the issuance of the Bonds?

Answer: The San Francisco Board of Supervisors is scheduled to fully approve the issuance of the IRFD Bonds on November 28, 2023. The Controller's Office of Public Finance intends to publish the final Preliminary Official Statement for wider dissemination to potential investors in December 2023. The IRFD Bonds are anticipated to close in late December 2023 or early January 2024.

To incorporate all changes and edits to the Preliminary Official Statement, TIDA staff and disclosure counsel are requesting that TIDA Board members send final comments to Bob Beck (Bob.Beck@sfgov.org) and Jamie Querubin (Jamie.Querubin@sfgov.org) no later than **Wednesday, November 22, 2023**. However, TIDA Board members are encouraged to email questions or comments before that date.

The final Official Statement will be drafted and finalized between the pricing date in December and the final closing date anticipated in late December 2023 or early January 2024. The final Official Statement will include final content related to the final sources and uses of IRFD Bonds, final interest rates, and final annual debt service resulting from the final pricing of the IRFD Bonds. All other content related to the credit and risks of the IRFD Bonds will be consistent with the content of the Preliminary Official Statement unless City Attorney and Disclosure Counsel determine that factual or substantial information shall be updated.

PRELIMINARY OFFICIAL STATEMENT DATED ________, 2023

NEW ISSUE - BOOK-ENTRY ONLY **NO RATING**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2023A 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. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$[Par Amount]*
IMPROVEMENT AREA NO. 2 OF THE
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(TREASURE ISLAND)
SPECIAL TAX BONDS, SERIES 2023A

Dated: Date of Delivery **Due: September 1, as shown on inside cover**

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The City and County of San Francisco, California (the "City") on behalf of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (the "District") with respect to Improvement Area No. 2 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) ("Improvement Area No. 2") is issuing Special Tax Bonds, Series 2023A (the "2023A Bonds") pursuant to a Fiscal Agent Agreement, dated as of February 1, 2022, as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of December 1, 2023 (as so supplemented, the "Fiscal Agent Agreement"), each by and between the City and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent").

The 2023A Bonds are being issued to fund: (i) the acquisition of certain public facilities and improvements authorized to be financed by the District, (ii) a deposit to the 2022 Reserve Fund (as defined herein), and (iii) costs of issuance, all as further described herein. See "THE FINANCING PLAN" herein.

The 2023A Bonds will be issued in denominations of $100,000 or any integral multiple of $5,000 in excess thereof, shall mature on September 1 in each of the years and in the amounts, and shall bear interest as shown on the inside front cover hereof. Interest on the 2023A Bonds shall be payable on each March 1 and September 1, commencing March 1, 2024 (each an "Interest Payment Date") to the Owner thereof as of the Record Date (as defined herein) immediately preceding each such Interest Payment Date. The 2023A Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the 2023A Bonds. Individual purchases of the 2023A Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the 2023A Bonds will be payable by DTC through the DTC participants. See "THE BONDS - Book-Entry System" herein. Purchasers of the 2023A Bonds will not receive physical delivery of the 2023A Bonds purchased by them.

The 2023A Bonds are subject to redemption prior to maturity as described herein. See "THE 2023A BONDS" herein.

The 2023A Bonds are limited obligations of the City, secured by and payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement.

The General Fund of the City is not liable for the payment of the principal of or interest on the 2023A Bonds, and neither the credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California or any political subdivision thereof is pledged to the payment of the 2023A Bonds.

The Fiscal Agent Agreement authorizes the City to issue additional bonds on a parity basis with the 2023A Bonds. See "SECURITY FOR THE BONDS – Parity Bonds" herein.

The 2023A Bonds are not rated. Development within Improvement Area No. 2 is in the early stages of development and the property owners require additional funding from equity and third-party financing in order to complete the proposed development within Improvement Area No. 2. See "INTRODUCTION – No Rating; Early Stage of Development; Transfer Restrictions" and "Special Risk Factors" herein for certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the 2023A Bonds.

Investment in the 2023A Bonds involves certain risks and the 2023A Bonds are not suitable investments for all types of investors. Accordingly, the 2023A Bonds are being offered and sold only to "Qualified Purchasers," which are defined in the Fiscal Agent Agreement as Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within

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* Preliminary, subject to change.

the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). Pursuant to the Fiscal Agent Agreement, the 2023A Bonds may not be registered in the name of, or transferred to, and the Beneficial Owner (defined in the Fiscal Agent Agreement as any person for which a DTC participant acquires an interest in the 2023A Bonds) cannot be, any person except a Qualified Purchaser; provided, however, that 2023A Bonds registered in the name of DTC or its nominee shall be deemed to comply with the Fiscal Agent Agreement so long as each Beneficial Owner of the 2023A Bonds is a Qualified Purchaser. See "TRANSFER RESTRICTIONS" herein.

The 2023A Bonds are offered when, as and if issued, subject to 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 upon for the City by the City Attorney, and by Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriter by their counsel Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, and for Treasure Island Series 1, LLC by its counsel Holland & Knight, LLP, San Francisco, California. It is anticipated that the 2023A Bonds will be available for delivery through the book-entry facilities of DTC on or about _______, 2023.

STIFEL

Dated: __________, 2023

MATURITY SCHEDULE

$[Par Amount]*
IMPROVEMENT AREA NO. 2 OF THE
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(TREASURE ISLAND)
SPECIAL TAX BONDS, SERIES 2023A

(Base CUSIP† _______)

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
	$	%	%		

$_________ _____% Term 2023A Bonds due September 1, 20__ – Yield: _____% Price: ___ CUSIP†: ______
$_________ _____% Term 2023A Bonds due September 1, 20__ – Yield: _____% Price: ___ CUSIP†: ______

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* Preliminary, subject to change.
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of investors. None of the City, the Underwriter, or the Municipal Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the 2023A Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2023A Bonds as a result of various subsequent actions including, but not limited to, 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 the 2023A Bonds.

CITY AND COUNTY OF SAN FRANCISCO
MAYOR

London N. Breed

BOARD OF SUPERVISORS[(1)]

Aaron Peskin, *Board President*, *District 3*

Connie Chan, *District 1*
Catherine Stefani, *District 2*
Joel Engardio, *District 4*
Dean Preston, *District 5*
Matt Dorsey, *District 6*
Myrna Melgar, *District 7*
Rafael Mandelman, *District 8*
Hillary Ronen, *District 9*
Shamann Walton, *District 10*
Ahsha Safai, *District 11*

CITY ATTORNEY

David Chiu

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Carmen Chu, *City Administrator*
Benjamin Rosenfield, *Controller*
Anna Van Degna, *Director*, *Controller's Office of Public Finance*
Bob Beck, *Treasure Island Director, Treasure Island Development Authority*

PROFESSIONAL SERVICES

Bond Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel
Norton Rose Fulbright US LLP
Los Angeles, California

Special Tax Consultant
Goodwin Consulting Group, Inc.
Sacramento, California

Municipal Advisor
CSG Advisors Incorporated
San Francisco, California

Fiscal Agent
Zions Bancorporation, National Association
Los Angeles, California

[(1)] Under the Act, Board of Supervisors serves as the legislative body of the District.

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NOTICE TO INVESTORS

The information set forth herein has been obtained from the City and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the 2023A Bonds, the complete terms and conditions being set forth in the Fiscal Agent Agreement (as described herein). Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. No dealer, broker, salesperson or any other person has been authorized by the City, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the City or the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the 2023A Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale of the 2023A Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the District or the City or in any other information contained herein, since the date hereof.

The 2023A Bonds are being offered and sold only to "Qualified Purchasers," which is defined in the Fiscal Agent Agreement to include Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). Pursuant to the Fiscal Agent Agreement, the 2023A Bonds may not be registered in the name of, or transferred to, and the Beneficial Owner cannot be, any person except a Qualified Purchaser; provided, however, that 2023A Bonds registered in the name of DTC or its nominee shall be deemed to comply with the Fiscal Agent Agreement so long as each Beneficial Owner of the 2023A Bonds is a Qualified Purchaser. In addition, the face of each 2023A Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Fiscal Agent Agreement. Each entity that is or that becomes a Beneficial Owner of a 2023A Bond shall be deemed by the acceptance or acquisition of such beneficial ownership interest to have agreed to be bound by the transfer restrictions under the Fiscal Agent Agreement. In the event that a holder of the 2023A Bonds makes an assignment of its beneficial ownership interest in the 2023A Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein. Any transfer of a 2023A Bond to any entity that is not a Qualified Purchaser shall be deemed null and void. See "TRANSFER RESTRICTIONS" herein.

The Underwriter has provided the following two paragraphs for inclusion in this Official Statement.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE 2023A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2023A BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") website.

The City maintains a website with information pertaining to the City. However, the information presented therein is not incorporated into this Official Statement and should not be relied upon in making investment decisions with respect to the 2023A Bonds.

FORWARD LOOKING STATEMENTS

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 terminology used such as "plan," "expect," "estimate," "project," "budget" or similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

The above map shows the location of the Treasure Island Project. The 2023A Bonds will be secured by Special Taxes levied in Improvement Area No. 2 (approximately 5.22 gross acres) located on certain portions of Treasure Island. The 2023A Bonds are payable from Special Tax Revenues derived from the levy of Special Taxes on Taxable Parcels (as those terms are defined herein) in Improvement Area No. 2. Each Taxable Parcel's obligation to pay Special Taxes is secured by a continuing lien on the parcel. No mortgage or deed of trust on property secures the 2023A Bonds. Improvement Area No. 2 covers a portion of Treasure Island. No special taxes levied on any portion of Treasure Island outside of Improvement Area No. 2 are pledged to the repayment of the 2023A Bonds, nor shall any property or resources of the City (including the City's taxing power except to the limited extent set forth in the Fiscal Agent Agreement) be available to pay debt service on the 2023A Bonds. See "SECURITY FOR THE BONDS."

OFFICIAL STATEMENT

$[Par Amount][*]
IMPROVEMENT AREA NO. 2 OF THE
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(TREASURE ISLAND)
SPECIAL TAX BONDS, SERIES 2023A

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the City and County of San Francisco (the "City") on behalf of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (the "District") of Improvement Area No. 2 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2023A (the "2023A Bonds").

Authority for the 2023A Bonds

The 2023A Bonds will be issued by the City on behalf of the District with respect to Improvement Area No. 2 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) ("Improvement Area No. 2") pursuant to the provisions of a Fiscal Agent Agreement, dated as of February 1, 2022 (the "Original Fiscal Agent Agreement"), as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of December 1, 2023 (the "First Supplement to Fiscal Agent Agreement" and, together with the Original Fiscal Agent Agreement, the "Fiscal Agent Agreement"), each by and between the City and Zions Bancorporation, National Association, as fiscal agent (the "Fiscal Agent"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Section 53311 *et seq*. of the Government Code of the State of California) (the "Act"), and a resolution adopted by the Board of Supervisors of the City (the "Board of Supervisors") on [________], 2023 and approved by Mayor London N. Breed on [________], 2023, approving the First Supplement to Fiscal Agent Agreement and the issuance and sale of up to $17,000,000 of special tax bonds in one or more series (together, the "Bond Resolution").

Use of Proceeds

The 2023A Bonds are being issued to finance: (i) the acquisition of certain public facilities and improvements authorized to be financed by the District (the "Facilities"), (ii) a deposit to the 2022 Reserve Fund (as defined herein) and (iii) costs of issuance, all as further described herein. See "THE FINANCING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

No Rating; Early Stage of Development; Transfer Restrictions

The 2023A Bonds are not rated. See "NO RATING" herein. The determination by the City not to obtain a rating does not, directly or indirectly, express any view by the City of the credit quality of the 2023A Bonds. The lack of a bond rating could impact the market price or liquidity for the 2023A Bonds in the secondary market. See "SPECIAL RISK FACTORS - Limited Secondary Market."

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[*] Preliminary, subject to change.

Improvement Area No. 2 is planned to be developed with five residential buildings, referred to as Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4, currently spanning six assessor's parcels. [Appraisal shows six APNs. Diagram on page 48 shows seven. Need new diagram.] Horizontal infrastructure, including geotechnical improvement of soil conditions, needed to secure temporary certificates of occupancy are complete. The residential buildings to be constructed at Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4 are in different stages of planning and development. As of September 1, 2023, total vertical development costs (including land acquisition) are estimated to be approximately $771 million. Buildings are under construction at Sub-Blocks C2.2, C2.4 and C3.4. Construction has not commenced at Sub-Blocks B1 and C2.3. Not all permits required for construction have been obtained and not all construction contracts for the buildings have been executed. Not all external construction financing sources have been secured, and not all equity funding sources have been received. Neither the City nor the Underwriter make any assurance that any of the forgoing conditions will be satisfied or if satisfied that such conditions will be satisfied on the timeframes described by TI Series 1 or the Merchant Builders as set forth herein. See "IMPROVEMENT AREA NO. 2" and "SPECIAL RISK FACTORS - Real Estate Investment Risks" herein.

The 2023A Bonds are being offered and sold only to "Qualified Purchasers," which is defined in the Fiscal Agent Agreement to include Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). Pursuant to the Fiscal Agent Agreement, the 2023A Bonds may not be registered in the name of, or transferred to, and the Beneficial Owner cannot be, any person except a Qualified Purchaser; provided, however, that 2023A Bonds registered in the name of DTC or its nominee shall be deemed to comply with the Fiscal Agent Agreement so long as each Beneficial Owner (defined in the Fiscal Agent Agreement as any person for which a DTC participant acquires an interest in the 2023A Bonds) of the 2023A Bonds is a Qualified Purchaser. In addition, the face of each 2023A Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Fiscal Agent Agreement. Each entity that is or that becomes a Beneficial Owner of a 2023A Bond shall be deemed by the acceptance or acquisition of such beneficial ownership interest to have agreed to be bound by the transfer restrictions under the Fiscal Agent Agreement. In the event that a holder of the 2023A Bonds makes an assignment of its beneficial ownership interest in the 2023A Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein. Any transfer of a 2023A Bond to any entity that is not a Qualified Purchaser shall be deemed null and void. See "TRANSFER RESTRICTIONS" herein.

The 2023A Bonds

The 2023A Bonds will be issued in denominations of $100,000 or any integral multiple of $5,000 in excess thereof, shall mature on September 1 in each of the years and in the amounts, and shall bear interest as shown on the inside front cover hereof. Interest on the 2023A Bonds shall be payable on each March 1 and September 1, commencing March 1, 2024 (each an "Interest Payment Date") to the Owner thereof as of the Record Date (as defined herein) immediately preceding each such Interest Payment Date, by check mailed on such Interest Payment Date or by wire transfer to an account in the United States of America made upon instructions of any Owner of $1,000,000 or more in aggregate principal amount of 2023A Bonds delivered to the Fiscal Agent prior to the applicable Record Date. The 2023A Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the 2023A Bonds. Individual purchases of the 2023A Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the 2023A Bonds will be payable by DTC through the DTC participants. Purchasers of the 2023A Bonds will not receive physical delivery of the 2023A Bonds purchased by them. See "THE 2023A BONDS - Book-Entry System" herein.

Parity Bonds

The 2023A Bonds are being issued under the Fiscal Agent Agreement on a parity with the District's Improvement Area No. 2 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2022A (the "2022A Bonds"), currently outstanding in the aggregate principal amount of $24,990,000.

The City may issue Parity Bonds (as defined herein) under a Supplemental Agreement entered into by the City and the Fiscal Agent. Any such Parity Bonds, to the extent provided in the Fiscal Agent Agreement, shall be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding under the Fiscal Agent Agreement. The City may issue such Parity Bonds, on a parity basis with the 2023A Bonds, subject to the specific conditions precedent under the Fiscal Agent Agreement. See SECURITY FOR THE BONDS – Parity Bonds" herein.

The 2023A Bonds, the 2022A Bonds and any future Parity Bonds are collectively referred to herein as the "Bonds."

Security for the Bonds

The Bonds are secured by a first pledge of all Special Tax Revenues and, except as provided below, all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account), and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund. The City is under no obligation to transfer any funds of the City or to levy any tax, other than the Special Taxes.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

"Special Taxes" means the Facilities Special Tax levied by the Board of Supervisors within Improvement Area No. 2 under the Act, the Rate and Method, the Ordinance and the Fiscal Agent Agreement.

"Special Tax Prepayments" means the proceeds of any Special Tax prepayments received by the City for property in Improvement Area No. 2, less any administrative fees or penalties collected as part of any such prepayment. See "SECURITY FOR THE BONDS – General" herein.

The 2023A Bonds, the 2022A Bonds and any 2022A Related Parity Bonds issued in the future shall be secured by a first pledge of all moneys deposited in the 2022 Reserve Fund. See "2022 Reserve Fund" below.

In addition, the Bonds shall be secured by a first pledge (which pledge shall be effected in the manner and to the extent provided in the Fiscal Agent Agreement) of all of the moneys deposited in the Additional Special Tax Reserve Fund.

Amounts in the Improvement Fund (and the accounts therein), the Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the repayment of the Bonds.

The Facilities are not pledged to the repayment of the Bonds, nor are the proceeds of any condemnation or insurance award received by the City with respect to the Facilities.

As discussed above under the caption "- No Rating; Early Stages of Development; Transfer Restrictions," development within Improvement Area No. 2 is in the early stages and investment in the 2023A Bonds involves certain risks and is not suitable for all investors. See the section of this Official Statement captioned "SPECIAL RISK FACTORS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating an investment in the 2023A Bonds.

2022 Reserve Fund

Upon issuance of the 2022A Bonds, the City, on behalf of the District, established the 2022 Reserve Fund as additional security for the 2022A Bonds and all 2022A Related Parity Bonds pursuant to the Fiscal Agent Agreement. The 2023A Bonds will be 2022A Related Parity Bonds. The Fiscal Agent Agreement requires the 2022 Reserve Fund to be funded at the 2022 Reserve Requirement (defined below). On the date of issuance of the 2023A Bonds, proceeds of the 2023A Bonds will be deposited into the 2022 Reserve Fund so that the amount in the 2022 Reserve Fund is equal to the 2022 Reserve Requirement.

The 2023A Bonds will be secured by a first pledge of all moneys deposited in the 2022 Reserve Fund. The moneys in the 2022 Reserve Fund (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the 2022A Bonds, 2023A Bonds and all 2022A Related Parity Bonds that might be issued in the future as provided in the Fiscal Agent Agreement and in the Act until all of the 2022A Bonds, the 2023A Bonds and all other 2022A Related Parity Bonds, if any, have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement. See "SECURITY FOR THE BONDS – 2022 Reserve Fund" herein.

Additional Special Tax Reserve Fund

Upon issuance of the 2023A Bonds, the City, on behalf of the District, will establish the Additional Special Tax Reserve Fund as additional security for the Bonds. The Fiscal Agent Agreement requires the Additional Special Tax Reserve Fund to be funded at the Additional Special Tax Reserve Requirement ($652,770). On the date of issuance of the 2023A Bonds, available Special Taxes will be deposited into the Additional Special Tax Reserve Fund so that the amount in the Additional Special Tax Reserve Fund is equal to the Additional Special Tax Reserve Requirement.

The Bonds will be secured by a first pledge of all moneys deposited in the Additional Special Tax Reserve Fund. The moneys in the Additional Special Tax Reserve Fund (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement until the date on which the City has delivered to the Fiscal Agent an Officer's Certificate signed by the Director of the Office of Public Finance and the Treasure Island Director certifying that the Developer has submitted evidence reasonably satisfactory to the Director of the Office of Public Finance and the Treasure Island Director that the developer of Sub-Block B1 has spent more than [$250,000] on the onsite cost of labor and materials directly related to the construction of the vertical improvements for Sub-Block B1 that are authorized by the Building Permit (as defined in the Rate and Method) for Sub-Block B-1.(the "Additional Special Tax Reserve Release Date"). See "SECURITY FOR THE BONDS – Additional Special Tax Reserve Fund" herein.

Foreclosure Covenant

The City, on behalf of the District, has covenanted for the benefit of the owners of the Bonds that, under certain circumstances described herein, the City will commence judicial foreclosure proceedings with respect to delinquent Special Taxes on property within the Improvement Area No. 2, and will diligently pursue such proceedings to completion. See “SECURITY FOR THE BONDS –Special Tax Fund” and “SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure” herein.

Limited Obligations

The Bonds are limited obligations of the City, secured by and payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The Bonds are not payable from any other source of funds other than Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The General Fund of the City is not liable for the payment of the principal of or interest on the Bonds, and neither the credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

Treasure Island Project

The “Treasure Island Project” entails the development of portions of the naturally-formed Yerba Buena Island (“Yerba Buena Island”) and the artificially created Treasure Island (“Treasure Island”), both located in the middle of the San Francisco Bay between downtown San Francisco and the City of Oakland. Yerba Buena Island and Treasure Island are accessible by Interstate Highway 80 via the San Francisco-Oakland Bay Bridge (which passes through Yerba Buena Island) and connected by a causeway.

The Treasure Island Project consists of approximately 461 acres (the “Treasure Island Project Site”). The Treasure Island Project is entitled under the Planning Code for the development of up to 8,000 residential units, up to approximately 140,000 square feet of new commercial and retail space, adaptive reuse of three historic buildings with up to 311,000 square feet of commercial/flex space, up to 500 hotel rooms, up to approximately 100,000 square feet of office space, 290 plus acres of open space, 22 miles of walking/biking paths, playing fields, a marina, and a ferry terminal.

A portion of the Treasure Island Project Site is located on land that was previously the site of a United States Naval Station (“Naval Station Treasure Island” or “NSTI”). In 1993, Congress selected NSTI for closure and disposition by the Base Realignment and Closure Commission. The Department of Defense later designated the City as the initial local reuse authority responsible for the conversion of NSTI under the federal disposition process. In July 1996, after an extensive community planning effort, the City’s Mayor, Board of Supervisors, Planning Commission, and the Citizens Reuse Committee unanimously endorsed a Draft Reuse Plan (the “Reuse Plan”) for NSTI to serve as the basis for the preliminary redevelopment plan for NSTI.

In 1997, the Board of Supervisors authorized the creation of the Treasure Island Development Authority, a California nonprofit public benefit corporation (“TIDA”), to serve as the entity responsible for the reuse and development of NSTI, taking over such responsibility from the City. In addition, the Board of Supervisors designated TIDA as a redevelopment agency with powers over NSTI under the Treasure Island Conversion Act of 1997.

In 2003, after completion of a competitive selection process, Treasure Island Community Development, LLC, a California limited liability company (“TICD”), was selected to serve as master developer for the Treasure Island Project. TICD is a joint venture comprised of various affiliates of Lennar

Corporation ("Lennar"), Stockbridge TI Fund LP ("Stockbridge"), Kenwood Investments ("Kenwood"), Wilson Meany, LP ("Wilson Meany") and others. See "THE TREASURE ISLAND PROJECT - TICD and the Treasure Island Project" herein.

In 2011, TIDA and the City certified an Environmental Impact Report and approved the Treasure Island Project entitlements, a General Plan Amendment, adoption of Planning Code Section 749.72 that established the Treasure Island/Yerba Buena Island Special Use District (the "TI/YBI SUD"), a Design for Development ("D4D") that established design standards and guidelines, and a Development Agreement vesting those entitlements.

In 2014, the United States of America, acting by and through the Department of the Navy (the "Navy"), and TIDA entered into an Economic Development Conveyance Memorandum of Agreement (as amended and supplemented from time to time, the "Conveyance Agreement") that governs the terms and conditions for the transfer of NSTI from the Navy to TIDA. Under the Conveyance Agreement, the Navy must convey NSTI to TIDA in phases after the Navy has completed environmental remediation and issued a finding of suitability to transfer for specified parcels of NSTI or portions thereof. To date, the Navy has conveyed five separate conveyances to TIDA, including all of the property within Improvement Area No. 2. The bulk of the land the Navy still owns is comprised of Investigation/Remediation Site 12 ("IR Site 12"), which includes a substantial portion of the Major Phase 4 area, a small portion of the Major Phase 2 area, and shares a boundary with Major 3 as it is currently defined. The Navy has not yet received approval from applicable State and federal regulators to transfer IR Site 12 in the condition required by the Navy MOA. While the Navy continues its remediation work, the timeline for the transfer of this property is uncertain. Portions of IR Site 12 could be delayed for as much as 10 years, and in such event TIDA could invoke a redesign process under the Navy MOA if such delay impacts future phases of the development. However, the timing of such disposition does not affect development in Improvement Area No. 2.

The Treasure Island Project will be carried out by, or at the direction of, TICD in accordance with the Disposition and Development Agreement between TIDA and TICD, dated as of June 28, 2011 (as amended from time to time, the "DDA"), and the Development Agreement between the City and TICD dated as of June 28, 2011 (as amended from time to time, the "DA"), and related Treasure Island Project approvals (including the Mitigation Monitoring and Reporting Program adopted by TIDA and the City in reliance on the Treasure Island/Yerba Buena Island Environmental Impact Report), the D4D, and the TI/YBI SUD.

TICD is developing the Treasure Island Project in Major Phases and Sub-Phases by transferring property related to such phases to one or more phase developers (separate entities within TICD). The phase developers, in turn, are developing the phase by transferring property to one or more merchant builders.

For additional information regarding the Treasure Island Project, Improvement Area No. 2, TICD and the development plans for the Treasure Island Project and Improvement Area No. 2, see "THE TREASURE ISLAND PROJECT" and "IMPROVEMENT AREA NO. 2" herein.

Improvement Area No. 2 and the Treasure Island Project

The property in Improvement Area No. 2 is part of the larger Treasure Island Project. Improvement Area No. 2 covers about 5.22 gross acres, all of which is located on Treasure Island. A wholly-owned subsidiary of TICD, Treasure Island Series 1, LLC, a Delaware limited liability company ("TI Series 1"), is developing the property in Improvement Area No. 2. Improvement Area No. 2 is located within Sub-Phases of Major Phase 1 (as defined in the DDA) known as Sub-Phases 1B, 1C and 1E. Development blocks within these Sub-Phases have been divided into sub-blocks of developable land (each, a "Sub-Block"). Improvement Area No. 2 is planned to be developed with five residential buildings currently spanning six assessor's parcels. The five Sub-Blocks and expected development within each is summarized in the table below:

Sub-Block	Expected Development[1]	Market Rate Units	Inclusionary Units	Total Number of Planned Units
B1[2]	Residential rental apartments[3]	111	6	117
C2.2[4]	Residential rental apartments[3]	169	9	178
C2.3	For-sale residential condominiums[3]	80	5	85
C2.4[5]	Residential rental apartments[3]	226	24	250
C3.4[6][7]	For-sale residential condominiums[3]	142	7	149
Totals		728	51	779

(1) See "IMPROVEMENT AREA NO. 2 - Merchant Builder Development and Financing Plans" for a discussion of development status.
(2) Comprised of development parcels B1.1 and B1.2, but referred to collectively herein as Sub-Block B1.
(3) Inclusionary units within each Sub-Block are not subject to Special Taxes.
(4) The planned development at Sub-Block C2.2 is also sometimes referred to herein as "Hawkins."
(5) The planned development at Sub-Block C2.4 is also sometimes referred to herein as "Isle House" (formerly "Tidal House").
(6) Comprised of development parcels C3.3 and C3.4, but referred to collectively herein as Sub-Block C3.4.
(7) The planned development at Sub-Block C3.4 is also sometimes referred to herein as "Portico."
Source: TI Series 1.

On February 22, 2016, TI Series 1 acquired from TIDA Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4. On November 9, 2020, Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4 were sold to five Merchant Builders (as defined herein). TIDA retained leasehold and public property that will be developed by TICD Developer (as defined herein) within Sub-Phases 1B and 1C including Building 1, the Building 1 Plaza, Marina Plaza, Clipper Cove Promenade 1, Cityside Waterfront Park 1, Cultural Park, Cityside Waterfront Park 2 and various streets within these Sub-Phases. None of such leasehold and public property are subject to the Special Tax.

In 2018, TI Series 1 commenced construction of various infrastructure improvements required for the development of Improvement Area No. 2, including the removal of underground utilities, geotechnical stabilization, construction of all new public roads, a new joint trench system, and improvements along the Treasure Island Causeway that delivers utilities between Treasure Island and Yerba Buena Island. As of September 1, 2023, geotechnical improvements on the Improvement Area No. 2 pads, as well as joint trench, public roads, and improvements along the Causeway, are complete.

See the captions "TREASURE ISLAND PROJECT —Initial Phase Approvals and Land Transfers" and "IMPROVEMENT AREA NO. 2—Infrastructure Development and Financing Plan" herein.

Appraisal

Integra Realty Resources, Inc. (the "Appraiser") has been retained by the City and has prepared an Appraisal Report dated September 20, 2023 (the "Appraisal Report") with a valuation date of August 4, 2023, estimating the market value of the fee simple interest in the appraised parcels within Improvement Area No. 2. The Appraisal Report appraised the value of Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4.

The Appraisal Report reflects that the aggregate, or cumulative, market values, by ownership, of the fee simple interest in the appraised properties in Improvement Area No. 2 is $219,900,000, subject to certain assumptions and limiting conditions set forth in the Appraisal Report. The Appraisal Report, which is included in Appendix G, should be read in its entirety by prospective purchasers of the 2023A Bonds.

The value of individual parcels in Improvement Area No. 2 may vary significantly, and no assurance can be given that if Special Taxes levied on one or more of the parcels become delinquent, and if the delinquent parcels were to be offered for sale at a judicial foreclosure sale, that any bid would be received for the property or, if a bid is received, that such bid would be sufficient to pay such parcel's delinquent Special Taxes. See "IMPROVEMENT AREA NO. 2 – Projected Special Tax Levy, Assessed Values and Value-to-Lien Ratios," "SPECIAL RISK FACTORS – Bankruptcy and Foreclosure" and "SPECIAL RISK FACTORS – Tax Delinquencies."

See the caption "IMPROVEMENT AREA NO. 2 – Property Values" and Appendix G. *None of the City, the District or the Underwriter make any representation as to the accuracy or completeness of the Appraisal Report.*

Formation of the District and Improvement Area No. 2

The District was formed by the City pursuant to the Act. The Act was enacted by the State of California (the "State") Legislature to provide an alternative method of financing certain public capital facilities and services, especially in developing areas of the State. Any local agency (as such term is defined in the Act) may establish a district to provide for and finance the cost of eligible public facilities and services. Generally, the legislative body of the local agency that forms a district acts on behalf of such district as its legislative body. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Act, a legislative body of a local agency may cause the district to issue bonds and may levy and collect a special tax within such district to repay such indebtedness. The Board of Supervisors serves as the legislative body of the District.

Pursuant to the Act, the Board of Supervisors adopted the necessary resolutions stating its intent to establish the District, to authorize the levy of Special Taxes (as such term is defined in this Official Statement) on taxable property within the boundaries of the District, and enable the District to incur bonded indebtedness. Following public hearings conducted pursuant to the provisions of the Act, the Board of Supervisors adopted resolutions establishing the District and designating Improvement Area No. 1, and calling special elections to submit the authorization of the levy of the Special Taxes and the incurring of bonded indebtedness to the qualified electors of Improvement Area No. 1, including (i) Resolution No. 8-17 (the "Resolution 8-17") adopted by the Board of Supervisors on January 24, 2017, pursuant to which the City formed the District, designated a future annexation area for the District (the "Future Annexation Area") and designated Improvement Area No. 1; and (ii) Ordinance No. 22-17 adopted by the Board of Supervisors on January 31, 2017, providing for the levy of the Special Taxes (the "Ordinance"), including within improvement areas within the District designated in the future.

The Resolution 8-17 established procedures to designate other improvement areas within the District. Pursuant to such procedures, on April 13, 2020, TI Series 1 who comprised the qualified elector of Improvement Area No. 2, authorized annexation of Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4 into the District and designation of Improvement Area No. 2. TI Series 1 also approved the District incurring bonded indebtedness with respect to Improvement Area No. 2 in an aggregate principal amount not to exceed $278,200,000 and the rate and method of apportionment of the special taxes (the "Rate and Method") for Improvement Area No. 2. Such actions were later confirmed by resolution of the Board of Supervisors. See the captions "FORMATION OF THE DISTRICT AND IMPROVEMENT AREA NO. 2" and "IMPROVEMENT AREA NO. 2" herein and APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto.

As of the date of this Official Statement, there are three improvement areas in the District: Improvement Area No. 1 (consisting of certain property on Yerba Buena Island), Improvement Area No. 2 (consisting of certain property on Treasure Island, as described in this Official Statement), and

Improvement Area No. 3 (consisting of certain other property on Treasure Island). Prior to the issuance of the 2022A Bonds, in 2020 and 2021, the City issued special tax bonds secured by special taxes in Improvement Area No. 1. The special taxes collected in Improvement Area No. 1 and Improvement Area No. 3 are not available for payment of debt service on the Bonds. Moreover, the City may annex all or any portion of the Future Annexation Area as a separate improvement area, but the special taxes or other moneys derived from such subsequently-created improvement areas would not be available for payment of debt service on the Bonds. Special Taxes levied in Improvement Area No. 2 will not be available to pay debt service on bonds issued by the City for the District with respect to such other improvement areas. The City does not anticipate annexing any portion of the Future Annexation Area into Improvement Area No. 2.

Continuing Disclosure

The City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") certain annual financial information and operating data and notice of certain enumerated events. The City's covenants have been made in order to assist the Underwriter in complying with the Securities and Exchange Commission's Rule 15c2-12 ("Rule 15c2-12"). See the caption "CONTINUING DISCLOSURE" and Appendix E-l for a description of the specific nature of the annual reports and notices of enumerated events to be filed by the City.

In addition, TI Series 1 and each Merchant Builder (or a related company on the Merchant Builder's behalf) have agreed to execute separate continuing disclosure undertakings that provide, or cause to be provided, to the MSRB certain information on a semiannual basis and notice of certain enumerated events. See the caption "CONTINUING DISCLOSURE" and Appendices E-2 and E-3 for a description of the specific nature of the semiannual reports and notices of enumerated events to be filed by TI Series 1 and Merchant Builders.

The continuing disclosure undertakings by TI Series 1 and Merchant Builders are independent of the City's continuing disclosure obligation, and the City shall have no authority to compel TI Series 1 and Merchant Builders to provide the information as and when promised thereunder, respectively.

Further Information

Brief descriptions of the 2023A Bonds, the security for the Bonds, special risk factors, the District, Improvement Area No. 2, the City and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the 2023A Bonds, the Fiscal Agent Agreement, resolutions and other documents are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the 2023A Bonds, the Fiscal Agent Agreement, such resolutions and other documents. All such descriptions are further qualified in their entirety by reference to laws and to principles of equity relating to or affecting generally the enforcement of creditors' rights. For definitions of certain capitalized terms used herein and not otherwise defined, and a description of certain terms relating to the 2023A Bonds, see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" hereto.

THE FINANCING PLAN

The 2023A Bonds are being issued to finance the following: (i) the Facilities, (ii) a deposit to the 2022 Reserve Fund (as defined herein), and (iii) costs of issuance. Proceeds of the 2023A Bonds are expected to be used, to finance acquisition and construction of public facilities.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds is set forth below:

Sources of Funds	
Principal Amount	$
[Net] Premium	
Transfer from Special Tax Fund	
Total Sources	$
Uses of Funds	
Deposit to Improvement Fund	$
Deposit to 2022 Reserve Fund	
Deposit to Additional Special Tax Reserve Fund	
Costs of Issuance[(1)]	
Total Uses	$

[(1)] Includes Underwriter's discount, fees and expenses for Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Special Tax Consultant, the Fiscal Agent and its counsel, costs of printing the Official Statement, and other costs of issuance of the 2023A Bonds.

THE 2023A BONDS

Description of the 2023A Bonds

The 2023A Bonds will be issued as fully registered bonds, in denominations of $100,000 or any integral multiple of $5,000 in excess thereof within a single maturity and will be dated and bear interest from the date of their delivery, at the rates set forth on the inside cover page hereof. The 2023A Bonds will be issued in fully registered form, without coupons. The 2023A Bonds will mature on September 1 in the principal amounts and years as shown on the inside cover page hereof.

The 2023A Bonds will bear interest at the rates set forth on the inside cover page hereof, payable on the Interest Payment Dates in each year. Interest on all 2023A Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each 2023A Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the dated date of the 2023A Bonds; provided, however, that if at the time of authentication of a 2023A Bond, interest is in default thereon, such 2023A Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2023A Bonds (including the final interest payment upon maturity or earlier redemption), is payable on the applicable Interest Payment Date by check of the Fiscal Agent mailed by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer to an account located in the United States of America made on such Interest Payment Date upon written instructions of any Owner of $1,000,000 or more in aggregate principal amount of 2023A Bonds delivered to the Fiscal Agent prior to the applicable Record Date, which instructions shall continue in effect until revoked in writing, or until such 2023A Bonds are transferred to a new Owner. "Record Date" means the fifteenth day of the calendar month next preceding the applicable

Interest Payment Date, whether or not such day is a Business Day. The interest, principal of and any premium on the 2023A Bonds are payable in lawful money of the United States of America, with principal and any premium payable upon surrender of the 2023A Bonds at the Principal Office of the Fiscal Agent. All 2023A Bonds paid by the Fiscal Agent pursuant to this Section shall be canceled by the Fiscal Agent.

Redemption*

Optional Redemption. The 2023A Bonds maturing on or after September 1, 20__ are subject to optional redemption as directed by the City, from sources of funds other than prepayments of Special Taxes, prior to their stated maturity on any date on or after September 1, 20_, as a whole or in part, at a redemption price (expressed as a percentage of the principal amount of the 2023A Bonds to be redeemed), as set forth below, together with accrued interest thereon to the date fixed for redemption:

Redemption Dates	Redemption Price
September 1, 20__ through August 31, 20__	%
September 1, 20__ through August 31, 20__	
September 1, 20__ through August 31, 20__	
September 1, 20__ and any date thereafter	

Mandatory Sinking Fund Redemption. The 2023A Bonds maturing on September 1, 20__ (the "Term 2023A Bonds (20__)") are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the redemption date, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date (September 1)	Principal Amount Subject to Redemption
	$
(maturity)	

Provided, however, if some but not all of the Term 2023A Bonds (20__) have been redeemed pursuant to optional redemption or redemption from Special Tax Prepayments, the total amount of all future Sinking Fund Payments shall be reduced by the aggregate principal amount of Term 2023A Bonds (20__) so redeemed, to be allocated among such Sinking Fund Payments on a *pro rata* basis in integral multiples of $5,000 as determined by the Fiscal Agent, notice of which determination (which shall consist of a revised sinking fund schedule) shall be given by the City to the Fiscal Agent.

The 2023A Bonds maturing on September 1, 20__ (the "Term 2023A Bonds (20__)") are subject to mandatory redemption in part by lot, from sinking fund payments made by the City from the Bond Fund, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest

* Preliminary, subject to change.

to the redemption date, without premium, in the aggregate respective principal amounts all as set forth in the following table:

Sinking Fund Redemption Date (September 1)	Principal Amount Subject to Redemption
	$
(maturity)	

Provided, however, if some but not all of the Term 2023A Bonds (20__) have been redeemed pursuant to optional redemption or redemption from Special Tax Prepayments, the total amount of all future Sinking Fund Payments shall be reduced by the aggregate principal amount of Term 2023A Bonds (20__) so redeemed, to be allocated among such Sinking Fund Payments on a *pro rata* basis in integral multiples of $5,000 as determined by the Fiscal Agent, notice of which determination (which shall consist of a revised sinking fund schedule) shall be given by the City to the Fiscal Agent.

Redemption from Special Tax Prepayments. Special Tax Prepayments and any corresponding transfers from the 2022 Reserve Fund shall be used to redeem 2023A Bonds on the next Interest Payment Date for which notice of redemption can timely be given, among series and maturities so as to maintain substantially the same Debt Service profile for the Bonds as in effect prior to such redemption and by lot within a maturity, at a redemption price (expressed as a percentage of the principal amount of the 2023A Bonds to be redeemed), as set forth below, together with accrued interest to the date fixed for redemption:

Redemption Date	**Redemption Price**
Any Interest Payment Date on or before March 1, 20__	%
On September 1, 20__ and March 1, 20__	
On September 1, 20__ and March 1, 20__	
On September 1, 20__ and any Interest Payment Date thereafter	

Notice of Redemption. The Fiscal Agent shall cause notice to be sent at least twenty (20) days but not more than sixty (60) days prior to the date fixed for redemption, to the Securities Depositories, and to the respective registered Owners of any 2023A Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to send or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds. In addition, the Fiscal Agent shall file each notice of redemption with the MSRB through its Electronic Municipal Market Access system ("EMMA"). Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding 2023A Bonds are to be called for redemption shall state as to any 2023A Bond called in part the principal amount thereof to be redeemed, and shall require that such 2023A Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2023A Bonds will not accrue from and after the redemption date. The cost of mailing any such redemption notice and any expenses incurred by the Fiscal Agent in connection therewith shall be paid by the City from amounts in the Administrative Expense Fund. The City has the right to rescind any notice of the optional redemption of 2023A Bonds by written notice to the Fiscal Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2023A Bonds then called for redemption, and such cancellation shall not constitute a default under the Fiscal Agent Agreement. The City and the Fiscal Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Fiscal Agent shall send notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Fiscal Agent Agreement.

Selection of Bonds for Redemption. Except as provided under the Fiscal Agent Agreement provisions described above under the captions " – Optional Redemption," " – Mandatory Sinking Fund Redemption" and " – Redemption from Special Tax Prepayments," whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2023A Bonds of any maturity or any given portion thereof, the City shall select the 2023A Bonds or portions thereof to be redeemed, from all Bonds or such given portion thereof not previously called for redemption, and the Fiscal Agent shall select the Bonds or portions thereof to be redeemed by lot within a maturity and notify the City.

Purchase of Bonds in Lieu of Redemption. In lieu of redemption under the Fiscal Agent Agreement, moneys in the Bond Fund or other funds provided by the City may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2023A Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2023A Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase and any premium which would otherwise be due if such Bonds were to be redeemed in accordance with the Fiscal Agent Agreement. All 2023A Bonds purchased by the Fiscal Agent will be canceled by the Fiscal Agent.

The Fiscal Agent

Zions Bancorporation, National Association has been appointed as the Fiscal Agent for all of the Bonds under the Fiscal Agent Agreement. For a further description of the rights and obligations of the Fiscal Agent pursuant to the Fiscal Agent Agreement, see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" hereto.

Book-Entry System

DTC will act as securities depository for the 2023A Bonds. The 2023A Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee), and will be available to ultimate purchasers (referred to herein as "Beneficial Owners") in the denomination of $100,000 or any integral multiple in of $5,000 in excess thereof, under the book-entry system maintained by DTC. Beneficial Owners of 2023A Bonds will not receive physical certificates representing their interest in the Bonds. So long as the 2023A Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the Beneficial Owners of the 2023A Bonds. Payments of the principal of, premium, if any, and interest on the 2023A Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Fiscal Agent, so long as DTC or Cede & Co. is the registered owner of the 2023A Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants. See APPENDIX F – "BOOK-ENTRY ONLY SYSTEM" hereto.

Debt Service

The following is the debt service schedule for the 2022A Bonds and the 2023A Bonds, assuming no redemptions other than mandatory sinking fund redemptions, as well as the projected Maximum Special Tax Revenues. See also Table 16 in "IMPROVEMENT AREA NO. 2 - Projected and Hypothetical Special Tax Levy, Assessed Values and Value-to-Lien Ratios" herein. The table does not present any future Parity Bonds that could be issued. See "SECURITY FOR THE BONDS – Parity Bonds" herein.

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Year Ending[1]	2022A Bonds Debt Service	2023A Bonds Principal	2023A Bonds Interest[2]	Total	Maximum Annual Special Tax Revenues[3]	Estimated Administrative Expenses	Net Available Special Tax Revenues[4]	Projected Debt Service Coverage[5][6]
2024	$	$	$	$	$	$	$	%
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
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2042								
2043								
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2045								
2046								
2047								
2048								
2049								
2050								
2051								
2052								
Total	**$**	**$**	**$**	**$**	**$**	**$**	**$**	

[1] Debt service presented on a bond year ending on September 1, revenues presented on a fiscal year basis ending on June 30.
[2] Interest on the 2023A Bonds will be capitalized through ______ 1, 202_.
[3] Projected based on expected build out as of [_______], 2023. See Table 14 herein.
[4] Maximum Special Tax Revenues net of annual administrative expenses.
[5] Reflects Net Available Special Tax Revenues divided by Total Parity Debt Service.
[6] Special Taxes may be levied on all property within Improvement Area No. 2 up to the maximum amount permitted under the Rate and Method to provide the amount required to pay debt service on the Bonds, however, the Special Tax levy on property used for private residential purposes may not increase by more than 10% above the amount that would have been levied in that Fiscal Year as a consequence of delinquencies or defaults by the owners of any other parcels in Improvement Area No. 2. There could be a default or a delay in payments to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the City of foreclosure sale proceeds, if any, and subsequent transfer of those proceeds to the City.
Source: Underwriter for debt service, Goodwin Consulting Group for special tax revenues.

SECURITY FOR THE BONDS

General

The Bonds will be secured by a first pledge pursuant to the Fiscal Agent Agreement of all of the Special Tax Revenues and, except as provided below, all moneys deposited in the Bond Fund (including the Special Tax Prepayments Account) and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund. The Special Tax Revenues and all moneys deposited into such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Fiscal Agent Agreement.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the City, including any scheduled payments thereof and any Special Tax Prepayments, interest thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said lien and interest thereon, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure.

The Special Taxes are to be apportioned, levied and collected according to the Rate and Method on Taxable Parcels developed within Improvement Area No. 2. See APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto.

The 2022A Bonds, the 2023A Bonds and any 2022A Related Parity Bonds issued in the future will be secured by a first pledge of all moneys deposited in the 2022 Reserve Fund. The moneys in the 2022 Reserve Fund are dedicated to the payment of the principal of, and interest and any premium on, the 2022A Bonds, the 2023A Bonds and any 2022A Related Parity Bonds issued in the future as provided in the Fiscal Agent Agreement and in the Act until all of the 2022A Bonds, the 2023A Bonds and all other 2022A Related Parity Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose.

"2022A Related Parity Bonds" means the 2023A Bonds and any series of Parity Bonds for which (i) the proceeds are deposited into the 2022 Reserve Fund so that the balance therein is equal to the 2022 Reserve Requirement following issuance of such Parity Bonds and (ii) the related Supplemental Agreement specifies that the 2022 Reserve Fund shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Bonds.

The Bonds will be secured by a first pledge of all moneys deposited in the Additional Special Tax Reserve Fund. The moneys in the Additional Special Tax Reserve Fund are dedicated to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until the date on which the City has delivered to the Fiscal Agent an Officer's Certificate signed by the Director of the Office of Public Finance and the Treasure Island Director certifying that the Developer has submitted evidence reasonably satisfactory to the Director of the Office of Public Finance and the Treasure Island Director that the developer of Sub-Block B1 has spent more than **[$250,000**] on the onsite cost of labor and materials directly related to the construction of the vertical improvements for Sub-Block B-1 that are authorized by the Building Permit (as defined in the Rate and Method) for Sub-Block B-1 (the "Additional Special Tax Reserve Release Date"), as certified in an Officer's Certificate.

Amounts in the Improvement Fund (and the accounts therein), the Administrative Expense Fund and the Costs of Issuance Fund are not pledged to the repayment of the 2023A Bonds. The Facilities are not pledged to the repayment of the Bonds, nor are the proceeds of any condemnation or insurance award received by the City with respect to the Facilities.

Limited Obligation

The Bonds are limited obligations of the City, secured by and payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The Bonds are not payable from any other source of funds other than Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The General Fund of the City is not liable for the payment of the principal of or interest on the Bonds, and neither the credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

No Teeter Plan

The Board of Supervisors 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 California Revenue and Taxation Code, in 1993 pursuant to Resolution No. 830-93. The Teeter Plan provides for the allocation and distribution of property tax levies and collections and of tax sale proceeds. The City has the power to include additional taxing agencies on the Teeter Plan. The City has the power to unilaterally discontinue the Teeter Plan or remove a taxing agency from the Teeter Plan by a majority vote of the Board of Supervisors. The Teeter Plan may also be discontinued by petition of two-thirds (2/3rds) of the participant taxing agencies.

By resolution, the Board of Supervisors has extended the Teeter Plan to the allocation and distribution of special taxes for the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center). There are also four city-wide parcel taxes, which are similarly billed as direct charges on property tax bills, that are distributed based upon the Teeter method. However, the Board of Supervisors has not extended the Teeter Plan to the collection of Special Taxes within Improvement Area No. 2. Accordingly, the Teeter Plan is not expected to be available for the collection of the Special Taxes within Improvement Area No. 2 and the collection of the Special Taxes within such area will reflect actual delinquencies.

Special Tax Fund

Special Tax Fund. Pursuant to the Fiscal Agent Agreement, there is established a "Special Tax Fund" to be held by the Fiscal Agent, to the credit of which the Fiscal Agent will deposit amounts received from or on behalf of the City consisting of Special Tax Revenues and amounts transferred from the Administrative Expense Fund and the Bond Fund. The City has agreed in the Fiscal Agent Agreement to promptly remit any Special Tax Revenues received by it to the Fiscal Agent for deposit by the Fiscal Agent to the Special Tax Fund. Notwithstanding the foregoing,

(i) Special Tax Revenues in an amount not to exceed the amount included in the Special Tax levy for such Fiscal Year for Administrative Expenses shall be separately identified by the Finance Director and shall be deposited by the Fiscal Agent in the Administrative Expense Fund;

(ii) any Special Tax Revenues constituting the collection of delinquencies in payment of Special Taxes shall be separately identified by the Finance Director and shall be disposed of by the Fiscal Agent first, for transfer to the Bond Fund to pay any past due debt service on the Bonds; second, without preference or priority for transfer to (a) the 2022 Reserve Fund to the extent needed to increase the amount then on deposit in the 2022 Reserve Fund up to the then 2022 Reserve Requirement and (b) the reserve account for any Parity Bonds that are not 2022A Related Parity Bonds to the extent needed to increase the amount then on deposit in such reserve account up to the amount then required to be on deposit therein; third , to the Additional Special Tax Reserve Fund to the extent needed to increase the amount then on deposit in the Additional Special Tax Reserve Fund up to the then Additional Special Tax Reserve Requirement; and fourth, to be held in the Special Tax Fund for use as described in below under "-*Disbursements"*; and

(iii) any proceeds of Special Tax Prepayments shall be separately identified by the Finance Director and shall be deposited by the Fiscal Agent as follows (as directed in writing by the Finance Director): (a) that portion of any Special Tax Prepayment constituting a prepayment of costs of the Facilities shall be deposited by the Fiscal Agent to the Improvement Fund and (b) the remaining Special Tax Prepayment shall be deposited by the Fiscal Agent in the Special Tax Prepayments Account established pursuant to the Fiscal Agent Agreement.

Disbursements from the Special Tax Fund. At least seven (7) business days prior to each Interest Payment Date or redemption date the Fiscal Agent will withdraw from the Special Tax Fund and transfer the following amounts in the following order of priority:

(i) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund and any expected transfers from the Improvement Fund, the 2022 Reserve Fund and any reserve account for Parity Bonds that are not 2022A Related Parity Bonds, a capitalized interest account established for any series of Parity Bonds and the Special Tax Prepayments Account to the Bond Fund such that the amount in the Bond Fund equals the principal (including any sinking payment), premium, if any, and interest due on the Bonds on such Interest Payment Date or redemption date, and any past due principal or interest on the Bonds not theretofore paid from a transfer described in clause second of subparagraph (ii) above under "- *Special Tax Fund;*"

(ii) without preference or priority (a) to the 2022 Reserve Fund an amount, taking into account amounts then on deposit in the 2022 Reserve Fund, such that the amount in the 2022 Reserve Fund is equal to the 2022 Reserve Requirement, and (b) to the reserve account for any Parity Bonds that are not 2022A Related Parity Bonds, taking into account amounts then on deposit in such reserve account, such that the amount in such reserve account is equal to the amount required to be on deposit therein (and in the event that amounts in the Special Tax Fund are not sufficient for the purposes of this paragraph, such amounts shall be applied to the 2022 Reserve Fund and any other reserve accounts ratably based on the then Outstanding principal amount of the Bonds); and

(iii) to the Additional Special Tax Reserve Fund, an amount, taking into account amounts then on deposit in the Additional Special Tax Reserve Fund, such that the amount in the Additional Special Tax Reserve Fund is equal to the Additional Special Tax Reserve Requirement, and

(iv) on each October 1, all of the moneys remaining in the Special Tax Fund, to the extent that they are not needed to pay for Administrative Expenses, shall be transferred to the Finance Director for deposit in accordance with the DDA and the DA. More specifically, such remaining Special Taxes shall be deposited in the remainder taxes project account established by TIDA and (1) before the date on which the first park owned by TIDA is completed and open to the public (the "Maintenance Commencement Date"), from time to time, at TICD's request, applied to finance Qualified Project Costs (as defined in the Financing Plan attached to and part of the DDA (the "DDA Financing Plan")) and (2) following the Maintenance Commencement Date, transferred to TIDA and held in the remainder taxes holding account established by TIDA and applied to the costs of operating and maintaining parks within the District. Amounts on deposit in the remainder taxes project account or the remainder taxes holding account are not pledged to the repayment of the Bonds.

Bond Fund

The Bond Fund is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent. Moneys in the Bond Fund will be held by the Fiscal Agent for the benefit of the City and the Owners of the Bonds, and shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below.

Flow of Funds for Payment of Principal and Interest. At least ten (10) business days before each Interest Payment Date or redemption date, the Fiscal Agent shall notify the Finance Director in writing as to the principal and premium, if any, and interest due on the Bonds on the next Interest Payment Date or redemption date (whether as a result of scheduled principal of and interest on the Bonds, optional redemption of the Bonds or a mandatory sinking fund redemption). On each Interest Payment Date or redemption date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, due and payable on the Bonds on such Interest Payment Date or redemption date. Notwithstanding the foregoing, amounts in the Bond Fund as a result of a transfer of the collections of delinquent Special Taxes will be immediately disbursed by the Fiscal Agent to pay past due amounts owing on the Bonds.

At least five (5) business days prior to each Interest Payment Date, the Fiscal Agent shall determine if the amounts then on deposit in the Bond Fund are sufficient to pay the debt service due on the Bonds on the next Interest Payment Date. If amounts in the Bond Fund are insufficient for such purpose, the Fiscal Agent promptly will notify the Finance Director by telephone (and confirm in writing) of the amount of the insufficiency.

If amounts in the Bond Fund are insufficient for the purpose set forth in the preceding paragraph with respect to any Interest Payment Date, the Fiscal Agent will do the following:

(i) Withdraw from the Additional Special Tax Reserve Fund, in accordance with the provisions of Fiscal Agent Agreement, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency. Amounts so withdrawn from the Additional Special Tax Reserve Fund shall be deposited in the Bond Fund.

(ii) Withdraw from the 2022 Reserve Fund, in accordance with the provisions of the Fiscal Agent Agreement, to the extent of any funds (including the proceeds of any Qualified Reserve Account Credit Instrument held therein) or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to the 2023A Bonds and any 2022A Related Parity Bonds. Amounts so withdrawn from the 2022 Reserve Fund shall be deposited in the Bond Fund.

(iii) Withdraw from the reserve funds, if any, established under a Supplemental Agreement related to Parity Bonds that are not 2022A Related Parity Bonds, to the extent of any funds or Permitted Investments therein, amounts to cover the amount of such Bond Fund insufficiency related to such Parity Bonds. Amounts so withdrawn from the reserve fund shall be deposited in the Bond Fund.

If, after the foregoing transfers and application of such funds for their intended purposes, there are insufficient funds in the Bond Fund to make the payments provided for in the Fiscal Agent Agreement, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, if any, and then to payment of principal due on the Bonds by reason of sinking payments. See "Additional Special Tax Reserve Fund" below.

Special Tax Prepayments Account. Within the Bond Fund a separate account will be held by the Fiscal Agent, designated the "Special Tax Prepayments Account." Moneys in the Special Tax Prepayments Account will be transferred by the Fiscal Agent to the Bond Fund on the next date for which notice of redemption of Bonds can timely be given under the Fiscal Agent Agreement and will be used (together with any amounts transferred for the purpose) to redeem Bonds on the redemption date selected in accordance with the Fiscal Agent Agreement.

2022 Reserve Fund

Upon issuance of the 2022A Bonds, the City established under the Fiscal Agent Agreement a 2022 Reserve Fund. The 2022 Reserve Fund is established for the benefit of the 2022A Bonds, the 2023A Bonds and any other 2022A Related Parity Bonds. Under the Fiscal Agent Agreement the 2022 Reserve Fund is to be funded at the 2022 Reserve Requirement.

"2022 Reserve Requirement" means the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the 2022A Bonds, the 2023A Bonds and any other 2022A Related Parity Bonds, (b) 125% of average Annual Debt Service on the 2022A Bonds, the 2023A Bonds and any other 2022A Related Parity Bonds, and (c) 10% of the outstanding principal of the 2022A Bonds, the 2023A Bonds and any other 2022A Related Parity Bonds; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the 2022A Bonds, the 2023A Bonds or any other 2022A Related Parity Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the 2022A Bonds, the 2023A Bonds or any other 2022A Related Parity Bonds was less than 98% or more than 102% of the original principal amount of the 2022A Bonds, the 2023A Bonds or any other 2022A Related Parity Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated exceed the amount on deposit in the 2022 Reserve Fund on the date of issuance of the 2022A Bonds (if they are the only Bonds covered by the 2022 Reserve Fund) or the most recently issued series of 2022A Related Parity Bonds except in connection with any increase associated with the issuance of 2022A Related Parity Bonds; and

(C) that in no event shall the amount required to be deposited into the 2022 Reserve Fund in connection with the issuance of a series of 2022A Related Parity Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

Upon issuance of the 2023A Bonds, the 2022 Reserve Requirement is expected to be satisfied as reflected in the table below:

2022 Reserve Requirement	**$**
Balance in the 2022 Reserve Fund	$
Deposit to the 2022 Reserve Fund from 2023A Bonds proceeds	
Total Deposited to the 2022 Reserve Fund	**$**

Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the 2022 Reserve Fund will be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund and the Additional Special Tax Reserve Fund of the amount then required for payment of the principal of, and interest and any premium on, the 2022A Bonds, the 2023A Bonds and any other 2022A Related Parity Bonds or, in accordance with the Fiscal Agent Agreement, for the purpose of redeeming 2022A Bonds, 2023A Bonds and any other 2022A Related Parity Bonds from the Bond Fund.

The City has the right at any time to direct the Fiscal Agent to release funds from the 2022 Reserve Fund, in whole or in part, by tendering to the Fiscal Agent: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the 2022A Bonds, the 2023A Bonds or any other 2022A Related Parity Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" hereto.

Additional Special Tax Reserve Fund

Upon issuance of the 2022A Bonds, the City will establish under the Fiscal Agent Agreement an Additional Special Tax Reserve Fund. The Additional Special Tax Reserve Fund is established for the benefit of the Bonds. Under the Fiscal Agent Agreement the Additional Special Tax Reserve Fund is to be funded at the Additional Special Tax Reserve Requirement.

"Additional Special Tax Reserve Requirement" means (i) as of the Closing Date and continuing to October 1, 2024, an amount equal to $652,770 and (ii) on October 1, 2024 and each October 1 thereafter prior to the Additional Special Tax Reserve Release Date, an amount equal to the Additional Special Tax Reserve Requirement as of the preceding October 1 increased by two percent (2%).

Upon issuance of the 2023A Bonds, the 2022 Reserve Requirement is expected to be satisfied by transfer of Special Taxes to the Additional Special Tax Reserve Fund.

Except as otherwise provided in the Fiscal Agent Agreement, moneys in the Additional Special Tax Reserve Fund will be used solely for the purpose of paying the principal of, and interest and any premium on the Bonds when due in the event that the amounts on deposit in the Bond Fund, or the Special Tax Fund are insufficient for such purpose. In such event, the Fiscal Agent will withdraw from the Additional Special Tax Reserve Fund the moneys necessary for the purpose of paying the principal of, and interest and any premium on the Bonds when due.

If the balance in the Additional Special Tax Reserve Fund is less than the Additional Special Tax Reserve Requirement, the Fiscal Agent will, as described in "- Special Tax Fund" above, transfer to the Additional Special Tax Reserve Fund from available moneys in the Special Tax Fund the amount needed to restore the amount of the Additional Special Tax Reserve Fund to the Additional Special Tax Reserve Requirement. If such available amounts in the Special Tax Fund are inadequate to restore the Additional Special Tax Reserve Fund to the Additional Special Tax Reserve Requirement, then the City will include the amount necessary to fully restore the Additional Special Tax Reserve Fund to the Additional Special Tax Reserve Requirement in the next annual Special Tax levy, subject to the Maximum Special Tax.

On each October 1, the Fiscal Agent will transfer the amount in the Additional Special Tax Reserve Fund that exceeds the Additional Special Tax Reserve Requirement to the Finance Director for application in accordance with the Fiscal Agent Agreement.

Amounts in the Additional Special Tax Reserve Fund in excess of the Additional Special Tax Reserve Requirement may be withdrawn for purposes of making rebate payments to the federal government to comply with the Fiscal Agent Agreement.

On the Additional Special Tax Reserve Release Date, the Fiscal Agent will transfer all amounts in the Additional Special Tax Reserve Fund to the Finance Director for application in accordance with the Fiscal Agent Agreement. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" hereto.]

Rate and Method of Apportionment of Special Taxes

The following is a brief summary of certain provisions of the Rate and Method. The summary is intended to provide an overview of the calculation and levy of the Facilities Special Tax. The Rate and Method also authorizes the levy of a Services Special Tax; however, under the terms of the Rate and Method, such Services Special Tax cannot be levied while the 2023A Bonds are outstanding. This summary does not purport to be comprehensive and reference should be made to the full Rate and Method attached hereto as Appendix B.

Certain Definitions. All capitalized terms not defined in this section have the meanings set forth in the Rate and Method attached hereto as Appendix B.

"Administrator" means the Director of the Office of Public Finance or his/her designee who shall be responsible for administering the Special Tax according to the Rate and Method.

"Developed Property" means, in any Fiscal Year, all Taxable Parcels for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2015.

"Expected Taxable Property" means any Parcel within Improvement Area No. 2 that: (i) pursuant to the Development Approval Documents, was expected to be a Taxable Parcel, (ii) based on the Expected Land Uses and as determined by the Administrator, was assigned Expected Maximum Facilities Special Tax Revenues, and (iii) subsequently falls within one or more of the categories that would otherwise be exempt from the Special Tax as described under "*Exemptions to the Special Tax*" below.

"Facilities Special Tax Requirement" means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that are due in the calendar year that begins in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments on the Bonds, (iii) replenish reserve funds created for the Bonds under the Fiscal Agent Agreement to the extent such replenishment has not been included in the computation of the Facilities Special Tax Requirement in a previous Fiscal Year; (iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses; and (vi) pay directly for Authorized Expenditures, including park maintenance, Sea Level Rise Improvements, and capital reserves, in the priority set forth in the DDA Financing Plan, so long as such levy under clause (vi) does not increase the Facilities Special Tax levied on Undeveloped Property. Notwithstanding the foregoing, in any Fiscal Year in which any portion of a Developer Maintenance Payment is delinquent, the Maximum Facilities Special Tax shall be levied on Undeveloped Property until the amount collected from Undeveloped Property that is used to pay for park maintenance is equal to the aggregate amount of delinquent Developer Maintenance Payments. The amounts referred to in clauses (i) and (ii) of the definition of Facilities Special Tax Requirement may be reduced in any Fiscal Year by: (a) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against such costs pursuant to the Fiscal Agent Agreement; (b) in the sole and absolute discretion of the City, proceeds received by the CFD from the collection of penalties associated with delinquent Facilities Special Taxes; and (c) any other revenues available to pay such costs, each as determined in the sole discretion of the Administrator.

"Special Tax Requirement" means prior to the Transition Year, the Facilities Special Tax Requirement and, in and after the Transition Year, the Services Special Tax Requirement. Notwithstanding the foregoing, if there are any delinquent Facilities Special Taxes to be collected from a Parcel in or after the Transition Year, such delinquent Facilities Special Taxes shall continue to be levied against the Parcel in addition to the Services Special Tax Requirement for that Fiscal Year.

"Taxable Parcel" means any Parcel within Improvement Area No. 2 that is not exempt from the Special Tax pursuant to law or under "*Exemptions to the Special Tax*" below.

"Transition Event" shall be deemed to have occurred when the Administrator determines that either of the following events have occurred: (i) all Bonds secured by the levy and collection of Facilities Special Taxes in the District have been fully repaid, all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the City, and the Capital Reserve Requirement has been fully funded, or (ii) all Bonds secured by the levy and collection of Facilities Special Taxes in the District have been fully repaid, all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the City, and the Facilities Special Tax has been levied within Improvement Area No. 2 for one hundred (100) Fiscal Years.

"Transition Year" means the first Fiscal Year in which the Administrator determines that the Transition Event occurred in the prior Fiscal Year.

"Undeveloped Property" means, in any Fiscal Year, all Taxable Parcels that are not Developed Property, Vertical DDA Property, or Expected Taxable Property.

"Vertical DDA" means a disposition and development agreement between TICD and/or TIDA and a developer that governs the development of Vertical Improvements (as defined in the DDA) or a disposition and development agreement between TIDA and a developer that has a leasehold interest in property that is subject to the Public Trust, for a Taxable Parcel.

"Vertical DDA Property" means, in any Fiscal Year, any Parcel that is not yet Developed Property against which a Vertical DDA has been recorded, and for which the Developer or the Vertical Developer (as defined in the DDA) has, by June 30 of the prior Fiscal Year, notified the Administrator of such recording.

General. A Special Tax applicable to each Taxable Parcel in Improvement Area No. 2 shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount per square foot for the land use category of Taxable Parcel, as described below. All Taxable Parcels in the Improvement Area No. 2 shall be taxed for the purposes, to the extent, and in the manner provided in the Rate and Method, including property subsequently annexed to the Improvement Area No. 2. During the term of the 2023A Bonds, only the Facilities Special Tax shall be levied. See APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto. Each Fiscal Year, the Administrator is required to identify the current parcel numbers for all Taxable Parcels and determine: (i) whether each Taxable Parcel is Developed Property, Vertical DDA Property, Undeveloped Property, or Expected Taxable Property, (ii) within which Sub-Block each Assessor's Parcel is located, (iii) for Developed Property, the Residential Square Footage, Commercial/Retail Square Footage, and/or Hotel Square Footage on each Parcel, (iv) for Residential Property, the Residential Product Type, number of Market Rate Units, Inclusionary Units, For-Sale Units, Rental Units, and Converted For-Sale Units, (v) whether there are any delinquent Developer Maintenance Payments, and (vi) the Special Tax Requirement for the Fiscal Year.

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Base Facilities Special Tax Rates. The following table sets forth the "Base Facilities Special Tax" for any Land Use Category and the per-square foot Facilities Special Tax for square footage within such Land Use Category, as provided in the Rate and Method. See APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto.

Table 1
Improvement Area No. 2 of the
City and County of San Francisco
Community Facilities District No. 2016-1
(Treasure Island)
Base Facilities Special Tax Rates per Taxable Square Foot

Land Use Category	FY 2023-24 Base Facilities Special Tax[1]
Low-Rise Unit	$7.05
Mid-Rise Unit	8.16
Tower Unit	9.35
Treasure Island Townhome Unit	6.19
Yerba Buena Townhome Unit	6.69
Rental Unit	3.21
Hotel Condominium	6.82
Commercial/Retail	1.73
Hotel	3.45

Source: Goodwin Consulting Group, Inc.
(1) Increase of 2% annually.

Special Tax Rates. The Rate and Method provides how the Special Tax Rates are determined generally based on a maximum tax rate per square foot that varies based on the land use category of the Parcel. See APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" attached hereto.

Maximum Special Tax. Pursuant to the Rate and Method, the Administrator shall apply the steps set forth therein to determine the Maximum Special Tax for the next succeeding Fiscal Year for each Taxable Parcel in Improvement Area No. 2 based upon whether such Parcel is classified as Undeveloped Property, Vertical DDA Property, Developed Property or Expected Taxable Property. On each July 1, the Base Facilities Special Taxes, the Expected Maximum Facilities Special Tax Revenues and the Maximum Facilities Special Tax assigned to each Parcel in Improvement Area No. 2 shall be increased by 2% of the amount in effect in the prior Fiscal Year. For a discussion of changes to the Maximum Special Tax under the Rate and Method, see APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" hereto.

Exemptions to the Special Tax. Under the Rate and Method, no Special Tax is to be levied on: (i) Public Property or Association Property, except Public Property or Association Property that is determined to be Expected Taxable Property or a Hotel Project, (ii) Authority Housing Lots or Inclusionary Units unless any such lots or units have been determined to be Expected Taxable Property, (iii) Parcels that are or are intended to be used as streets, walkways, alleys, rights of way, parks, or open space, and (iv) the Yerba Buena Officers Quarters.

Levy of the Special Tax. For each Fiscal Year, the Administrator shall calculate the Special Tax Requirement and levy Facilities Special Taxes on all Taxable Parcels in accordance with the following steps:

Step 1: In all Fiscal Years prior to and including the earlier of: (i) the Fiscal Year in which the City or TIDA makes a finding that all Qualified Project Costs have been funded pursuant to the DDA Financing Plan, or (ii) 42 years after the 2023A Bonds were issued for Improvement Area No. 2, the Maximum Special Tax shall be levied on all Parcels of Developed Property regardless of debt service on Bonds (if any), and any Remainder Special Taxes collected shall be applied as set forth in the DDA Financing Plan.

In all Fiscal Years after the earlier of: (i) the Fiscal Year in which the City or TIDA makes a finding that all Qualified Project Costs have been funded pursuant to the DDA Financing Plan, or (ii) 42 years after the 2023A Bonds were issued for Improvement Area No. 2, the Special Tax shall be levied Proportionately on each Parcel of Developed Property, up to 100% of the Maximum Special Tax for each Parcel of Developed Property until the amount levied is equal to the Special Tax Requirement.

Step 2: If additional revenue is needed after Step 1 in order to meet the Special Tax Requirement after Capitalized Interest has been applied to reduce the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Vertical DDA Property, up to 100% of the Maximum Special Tax for each Parcel of Vertical DDA Property for such Fiscal Year.

Step 3: If additional revenue is needed after Step 2 in order to meet the Special Tax Requirement after Capitalized Interest has been applied to reduce the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property, up to 100% of the Maximum Special Tax for each Parcel of Undeveloped Property for such Fiscal Year.

Step 4: If additional revenue is needed after Step 3 in order to meet the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Expected Taxable Property, up to 100% of the Maximum Special Tax for each Parcel of Expected Taxable Property.

Capital Reserve Requirement. The Rate and Method requires the establishment of a reserve for the Treasure Island Project as a whole for public improvements to ensure that shoreline, public facilities, and public access improvements will be protected due to potential sea level rise at the perimeters of Treasure Island and Yerba Buena Island – "Sea Level Rise Improvements." The target funding amount for the reserve is $250 million in Fiscal Year 2016-17 dollars, escalating, on each July 1, by the lesser of (i) the increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose region (base years 1982-1984=100) published by the Bureau of Labor Statistics of the United States Department of Labor, or, if such index is no longer published, a similar escalator that is determined by TIDA and the City to be appropriate, and (ii) five percent. Special Tax revenues will be deposited in the capital reserve after debt service on the Bonds has been paid [and the 2022 Reserve Fund has been maintained in the amount of the 2022 Reserve Requirement], and after the earliest to occur of (i) full reimbursement of TICD for qualified project costs and (ii) 2064. Moneys in the reserve are intended to address future potential capital needs related to sea level rise, and are not intended to pay for the near-term infrastructure that will support development of taxable parcels in Improvement Area No. 2, and they are not available to pay debt service on the Bonds. See "SPECIAL RISK FACTORS – Sea Level Changes and Flooding" herein.

Covenant for Superior Court Foreclosure

General. In the event of a delinquency in the payment of any installment of Special Taxes, the City is authorized by the Act to order institution of an action in the Superior Courts of the State to foreclose any lien therefor. In such action, the real property subject to the Special Taxes may be sold at a judicial foreclosure sale. The ability of the City to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the property owner in the event the property is owned by or in receivership of the Federal Deposit Insurance Corporation (the "FDIC") or other similar federal agencies. See "SPECIAL RISK FACTORS – Bankruptcy and Foreclosure" and "SPECIAL RISK FACTORS – Tax Delinquencies." Such judicial foreclosure proceedings are not mandatory.

There could be a default or a delay in payments to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the City of foreclosure sale proceeds, if any, and subsequent transfer of those proceeds to the City. Special Taxes may be levied on all property within Improvement Area No. 2 up to the maximum amount permitted under the Rate and Method to provide the amount required to pay debt service on the Bonds, however, the Special Tax levy on property used for private residential purposes may not increase by more than 10% above the amount that would have been levied in that Fiscal Year as a consequence of delinquencies or defaults by the owners of any other parcels in Improvement Area No. 2.

Under current law, a judgment debtor (property owner) has at least 120 days from the date of service of the notice of levy in which to redeem the property to be sold. If a judgment debtor fails to redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action a foreclosure sale is set aside, the judgment is revived, the judgment creditor is entitled to interest on the revived judgment and any liens extinguished by the sale are revived as if the sale had not been made (Section 701.680 of the Code of Civil Procedure of the State of California).

Covenant to Foreclose. Under the Act, the City covenants in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will order, and cause to be commenced as provided in the Fiscal Agent Agreement, and thereafter diligently prosecute to judgment (unless such delinquency is theretofore brought current), an action in a Superior Court of the State to foreclose the lien of any Special Tax or installment thereof not paid when due as provided in the following two paragraphs. The Finance Director shall notify the City Attorney of any such delinquency of which the Finance Director is aware, and the City Attorney shall commence, or cause to be commenced, such proceedings.

On or about June 30 of each Fiscal Year, the Finance Director shall compare the amount of Special Taxes theretofore levied in Improvement Area No. 2 to the amount of Special Tax Revenues theretofore received by the City, and:

(A) ***Individual Delinquencies.*** If the Finance Director determines that any single parcel subject to the Special Tax in Improvement Area No. 2 is delinquent in the payment of two installments of Special Taxes for Developed Property consisting of a Residential Unit and one installment for all other Taxable Parcels, then the Finance Director must send or cause to be sent a notice of delinquency (and a demand for immediate payment thereof) to the property owner within 45 days of such determination, and (if the delinquency remains uncured) foreclosure proceedings will be commenced by the City within 90 days of such determination. Despite the requirement in the prior sentence, the Finance Director may defer any such actions with respect to a delinquent parcel if (1) Improvement Area No. 2 is then participating in the Teeter Plan, or equivalent procedure, (2) [the amount in the 2022 Reserve Fund is at least equal to the 2022 Reserve Requirement] and (3) the amount in the reserve account for any Parity Bonds that are not 2022A Related Parity Bonds is at least equal to the required amount.

(B) ***Aggregate Delinquencies.*** If the Finance Director determines that the total amount of delinquent Special Tax for the prior Fiscal Year for the entire Improvement Area No. 2 (including the total of delinquencies under subsection (A) above), exceeds 5% of the total Special Tax due and payable for the prior Fiscal Year, the Finance Director must notify or cause to be notified property owners who are then delinquent in the payment of Special Taxes (and demand immediate payment of the delinquency) within 45 days of such determination, and shall commence foreclosure proceedings within 90 days of such determination against each parcel of land in Improvement Area No. 2 with a Special Tax delinquency.

The Finance Director and the City Attorney, as applicable, are authorized to employ counsel to conduct any such foreclosure proceedings. The fees and expenses of any such counsel (including a charge for City staff time) in conducting foreclosure proceedings are an Administrative Expense.

No Obligation of the City Upon Delinquency

If a delinquency occurs in the payment of any Special Taxes, the City is under no obligation to transfer any funds of the City, other than Special Tax Revenues, into the Special Tax Fund or any other funds or accounts under the Fiscal Agent Agreement for the payment of the principal of or interest on the Bonds. Similarly, the City is under no obligation to levy any tax, other than the Special Tax, for the payment of the principal of or interest on the Bonds. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure," for a discussion of the City's obligation to foreclose Special Tax liens upon delinquencies, "SECURITY FOR THE BONDS – 2022 Reserve Fund," for a discussion of the 2022 Reserve Fund securing the 2022A Bonds, the 2023A Bonds or any other 2022A Related Parity Bonds and "SECURITY FOR THE BONDS – Additional Special Tax Reserve Fund," for a discussion of the Additional Special Tax Reserve Fund securing the Bonds.

Parity Bonds

The 2022A Bonds were previously issued under the Fiscal Agent Agreement. The 2023A Bonds will be the second series of Bonds issued under the Fiscal Agent Agreement. The City covenants under the Fiscal Agent Agreement that the principal amount of the 2022A Bonds, the 2023A Bonds and any future Parity Bonds shall not exceed $278.2 million (although Parity Bonds that constitute refunding bonds under the Act will not count against this $278.2 million limit). The City may issue Parity Bonds on behalf of the District with respect to Improvement Area No. 2, subject to the conditions set forth in the Fiscal Agent Agreement. TI Series 1 anticipates requesting the issuance of approximately $[___] million in additional Parity Bonds over the next five years based on the expected maximum special tax revenues from future development in Improvement Area No. 2.

The City may issue Parity Bonds under a Supplemental Agreement entered into by the City and the Fiscal Agent. Any such Parity Bonds, to the extent provided in the Fiscal Agent Agreement, shall be secured by a lien on the Special Tax Revenues and funds pledged for the payment of the Bonds under the Fiscal Agent Agreement on a parity with all other Bonds Outstanding under the Fiscal Agent Agreement. The City may issue such Parity Bonds, on a parity basis with the 2023A Bonds, subject to the following specific conditions precedent:

(A) *Compliance.* Following issuance of the Parity Bonds, the City shall be in compliance with all covenants set forth in the Fiscal Agent Agreement and all Supplemental Agreements, and issuance of the Parity Bonds shall not cause the City to exceed Improvement Area No. 2's $278.2 million limitation on debt.

(B) *Same Payment Dates.* The Supplemental Agreement providing for the issuance of such Parity Bonds shall provide that interest thereon shall be payable on Interest Payment Dates, and principal thereof shall be payable on September 1 in any year in which principal is payable on the Parity Bonds (provided that there shall be no requirement that any Parity Bonds pay interest on a current basis).

(C) *Reserve Funds.* The Supplemental Agreement providing for issuance of the Parity Bonds shall provide for one of the following:

(i) a deposit to the 2022 Reserve Fund in an amount necessary such that the amount deposited therein shall equal the 2022 Reserve Requirement following issuance of the Parity Bonds;

(ii) a deposit to a reserve account for the Parity Bonds (and such other series of Parity Bonds identified by the City) in an amount defined in such Supplemental Agreement, as long as such Supplemental Agreement expressly declares that the Owners of such Parity Bonds will have no interest in or claim to the 2022 Reserve Fund and that the Owners of the Bonds covered by the 2022 Reserve Fund will have no interest in or claim to such other reserve account; or

(iii) no deposit to either the 2022 Reserve Fund or another reserve account as long as such Supplemental Agreement expressly declares that the Owners of such Parity Bonds will have no interest in or claim to the 2022 Reserve Fund or any other reserve account. The Supplemental Agreement may provide that the City may satisfy the reserve requirement for a series of Parity Bonds by the deposit into the reserve account established pursuant to such Supplemental Agreement of an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company as described in the Supplemental Agreement.

(D) *Value.* The Improvement Area No. 2 Value shall be at least three (3) times the sum of: (i) the aggregate principal amount of all Bonds then Outstanding, plus (ii) the aggregate principal amount of the series of Parity Bonds proposed to be issued, plus (iii) the aggregate principal amount of any fixed assessment liens on the Taxable Parcels in Improvement Area No. 2, plus (iv) a portion of the aggregate principal amount of any and all other community facilities district bonds then outstanding and payable at least partially from special taxes to be levied on Taxable Parcels within Improvement Area No. 2 (the "Other District Bonds") equal to the aggregate outstanding principal amount of the Other District Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other District Bonds on Taxable Parcels within the Improvement Area No. 2, and the denominator of which is the total amount of special taxes levied for the Other District Bonds on all parcels of land against which the special taxes are levied to pay the Other District Bonds, in each case based upon information from the most recent available Fiscal Year.

"Improvement Area No. 2 Value" means the estimated market value, as of the date of the appraisal described below and/or the date of the most recent City real property tax roll, as applicable, of all Taxable Parcels in Improvement Area No. 2 and not delinquent in the payment of any Special Taxes then due and owing, including with respect to such nondelinquent Taxable Parcels the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund and with the proceeds of any proposed series of Parity Bonds, as determined with respect to any parcel or group of parcels by reference to (i) an appraisal with a date of value within six (6) months of the date of issuance of any proposed Parity Bonds by an MAI appraiser selected by the City, or (ii) in the alternative, the assessed value of all such nondelinquent Taxable Parcels as shown on the then current City real property tax roll available to the Finance Director. It is expressly acknowledged in the Fiscal Agent Agreement that, in determining the Improvement Area No. 2 Value, the City may rely on an appraisal to determine the value of some or all of the Taxable Parcels in Improvement Area No. 2 and/or the most recent City real property tax roll as to the value of some or all of the Taxable Parcels in Improvement Area No. 2. Neither the City nor the Finance Director shall be liable to the Owners, the Original Purchaser or any other person or entity in respect of any appraisal provided for purposes of this definition or by reason of any exercise of discretion made by any such appraiser pursuant to this definition.

“TIDA Parcel” means a parcel owned by TIDA that is subject to an LDDA (as defined in the Rate and Method) with a term of twenty (20) years or more that is leased to a developer and that is subject to the Special Taxes under the RMA. As of the date of this Official Statement, there are no TIDA Parcels in Improvement Area No. 2 and none are expected.

(E) *Coverage.* An independent financial consultant shall certify:

(i) for each Fiscal Year after issuance of the Parity Bonds, the maximum amount of the Special Taxes that may be levied on the Qualifying Taxable Parcels for such Fiscal Year under the Ordinance, the Fiscal Agent Agreement and any Supplemental Agreement less estimated Administrative Expenses for each respective Fiscal Year, shall be at least 110% of the total Annual Debt Service of the then Outstanding Bonds and the proposed Parity Bonds for each Bond Year that commences in each such Fiscal Year.

For purposes of clause (i) above, “Qualifying Taxable Parcel” means, as of the date of the Officer’s Certificate required by paragraph (F) below, a Taxable Parcel that (i) is not delinquent in the payment of Special Taxes and (ii) has a Taxable Parcel Value that is at least two (2) times the sum of: (w) the portion of the aggregate principal amount of all Bonds then Outstanding that is allocable to such Taxable Parcel, plus (x) the portion of the aggregate principal amount of the series of Parity Bonds proposed to be issued that is allocable to such Taxable Parcel, plus (y) the aggregate principal amount of any fixed assessment liens on such Taxable Parcel, plus (z) the portion of the applicable principal amount of any and all Other District Bonds that is allocable to such Taxable Parcel. For purposes of the definition of Qualifying Taxable Parcel, the portion of the aggregate principal amount of any Bonds, Parity Bonds or Other District Bonds allocable to each Qualifying Taxable Parcel shall be an amount equal to the aggregate principal amount of such Bonds, proposed Parity Bonds or Other District Bonds multiplied by a fraction, the numerator of which is the maximum amount of special taxes that could be levied on such Taxable Parcel to pay for the Bonds, proposed Parity Bonds or Other District Bonds in the next Fiscal Year that begins after issuance of the proposed Parity Bonds and based on the assumptions that (A) the proposed Parity Bonds have been issued, (B) the special taxes will be levied to pay debt service on the proposed Parity Bonds, (C) the special taxes will be levied in the next Fiscal Year based on Expected Land Uses (as defined in the Rate and Method) on the date that the City Council approves the issuance of the proposed Parity Bonds or such other date prior to the issuance of the Parity Bonds selected by the Finance Director and the assumption that the property constitutes Developed Property (as defined in the Rate and Method) and (D) there is no capitalized interest, and the denominator of which is the total of the maximum amount of special taxes that could be levied on all Taxable Parcels in Improvement Area No. 2 or other district to pay for the Bonds, Parity Bonds or Other District Bonds in such fiscal year and based on such assumptions.

“Taxable Parcel Value” means the estimated market value, as of the date of the appraisal described below and/or the date of the most recent City real property tax roll, as applicable, of a Taxable Parcel, including with respect to such Taxable Parcel the value of the then existing improvements and any facilities to be constructed or acquired with any amounts then on deposit in the Improvement Fund or with the proceeds of any proposed series of Parity Bonds, as determined by reference to (i) an appraisal with a date of value within six (6) months of the date of issuance of any proposed Parity Bonds by an MAI appraiser (the “Appraiser”) selected by the City, or (ii) in the alternative, the assessed value of such Taxable Parcel as shown on the then current City real property tax roll available to the Finance Director. In determining the Taxable Parcel Value, the City may rely on an appraisal to determine the value of a Taxable Parcel and/or the most recent City real property tax roll.

(ii) in the event Special Taxes are prepaid under the Act and applied in accordance with the Fiscal Agent Agreement, the Special Taxes that may be levied for each Fiscal Year after the prepayment under the Ordinance, the Fiscal Agent Agreement and any Supplemental Agreement less estimated Administrative Expenses for each respective Fiscal Year will be at least 110% of the Annual Debt Service payable with respect to the remaining Outstanding Bonds and the proposed Parity Bonds for each Bond Year that commences in each such Fiscal Year.

For the purpose of calculating the Special Taxes that may be levied for each Fiscal Year after issuance of the Parity Bonds under this subsection (E)(ii), the City shall not include the Special Taxes that may be levied on any parcel of Taxable Property that is delinquent in the payment of Special Taxes on the date of the Officer's Certificate required by subsection (F) below.

"Bond Year" means the one-year period beginning on September 2nd in each year and ending on September 1 in the following year.

(F) *Certificates.* The City shall deliver to the Fiscal Agent an Officer's Certificate certifying that the conditions precedent to the issuance of such Parity Bonds set forth in subsections (A), (B), (C), (D), and (E) above have been satisfied.

Notwithstanding the foregoing, the City may issue Refunding Bonds as Parity Bonds without the need to satisfy the requirements of clauses (D) or (E) above, and, in connection therewith, the Officer's Certificate in clause (F) above need not make reference to clauses (D) and (E).

"Refunding Bonds" means bonds issued by the City for the District with respect to Improvement Area No. 2, the net proceeds of which are used to refund all or a portion of the then Outstanding Bonds; provided that the principal and interest on the Refunding Bonds to their final maturity date is less than the principal and interest on the Bonds being refunded to their final maturity date, and the final maturity of the Refunding Bonds is not later than the final maturity of the Bonds being refunded.

The City is not prohibited from issuing any other bonds or otherwise incurring debt secured by a pledge of the Special Tax Revenues subordinate to the pledge under the Fiscal Agent Agreement.

FORMATION OF THE DISTRICT AND IMPROVEMENT AREA NO. 2

On December 6, 2016, the Board of Supervisors adopted Resolution No. 506-16 stating its intent to form the District, Improvement Area No. 1 and a Future Annexation Area under the Act. The resolution was signed by the Mayor on December 16, 2016. Also, on December 6, 2016, the Board of Supervisors adopted Resolution No. 510-16, in which it declared its intention to incur indebtedness on behalf of the District in an aggregate amount not to exceed $5 billion. The resolution was signed by the Mayor on December 16, 2016. As described below, of the $5 billion, up to $278.2 million of indebtedness may be issued for Improvement Area No. 2.

On January 24, 2017, after holding a noticed public hearing, the Board of Supervisors adopted Resolution Nos. 8-17 and 9-17, forming the District and, subject to approval by the qualified electors, approving the levy of special taxes within Improvement Area No. 1 and for improvement areas designated in the future (such as Improvement Area No. 2) according to the applicable rate and method of apportionment and indebtedness in an amount not to exceed $5 billion (including $250 million for Improvement Area No. 1 indebtedness) and approving a $90 million annual appropriation limit for Improvement Area No. 1. The Mayor signed these resolutions on February 3, 2017. These resolutions also approved a streamlined process, through a unanimous approval of property owners, for future annexations into District improvement areas from the Future Annexation Area.

Ordinance No. 22-17 adopted by the Board of Supervisors on January 31, 2017, provides for the levy of special taxes (the "Ordinance") in accordance with the applicable rate and method of apportionment, including special taxes within improvement areas within the District to be designated in the future, such as the Special Taxes in Improvement Area No. 2. The Mayor signed the Ordinance on February 9, 2017.

On April 13, 2020, TI Series 1, LLC (as owner at the time) submitted a unanimous approval of annexation into the District of the parcels in the Future Annexation Area that comprise Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4, which parcels now form Improvement Area No. 2, as well as the maximum amount of indebtedness for Improvement Area No. 2 of $278.2 million, the rate and method of apportionment of special tax for Improvement Area No. 2 (defined herein as the Rate and Method), and the initial appropriations limit for Improvement Area No. 2 of $76 million.

On May 15, 2020, a Notice of Special Tax Lien was recorded against the property in Improvement Area No. 2 as Instrument No. 2020-K931696-00 (the "Notice of Special Tax Lien"). The Notice of Special Tax Lien establishes the lien of special taxes pursuant to the Rate and Method against all of the property in Improvement Area No. 2.

While additional Board of Supervisors approval was not required to effect the actions contemplated by the unanimous approval, on September 22, 2020, the Board of Supervisors adopted Resolution No. 410-20 (together with Resolution 8-17, the "Resolution of Formation"), pursuant to which the City confirmed and ratified (i) the annexation into Improvement Area No. 2 of the parcels specified in the unanimous approval, (ii) the maximum indebtedness amount of $278.2 million for Improvement Area No. 2 indebtedness, (iii) the Rate and Method and (iv) a $76 million annual appropriation limit for Improvement Area No. 2. The Mayor signed Resolution No. 410-20 on September 25, 2020. See "SECURITY FOR THE BONDS" herein and APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Only the property in Improvement Area No. 2 is subject to the Special Tax that secures payment on the Bonds. Land within the Future Annexation Area may be annexed into the District and become subject to a special tax only with the unanimous approval of the owner or owners of each parcel or parcels at the time of annexation into the District. The Future Annexation Area encompasses the entirety of the Islands other than Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3.

Property owners may annex their property into Improvement Area No. 2 or another improvement area established in the District according to the procedures described in the Resolution of Formation. The City does not anticipate annexing any portion of the Future Annexation Area into Improvement Area No. 2. *Special taxes levied in each improvement area in the District will secure only bonds issued for that respective improvement area. In other words, special taxes levied on property outside of the boundaries of Improvement Area No. 2 are not and will not be security for the 2023A Bonds. Similarly, Special Taxes levied in Improvement Area No. 2 will not be available to pay for bonds issued by the City for the District with respect to other improvement areas.*

THE CITY

General. The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (previously defined as the "Bay"). Silicon Valley is about a 40-minute drive to the south and the Napa and Sonoma "wine country" is about an hour's drive to the north. As of January 1, 2023, the State estimates the City's population to be 831,703, among the largest in the country. See APPENDIX A – "DEMOGRAPHIC INFORMATION REGARDING THE CITY AND COUNTY OF SAN FRANCISCO" hereto.

The City benefits from a broad economic base, anchored by major technology companies such as Salesforce Inc., Uber Technologies Inc., Accenture and Cisco Systems Inc. In addition, the City is near Silicon Valley, a region regarded as a global center for technology and innovation. San Francisco has historically ranked among the highest average income counties in the country. The City is served by two major airports: San Francisco International Airport and Oakland International Airport. There are multiple universities located in or near the City, such as University of California, Berkeley, Stanford University, University of San Francisco, San Francisco State University, University of California, San Francisco and UC Law San Francisco.

Continuing Impact of COVID-19 Pandemic and Other Factors on San Francisco Economy. Beginning in late winter 2020, the City faced significant negative impacts resulting from the global COVID-19 pandemic and efforts to contain it. While public health restrictions have been loosened or eliminated in response to positive public health data on COVID-19, economic conditions have not fully recovered. Housing affordability, homelessness and crime, which have posed challenges in urban areas like the City in recent years, may also negatively impact economic activities.

The impacts on the City's economy have been material and in many cases adverse. The pandemic and recent economic conditions have resulted in a decline in population, reductions in tourism and disruption of the local economy, widespread business closures, business relocations out of the City and job cuts by many tech companies. A recent forecast from the State's Department of Finance indicates that the City's population is likely to remain below 2020 levels through 2060.

As of June 2023, hotel revenue was at about 75% of 2019 levels. Domestic and international enplanements were also below pre-pandemic levels. A large-scale return to workplaces has yet to materialize, which is also reflected in continued low transit ridership to workplace centers in the City.

In addition, the pandemic negatively impacted values in certain segments of the real estate market. The City's office vacancy rate topped 30% as of the third quarter of 2023. The downtown office market has been particularly impacted. Additionally, the City's housing market also remains sluggish, with condo prices falling faster in San Francisco than statewide. Apartment rents, however, have grown, surpassing the national growth rate, with vacancy rates under 6% as of July 2023, though rents remain below 2019 levels. Building permits for single and multifamily homes in 2022 numbered near 2020 levels, which was a ten-year low, with permits in 2023 issuing at an even slower annualized pace through June.

Recent economic conditions in the City also reflect periods of increasing interest rates driven by Federal Reserve rate-setting actions aimed at mitigating inflation.

See "SPECIAL RISK FACTORS – Real Estate Investment Risks" and " – Public Health Emergencies" herein.

THE TREASURE ISLAND PROJECT

TI Series 1 has provided the following information with respect to the Treasure Island Project. No assurance can be given by the City that all information is complete. The City has not independently verified this information and assumes no responsibility for its accuracy or completeness. No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. See the section of this Official Statement captioned "SPECIAL RISK FACTORS" for a discussion of certain risk *factors which should be considered, in addition to the other matters set forth herein, in evaluating an investment in the 2023A Bonds. Since the ownership of the parcels is subject to change, the development plans outlined below may not be continued by the subsequent owner if the parcels are sold, although development by any subsequent owner may be subject to the DA and DDA (as such terms are defined below) and will be subject to the policies and requirements of the City. No assurance can be given that the plans or projections detailed below will actually occur. If the development of the property is not completed, or is not completed in a timely manner, there could be an adverse effect on the payment of Special Taxes, which, in turn, could result in the inability of the District to make full and punctual payments of debt service on the 2023A Bonds.*

Overview

The property in Improvement Area No. 2 is part of the larger Treasure Island Project. The Treasure Island Project encompasses approximately 461 acres on Yerba Buena Island and Treasure Island, two adjacent islands (the "Islands") located in the middle of the San Francisco Bay between downtown San Francisco and the City of Oakland, accessible by automobiles via the San Francisco-Oakland Bay Bridge.

Yerba Buena Island is a naturally occurring island that serves as the midpoint of the San Francisco-Oakland Bay Bridge, and hosts an active U.S. Coast Guard station and a former U.S. Army Base. Treasure Island, in contrast, is a man-made island built by the United States Government in the 1930s that was originally intended to serve as an airport for San Francisco but was repurposed to serve as a U.S. Naval Station from 1941 until its closure in 1997. The two Islands are connected via a causeway.

The Treasure Island Project is generally planned to include up to 8,000 residential units, up to approximately 140,000 square feet of new commercial and retail space, adaptive reuse of certain historic buildings with up to 311,000 square feet of commercial/flex space, up to 500 hotel rooms, up to approximately 100,000 square feet of office space, 290 plus acres of open space, 22 miles of walking/biking paths, playing fields, a marina, and a ferry terminal.

Improvement Area No. 2 includes approximately 5.22 gross acres of the approximately 461 acres of the Treasure Island Project, with the remainder, approximately 455 acres, included within Improvement Area No. 1 (created at formation of the District), Improvement Area No. 3 (created on February 8, 2021), or property identified as Future Annexation Area.

Only the property in Improvement Area No. 2 that is subject to the levy of Special Taxes will serve as security for the 2023A Bonds. The information below is intended to provide the overall context of the entire Treasure Island Project, of which Improvement Area No. 2 is a part.

History

Treasure Island is an artificial island that was constructed of bay sand in the years 1936 and 1937 and was the site of the Golden Gate International Exposition held between February 18, 1939 and September 29, 1940 (the "Exposition"). The Exposition celebrated the ascendancy of California and San Francisco as economic, political, and cultural forces in the increasingly important Pacific region. Treasure Island was intended to become an airport for the City, but with World War II looming, Treasure Island became a U.S. Naval Station in 1941 (previously defined as "Naval Station Treasure Island" or "NSTI"). During World War II, NSTI was used as a center for receiving, training, and dispatching service personnel. After World War II, it was used primarily as a naval training and administrative center.

In 1867, the U.S. Army (the "Army") established a post on the northeastern side of Yerba Buena Island adjacent to present day Clipper Cove. In the 1890s, the Army built a small torpedo station complex on the island; one building, the Torpedo Depot, remains. The Army maintained a small base on the island until 1960. In 1898, the Navy also established a training station on Yerba Buena Island; after 1923, it operated as a receiving station for servicemen returning from overseas assignments.

Base Closure. In 1993, Congress selected NSTI for closure and disposition by the Base Realignment and Closure Commission. The Department of Defense subsequently designated the City, and later TIDA, as the local reuse authority responsible for the conversion of NSTI under the federal disposition process. In July 1996, after an extensive community planning effort, the City's Mayor, Board of Supervisors, Planning Commission, and the Citizens Reuse Committee unanimously endorsed a Draft Reuse Plan (previously defined as the "Reuse Plan") for NSTI to serve as the basis for the preliminary redevelopment plan for NSTI. The Board of Supervisors authorized the creation of TIDA in 1997 to serve as the entity responsible for the reuse and development of NSTI, and TIDA was incorporated in January 1998. The Board of Supervisors designated TIDA as a redevelopment agency with powers over NSTI under the Treasure Island Conversion Act of 1997 in Resolution No. 43-98, dated February 6, 1998. After completion of a competitive master developer selection process, TIDA and TICD entered into the Exclusive Negotiating Agreement dated as of June 1, 2003, as amended and restated in September 2005, as further amended in July 2006, March 2008, February 2010, and June 2011. The 2006 Development Plan was adopted by all necessary parties and the Development Plan and Term Sheet were updated in 2010 and approved unanimously by the TIDA Board and the Board of Supervisors.

Navy Remediation and Transfer. In 2011, TIDA and the City certified an Environmental Impact Report and approved the Treasure Island Project entitlements, including the DDA, a General Plan Amendment, adoption of Planning Code Section 749.72 that established the Treasure Island/Yerba Buena Island Special Use District (previously defined as the "TI/YBI SUD"), a Design for Development (previously defined as "D4D") that established design standards and guidelines, and a Development Agreement vesting those entitlements.

In 2014, the United States of America, acting by and through the Navy, and TIDA entered into an Economic Development Conveyance Memorandum of Agreement (as amended and supplemented from time to time and previously defined as the "Conveyance Agreement") that governs the terms and conditions for the transfer of NSTI from the Navy to TIDA. Under the Conveyance Agreement, the Navy must convey NSTI to TIDA in phases after the Navy has completed environmental remediation and issued a finding of suitability to transfer for specified parcels of NSTI or portions thereof. Several parcels of land on Treasure Island remain under federal ownership to allow completion of environmental remediation activities by the Navy. The Navy is legally required to complete all of its environmental remediation obligations, including radiological cleanup, prior to transferring these remaining parcels to TIDA. The Navy's environmental remediation program is separate from the Treasure Island Project. The Navy remediates hazardous materials to standards consistent with applicable Federal laws governing base closure prior to transfer to TIDA.

The first conveyance occurred in early 2015 and included all of the Navy's property on Yerba Buena Island, most of the Navy-owned submerged lands around the Islands, and much of the southern portions of Treasure Island. As of September 1, 2023, the Navy has made five separate conveyances to TIDA, including all of the property within Improvement Area No. 2.

Trust Exchange. Treasure Island includes lands subject to the public trust (the "Public Trust"), a common law doctrine that has been developed primarily through case law and interpretations of law by the California State Lands Commission and Attorney General. The Public Trust effectively acts as a type of zoning by limiting the permitted uses of lands subject to the Public Trust. Uses of Public Trust lands are generally limited to waterborne commerce, navigation, fisheries, water-oriented recreation, including commercial facilities that must be located on or adjacent to water, and environmental preservation and recreation, such as natural resource protection, wildlife habitat and study, and facilities for fishing, swimming, and boating. Ancillary or incidental uses that promote Public Trust uses or accommodate public enjoyment of Public Trust lands are also permitted, such as hotels, restaurants and specialty retail. Residential and general office uses are generally not permitted uses on Public Trust lands.

To enable economic redevelopment, the California Legislature authorized a reconfiguration of the Public Trust whereby the Public Trust would be removed from certain portions on Treasure Island and added to certain portions of Yerba Buena Island. This Public Trust reconfiguration was authorized through the Treasure Island Public Trust Exchange Act (the "Exchange Act") and implemented through a trust exchange agreement (the "Trust Exchange Agreement") between TIDA and the California State Lands Commission ("SLC"). Pursuant to the Trust Exchange Agreement, in 2015, TIDA and SLC engaged in a series of concurrent quitclaim deed and patent conveyances whereby areas to be impressed with the Public Trust (referred to as "Trust Lands") were patented to TIDA by SLC subject to the Public Trust, and areas where the Public Trust was to be removed (referred to as "Trust Termination Lands") were patented to TIDA by SLC free of the Public Trust.

Subdivision Mapping Process. The TICD Developer (as defined herein) has filed and will file additional Tentative Transfer Map applications ("TTM") encompassing various Sub-Phases within Major Phases (see discussion under " – Land Transfer and Mapping Parcels" for a description of Major Phase 1), to allow for the processing of multiple phased final transfer maps. The final transfer maps establish transfer parcels within the development blocks of each Sub-Phase, and transfer parcels on Trust Termination or Non-Trust Lands may be transferred by TIDA to the TICD Developer upon Sub-Phase Approval and once these lands have gone through the trust exchange. Phases 1 and 2 of the trust exchange were completed in 2015 and 2020, respectively. Consistent with the Treasure Island/Yerba Buena Island Subdivision Regulations, these transfer parcels may be used for financing purposes, including as collateral to support construction lending, but they do not include any development rights.

As contemplated under the DDA and following the approval of the applicable transfer map, various subdivision maps have been and are being processed to establish development lots on these lands. Lots established on Trust Termination Lands or Non-Trust Lands may be held in fee simple and are available for private residential, commercial, and mixed-use development in accordance with the D4D. In collaboration with TIDA, subdivision lots may also be established on Trust Lands to facilitate arrangements including ground leases to facilitate economic development on such lands and structures (e.g., historic buildings) while maintaining the Public Trust restrictions.

Opportunity Zone. The Opportunity Zones program was established by Congress in the Tax Cut and Jobs Act in 2017 as an innovative approach to spurring long-term private sector investments in low-income urban and rural communities nationwide. The program establishes a mechanism that enables investors with capital gains tax liabilities across the country to receive favorable tax treatment for investing in Opportunity Zones that are certified by the U.S. Treasury Department. Those incentives include temporary deferral of capital gains that are reinvested in qualified opportunity zones, a step up in basis for investments held in qualified opportunity funds, as well as other benefits. The Opportunity Funds use the capital invested to make equity investments in businesses and real estate in Opportunity Zones designated by each state. Treasure Island and Yerba Buena Island are both designated as Opportunity Zones and, although the project has not benefited to date, the project may directly or indirectly benefit from the added incentive the programs offered to investors to invest in future multifamily buildings or businesses.

TICD and the Treasure Island Project

TICD is the master developer of the Treasure Island Project. TICD is a joint venture, the members in which are (i) a joint venture ("TIH") comprised of a subsidiary of Lennar Corporation ("Lennar") and a subsidiary of Poly (USA) Real Estate Development Corporation, as a non-managing, third-party member,

(ii) an indirect subsidiary of Lennar ("TICD Hold Co"), (iii) a joint venture ("KSWM") comprised of affiliates of Stockbridge TI Fund LP (collectively, "Stockbridge"), Kenwood Investments ("Kenwood") and Wilson Meany ("Wilson Meany") and (iv) an affiliate of Stockbridge ("SBTI"). TIH and TICD Hold Co. together own a fifty percent (50%) membership interest in TICD, and KSWM and SBTI together own a fifty percent (50%) membership interest in TICD. The responsibility for establishing the policies and operating procedures with respect to the business and affairs of TICD and for making all decisions as to all matters which TICD has authority to perform is vested in an Executive Committee, which is comprised of representatives of KSWM and of TIH (all of which are Lennar employees), with equal power given to the KSWM and TIH representatives. Wilson Meany, on behalf of KSWM, and Lennar, on behalf of TIH, are co-managing members of TICD, charged with conducting the business of TICD on a day-to-day basis. TICD's subsidiary, Treasure Island Development Group, LLC ("TIDG"), leads many of the day-to-day activities of the Project under the direction of TICD's co-managing members (Wilson Meany, on behalf of KSWM, and Lennar, on behalf of TIH). Each of Wilson Meany and Lennar are deeply experienced in such projects, with seasoned and highly qualified personnel managing their respective roles in the Treasure Island Project, and TIDG's team is also deeply experienced and highly qualified. Third party investors in Stockbridge and TIH hold limited and customary major decision approval rights related to certain high-level policies of TICD. Capital for the development of the Project is to come from the proceeds of land sales, debt financing, and reimbursements from public financing sources (including CFD and IRFD). In addition, to the extent that TICD does not have capital in the amount or at the times required for budgeted expenses of the Project, TICD's co-managing members (Wilson Meany, on behalf of KSWM, and Lennar, on behalf of TIH) have the right to call capital of TICD's members, and the members are obligated to timely contribute their respective pro rata shares. The members of TICD are subject to customary and significant remedies in the event that they do not contribute such capital, and the other members are permitted to put in capital in the event that another member does not do so. See the organization chart on the following page. In addition, see the caption " - KSWM Litigation" below for a discussion of the litigation between Kenwood and entities of Stockbridge and Wilson Meany.

From time to time, TICD has admitted new members in connection with additional capital needs for the project. In one such instance, in 2016, Stockbridge TI Co-Investors, LLC was admitted as a direct member to TICD in proportion to its capital contributions. At the same time, Stockbridge admitted a new, limited partner investor in its ownership structure, an affiliate of CITIC Capital Holdings Limited ("CITIC Capital"). CITIC Capital is an alternative investment management and advisory company. The firm manages over $17 billion USD of capital through its multi-asset class platform covering private equity, real estate, structured investment and finance, asset management, and special situations.

As originally envisioned, TICD was going to sell property to builders to develop the property. As TICD sought to market the property to builders and developers, TICD found that the market would be more receptive for the land at the pricing being sought if it were to show "proof of concept." To do this, TICD's members determined to have affiliated entities acquire the land in the first phase of the project to build the vertical improvements. All acquisitions were at market prices and in compliance with the DDA which has direction on how internal purchases can be made. For example, the DDA requires that an appraisal must be commissioned and various approvals are required from various agencies prior to a sale.

Both of the actions in the prior two paragraphs took place without objection from any of the members of TICD, including Kenwood.

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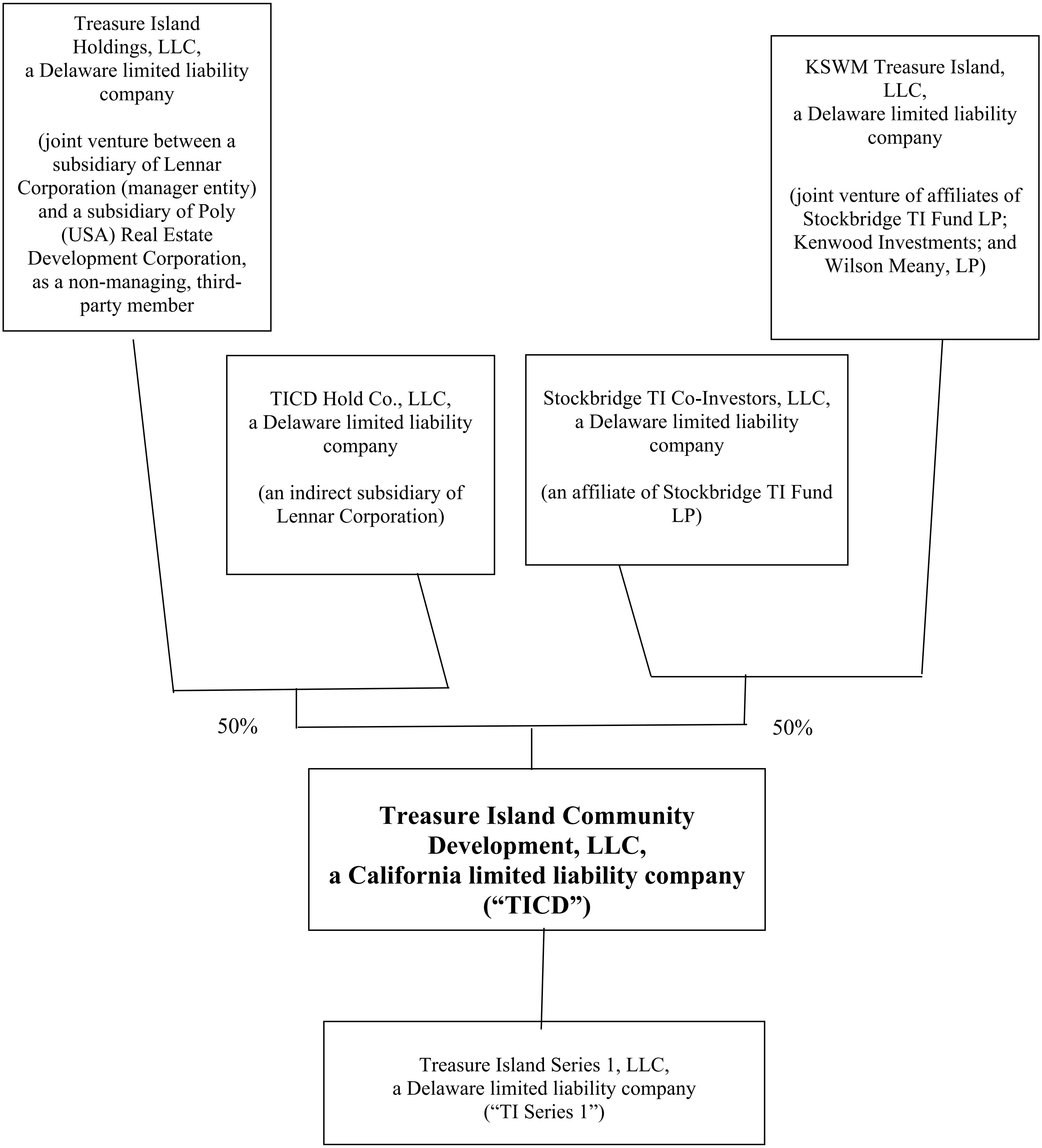
Treasure Island Holdings, LLC, a Delaware limited liability company
(joint venture between a subsidiary of Lennar Corporation (manager entity) and a subsidiary of Poly (USA) Real Estate Development Corporation, as a non-managing, third-party member
KSWM Treasure Island, LLC, a Delaware limited liability company
(joint venture of affiliates of Stockbridge TI Fund LP; Kenwood Investments; and Wilson Meany, LP)
TICD Hold Co., LLC, a Delaware limited liability company
(an indirect subsidiary of Lennar Corporation)
Stockbridge TI Co-Investors, LLC, a Delaware limited liability company
(an affiliate of Stockbridge TI Fund LP)
50%
50%
Treasure Island Community Development, LLC, a California limited liability company (“TICD”)
Treasure Island Series 1, LLC, a Delaware limited liability company (“TI Series 1”)

Lennar Corporation – As previously defined in this Official Statement, "Lennar" is Lennar Corporation, which is based in Miami, Florida. Founded in 1954, Lennar completed its initial public offering in 1971 and listed its common stock on the New York Stock Exchange in 1972. Lennar's Class A and Class B common stock are listed on the New York Stock Exchange under the symbols "LEN" and "LEN.B." respectively. Lennar is one of the largest homebuilders in the United States based on home sales revenues and net earnings, and operates under a number of brand names, including Lennar Homes and U.S. Home. Lennar primarily develops residential communities both within the Lennar family of builders and through consolidated and unconsolidated partnerships in which Lennar maintains an interest.

Lennar is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, set forth, among other things, certain data relative to the consolidated results of operations and financial position of Lennar and its consolidated subsidiaries as of such dates.

The SEC maintains a website that contains reports, proxy and other information statements and other information regarding registrants that file electronically with the SEC, including Lennar. The address of such website is www.sec.gov. All documents filed by Lennar pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in such manner as the SEC prescribes.

Copies of Lennar's Annual Report and related financial statements, prepared in accordance with generally accepted accounting standards, are available from Lennar's website at www.lennar.com.

The foregoing internet addresses and references to filings with the SEC are included for reference only, and the information on such internet sites and on file with the SEC are not a part of this Official Statement and are not incorporated by reference into this Official Statement. No representation is made in this Official Statement as to the accuracy or adequacy of the information contained on such sites. Lennar is not obligated to advance funds for construction or development or to pay ad valorem property taxes or the Special Taxes, and investors should not rely on the information and financial statements contained on such internet sites in evaluating wither to buy, hold or sell the 2023A Bonds.

Stockbridge – Headquartered in San Francisco, Stockbridge is an SEC-registered real estate investment adviser, specializing in U.S.-based opportunities. As of June 30, 2023, Stockbridge and its affiliates have approximately $33.7 billion of gross assets under management on behalf of a variety of investor types, such as U.S. public and corporate retirement plans, sovereign wealth funds, foreign family offices and foundations and 130 professionals in three offices in San Francisco, Atlanta and Chicago. The Stockbridge senior management team has an average of more than 30 years of real estate industry experience and an average tenure of more than 10 years at the firm.

Wilson Meany – San Francisco-based developer with offices in San Francisco and Los Angeles, Wilson Meany employs over 35 professionals. Wilson Meany specializes in urban in-fill development and in delivering real estate solutions that address regional growth challenges and revitalize urban areas. Wilson Meany is known for place-making, historic renovation, innovative technology, sustainability, and public/private partnerships. Well-known Bay Area projects of this developer include the Ferry Building, 140 New Montgomery, 1595 Pacific Avenue, The Exploratorium, and the large, mixed-use Bay Meadows project (and an associated community facilities district) in San Mateo. Stockbridge and Wilson Meany have a 23-year track record of partnering on large, mixed-use development projects in coastal California, both as horizontal developers and vertical builders.

Kenwood – For over twenty years, Kenwood Investment's focus has been on real estate development, land entitlement, media, tourism and hospitality projects. Kenwood Investments is based in San Francisco and has a track record of developing extraordinary projects that augment the cultural fabric of the California community. Notable projects include Aquarium of the Bay, Wing & Barrel Ranch, and the Sacramento Kings Arena.

Poly (USA) Real Estate Development Corporation – See "IMPROVEMENT AREA NO. 2 - Ownership of Property in Improvement Area No. 2" for additional information regarding Poly (USA) Real Estate Development Corporation and its affiliates.

Treasure Island Project Development Plan

The Treasure Island Project is designed to provide a new, high-density, mixed-use community with a variety of housing types, a retail core, open space and recreation opportunities, on-site infrastructure, and public and community facilities and services. There are expected to be up to approximately 8,000 residential units; up to approximately 140,000 square feet of new commercial and retail space; adaptive reuse of three specified historic buildings with up to 311,000 square feet of commercial/flex space; approximately 100,000 square feet of new office space; up to 500 hotel rooms; approximately 290 acres of parks and open space; bicycle, transit, and pedestrian facilities; a ferry terminal and intermodal transit hub; and new and/or upgraded public services and utilities, including a new or upgraded wastewater treatment plant. In addition to the adaptive reuse of those three historic buildings on Treasure Island there is also an opportunity to adaptively reuse nine other historic buildings and four garages on Yerba Buena Island.

Development Entitlement; TIDA-TICD Dispute; Negotiations Regarding Dispute and Other Matters

The Treasure Island Project is carried out by TICD in accordance with the Disposition and Development Agreement between TIDA and TICD, dated as of June 28, 2011 (as amended from time to time, the "DDA") and the Development Agreement between the City and TICD dated as of June 28, 2011 (as amended from time to time and previously defined as the "DA"), and related Treasure Island Project approvals (including the Mitigation Monitoring and Reporting Program adopted by TIDA and the City in reliance on the Treasure Island/Yerba Buena Island Environmental Impact Report, the D4D, and the TI/YBI SUD). These documents control the overall design, development and construction of the Treasure Island Project and all infrastructure and improvements, including the permitted uses on the Treasure Island Project Site, the required infrastructure and community benefits, the density and intensity of uses, the maximum height and size of buildings, the number of allowable parking spaces and all mitigation measures required in order to eliminate or mitigate any materially adverse environmental impacts of the Treasure Island Project.

As discussed above, the Treasure Island Project is carried out by TICD in accordance with the DDA and the DA, and related Treasure Island Project agreements (collectively, the "Project Agreements"). The Project Agreements and related approvals control the overall design, development and construction of the Treasure Island Project and all infrastructure and improvements. The Treasure Island Project, as a complex, phased development of horizontal infrastructure and vertical development, requires coordination among TICD, TIDA and the various agencies of the City to map, permit, inspect, and construct the Treasure Island Project, and transfer to the City completed public infrastructure.

In the course of implementing the Treasure Island Project, disagreements have arisen between TICD on the one hand and TIDA and the City on the other.

Budget Disputes. The DDA obligates TICD to pay certain costs incurred by City departments ("City Costs"), certain TIDA costs to the extent there are annual budgetary shortfalls ("Authority Costs"), and certain agreed-upon developer subsidies, which include certain costs for open space, transportation, community facilities, authority housing, school improvements, ramps/viaducts, fill, and job training programs ("Developer Subsidies"). TICD has questioned the appropriateness and amount of City Costs and Authority Costs, and whether costs are being appropriately tracked and credited against TICD's payment obligations under the Project Agreements specifically for Developer Subsidies. The City and TIDA have asserted that the City Costs and Authority Costs invoiced to TICD are appropriate.

TICD has paid all invoiced and due City Costs and Authority Costs, to date, but paid the Fiscal Year 2020-21 Authority Costs of approximately \$2.1 million under protest, and has argued that some of these costs should be credited against the defined Developer Subsidies. The aggregate amount of such invoiced costs was approximately \$7.9 million in Fiscal Year 2020-21 and \$3.8 million for Quarters 1, 2 and 3 of Fiscal Year 2021-22. Additional Authority Costs have not been invoiced in the interim period to date. Certain City Costs have been generated and invoiced to TICD in the interim to date, but TIDA has not received any disputes or questions related to such invoiced City Costs.

TICD has not delivered to TIDA a formal notice of default under the Project Agreements pertaining to this dispute over the City and Authority Costs (collectively, the "Budget Disputes"). On April 8, 2022, TICD filed a government claim under California Government Code section 900 et seq. (the "Government Claims Act") pertaining to the Budget Disputes to preserve its rights under the Project Agreements and applicable law.

Permit Disputes. TICD has also raised additional concerns from time to time regarding the time and manner in which the City has processed and conditioned the Treasure Island Project's permits and maps, and the scope, timing and acceptance of public infrastructure (collectively, the "Permit Disputes"). TICD claims that because of construction cost inflation, the pandemic and the City and TIDA's period to review permits and permit costs, the Treasure Island Project's total projected costs have increased from \$1.5 billion to \$2.5 billion and the time period for construction of the project has been extended. TICD has not sent to TIDA or the City a notice of default under the Project Agreements for the Permit Disputes, nor has it filed a government claim under the Government Claims Act pertaining to the Permit Disputes.

Negotiations Related to Dispute. The parties have met regularly to discuss the respective parties' concerns regarding the Budget Disputes and Permit Disputes. The discussions include, among other things, improved budgeting and permitting processes to manage costs and minimize schedule impacts, processes to limit changes to the Project's basis of design, processes to resolve certain budget disagreements, processes and potential changes to timing of when certain public facilities such as the new elementary school and fire and police station will be delivered, and funding sources to address the unintended increases in project costs that are not the fault of TICD or TIDA. Dialogue on these subjects is continuing.

TICD has informed TIDA and the City that it believes the parties' issues can be resolved amicably without resort to litigation. Consequently, there is no litigation pending, or currently threatened, against the Project, Improvement Area No. 2 or any of the underlying Project Agreements known to TICD, TIDA or the City at this time. However, TICD has informed the City and TIDA that it reserves the right to initiate such litigation, and to seek any and all appropriate legal and equitable remedies (e.g., specific performance, money damages, and/or rescission) if circumstances change.

In connection with any future claims, TICD might seek recovery of all or a portion of the costs incurred by TICD under the Project Agreements, including the Initial Project Costs. Although the City and TIDA believe that TICD is prevented from recovering damages (including costs) under the Project Agreements, no assurance can be given by TIDA or the City that the Budget Disputes and the Permit

Disputes will be resolved through negotiations. If TICD were to file a lawsuit arising out of the disputed matters, no assurance can be given that the remedies that TICD might seek would not have an adverse impact on the Treasure Island Project. However, the City, TIDA, and TICD believe that the validity of the pledges of tax increment under the Facilities Indenture and the Housing Indenture would not be affected by any such claims or recovery. While the Project Agreements afford TICD effectively the right but not the obligation to develop the balance of the Treasure Island Project beyond Improvement Area No. 2, TICD and TI Series 1 have confirmed that, as of the date of this Official Statement, they are actively proceeding with development of the Treasure Island Project in accordance with the terms and requirements of the DDA, and, at this time, have no plans to cease such development. See "RISK FACTORS – Real Estate Investment Risk."

Horizontal infrastructure in the Improvement Area No. 2 is substantially complete. See "IMPROVEMENT AREA NO. 2 – Infrastructure Development and Financing Plan." **Neither TIDA, the City nor the Underwriter make any assurance that development of the remainder of the Treasure Island Project will be completed or that the plans or projections detailed herein or in the Fiscal Consultant Report will actually occur.** See "RISK FACTORS - Real Estate Investment Risks" herein.

Land Transfer and Mapping Process

Treasure Island Project Phasing. The Treasure Island Project has been divided into four Major Phases and, within each Major Phase, various Sub-Phases. Subject to the terms and conditions of the DDA, TIDA will convey development blocks within the Treasure Island Project owned or acquired by TIDA from the Navy to TICD or a phase developer selected by TICD (herein, the entity actually developing the property, whether TICD or a phase developer, shall be referred to as the "TICD Developer").

TIDA's approval of each Major Phase Application is required before, or concurrently with, its consideration of and grant of a Sub-Phase Approval for any Sub-Phase in that Major Phase. Such approval is based on established development requirements (e.g., development requirements under the DDA, the DA, and Vertical DDAs) and cannot be denied if those requirements are satisfied. Major Phase 1, which is comprised of eight Sub-Phases shown in pink on the diagram below, was approved by the TIDA Board in May 2015.

The TICD Developer expects to file and process at least one Tentative Subdivision Map application ("TSM") for each Sub-Phase within Major Phase 1 to allow for the processing of multiple phased Final Subdivision Maps that will establish vertical development parcels within each Sub-Phase. Each TSM is also expected to be followed by phased Final Subdivision Maps as well as Final Subdivision Maps that vertically subdivide airspace to accommodate separate financing or ownership of separate uses or portions thereof within the buildings.

The following graphic shows the Major Phases and the boundary delineation of the Sub-Phases. Improvement Area No. 2 is located entirely within Sub-Phase 1B, Sub-Phase 1C and Sub-Phase 1E.

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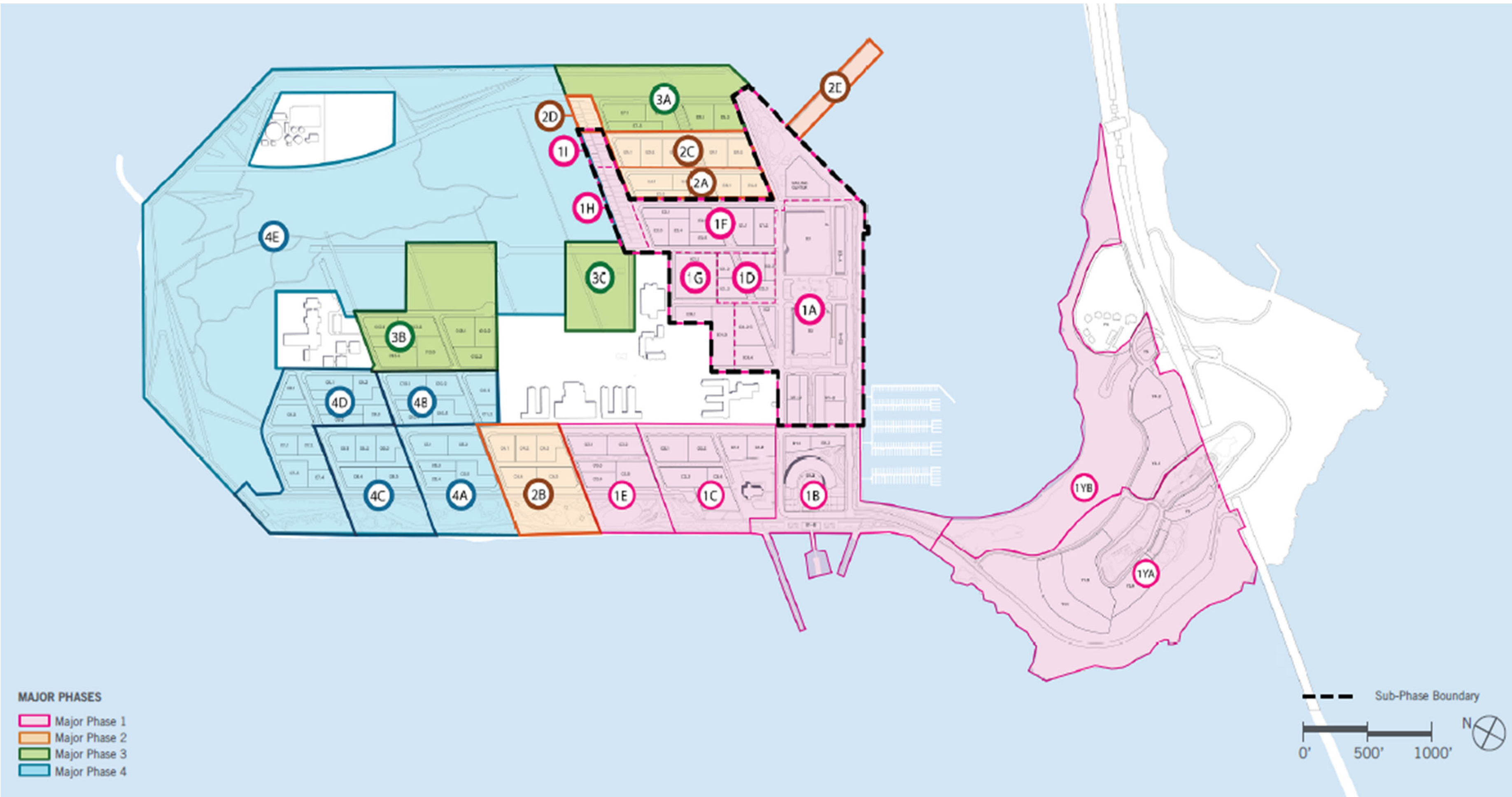

2E
3A
2D
1I
2C
2A
1H
1F
4E
3C
G
1D
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4D
4B
4C
4A
2B
1E
1C
1B
1YB
1YA
MAJOR PHASES
Major Phase 1
Major Phase 2
Major Phase 3
Major Phase 4
Sub-Phase Boundary
0'
500'
1000'
N

Initial Phase Approvals and Land Transfers

TIDA approved the Major Phase 1 Application and the Sub-Phase Applications 1 and 2 for Sub-Phases 1YA, 1YB, 1B, 1C, and 1E in 2015. Major Phase 1 includes approximately 3,500-plus residential units, approximately 103 acres of parks, and a ferry terminal to support ferry service between Treasure Island and San Francisco. Horizontal construction work has begun on Treasure Island and Yerba Buena Island.

- Sub-Phases 1YA and 1YB (Yerba Buena Island) encompass all of the Treasure Island Project lands on Yerba Buena Island other than the TIDA-retained historic buildings and garages. On February 22, 2016, TI Series 1 acquired from TIDA Sub-Blocks 1Y, 3Y, and 4Y. Subsequently, Sub-Blocks 1Y, 3Y and 4Y were sold to merchant builders. Sub-Block 2Y is owned by TIDA, subject to the Public Trust. Hilltop Park, Beach Park and open space are part of these Sub-Phases but TIDA retains ownership of these public lands. On July 10, 2020, TIDA transferred two small areas of land on Yerba Buena Island to YBI Phase 1 Investors. This transfer followed a parcel boundary adjustment with the State to remove these areas of land from the trust in order to accommodate redesigned private infrastructure. This transfer included land within Sub-Phase 1YB. The Sub-Blocks located within Sub-Phases 1YA and 1YB are what comprise Improvement Area No. 1.

- Sub-Phases 1B, 1C and 1E (Treasure Island) encompass much of the southwestern portion of Treasure Island. On February 22, 2016, TIDA conveyed to TI Series 1 certain development blocks within Sub-Phases 1B, 1C and 1E. TIDA retained leasehold and public property that will be developed by TICD Developer within these Sub-Phases including Building 1, the Building 1 Plaza, Marina Plaza, Clipper Cove Promenade 1, Cityside Waterfront Park 1, Cultural Park, Cityside Waterfront Park 2 and various streets within these Sub-Phases. Improvement Area No. 2 and Improvement Area No. 3 are also located within Sub-Phases 1B, 1C and 1E.

- Sub-Phases 1A, 1D, 1F, 1G, 1H and 1I (Treasure Island) encompass most of the remaining southern-middle portion of Treasure Island. On September 4, 2019, Treasure Island Series 2, LLC ("TI Series 2") – a wholly-owned subsidiary of TICD – acquired certain development parcels within Sub-Phase 1A. Certain other development parcels within Sub-Phase 1A and the rest of these Sub-Phases are expected to be transferred at a later date. On December 31, 2020, TIDA conveyed to TI Series 2 certain additional lots within Sub-Phase 1A for development.

TICD, through one or more TICD Developers, anticipates developing each phase of the Treasure Island Project following acquisition of the phase from TIDA, as provided in the DDA and DA. If acquired, TICD, through one or more TICD Developers, anticipates developing the property in four Major Phases, as described in the DA.

The infrastructure improvements and fees required for the total development of the Treasure Island Project are estimated to cost approximately $2.46 billion, as of September 1, 2023. As of September 1, 2023, TICD and TICD Developers have expended approximately $711 million on such costs (including the costs of Improvement Area No. 2), and they expect to spend the remainder of such costs over the next 15 years.

The first residential project in Improvement Area No. 1 on Yerba Buena Island, a 124-unit condominium building called the Bristol, began construction in June 2019 and opened in June 2022. As of September 1, 2023, the developer understands that approximately 36% of the units at the Bristol have sold to home buyers. Construction has begun on the first phase of the next residential project in Improvement Area No. 1, known as the Residences.

The first residential project within Improvement Area No. 2, Isle House, broke ground in July 2022. Construction commenced for “Hawkins” and “Portico” in September 2022 and October 2022, respectively. See “IMPROVEMENT AREA NO. 2.”

Sales of the two remaining lots to merchant builders of property owned by TI Series 1 within Improvement Area No. 3 has not yet begun. The Sub Phase 1A street improvement plan and subdivision map review with the City continues with the latest City review comments received in May 2023; demolition of structures, isolation of utilities, and geotechnical ground improvement in this area began in late 2021 and is nearing completion, with new utility construction expected to begin in early 2025.

The first residential project on Treasure Island (located outside of the District), a 105-unit, 100% affordable building developed by Chinatown Community Development Center in partnership with Swords to Plowshares called Maceo May Apartments, broke ground in the fall of 2020 and opened in May 2023.

Set forth below is a map showing Improvement Area No. 2 (the areas marked with “2”), as well as Improvement Area No. 1 (the areas marked with “1”) and Improvement Area No. 3 (the areas marked with “3”). While the map below shows other areas on the Islands, special taxes levied on property outside of the boundaries of Improvement Area No. 2 are not and will not be security for the 2023A Bonds.

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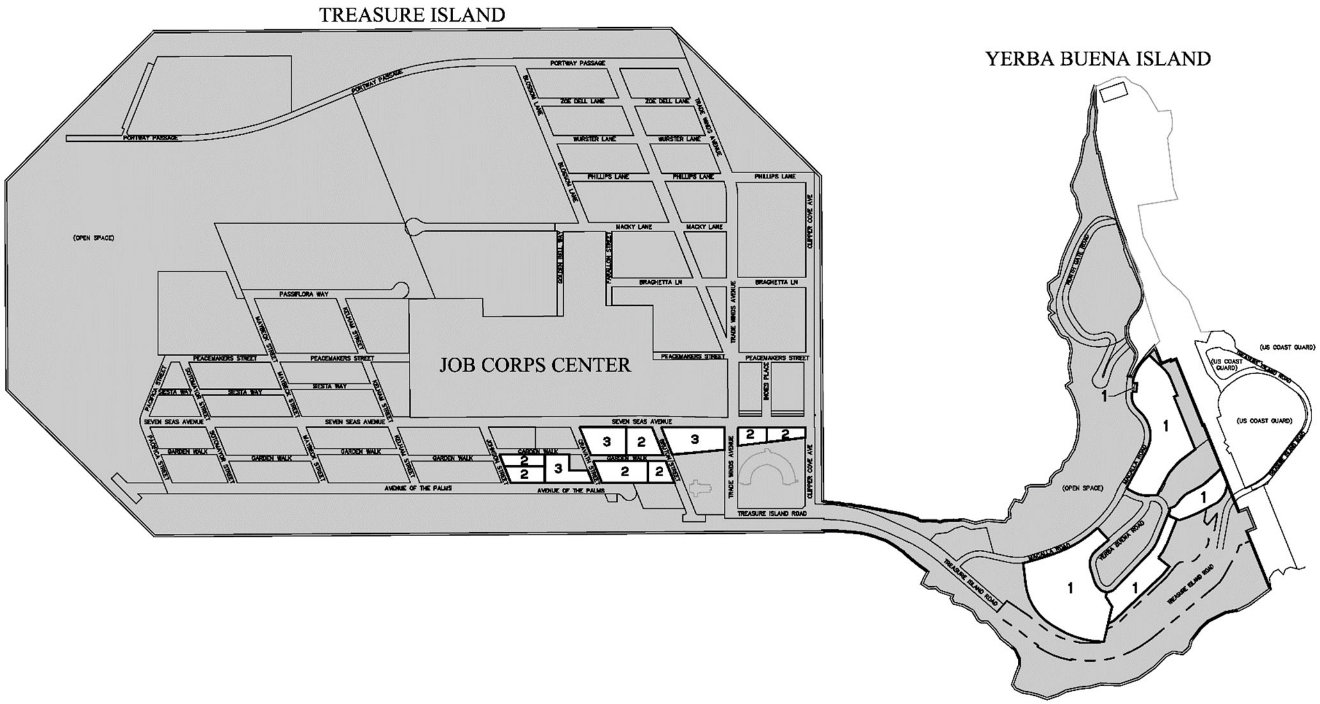
CONSOLIDATED BOUNDARY MAP OF
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(TREASURE ISLAND)
CITY AND COUNTY OF SAN FRANCISCO
STATE OF CALIFORNIA

TAXES LEVIED BY THIS DISTRICT MAY BE USED TO PAY FOR
CLEANUP OF HAZARDOUS SUBSTANCES



Improvement Area No. 1, Improvement Area No. 3 and other areas and buildings outside of Improvement Area No. 2 do not provide security for the 2023A Bonds.

Acquisition Agreement

In connection with the formation of the District, TICD, the City, and TIDA entered into an Acquisition and Reimbursement Agreement (Treasure Island/Yerba Buena Island), dated as of March 8, 2016 (as it may be amended from time-to-time, the “Acquisition Agreement”). Pursuant to the Acquisition Agreement, the City will purchase from TICD certain capital improvements and finance certain development impact fees for the construction of capital improvements (referred to herein as the “Authorized Improvements”). However, the City’s obligation under the Acquisition Agreement will be funded solely from the sources identified in the Acquisition Agreement, which include (but are not limited to) the Special Taxes levied in Improvement Area No. 2 and the net proceeds of bonds issued for Improvement Area No. 2. The net proceeds of the 2023A Bonds, certain investment earnings thereon and the Special Tax are also expected to be sufficient to fund a portion, but not all, of the Authorized Improvements.

Treasure Island Amenities

The Treasure Island Project includes the development of up to 200,000 square feet of retail space plus 100,000 square feet of commercial space. Most of this space will be in new and rehabilitated historic structures in the “Island Center” neighborhood east of the transportation hub and Administration Building. Treasure Island currently is home to several businesses that will serve residents and their guests, including The Island Market grocery store with two locations, Mersea and Aracely restaurants, Woods Brewery, and Winery SF. However, TICD recognizes that the first residents will desire certain additional amenities to entice them to make the decision to move to the newly developing community. With this in mind, TICD is investing in improvements to existing buildings and available open spaces that can provide space for the most important resident serving businesses. These include expanded grocery offerings, additional restaurants, pharmacy, and an urgent care medical clinic. The Administration Building, Quarters 10, the Chapel/Cultural Park, and the future Hotel Parcel C2-H are all being studied for potential to host commercial space on an interim basis until the Island Center district can be built and occupied. In addition, the residential buildings in Improvement Area No. 2 contain approximately 8,000 square feet of ground floor retail space that can be home to new commercial businesses that will serve residents.

In addition to commercial space noted above, the Community Facilities Plan includes a number of planned community-serving facilities, including a new school, a community center, childcare centers, a police and fire station, new sports fields, an urban farm, an environmental education center, space for the Treasure Island Museum, and a pad for the Treasure Island Sailing Center. The Community Facilities Plan further describes these uses, and the DDA describes the developer’s community facilities funding obligations. No assurance is given that these planned amenities will be constructed as planned.

Transportation Planning

The transportation plan for the Treasure Island Project is integral to the DDA and the project EIR. The relevant document is the Treasure Island Transportation Implementation Program, or “TITIP.” The TITIP goals are to encourage walkability, bikeability, and transit use, while discouraging auto use. The TITIP is overseen by the Treasure Island Mobility Management Agency (“TIMMA”), a transportation agency formed specifically for the Treasure Island Project. The San Francisco County Transportation Agency has been designated to act as the TIMMA.

The Transportation Program consists of new services, including a ferry to downtown San Francisco, new AC Transit bus service to Oakland, enhanced MUNI bus service to San Francisco, and an on-island shuttle. Revenues to support the program will come from fare box recovery, parking charges on Treasure Island, a mandatory transit pass program for new residents, a new auto toll, and subsidies from TICD defined in the TITIP and the DDA. All parking is to be charged, and revenues from public parking meters and future garages (but not resident parking garages) will support the transportation program.

A new "congestion pricing" auto toll will charge drivers for each auto trip to and/or from Treasure Island. The toll is integral to the project EIR. TIMMA is evaluating pricing structures as of the third quarter of 2023, and anticipates installing infrastructure in the future to allow for toll collection.

The DDA requires that each new market rate household purchase one transit pass, paid through HOA dues for condo projects and rental fees for rental buildings. Additional passes can be purchased if more than one household member desires a pass.

Under the DDA, TICD is responsible for the following contributions to the Transportation Program:

- Construction of the ferry terminal (completed).
- Construction of the street and bike network.
- Construction of parking garages (future phases).
- Purchase of up to 9 buses for use in the East Bay bus service: five initially, and the balance as needed but no earlier than the occupancy of the 5,000th new residential unit.
- Purchase up to 4 buses for use in the on-island shuttle service, procurement and specifications as mutually agreed between TICD, TIDA, and shuttle operator.
- Provision of a subsidy of $1.8 million to TIDA as matching funds for the purchase of 6 Muni buses.
- Establishment of a "bicycle library," up to a maximum expenditure of $110,000.
- Provision of an Operating Subsidy - $30 million, with a maximum $4 million in any year, with an additional $5 million if after completion of the 4,000th unit the transit mode share is 50% or less.

Currently, the Treasure Island Project is served by San Francisco MUNI line 25, with stops at the Administration Building/Ferry Terminal, the existing residential neighborhoods, and adjacent to the Job Corps Campus. Service is generally on 15-minute intervals on weekdays and evenings, with 20-30 minute intervals on weekends and overnight hours. In the future, MUNI service will be limited to the transit hub area of Treasure Island with service to new neighborhoods provided by the island shuttle.

TICD has established a privately-managed ferry service that launched on March 1, 2022 so that water transportation is available for the first new residents of The Bristol on Yerba Buena Island. The service runs from the new Treasure Island ferry terminal to the San Francisco Ferry Building, with approximately 16 daily round-trips. Frequency is approximately 30-minute intervals during commute hours and hourly in the afternoons and evenings. This service is expected to run until the full TIMMA program is ready to commence with ferry service provided by a public operator such as WETA, which is expected to launch in [2024 or 2025].

KSWM Litigation

There is an ongoing lawsuit between certain entities holding indirect financial interests in the Stockbridge-Wilson Meany-Kenwood half of TICD (the "Stockbridge Ownership"). The Stockbridge Ownership consists of two members: Stockbridge TI Co-Investors, LLC ("Co-Investors") and KSWM Treasure Island, LLC ("KSWM"). KSWM's members are Stockbridge Treasure Island Investment Company, LLC ("STIIC"), a limited liability company affiliated with Stockbridge; Kenwood Investments, LLC ("Kenwood"), a real estate investment firm; and WMS Treasure Island Development, LLC ("WMS"), a real estate development firm associated with Wilson Meany.

As members of KSWM, relationship between the parties is governed by an operating agreement, which prescribes, among other things, the members' relative financial claims to any returns that KSWM derives from its investment in the Treasure Island project. Under KSWM's operating agreement, STIIC has a right to receive a return of its capital contributions to KSWM and a compounding aggregate preferred return on those contributions, for so long as such amounts were invested in KSWM, before any distributions are payable to Kenwood or WMS. In the event that STIIC receives sufficient distributions to repay its capital contributions and realizes its aggregate preferred return, Kenwood and WMS each would be entitled to share with STIIC any further distributions from KSWM pursuant to their respective "promote" interests in KSWM. For numerous reasons, including the COVID pandemic, supply chain issues, inflationary increases in costs, and various delays caused by the foregoing, projected revenues for the project have been pushed out and reduced such that the projected values of, and expected returns on, those interests are projected to be lower today than they were projected to be a few years ago.

In November 2022, Kenwood alleged that Stockbridge and WMS had breached the KSWM operating agreement by causing KSWM to enter into an amendment (the "2016 Amendment") to TICD's operating agreement that brought in Co-Investors as an additional member of TICD without Kenwood's consent. Kenwood alleged that, because Co-Investors' membership interest in TICD came out of KSWM's 50% share of KSWM, the 2016 Amendment diluted KSWM's interest in TICD, thereby reducing the value of Kenwood's promote. STIIC and WMS disputed Kenwood's allegations.

On March 31, 2023, STIIC and WMS delivered a buy-sell offer to Kenwood, under a provision of the KSWM operating agreement that allows members to make such an offer in the event of a "Deadlock," which is defined to include a dispute with other members over the validity of a decision made by KSWM's managing committee that renders KSWM incapable of carrying out its business. STIIC and WMS believe that there is a Deadlock among KSWM's members; Kenwood disputes that there is any such Deadlock.

On April 3, 2023, STIIC and WMS filed a complaint against Kenwood in the Superior Court of California, County of San Francisco, seeking a declaration of their right to make the March 31, 2023 buy-sell offer to Kenwood and Kenwood's obligation in response thereto. Stockbridge Treasure Island Investment Company, LLC v. Kenwood Investments, LLC, Case No. CGC-23-605537 (Superior Court, County of San Francisco).

On April 4, 2023, Kenwood filed its own complaint in San Francisco Superior Court against Stockbridge, Co-Investors, and WMS, asserting claims for breach of contract, breach of the covenant of good faith and fair dealing, negligent misrepresentation, intentional misrepresentation, tortious interference with contract, and quantum meruit. Kenwood Investments, LLC v. Stockbridge Capital Partners, LLC, Case No. CGC-23-605626 (Superior Court, Count of San Francisco). In its complaint, Kenwood alleged that Stockbridge and WMS breached the KSWM operating agreement by authorizing the 2016 Amendment without Kenwood's consent; misled Kenwood about the effect of the 2016 Amendment; and appropriated for themselves certain benefits relating to the Treasure Island development to which KSWM was entitled under its operating agreement, including by acquiring, through affiliates, various land parcels from TICD for vertical development.

On April 25, 2023, STIIC and WMS made a second buy-sell offer to Kenwood. This second offer was substantively similar to the first offer of March 31, 2023, but corrected what Kenwood had asserted was a deficiency in the first offer and also updated certain financial calculations. In their April 25, 2023 offer, STIIC and WMS selected an offer price such that Kenwood either could sell its interest in KSWM to STIIC and WMS for $0 or buy both STIIC's and WMS's interests in KSWM and Co-Investors' interest in TICD for $220,000,000.

On June 6, 2023, STIIC and WMS filed a first amended complaint against Kenwood asserting claims for declaratory relief as to the validity of the second buy-sell offer and breach of contract based on Kenwood's alleged repudiation of its buy-sell obligations.

Kenwood did not make an election in response to the April 25, 2023 buy-sell offer by the election deadline specified by KSWM's operating agreement. STIIC and WMS contend that, by failing to make any election, Kenwood is deemed to have elected to sell its interest in KSWM to STIIC and WMS. Kenwood disputes that the April 25, 2023 buy-sell offer is enforceable. On July 14, 2023, Kenwood filed a demurrer to STIIC and WMS's first amended complaint. If the April 25, 2023 buy-sell offer is found to be valid and enforceable, Kenwood will be compelled to sell its interest in KSWM for $0. If the offer is found to be invalid or otherwise unenforceable, Kenwood will not be required to sell its interest in KSWM and, absent a consensual transaction, will remain a member of KSWM along with STIIC and WMS.

On June 28, 2023, Kenwood filed a first amended complaint, which substituted STIIC for Stockbridge as a defendant and added claims against STIIC and WMS for breach of fiduciary duty. The allegations in Kenwood's first amended complaint are otherwise similar to those in its original complaint. As remedies on its claims, Kenwood seeks monetary and punitive damages, as well as restitution, but Kenwood does not expressly seek to rescind any prior investments in the project nor does it seek to enjoin any future development on the project.

No assurances can be given as to the outcome of this litigation or its potential effect on TICD and the Treasure Island development, but based on the current pleadings and the near-completion of the horizontal improvements for Improvement Area No. 2, the Developer does not believe that this lawsuit will prevent the continued development within Improvement Area No. 2.

IMPROVEMENT AREA NO. 2

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within Improvement Area No. 2. There is no assurance that the present property owners or any subsequent owners will have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay the Special Taxes. An owner may elect not to pay the Special Taxes when due and cannot be legally compelled to do so. Neither the City nor any Bondowner will have the ability at any time to seek payment directly from the owners of property within Improvement Area No. 2 of the Special Tax or the principal or interest on the Bonds, or the ability to control who becomes a subsequent owner of any property within Improvement Area No. 2. The City, on behalf of the District, however, has covenanted in the Fiscal Agent Agreement for the benefit of the owners of the Bonds that, under certain circumstances described herein, the City will commence judicial foreclosure proceedings with respect to delinquent Special Taxes on property within Improvement Area No. 2, and will diligently pursue such proceedings to completion. See "SECURITY FOR THE BONDS –Special Tax Fund" and "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure" herein.

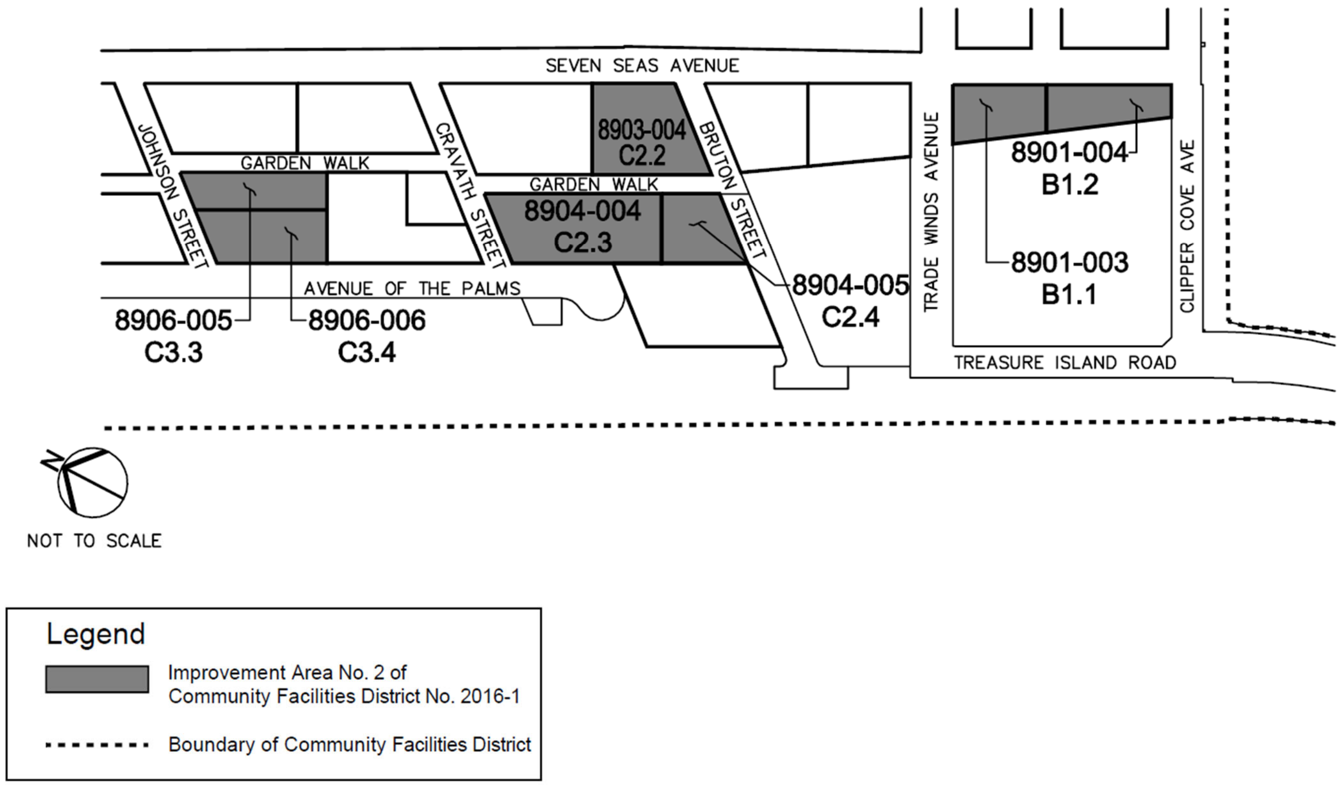
No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. TI Series 1 and the Merchant Builders (defined below) have provided the information set forth in this section. No assurance can be given by the City that all information is accurate or complete. The City has not independently verified this information and assumes no responsibility for its accuracy or completeness. It is only provided as a convenience to enable investors to more easily commence their own independent investigations if they so choose. There may be material adverse changes in this information after the date of this Official Statement. In addition, any internet addresses included below are for reference only, and the information on those internet sites is not a part of this Official Statement or incorporated by reference into this Official Statement. If the development of the property is not completed, or is not completed in a timely manner, there could be an adverse effect on the payment of Special Taxes, which, in turn, could result in the inability of the District to make full and punctual payments of debt service on the 2023A Bonds. See the section of this Official Statement captioned "SPECIAL RISK FACTORS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating an investment in the 2023A Bonds.

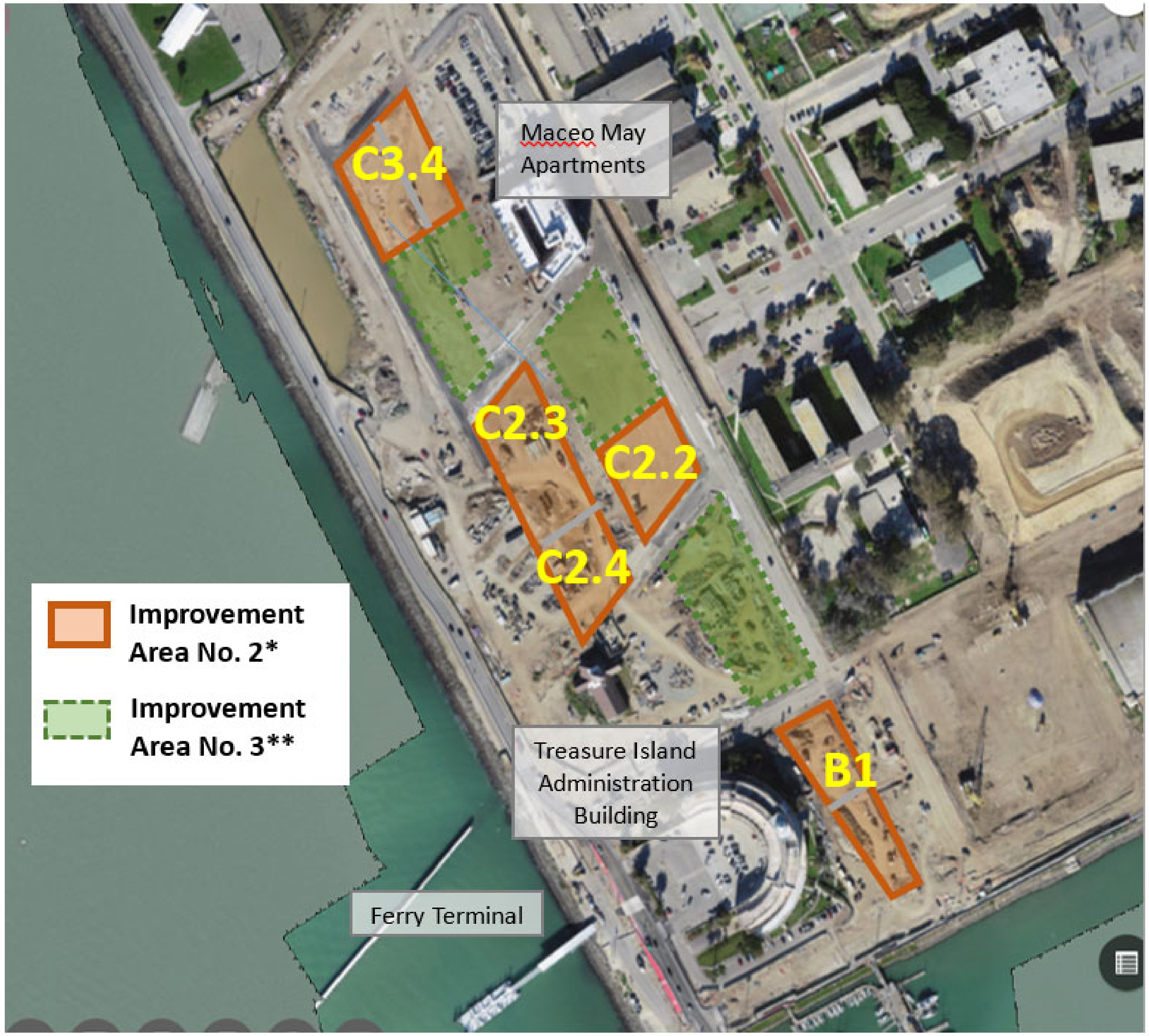
The information in this Official Statement regarding Improvement Area No. 2 and the Treasure Island Project has considered the current Health Orders (as defined herein) and any other local restrictions in disclosing estimated time frames for development in the Improvement Area No. 2. However, the impact of COVID-19 and the Health Orders – including the impact form supply chain issues – is likely to evolve over time, which could adversely impact the development within the Improvement Area No. 2 and the Treasure Island Project as a whole. See "SPECIAL RISK FACTORS – Public Health Emergencies" below. Neither TI Series 1 nor the Merchant Builders can predict the ultimate effects of the COVID-19 outbreak or whether any such effects will have a material adverse effect on the ability to develop the Treasure Island Project as planned and described herein, or the availability of Special Taxes from Improvement Area No. 2 in an amount sufficient to pay debt service on the 2023A Bonds.

Location and Description of Improvement Area No. 2 and the Immediate Area

Improvement Area No. 2 is made up of five development blocks on Treasure Island known as "Sub-Block B1," "Sub-Block C2.2," "Sub-Block C2.3," "Sub-Block C2.4" and "Sub-Block 3.4." Sub-Block B1 is comprised of development parcels B1.1 and B1.2, but referred to collectively herein as "Sub-Block B1." The planned development at Sub-Block C2.2 is also sometimes referred to herein as "Hawkins," the development at Sub-Block C2.4 as "Isle House" (formerly "Tidal House") and the development at Sub-Block C3.4 as "Portico." Sub-Block C3.4 is comprised of development parcels C3.3 and C3.4, but referred to collectively herein as "Sub-Block C3.4." Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4, together, constitute approximately 5.22 gross acres.

The map and graphic below show the various Sub-Blocks within Improvement Area No. 2 and their surroundings. [Needs update to show six APNs (C3.3 and C3.4 were combined).]





Improvement Area No. 1, Improvement Area No. 3 and other highlighted buildings outside of Improvement Area No. 2 and appearing in the graphics above do not provide security for the 2023A Bonds.

Tract Map Status of Improvement Area No. 2

On September 13, 2018, Final Map No. 9235 (the "Final Map 9235") was recorded, establishing the conditions for the subdivision of Sub-Blocks 1B, 1C, and 1E. In connection with this map recordation, TI Series 1 and TIDA entered into a Public Improvement Agreement dated September 7, 2018 (as amended, the "9235 Public Improvement Agreement"). The Final Map and the 9235 Public Improvement Agreement describes TI Series 1's obligations to complete public improvements to serve Treasure Island.

Final Map No. 10297 was recorded on April 7, 2021 ("Final Map 10297"). Final Map 10297 merged the 2 lots comprising Sub-Block C3.4 in to one legal parcel, and adjusted the maximum number of condominium units allowed on Sub-Blocks C2.3, C3.4, and C3.5 (which Sub-Block C3.5 is not in Improvement Area No. 2). All other conditions required by Final Map 9235 (and the 9235 Public Improvement Agreement) continue to apply. Final Map 10297 provides that up to 114 residential units may be constructed on Sub-Block C2.3, and 160 condominium units on Sub-Block C3.4.

A summary of the tract map status for Improvement Area No. 2 is shown below as of September 1, 2023:

Sub-Block	Final Map	Date of Recordation	Status	Planned Development
B1	Final Map 9235	September 13, 2018	Authorizes the construction of up to 95 condominium units, no restriction on number of rental units.	117 rental units
C2.2	Final Map 9235	September 13, 2018	Authorizes the construction of up to 128 condominium units, no restriction on number of rental units.	178 rental units
C2.3	Final Map 10297	April 7, 2021	Authorizes the construction of up to 114 residential condominium units.	85 residential condominiums
C2.4	Final Map 9235	September 13, 2018	Authorizes the construction of up to 176 condominium units, no restriction on number of rental units.	250 rental units
C3.4	Final Map 10297	April 7, 2021	Authorizes the construction of up to 160 residential condominium units.	149 residential condominiums

As a condition to TIDA's conveyance of the property to TI Series 1, TI Series 1 posted performance and payment bonds in an amount equal to 125% of the estimated cost of the backbone infrastructure. Subsequently, TI Series 1 entered into the 9235 Public Improvement Agreement with the City in which it was required to post additional performance and payment bonds, such that the total amount secured would equal 125% of the estimated cost of the backbone infrastructure that was not complete at the time the map was recorded. As of July 13, 2023, TI Series 1 has posted various bonds with TIDA and the City and, after exonerations of the original $240 million, the outstanding bonds total approximately $139 million. The $139 million secures the construction of infrastructure on both Yerba Buena Island and on Treasure Island.

The remaining costs for the TI Required Infrastructure (as defined in the 9235 Public Improvement Agreement to mean streets, sewer, water, utilities, etc.) are fully secured by the outstanding bonds.

The 9235 Public Improvement Agreement requires various infrastructure improvements to be constructed by certain dates. Per the existing 9235 Public Improvement Agreement, the TI Required Infrastructure must be completed by September 13, 2020. A proposed first amendment to that agreement, which extends the required completion date by two years from the effective date of the amendment, has been submitted for review by the City Attorney, PUC and TIDA. The City and TICD do not expect the amendment to result in delayed development of Improvement Area No. 2.

Geotechnical Mitigation Program

A geotechnical mitigation program was implemented in Improvement Area No. 2 and elsewhere on Treasure Island in advance of infrastructure improvements and construction of buildings to make the Treasure Island perimeter seismically stable, strengthen the causeway that connects Treasure Island to Yerba Buena Island, densify the sandy fill to minimize seismic settlement within the development footprint, and compress the soft Bay Mud sediments to minimize future settlement from the addition of fill and buildings. See "RISK FACTORS – Climate Change; Risk of Sea Level Rise and Flooding Damage" for a description of Bay Mud. The geotechnical program for Improvement Area No. 2 and infrastructure serving it was completed and does not require ongoing maintenance work.

The geotechnical plan relied on numerous techniques to achieve the stability needed to support the new development. The plan included densification of the sandy fill throughout the development and the shoreline with direct power compaction vibrocompaction improvement method ("DPC"), preloading new building parcels and City streets with surcharge, and strengthening the causeway and the portions of the shoreline with cement deep soil mixing.

The DPC technique employed combined tamping and direct power compaction, a method widely used in Japan that densifies loose sandy soils by vibration, displacement, and compaction. The equipment to perform this work includes an electrically driven, 50-ton vibratory hammer suspended from a vibration isolation mount, which in turn is suspended from the main cable of a 270-ton crawler crane. The hammer is attached to four H-beam probes, which are modified with steel flaps hinged to the web at the base of the beam. As the beam penetrates the ground, the flaps are deployed to provide more area for compaction. During extraction of the beams, the flaps retract to reduce resistance. Approximately 9,560 DPC compaction elements have been installed and DPC is complete for Improvement Areas No. 2 and 3.

After completion of the deep power compaction, tamping is employed to compact the upper 10 feet of sandy soil. The tamper has a 35-ton vibratory hammer attached to a 10-foot-by-10- square steel plate. The tamper plate is placed directly on the ground and the vibro-hammer is activated to compact the soil. Then the tamper is relocated to an adjacent position and the process is repeated until all the densification area is tamped. Approximately 16,490 tamping elements have been completed and tamping is complete for Improvement Areas No. 2 and 3.

Deep soil mixing ("DSM") was used to strengthen the weak soils that underlie parts of the shoreline and the causeway. DSM is a ground improvement technique that enhances the strength of the soils by mechanically mixing them with a cement slurry, causing the soil to become more like weak rock. In total, about 160,000 cubic yards of deep cement soil mixing was performed for the geotechnical program and DSM is complete for Improvement Areas No. 2 and 3.

Geotechnical work continues for portions of Treasure Island outside of Improvement Areas No. 2 and 3.

Sea Level Rise and Adaptive Management Strategy

The sea level rise and adaptive management strategy for Treasure Island includes a multi-phased approach to mitigation, with initial infrastructure designs to accommodate reasonable sea level rise scenarios as well as future monitoring and funding mechanisms to implement necessary improvements in the future. As part of the first phase of such strategy, the perimeter shoreline areas near Improvement Areas No. 2 and 3 have been adjusted to function as a berm, and finished grades for the inland proposed building areas for Improvement Areas No. 2 and 3 have been raised up to 6.0 feet. See "SPECIAL RISK FACTORS – Climate Change; Risk of Sea Level Rise and Flood Damage."

Infrastructure Development and Financing Plan

Cost Estimates of Public Improvements Required for Temporary Certificates of Occupancy for Improvement Areas. A significant portion of the infrastructure needed to support the development of Improvement Area No. 2, such as utilities and major roadways, also serves Improvement Area No. 1, Improvement Area No. 3 and other portions of the Treasure Island Project. Key components of this infrastructure must be operational before any of the planned development can secure temporary certificates of occupancy. Because of the overlapping infrastructure obligations and intertwined sources and uses of funding, the table below identifies those public improvements that are required to be constructed by the TICD Developer in order to receive a temporary certificate of occupancy for planned developments for Improvement Area No. 1, Improvement Area No. 2 and Improvement Area No. 3 (collectively, "Improvement Areas 1, 2 and 3") of the Treasure Island Project, as well as related remaining costs, as of September 1, 2023.

Horizontal infrastructure, including geotechnical improvement of soil conditions, needed to secure temporary certificates of occupancy for Improvement Areas 1, 2 and 3 are complete.

The table below also includes specific information regarding Improvement Area No. 2 costs and the amount remaining of such costs attributed to Improvement Area No. 2 in the Appraisal Report.

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Table 2
Improvement Areas 1, 2 and 3 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island)
Cost Estimates of Public Improvements Required for Temporary Certificates of Occupancy (as of September 1, 2023)

	Direct Infrastructure Costs[1]	Percent Complete[1]	Remaining Costs[1]	Remaining Improvement Area No. 2 Costs[1][3][4]
Hard Costs				
Demolition	$ 8,616,813	100%	$ -	$ -
Geotechnical	58,472,458	100%	71,578[2]	71,578
Causeway	15,746,082	98%	296,475	-
Treasure Island Street Improvements	89,082,651	95%	4,602,666	3,062,120
Yerba Buena Island Street Improvements	105,061,713	94%	6,109,649	-
Interim Gas Line	1,927,603	86%	261,552	-
Sanitary Sewer Pump Station	4,787,600	89%	529,500	-
Interim Sanitary Sewer Force Main	7,356,090	100%	-	-
Wastewater Treatment Plant	1,489,945	91%	138,973	138,973
12KV Improvements	2,415,407	100%	-	-
Total Hard Costs	$294,956,360	96%	$12,010,393	$3,272,671
Soft Costs				
Landscape Architect	$3,483,580	95%	$183,157	$120,342
Civil Engineer	12,209,081	97%	346,944	-
Geotechnical Engineer	16,063,951	97%	541,903	202,283
Environmental Engineer	5,866,336	96%	242,277	115,859
Permits and Fees and Bonds	18,791,978	94%	1,127,633	830,946
Other (Utilities Consultants, Legal, etc.)	1,202,783	94%	75,396	-
Construction Management	14,986,202	99%	220,787	220,787
Total Soft Costs	$72,603,912	96%	$2,738,097	$1,490,217
Total Estimated Project Costs	**$367,560,272**	**96%**	**$14,748,490**	**$4,762,887**

[1] Horizontal infrastructure, including geotechnical improvement of soil conditions, needed to secure temporary certificates of occupancy for Improvement Areas 1, 2 and 3 are complete. Remaining costs include lagging payments and retentions for work that has been completed as of September 1, 2023.
[2] Geotechnical program is complete for supporting infrastructure serving Improvement Areas 1, 2 and 3 and development within Improvement Area No. 2 and Improvement Area No. 3. Amount reflects retentions not yet paid as of September 1, 2023, for completed work.
[3] Remaining costs necessary to achieve a temporary certificate of occupancy within Improvement Area No 2 will also cover costs necessary to achieve a temporary certificate of occupancy within Improvement Area No 3 because the infrastructure supports both improvement areas.
[4] Appraisal costs are costs allocated specifically to Improvement Area No. 2. Demolition, geotechnical, and Treasure Island street improvements are allocated by costs that fall outside of Improvement Area No. 1's scope of work and then split by the estimated developable square footage between Improvement Area No. 2 and Improvement Area No. 3, approximately 44% and 56%, respectively. Other hard costs are allocated by Improvement Area No. 2's proportion of units to the entire Treasure Island Project's unit count, approximately 11%. As soft costs are tied to specific hard costs, soft costs are allocated by their corresponding hard cost allocation method. [Costs reviewed by the Appraiser for the Appraisal Report were as of an earlier date.]
Source: TI Series 1.

Other Costs of Public Improvements. The public improvement costs remaining in the Treasure Island Project but not required for a temporary certificate of occupancy and excluded from the table above are primarily attributable to public parks. Park construction is expected to trail other horizontal infrastructure. So far, contracts have been let for Hilltop Park East and West and a dog park, and their costs have been consistent with estimates.

Public Improvements Financing Plan. To date, TI Series 1 has financed its land acquisition and various site development costs related to the property in Improvement Areas 1, 2 and 3 through internally generated funds, EB-5 loan proceeds (see discussion herein), community facilities district bond proceeds and lot sales revenues. TI Series 1 estimates that, as of September 1, 2023, the remaining costs to be incurred by TI Series 1 to complete its planned development of public improvements within Improvement Areas 1, 2 and 3 in order to receive certificates of occupancy will be approximately $4.8 million. TI Series 1 expects to use, internal funding, and reimbursement from 2023 Bond proceeds and other bond proceeds to pay for the already built necessary public improvements required to complete development in Improvement Areas 1, 2 and 3 and believes that it will have sufficient and available funds to complete such infrastructure, including infrastructure in Improvement Area No. 2 in accordance with the development schedule described in this Official Statement.

On March 4, 2016, TI Series 1 obtained an EB-5 loan (the "TI Series 1 EB-5 Loan") in the total amount of $155,000,000. The proceeds of the TI Series 1 EB-5 Loan were used to pay for a portion of the costs of horizontal development associated with Sub-Phases 1YA, 1YB, 1B, 1C and 1E, as further described within and in accordance with the business plan for the TI Series 1 EB-5 Loan, which encompass (a) certain southern portions of Treasure Island (including Improvement Area No. 2 and Improvement Area No. 3) and (b) certain improvements on Treasure Island Project lands on Yerba Buena Island (including Improvement Area No. 1), with exclusion of those certain TIDA-retained historic buildings and garages.

The TI Series 1 EB-5 Loan is secured by (i) a deed of trust secured by TI Series 1's fee simple ownership interest in the unsold real property contained within Improvement Areas 1, 2 and 3 (the "TI Series 1 Deed of Trust"), (ii) any ground leasing revenues received in relation to the commercial parcels outside of Improvement Area No. 2, and (iii) those certain rights and obligations set forth within the Disposition and Development Agreement by and between Treasure Island Development Authority and Treasure Island Community Development. The TI Series 1 Deed of Trust has been and will be partially released in conjunction with the sale of parcels to vertical developers or builders (subject to satisfaction of the release terms and conditions in the EB-5 loan documents), consistent with the release in connection with the completed sales of certain land parcels to the Merchant Builders.

The overall cost of borrowing (including interest and fees) "or Interest Rate" on the TI Series 1 EB-5 Loan is approximately 4.97% per annum, a portion of which is paid quarterly and a portion of which is deferred until loan maturity. As of September 1, 2023, the TI Series 1 EB-5 Loan had an outstanding balance of $146,000,000. The initial maturity date of the TI Series 1 EB-5 Loan was March 4, 2021, and has subsequently been extended by agreement of the lender to March 4, 2024. The TI Series 1 EB-5 Loan may be extended by up to one (1) additional year to March 4, 2025 (Extended Maturity Date) at the option of TI Series 1 upon satisfaction of certain conditions by TI Series 1.

There can be no guarantee that the conditions necessary to extend the TI Series 1 EB-5 Loan to the Extended Maturity Date will be met or lender will agree to any further extensions beyond the Extended Maturity Date. The conditions for the Extended Maturity Date include, among other things, substantial completion of remaining infrastructure serving Improvement Areas 1, 2 and 3 (which is now complete) and substantial completion of parks (which have not yet been completed). If extension to the Extended Maturity Date is not secured, the TI Series 1 EB-5 Loan will mature on March 4, 2024, and TI Series 1 may be required to negotiate additional extensions with the EB-5 Lender or seek additional sources of capital (e.g., equity or loans) to repay the TI Series 1 EB-5 Loan.

The TI Series 1 EB-5 Loan is made with proceeds obtained by the EB-5 lender from individual investors that have purchased membership interests in the applicable EB-5 lender in accordance with the EB-5 Regional Center Pilot Program. The United States Citizenship and Immigration Services ("USCIS") must approve each individual investor's immigration application ("I-526 Petition"). Although the TI Series 1 EB-5 Loan was fully funded, the USCIS process is ongoing and therefore no guarantee can be made that if an investor's application is subsequently denied that such denial will not trigger a repayment obligation under the EB-5 loan agreement. Thus far, according to information provided to TI Series 1 by the EB-5 Lender, all but twelve investors' I-526 Petitions have been approved by USCIS. If USCIS denies those remaining investors, TI Series 1 may be required to repay up to $500,000 per investor that is denied.

The EB-5 Immigrant Investor Program is subject to reauthorization by the United States Congress from time to time. Congress passed the EB-5 Reform and Integrity Act of 2022, which reauthorized the EB-5 Regional Center Program through September 30, 2027. However, the EB-5 program has lapsed previously over the course of the TI Series 1 EB-5 Loan, and TI Series 1 believes based on advice of immigration and legal advisors that the program will continue to be reauthorized in the future, although TI Series 1 cannot provide any assurances of such future reauthorization(s). For the avoidance of doubt, expiration of the program does not trigger an acceleration or repayment of the TI Series 1 EB-5 Loan or other obligations of TI Series 1.

Critical infrastructure work required for vertical projects to achieve temporary certificates of occupancy is complete in Improvement Areas 1, 2 and 3.

Although TI Series 1 expects to have sufficient funds available to complete its development (both public infrastructure and other development) in Improvement Areas 1, 2 and 3 as described in this Official Statement, there can be no assurance that amounts necessary to finance the remaining development costs will be available to TI Series 1 from its internally generated funds or from any other source when needed.

If and to the extent that internal funding, including but not limited to lot sales revenues, are inadequate to pay the costs to complete the planned development by TI Series 1 within Improvement Area No. 2 and other financing by TI Series 1 is not put into place, there could be a shortfall in the funds required to complete the planned development by TI Series 1 in Improvement Area No. 2.

Flood Zone Status. Per FEMA Flood Insurance Rate Map 060298-0128A dated March 23, 2021, the pre-development elevation of the majority of the land and the proposed development in Improvement Area No. 2 is higher than the current 100-year flood plain. Additionally, the construction performed under the street improvement permit includes raising development pads approximately three feet above the pre-development elevations that FEMA 060298-0128A references. One parcel in Improvement Area No. 2, C3.4, has been removed from the Special Flood Hazard Area through a Letter of Map Revision based on placement of fill elevating the entirety of the site above the base flood elevation. See "SPECIAL RISK FACTORS – Climate Change; Risk of Sea Level Rise and Flood Damage" for a discussion of current projected sea level rise estimates.

The Rate and Method requires the establishment of reserves for the Treasure Island Project as a whole for public improvements necessary to ensure that shoreline, public facilities, and public access improvements will be protected due to sea level rise at the perimeters of Treasure Island and Yerba Buena Island. For additional information regarding the establishment of the capital reserves for the Treasure Island Project, see "RATE AND METHOD" herein and APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Utilities

The utility providers for Improvement Area No. 2 are listed in the below table.

Utility	Provider
Water	San Francisco Public Utilities Commission
Sewer	San Francisco Public Utilities Commission
Gas	Pacific Gas & Electric
Electric	San Francisco Public Utilities Commission
Telecom	To be determined

Ownership of Property in Improvement Area No. 2

On February 22, 2016, TIDA transferred the property in Improvement Area No. 2 to Treasure Island Series 1, LLC (previously defined as "TI Series 1"), a wholly-owned subsidiary of TICD. The Sub-Blocks were transferred to their current owners on November 9, 2020.

Sub-Block B1 is currently owned by B1 Treasure Island 048 Holdings LLC (the "Poly Rental Merchant Builder"). Sub-Block C2.3 is currently owned by C2.3 Treasure Island 048 Holdings LLC (the "Poly Condo Merchant Builder"). The Poly Rental Merchant Builder and the Poly Condo Merchant Builder are subsidiaries of Poly (USA) Real Estate Development Corporation ("Poly USA").

Poly (USA) is a subsidiary of Hengli (Hong Kong) Real Estate Limited ("Poly Global") a diversified international property developer and a division of the Chinese listed property development company, Poly Developments and Holdings Group Co. Ltd. Poly Global has offices in Sydney, Melbourne and Queensland in Australia, London in the United Kingdom and San Francisco in the United States. In addition to a number of commercial developments, Poly Global, through its subsidiaries and affiliates, has completed or is developing 12 residential or mixed-use projects in Australia and one mixed-use project in the United Kingdom. In the United States, a joint venture including an affiliate of Poly Global developed a 27-story, 200-unit residential rental building known as 1133 Hope in Los Angeles, California. That building was completed in 2020.

Sub-Block C2.2 is currently owned by TI Lot 8, LLC (the "Lennar Merchant Builder"). The Lennar Merchant Builder is a subsidiary of Lennar. See "THE TREASURE ISLAND PROJECT – TICD and the Treasure Island Project – Lennar Corporation" herein.

Sub-Block C2.4 is currently owned by TI Lot 10, LLC (the "Stockbridge/Wilson Meany Merchant Builder"). The Stockbridge/Wilson Meany Merchant Builder is a joint venture by Stockbridge and Wilson Meany. See "THE TREASURE ISLAND PROJECT – TICD and the Treasure Island Project – Stockbridge" and "– Wilson Meany" herein.

Sub-Block C3.4 is currently owned by TI Lots 3-4, LLC (the "Stockbridge/Wilson Meany/Lennar Merchant Builder"). The Stockbridge/Wilson Meany/Lennar Merchant Builder is a joint venture by Lennar, Stockbridge and Wilson Meany. See "THE TREASURE ISLAND PROJECT – TICD and the Treasure Island Project – Lennar," " – Stockbridge" and "– Wilson Meany" herein.

The Poly Rental Merchant Builder, the Lennar Merchant Builder, the Poly Condo Merchant Builder, the Stockbridge/Wilson Meany Merchant Builder and the Stockbridge/Wilson Meany/Lennar Merchant Builder shall be referred to herein, individually, as a "Merchant Builder" and, collectively, as the "Merchant Builders."

Merchant Builder Development and Financing Plans

A more detailed description of each of the phases within Improvement Area No. 2 is set forth below. The Merchant Builders provide no assurance that design, construction, leasing and/or sales will be carried out on the schedule and according to the plans summarized below, or that construction, rental and sale plans set forth below will not change after the date of this Official Statement.

Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4 are owned by the Merchant Builders, as described in the table below. The planned projects on these Sub-Blocks currently contemplate five buildings with a total of 778 residential units, including for-sale and rental units, as well as some retail space.

As of September 1, 2023, total vertical development costs for the five planned buildings (including land acquisition) are estimated to be approximately $771 million. (See Tables 5, 7, 9, 11 and 13, for additional details.) Three of the five buildings have begun construction on their sites with details below. *The other two buildings are currently being reevaluated by the Merchant Builder.* See " – Sub-Block B1" and " – Sub-Block C2.3" below. In addition, in order for the two remaining planned buildings to proceed to construction, a Merchant Builder would need to (i) complete the construction design and bid process, (ii) receive all necessary construction permits from the City, and (iii) secure construction funding – through a construction loan and/or equity commitments.

Construction Design: The construction design process for each building includes the following consecutive steps: (1) schematic design, (2) design development, (3) construction documents, (4) construction bidding (typically initiated when construction documents are from 50-90% complete), (5) execution of a guaranteed maximum price contract for construction and (6) secure insurance commitments. Construction cost estimates are refined throughout this process to reflect design changes, current market conditions, and value engineering, and therefore can fluctuate materially.

Construction Permits: A merchant builder can apply for a site permit from the City once schematic design is complete; once a site permit is issued, additional shoring and foundation permits are required before construction can commence; other permits (such as for various utilities) may be obtained as relevant construction phases proceed. The process of securing a site permit from the City typically takes about six months; however, design changes can extend this process further.

Construction Funding: Typically, a market study assessing the feasibility of projected rental rates (for apartments) or sales prices (for condominiums) is considered by construction lenders and/or equity investors before construction financing can be obtained. Typically, the process of soliciting construction loans begins in the construction documents stage of design and takes about 3 months from initiation to loan closing. Each merchant builder has its own internal process for securing or confirming final approvals and/or equity commitments.

The buildings in Improvement Area No. 2 are in various stages of pre-development and development.

Planned product descriptions, ownership and development status information for each Sub-Block in Improvement Area No. 2 is summarized in Table 3 below. Details on projected construction costs and sources of construction funding are provided for each planned building in the discussion following the table.

Table 3
Improvement Area No. 2 of the
City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island)
Summary of Merchant Builder Ownership and Planned Development
(as of October 1, 2023)

	Sub-Block B1[3]	Sub-Block C2.2 (Hawkins)[4]	Sub-Block C2.3[3]	Sub-Block C2.4 (Isle House)[4]	Sub-Block C3.4 (Portico)[4]
Description of Development					
Product type	Rental Podium	Rental Podium	Condo Podium	Rental Tower	Condo Podium
Total Planned Residential Units[1]	117	178	85	250	148
Market-Rate Residential Units	111	169	80	226	141
Vertical Developer Entities					
Merchant Builder	B1 Treasure Island 048 Holdings LLC ("Poly Rental Merchant Builder")	TI Lot 8, LLC ("Lennar Merchant Builder")	C2.3 Treasure Island 048 Holdings LLC ("Poly Condo Merchant Builder")	TI Lot 10, LLC ("Stockbridge/Wilson Meany Merchant Builder")	TI Lots 3-4, LLC ("Stockbridge/Wilson Meany/Lennar Merchant Builder")
Merchant Builder Affiliated Entity or Entities	Poly (USA) Real Estate Development Corporation	Lennar	Poly (USA) Real Estate Development Corporation	Stockbridge/Wilson Meany Joint Venture	Stockbridge/Wilson Meany/Lennar Joint Venture
Development Milestones					
100% Schematic Design	Completed	Completed	Completed	Completed	Completed
100% Design Development	Completed	Completed	Completed	Completed	Completed
100% Construction Design	Completed	Completed	August 2023	Completed	Completed
Site Permit Issuance[2]	Completed	Completed	TBD	Completed	Completed
Start of Construction	TBD	September 2022	TBD	July 2022	October 2022
Projected Core/Shell Completion	TBD	July 2023	TBD	January 2024	May 2024
Construction Completion	TBD	November 2024	TBD	September 2024	January 2025
Marketing Milestones					
Projected Pre-Sales/Pre-Leasing Commencement	TBD	September 2024	TBD	August 2024	September 2024
Projected Stabilization	TBD	June 2025	TBD	September 2025	December 2026

(1) Total planned residential units include market-rate units and inclusionary units. Inclusionary units are not subject to Special Taxes.
(2) Site permit issuance allows the developer to pursue addenda allowing the developer to start construction. Once a site permit is issued, additional shoring and foundation permits are required before construction can commence; other permits (such as for various utilities) may be obtained as relevant construction phases proceed.
(3) See " – Sub-Block B1" and " – Sub-Block C.2.3" below for more details on those projects.
(4) All dates in the future for development and marketing milestones are estimates only, based upon the respective builder's good faith projections based on current and anticipated market conditions; all dates are subject to change based upon changing market conditions and other risk factors for real estate development. *Sources: Merchant Builders.*

Sub-Block B1. Poly Rental Merchant Builder owns Sub-Block B1. A 50-foot, 117-rental unit, podium building, designed by Stanley Saitowitz / Natoma Architects, Inc, is planned for the site. Multiple variations of three rental floor plans are planned, ranging in size from approximately 400 square feet to 975 square feet. Six of the planned units will be inclusionary units and not subject to the Special Tax. The planned development at Sub-Block B1 is designed with an amenity package that includes 4,950 square feet of retail/commercial space, 11,550 square feet of usable public outdoor space, and views of the San Francisco skyline and the East Bay. Parking, storage, and other building systems are planned to be located in the parking garage below grade. The ground floor is expected to include two retail areas separated by a public mid-block easement, a resident lobby, and residential rental units. The building is designed as Type III construction. Type III construction means that the wood framed building consists of exterior walls built from noncombustible materials and the interior building elements are of any material allowed by code (including wood framing).

The following table provides additional information regarding the proposed development of the 117 rental units within the development planned for Sub-Block B1 as of September 1, 2023.

Table 4
Sub-Block B1
Floor Plans and Units
(as of September 1, 2023)

Floor Plan	Avg. Approx. Square Footage	Total Number of Planned Rental Units[1]	Total Number of Planned Market-Rate Rental Units
Plan A	400	6	2
Plan B	700-750	84	83
Plan C	900-975	27	26
Totals		**117**	**111**

[1] Includes six (6) planned inclusionary units. Inclusionary units are not subject to Special Taxes.
Source: Poly Rental Merchant Builder.

100% schematic design drawings were completed. A site permit was issued in December 2021. 100% design development drawings are completed. 100% construction design drawings were completed in December 2021, however they remain subject to revision during the value engineering process.

Vertical construction cost estimates and funding sources for Sub-Block B1 are summarized in the table below.

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Table 5
Sub-Block B1
Construction Cost Estimates and Funding Sources
(as of September 1, 2023)

Vertical Budget		**Total Costs**	**Spend to Date**	**Remaining**[3]
Land Acquisition		$ 7,900,000	$ 7,900,000	$ -
Direct Costs[1]		74,805,576	-	74,805,576
Indirect Costs		22,966,620	5,267,238	17,699,382
Total		$105,672,196	$13,167,238	$92,504,958
Financing Sources	**% of total**			
Equity[2]	60%	$ 63,403,318	$13,167,238	$50,236,080
Construction Loan[3]	40	42,268,878	-	42,268,878
Total	100%	$105,672,196	$13,167,238	$92,504,958

(1) Based on 100% construction drawings, assuming 117 rental apartments.
(2) Equity contributions to be provided by Poly Global.
(3) Construction financing not yet secured.
Source: Poly Rental Merchant Builder.

[Due to changes in both global and local economic conditions that are beyond the Poly Rental Merchant Builder's control, the Poly Rental Merchant Builder has delayed commencement of construction at this time, pending satisfaction of proforma internal underwriting criteria approved by Poly Global. On a quarterly basis, the Poly Rental Merchant Builder is analyzing and reevaluating market factors, including, without limitation, equipment and material costs, supply chain delays, labor availability and costs, construction financing availability and terms, and supply and demand indicators in the local residential real estate market affecting rental rates, all in light of proforma internal underwriting criteria. No assurance can be given that the subject project will meet proforma internal underwriting criteria in light of current or future market conditions, or that amounts necessary to finance the remaining development and construction costs of the subject project will be available to the Poly Rental Merchant Builder on terms acceptable to the Poly Rental Merchant Builder. No assurance can be given that development of the property will be commenced or completed, or that it will be commenced or completed in a timely manner.]

Although Poly Rental Merchant Builder expects to have sufficient funds available to complete its development activities at Sub-Block B1, there can be no assurance, however, that construction costs estimates will be accurate or that amounts necessary to finance the remaining development and construction costs will be available from Poly Rental Merchant Builder or any other source when needed. For example, Poly Rental Merchant Builder may not be able to obtain construction financing on terms acceptable to Poly Rental Merchant Builder, if at all. Any contributions by Poly Rental Merchant Builder or any of its parent companies to fund the costs of such development and construction are entirely voluntary.

If and to the extent that the aforementioned funding sources are unavailable or inadequate to pay the costs to complete the planned development by Poly Rental Merchant Builder at Sub-Block B1 and other financing by Poly Rental Merchant Builder is not put into place, there could be a shortfall in the funds required to complete the proposed development by Poly Rental Merchant Builder at Sub-Block B1 or to pay ad valorem property taxes or Special Taxes related to Poly Rental Merchant Builder's property at Sub-Block B1 and the remaining portions of the development may not be developed.

Sub-Block C2.2 (Hawkins). Lennar Merchant Builder owns Sub-Block C2.2. A 70-foot, 178-rental unit, podium building, known as "Hawkins," designed by Mark Cavagnero Associate Architects, is planned for the site. Multiple variations of four rental floor plans are planned, ranging in size from approximately 458 square feet to 1,648 square feet. Nine of the planned units will be inclusionary units and not subject to the Special Tax. The planned development at Sub-Block C2.2 is designed with an amenity package that includes approximately 1,550 square feet of retail space across from the park and adjacent to the shared public way, a fitness center, outdoor yoga/fitness space, pet spa, and spacious (mixed and private) co-working and meeting areas. The rooftop is planned to include a covered outdoor roof deck lounge, cabanas, barbeque and seating areas with views of the San Francisco skyline and the East Bay. Parking, storage, and other building systems are planned to be located in the parking garage below grade. The ground floor is expected to be wrapped by amenities on the east side, lobby and guest services on the south, and courtyard apartment homes on the north and west. The building is designed as Type III Construction.

The following table provides additional information regarding the proposed development of the 178 rental units within the development planned for Sub-Block C2.2 as of September 1, 2023.

Table 6
Sub-Block C2.2
Floor Plans and Units
(as of September 1, 2023)

Floor Plan	Avg. Approx. Square Footage	Total Number of Planned Rental Units(1)	Total Number of Planned Market-Rate Rental Units
Plan A	458	34	32
Plan B	728	87	83
Plan C	1,077	55	52
Plan D	1,648	2	2
Totals		**178**	**169**

(1) Includes nine (9) planned inclusionary units. Inclusionary units are not subject to Special Taxes.
Source: Lennar Merchant Builder.

The Lennar Merchant Builder currently projects average monthly rent across all market-rate unit types to average approximately $4,970 at the time leasing is expected to commence in fourth quarter 2024. Actual rental rates may be more or less than estimated and are exclusive of any concessions that may be offered.

Design development drawings were completed in December 2021. A site permit was obtained in July 2022 and 100% construction drawings were completed in March 2023. Construction commenced in September 2022, with core/shell completion in July 2023.

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Vertical construction cost estimates and funding sources for Sub-Block C2.2 are summarized in the table below.

Table 7
Sub-Block C2.2
Construction Cost Estimates and Funding Sources
(as of September 1, 2023)

Vertical Budget		**Total Costs**	**Spend to Date**	**Remaining**[(2)]
Land Acquisition		$ 14,166,041	$14,166,041	$ 0
Direct Costs[(1)]		107,872,672	26,506,633	81,366,039
Indirect Costs		20,730,704	11,946,067	8,784,637
Total		$142,769,417	$52,618,741	$90,150,676
Financing Sources	**% of total**			
Internal Funding[(2)]	100%	$142,769,417	$52,618,741	$90,150,676
Construction Loan	-	-	-	-
Total	100%	$142,769,417	$52,618,741	$90,150,676

[(1)] Based on 100% construction design, assuming 178 rental apartments.
[(2)] Construction financing is currently not anticipated to fund this project.
Source: Lennar Merchant Builder.

Although Lennar Merchant Builder expects to have sufficient funds available to complete its development activities at Sub-Block C2.2, commensurate with the development timing described in this Official Statement, there can be no assurance, however, that construction costs estimates will be accurate or that that amounts necessary to finance the remaining development and construction costs will be available from Lennar Merchant Builder or any other source when needed. For example, if Lennar Merchant Builder should decide to obtain construction financing from a third-party lender, it may not be able to obtain such construction financing on terms acceptable to Lennar Merchant Builder, if at all. Any contributions by Lennar Merchant Builder or any of its parent companies to fund the costs of such development and construction are entirely voluntary.

If and to the extent that the aforementioned funding sources are unavailable or inadequate to pay the costs to complete the planned development by Lennar Merchant Builder at Sub-Block C2.2 and other financing by Lennar Merchant Builder is not put into place, there could be a shortfall in the funds required to complete the proposed development by Lennar Merchant Builder at Sub-Block C2.2 or to pay ad valorem property taxes or Special Taxes related to Lennar Merchant Builder's property at Sub-Block C2.2 and the remaining portions of the development may not be developed.

Sub-Block C2.3. Poly Condo Merchant Builder owns Sub-Block C2.3. A 60-foot, 85-condo unit, podium building, designed by Kennerly Architecture and Planning, is planned for the site. Multiple variations of three residential floor plans are planned, ranging in size from approximately 675 square feet to 1,643 square feet. Five of the planned units will be inclusionary units and not subject to the Special Tax. The planned development at Sub-Block C2.3 is designed with an amenity package that includes a resident lobby, co-working/lounge spaces, public and private indoors spaces, a gym, and views of the San Francisco skyline and the East Bay. Parking, storage, and other building systems are planned to be located in the parking garage below grade. The ground floor is expected to be is wrapped by six stories of units on the west side and four stories of units on the east side along with a resident lobby on the south side. The building is designed as Type III Construction, but other construction types are still under consideration.

The following table provides additional information regarding the proposed development of the 85 for-sale condo units within the development planned for Sub-Block C2.3 as of September 1, 2023.

Table 8
Sub-Block C2.3
Floor Plans and Units
(as of September 1, 2023)

Floor Plan	Avg. Approx. Square Footage	Total Number of Planned Units[(1)]	Total Number of Planned Market-Rate Units	Completed Market-Rate For-Sale Units	Market-Rate For-Sale Units in Escrow	Market-Rate For-Sale Units Completed, Sold, and Closed	Estimated Initial Base Prices for Market Rate For-Sale Units[(2)]
Plan A	675	30	28	0	0	0	TBD
Plan B	1,071	11	9	0	0	0	TBD
Plan C	1,643	42	43	0	0	0	TBD
Totals		**85**	**80**	**0**	**0**	**0**	

[(1)] Includes five (5) planned inclusionary units. Inclusionary units are not subject to Special Taxes. Actual initial base prices may be less than estimated. Base Prices are exclusive of upgrades and any concessions that may be offered.
[(2)] Actual initial base prices may be less than estimated. Base Prices are exclusive of upgrades and any concessions that may be offered.
Source: Poly Condo Merchant Builder.

100% schematic design and design development drawings were completed. A site permit is expected in March 2024. 100% construction design drawings were completed in [August 2023].

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Vertical construction cost estimates and funding sources for Sub-Block C2.3 are summarized in the table below.

Table 9
Sub-Block C2.3
Construction Cost Estimates and Funding Sources
(as of September 1, 2023)

Vertical Budget		**Total Costs**	**Spend to Date**	**Remaining[3]**
Land Acquisition		$ 11,000,000	$11,000,000	$ -
Direct Costs[1]		77,286,902	-	77,286,902
Indirect Costs		31,335,128	7,014,467	24,320,661
Total		$119,622,030	$18,014,467	$101,607,563
Financing Sources	**% of total**			
Equity[2]	60%	$ 71,773,218	$18,014,467	$ 53,462,951
Construction Loan[3]	40	47,848,812	-	47,848,812
Total	100%	$119,622,030	$18,014,467	$101,607,563

(1) Based on 100% schematic drawings, assuming 85 condominiums.
(2) Equity contributions to be provided by Poly Global.
(3) Construction financing not yet secured.
Source: Poly Condo Merchant Builder.

[Due to changes in both global and local economic conditions that are beyond the Poly Condo Merchant Builder's control, the Poly Condo Merchant Builder has delayed commencement of construction at this time, pending satisfaction of proforma internal underwriting criteria approved by Poly Global. On a quarterly basis, the Poly Condo Merchant Builder is analyzing and reevaluating market factors, including, without limitation, equipment and material costs, supply chain delays, labor availability and costs, construction financing availability and terms, and supply and demand indicators in the local residential real estate market for condominium units, all in light of proforma internal underwriting criteria. No assurance can be given that the subject project will meet proforma internal underwriting criteria in light of current or future market conditions, or that amounts necessary to finance the remaining development and construction costs of the subject project will be available to the Poly Condo Merchant Builder on terms acceptable to the Poly Condo Merchant Builder. No assurance can be given that development of the property will be commenced or completed, or that it will be commenced or completed in a timely manner.]

Although Poly Condo Merchant Builder expects to have sufficient funds available to complete its development activities at Sub-Block C2.3, there can be no assurance, however, that construction costs estimates will be accurate or that that amounts necessary to finance the remaining development and construction costs will be available from Poly Condo Merchant Builder or any other source when needed. For example, Poly Condo Merchant Builder may not be able to obtain construction financing on terms acceptable to Poly Condo Merchant Builder, if at all. Any contributions by Poly Condo Merchant Builder or any of its parent companies to fund the costs of such development and construction are entirely voluntary.

If and to the extent that the aforementioned funding sources are unavailable or inadequate to pay the costs to complete the planned development by Poly Condo Merchant Builder at Sub-Block C2.3 and other financing by Poly Condo Merchant Builder is not put into place, there could be a shortfall in the funds required to complete the proposed development by Poly Condo Merchant Builder at Sub-Block

C2.3 or to pay ad valorem property taxes or Special Taxes related to Poly Condo Merchant Builder's property at Sub-Block C2.3 and the remaining portions of the development may not be developed.

Sub-Block C2.4 (Isle House). Stockbridge/Wilson Meany Merchant Builder owns Sub-Block C2.4. A 230-foot, 250-rental unit, building, designed by David Baker Architects, is planned for the site, known as "Isle House." Multiple variations of four rental floor plans are planned, ranging in size from approximately 500 square feet to 1,600 square feet. Twenty-four of the planned units will be inclusionary units and not subject to the Special Tax. The planned development at Sub-Block C2.4 is designed with an amenity package that includes approximately 1,125 square foot retail cafe adjacent to a park, a fitness center, a private yoga room, an indoor/outdoor roof deck solarium lounge with views of the San Francisco skyline, a library lounge and den, co-working study areas, and private offices available for rent. Parking and building systems are designed at grade, and excavation is only for the fire tank, car stacker pits, and elevator pits. Parking stackers are in the central part of the building and wrapped by live-work units. The podium courtyard sits atop the wrapped parking at levels 2 and 3 of the structure. The building is designed as Type I Construction, which is a concrete and steel frame construction method typical of high-rise buildings. Tower and podium unit plans have been refined by the design team in collaboration with Greystar Worldwide LLC.

The following table provides additional information regarding the proposed development of the 250 rental units within the development planned for Sub-Block C2.4 as of October 1, 2023.

Table 10
Sub-Block C2.4 (Isle House)
Floor Plans and Units
(as of October 1, 2023)

Floor Plan	Avg. Approx. Square Footage	Total Number of Planned Rental Units(1)	Total Number of Planned Market-Rate Rental Units
Plan A	500-550	31	25
Plan B	650-725	93	86
Plan C	1,000-1,225	124	113
Plan D	1,250-1,600	2	2
Totals		**250**	**226**

(1) Includes 24 planned inclusionary units. Inclusionary units are not subject to Special Taxes.
Source: Stockbridge/Wilson Meany Merchant Builder.

The Stockbridge/Wilson Meany Merchant Builder currently projects average monthly rent across all market-rate unit types is projected to average approximately $5,780 at the time leasing is expected to commence. in late summer or early fall 2024. Actual rental rates may be more or less than estimated and are exclusive of any concessions that may be offered.

Construction is well underway at Isle House. The Merchant Builder completed foundation work and commenced vertical construction in November 2022. The seven-level podium portion of the building topped out in March 2023, and the twenty-two-level tower component topped out in July 2023. Dry-in and facade work is expected to be complete by September 2023. Interior work will commence in earnest in October 2023, and is expected to be complete by early in the second quarter of 2024. Temporary certificate of occupancy is anticipated to be issued at the end of the second quarter of 2024, and final completion is currently scheduled for September 2024.

Vertical construction cost estimates and funding sources for Sub-Block C2.4 are summarized in the table below. As of October 1, 2023, the contractor has billed approximately 62% of the construction contract.

Table 11
Sub-Block C2.4 (Isle House)
Construction Cost Estimates and Funding Sources
(as of October 1, 2023)

Vertical Budget		**Total Costs**	**Spend to Date**	**Remaining**
Land Acquisition		$26,108,870	$26,108,870	-
Direct Costs[1]		163,461,564	80,885,555	82,576,009
Indirect Costs		38,812,328	22,211,918	16,600,409
Total		$228,382,762	$129,206,343	$99,176,419
Financing Sources	**% of total**			
Equity	46%	$105,617,762	$105,617,762	-
Construction Loan[2]	54	122,765,000	23,588,581	99,176,419
Total	100%	$228,382,762	$129,206,343	$99,176,419

[1] Based on the executed guarantee maximum price contract, assuming 250 rental apartments.
[2] On August 12, 2022, Merchant Builder secured a $122.8 million construction loan.
Source: Stockbridge/Wilson Meany Merchant Builder.

Stockbridge/Wilson Meany Merchant Builder closed a construction loan on August 12, 2022 in the amount of $122,765,000 with The Union Labor Life Insurance Company for a term of thirty-six months, with two twelve-month extension options, subject to certain conditions. (the "C2.4 Loan"). The C2.4 Loan is secured by a deed of trust on Sub Block C2.4, which will be released upon loan repayment. As of October 1, 2023, $23.6 million was outstanding under the C2.4 Loan and the C2.4 Loan was in good standing.

Although Stockbridge/Wilson Meany Merchant Builder expects to have sufficient funds available to complete its development activities at Sub-Block C2.4, commensurate with the development timing described in this Official Statement, there can be no assurance, however, that construction costs estimates will be accurate or that that amounts necessary to finance the remaining development and construction costs will be available from Stockbridge/Wilson Meany Merchant Builder or any other source when needed. Any contributions by Stockbridge/Wilson Meany Merchant Builder or any of its parent companies to fund the costs of such development and construction are entirely voluntary.

If and to the extent that the aforementioned funding sources are unavailable or inadequate to pay the costs to complete the planned development by Stockbridge/Wilson Meany Merchant Builder at Sub-Block C2.4 and other financing by Stockbridge/Wilson Meany Merchant Builder is not put into place, there could be a shortfall in the funds required to complete the proposed development by Stockbridge/Wilson Meany Merchant Builder at Sub-Block C2.4 or to pay ad valorem property taxes or Special Taxes related to Stockbridge/Wilson Meany Merchant Builder's property at Sub-Block C2.4 and the remaining portions of the development may not be developed.

Sub-Block C3.4 (Portico). Stockbridge/Wilson Meany/Lennar Merchant Builder owns Sub-Block C3.4. A six-story, 148-condo unit, podium building, known as "Portico," designed by Fougeron Architects, is planned for the site. Multiple variations of four residential floor plans are planned, ranging in size from approximately 500 square feet to 2,000 square feet. Seven of the planned units will be inclusionary units and not subject to the Special Tax.

The following table provides additional information regarding the proposed development of the 148 for-sale condo units within the development planned for Sub-Block C3.4 as of October 1, 2023.

Table 12
Sub-Block C3.4
Floor Plans and Units
(as of October 1, 2023)

Floor Plan	Avg. Approx. Square Footage	Total Number of Planned For-Sale Units[1]	Total Number of Planned Market-Rate For-Sale Units	Completed Market-Rate For-Sale Units	Market-Rate For-Sale Units in Escrow	Market-Rate For-Sale Units Completed, Sold, and Closed	Estimated Initial Base Prices for Market Rate For-Sale Units[2]
Plan A	500	7	7	0	0	0	$ 698,000
Plan B	678	47	45	0	0	0	867,000
Plan C	1,058-1,375	73	68	0	0	0	1,714,443
Plan D	1,320-2,013	21	21	0	0	0	2,528,065
Totals		**148**	**141**	**0**	**0**	**0**	

[1] Includes seven (7) planned inclusionary units. Inclusionary units are not subject to Special Taxes.
[2] Actual initial based prices may be less than estimated. Base Prices are exclusive of upgrades and any concessions that may be offered.
Source: Stockbridge/Wilson Meany/Lennar Merchant Builder.

A site permit was issued by the City in January 2022. 100% design development drawings are complete. 100% construction design drawings are complete. Construction commenced in October 2022. Concrete podium is [expected to be complete in August 2023] with framing to begin soon after.

Table 13
Sub-Block C3.4
Construction Cost Estimates and Funding Sources
(as of October 1, 2023)

Vertical Budget		**Total Costs**	**Spend to Date**	**Remaining**
Land Acquisition		$14,900,000	$14,900,000	-
Direct Costs(1)		119,111,476	24,225,298	94,886,178
Indirect Costs		40,728,822	23,958,596	16,770,226
Total		$174,740,298	$63,083,894	$111,656,404
Financing Sources	**% of total**			
Equity	46%	$80,040,298	$53,083,894	$26,956,404
Construction Loan(2)	54%	94,700,000	10,000,000	84,700,000
Total	100%	$174,740,298	$63,083,894	$111,656,404

(1) Based on executed contract with Suffolk-Guzman.
(2) On September 23, 2022, Stockbridge/Wilson Meany/Lennar Merchant Builder closed a $94.7 million construction loan with Pacific Western Bank.
Source: Stockbridge/Wilson Meany/Lennar Merchant Builder.

Stockbridge/Wilson Meany/Lennar Merchant Builder closed a construction loan on September 23, 2022 in the amount of $94.7 million with Pacific Western Bank for a term of approximately three years. (the "C3.4 Loan"). The C3.4 Loan was then assigned to Odyssey Reinsurance Company, ISAO on June 8, 2023. The C3.4 Loan is secured by a deed of trust on Sub-Block C3.4, which will be released upon loan repayment. As of October 1, 2023, $10 million of the construction loan has been drawn and the C3.4 Loan was in good standing.

Although Stockbridge/Wilson Meany/Lennar Merchant Builder expects to have sufficient funds available to complete its development activities at Sub-Block C3.4, commensurate with the development timing described in this Official Statement, there can be no assurance, however, that construction costs estimates will be accurate or that that amounts necessary to finance the remaining development and construction costs will be available from Stockbridge/Wilson Meany/Lennar Merchant Builder or any other source when needed. Any contributions by Stockbridge/Wilson Meany/Lennar Merchant Builder or any of its parent companies to fund the costs of such development and construction are entirely voluntary.

If and to the extent that the aforementioned funding sources are unavailable or inadequate to pay the costs to complete the planned development by Stockbridge/Wilson Meany/Lennar Merchant Builder at Sub-Block C3.4 and other financing by Stockbridge/Wilson Meany/Lennar Merchant Builder is not put into place, there could be a shortfall in the funds required to complete the proposed development by Stockbridge/Wilson Meany/Lennar Merchant Builder at Sub-Block C3.4 or to pay ad valorem property taxes or Special Taxes related to Stockbridge/Wilson Meany/Lennar Merchant Builder's property at Sub-Block C3.4 and the remaining portions of the development may not be developed.

Expected Land Use and Expected Maximum Special Tax Revenues

The following table sets forth the expected land use and the Expected Maximum Special Tax Revenues for Fiscal Year 2023-24 for the Parcels in Improvement Area No. 2.

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Table 14
Improvement Area No. 2 of the
City and County of San Francisco
Community Facilities District No. 2016-1
(Treasure Island)
Expected Land Uses and Expected Maximum Special Tax Revenues[1]

Sub-Block and Expected Land Uses	Expected Number of Residential Units	Expected Square Footage	FY 2023-24 Base Facilities Special Tax Rate[4]	FY 2023-24 Expected Maximum Special Tax Revenues[4]
Sub-Block B1				
Rental Market Rate Units	111	97,942	$3.21	$314,866
Rental Inclusionary Units	6	3,318	0.00	0
Commercial/Retail Square Footage	-	4,785	1.73	8,287
Subtotal	117	106,045		$323,153
Sub-Block C2.2				
Rental Market Rate Units	169	134,115	$3.21	$431,156
Rental Inclusionary Units	9	7,307	0.00	0
Commercial/Retail Square Footage	-	1,555	1.73	2,693
Subtotal	178	142,977		$433,849
Sub-Block C2.3				
Low-Rise Market Rate Units	80	100,540	$7.05	$708,469
Low-Rise Inclusionary Rate Units	5	4,905	0.00	0
Subtotal	85	105,445		$708,469
Sub-Block C2.4				
Rental Market Rate Units	226	189,765	$3.21	$610,061
Rental Inclusionary Units	24	17,765	0.00	0
Commercial/Retail Square Footage	-	1,250	1.73	2,165
Subtotal	250	208,780		$612,226
Sub-Block C3.4				
Low-Rise Market Rate Units	142	141,926	$7.05	$1,000,100
Low-Rise Inclusionary Rate Units	7	6,784	0.00	0
Subtotal	149	148,710		$1,000,100
TOTAL	**779**	**711,957**		**$3,077,797**

Source: Goodwin Consulting Group, Inc.
(1) Based on the expected land uses at buildout as of July 28, 2023 per the TICD Developer.

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Property Values

Assessed Value. The aggregate assessed value of the Taxable Parcels within Improvement Area No. 2, as shown on the tax roll, for Fiscal Year 2023-24 is $172,175,367. The sale prices of the Taxable Parcels on which the assessed value is based were established through the sale of such Parcels between entities related to members of TICD, and, as a result, such sales prices, and consequently the assessed value, may not be reflective of an arms-length market transaction with adequate market exposures. Accordingly, there can be no assurance that the assessed valuations of the Taxable Parcels with Improvement Area No. 2 accurately reflect market values, which may be higher or lower.

The following table sets forth the Fiscal Year 2023-24 aggregate assessed value by Sub-Block for the taxable parcels.

Table 15
Improvement Area No. 2 of the
City and County of San Francisco
Community Facilities District No. 2016-1
(Treasure Island)
Fiscal Year 2023-24 Assessed Value

Sub Block	Land Value	Improved Value	Total Value
B1[(1)]	$ 13,486,160	$ 0	$ 13,486,160
C2.2	21,031,696	3,114,115	24,145,811
C2.3	11,444,400	0	11,444,400
C2.4	43,886,977	29,956,814	73,843,791
C3.4	44,053,120	5,202,085	49,255,205
Total	**$133,902,353**	**$38,273,014**	**$172,175,367**

(1) B1 includes two assessor parcels.
Sources: San Francisco Assessor's Office; Goodwin Consulting Group, Inc.

Appraisal Report. *The following is a summary of certain provisions of the Appraisal Report, which should be read in conjunction with the full text of the Appraisal Report set forth in Appendix G. None of the City, the District or the Underwriter makes any representation as to the accuracy or completeness of the Appraisal Report.*

The Appraisal Report of all Taxable Parcels within Improvement Area No. 2 dated September 20, 2023 was prepared by the Appraiser in connection with the issuance of the 2023A Bonds. The purpose of the Appraisal Report was to estimate the market value, by ownership, and aggregate, or cumulative, value of the fee simple interest in all Taxable Parcels in Improvement Area No. 2 as of August 4, 2023. The effective date of the Appraisal Report is August 4, 2023. The inspection of the Taxable Parcels in Improvement Area No. 2 occurred on August 4, 2023. The values are subject to a hypothetical condition that the proceeds of the 2023A Bonds are available to reimburse for certain of the public improvements in Improvement Area No. 2 that have been completed to date. The Appraisal Report appraised the value of Sub-Blocks B1, C2.2, C2.3, C2.4 and C3.4.

The Appraisal Report was based on certain assumptions and limiting conditions as described in detail beginning on page [___] thereof. See Appendix G.

Valuation Method. The Appraisal Report determined the market value of the Sub-Blocks within Improvement Area No. 2 using land residual analysis for the single-family residential land. In land residual analysis, all direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product. The net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the residual value of the land. For those parcels valued using land residual analysis, the Appraiser applied a discount rate of 5.0%, exclusive of developer's incentive (profit). The Appraiser also considered comparable bulk sales as secondary support.

For the parcels to be developed with for-rent multifamily residential uses over ground floor retail, the Appraisal Report begins its valuation analysis by employing extraction analysis to estimate the market value of the land for each of the subject parcels. This analysis considers the direct and indirect construction costs, lease up costs, and entrepreneurial profit associated with each parcel and deducts these costs from the market value as if stabilized to arrive at the value of the underlying land. Direct capitalization analyses are utilized to determine the market value of the proposed vertical improvements as if stabilized. As a test of reasonableness, the Appraisal Report considered improved multifamily sales, as well as multifamily residential land sales.

Both the for-sale and for-rent parcels will include units set aside to meet inclusionary housing requirements. These units will not be subject to the lien of the Special Tax securing the Bonds. Since the appraised property comprises land at this time (under development), the obligation to construct (cost) and sell/rent (at a restricted price) the Appraiser considered such inclusionary housing units in the valuation of the underlying land.

All five development parcels are held by Merchant Builders, and in the Appraiser's opinion the parcels could transfer within twelve months of exposure to the market; thus, the Appraiser concluded that no further discounting is necessary. As there remained on the effective date of the Appraisal Report additional backbone infrastructure to be completed, the allocable remaining infrastructure costs attributable to the parcels were considered on a proportionate share basis based upon each parcel's acreage. While the completion of backbone infrastructure remained the obligation of the TICD, rather than the present owners (Merchant Builders) the purpose of the Appraisal Report was to estimate the market value of the real property as of a specific point in time. Therefore, it was the Appraiser's opinion the proportionate allocation of remaining costs to each parcel was appropriate. See "SPECIAL RISK FACTORS – Risk of Real Estate Secured Investments Generally – Failure to Develop Properties" herein.

In addition to roads and street improvements, infrastructure includes development associated with Treasure Island Causeway improvements, and utility infrastructure and upgrades. According to the development budget provided by TICD, total infrastructure costs needed for a temporary certificate of occupancy for Improvement Areas No. 1, 2, and 3 is $390,887,368, of which $24,953,757 in costs remained on the effective date of the Appraisal Report. TICD has allocated $12,837,669 in remaining costs specifically to Improvement Area No. 2, given that Improvement Areas No. 1 and 3 each contribute payments to such costs. The Appraisal Report allocates backbone infrastructure costs by Sub-Block pro rata by acreage.

The Appraisal Report discussed developments in the San Francisco Bay Area condominium market related to the COVID-19 pandemic and recent interest rate increases. The Appraisal Report cites sources indicating that the San Francisco condominium market continues to lag behind the house market in key metrics. Demand declines were experience more intensely in the urban core. However, these sources observe that median sale prices in 2022 were only 2% lower than prices in 2021 (which was a historic high). This was despite impacts to the broader residential market from recent interest rate increases by the Federal Reserve. The condo market a temporary drop in demand corresponding with the interest rate hikes in the second half of 2022. But more recently, average sale prices have returned to levels just under original list prices. The Appraisal Report cites sources indicating that the average days on market for condominiums in San Francisco was 51 days as of May 2023 and that condominium inventory is 14.4% lower than inventory in 2022.

The Appraisal Report states that average absorption rates for active condominium projects in San Francisco as of July 2023 was 1.3 sales per month. The Bristol, in Improvement Area No. 1, has averaged 1.5 sales per month. The average absorption rate for condominium projects in San Francisco since 2016 is 3.8 sales per month, with projects that achieved sellout post-pandemic at 2.7 sales per month.

Given the price point and size of the proposed units, the suburban characteristics of the location, as well as recent sales activity in neighboring Improvement Area No. 1, the Appraiser projects an absorption rate of between 3.0 and 4.0 sales per month for for-sale condos in Improvement Area No. 2, corresponding to an implied absorption rate of 21.0 sales per semi-annual period.

Regarding the multifamily rental housing market, the Appraisal Report observes that the San Francisco Bay Area multifamily market experienced strong demand during the last expansion cycle as tech companies expanded rapidly in the region. Multifamily construction activity surged, with demand keeping pace with development prior to the pandemic, resulting in vacancy rates throughout most of the areas in or below the 5% range. However, market conditions declined significantly after the onset of the COVID-19 pandemic, but have been slowly improving as renter demand has returned. Nonetheless, conditions remain below their pre-pandemic levels. The Appraisal Report cites sources indicating that as of the third quarter of 2023, vacancy has leveled off, but at higher levels than before the pandemic. Rent growth is generally flat. Vacancy in the second quarter of 2023 is 6.9% and rents are lower than in 2019. Construction activity has shifted from the City to the peninsula. Investment activity is muted. As construction costs have steadily increased in recent years, developers have been re-evaluating the feasibility of new development and there have been fewer new projects breaking ground since mid-2018.

The Appraisal Report cites sources indicating that the average asking monthly rental rate as of the second quarter or 2023 was $3,041, up from $3,028 in the first quarter 2023 and down from $3,082 a year prior. Rental rate growth had been moderating since 2016 and declined significantly following the onset of the pandemic, while rent concessions increased substantially. Luxury apartments were the most heavily impacted and offered the greatest discounts, as they faced a slow leasing environment as well as additional competition from newly constructed projects. Rental rates began improving in 2021 after five quarters of decline and have been relatively stable over the past two years. The Appraisal Report cautions that guarded reliance should be placed on reported average asking rental rates due to the number of variables impacting these figures. For multifamily rental housing property sale activity, sales volume and pricing have remained subdued as investors continue to exercise caution. Investor interest has further slowed over the past year due to the rapidly rising interest rates and economic uncertainty, both in the local economy and in the nation at large.

For retail, vacancy in the San Francisco market has been gradually increasing since its historic low of 2.1% in 2015 to 6.0% as of mid-2023. It is reported that malls and power centers, particularly, were struggling prior to the coronavirus outbreak amidst an increase in customer preference for online shopping, and the mandatory closures and restrictions during 2020 have only accelerated their decline. The lowest submarket vacancy was posted in the San Francisco Outer Areas and Southeast at 3.5% and 3.9% vacancy, respectively. The highest vacancy was in the San Francisco Downtown North submarket at 11.4% vacant. The Appraisal Report cites to a source indicating an average asking rate of $3.86 psf/month, triple net ($46.33 psf/year) as of the second quarter 2023, unchanged from the previous quarter and year-over-year. The Appraisal Report cautions that guarded reliance should be placed on average asking rates due to the number of variables impacting these figures.

Value Estimate. Subject to the various conditions and assumptions set forth in the Appraisal Report, the Appraiser estimated that, as of August 4, 2023, the aggregate, or cumulative, value of the market values, by ownership, of the fee simple interest in the Taxable Parcels within Improvement Area No. 2 is $219,900,000. The Appraisal Report is set forth in full in Appendix G.

The value of property within Improvement Area No. 2 is an important factor in determining the investment quality of the 2023A Bonds. If a property owner defaults in the payment of the Special Tax, the District's primary remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. The Special Tax is not a personal obligation of the owners of the property. A variety of economic, political and natural occurrences incapable of being accurately predicted can affect property values. See "SPECIAL RISK FACTORS" herein.

Special Tax Levy, Assessed Values and Value-to-Lien Ratios

The following table sets forth the development status, the actual Special Tax levy for fiscal year 2023-24 and a summary of value-to-lien ratios. [The projected special tax levy on the four Sub-blocks with site permits issued as of [____], 2023, categorized as Developed Property under the Rate and Method, is expected to provide more than [__]% annual debt service coverage on the 2023A Bonds.] Pursuant to the Act and the Rate and Method, the principal amount of the Bonds is not allocable among the parcels in Improvement Area No. 2 based on the value of the parcels. A downturn of the economy or other market factors may depress assessed values and hence the value-to-lien ratios. See "SPECIAL RISK FACTORS – Value-to-Lien Ratios" herein.

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Table 16
Improvement Area No. 2 of the
City and County of San Francisco
Community Facilities District No. 2016-1
(Treasure Island)
Fiscal Year 2023-24 Actual Special Tax Levy and Summary of Value-to-Lien Ratios
(Development Status as of June 30, 2023)

Development Class[(1)]	Taxable Parcels	Expected Taxable Residential Units[(2)]	Appraised Value	FY 2023-24 Actual Special Tax Levy	Percent of Actual Special Tax Levy	Allocated Bond Debt[(3)]	Average Value-to-Lien
Developed Property							
Sub-Block B1	2	111	$10,500,000	$323,153	10.5%	$4,198,750	2.50
Sub-Block C2.4	1	226	99,900,000	612,226	19.9	7,954,686	12.56
Sub-Block C2.2	1	169	46,900,000	1,000,100	32.5	12,994,364	3.61
Sub-Block C3.4	1	142	37,300,000	433,849	14.1	5,637,027	6.62
Subtotal	5	648	$194,600,000	$2,369,329	77.0%	$30,784,827	6.32
Vertical DDA Property							
Sub-Block C2.3	1	80	$25,300,000	$708,469	23.0%	$9,205,173	2.75
Subtotal	1	80	$25,300,000	$708,469	23.0%	$9,205,173	2.75
Total	**6**	**728**	**$219,900,000**	**$3,077,797**	**100.0%**	**$39,990,000**	**5.50**

(1) Development class is based on building permits issued as of June 30, 2023. Status as "Developed Property" or "Vertical DDA Property" based on the respective defined terms under the Rate and Method. See "SECURITY FOR THE BONDS - Rate and Method of Apportionment of Special Taxes" herein. Not otherwise indicative of construction or development status.
(2) Excludes inclusionary units. Pursuant to the Rate and Method, inclusionary units are not subject to the Special Taxes.
(3) Allocated based on the fiscal year 2023-24 actual Special Tax levy.
Sources: Integra Realty Resources; Goodwin Consulting Group, Inc.

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Estimated Effective Tax Rate

The following table sets forth an illustrative Fiscal Year 2022-23 tax bill for a low-rise unit for a Taxable Parcel in Sub-Block C2.3 and Sub-Block C3.4 in Improvement Area No. 2.

Table 17
Improvement Area No. 2 of the
City and County of San Francisco
Community Facilities District No. 2016-1
(Treasure Island)
Fiscal Year 2023-24 Illustrative Tax Bill for a Low-Rise Unit

Assumptions		**Sub-Block C2.3**	**Sub-Block C3.4**
Estimated Base Value[(1)]		$1,900,000	$1,550,000
Homeowner's Exemption		($7,000)	($7,000)
Net Expected Assessed Value		$1,893,000	$1,543,000
Ad Valorem tax Rate[(2)]			
Base Tax Rate	1.00000000%	$18,930	$15,430
General City Bond Debt Fund	0.01400000%	265	216
S.F. Community College District Bond Fund	0.01595993%	302	246
S.F. Unified School Dist. Bond Fund	0.10761763%	2,037	1,661
San Francisco Bay Area Rapid Transit District	0.04216026%	798	651
Total Ad Valorem Taxes	**1.17973782%**	**$22,332**	**$18,203**
Direct Charges			
SF Bay RS Parcel Tax		$ 12	$ 12
SFUSD Facilities District		41	41
SFCCD Parcel Tax		99	99
SFUSD Teacher Support		284	284
School Parcel Tax of 2020		297	297
IA Treasure Island CFD No. 2016-1[(3)]		8,858	7,096
Total Direct Charges		**$9,590**	**$7,829**
Total Taxes and Direct Charges		**$31,923**	**$26,032**
Percentage of Estimated Base Value		**1.68%**	**1.68%**

(1) Represents the average sales prices included in the Appraisal Report.
(2) Based on the fiscal year 2022-23 ad valorem tax rates. Ad valorem tax rates are subject to change in future years.
(3) Reflects the fiscal year 2023-24 maximum special tax.
Sources: Integra Realty Resources; San Francisco Tax Collector's Office; Goodwin Consulting Group, Inc.

[Remainder of page intentionally left blank.]

Delinquency History

Under the provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the 2023A Bonds are derived, will be billed to Property Owners on their regular property tax bills. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot generally be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future. See the caption "SPECIAL RISK FACTORS – Tax Delinquencies."

Special Taxes were first levied in Improvement Area No. 2 in Fiscal Year 2022-23. Thus, there is little historical record regarding payment of Special Taxes. [But no delinquencies were reported for Fiscal Year 2022-23.] [To be confirmed.] Because the County's Teeter Plan is not available for the Special Taxes, collections of the Special Taxes will reflect actual deficiencies. Neither the City, the Underwriter nor the District can predict the willingness or ability of the Property Owners to pay the Special Taxes.

See the caption "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure" for a discussion of the provisions that apply, and procedures that the District is obligated to follow, in the event of delinquency in the payment of Special Tax installments.

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Direct and Overlapping Debt

The table below details the direct and overlapping debt currently encumbering property within Improvement Area No. 2 as of September 1, 2023.

Table 18
Improvement Area No. 2 of the
Community Facilities District No. 2016-1
(Treasure Island)
Direct and Overlapping Debt
(as of September 1, 2023)

2023-24 Assessed Valuation: $172,175,367 (Land and Improvements)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/23	
Bay Area Rapid Transit District General Obligation Bonds	0.017%	$ 416,969	
San Francisco City and County General Obligation Bonds	0.051	1,308,178	
San Francisco Unified School District General Obligation Bonds	0.051	520,001	
San Francisco Community College District General Obligation Bonds	0.051	200,640	
San Francisco City and County Community Facilities District No. 2016-1, I.A. 2	**100.**	**24,990,000**	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$27,435,788	
OVERLAPPING GENERAL FUND DEBT:			
San Francisco City and County General Fund Obligations	0.051%	$713,400	
TOTAL OVERLAPPING GENERAL FUND DEBT		$713,400	
OVERLAPPING TAX INCREMENT DEBT:			
San Francisco City and County Infrastructure and Revitalization Financing District No. 1	33.053%	$9,560,603	
TOTAL OVERLAPPING TAX INCREMENT DEBT		$9,560,603	
COMBINED TOTAL DEBT		$37,709,791	(2)

(1) Excludes Mello-Roos Act bonds to be sold.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2023-24 Assessed Valuation:
Direct Debt ($24,990,000) 14.51%
Total Direct and Overlapping Tax and Assessment Debt.............................. 15.93%
Combined Total Debt 21.90%

Source: California Municipal Statistics.

[Add sentence re IRFD 2023 Bonds reflecting relative timing of issuance.]

SPECIAL RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the 2023A Bonds. This discussion does not purport to be comprehensive or definitive, and other risk factors could arise in the future that could have a bearing on the 2023A Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in Improvement Area No. 2 to pay their Special Taxes when due. Such failures to pay Special Taxes could result in the inability of the District to make full and punctual payments of debt service on the 2023A Bonds, or could otherwise affect the market price and *liquidity of the 2023A Bonds in the secondary market. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in Improvement Area No. 2 or the City's ability to recover delinquent Special Taxes in foreclosure proceedings.*

Real Estate Investment Risks

Generally. The Bondowners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the District (including impacts on market value caused by less-favorable mortgage interest rates and other terms) , the supply of or demand for competitive properties in such area, and the market value of residential properties and/or sites in the event of sale or foreclosure, (ii) changes in real estate tax rates, interest rates and other operating expenses, government rules (including, without limitation, zoning laws and restrictions relating to threatened and endangered species) and fiscal policies (iii) natural disasters (including, without limitation, earthquakes, subsidence, floods and fires), which may result in uninsured losses, or natural disasters elsewhere in the country or other parts of the world affecting supply of building materials that may cause delays in construction, and (iv) the impacts of a public health emergency, such as the COVID-19 pandemic, on construction and sales activity, the national and regional economy and financial circumstances of property owners in the District. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in Improvement Area No. 2 to pay their Special Taxes when due, and could induce or exacerbate the risks described in "SPECIAL RISK FACTORS – Value-to-Lien Ratios; Future Indebtedness; Parity Liens," "– Maximum Special Tax Rates," "– Collection of Special Taxes; Tax Delinquencies," and "– Bankruptcy and Foreclosure."

Concentration of Property Ownership. Failure of any significant owner of Taxable Parcels in Improvement Area No. 2 to pay the annual Special Taxes when due could result in the rapid, total depletion of the 2022 Reserve Fund and the Additional Special Tax Reserve Fund prior to replenishment from the resale of the property upon a foreclosure or otherwise or prior to delinquency redemption after a foreclosure sale, if any. In that event, there could be a default in payments of the principal of and interest on the 2023A Bonds.

Improvement Area No. 2 has a significant concentration of ownership. Currently all of the Sub-Blocks in Improvement Area No. 2 that are subject to the Special Tax are owned by the Merchant Builders. See "IMPROVEMENT AREA NO. 2" for information regarding property ownership and the status of development in Improvement Area No. 2.

The Special Taxes are not a personal obligation of the owners of the Taxable Parcels on which such Special Taxes are levied, and no assurances can be given that the holder of the Taxable Parcels will be financially able to pay the Special Taxes levied on such Taxable Parcels or that they will choose to pay even if financially able to do so. Such risk is greater and its consequence more severe when ownership of Taxable Parcels is concentrated and may be expected to decrease when ownership of the Taxable Parcels is diversified. At present, all of the Taxable Parcels in the District are owned by the Merchant Builders.

Failure to Develop Properties. Currently, the residential units contemplated for Sub-Blocks C2.2., C2.4 and C. 3.4 in Improvement Area No. 2 are under construction and Sub-Blocks B1 and C2.3 are not. Further development of property in Improvement Area No. 2 may not occur as currently proposed or at all. Development plans and expectations have been modified in the past for numerous reasons, including the COVID-19 pandemic, supply chain issues, inflationary increases in costs, and various delays caused by the foregoing. Previously projected revenues for the Treasure Island Project have been pushed out and reduced such that the projected values of, and expected returns on, developer interests are projected to be lower today than they were projected to be a few years ago. See "THE TREASURE ISLAND PROJECT - KSWM

Litigation" herein. There can be no assurance that the means and incentive to conduct land development operations as currently planned within Improvement Area No. 2 will not be adversely affected by a deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, the national economy, global market instability or natural disasters that impact ferry or automobile access to Improvement Area No. 2. The Merchant Builder for Sub-Blocks B1 and C2.3 is currently assessing its plans for those Sub-Blocks. See "IMPROVEMENT AREA NO. 2" herein. Current plans could change as a result of such assessments or otherwise.

Unimproved or partially improved land is inherently less valuable than land with improvements on it, especially if there are restrictions on development, and provides less security to the Owners should it be necessary for the City to foreclose on the property due to the nonpayment of Special Taxes. Any delays in developing unimproved property, or the decision not to construct improvements on such property, may affect the willingness and ability of the owners of property within Improvement Area No. 2 to pay the Special Taxes when due.

Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or to satisfy such governmental requirements could adversely affect planned land development. In addition, there is a risk that future governmental restrictions, including, but not limited to, governmental policies restricting or controlling development within Improvement Area No. 2, will be enacted, and a risk that future voter approved land use initiatives could add more restrictions and requirements on development within Improvement Area No. 2.

Moreover, there can be no assurance that the means and incentive to conduct land development operations within the Improvement Area No. 2 will not be adversely affected by a deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, the national economy, or natural disasters that impact ferry or automobile access to the Improvement Area No. 2.

The Project Agreements afford TICD effectively the right but not the obligation to develop the balance of the Treasure Island Project beyond Improvement Area No. 2. Infrastructure in Improvement Area No. 2 is largely complete, and TICD has provided security for the completion of the public infrastructure in Improvement Area No. 2. Also, TICD and TI Series 1 have confirmed that, as of the date of this Official Statement, they are actively proceeding with development of the Treasure Island Project in accordance with the terms and requirements of the DDA, and, at this time, have no plans to cease such development. However, neither TIDA, the City nor the Underwriter make any assurance that development of the Treasure Island Project will be completed.

Financing will be needed to complete the development of property within Improvement Area No. 2. Not all construction loans have been acquired and not all equity commitments have been fully drawn. Public bond financing, in addition to the 2023A Bonds, is needed to reimburse for infrastructure, [including planned IRFD bonds], which reimbursements may be applied by TI Series 1 and TICD subsidiaries to fund any aspect of the overall Treasure Island Project, including on-going spend on later stages. Issuance of future bonds for the District or IRFD will depend upon future property values, interest rates and market access and other factors; any delays may affect timing and pace of planned development. Construction contracts for vertical development in Sub-Blocks B1 and C2.3 within Improvement Area No. 2 have not been executed. Design of the buildings contemplated for those Sub-Blocks is currently being assessed.

Projected costs may increase for those Sub-Blocks or others in Improvement Area No. 2. No assurance can be given that the required funding will be secured or that the planned vertical development will be partially or fully completed. It is possible that cost overruns will be incurred that will require additional funding beyond what that currently projected, which may or may not be available or that development may not proceed as planned. See the caption "IMPROVEMENT AREA NO. 2 – Infrastructure Development and Financing Plan" and "– Merchant Builder Development and Financing" for a discussion of estimated costs and sources of funding for the completion of the construction of certain of the projects in Improvement Area No. 2.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization ("WHO") announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The WHO declared the COVID-19 outbreak to be a pandemic. The spread of COVID-19 has had and continues to have significant adverse health and financial impacts throughout the world, including the City.

While COVID-19 case rates have significantly declined, vaccination rates have increased, certain emergency orders have been lifted, and the national and local economy has been improving, the economic effects of the COVID-19 pandemic are uncertain in many respects. The ultimate impact of COVID-19 on the operations and finances of the City, the District, TICD or the Merchant Builders and the real estate market and development within the City is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the operations and finances of the City, the District, TICD, TI Series 1 or the Merchant Builders. Adverse impacts to the development within the District as a whole could include, without limitation, one or more of the following: (i) potential supply chain slowdowns or shutdowns resulting from the unavailability of workers in locations producing construction materials; (ii) slowdowns or shutdowns by local governmental agencies in providing governmental permits, inspections, title and document recordation, and other services and activities associated with real estate development; (iii) delays in construction; (iv) extreme fluctuations in financial markets and contraction in available liquidity; (v) extensive job losses and declines in business activity across important sectors of the economy; (vi) permissive remote work policies reducing demand for commercial office spaces; (vii) declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession, (viii) reduced demand for development projects; (ix) delinquencies in payment of Special Taxes and (x) the failure of government measures to stabilize the financial sector and introduce fiscal stimulus sufficient to counteract economic impacts of the public health emergency.

The 2023A Bonds are limited obligations of the City, secured by and payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. Information in this section about the potential impact of COVID-19 or other public health emergencies on the City's finances does not suggest that the City has an obligation to pay debt service on the 2023A Bonds from any other sources of funds. See "SECURITY FOR THE BONDS – Limited Obligation" herein.

Neither the City, the Underwriter, TI Series 1 nor the Merchant Builders can predict the ultimate effects of the COVID-19 outbreak or other public health emergencies or whether any such effects will not have material adverse effect on the ability to develop the Treasure Island Project, including Improvement Area No. 2, as planned and described herein, or the availability of Special Taxes from Improvement Area No. 2 in an amount sufficient to pay debt service on the Bonds.

Value-to-Lien Ratios; Future Indebtedness; Parity Liens

Value-to-lien ratios have traditionally been used in land-secured bond issues as a measure of the "collateral" supporting the willingness of property owners to pay their special taxes and assessments (and, in effect, their general property taxes as well). The value-to-lien ratio is mathematically a fraction, the numerator of which is the value of the property as measured by assessed values or appraised values and the denominator of which is the "lien" of governmental bonds payable from the assessments or special taxes. A value-to-lien ratio should not, however, be viewed as a guarantee for credit-worthiness. Property values are sensitive to economic cycles. Assessed or appraised values may not reflect the current market value of property. A downturn of the economy or other market factors may depress property values and lower the value-to-lien ratios.

Further, the value-to-lien ratios may vary widely from parcel to parcel. Although judicial foreclosure proceedings can be initiated rapidly, the process can take several years to complete, and the bankruptcy courts may impede the foreclosure action. No assurance can be given that, should a parcel with delinquent Special Taxes be foreclosed upon and sold, any bid would be received for such property or, if a bid were received, that such bid would be sufficient to pay all delinquent Special Taxes. Finally, local agencies may form overlapping community facilities districts or assessment districts. Local agencies typically do not coordinate their bond issuances.

Additional debt issued for Improvement Area No. 2 and debt issuance by another entity could dilute value-to-lien ratios and reduce the ability or willingness of property owners in Improvement Area No. 2 to pay their Special Taxes when due. The cost of any additional improvements may well increase the public and private debt for which the land in Improvement Area No. 2 provides security, and such increased debt could reduce the ability or desire of property owners to pay the Special Taxes levied against the property in Improvement Area No. 2. In addition, in the event any additional improvements or fees are financed pursuant to the establishment of an assessment district or another district formed pursuant to the Act, any taxes or assessments levied to finance such improvements may have a lien on a parity with the lien of the Special Taxes.

The City is authorized to issue on behalf of the District for the benefit of Improvement Area No. 2 bonded indebtedness, including the 2022A Bonds and the 2023A Bonds, in an aggregate amount not to exceed $278.2 million. TICD's projections assume approximately $[___] million in additional Parity Bond proceeds in addition to the proceeds of the 2023A Bonds. See "IMPROVEMENT AREA NO. 2 – Infrastructure Development and Financing Plan."

The City has no control over the ability of other agencies to issue indebtedness secured by other special taxes or assessments payable from all or a portion of the property within the District.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn, along with various other factors, can lead to problems in the collection of the special tax. In some community facilities districts, taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by a community facilities district.

Under provisions of the Act, the Special Taxes are levied on Taxable Parcels within Improvement Area No. 2 that were entered on the Assessment Roll of the County Assessor by January 1 of the previous Fiscal Year. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. Ordinarily, these Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make installment payments of Special Taxes in the future. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure" herein for a discussion of the provisions which apply, and procedures which the City is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Maximum Special Tax Rates

Within the limits of the Rate and Method, in the event of Special Tax delinquencies by one or more Taxable Parcels, the City may adjust the Special Taxes levied on all non-delinquent Taxable Parcels within Improvement Area No. 2 to provide the amount required each year to pay annual debt service on the 2023A Bonds and to replenish [the 2022 Reserve Fund to an amount equal to the 2022 Reserve Requirement]; however, (1) any such increase on Taxable Parcels used for private residential purposes is limited to 10% above the amount that would have been levied in that Fiscal Year had there never been any delinquencies or defaults and (2) the amount of Special Taxes that may be levied against particular categories of property is subject to the maximum tax rates set forth in the Rate and Method. In the event of significant Special Tax delinquencies, there is no assurance that the maximum tax rates for non-delinquent Taxable Parcels in Improvement Area No. 2 would be sufficient to meet debt service obligations on the Bonds. See "SECURITY FOR THE BONDS –Special Tax Fund" and APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" attached hereto.

Insufficiency of Special Taxes; Exempt Property

Under the Rate and Method, the annual amount of Special Tax to be levied on each Taxable Parcel in Improvement Area No. 2 will be based primarily on the property use category or categories and corresponding square footages. See APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" attached hereto and "SECURITY FOR THE BONDS – Rate and Method of Apportionment of Special Taxes" herein. The Act provides that, if any property within Improvement Area No. 2 not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by a gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Act have not been tested in the courts. In particular, insofar as the Act requires payment of the Special Taxes by a federal entity acquiring property within the Improvement Area No. 2, it may be unconstitutional.

In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

If a substantial portion of land within Improvement Area No. 2 became exempt from the Special Tax, the maximum Special Tax which could be levied upon the remaining acreage might not be sufficient to pay principal of and interest on the 2023A Bonds when due and a default could occur with respect to the payment of such principal and interest.

Collection of Special Taxes; Tax Delinquencies

Under provisions of the Act, the Special Taxes, from which funds necessary for the payment of principal of, and interest on, the 2023A Bonds are derived, will be billed to the properties within Improvement Area No. 2 on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable consistent with, and bear the same penalties and interest for non-payment, as do regular property tax installments. Special Tax installment payments cannot be made to the County Tax Collector separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and Special Tax installment payments in the future.

See "SECURITY FOR THE BONDS – 2022 Reserve Fund" and " – Additional Special Tax Reserve Fund" and "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure" herein, for a discussion of the provisions which apply, and procedures which the City is obligated to follow under the Fiscal Agent Agreement, in the event of delinquency in the payment of Special Tax installments.

The City has covenanted in the Fiscal Agent Agreement to institute foreclosure proceedings under certain conditions against property with delinquent Special Taxes to obtain funds to pay debt service on the 2023A Bonds. If foreclosure proceedings were instituted, any mortgage or deed of trust holder could, but would not be required to, advance the amount of the delinquent Special Taxes to protect its security interest. If such foreclosure is necessary, there could be a delay in principal and interest payments to the owners of the 2023A Bonds pending prosecution of the foreclosure proceedings and receipt of the proceeds of the foreclosure sale, if any. No assurances can be given that the real property subject to foreclosure and sale at a judicial foreclosure sale would be sold or, if sold, that the proceeds of such sale would be sufficient to pay any delinquent Special Taxes installment. Although the Act authorizes the City to cause such an action to be commenced and diligently pursued to completion, the City is not required to purchase or otherwise acquire any lot or parcel of property offered at the foreclosure sale if there is no other purchaser at such sale. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure" herein.

Because the Teeter Plan is not available to special taxes levied in Improvement Area No. 2, collections of Special Taxes will reflect actual delinquencies.

Disclosure to Future Property Owners

Pursuant to Section 53328.3 of the Act, the City has recorded a Notice of Special Tax Lien. The sellers of real property subject to the Special Tax within Improvement Area No. 2 are required to give prospective buyers a Notice of Special Tax in accordance with Sections 53340.2 and 53341.5 of the Act. While title companies normally refer to the Notice of Special Tax Lien in title reports, there can be no guarantee that such reference will be made or the seller's notice given or, if made and given, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property or the lending of money thereon. Failure to disclose the existence of the Special Taxes could affect the willingness and ability of future owners of land within Improvement Area No. 2 to pay the Special Taxes when due.

Potential Early Redemption of Bonds from Special Tax Prepayments

Public agency property owners within Improvement Area No. 2 are permitted to prepay their Special Taxes at any time. Such payments will result in a mandatory redemption of 2023A Bonds from Special Tax prepayments on the Interest Payment Date for which timely notice may be given under the Fiscal Agent Agreement following the receipt of such Special Tax prepayment. The resulting redemption of 2023A Bonds purchased at a price greater than par could reduce the otherwise expected yield on such 2023A Bonds. See "THE 2023A BONDS – Redemption –*Redemption from Special Tax Prepayments*" herein.

Seismic Risks

General. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area. Seismic events may cause damage, or temporary or permanent loss of occupancy to buildings in Improvement Area No. 2, as well as to transportation infrastructure that serves Improvement Area No. 2. These faults include the San Andreas Fault, which passes within about three miles of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away, as well as a number of other significant faults in the region. Significant 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 surrounding areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City and the only automobile access to Improvement Area No. 2, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

California Earthquake Probabilities Study. In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more earthquakes of magnitude 6.7 (the magnitude of the 1994 Northridge earthquake) or larger will occur in the San Francisco Bay Area before the year 2045. In addition, the U.S.G.S. released a report in April 2017 entitled The HayWired Earthquake Scenario, which estimates that property damage and direct business disruption losses from a magnitude 7.0 earthquake on the Hayward Fault would be more than $82 billion (in 2016 dollars). Most of the losses are expected to be attributable to shaking damage, liquefaction, and landslides (in that order). Eighty percent of shaking damage is expected to be caused by the magnitude 7.0 mainshock, with the rest of the damage resulting from aftershocks occurring over a 2-year period thereafter. Such earthquakes could be very destructive. In addition to the potential damage to buildings subject to the Special Tax, due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the City's economy, tax receipts, infrastructure and residential and business real property values, including in Improvement Area No. 2.

A separate City report dated March 2020 cited to liquefaction maps by the United States Geological Survey for large past earthquakes. These maps show that Treasure Island and small portions of Yerba Buena Island had very high liquefaction susceptibility in connection with those earthquakes.

Earthquake Safety Implementation Plan ("ESIP"). ESIP began in early 2012, evolving out of the key recommendations of the Community Action Plan for Seismic Safety ("CAPSS"), a 10-year-long study evaluating the seismic vulnerabilities the City faces. The CAPSS Study prepared by the Applied Technology Council looked at the impact to all of the City's buildings and recommended a 30-year plan for action. As a result of this plan, San Francisco has mandated the retrofit of nearly 5,000 soft-story buildings housing over 111,000 residents by September 2021. As of March 21, 2023, 90% of the buildings have been brought into compliance. Currently, the City is implementing a façade ordinance requiring owners of 5-story or higher buildings to submit inspection reports every 10 years. The first set of inspections focus on pre-1910 buildings. Inspection reports for more recent buildings will be phased in over the next four years. Future tasks will address the seismic vulnerability of older nonductile concrete and concrete tilt-up buildings, which are at high risk of severe damage or collapse in an earthquake. This retrofit program is currently in development.

Tall Buildings Safety Strategy Report and Executive Directive. The City commissioned a first in the nation "Tall Buildings Study" by the Applied Technology Council to consider the impact of earthquakes on buildings taller than 240 feet. The Treasure Island development program has only 4 parcels zoned at higher than 240 feet[, including Sub-Block C2.4]. The final report following the study, released in January 2019, evaluates best practices for geotechnical engineering, seismic risks, standards for post-earthquake structural evaluations, barriers to re-occupancy, and costs and benefits of higher performance goals for new construction. The study estimates that for a tall building designed to current seismic standards, it might take two to six months to mobilize for and repair damage from a major earthquake, depending on the building location, geologic conditions, and the structural and foundation systems. The report identifies and summarizes sixteen recommendations for reducing seismic risk prior to earthquakes for new and existing buildings, reducing seismic risk following earthquakes, and improving the City's understanding of its tall building seismic risk. See "THE TREASURE ISLAND PROJECT – Infrastructure" herein.

On January 24, 2019, Mayor London N. Breed issued an executive directive instructing City departments to work with community stakeholders, develop regulations to address geotechnical and engineering issues, clarify emergency response and safety inspection roles, and establish a Disaster Recovery Task Force for citywide recovery planning, including a comprehensive recovery plan for the financial district and surrounding neighborhoods by the end of the year. All of these tasks are currently underway. In November 2019, an exercise was conducted to test post-earthquake building safety inspection protocol and logistics. San Francisco was the first jurisdiction to test this statewide program. The City's Disaster Recovery Taskforce had its kick-off meeting in February 2020 to evaluate plans for development of a Disaster Recovery Framework and Downtown Resilience Plan, following several months of groundwork by a consultant team. In consultation with the Structural Engineers Association of Northern California ("SEAONC"), Administrative Bulletin AB-111 – "Guidelines for Preparation of Geotechnical and Earthquake Ground Motion Reports for Foundation Design and Construction of Tall Buildings" was adopted on June 15, 2020, which presented requirements and guidelines for developing geotechnical site investigations and preparing geotechnical reports for the foundation design and construction of tall buildings in the City.

Climate Change; Risk of Sea Level Rise and Flooding Damage

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution.

The *Fourth National Climate Assessment*, published by the U.S. Global Change Research Program in November 2018 ("NCA4"), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 states that the continued increase in the frequency and extent of high-tide flooding due to sea level rise threatens coastal public infrastructure. NCA4 also states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines.

Sea levels are expected to continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the oceans. Between 1854 and 2016, sea level rose about nine inches according to the tidal gauge at Fort Point, a location underneath the Golden Gate Bridge. Weather and tidal patterns, including 100-year or more storms and king tides, may exacerbate the effects of climate related sea level rise. Coastal areas like the City are at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. As a result, the City could lose considerable tax revenues and many residents, businesses, and governmental operations along the waterfront could be displaced, and the City could be required to mitigate these effects at a potentially material cost.

Adapting to sea level rise is a key component of the City's policies. The City and its enterprise departments have been preparing for future sea level rise for many years and have issued a number of public reports. For example, in March 2016, the City released a report entitled "Sea Level Rise Action Plan," identifying geographic zones at risk of sea level rise and providing a framework for adaptation strategies to confront these risks. That study shows an upper range of end-of-century projections for permanent sea level rise, including the effects of temporary flooding due to a 100-year storm, of up to 108 inches above the 2015 average high tide. To implement this Plan, the Mayor's Sea Level Rise Coordinating Committee, co-chaired by the Planning Department and Office of Resilience and Capital Planning, joined the Port, the Public Utilities Commission and other public agencies in moving several initiatives forward. This included a Citywide Sea Level Rise Vulnerability and Consequences Assessment to identify and evaluate sea level rise impacts across the City and in various neighborhoods that was released in February 2020.

In April 2017, the Working Group of the California Ocean Protection Council Science Advisory Team (in collaboration with several state agencies, including the California Natural Resources Agency, the Governor's Office of Planning and Research, and the California Energy Commission) published a report, that was formally adopted in March 2018, entitled "Rising Seas in California: An Update on Sea Level Rise Science" (the "Sea Level Rise Report") to provide a new synthesis of the state of science regarding sea level rise. The Sea Level Rise Report provides the basis for State guidance to state and local agencies for incorporating sea level rise into design, planning, permitting, construction, investment and other decisions. Among many findings, the Sea Level Rise Report indicates that the effects of sea level rise are already being felt in coastal California with more extensive coastal flooding during storms, exacerbated tidal flooding, and increased coastal erosion. In addition, the report notes that the rate of ice sheet loss from Greenland and Antarctic ice sheets poses a particular risk of sea level rise for the California coastline. The City has incorporated the projections from the 2018 report into its Guidance for Incorporating Sea Level Rise Guidance into ongoing Capital Planning. The Guidance requires that City projects over $5 million consider mitigation and/or adaptation measures.

In March 2020, a consortium of State and local agencies, led by the Bay Area Conservation and Development Commission, released a detailed study entitled, "Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study," on how sea level rise could alter the Bay Area. The study states that a 48-inch increase in the bay's water level in coming decades could cause more than 100,000 Bay Area jobs to be relocated, nearly 30,000 lower-income residents to be displaced, and 68,000 acres of ecologically valuable shoreline habitat to be lost. The study further argues that without a far-sighted, nine county response, the region's economic and transportation systems could be undermined along with the environment. Runways at SFO could largely be under water.

Portions of the San Francisco Bay Area, including Improvement Area No. 2, are built on fill that was placed over saturated silty clay known as "Bay Mud." This Bay Mud is soft and compressible, and the consolidation of the Bay Mud under the weight of the existing fill is ongoing. A report issued in March 2018 by researchers at UC Berkeley and the University of Arizona suggests that flooding risk from climate change could be exacerbated in the San Francisco Bay Area due to the sinking or settling of the ground surface, known as subsidence. The study claims that the risk of subsidence is more significant for certain parts of the City built on fill.

Projections of the effects of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. In particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the City and the local economy during the term of the 2023A Bonds. While the effects of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. If necessary, such additional measures could require significant capital resources.

In September 2017, the San Francisco City Attorney filed a lawsuit on behalf of the People of the State of California in San Francisco Superior Court against the five largest investor-owned oil companies seeking to have the companies pay into an abatement fund to help fund infrastructure for climate change adaptation. In July 2018, the United States District Court for the Northern District of California denied the People's motion for remand to State court and then dismissed the lawsuit, which the City had joined as a plaintiff. The plaintiffs appealed these decisions to the United States Court of Appeals for the Ninth Circuit, which in May 2020 vacated the District Court's order that found the case arose under federal law, remanding the case back to the District Court to determine if there were any other grounds for federal jurisdiction. In June 2021, the U.S. Supreme Court declined to review the Ninth Circuit's decision. In October 2022, the District Court ordered the case remanded to State court and stayed the remand pending any appeals. The defendants have appealed the District Court's decision to the Ninth Circuit, which has scheduled oral argument on the issue in November 2023. While the City believes that the claims in this lawsuit are meritorious, it can give no assurance regarding whether the lawsuit will be successful and obtain the requested relief from the courts, or contributions to the abatement fund from the defendant oil companies.

Treasure Island and Yerba Buena Island may be particularly susceptible to the impacts of sea level rise or other impacts of climate change or flooding because of their location and topography. An assessment and strategy report related to sea-level rise was issued in connection with the current permit issued by the San Francisco Bay Conservation and Development Commission (BCDC) for the Treasure Island Project. The BCDC permit, issued in 2016, requires an update on sea level rise every five years. The first such update was prepared for TIDG by an outside consultant and issued in October 2021. The update looked at changes in sea-level-rise policy and projections since the commencement of the Treasure Island Project and evaluated if the adopted sea-level-rise policy projections and adaptation measures remain applicable or need revision. The update also looked at (i) the amount of sea level rise that has occurred since the start of the project and (ii) whether the amount of sea level rise would draw into consideration any documented impacts to public access areas in the form of flooding and settlement. The update concluded that the 2016 assessment and strategy report remains consistent with the most recent sea-level rise projections. The update did not call for a change to the adopted approach to sea-level rise adaptation.

With respect to the Treasure Island Project, the Rate and Method requires the establishment of reserves for the Treasure Island Project as a whole for public improvements necessary to ensure that shoreline, public facilities, and public access improvements will be protected due to sea level rise at the perimeters of Treasure Island and Yerba Buena Island. However, the City can provide no assurances that the Special Taxes levied in Improvement Area No. 2 and in other improvement areas (if any) in the District will be available to fund such reserves or whether such reserves would be sufficient to protect the Islands from sea level rise. For additional information regarding the establishment of the capital reserves for the Treasure Island Project, see "RATE AND METHOD" herein and APPENDIX B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The City is unable to predict whether sea level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City, the local economy or, in particular, the Taxable Parcels in Improvement Area No. 2 that are subject to the Special Tax and the ability of a property owner in Improvement Area No. 2 to pay the Special Tax levy.

Other Natural Disasters and Other Events

In addition to earthquake and sea-level rise (discussed above), other natural or man-made disasters or events, such as flood, wildfire, tsunamis, toxic dumping, civil unrest or acts of terrorism, could also adversely impact persons or property within the City generally and/or specifically in Improvement Area No. 2, damage City and District infrastructure and adversely impact the City's ability to provide municipal services.

In September 2010, a Pacific Gas & Electric ("PG&E") high pressure natural gas transmission pipeline exploded in San Bruno, California, with catastrophic results. PG&E owns, operates and maintains numerous gas transmission and distribution pipelines throughout the City. In August 2013, a massive wildfire in Tuolumne County and the Stanislaus National Forest burned over 257,135 acres (the "Rim Fire"), which area included portions of the City's Hetch Hetchy Project. The Hetch Hetchy Project is comprised of dams (including O'Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco's drinking water), hydroelectric generation and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact to drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately $1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately $40 million in damage to parts of the City's water and power infrastructure located in the region. Certain portions of the Hetch Hetchy Project are old and deteriorating, and outages at critical points of the project could disrupt water delivery to significant portions of the region and/or cause significant costs and liabilities to the City.

Many areas of northern California have suffered from wildfires in more recent years, including the Tubbs fire which burned across several counties north of the Bay Area in October 2017 (part of a series of fires covering approximately 245,000 acres and causing 44 deaths and approximately $14 billion in damage), the Camp fire which burned across Butte County, California in November 2018 (covering almost 240 square miles and resulting in numerous deaths and over $16 billion in property damage) and Kincade Fire which burned across Sonoma County, California in late 2019 (covering over 77,000 acres). Spurred by findings that these fires were caused, in part, by faulty powerlines owned by PG&E, the power company subsequently adopted mitigation strategies which results in pre-emptive distribution circuit and high power transmission line shut offs during periods of extreme fire danger (i.e., high winds, high temperatures and low humidity) to portions of the Bay Area, including the City. In recent years, parts of the City experienced black out days as a result of PG&E's wildfire prevention strategy. Future shut offs are expected to continue and it is uncertain what effects future PG&E shut offs will have on the local economy.

In recent years, California experienced numerous significant wildfires. In addition to their direct impact on health and safety and property damage in California, the smoke from these wildfires has impacted, and future wildfires may impact, the quality of life in the Bay Area and the City and may have short-term and future impacts on commercial and tourist activity in the City, as well as the desirability of the City and the Bay Area as places to live, potentially negatively affecting real estate trends and values.

The California Geological Survey ("CGS"), in concert with the California Emergency Management Agency and the Tsunami Research Center at the University of Southern California, produced new statewide tsunami hazard zone maps in July 2021. CGS has identified much of the District and all of Treasure Island as being located in the San Francisco tsunami hazard zone.

In addition, economic and market forces, such as a downturn in the Bay Area's economy generally, can also affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets. Assessed values are subject to appeal each year during an appeal filing period from July 2 to September 15. Appeals are heard by the Assessment Appeals Board, an independent agency that is separate from the City's Office of the Assessor-Recorder. Economic downturns could motivate comparatively larger numbers of property owners to appeal the assessed values of their properties.

Under Proposition 8, assessors in California have authority to use criteria to apply reductions in valuation to classes of properties affected by any factors affecting value, including but not limited to negative economic conditions.

COVID-19's impact on San Francisco real property values first arose on the 2021 assessment roll, resulting in an almost 4-times increase in the total count of Proposition 8 reductions granted compared to the 2020 assessment roll (up from 2,059 to 8,212) and more than 8-times increase in the value of the reductions (up from $272 million to $2.18 billion). The total count and value of Proposition 8 reductions for the 2023 assessment roll were 5,326 and $1.7 billion, respectively.

The two most significant factors driving these changes for the 2021 and 2022 assessment rolls were reductions in value for hotel and condominium properties. In response to COVID-19, the Assessor's Office performed proactive reviews of commercial properties, which resulted in temporary reductions of $1.01 billion for 26 hotel properties on the 2021 assessment roll and $839 million for 15 hotel properties on the 2022 assessment roll. For the 2023 assessment roll, the Assessor's Office did not grant temporary reductions to these hotel properties. Condominiums accounted for the largest share of new reductions since the onset of the pandemic at over 70% of the total value of temporary reductions excluding hotels on the 2021 and 2022 assessment rolls and more than half of the total count for these years. For the 2023 assessment roll, condominiums accounted for a slightly lower percentage of total value of temporary reductions at 63% while remaining stable as a percentage of total count.

No assurance is given that Proposition 8 reductions will not be granted in the future if applicable criteria apply. Reductions could be based on factors that prompted past reductions or could include other or additional factors. See " – Value-to-Lien Ratios; Future Indebtedness; Parity Liens" above. See also "THE CITY" and "IMPROVEMENT AREA NO. 2 – Property Values" herein.

As a result of the occurrence of events like those described above, a substantial portion of the property owners in Improvement Area No. 2 may be unable or unwilling to pay the Special Taxes when due, and the 2022 Reserve Fund for the 2023A Bonds or any 2022A Related Parity Bonds and the Additional Special Tax Reserve Fund for the Bonds may become depleted.

Hazardous Substances

A serious risk in terms of the potential reduction in the value of a parcel within Improvement Area No. 2 would be the discovery of a hazardous substance that was not discovered prior to the transfer of the parcels forming Improvement Area No. 2. See "THE TREASURE ISLAND PROJECT – History – *Navy Remediation and Transfer*. In general, the owners and operators of a parcel within Improvement Area No. 2 may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but other California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of the property whether or not the owner or operator had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within Improvement Area No. 2 be affected by a hazardous substance, would be to reduce the marketability and value of such parcel by the costs of remedying the condition. Any prospective purchaser would become obligated to remedy the condition.

Further it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the current existence on the parcel of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly affect the value of a parcel within Improvement Area No. 2 that is realizable upon a delinquency.

The City is aware of a Complaint relating to environmental conditions with respect to the Treasure Island Project. For a description of the Complaint, see "– Treasure Island Related Complaint" below.

Bankruptcy and Foreclosure

The payment of property owners' taxes and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax pursuant to its covenant to pursue judicial foreclosure proceedings, may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. See "SECURITY FOR THE BONDS – Covenant for Superior Court Foreclosure" herein. In addition, the prosecution of a foreclosure could be delayed due to many reasons, including crowded local court calendars or lengthy procedural delays.

The various legal opinions to be delivered concurrently with the delivery of the 2023A Bonds (including Bond Counsel's approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by moratorium, bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

In addition, bankruptcy of a property owner (or a property owner's partner or equity owner) would likely result in a delay in procuring Superior Court foreclosure proceedings unless the bankruptcy court consented to permit such foreclosure action to proceed. Such delay would increase the likelihood of a delay or default in payment of the principal of, and interest on, the 2023A Bonds and the possibility of delinquent tax installments not being paid in full.

Under 11 U.S.C. Section 362(b)(18), in the event of a bankruptcy petition filed on or after October 22, 1994, the lien for ad valorem taxes in subsequent fiscal years will attach even if the property is part of the bankruptcy estate. Bondowners should be aware that the potential effect of 11 U.S.C. Section 362(b)(18) on the Special Taxes depends upon whether a court were to determine that the Special Taxes should be treated like ad valorem taxes for this purpose.

The Act provides that the Special Taxes are secured by a continuing lien which is subject to the same lien priority in the case of delinquency as ad valorem taxes. *No case law exists with respect to how a bankruptcy court would treat the lien for Special Taxes levied after the filing of a petition in bankruptcy*.

Property Controlled by FDIC and Other Federal Agencies

The City's ability to collect interest and penalties specified by State law and to foreclose the lien of delinquent Special Tax payments may be limited in certain respects with regard to properties in which the Internal Revenue Service, the Drug Enforcement Agency, the Federal Deposit Insurance Corporation (the "FDIC") or other similar federal agency has or obtains an interest.

Unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("FNMA") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States. The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes within the Improvement Area No. 2, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2023A Bonds are outstanding.

On June 4, 1991 the FDIC issued a Statement of Policy Regarding the Payment of State and Local Real Property Taxes. The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the "Policy Statement"). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non *ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity.

The FDIC has filed claims against one California county in United States Bankruptcy Court contending, among other things, that special taxes authorized under the Act are not *ad valorem* taxes and therefore not payable by the FDIC, and the FDIC is seeking a refund of any special taxes previously paid by the FDIC. The FDIC is also seeking a ruling that special taxes may not be imposed on properties while they are in FDIC receivership. The Bankruptcy Court ruled in favor of the FDIC's positions and, on August 28, 2001, the United States Court of Appeals for the Ninth Circuit affirmed the decision of the Bankruptcy Court, holding that the FDIC, as an entity of the federal government, is exempt from post-receivership special taxes levied under the Act. This is consistent with provision in the Act that the federal government is exempt from special taxes.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to a parcel in which the FDIC has an interest, although prohibiting the lien of the FDIC to be foreclosed on at a judicial foreclosure sale would likely reduce the number of or eliminate the persons willing to purchase such a parcel at a foreclosure sale. Owners of the 2023A Bonds should assume that the City will be unable to foreclose on any parcel owned by the FDIC. Such an outcome would cause a draw on the 2022 Reserve Fund and the Additional Special Tax Reserve Fund and perhaps, ultimately, a default in payment of the 2023A Bonds or any 2022A Related Parity Bonds. The City has not undertaken to determine whether the FDIC or any FDIC-insured lending institution currently has, or is likely to acquire, any interest in any of the parcels that are subject to the Special Tax, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the 2023A Bonds are outstanding.

California Constitution Article XIIIC and Article XIIID

On November 5, 1996, the voters of the State approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which articles contain a number of provisions affecting the ability of the City to levy and collect within the District both existing and future taxes, assessments, fees and charges. According to the "Official Title and Summary" of Proposition 218 prepared by the California State Attorney General, Proposition 218 limits the "authority of local governments to impose taxes and property-related assessments, fees and charges." On July 1, 1997 California State Senate Bill 919 ("SB 919") was signed into law. SB 919 enacted the "Proposition 218 Omnibus Implementation Act," which implements and clarifies Proposition 218 and prescribes specific procedures and parameters for local jurisdictions in complying with Articles XIIIC and XIIID.

Article XIIID of the State Constitution reaffirms that the proceedings for the levy of any Special Taxes by the City under the Act must be conducted in conformity with the provisions of Section 4 of Article XIIIA. The City has completed its proceedings for the levy of Special Taxes in accordance with the provisions of Section 4 of Article XIIIA. Under Section 53358 of the California Government Code, any action or proceeding to review, set aside, void, or annul the levy of a special tax or an increase in a special tax (including any constitutional challenge) must be commenced within 30 days after the special tax is approved by the voters.

Article XIIIC removes certain limitations on the initiative power in matters of local taxes, assessments, fees and charges. The Act provides for a procedure, which includes notice, hearing, protest and voting requirements, to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting a resolution to reduce the rate of any special tax if the proceeds of that tax are being utilized to retire any debt incurred pursuant to the Act unless such legislative body determines that the reduction of that tax would not interfere with the timely retirement of that debt. Although the matter is not free from doubt, it is likely that exercise by the voters of the initiative power referred to in Article XIIIC to reduce or terminate the Special Tax is subject to the same restrictions as are applicable to the Board of Supervisors, as the legislative body of the District, pursuant to the Act. Accordingly, although the matter is not free from doubt, it is likely that Proposition 218 has not conferred on the voters the power to repeal or reduce the Special Taxes if such repeal or reduction would interfere with the timely retirement of the 2023A Bonds.

It may be possible, however, for voters or the Board of Supervisors, acting as the legislative body of the District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the 2023A Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the 2023A Bonds.

Proposition 218 and the implementing legislation have yet to be extensively interpreted by the courts; however, the California Court of Appeal in April 1998 upheld the constitutionality of Proposition 218's balloting procedures as a condition to the validity and collectability of local governmental assessments. A number of validation actions for and challenges to various local governmental taxes, fees and assessments have been filed in Superior Court throughout the State, which could result in additional interpretations of Proposition 218. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and the outcome of such determination cannot be predicted at this time with any certainty.

Validity of Landowner Elections

On August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One (the "Court"), issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* (D063997). The Court considered whether Propositions 13 and 218, which amended the California Constitution to require voter approval of taxes, require registered voters to approve a tax or whether a city could limit the qualified voters to just the landowners and lessees paying the tax. The case involved a Convention Center Facilities District (the "CCFD") established by the City of San Diego. The CCFD is a financing district established under San Diego's charter and was intended to function much like a community facilities district established under the provisions of the Act. The CCFD is comprised of the entire City of San Diego. However, the special tax to be levied within the CCFD was to be levied only on properties improved with a hotel located within the CCFD.

At the election to authorize such special tax, the San Diego Charter proceeding limited the electorate to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located, thus, the election was an election limited to landowners and lessees of properties on which the special tax would be levied and was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was based on Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. In addition, Section 53326(b) of the Act provides that if there are fewer than 12 registered voters in the district, the landowners shall vote.

The Court held that the CCFD special tax election did not comply with applicable requirements of Proposition 13, which added Article XIII A to the California Constitution (which states "Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district") and Proposition 218, which added Article XIII C and XIII D to the California Constitution (Section 2 of Article XIII C provides "No local government may impose, extend or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote"), or with applicable provisions of San Diego's Charter, because the electors in such an election were not the registered voters residing within such district.

San Diego argued that the State Constitution does not expressly define the qualified voters for a tax; however, the Legislature defined qualified voters to include landowners in the Mello-Roos Community Facilities District Act. The Court of Appeal rejected San Diego's argument, reasoning that the text and history of Propositions 13 and 218 clearly show California voters intended to limit the taxing powers of local government. The Court was unwilling to defer to the Act as legal authority to provide local governments more flexibility in complying with the State's constitutional requirement to obtain voter approval for taxes. The Court held that the tax was invalid because the registered voters of San Diego did not approve it. However, the Court expressly stated that it was not addressing the validity of landowners voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. In the case of the CCFD, at the time of the election there were several hundred thousand registered voters within the CCFD (i.e., all of the registered voters in the city of San Diego). In the case of Improvement Area No. 2, there were no registered voters within Improvement Area No. 2 at the time of the election to authorize the Special Tax within Improvement Area No. 2.

Moreover, Section 53341 of the Act provides that any "action or proceeding to attack, review, set aside, void or annul the levy of a special tax … shall be commenced within 30 days after the special tax is approved by the voters." Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act or the levy of special taxes authorized pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds or the special tax.

The qualified elector in Improvement Area No. 2 approved the special tax and the issuance of bonds for Improvement Area No. 2 pursuant to the requirements of the Act when it submitted a unanimous approval on April 13, 2020. In Section 53329.6 of the Act, the California Legislature declared that any unanimous approval submitted by a property owner constitutes the vote of the qualified elector in favor of the matters addressed in the unanimous approval for purposes of the California Constitution, including, but not limited to, Articles XIII A and XIII C. Therefore, under the provisions of Section 53341 and Section 53359 of the Mello-Roos Act, the statute of limitations period to challenge the validity of the special tax has expired.

Treasure Island Related Complaint

[To be updated.] On January 23, 2020, a complaint ("Complaint") was filed by certain former and current residents of Treasure Island (i.e., a purported class of individuals who have been living, working, attending school or had substantial contact with Treasure Island from 2006 to the present) (collectively, the "Plaintiffs") in the Superior Court of the State of California, County of San Francisco (Case No. 20-cv-01328-JD), against TIDA ("Defendant 1"), Treasure Island Homeless Development Initiative ("Defendant 2"), Shaw Environmental ("Defendant 3"), U.S. Navy Treasure Island Clean Up Director Jim Sullivan, in his individual capacity ("Defendant 4"), U.S. Navy Treasure Island Clean Up Lead Project Manager David Clark, in his individual capacity ("Defendant 5"), U.S. Navy Representative Keith Forman, in his individual capacity ("Defendant 6"), Tetra Tech EC, Inc. ("Defendant 7"), Dan L. Batrack, in his individual and official capacity ("Defendant 8"), State Department of Toxic Substances Control ("Defendant 9"), San Francisco Department of Public Health ("Defendant 10"), Lennar Inc. ("Defendant 11"), Five Point Holdings, LLC ("Defendant 12"), John Stewart Company ("Defendant 13") and Does 1-100 inclusive ("Defendant 14" and, together with Defendants 1 through 13, the "Defendants"). On February 21, 2020, the U.S. Navy Defendants (Defendants, 4, 5, and 6) removed the case to the United States District Court for the Northern District of California.

The Complaint generally alleged that Treasure Island was contaminated with certain radioactive and chemical contaminants at levels higher than were disclosed to the public by the U.S. Navy. The Complaint further alleged that the Defendants had knowledge of the alleged elevated contaminant levels on Treasure Island and failed to disclose such information to the Plaintiffs.

The Complaint seeks the following relief: (1) a preliminary injunction, requiring the Defendants to take "anticipatory action" to prevent harm and, through exploration of current toxicity and careful analysis of courses of action in order, to present the least threat to residents to Treasure Island, as well as conduct an immediate health and safety assessment for residents, workers and students on Treasure Island; (2) a permanent injunction (available only if Plaintiffs prevail on the merits), requiring Defendants stop all development, construction, building, digging, erecting, disturbing the soil, dirt, earth, buildings, structures, pipes and all activity at Treasure Island until independent verified reports can be obtained showing complete and total remediation of all toxic substances, including all radioactive materials from Treasure Island; (4) monetary damages in the amount of $2 billion; (5) costs incurred bringing the action and (6) such other relief as the Court deems proper, including payment for immediate early-detection medical screenings for Plaintiffs.

On August 4, 2020, the court in response to various motions to dismiss by defendants entered an order granting Plaintiffs leave to amend their Complaint indicating, "The amended complaint also does not say anything about the point in time at which defendants might have had a duty to disclose this information [relating to levels of radiation on Treasure Island] to plaintiffs, in what context, and why, or how defendants failed. In short, plaintiffs' current allegations are so vague and perfunctory that they give defendants 'little idea where to begin' in preparing a response to the complaint." . . . "Plaintiffs are advised to focus and clarify their allegations and claims, and ensure that they state factual allegations against each named defendant. Otherwise, they are likely to face further, and potentially fatal, plausibility problems." The entity identified as Lennar, Inc. (Defendant 11) was named in connection with each of the eight causes of action.

On September 9, 2020, the Plaintiffs filed an amended Complaint, but the amendment did not make any material changes to the allegations set forth in the original Complaint. The City, the U.S. Department of Justice, One Treasure Island, John Stewart Company, Five Point Holdings, LLC and Lennar Inc. have each filed motions to dismiss on the basis that Plaintiffs failed to follow the court's instructions with respect to amending the Complaint. The hearing on the motion to dismiss was scheduled for November 5, 2020. The Court took the motions to dismiss under submission and did not initially issue a ruling. On February 16, 2021, Plaintiffs filed a motion seeking leave to file an amended complaint. Defendants filed opposition to this motion. On June 21, 2021, the Court granted Plaintiffs' motion to file their third amended complaint and denied all pending motions to dismiss as moot. On June 27, 2021, Plaintiffs filed their third amended complaint naming the City and adding as defendants two City employees and the California Department of Public Health, and dismissing Defendants 9, 11 (Lennar Inc.), 12, and 13. The third amended complaint contains the same allegations as were alleged in the Complaint and seeks the same relief. The City has filed a motion to dismiss the third amended complaint. The Court vacated a November 4, 2021 hearing, and will decide the motion to dismiss without oral argument. The City is awaiting a decision. If the matter proceeds to trial on Plaintiffs' third amended complaint, the City and TIDA believe that there are strong defenses available against each alleged cause of action relating to the City, TIDA and the individual City employees, which they intend to diligently pursue.

The parcels at issue in the Complaint are located on Treasure Island. However, apparently none of the parcels at issue in the Complaint are located in Improvement Area No. 2. Certain utility infrastructure that will service parcels located in Improvement Area No. 2 is being constructed on Treasure Island. If injunctive relief is granted and development on Treasure Island is delayed or prohibited, the delivery of utility services to the parcels located in Improvement Area No. 2 may be delayed until alternative utility infrastructure is put into place or the injunction is lifted. Further, if development on Treasure Island is enjoined, the delivery of certain elements of the overall Treasure Island Project may be delayed. If the development of the property is not completed, or is not completed in a timely manner, there could be an adverse effect on the payment of Special Taxes, which, in turn, could result in the inability of the District to make full and punctual payments of debt service on the 2023A Bonds.

The City and TIDA can give no assurance regarding the outcome of this litigation, and if the Plaintiffs succeed in their lawsuit, it could have an adverse impact on the TIDA development and the collection of Special Taxes in the District.

Ballot Initiatives and Legislative Measures

Proposition 218 was adopted pursuant to a measure qualified for the ballot pursuant to California's constitutional initiative process; and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the Legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, the District or other local districts to increase revenues or to increase appropriations or on the ability of a landowner to complete the development of property.

No Acceleration

The 2023A Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the 2023A Bonds or the Fiscal Agent Agreement or upon any adverse change in the tax status of interest on the 2023A Bonds. There is no provision in the Act or the Fiscal Agent Agreement for acceleration of the Special Taxes in the event of a payment default by an owner of a parcel within Improvement Area No. 2. Pursuant to the Fiscal Agent Agreement, a Bond Owner is given the right for the equal benefit and protection of all Bond Owners to pursue certain remedies described in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" attached hereto.

Limitations on Remedies

Remedies available to the Bond Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the 2023A Bonds. Bond Counsel has limited its opinion as to the enforceability of the 2023A Bonds and of the Fiscal Agent Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. Additionally, the 2023A Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Fiscal Agent Agreement. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Bond Owners.

Enforceability of the rights and remedies of the Bond Owners, and the obligations incurred by the City on behalf of the District, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the applicable limitations on remedies against public agencies in the State. See "SPECIAL RISK FACTORS – Bankruptcy and Foreclosure" herein.

Limited Secondary Market

As stated herein, investment in the 2023A Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand and appreciate the risk of such investments should consider investment in the 2023A Bonds. The 2023A Bonds have not been rated by any national rating agency, and the City has not undertaken to obtain a rating. See "NO RATING" herein. There can be no guarantee that there will be a secondary market for purchase or sale of the 2023A Bonds or, if a secondary market exists, that the 2023A Bonds can or could be sold for any particular price.

Cybersecurity

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the City has been the subject of cybersecurity incidents which have resulted in or could have resulted in adverse consequences to the City's Systems Technology and required a response action to mitigate the consequences. For example, in November 2016, the San Francisco Municipal Transportation Agency ("SFMTA") was subject to a ransomware attack which disrupted some of the SFMTA's internal computer systems. Although the attack neither interrupted Muni train services nor compromised customer privacy or transaction information, SFMTA took the precaution of turning off the ticket machines and fare gates in the Muni Metro subway stations from Friday, November 25 until the morning of Sunday, November 27.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City invests in multiple forms of cybersecurity and operational safeguards. In November 2016, the City adopted a City-wide Cyber Security Policy ("Cyber Policy") to support, maintain, and secure critical infrastructure and data systems. The objectives of the Cyber Policy include the protection of critical infrastructure and information, manage risk, improve cyber security event detection and remediation, and facilitate cyber awareness across all City departments. The City's Department of Technology has established a cybersecurity team to work across all City departments to implement the Cyber Policy. The City's Cyber Policy is reviewed periodically.

The City has also appointed a City Chief Information Security Officer ("CCISO"), who is directly responsible for understanding the business and related cybersecurity needs of the City's 54 departments. The CCISO is responsible for identifying, evaluating, responding, and reporting on information security risks in a manner that meets compliance and regulatory requirements, and aligns with and supports the risk posture of the City.

While City cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the City's Systems Technology and cause material disruption to the City's operations and the provision of City services. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the City to material litigation and other legal risks, which could cause the City to incur material costs related to such legal claims or proceedings.

CONTINUING DISCLOSURE

City

Pursuant to a Continuing Disclosure Certificate, dated the date of issuance of the 2023A Bonds (the "City Disclosure Certificate"), the City has covenanted for the benefit of owners of the 2023A Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") on an annual basis, and to provide notices of the occurrences of certain enumerated events. The Annual Report and the notices of enumerated events will be filed with the MSRB on EMMA. Each Annual Report is to be filed not later than nine months after the end of the City's fiscal year (which date shall be June 30 of each year), commencing with the report for the 2023-24 Fiscal Year (which is due not later than March 31, 2025). The specific nature of information to be contained in the Annual Report or the notice of events is summarized in APPENDIX E-1 – "FORM OF CITY CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made by the City, on behalf of the District, in order to assist the Underwriter in complying with the Rule.

The City has conducted a review of the compliance of the City, with their respective previous continuing disclosure undertakings pursuant to Rule 15c2-12. On March 6, 2018, Moody's Investors Service, Inc. ("Moody's") upgraded certain of the City and County of San Francisco Finance Corporation lease-backed obligations to "Aa1" from "Aa2." The City timely filed notice of the upgrade with EMMA, but inadvertently did not link the notice to all relevant CUSIP numbers. The City has taken action to link such information to the applicable CUSIP numbers.

The Annual Report for fiscal year 2016-17, which was timely prepared, provided investors a link to the City's 2016-17 audited financial statements ("2016-17 Audited Financial Statements") on the City's website. However, the 2016-17 Audited Financial Statements were not posted on EMMA. The City subsequently filed the 2016-17 Audited Financial Statements and a notice of such late filing on EMMA.

As of May 6, 2021, the City was a party to certain continuing disclosure undertakings relating to municipal securities which require the City to file notice filings on EMMA within ten days in the event of the incurrence of financial obligations and certain other events, if material. On May 6, 2021, the City extended for two years certain liquidity facilities relating to series 1 and 1-T and series 2 and 2-T of its commercial paper program. On July 1, 2021, the City filed on EMMA an event notice relating to these extensions.

For fiscal year 2021-22, although the City's Annual Comprehensive Financial Report was posted on EMMA, it was not linked to all of the CUSIP numbers for the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2022A and 2022B. The City has taken action to link such Annual Comprehensive Financial Report to the applicable CUSIP numbers.

TI Series 1

TI Series 1 is not an obligated party under Rule 15c2-12. However, pursuant to a continuing disclosure certificate, dated the date of issuance of the 2023A Bonds (the "TI Series 1 Disclosure Certificate"), TI Series 1 has voluntarily agreed to provide, or cause to be provided, to the EMMA system: (a) certain information concerning TI Series 1 and the infrastructure development of the property in Improvement Area No. 2 (the "TI Series 1 Semiannual Report"); and (b) notice of certain enumerated events. Each TI Series 1 Semiannual Report is to be filed not later than November 1 and May 1 of each year, beginning May 1, 2024.

[The obligations of TI Series 1 under the TI Series 1 Disclosure Certificate will terminate at any time that TI Series 1 determines that the Percent Complete in the third column of Table 2 is at least 90%. As of [____] 1, 2023, the Percent Complete is 77% as shown in Table 2.]

The proposed form of the TI Series 1 Disclosure Certificate is set forth in Appendix E-2.

This is the third continuing disclosure undertaking for TI Series 1, the first and second being undertakings for bonds relating to Improvement Area No. 1 for which the filings due thus far were timely filed.

Merchant Builders

The Merchant Builders are not obligated parties under Rule 15c2-12. However, pursuant to their respective continuing disclosure certificates, dated the date of issuance of the 2023A Bonds (the "Merchant Builder Disclosure Certificates"), each Merchant Builder (or a related company on the Merchant Builder's behalf) has voluntarily agreed to provide, or cause to be provided, to the EMMA system: (a) certain information concerning the Merchant Builder and the parcels that they own within Improvement Area No. 2 (each a "Merchant Builder Semiannual Report"); and (b) notice of certain enumerated events. Each Merchant Builder Semiannual Report is to be filed not later than November 1 and May 1 of each year, beginning May 1, 2024.

The respective obligations under the Merchant Builder Disclosure Certificates will continue, while the 2023A Bonds remain outstanding, until the Merchant Builder has completed construction of all buildings to be constructed on its property in Improvement Area No. 2 and either: (1) 70% of the market-rate residential apartments in such buildings have been initially rented to individual renters or (2) 50% of the market rate condominium units in such buildings intended for sale have been sold and conveyed to individual condominium owners.

The proposed form of the Merchant Builder Disclosure Certificates is set forth in Appendix E-3.

This is the second continuing disclosure undertaking by each Merchant Builder.

Lennar's national finance office will be responsible for filings by the Lennar Merchant Builder under its Merchant Builder Disclosure Certificate. The following is noted with respect to compliance by Lennar Homes of California, LLC, a California limited liability company (formerly known as Lennar Homes of California, Inc.) ("Lennar Homes"), an indirect wholly-owned subsidiary of Lennar, with undertakings by it to provide periodic continuing disclosure reports or notices of material events during the previous five years with respect to community facilities district and assessment district financings in California. Identification of the below described events does not constitute a representation that any such events were material.

In connection with a continuing disclosure obligation entered into with respect to the $12,850,000 County of El Dorado District No. 2014-1 (Carson Creek) Special Tax Bonds Series 2016, Lennar Homes was late in filing the periodic reports due on April 1, 2017 and October 1, 2017; the oversight was discovered in late January 2018, and Lennar Homes promptly filed a curative report on February 1, 2018; and in connection with the $16,780,000 California Municipal Finance Authority Special Tax Revenue Bonds BOLD Program Series 2020B, Lennar Homes inadvertently failed to file the initial semi-annual report by the due date of May 1, 2021, but filed a curative report on May 21, 2021.

Wilson Meany and/or Stockbridge will be responsible for filings by the Stockbridge/Wilson Meany Merchant Builder and the Stockbridge/Wilson Meany/Lennar Merchant Builder under their respective

Merchant Builder Disclosure Certificates. Wilson Meany and/or Stockbridge is also responsible for filings by Stockbridge / Wilson Meany YBI Investors, LLC (the "YBI Phase 1 Parent Company") under merchant builder continuing disclosures certificates for bonds relating to Improvement Area No. 1, for which filings due thus far were timely filed. [Updates to above?]

The continuing disclosure undertakings by TI Series 1 and each Merchant Builder are independent of the City's continuing disclosure obligation, and the City shall have no authority to compel TI Series 1 and the Merchant Builders to provide the information as and when promised thereunder, respectively.

TAX MATTERS

Federal Tax Status. 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 2023A 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. Interest on the Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the 2023A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2023A Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2023A 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 at which a 2023A Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax 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 2023A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2023A Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2023A Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2023A Bonds who purchase the 2023A Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2023A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2023A Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2023A Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2023A Bond (said term being the shorter of the 2023A Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2023A Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2023A Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2023A Bond premium is not deductible for federal income tax purposes. Owners of premium 2023A 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 2023A Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2023A Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2023A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2023A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2023A Bonds, or as to the consequences of owning or receiving interest on the 2023A Bonds, as of any future date. Prospective purchasers of the 2023A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2023A Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2023A Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2023A Bonds, the ownership, sale or disposition of the 2023A Bonds, or the amount, accrual or receipt of interest on the 2023A Bonds.

Form of Opinion. The form of opinion of Bond Counsel is set forth as Appendix D hereto.

UNDERWRITING

Stifel, Nicolaus & Co. Incorporated (the "Underwriter") purchased the 2023A Bonds at a purchase price of $_______, representing the principal amount of the 2023A Bonds less an Underwriter's discount of $_______ and plus [net] original issue premium of $_______. The Underwriter intends to offer the 2023A Bonds to the public initially at the prices set forth on the inside cover page of this Official Statement, which prices may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the 2023A Bonds to the public. The Underwriter may offer and sell the 2023A Bonds to certain dealers (including dealers depositing 2023A Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the City and/or the City of behalf of the District. The Underwriter and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the City and/or the City of behalf of the District.

LEGAL OPINION AND OTHER LEGAL MATTERS

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel, approving the validity of the 2023A Bonds, in substantially the form set forth in Appendix D hereto, will be made available to purchasers of the 2023A Bonds at the time of original delivery. Bond Counsel has not undertaken on behalf of the Owners or the Beneficial Owners of the 2023A Bonds to review the Official Statement and assumes no responsibility to such Owners and Beneficial Owners for the accuracy of the information contained herein. Certain legal matters will be passed upon for the City by the City Attorney, and by Norton Rose Fulbright US LLP, Los Angeles, California, Disclosure Counsel, with respect to the issuance of the 2023A Bonds.

Compensation paid to Jones Hall, A Professional Law Corporation, as Bond Counsel, and Norton Rose Fulbright US LLP, as Disclosure Counsel, is contingent on the issuance of the 2023A Bonds.

Norton Rose Fulbright (US) LLP, Los Angeles, California has served as Disclosure Counsel to the City, acting on behalf of the District, and in such capacity has advised City staff with respect to applicable securities laws and participated with responsible City officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Disclosure Counsel is not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and has not undertaken to independently verify any of such statements or information. The City is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon issuance and delivery of the 2023A Bonds, Disclosure Counsel will deliver a letter to the City, acting on behalf of the District, and the Underwriter to the effect that, subject to the assumptions, exclusions, qualifications and limitations set forth therein (including without limitation exclusion of any information relating to The Depository Trust Company, Cede & Co., the book-entry system, the CUSIP numbers, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included herein, and information in Appendices B and F hereof, as to all of which Disclosure Counsel will express no view), no facts have come to the attention of the personnel with Norton Rose Fulbright (US) LLP directly involved in rendering legal advice and assistance to the City which caused them to believe that this Official Statement as of its date and as of the date of delivery of the 2023A Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No purchaser or holder, other than the addresses of the letter, or other person or party, will be entitled to or may rely on such letter of Disclosure Counsel.

TRANSFER RESTRICTIONS

The Fiscal Agent Agreement provides that the 2023A Bonds are only to be sold (including in secondary market transactions) to "Qualified Purchasers," which is defined in the Fiscal Agent Agreement to include Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933).

Neither the Underwriter nor any Holder or Beneficial Owner of the 2023A Bonds shall deposit the 2023A Bonds in any trust or account under its control and sell any shares, participatory interest or certificates in such trust and account, and neither the Underwriter nor any Holder or Beneficial Owner shall deposit the 2023A Bonds in any trust or account under its control the majority of the assets of which constitute the 2023A Bonds, and sell shares, participatory interest or certificates in such trust or account except to Qualified Purchasers; provided that none of the Underwriter, Holders or Beneficial Owners shall have an obligation to independently establish or confirm that any transferee of a 2023A Bond is Qualified Purchaser, however any actual transfer of a 2023A Bond to any entity that is not a Qualified Purchaser shall be deemed null and void as provided in the Fiscal Agent Agreement.

Under the Fiscal Agent Agreement, no transfer, sale or other disposition of any 2023A Bond, or any beneficial interest therein, may be made except to an entity that is a Qualified Purchaser that is purchasing such 2023A Bond for its own account for investment purposes and not with a view to distributing such 2023A Bond. Each purchaser of any 2023A Bond or ownership interest therein will be deemed to have acknowledged, represented, warranted, and agreed with and to the City, the Underwriter and the Fiscal Agent as follows:

1. That the 2023A Bonds are payable solely from Special Tax Revenues, and from certain funds and accounts established and maintained pursuant to the Fiscal Agent Agreement;

2. That it is a Qualified Purchaser and that it is purchasing the 2023A Bonds for its own account and not with a view to, or for offer or sale in connection with any distribution thereof in violation of the Securities Act of 1933 or other applicable securities laws;

3. That such purchaser acknowledges that the 2023A Bonds and beneficial ownership interests therein may only be transferred to Qualified Purchasers;

4. That the City, the Fiscal Agent, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements; and

If a holder of the 2023A Bonds makes an assignment of its beneficial ownership interest in the 2023A Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein.

NO LITIGATION REGARDING THE SPECIAL TAXES OR 2023A BONDS

A certificate of the City to the effect that no litigation is pending (for which service of process has been received) concerning the validity of the 2023A Bonds will be furnished to the Underwriter at the time of the original delivery of the 2023A Bonds. Neither the City nor the District is aware of any litigation pending or threatened which questions the existence of the District or the City or contests the authority of the City on behalf of the District to levy and collect the Special Taxes or to issue the 2023A Bonds.

The City is aware of a Complaint relating to Treasure Island. See "SPECIAL RISK FACTORS - Treasure Island Related Complaint" for a description thereof. The City and TIDA can give no assurance regarding the outcome of this litigation, and if the Plaintiffs succeed in their lawsuit it could have an adverse impact on the TIDA development and the collection of Special Taxes in the District.

Ongoing Investigations. In January 2020, the City's former Director of Public Works, Mohammad Nuru, was criminally charged with public corruption, including honest services wire fraud and lying to Federal Bureau of Investigation ("FBI") agents. In February 2020, then-City Attorney Dennis Herrera and Controller Ben Rosenfield announced the initiation of a joint investigation stemming from the federal criminal charges against Mr. Nuru. The City Attorney's Office focused on holding public officials and City vendors accountable. The Controller undertook a public integrity review of contracts, purchase orders, and grants to the City.

Mr. Nuru resigned from employment with the City in February 2020. In January 2022, Mr. Nuru pled guilty to taking bribes from contractors, developers, and entities he regulated, including bribes from Walter Wong, a San Francisco construction company executive and permit expediting consultant, who ran or controlled multiple entities doing business with the City. In August 2022, the district court judge sentenced Mr. Nuru to 84 months in prison.

Mr. Wong was criminally charged in June 2020 with conspiring with City officials and laundering money. As part of the criminal investigation into Mr. Nuru and Mr. Wong, the SFPUC received a federal, criminal, grand jury subpoena in June 2020 to produce documents, communications, contracts and records, including the complete personnel file of the SFPUC's former General Manager, Harlan L. Kelly, Jr.

In November 2020, Mr. Kelly was charged in a criminal complaint with one count of honest services wire fraud. The complaint alleged that Mr. Kelly also engaged in a long-running bribery scheme and corrupt partnership with Mr. Wong. The complaint further alleged that as part of the scheme, Mr. Wong provided items of value to Mr. Kelly in exchange for official acts by Mr. Kelly that benefited or attempted to benefit Mr. Wong's business ventures. According to the criminal complaint against Mr. Kelly, Mr. Wong bribed Mr. Kelly with thousands of dollars in airfare, meals, jewelry, and travel expenses, as well as by making improvements to Mr. Kelly's home.

Mr. Wong pled guilty in July 2020 and continues to cooperate with the ongoing federal criminal investigation. Mr. Wong has not been sentenced.

Mr. Wong settled civilly with the City in May 2021. As part of his civil settlement, he and his companies agreed to pay the City more than $300,000 in ethics fines and more than $1 million in restitution. The total restitution amount to the City includes $73,000 that he received through the SFPUC when Mr. Kelly was General Manager.

Mr. Kelly resigned from employment with the City, effective November 30, 2020. Michael Carlin, former-Deputy General Manager of the SFPUC, then served as the Acting General Manager of the SFPUC through October 31, 2021. Mr. Herrera began serving as General Manager of the SFPUC on November 1, 2021.

Since Mr. Nuru's arrest in January 2020, the Controller's Office, in consultation with the City Attorney, has issued 11 public integrity reviews. Ten of the 11 reports focus primarily on City departments other than the SFPUC. The Controller's Office's December 9, 2021 Public Integrity Audit looked specifically at SFPUC's Social Impact Partnership Program and made seven recommendations to strengthen internal controls and oversight. The SFPUC concurred with all seven of those recommendations, and as of September 2023, five of the seven recommendations had been implemented and two were in progress.

In October 2021, a criminal grand jury returned an indictment against Mr. Kelly and Victor Makras, a San Francisco real estate broker and property developer. Mr. Makras formerly served on several City boards and commissions, including the Port Commission, Police Commission, Public Utilities Commission, and Retirement Board. In addition to the original charges against Mr. Kelly of conspiracy with Mr. Wong, the indictment added charges of bank fraud and bank fraud conspiracy related to a $1.3 million loan Mr. Kelly obtained from Quicken Loans.

Mr. Makras' case was severed from Mr. Kelly's, and in August 2022, a jury convicted Mr. Makras of bank fraud for his role in making false statements to the bank in support of the loan to Mr. Kelly. In December 2022, Mr. Makras was sentenced to three years of probation and fined $15,200.

On July 14, 2023, Mr. Kelly was convicted of one count of conspiracy to commit honest services wire fraud, one count of honest services wire fraud, and four counts related to charges stemming from a bank fraud scheme. The jury found Mr. Kelly not guilty of two honest services wire fraud counts. Mr. Kelly has not been sentenced.

On August 29, 2023, the San Francisco District Attorney charged Lanita Henriquez, who served as the director of the San Francisco Community Challenge Grant Program under the Office of the San Francisco City Administrator, and Rudolph Dwayne Jones, a former City official who occasionally served as a prime contractor and a subcontractor to the SFPUC, with counts of misappropriation of public monies, bribery, and financial conflict of interest in a government contract. It is alleged that Ms. Henriquez and Mr. Jones misappropriated public money between 2016 and 2020, that Mr. Jones wrote Ms. Henriquez multiple checks in 2017 and 2018 totaling $25,000, while Ms. Henriquez directed government grant contracts exceeding $1.4 million to entities controlled by Mr. Jones, in which entities Ms. Henriquez also had a financial stake, between 2016 and 2020.

The San Francisco District Attorney has not alleged any impropriety in connection with the sole grant program administered by Ms. Henriquez. At the direction of the City Administrator, City departments have undertaken a review of contracts between the City and contracts retaining Mr. Jones and/or RDJ Enterprises, LLC, an entity affiliated with Mr. Jones (collectively, "RDJ") in order to terminate or cancel any subcontract, service order, or other contractual arrangement with RDJ.

The FBI investigation is ongoing, and the City can give no assurance when the FBI will complete its investigation. The San Francisco District Attorney's Office Public Integrity Task Force has also independently investigated certain of the matters described here, and the City can give no assurance when this task force will complete its investigation.

NO RATING

The City has not made, and does not intend to make, any application to any rating agency for the assignment of a rating on the 2023A Bonds. Ratings are obtained as a matter of convenience for prospective investors, and the assignment of a rating is based upon the independent investigations, studies, and assumptions of rating agencies. The determination by the City not to obtain a rating does not, directly or indirectly, express any view by the City of the credit quality of the 2023A Bonds. The lack of a bond rating could impact the market price or liquidity for the 2023A Bonds in the secondary market. See "SPECIAL RISK FACTORS - Limited Secondary Market."

MUNICIPAL ADVISOR

The City has retained CSG Advisors Incorporated, as Municipal Advisor in connection with the issuance of the 2023A Bonds. The Municipal Advisor has assisted in the City's review and preparation of this Official Statement and in other matters relating to the planning, structuring, and sale of the 2023A Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing the 2023A Bonds.

Compensation paid to the Municipal Advisor is contingent upon the successful issuance of the 2023A Bonds.

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MISCELLANEOUS

All of the preceding summaries of the Fiscal Agent Agreement, other applicable legislation, agreements and other documents are made subject to the provisions of such documents and do not purport to be complete documents of any or all of such provisions. Reference is hereby made to such documents on file with the City for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the 2023A Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been authorized by the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO

By: ____
Director of the Office of Public Finance

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY AND COUNTY OF SAN FRANCISCO

The information contained in this Appendix A is provided for informational purposes only. No representation is made that any of the information contained in this Appendix A is material to the holders from time to time of the 2023A Bonds, and the City has not undertaken in its Continuing Disclosure Certificate to update this information. The 2023A Bonds are limited obligations of the City, secured by and payable solely from the Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The 2023A Bonds are not payable from any other source of funds other than Revenues and the funds pledged therefor under the Fiscal Agent Agreement. Neither the General Fund of the City nor the enterprise funds of the Port are liable for the payment of the principal of or interest on the 2023A Bonds, and neither the faith and credit of the City, the Port, the State of California or any political subdivision thereof, nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement), the State of California or any political subdivision thereof is pledged to the payment of the 2023A Bonds.

General

The City was established in 1850 and is the only legal subdivision of the State of California with the governmental powers of both a city and a county. The City's legislative power is exercised through a Board of Supervisors, while its executive power is vested upon a Mayor and other appointed and elected officials. Key public services provided by the City include public safety and protection, public transportation, water and sewer, parks and recreation, public health, social services and land-use and planning regulation. The heads of most of these departments are appointed by the Mayor and advised by commissions and boards appointed by City elected officials.

Elected officials include the Mayor, Members of the Board of Supervisors, Assessor-Recorder, City Attorney, District Attorney, Public Defender, Sheriff, Superior Court Judges, and Treasurer. Since November 2000, the eleven-member Board of Supervisors has been elected through district elections. The eleven district elections are staggered for five and six seats at a time and held in even-numbered years. Board members serve four-year terms and vacancies are filled by Mayoral appointment.

COVID 19 Pandemic

The economic and demographic data contained in this appendix are the latest available, but include data as of dates and for periods before the economic impact of the COVID 19 pandemic and measures instituted to slow it. Accordingly, the data for such dates and periods are not indicative of the current financial condition or future prospects of the District, the City, and the region or of expected Pledged Facilities Increment or Pledged Housing Increment. See "RISK FACTORS – Public Health Emergencies" in the forepart of this Official Statement.

Population

The populations of the City and County of San Francisco for the last 10 years are shown in the following table.

POPULATION
City and County of San Francisco
2014 through 2023[1]

Fiscal Year	Population
2014	852,948
2015	863,450
2016	871,613
2017	878,697
2018	885,716
2019	886,885
2020	873,965
2021	853,414
2022	837,036
2023	831,703

[1] For 2014-2019 and 2021-2023, population statistics are as of January 1. For 2020, population statistics are as of April 1.
Source: California Department of Finance.

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Employment

The following table summarizes employment in the City and County of San Francisco from 2018 through 2022. Trade, transportation and utilities, professional and business services, education/health services and leisure/hospitality are the largest employment sectors in the City.

EMPLOYMENT BY INDUSTRY
City and County of San Francisco
2018 through 2022

Industry	Employment[1]				
	2018	2019	2020	2021	2022
All Farm	200	400	200	300	300
Mining, Logging and Construction	23,200	24,100	23,200	22,100	23200
Manufacturing	13,200	13,800	13,400	11,700	13,400
Trade, Transportation & Utilities	82,600	84,300	73,200	70,100	72,700
Information	46,100	52,500	54,600	58,200	64,300
Financial Activities	59,900	62,000	60,300	61,000	64,200
Professional and Business Services	195,400	203,100	200,900	200,600	219,100
Education and Health Services	90,300	94,100	91,500	93,900	95,800
Leisure and Hospitality	98,500	101,800	59,100	57,000	75,900
Other Services	27,700	28,000	21,800	22,800	25,700
Government	98,200	98,800	98,200	101,300	105,900
Total Civilian Labor Force	735,100	762,900	696,500	699,000	760,400

(1) Employment is reported by place of work: it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not sum to totals due to rounding.
Source: California State Employment Development Department, Labor Market Information Division.

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The following tables summarize the civilian labor force, employment and unemployment in the City and County of San Francisco from 2013 to 2022.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
City and County of San Francisco
Annual Averages, 2013 through 2022
(not seasonally adjusted)

Year	Civilian Labor Force	Employed Labor Force[(1)]	Unemployed Labor Force[(2)]	Unemployment Rate[(3)]
2013	514,200	485,800	28,400	5.5
2014	527,300	504,000	23,300	4.4
2015	541,400	521,600	19,800	3.7
2016	555,300	537,000	18,300	3.3
2017	563,000	546,400	16,600	2.9
2018	568,700	555,100	13,600	2.4
2019	580900	568,000	12,900	2.2
2020	560,100	515,600	44,500	7.9
2021	548,600	520,800	27,800	5.1
2022	572,600	558,000	14,600	2.5

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) Calculated using unrounded data.
Source: California State Employment Development Department, Labor Market Information Division.

Major Private Employers

The following table shows the largest private employers located in the City and County of San Francisco as of January 2023.

LARGEST PRIVATE EMPLOYERS
City and County of San Francisco

Employer	Number of Employees	Rank
Salesforce Inc.	11,953	1
United Airlines	10,000	2
Sutter Health	6,134	3
Wells Fargo & Co.	5,886	4
Kaiser Permanente	4,676	5
Allied Universal	3,827	6
Uber Technologies Inc.	3,413	7
First Republic Bank	3,296	8
Accenture	2,353	9
Cisco Systems Inc.	1,863	10
Total	53,401	

Source: San Francisco Business Times, "Largest Employers in San Francisco" (published January 6, 2023).
Note: Since the publication date of the rankings above, JPMorgan Chase & Co. acquired the substantial majority of

assets and assumed the deposits and certain other liabilities of First Republic Bank from the Federal Deposit Insurance Corporation.

Construction Activity

The level of construction activity in the City and County of San Francisco as measured by total building permits for residential units is shown in the following tables.

BUILDING PERMITS
City and County of San Francisco
2018 through 2022[1]

	2018	2019	2020	2021	2022
Valuation ($000)					
Residential	$2,231,737	$1,730,003	$1,555,933	$1,948,973	$2,735,548
Non-Residential	2,293,555	1,461,943	1,253,946	1,013,680	1,594,894
TOTAL	$4,525,292	$3,191,946	$2,809,881	$2,962,653	$4,330,442
Dwelling Units					
Single Family	95	135	65	135	272
Multiple family	5,098	3,208	2,127	2,816	6,174
TOTAL	5,184	3,343	2,192	2,951	6,446

Source: Construction Industry Research Board/CIRB.
(1) Totals may not add due to rounding.

Taxable Sales

Taxable sales in the City and County of San Francisco from 2018 through 2022 are shown in the following table.

TAXABLE SALES
2018 through 2022
($ in Thousands)

	2018	2019	2020	2021	2022
Clothing and Clothing Accessories Stores	$2,046,414	$2,029,312	$1,163,031	$1,587,968	$1,746,756
General Merchandise	790,845	755,350	560,059	667,930	691,405
Food and Beverage Stores	856,217	861,757	746,455	722,410	768,428
Food Services and Drinking Places	4,844,464	5,046,263	2,081,728	2,953,373	4,266,095
Home Furnishings & Appliances	1,018,006	1,034,213	768,022	919,239	940,945
Building Material and Garden Equipment and Supplies Dealers	681,369	718,692	642,104	685,895	691,182
Motor Vehicle and Parts Dealers	674,008	601,929	593,476	625,719	575,323
Gasoline Stations	583,480	548,509	304,977	432,768	612,261
Other Retail Stores	2,535,667	2,671,219	2,690,590	2,508,494	2,633,438
Total Retail and Food Services	$14,030,469	$14,267,242	$9,550,442	$11,103,794	$12,925,834
All Other Outlets	6,312,251	6,689,891	4,839,280	5,503,320	6,685,572
Total All Outlets[1]	$20,342,721	$20,957,132	$14,389,723	$16,607,114	$19,611,406

(1) Columns may not sum to totals due to rounding.
Source: California State Board of Equalization; and California Department of Tax and Fee Administration.

Assessed Valuation of Taxable Property

Assessed valuations of taxable property in the City and County of San Francisco for fiscal years 2008-09 through 2023-24 are shown in the following table:

ASSESSED VALUATION OF TAXABLE PROPERTY
Fiscal Years 2008-09 through 2023-24
($ in Thousands)

Fiscal Year	Net Assessed[1] Valuation (NAV)	% Change from Prior Year	Total Tax Rate per $100[2]	Total Tax Levy[3]	Total Tax Collected[3]	% Collected June 30
2008-09	$141,274,628	8.7%	1.163	$1,702,533	$1,661,717	97.6%
2009-10	150,233,436	6.3%	1.159	1,808,505	1,764,100	97.5%
2010-11	157,865,981	5.1%	1.164	1,888,048	1,849,460	98.0%
2011-12	158,649,888	0.5%	1.172	1,918,680	1,883,666	98.2%
2012-13	165,043,120	4.0%	1.169	1,997,645	1,970,662	98.6%
2013-14	172,489,208	4.5%	1.188	2,138,245	2,113,284	98.8%
2014-15	181,809,981	5.4%	1.174	2,139,050	2,113,968	98.8%
2015-16	194,392,572	6.9%	1.183	2,290,280	2,268,876	99.1%
2016-17	211,532,524	8.8%	1.179	2,492,789	2,471,486	99.1%
2017-18	234,074,597	10.7%	1.172	2,732,615	2,709,048	99.1%
2018-19	259,329,479	10.8%	1.163	2,999,794	2,977,664	99.3%
2019-20	281,073,307	8.4%	1.180	3,509,022	3,475,682	99.0%
2020-21	299,686,811	6.6%	1.198	3,823,246	3,785,038	99.0%
2021-22	307,712,666	2.7%	1.182	3,864,100	3,832,546	99.2%
2022-23	331,431,694	7.7%	1.180	4,067,270	4,032,813	99.2%
2023-24	343,913,585	3.8%	N/A	N/A	N/A	N/A

[1] Net Assessed Valuation (NAV) is Total Assessed Value for Secured and Unsecured Rolls, less Non-reimbursable Exemptions and Homeowner Exemptions.
[2] Annual tax rate for unsecured property is the same rate as the previous year's secured tax rate.
[3] The Total Tax Levy and Total Tax Collected through fiscal year 2022-23 is based on year-end current year secured and unsecured levies as adjusted through roll corrections, excluding supplemental assessments, as included in the statistical report received from the Office of the Treasurer and Tax Collector, City and County of San Francisco.

Source: Office of the Controller, City and County of San Francisco.

Income

The following tables provide a summary of per capita personal income for the City and County of San Francisco, the State of California and the United States, and personal income and annual percent change for the City and County of San Francisco, for 2012 through 2021.

PER CAPITA PERSONAL INCOME
2012 through 2021

Year	San Francisco	California	United States
2012	$87,665	$48,121	$44,548
2013	88,675	48,502	44,798
2014	97,887	51,266	46,887
2015	105,711	54,546	48,725
2016	112,804	56,560	49,613
2017	119,208	58,804	51,550
2018	128,812	61,508	53,786
2019	130,464	64,919	56,250
2020	141,134	70,647	59,765
2021	160,749	76,614	64,143

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Transportation

The City is reliant on a complex multimodal infrastructure consisting of roads, bridges, highways, rail, tunnels, airports, and bike and pedestrian paths. The development, maintenance, and operation of these different modes of transportation are overseen by various agencies, including the California Department of Transportation ("Caltrans") and San Francisco Municipal Transportation Agency ("SFMTA"). The Metropolitan Transportation Commission plays a role in the planning and funding of the City's transportation. These and other organizations collectively manage several interstate highways and state routes, two subway networks, two commuter rail agencies, trans-bay bridges, transbay ferry service, local bus service, international airports, and an extensive network of roads, tunnels, and bike paths.

SFMTA is a department of the City responsible for the management of all ground transportation in the City. The SFMTA has oversight over the Municipal Railway (Muni) public transit, as well as bicycling, paratransit, parking, traffic, walking, and taxis. The SFMTA is governed by a Board of Directors who are appointed by the Mayor and confirmed by the San Francisco Board of Supervisors. The SFMTA Board provides policy oversight, including budgetary approval, and changes of fares, fees, and fines, ensuring representation of the public interest. The San Francisco Municipal Railway, known as Muni, is the primary public transit system of the City and operates a combined light rail and subway system, the Muni Metro, as well as large bus and trolley coach networks. Additionally, it runs a historic streetcar line, which runs on Market Street from Castro Street to Fisherman's Wharf. It also operates the famous cable cars, which have been designated as a National Historic Landmark and are a major tourist attraction.

Bay Area Rapid Transit ("BART"), a regional Rapid Transit system, connects San Francisco with the East Bay through the underwater Transbay Tube. The line runs under Market Street to Civic Center where it turns south to the Mission District, the southern part of the city, and through northern San Mateo County, to the San Francisco International Airport, and Millbrae. Another commuter rail system, Caltrain, runs from San Francisco along the San Francisco Peninsula to San Jose and Gilroy. Amtrak California

Thruway Motorcoach runs a shuttle bus from three locations in San Francisco to its station across the bay in Emeryville. Additionally, BART offers connections to San Francisco from Amtrak's station in Richmond.

San Francisco Bay Ferry operates from the Ferry Building and Pier 39 to points in Oakland, Alameda-Bay Farm Island, South San Francisco, and north to Vallejo in Solano County. The Golden Gate Ferry is the other ferry operator with service between San Francisco and Marin County. SolTrans runs supplemental bus service between the Ferry Building and Vallejo. To accommodate the large amount of San Francisco citizens who commute to the Silicon Valley daily, companies like Google and Apple provide private bus transportation for their employees, from San Francisco locations to their corporate campuses on the peninsula. See also "THE TREASURE ISLAND PROJECT – Transportation" in the forepart of the Official Statement.

See "RISK FACTORS – Public Health Emergencies" in the forepart of this Official Statement.

Public Education

San Francisco Unified School District ("SFUSD") established in 1851, is the only public school district within the City and is among the largest school district in California. SFUSD administers both the school district and the San Francisco County Office of Education, making it a "single district county."

The University of California, San Francisco ("UCSF") is the sole campus of the University of California system entirely dedicated to graduate education in health and biomedical sciences and operates the UCSF Medical Center which is a major local employer A 43-acre Mission Bay campus was opened in 2003, complementing its original facility in Parnassus Heights and contains research space and facilities to foster biotechnology and life sciences entrepreneurship. UCSF operates approximately 20 facilities across the City.

The University of California, Hastings College of the Law, founded in Civic Center in 1878, is the oldest law school in California. San Francisco's two University of California institutions have formed an official affiliation in the UCSF/UC Hastings Consortium on Law, Science & Health Policy.

San Francisco State University is part of the California State University system and is located near Lake Merced. The school awards undergraduate, master's and doctoral degrees in over 100 disciplines.

The City College of San Francisco, with its main facility in the Ingleside district, is one of the largest two-year community colleges in the country and offers an extensive continuing education program.

See "RISK FACTORS – Public Health Emergencies" in the forepart of this Official Statement.

APPENDIX B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

APPENDIX D

FORM OF BOND COUNSEL OPINION

[Delivery Date]

Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

OPINION: $________ Improvement Area No. 2 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2023A

Members of the Board of Supervisors:

We have acted as bond counsel to the City and County of San Francisco (the "City") in connection with the issuance by the City of the special tax bonds captioned above, dated as of the date first written above (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, opinions, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being sections 53311 et seq. of the California Government Code (the "Act"), Resolution No. [_____] adopted by the Board of Supervisors on [___], 2023 and signed by the Mayor on [__], 2023, (the "Resolution"), and a Fiscal Agent Agreement dated as of February 1, 2022 (the "Master Fiscal Agent Agreement"), between the City and Zions Bancorporation, National Association, as Fiscal Agent (the "Fiscal Agent"), as supplemented by a First Supplement to Fiscal Agent Agreement, dated as of December 1, 2023 (as supplemented, the "Fiscal Agent Agreement").

Under the Fiscal Agent Agreement, the City has pledged certain revenues ("Special Tax Revenues") for the payment of principal, premium (if any) and interest on the Bonds when due.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Fiscal Agent Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The City is a municipal corporation and chartered city and county, duly organized and existing under its charter and the laws of the State of California, with the power to adopt the Resolution, enter into the Fiscal Agent Agreement and perform the agreements on its part contained therein, and issue the Bonds.

2. The Fiscal Agent Agreement has been duly authorized, executed and delivered by the City, and constitutes a valid and binding obligation of the City, enforceable against the City.

3. The Fiscal Agent Agreement creates a valid lien on the Special Tax Revenues and other funds pledged by the Fiscal Agent Agreement for the security of the Bonds, on a parity with other bonds issued or to be issued in accordance with the Fiscal Agent Agreement.

4. The Bonds have been duly authorized and executed by the City and are valid and binding limited obligations of the City, payable solely from the Special Tax Revenues and other funds provided therefor in the Fiscal Agent Agreement.

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. It should be noted however that interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Fiscal Agent Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations, and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX E-1

FORM OF CITY CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

IMPROVEMENT AREA NO. 2 OF THE
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(TREASURE ISLAND)
SPECIAL TAX BONDS, SERIES 2023A

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco (the "City") with respect to the Improvement Area No. 2 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (the "District") in connection with the issuance of the above captioned Bonds (the "Bonds"). The Bonds are issued pursuant to Resolution No. 501-21 adopted by the Board of Supervisors of the City (the "Board of Supervisors") on October 26, 2021, and approved by Mayor London N. Breed on November 5, 2021 (together, "Resolution") and Fiscal Agent Agreement, dated as of February 1, 2022, as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of December 1, 2023, each by and between the City and Zions Bancorporation, National Association, as fiscal agent, and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311 *et seq*. of the Government Code of the State of California). The City covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean Goodwin Consulting Group, Inc., acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"Holder" shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at *http://emma.msrb.org.*

"Participating Underwriter" shall mean any of the original underwriter or purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean 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.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Fiscal Agent Agreement.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the City's fiscal year (which date shall be June 30 of each year), commencing with the report for the 2023-24 Fiscal Year (which is due not later than March 31, 2025), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate; provided the Annual Report for the 2023-24 Fiscal Year shall consist solely of the financial statements of the City and the Official Statement dated October ___, 2023 related to the Bonds (which may be incorporated by reference and need not be reposted to EMMA). If the Dissemination Agent is not the City, the City shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to such date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the City are not available by the date required above for the filing of the Annual Report, the City shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the City is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the City shall send a notice to the MSRB as required by Section 5(c).

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the City), file a report with the City certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

(a) the audited general purpose financial statements of the City prepared in accordance with generally accepted accounting principles applicable to governmental entities. The financial statements required by this subsection (a) shall be accompanied by the following statement:

The City's annual financial statement is provided solely to comply with the Securities Exchange Commission staff's interpretation of rule 15c2-12. The bonds are limited obligations of the City, secured by and payable solely from the Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The Bonds are not payable from any other source of funds other than Special Tax Revenues and the funds pledged therefor under the Fiscal Agent Agreement. The General Fund of the City is not liable for the payment of the principal of or interest on the Bonds, and neither the credit nor the taxing power of the City (except to the limited extent set forth in the Fiscal Agent Agreement) or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

(b) (1) the principal amount of the outstanding Parity Bonds as of September 2 preceding the date of the Annual Report and total debt service of the outstanding Parity Bonds that was due in the Bond Year preceding the date of the Annual Report, and (2) the debt service of the outstanding Parity Bonds by series and in total that was due or is scheduled to be due in the then-current Bond Year, and in each Bond Year thereafter through the final maturity date of the outstanding Parity Bonds.

(c) the balance in the Improvement Fund as of June 30 preceding the date of the Annual Report (until such fund has been closed).

(d) (1) the balance in the 2022 Reserve Fund and any reserve for any 2022A Related Parity Bonds and the then-current reserve requirement amount for the 2023A Bonds and any 2022A Related Parity Bonds as of June 30 preceding the date of the Annual Report; and (2) if the Additional Special Tax Reserve Fund has not been released under the Fiscal Agent Agreement, the balance in the Additional Special Tax Reserve Fund as of June 30 preceding the date of the Annual Report.

(e) a completed table for the then current fiscal year for each Sub-Block, categorized by development status, as follows:

Development Status	Taxable Parcels	Expected Taxable Residential Units	Square Footage	Assessed Value	Current FY Maximum Special Tax Revenue	Current FY Special Tax Levy	Allocated Bond Debt	Average VTL
Developed Property[1]								
Vertical DDA Property[1]								
Undeveloped Property[1]								

[1] As applicable.

(f) for any delinquent parcels in Improvement Area No. 2:

- number of parcels delinquent in payment of the Special Tax,
- amount of total delinquency and delinquency as a percentage of total Special Tax, and

- status of the City's actions to pursue foreclosure proceedings upon delinquent properties pursuant to the Fiscal Agent Agreement,

in each case, for the most recently concluded Fiscal Year.

(g) identity of any delinquent taxpayer obligated for more than 10% of the annual Special Tax levy, together with the amount of total delinquency, delinquency as a % of total Special Tax levy, and the assessed value of the applicable properties and a summary of the results of any foreclosure sales, if available (with ownership information based on the most recent information available, which is not necessarily the most up to date information as of the date of the report).

(h) any changes to the Rate and Method since the filing of the prior Annual Report.

(i) to the extent not otherwise provided pursuant to the preceding items (a)-(h), annual information required to be filed with respect to the District since the last Annual Report with the California Debt and Investment Advisory Commission pursuant to Sections 50075.1, 50075.3, 53359.5(b), 53410(d) or 53411 of the California Government Code.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-10 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the City; or
10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any which reflect financial difficulties.

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

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events numbered 11-18 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

11. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
12. Modifications to rights of Bond holders;
13. Unscheduled or contingent Bond calls;
14. Release, substitution, or sale of property securing repayment of the Bonds;
15. Non-payment related defaults;
16. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
17. Appointment of a successor or additional trustee or the change of name of a trustee; or
18. Incurrence of a Financial Obligation of the City or agreement to covenants, events of default, remedies, priority rights or similar terms of Financial Obligation of the City, any of which affect security holders.

(c) The City shall give, or cause to be given, in a timely manner, notice (substantially in the form of Exhibit A) of a failure to provide the annual financial information on or before the date specified in Section 3.

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(13) 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 Resolution.

SECTION 6. Termination of Reporting Obligation. The City's obligations 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 City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The City may, from time to time, 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. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made 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 the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the City Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the City Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City 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 City 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 City 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 10. Remedies. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the City to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the City and County of San Francisco, State of California, and that the sole remedy under this

Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

[Remainder of page intentionally left blank.]

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: __________, 2023

CITY AND COUNTY OF SAN FRANCISCO

____
Anna Van Degna
Director of the Office of Public Finance

Approved as to form:

DAVID CHIU
CITY ATTORNEY

By: ___________________________________
Deputy City Attorney

AGREED AND ACCEPTED:

GOODWIN CONSULTING GROUP, INC., as Dissemination Agent

By: ___________________________________
Name: _________________________________
Title: __________________________________

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of City:	CITY AND COUNTY OF SAN FRANCISCO
Name of Bond Issue:	Improvement Area No. 2 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2023A
Date of Issuance:	__________, 2023

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the City has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the City and County of San Francisco, dated __________, 2023. The City anticipates that the Annual Report will be filed by _____________.

Dated: _____, 20__

CITY AND COUNTY OF SAN FRANCISCO

By: ______[to be signed only if filed]______
Title: ___________________________________

stop

APPENDIX E-2

FORM OF TI SERIES 1 CONTINUING DISCLOSURE CERTIFICATE

$______
IMPROVEMENT AREA NO. 2 OF THE
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(TREASURE ISLAND)
SPECIAL TAX BONDS, SERIES 2023A

TI SERIES 1 CONTINUING DISCLOSURE CERTIFICATE

This TI Series 1 Continuing Disclosure Certificate (the "**Disclosure Certificate**") dated as of ______, 2023, is executed and delivered by Treasure Island Series 1, LLC, a Delaware limited liability company (the "**Developer**"), in connection with the execution and delivery by the City and County of San Francisco, California (the "**City**"), for and on behalf of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (the "**District**") with respect to Improvement Area No. 2 of the District ("**Improvement Area No. 2**"), of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2023A (the "**Bonds**").

The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of February 1, 2022, as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of December 1, 2023 (as so supplemented, the "**Fiscal Agent Agreement**"), each by and between the City, for and on behalf of the District, and Zions Bancorporation, National Association, as fiscal agent. The Bonds are payable from special taxes levied on property in Improvement Area No. 2, and the Developer is the master developer of property in Improvement Area No. 2.

The Developer covenants and agrees as follows:

SECTION 1. <u>Purpose of the Disclosure Certificate</u>. This Disclosure Certificate is being executed and delivered by the Developer for the benefit of the owners and the beneficial owners of the Bonds.

SECTION 2. <u>Definitions</u>. In addition to the definitions set forth in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings when used herein:

> "**Affiliate**" of the Developer means (a) a Person directly or indirectly owning, controlling or holding with power to vote, 5% or more of the outstanding voting securities of the Developer; (b) any Person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the Developer; and (c) any Person directly or indirectly controlling, controlled by, or under common control with the Developer, and, in each such case, about whom information, including financial

information or operating data, concerning such Person could be material to potential investors in their investment decision regarding the Bonds (i.e. information regarding such Person's assets or funds that would materially affect the Developer's ability to complete the Developer Improvements as described in the Official Statement. For purposes hereof, the term "control" (including the terms "**controlling**," "**controlled by**" or "**under common control with**") means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person. Notwithstanding the foregoing, for purposes of this Disclosure Certificate, none of the following entities shall be considered an Affiliate of the Developer: (i) TI Lot 8 LLC; (ii) TI Lot 10 LLC; (iii) TI Lots 3-4 LLC; (iv) B1 Treasure Island 048 Holdings LLC; and (v) C23 Treasure Island 048 Holdings LLC.

"**Beneficial Owner**" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"**Bondowners**" shall mean the owner of any of the Bonds.

"Developer Improvements" shall mean the public or private improvements to be made by the Developer and that are required for development of the property in Improvement Area No. 2.

"**Dissemination Agent**" shall mean the Developer or any successor Dissemination Agent designated in writing by the Developer and which has filed with the Developer and the City a written acceptance of such designation.

"**District**" shall mean the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island).

"**EMMA**" shall mean the Electronic Municipal Market Access system of the MSRB, currently located at http://emma.msrb.org.

"**Fiscal Year**" shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30.

"**Improvement Area No. 2**" shall mean Improvement Area No. 2 of the District.

"**Listed Event**" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Official Statement**" shall mean the Official Statement, dated _______, 2023, relating to the Bonds.

"**Participating Underwriter**" shall mean the original underwriter of the Bonds, being Stifel, Nicolaus & Company, Incorporated.

"**Person**" shall mean any natural person, corporation, partnership, firm, or association, whether acting in an individual fiduciary, or other capacity.

"**Repository**" shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through EMMA.

"**Semiannual Report**" shall mean any report to be provided by the Developer on or prior to May 1 and November 1 of each year pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"**State**" shall mean the State of California.

SECTION 3. Provision of Semiannual Reports.

(a) Until the Developer's obligations under this Disclosure Certificate have been terminated pursuant to Section 6, the Developer shall, or shall cause the Dissemination Agent to, not later than May 1 and November 1 of each year, commencing May 1, 2022, provide to the Repository a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If, in any year, May 1 or November 1 falls on a Saturday, Sunday or a national holiday, such deadline shall be extended to the next following day which is not a Saturday, Sunday, or national holiday. The Semiannual 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.

(b) If the Dissemination Agent is other than the Developer, not later than fifteen (15) calendar days prior to the date specified in subsection (a) for providing the Semiannual Report to the Repository, the Developer shall provide the Semiannual Report to the Dissemination Agent or shall provide notification to the Dissemination Agent that the Developer is preparing, or causing to be prepared, the Semiannual Report and the date which the Semiannual Report is expected to be available. If by such date, the Dissemination Agent has not received a copy of the Semiannual Report or notification as described in the preceding sentence, the Dissemination Agent shall notify the Developer of such failure to receive the report.

(c) If the Dissemination Agent is unable to provide a Semiannual Report to the Repository by the date required in subsection (a) or to verify that a Semiannual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall, in a timely manner, send a notice of such failure to the Repository in the form required by the Repository.

(d) The Developer shall, or shall cause the Dissemination Agent to:

(i) determine each year prior to the date for providing the Semiannual Report the name and address of the Repository; and

(ii) promptly following the provision of a Semiannual Report to the Repository, file a report with the Developer (if the Dissemination is other than the Developer), the City, and the Participating Underwriter certifying that the Semiannual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the Repository.

(e) Notwithstanding any other provision of this Disclosure Certificate, any of the required filings hereunder shall be made in accordance with the MSRB's EMMA system.

SECTION 4. Content of the Semiannual Reports.

(a) Each Semiannual Report shall contain or include by reference the information which is available as of a date that is not earlier than sixty (60) days prior to the applicable May 1 or November 1 due date for the filing of the Semiannual Report, relating to the following:

1. An update to the development and financing plans with respect to the Developer set forth in the following captions of the Official Statement: "THE TREASURE ISLAND PROJECT," "IMPROVEMENT AREA NO. 2 – Location and Description of Improvement Area No. 2 and the Immediate Area," "—Tract Map Status of Improvement Area No. 2," "—Geotechnical Mitigation Program," "—Sea Level Rise and Adaptive Management Strategy," "—Infrastructure Development and Financing Plan," "—Utilities," and "—Ownership of Property in Improvement Area No. 2" (but only as to the first paragraph thereof).

2. Any previously-unreported major legislative, administrative and judicial challenges known to the Developer to or affecting the horizontal or vertical development of the property in Improvement Area No. 2 or the time for construction of Developer Improvements.

(b) In addition to any of the information expressly required to be provided under paragraph (a) above, the Developer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

SECTION 5. Reporting of Significant Events.

(a) Until the Developer's obligations under this Disclosure Certificate have been terminated pursuant to Section 6, pursuant to the provisions of this Section 5, the Developer shall give, or cause to be given, notice of the occurrence of any of the following events, if material under clauses (b) and (c), within 10 business days after obtaining knowledge of the occurrence of any of the following events:

1. Damage to or destruction of any of the Developer Improvements which has a material adverse effect on the development of the property in Improvement Area No. 2.

2. Material default by the Developer or any Affiliate on any loan with respect to the construction or permanent financing of the Developer Improvements.

3. Material default by the Developer or any Affiliate on any loan secured by all or any portion of the property in the District owned by the Developer or such Affiliate.

4. Payment default by the Developer or any Affiliate on any loan of the Developer or any Affiliate (whether or not such loan is secured by property in the District) which is beyond any applicable cure period in such loan that, in the reasonable judgment of the Developer, would materially adversely affect the financial condition of the Developer or the development of the property required for development of Improvement Area No. 2.

5. The filing of any proceedings with respect to the Developer or any Affiliate, in which the Developer or such Affiliate, may be adjudicated as bankrupt or discharged from any or all of their respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts that, in the reasonable judgment of the Developer, would materially adversely affect their ability to develop the property required for development of Improvement Area No. 2 as described in the Official Statement or a more recently filed Semiannual Report.

6. The filing of any lawsuit against the Developer or any Affiliate that, in the reasonable judgment of the Developer, would materially adversely affect the completion of the Developer Improvements, or litigation which if decided against the Developer or any Affiliate that, in the reasonable judgment of the Developer, would materially adversely affect their ability to develop the property required for development of Improvement Area No. 2 as described in the Official Statement or a more recently filed Semiannual Report.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable federal securities laws. The Dissemination Agent (if other than the Developer) shall have no responsibility to determine the materiality of any of the Listed Events.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Developer shall within 10 business days of obtaining knowledge of the occurrence of the respective event, (i) file a notice of such occurrence with the Dissemination Agent which shall then promptly distribute such notice to the Repository, with a copy to the City and the Participating Underwriter, or (ii) file a notice of such occurrence with the Repository, with a copy to the City, the Participating Underwriter, and the Dissemination Agent (if other than the Developer).

SECTION 6. Termination of Reporting Obligation. The Developer's obligations under this Disclosure Certificate shall terminate upon the following events:

(a) the legal defeasance, prior redemption or payment in full of all of the Bonds,

(b) if, at any time, the Developer determines that the Percent Complete in the third column of Table 2 is at least 90%.

If such termination occurs prior to the final maturity of the Bonds, the Developer shall give notice of such termination in the same manner as for a Semiannual Report hereunder.

SECTION 7. Dissemination. The Developer may from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Developer, the Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Developer pursuant to this Disclosure Certificate. The Dissemination Agent may resign (i) by providing thirty days written notice to the Developer, the City and the Participating Underwriter, and (ii) upon appointment of a new Dissemination Agent hereunder. The Developer is serving as the initial Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer 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, it may only be made 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 the Developer, or the type of business conducted;

(b) The amendment or waiver either (i) is approved by the Bondowners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bondowners, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the City and the Participating Underwriter, materially impair the interests of the Bondowners or Beneficial Owners of the Bonds; and

(c) The Developer, or the Dissemination Agent, shall have delivered copies of the amendment and any opinion delivered under (b) above.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Developer 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 Semiannual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Developer chooses to include any information in any Semiannual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Developer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Semiannual Report or notice of occurrence of a Listed Event.

The Developer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Developer, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such laws.

SECTION 10. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Bondowner or Beneficial Owner of the Bonds may seek mandate or specific performance by court order, to cause the Developer or the Dissemination Agent to comply with its obligations under this Disclosure

Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of theirs 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, or its failure to perform its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Developer, the Participating Underwriter, Bondowners or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from the Developer or an opinion of nationally recognized bond counsel. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of its obligations under this Disclosure Certificate. The Dissemination Agent may conclusively rely upon any Semiannual Report provided to it by the Developer as constituting the Semiannual Report required of the Developer in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Semiannual Report. The Dissemination Agent shall have no duty to prepare any Semiannual Report, nor shall the Dissemination Agent be responsible for filing any Semiannual Report not provided to it by the Developer in a timely manner in a form suitable for filing with the Repository. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

SECTION 12. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Developer as Independent Contractor. In performing under this Disclosure Certificate, it is understood that the Developer is an independent contractor and not an agent of the City or the District.

SECTION 14. Notices. Notices should be sent in writing to the following addresses by regular, overnight, or electronic mail. The following information may be conclusively relied upon until changed in writing.

Developer:	Treasure Island Series 1, LLC c/o Lennar Corporation 2000 FivePoint Irvine, California 92618 Attention: Jorge Cardenas

	Email: jorge.cardenas@lennar.com
Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated One Montgomery Street, 35th Floor San Francisco, CA 94104 Attention: Municipal Bond Division Email: egallagher@stifel.com
City or District:	City and County of San Francisco 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94201 Attention: Luke Brewer Email: anna.vandegna@sfgov.org Bridget.katz@sfgov.org grant.carson@sfgov.org Jamie.querubin@sfgov.org

SECTION 16. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Developer, the City, the Dissemination Agent, the Participating Underwriter and Bondowners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 17. Assignability. The Developer shall not assign this Disclosure Certificate without the written consent of the City. The Dissemination Agent may, with prior written notice to the Developer and the City, assign this Disclosure Certificate and the Dissemination Agent's rights and obligations hereunder to a successor Dissemination Agent.

TREASURE ISLAND SERIES 1, LLC,
A Delaware limited liability company

By: ______________________________

Name: ______________________________

Title: ______________________________

APPENDIX E-3

FORM OF MERCHANT BUILDER CONTINUING DISCLOSURE CERTIFICATE

$_____
IMPROVEMENT AREA NO. 2 OF THE
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(TREASURE ISLAND)
SPECIAL TAX BONDS, SERIES 2023A

MERCHANT BUILDER CONTINUING DISCLOSURE CERTIFICATE
([INSERT MERCHANT BUILDER NAME])

This Merchant Builder Continuing Disclosure Certificate (_______) (the "**Disclosure Certificate**") dated as of _______, 2023, is executed and delivered by __________, a __________ limited liability company (the "**Company**"), in connection with the execution and delivery by the City and County of San Francisco, California (the "**City**"), for and on behalf of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (the "**District**") with respect to Improvement Area No. 2 of the District ("**Improvement Area No. 2**"), of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2023A (the "**Bonds**").

The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of February 1, 2022, as supplemented by the First Supplement to Fiscal Agent Agreement, dated as of December 1, 2023 (as so supplemented, the "**Fiscal Agent Agreement**"), each by and between the City, for and on behalf of the District, and Zions Bancorporation, National Association, as fiscal agent. The Bonds are payable from special taxes levied on property in Improvement Area No. 2.

The Company covenants and agrees as follows:

SECTION 1. <u>Purpose of the Disclosure Certificate</u>. This Disclosure Certificate is being executed and delivered by the Company for the benefit of the owners and the beneficial owners of the Bonds.

SECTION 2. <u>Definitions</u>. In addition to the definitions set forth in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings when used herein:

"**Affiliate**" of the Company means (a) a Person directly or indirectly owning, controlling or holding with power to vote, 5% or more of the outstanding voting securities of the Company; (b) any Person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by the Company; and (c) any Person directly or indirectly controlling, controlled by, or under common control with the Company, and, in each such case, about whom information, including financial information or operating data, concerning such Person could be material to potential investors in their investment decision regarding the Bonds (i.e. information regarding such Person's assets or funds that would materially affect the Company's ability to complete the development of the Property as described in the Official Statement or to pay the Special Taxes on the Property (to the extent the responsibility of the Company) prior to delinquency). For purposes hereof, the term "**control**" (including the terms "controlling," "controlled by" or "under common control with") means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person. Notwithstanding the foregoing, for purposes of this Disclosure Certificate, neither Treasure Island Series 1, LLC, Treasure Island Community Development, LLC, nor any of the other Merchant Builders (as defined in the Official Statement), [nor any shareholder of Poly Development and Holdings Group Co., Ltd.,] shall be considered an Affiliate of the Company.

"**Beneficial Owner**" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"**Bondowners**" shall mean the owner of any of the Bonds.

"**Dissemination Agent**" shall mean the Company or any successor Dissemination Agent designated in writing by the Company and which has filed with the Company and the City a written acceptance of such designation.

"**District**" shall mean the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island).

"**EMMA**" shall mean the Electronic Municipal Market Access system of the MSRB, currently located at http://emma.msrb.org.

"**Fiscal Year**" shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30.

"**Improvement Area No. 2**" shall mean Improvement Area No. 2 of the District.

"**Listed Event**" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Merchant Builder Improvements" shall mean the public or private improvements to be made by the Company on the Property.

"**MSRB**" means the Municipal Securities Rulemaking Board.

"**Official Statement**" shall mean the Official Statement, dated _______, 2023, relating to the Bonds.

"**Participating Underwriter**" shall mean the original underwriter of the Bonds, being Stifel, Nicolaus & Company, Incorporated.

"**Person**" shall mean any natural person, corporation, partnership, firm, or association, whether acting in an individual fiduciary, or other capacity.

"**Property**" means the real property within the boundaries of Improvement Area No. 2 that is owned by the Company or any Affiliate.

"**Repository**" shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through EMMA.

"**Semiannual Report**" shall mean any report to be provided by the Company on or prior to May 1 and November 1 of each year pursuant to, and as described in, Section 3 and 4 of this Disclosure Certificate.

"**State**" shall mean the State of California.

SECTION 3. Provision of Semiannual Reports.

(a) Until the Company's obligations under this Disclosure Certificate have been terminated pursuant to Section 6, the Company shall, or shall cause the Dissemination Agent to, not later than May 1 and November 1 of each year, commencing May 1, 2024, provide to the Repository a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If, in any year, May 1 or November 1 falls on a Saturday, Sunday or a national holiday, such deadline shall be extended to the next following day which is not a Saturday, Sunday, or national holiday. The Semiannual 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.

(b) If the Dissemination Agent is other than the Company, not later than fifteen (15) calendar days prior to the date specified in subsection (a) for providing the Semiannual Report to the Repository, the Company shall provide the Semiannual Report to the Dissemination Agent or shall provide notification to the Dissemination Agent that the Company is preparing, or causing to be prepared, the Semiannual Report and the date which the Semiannual Report is expected to be available. If by such date, the Dissemination Agent has not received a copy of the Semiannual Report or notification as described in the preceding sentence, the Dissemination Agent shall notify the Company of such failure to receive the report.

(c) If the Dissemination Agent is unable to provide a Semiannual Report to the Repository by the date required in subsection (a) or to verify that a Semiannual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent shall, in a timely manner, send a notice of such failure to the Repository in the form required by the Repository.

(d) The Company shall, or shall cause the Dissemination Agent to:

(i) determine each year prior to the date for providing the Semiannual Report the name and address of the Repository; and

(ii) promptly following the provision of a Semiannual Report to the Repository, file a report with the Company (if the Dissemination is other than the Company), the City, and the Participating Underwriter certifying that the Semiannual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the Repository.

(e) Notwithstanding any other provision of this Disclosure Certificate, any of the required filings hereunder shall be made in accordance with the MSRB's EMMA system.

SECTION 4. Content of the Semiannual Reports.

(a) Each Semiannual Report shall contain or include by reference the information which is available as of a date that is not earlier than sixty (60) days prior to the applicable May 1 or November 1 due date for the filing of the Semiannual Report, relating to the following:

1. An update to the development and financing plans with respect to the Company's development of the Property set forth under the captions of the Official Statement entitled: "IMPROVEMENT AREA NO. 2 – Ownership of Property in Improvement Area No. 2" and "IMPROVEMENT AREA NO. 2 – Merchant Builder Development and Financing Plans".

2. A summary of development activity with respect to the Property, including the number of parcels for which building permits have been issued, the number of parcels for which certificates of occupancy have been issued, with respect to buildings owned and intended for sale by the Company the number of parcels for which sales have closed, and with respect to buildings owned and intended for rent by the Company the occupancy percentage, all since the date of the information provided in the Official Statement or the most recent Semiannual Report and cumulatively with respect to development of the Property.

3. Any previously-unreported major legislative, administrative and judicial challenges known to the Company to or affecting the horizontal or vertical development of the Property or the time for construction of the Merchant Builder Improvements.

4. Any sale by the Company or any Affiliate of the Property or any portion thereof to another Person, other than to buyers of completed homes, including a description of the property sold (acreage, number of lots, etc.) and the identity of the Person that so purchased the Property.

5. Status of Special Tax payments with respect to the Property.

(b) In addition to any of the information expressly required to be provided under paragraph (a) above, the Company shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

SECTION 5. Reporting of Significant Events.

(a) Until the Company's obligations under this Disclosure Certificate have been terminated pursuant to Section 6, pursuant to the provisions of this Section 5, the Company shall give, or cause to be given, notice of the occurrence of any of the following events, if material under clauses (b) and (c), within 10 business days after obtaining knowledge of the occurrence of any of the following events:

1. Failure to pay any Special Taxes levied on the Property on or prior to the delinquency date.

2. Damage to or destruction of any of the Merchant Builder Improvements which has a material adverse effect on the development of the Property.

3. Material default by the Company or any Affiliate on any loan with respect to the construction or permanent financing of the Merchant Builder Improvements.

4. Material default by the Company or any Affiliate on any loan secured by all or any portion of the Property.

5. Payment default by the Company or any Affiliate on any loan of the Company or any such Affiliate (whether or not such loan is secured by the Property) which is beyond any applicable cure period in such loan that, in the reasonable judgment of the Company, would materially adversely affect the financial condition of the Company or the development of the Property.

6. The filing of any proceedings with respect to the Company or any Affiliate, in which the Company or any such Affiliate, may be adjudicated as bankrupt or discharged from any or all of their respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts that, in the reasonable judgment of the Company, would materially adversely affect their ability to pay Special Taxes for which they are responsible or to sell or develop the Property as described in the Official Statement or a more recently filed Semiannual Report.

7. The filing of any lawsuit against the Company or any Affiliate that, in the reasonable judgment of the Company, would materially adversely affect the completion of the Merchant Builder Improvements, or litigation which if decided against the Company or any Affiliate that, in the reasonable judgment of the Company, would materially adversely affect their ability to pay Special Taxes for which they are responsible or to sell or develop the Property as described in the Official Statement or a more recently filed Semiannual Report.

(b) Whenever the Company obtains knowledge of the occurrence of a Listed Event, the Company shall as soon as possible determine if such event would be material under applicable federal securities laws. The Dissemination Agent (if other than the Company) shall have no responsibility to determine the materiality of any of the Listed Events.

(c) If the Company determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Company shall within 10 business days of obtaining knowledge of the occurrence of the respective event, (i) file a notice of such occurrence with the Dissemination Agent which shall then promptly distribute such notice to the Repository, with a copy to the City and the Participating Underwriter, or (ii) file a notice of such occurrence with the Repository, with a copy to the City, the Participating Underwriter, and the Dissemination Agent (if other than the Company).

SECTION 6. Termination of Reporting Obligation. The Company's obligations under this Disclosure Certificate shall terminate upon the following events:

(a) the legal defeasance, prior redemption or payment in full of all of the Bonds,

(b) if, at any time, the Company has completed construction of all buildings to be constructed on the Property and (1) 70% of the market-rate residential apartments in such buildings have been initially rented to individual renters or (2) 50% of the market-rate condominium units in such buildings intended for sale have been sold and conveyed to individual condominium owners.

If such termination occurs prior to the final maturity of the Bonds, the Company shall give notice of such termination in the same manner as for a Semiannual Report hereunder.

SECTION 7. Dissemination. The Company may from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Company, the Dissemination Agent shall not be responsible in any manner for the form or content of any notice or report prepared by the Company pursuant to this Disclosure Certificate. The Dissemination Agent may resign (i) by providing thirty days written notice to the Company, the City and the Participating Underwriter, and (ii) upon appointment of a new Dissemination Agent hereunder. The Company is serving as the initial Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Company 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, it may only be made 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 the Company, or the type of business conducted;

(b) The amendment or waiver either (i) is approved by the Bondowners in the same manner as provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of Bondowners, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the City and the Participating Underwriter, materially impair the interests of the Bondowners or Beneficial Owners of the Bonds; and

(c) The Company, or the Dissemination Agent, shall have delivered copies of the amendment and any opinion delivered under (b) above.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Company 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 Semiannual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Company chooses to include any information in any Semiannual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Company shall have no obligation under this Disclosure Certificate to update such information or include it in any future Semiannual Report or notice of occurrence of a Listed Event.

The Company acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Company, and that under some circumstances compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Company under such laws.

SECTION 10. Default. In the event of a failure of the Company to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Bondowner or Beneficial Owner of the Bonds may seek mandate or specific performance by court order, to cause the Company or the Dissemination Agent to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed a default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the Company to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate and the Company agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of theirs 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, or its failure to perform its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Company, the Participating Underwriter, Bondowners or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from the Company or an opinion of nationally recognized bond counsel. The obligations of the Company under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of its obligations under this Disclosure Certificate. The Dissemination Agent may conclusively rely upon any Semiannual Report provided to it by the Company as constituting the Semiannual Report required of the Company in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Semiannual Report. The Dissemination Agent shall have no duty to prepare any Semiannual Report, nor shall the

Dissemination Agent be responsible for filing any Semiannual Report not provided to it by the Company in a timely manner in a form suitable for filing with the Repository. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

SECTION 12. Reporting Obligation of Transferees. The Company shall, in connection with any sale or transfer of ownership of any Property (other than sale or transfer to an Affiliate or individual condominium or home owners), cause such transferee to enter into a disclosure certificate with terms substantially similar to the terms of this Disclosure Certificate, whereby such transferee agrees to provide the information of the type described in Section 4 and 5 of this Disclosure Certificate with respect to the property acquired; provided that such transferee's obligations under such disclosure certificate shall terminate upon the same conditions as set forth in Section 6 herein.

SECTION 13. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 14. Company as Independent Contractor. In performing under this Disclosure Certificate, it is understood that the Company is an independent contractor and not an agent of the City or the District.

SECTION 15. Notices. Notices should be sent in writing to the following addresses by regular, overnight, or electronic mail. The following information may be conclusively relied upon until changed in writing.

Company:	______________ ______________ ______________ ______________ Attention: ______________ Email: ______________
Participating Underwriter:	Stifel, Nicolaus & Company, Incorporated One Montgomery Street, 35th Floor San Francisco, CA 94104 Attention: Municipal Bond Division Email: egallagher@stifel.com
City or District:	City and County of San Francisco 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94201 Attention: Luke Brewer Email: anna.vandegna@sfgov.org Bridget.katz@sfgov.org grant.carson@sfgov.org

Jamie.querubin@sfgov.org

SECTION 16. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Company, the City, the Dissemination Agent, the Participating Underwriter and Bondowners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 17. Assignability. The Company shall not assign this Disclosure Certificate or any right or obligation hereunder except to the extent permitted to do so under the provisions of Section 12 hereof. The Dissemination Agent may, with prior written notice to the Company and the City, assign this Disclosure Certificate and the Dissemination Agent's rights and obligations hereunder to a successor Dissemination Agent.

_____________,
a _____________ limited liability company

By: ______________________________

Name: _____________________________

Title: ______________________________

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2023A Bonds. The 2023A 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 certificate will be issued for the each issue of the 2023A Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to die provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *Information on such website is not incorporated by reference herein.*

Purchases of 2023A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023A 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 2023A 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 2023A Bonds, except in the event that use of the book-entry system for the 2023A Bonds is discontinued.

To facilitate subsequent transfers, all 2023A Bonds deposited by Direct Participants with DTC are registered in the name of DTCs partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2023A 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 2023A Bonds: DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023A 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 well 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 2023A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2023A Bond documents. For example, Beneficial Owners of 2023A Bonds may wish to ascertain that the nominee holding the 2023A 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 2023A Bonds within an issue 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 2023A Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City 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 2023A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2023A 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 City or Fiscal Agent, 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 nor its nominee, Fiscal Agent, or City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, 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 depository with respect to the 2023A Bonds at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The City 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.

APPENDIX G

APPRAISAL REPORT

Integra Realty Resources
San Francisco

Appraisal of Real Property

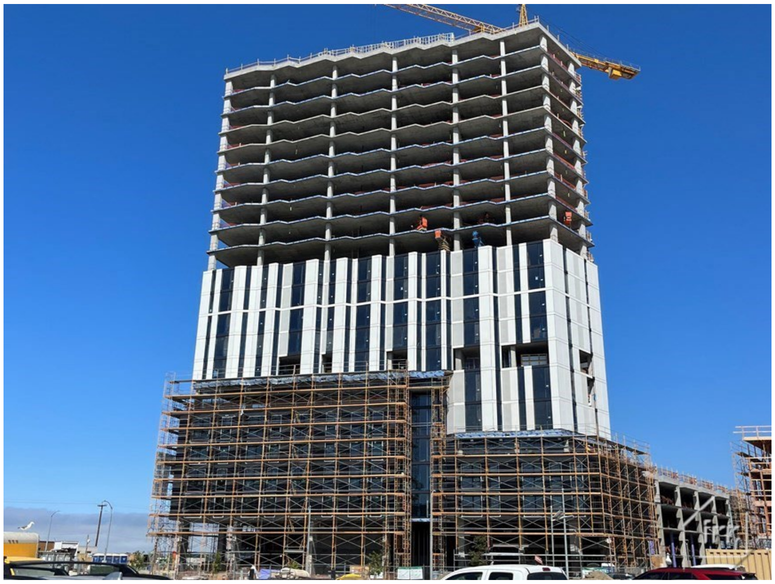
City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Improvement Area No. 2 Special Tax Bonds, Series 2023
Residential Projects
Avenue of the Palms
San Francisco, San Francisco County, California 94130

Prepared For:
City and County of San Francisco

Effective Date of the Appraisal:
August 4, 2023

Report Format:
Appraisal Report – Standard Format

IRR - San Francisco
File Number: 192-2023-0173



City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island)
Improvement Area No. 2 Special Tax Bonds, Series 2023
Avenue of the Palms
San Francisco, California

Integra Realty Resources
San Francisco

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September 20, 2023

Ms. Anna Van Degna, Director
Controller's Office of Public Finance
City and County of San Francisco
1 Dr. Carlton B. Goodlett Pl.
San Francisco, CA 94102

SUBJECT: Market Value Appraisal
City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Improvement Area No. 2 Special Tax Bonds, Series 2023
Avenue of the Palms
San Francisco, San Francisco County, California 94130
IRR - San Francisco File No. 192-2023-0173

Dear Ms. Van Degna:

Integra Realty Resources – San Francisco is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value by ownership, subject to a hypothetical condition, of the fee simple interest in the property. The client for the assignment is City and County of San Francisco, and the intended use is for bond underwriting purposes. The appraisers understand and agree this Appraisal Report is expected to be, and may be, utilized by the City and County of San Francisco and CFD No. 2016-1 in the marketing of the Special Tax Bonds of CFD No. 2016-1 (Treasure Island) Improvement Area No. 2 ("Bonds") and to satisfy certain legal requirements in connection with issuing the Bonds.

The subject property represents the taxable land areas within CFD No. 2016-1 (Treasure Island) Improvement Area No. 2 and includes five development parcels of land located on Treasure Island. In total, the five Parcels are entitled for the development of 233 for-sale condominiums and 545 for-rent apartment units; each of the multifamily sites will also include ground floor retail. Ownership of the Parcels is held by entities associated with Stockbridge Capital Group, LLC, Wilson Meany, LP, Lennar, and Poly (USA) Real Estate Development Corporation. As of the effective appraisal date, infrastructure development serving the five Parcels is substantially complete and vertical construction has commenced on three of the Parcels (C2.2, C2.4, and C3.4).

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of City and County of San Francisco. The appraisal is also prepared in accordance with the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

We have been requested to provide the market value of the appraised properties as of the date of value (August 4, 2023). The market value of the appraised properties in CFD No. 2016-1 Improvement Area No. 2 account for the impact of the Lien of the Special Tax securing the repayment of the Bonds.

As a result of the analyses herein, the market value (fee simple interest) of the appraised properties by ownership, subject to a hypothetical condition, as of August 4, 2023, is presented in the following table:

Value Conclusion

Appraised Property	Ownership	Appraisal Premise	Value Conclusion
Parcel C2.2 (178 multifamily units)	TI Lot 8, LLC	Market Value, subject to a Hypothetical Condition	$37,300,000
Parcel C2.3 (85 condominium units)	Poly (USA) Real Estate Development Corp.	Market Value, subject to a Hypothetical Condition	$25,300,000
Parcel B1 (117 multifamily units, retail)	Poly (USA) Real Estate Development Corp.	Market Value, subject to a Hypothetical Condition	$10,500,000
Parcel C2.4 (250 multifamily units)	TI Lot 10, LLC	Market Value, subject to a Hypothetical Condition	$99,900,000
Parcel C3.4 (148 condominium units)	TI Lots 3-4, LLC	Market Value, subject to a Hypothetical Condition	$46,900,000
Total Aggregate, or Cumulative, Value, subject to a Hypothetical Condition, of CFD No. 2016-1, Improvement Area 2			$219,900,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The valuation analysis presented herein uses estimates of average rentable or developable square footage for each Parcel. Further, while below market rate (BMR) units (for sale and for rent) are not subject to the Lien of the Special Taxes securing the Bonds, the units and unit square footages are included in the estimation of residual land values, as they remain a cost obligation (either construction cost for the for-sale Parcels or an operating cost for the for-rent Parcels).

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We have been requested to provide an opinion of market value, by ownership, of the subject property as of August 4, 2023. It is a hypothetical condition of the Appraisal that proceeds from the Bonds are available to reimburse for certain public improvements completed to date.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - SAN FRANCISCO

DRAFT

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Table of Contents

Executive Summary

Property Name	City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Improvement Area No. 2 Special Tax Bonds, Series 2023
Address	Avenue of the Palms San Francisco, San Francisco County, California 94130
Property Type	Residential Land - Other
Owner of Record	TI Lot 8, LLC / C23 Treasure Island 048 Holdings / TI Lot 10, LLC / TI Lots 3-4, LLC / B1 Treasure Island 048 Holdings
Tax ID	8903-004, 8904-004, 8904-005, 8906-009, 8901-003 and 8901-004
Land Area	5.22 acres; 227,230 SF
Zoning Designation	TI-R / TI-MU, Treasure Island - Residential / Treasure Island
Highest and Best Use	Single and multifamily residential use
Exposure Time; Marketing Period	9 - 12 months; 9 - 12 months
Effective Date of the Appraisal	August 4, 2023
Date of the Report	September 20, 2023
Property Interest Appraised	Fee Simple
Total Aggregate, or Cumulative, Value, subject to a Hypothetical Condition, of CFD No. 2016-1, Improvement Area 2	$219,900,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

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The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We have been requested to provide an opinion of market value, by ownership, of the subject property as of August 4, 2023. It is a hypothetical condition of the Appraisal that proceeds from the Bonds are available to reimburse for certain public improvements completed to date.

General Information

Identification of Subject

The subject property represents the taxable land areas within CFD No. 2016-1 (Treasure Island) Improvement Area No. 2 and includes five development parcels of land located on Treasure Island. In total, the five Parcels are entitled for the development of 233 for-sale condominiums and 545 for-rent apartment units; each of the multifamily sites will also include ground floor retail. Ownership of the Parcels is held by entities associated with Stockbridge Capital Group, LLC, Wilson Meany, LP, Lennar, and Poly (USA) Real Estate Development Corporation. As of the effective appraisal date, infrastructure development serving the five Parcels is substantially complete and vertical construction has commenced on three of the Parcels (C2.2, C2.4, and C3.4). A legal description of the property is in the addenda.

Property Identification

Property Name	City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Improvement Area No. 2 Special Tax Bonds, Series 2023
Address	Avenue of the Palms San Francisco, California 94130
Tax ID	8903-004, 8904-004, 8904-005, 8906-009, 8901-003 and 8901-004
Owner of Record	TI Lot 8, LLC / C23 Treasure Island 048 Holdings / TI Lot 10, LLC / TI Lots 3-4, LLC / B1 Treasure Island 048 Holdings

A summary of the five development parcels, which are comprised of six Assessor's tax identification numbers, is provided below. Please note, Parcels B1.1 and B1.2 will be developed as one site and is designated "B1"in this appraisal.

Land Area Summary

Tax ID	Parcel	SF	Acres
8903-004	Parcel C2.2	48,919	1.12
8904-004	Parcel C2.3	36,117	0.83
8904-005	Parcel C2.4	36,647	0.84
8906-009	Parcel C3.4	61,207	1.41
8901-003	Parcel B1.1	22,119	0.51
8901-004	Parcel B1.2	22,221	0.51
Total		227,230	5.22

Source: Public Records

A summary of land uses by Parcel is provided on the following page.

Land Use Overview										
Parcel	Name	Acreage	Use	For Sale/Rent	No. of Market Rate Units	No. of BMR Units	Total Units	Parking Spaces	Rentable Area - Residential	Rentable Area - Retail
Parcel C2.2	Hawkins	1.12	Multifamily/Retail	For Rent	169	9	178	92	141,422	1,555
Parcel C2.3	-	0.83	Condominium	For Sale	80	5	85	83	105,445	-
Parcel C2.4	Tidal House	0.84	Multifamily/Retail	For Rent	226	24	250	124	207,530	1,250
Parcel C3.4	Portico	1.41	Condominium	For Sale	141	7	148	149	148,710	-
Parcel B1.1 & B1.2 ("B1")	-	1.02	Multifamily/Retail	For Rent	111	6	117	58	101,260	4,785

As will be discussed, vertical construction is well underway on Parcels C2.2 (Hawkins) and C2.4 (Tidal House) and has also recently commenced on C3.4 (Portico).

The valuation analysis presented herein uses estimates of average rentable or developable square footage for each Parcel. Further, while below market rate (BMR) units (for sale and for rent) are not subject to the Lien of the Special Taxes securing the Bonds, the units and unit square footages are included in the estimation of residual land values, as they remain a cost obligation (either construction cost for the for-sale Parcels or an operating cost for the for-rent Parcels).

Sale History

The most recent closed sales of the subject are summarized as follows:

	Parcel B1	Parcel C2.2	Parcel C2.3	Parcel C2.4	Parcel C3.4
Sale Date	November 10, 2020	November 10, 2020	November 10, 2020	November 10, 2020	November 10, 2020
Buyer	Poly (USA) Real Estate Development Corp.	TI Lot 8, LLC	Poly (USA) Real Estate Development Corp.	TI Lot 10, LLC	TI Lots 3-4, LLC
Sale Price	$7,900,000	$13,900,000	$11,000,000	$25,900,000	$14,900,000

Development of Treasure Island (Improvement Area No. 2) involves multiple City and County of San Francisco agencies, master developer entities, and merchant builders. Transfers of land are anticipated to occur at varying stages throughout the development process, the specific details of which have not been provided for consideration herein. The transaction prices above are based on the condition of the appraised properties as if all infrastructure development, which is the obligation of the seller (master developer entity), is complete; whereas, the estimates of market value derived herein are based on the condition of each appraised Parcel as of the effective date of value, with infrastructure development still remaining. Therefore, the prior sale prices are not considered indicative of market value as of the respective dates of transfer or current market value.

Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value by ownership, subject to a hypothetical condition of the fee simple interest in the taxable properties within the boundaries of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Improvement Area No. 2 as of the effective date of the appraisal, August 4, 2023. The date of the report is September 20, 2023. The appraisal is valid only as of the stated effective date.

Definition of Market Value

Market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of Property Rights Appraised

Fee simple estate is defined as, "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

Intended Use and User

The intended use of the appraisal is for bond underwriting purposes. The client is City and County of San Francisco. The intended users are City and County of San Francisco and its associated finance team. The appraisal is not intended for any other use or user. No party or parties other than City and County of San Francisco and its associated its associated finance team may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;

- Applicable state appraisal regulations;
- Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004);
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised the property that is the subject of this report for the current client within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

This appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an "appraisal assignment," as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

Several legal and physical aspects of the subject property were researched and documented. A physical inspection of the property was completed and serves as the basis for the site description contained in this report. The sales history was verified by consulting public records and a preliminary title report. Numerous documents were provided for the appraisal, including: developer's budget, tentative map, project renderings, development timeline, and entitled land uses. The zoning, earthquake zone, flood zone and utilities were verified with applicable public agencies. Property tax information for the current tax year was obtained from the San Francisco County Assessor's office.

Data relating to the subject's neighborhood and surrounding market area were analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area, newspaper articles, and interviews with various market participants, including property owners, property managers, brokers, developers, and local government agencies.

In this appraisal, the highest and best use of the subject property as though vacant was determined based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity).

It is not uncommon for appraisers to be asked to appraise properties at atypical times, relative to when market participants most often transfer properties. The market recognizes typical points during the development process when master planned projects often transfer, such as upon obtaining entitlements, completion of spinal infrastructure and/or recordation of final subdivision maps, for example. In valuation assignments that involve value scenarios that do not coincide with the typical transaction points along the development timeline, the appraiser must apply market logic to the particular stage of the project. Since the subject is at one of these atypical points, we have employed market logic in the valuation of the subject in its hypothetical condition.

In the valuation of the subject property, which comprises the taxable land within the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Improvement Area No. 2, subject to the Lien of the Special Tax securing the Bonds, the market value of the taxable components was estimated using multiple approaches to value. For the subject's single family residential land, to be developed with for-sale condominium units, a land residual analysis is the most applicable method of valuation and is utilized. Comparable bulk land sales are also considered as secondary support.

In the land residual analysis (a variation of the cost approach and income capitalization approaches combined), all direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the residual value of the land.

The subject also includes three Parcels to be developed with for-rent multifamily residential use over ground floor retail. The valuation of these components begins with employing extraction analyses to estimate of the market value of the land for each of the subject Parcels. This analysis considers the direct and indirect construction costs, lease up costs, and entrepreneurial profit associated with each Parcel and deducts these costs from the market value as if stabilized to arrive at the value of the underlying land. Direct capitalization analyses are utilized to determine the market value of the proposed vertical improvements as if stabilized. As a test of reasonableness, we also consider improved multifamily sales, as well as multifamily residential land sales.

It should be noted, both the for-sale and for-rent Parcels will include units set aside to meet inclusionary housing requirements. These units will not be subject to the Lien of the Special Tax securing the Bonds. Since the subject comprises land at this time (under development), the obligation to construct (cost) and sell/rent (at a restricted price) such inclusionary housing units will be considered in the valuation of the underlying land.

All five development parcels are held by merchant builders, and it is our opinion the parcels could transfer within twelve months of exposure to the market; thus, no further discounting is necessary. As there remains additional backbone infrastructure to be completed, the allocable remaining infrastructure costs attributable to the Parcels are considered on a proportionate share basis based upon each Parcel's acreage. While the completion of backbone infrastructure remains the obligation of the master developer, rather than the present owners (merchant builders) the purpose of this appraisal is to estimate the market value of the real property as of a specific point in time. Therefore, it is our opinion the proportionate allocation of remaining costs to each parcel is appropriate.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Eric Segal, MAI, Kevin Ziegenmeyer, MAI, and Laura Diaz, MAI conducted an on-site inspection of the property on August 4, 2023.

Economic Analysis

Area Analysis - San Francisco

Introduction

San Francisco is one of nine counties that comprise the greater San Francisco Bay Area. Spanning 47 square miles of peninsula land between the Pacific Ocean and San Francisco Bay, San Francisco County is unique in that it also defines the boundaries of the city of San Francisco. San Mateo County lies directly to the south, Marin County lies to the north, across the Golden Gate Bridge, and Alameda County lies to the east, across the Bay Bridge. San Francisco is the geographic and economic center of the Bay Area.

The peninsula that San Francisco County rests on is surrounded by three bodies of water – the Pacific Ocean, the Golden Gate strait, and the San Francisco Bay. The area has a mild climate, with a relatively comfortable temperature range year-round. Earthquakes are a common occurrence in the Bay Area due to the proximity to the San Andreas and Hayward Faults. The last major earthquake occurred in 1989 and measured 7.1 on the Richter scale.

Population

The nine-county Bay Area is home to 7.5 million residents and has shown an average decline in population of 0.5% per year over the past five years. San Francisco County has had an average decline of 1.2% per year. The following table shows recent population trends for San Francisco County, as well as the other counties that make up the Bay Area.

Population Trends

County	2018	2019	2020	2021	2022	2023	%/Yr
Alameda	1,651,760	1,659,608	1,682,353	1,663,371	1,644,248	1,636,194	-0.2%
Contra Costa	1,143,188	1,147,623	1,165,927	1,161,238	1,151,798	1,147,653	0.1%
Marin	262,179	261,478	262,321	259,087	255,470	252,959	-0.7%
Napa	140,340	139,608	138,019	137,484	135,941	134,637	-0.8%
San Francisco	**885,716**	**886,885**	**873,965**	**853,414**	**837,036**	**831,703**	**-1.2%**
San Mateo	770,927	771,160	764,442	754,439	740,821	737,644	-0.9%
Santa Clara	1,943,579	1,944,733	1,936,259	1,910,551	1,890,967	1,886,079	-0.6%
Solano	436,813	438,205	453,491	449,116	445,881	443,749	0.3%
Sonoma	500,485	495,919	488,863	484,055	480,623	478,174	-0.9%
Total	**7,734,987**	**7,745,219**	**7,765,640**	**7,672,755**	**7,582,785**	**7,548,792**	**-0.5%**

Source: California Department of Finance

Employment & Economy

The California Employment Development Department has reported the following employment data for the City/County of San Francisco over the past five years.

Employment Trends	2017	2018	2019	2020	2021	2022
Labor Force	563,000	568,700	580,900	560,100	548,600	572,600
Employment	546,400	555,100	568,000	515,600	520,800	558,000
Annual Employment Change	9,400	8,700	12,900	(52,400)	5,200	37,200
Unemployment Rate	2.9%	2.4%	2.2%	7.9%	5.1%	2.5%

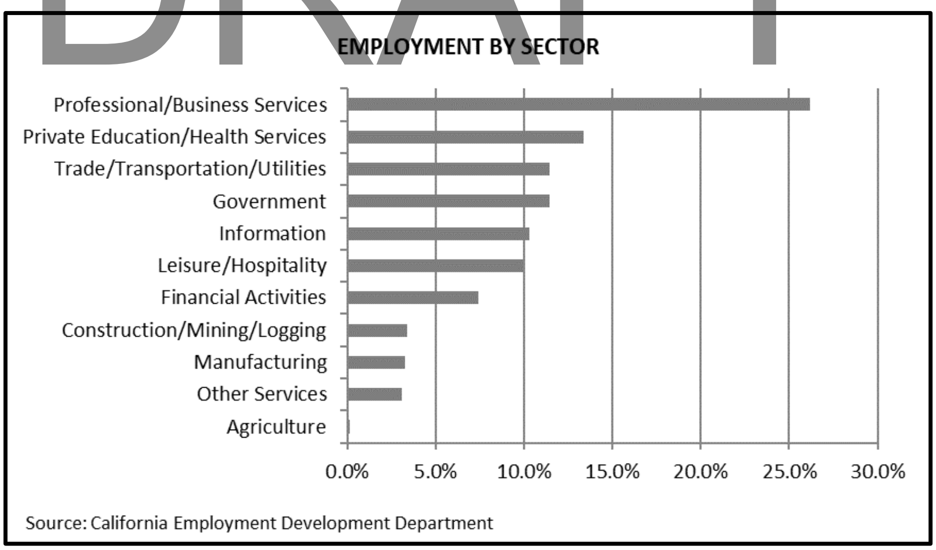
Source: California Employment Development Department

Most areas within the state and nation, including San Francisco County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, declines between 2011 and 2019, a significant increase in 2020 and improvement in 2021 and 2022.

The California Employment Development Department reported an unemployment rate of 3.2% in San Francisco County in June 2023, up from 2.5% a year prior and compared to 4.9% for California and 3.8% for the nation.

As of June 2023, it was reported the San Francisco Metro (San Francisco and San Mateo Counties) gained 30,600 jobs (2.6% increase) year-over-year as many of the jobs lost during the pandemic continue to be restored. The greatest job gain was in the Leisure and Hospitality sector with 12,800 jobs added, followed by the Private Education and Health Services sector with 12,100 jobs gained.

The following chart indicates the percentage of total employment for each sector within the city/county as of June 2023.



San Francisco's largest employment sector is Professional and Business Services, accounting for roughly 26.2% of all employment, having outpaced all other major industries in terms of job growth prior to the pandemic. The remainder of employment is divided among all other industry sectors, with Private Education and Health Services, Trade/Transportation/Utilities (which includes wholesale and retail trade) and Government each accounting for roughly 11% - 13% of the total. The following table shows the largest employers in the city/county.

Largest Employers

	Employer	Industry	Employees
1	City and County of San Francisco	Government	35,802
2	University of California San Francisco	Education	29,500
3	Salesforce	Technology	10,603
4	San Francisco Unified School District	Education	10,322
5	Sutter Health	Healthcare	6,100
6	Wells Fargo & Co.	Financial Activities	5,899
7	Uber Technologies, Inc.	Transportation	5,500
8	Allied Universal	Other Services	4,095
9	Kaiser Permanente	Healthcare	3,921
10	First Republic Bank	Financial Activities	3,042

Source: City and County of San Francisco, Comprehensive Annual Financial Report, June 30, 2022

Since the publication date of the rankings above, JPMorgan Chase & Co. acquired the substantial majority of assets and assumed the deposits and certain other liabilities of First Republic Bank from the Federal Deposit Insurance Corporation.

Transportation

Access to and through San Francisco is provided by Interstate 280, U.S. Highway 101 and State Highway 1. Interstate 280 runs northeast to Interstate 80, which traverses the Bay Bridge, connecting to Oakland (Alameda County) in the East Bay and heading north through Solano County and the city of Sacramento before continuing on through the Sierra Nevada Mountains and Reno, Nevada. Interstate 280 and U.S. Highway 101 run relatively parallel south of San Francisco, along the peninsula through San Mateo County and Silicon Valley to San Jose (Santa Clara County). U.S. Highway 101 runs north along the eastern side of San Francisco and connects to Interstate 80 at the Bay Bridge. U.S. Highway 101 also leads from the northern edge of the county over the Golden Gate Bridge into Marin County and beyond. State Highway 1 travels along the Pacific coast of California from southern California to northern California where it merges with U.S. Highway 101 in Mendocino County.

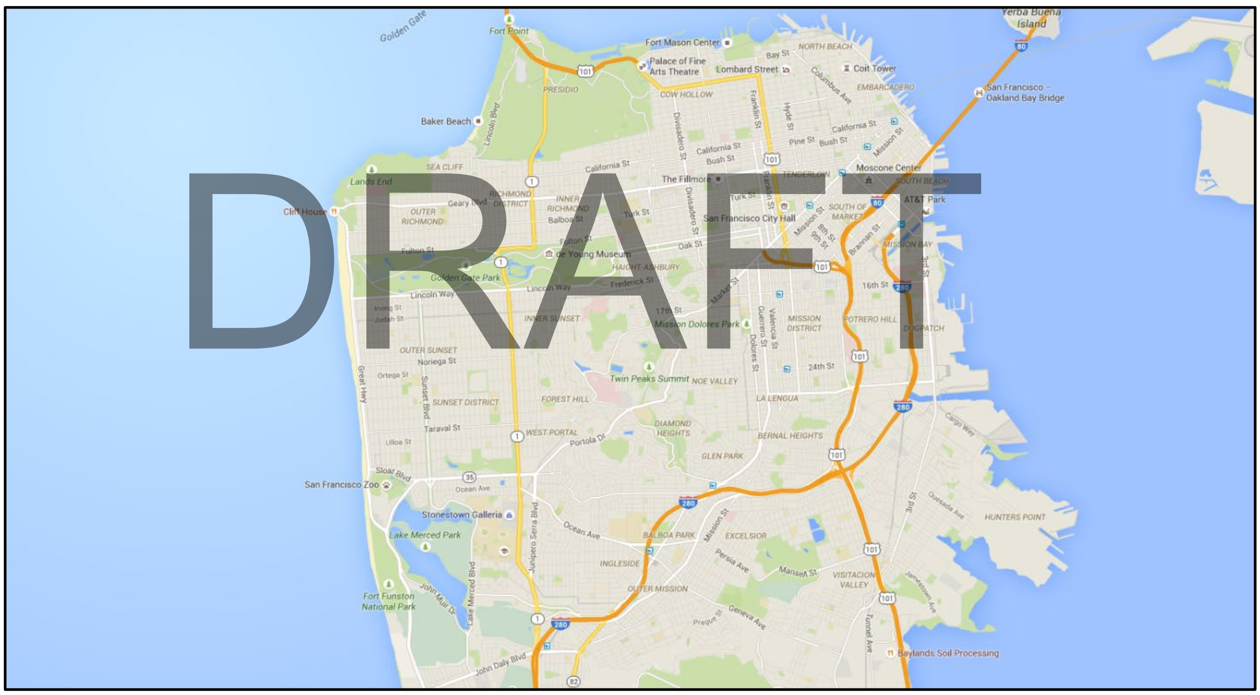
As noted above, vehicular access to the city/county of San Francisco is provided by the Golden Gate Bridge from the north, the Bay Bridge from the east, and the southern peninsula (San Mateo and Santa Clara Counties) to the south. Public transportation is provided by rail service (including Amtrak and Caltrain), bus service, and the Bay Area Rapid Transit (BART). BART links various Bay Area cities to the city/county of San Francisco, including Antioch, Pittsburg, and Richmond in Contra Costa County, Dublin, Pleasanton, and Fremont in Alameda County, Milpitas and North San Jose in Santa Clara County, and Daly City, Millbrae, and San Francisco International Airport in San Mateo County. Cable-car, Muni and BART service provide public transportation within the city. BART and County Connection buses shuttle commuters to and from outlying areas. The aforementioned San Francisco International Airport lies about 12 miles south of the city.

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. According to Claritas Spotlight data reporting service, the median household income estimated for San Francisco County in 2023 is $140,697. This is significantly higher than the state of California's median income of $89,113. The county's income is the fourth highest among California counties, trailing Santa Clara, San Mateo and Marin counties.

Neighborhoods

San Francisco is identified by many smaller submarkets or neighborhoods. The main neighborhoods are described in the following paragraphs based on information from onlyinsanfrancisco.com and Urban Bay Properties.



Castro/Upper Market: San Francisco's historic F-Line streetcars are one of the best ways to reach the Castro and Upper Market areas. The Castro, and nearby Noe Valley, offer village-like amenities including pedestrian-friendly streets, Victorian homes in historic Eureka Valley, an array of trendy stores and outdoor cafes for the "see and scene" crowd. The upper stretch of Market Street coils around the lower reaches of Twin Peaks. Noted for their sweeping vistas of the Bay Area, these crests are popular with sightseers. Glen Park on the lower slopes of Diamond Heights has a canyon park and is near a BART station.

Chinatown: The entrance to Chinatown at Grant Avenue and Bush Street is called the "Dragon's Gate." Inside are 24 blocks of hustle and bustle, most of it taking place along Grant, the oldest street in San Francisco. This city within a city is best explored on foot; exotic shops, food markets, temples and small museums are comprised within its boundaries. The former central telephone exchange of the Pacific Telephone and Telegraph Company stands at 743 Washington Street. Now a bank, it is the first Chinese-style building constructed in San Francisco, and the exact site where California's first newspaper was printed.

Civic Center: San Francisco's widest street, Van Ness Avenue, runs down the middle of Civic Center. A short distance from Civic Center is Hayes Valley, which boasts galleries, antique shops, restaurants, and book stores. A stretch of Larkin Street, starting just beyond the Asian Art Museum's front door at Larkin and McAllister up to O'Farrell, has been designated Little Saigon. Some 250 Vietnamese-owned businesses are concentrated in this and the nearby Tenderloin areas. The Polk Street district parallels Van Ness Avenue and extends all the way to Fisherman's Wharf, where it terminates in front of the historic Maritime Museum. Catering to a diverse population, Polk Street is one of the oldest shopping districts in San Francisco.

Embarcadero/Financial District: Lined with deep-water piers, The Embarcadero is literally where one embarks. At the foot of Market Street is the Ferry Building, which houses a food hall, restaurants and a farmer's market. The Ferry Building is also the terminal for ferries to Marin County, Vallejo, Oakland and Alameda. Across the bay is Treasure Island, a man-made island that was the site of the 1939 Golden Gate International Exposition. Much of Jackson Square, one of 11 historic districts, has many buildings dating from the mid-1800s.

Fisherman's Wharf: Fisherman's Wharf is home to fishing boats, seafood stalls, steaming crab cauldrons, seafood restaurants and sourdough French bread bakeries, as well as souvenir shops and museums. The historic F-Line streetcar and two cable car lines terminate in the area and sightseeing boats and boat charters link to Alcatraz, Angel Island and other points around San Francisco Bay.

Haight-Ashbury: One of the most photographed scenes in San Francisco, Alamo Square's famous "postcard row" at Hayes and Steiner Streets is a tight formation of Victorian houses back-dropped by downtown skyscrapers. The corner of Haight and Ashbury Streets still has its tie-dyed roots; vintage clothing, books and records are abundant here and along lower Haight Street. Locals will point out Buena Vista Park, with its city views, and, for architectural highlights, Masonic, Piedmont and Delmar Streets. Parnassus Heights is home to the University of California, San Francisco.

Japantown/Fillmore: Founded in 1906, Japantown is the oldest Japanese district in the United States and one of only three remaining. This small slice of Japanese life is near the Fillmore, the "Harlem of the West," which is the setting for an annual open-air jazz festival.

Marina/Presidio: The Golden Gate Bridge is one of the world's most famous landmarks. Its southern approach via State Highway 1/U.S. Highway 101 traverses some of the city's most scenic and historic areas including the Presidio of San Francisco and the Marina, site of the 1915 Panama-Pacific International Exposition. The outdoor cafes of Union Street in Cow Hollow, former dairy land, are ideal spots for people watching and gazing up at the mansions of Pacific Heights. Outer Sacramento Street and Laurel Heights contain a variety of shopping areas.

Mission District: Boasting some of the best weather in the city, the Mission District, Bernal Heights and Potrero Hill take advantage of an abundance of fog-free days. New restaurants and night spots are a draw while Mission Dolores, 16th and Dolores Streets, is the oldest structure in San Francisco. Many of the city's pioneers are buried in an adjacent cemetery. The largest concentration of murals in the city adorns buildings, fences and walls throughout the District. Potrero Hill's Dogpatch neighborhood is one of 11 historic Districts in the city.

Nob Hill: Once the home of the silver kings and railroad barons, the "nabobs," Nob Hill's noble tenants include Grace Cathedral, a replica of Notre Dame in Paris; Huntington Park, site of many art shows and graced by a replica of a 16th century Roman fountain; Nob Hill Masonic Center, an architectural dazzler hosting various musical events; the Cable Car Barn, where the cable cars are stored when not in service, and grand hotels, including the Mark Hopkins (Intercontinental Hotel) and the famous Top Of The Mark restaurant/bar and the Fairmont. Russian Hill, named for burial sites of Russian hunters who were active in California waters in the early 1800s, is most famous for the winding curves of Lombard Street.

North Beach: North Beach is transformed into one of San Francisco's most electric playgrounds with live music and dancing. Many local residents practice tai chi in Washington Square. Coit Tower atop Telegraph Hill offers marvelous views of the city. Thirty local artists painted murals on its ground floor walls in 1933.

Richmond District: Laid out in a grid of multifamily houses all the way to the Great Highway and Ocean Beach, the area is bordered by Golden Gate Park, Lincoln Park/Presidio and Lone Mountain. Shopping is concentrated along major thoroughfares, including Geary Boulevard and Clement Street. The Richmond District sprouted a second Chinatown along Clement Street in the early 1970s thanks to the numerous Asian restaurants and retail stores.

Soma/Yerba Buena: Yerba Buena Gardens, "the largest concentration of art west of the Hudson River," is an oasis in the heart of the city. Moscone Center and more than a dozen museums are located here as well as a memorial to Dr. Martin Luther King, Jr. The South Beach area, recently transformed into a mixed-use waterfront neighborhood, includes the restored warehouses in the South End Historic District and several marinas.

Union Square: Pre-pandemic, Union Square was an international shopping destination; though, the neighborhood has suffered the loss of several major retailers in recent years. Union Square is a landmark park in the heart of the downtown shopping and hotel district. Granite plazas, a stage, a café and four grand entrance corner plazas bordered by the park's signature palms, pay tribute to the Square's distinctive history and offer a forum for civic celebrations. The cable cars head up Powell Street from here and flower stands populate every corner.

Mission Bay: Established as a redevelopment area by the City and County of San Francisco in 1998, this neighborhood was primarily undeveloped for several years, with warehouses, shipping yards and factories the primary land uses in the area. Now, since the construction of Oracle Park, home to the San Francisco Giants baseball team, the Mission Bay and Central Waterfront area of San Francisco is developing as a biotech research hub for the Bay Area. California's Stem Cell Research headquarters is located in Mission Bay, as is University of California San Francisco's (UCSF) Mission Bay campus. Newly constructed and proposed residential lofts and condos are also part of the neighborhood resurgence.

Bayview/Candlestick Point/Hunters Point: This area is primarily south of Interstate 280 and is home to the former Hunters Point shipyard. The Point, located within the former shipyard, is hyped as "America's largest art colony," and hosts several open art events and exhibitions during the year. The Bayview Opera House is the city's first opera house. Candlestick Point was the former home of Candlestick Park stadium.

Treasure Island/Yerba Buena Island: Treasure Island and Yerba Buena Island are located in the San Francisco Bay west of Interstate 80/The Bay Bridge. Treasure Island was artificially created with bay sand and became a U.S. Naval Station in 1941. After World War II, the island was utilized as a naval training and administrative center. Yerba Buena Island is a natural island which has historically been utilized by the U.S. Army, which established a post on the northeast portion of the island in 1867. In 1997, the Treasure Island Development Agency (TIDA) was created to oversee the reuse and redevelopment of the Treasure Island Naval Station, which had been closed by the Base Realignment and Closure Commission in 1993. Currently, the Treasure Island Development Project is underway which is planned to eventually result in 461-acres of land across both islands being redeveloped for residential, office, retail, and hotel use with substantial infrastructure upgrades.

Recreation & Culture

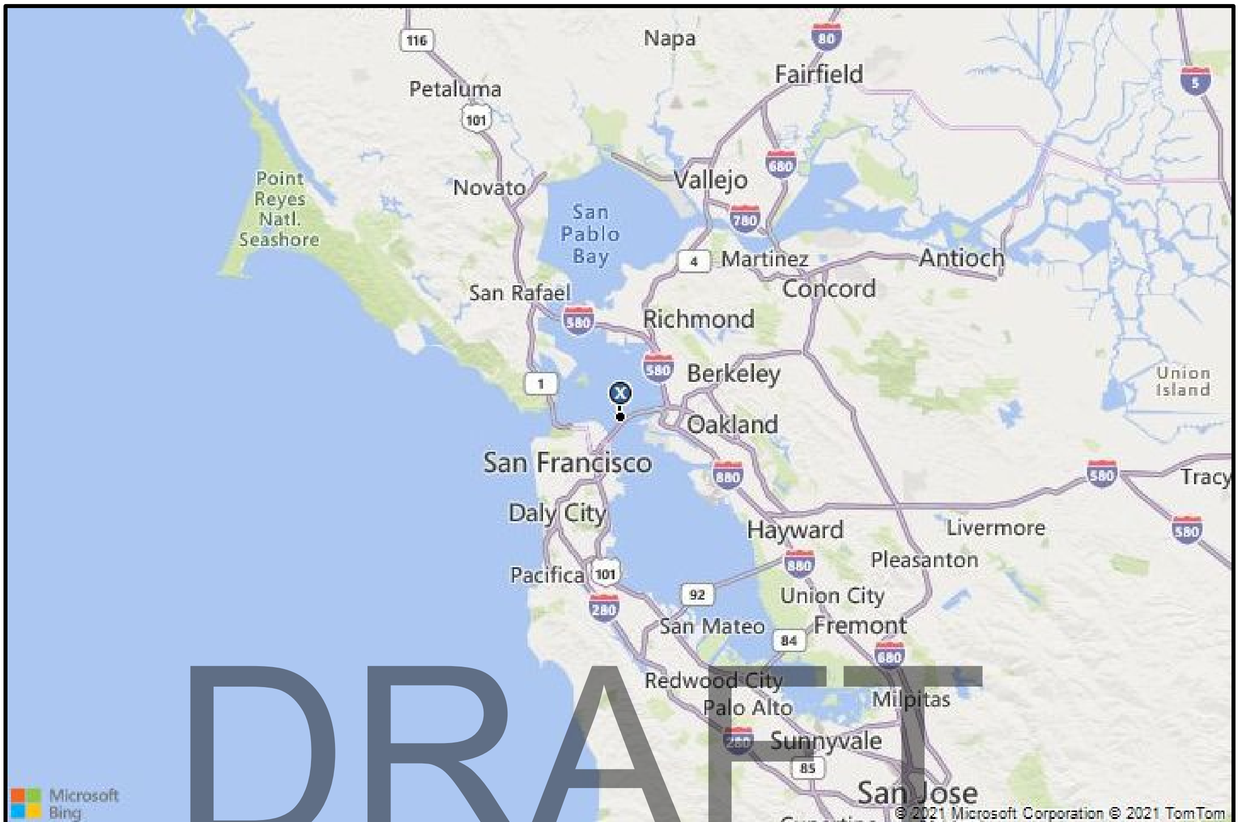
San Francisco is a city rich with cultural and recreational opportunities that attract residents and visitors alike. The city is home to live theater, symphony, ballet, opera, many diverse restaurants, professional sports teams, numerous public parks, a national recreation area, museums, beaches, and a wide variety of residential neighborhoods. Professional sports teams in the Bay Area include the San Francisco Giants (baseball), Golden State Warriors (basketball), San Francisco 49ers (football), San Jose Sharks (hockey) and San Jose Earthquakes (soccer).

San Francisco is known for drawing tourists from around the globe with its wide array of attractions. Major points of interest include Alcatraz Island, Angel Island, Fisherman's Wharf, the Embarcadero, the Aquarium of the Bay, and a city zoo. The 1,000-acre Golden Gate Park is San Francisco's largest park and offers a treasure trove of attractions, including Strybing Arboretum and Botanical Gardens, a biodiversity hub with 6,000 plant species and a towering display of California redwoods; the Japanese Tea Garden; a children's playground; the Asian Art Museum; MH de Young Memorial Museum; and the California Academy of Sciences.

Conclusion

San Francisco is one of the largest metropolitan areas in the U.S. and serves as a hub for international commerce, financial services, and tourism. The city is densely built-out with a limited supply of developable land. In recent years, the region experienced strong employment and economic conditions, and favorable conditions in most real estate sectors. However, employment conditions declined sharply after the onset of the pandemic, with gradual improvement as the economy has recovered. Market and economic conditions have likewise improved as jobs and residents have returned to the metro, but most commercial real estate markets remain at conditions below their pre-pandemic levels in terms of vacancy rates and, in some cases, rental rates. Additionally, current macroeconomic factors, particularly high inflation, and rising interest rates, have reintroduced uncertainty in the market.

Area Map


Napa
Fairfield
Petaluma
Point Reyes Natl. Seashore
Novato
Vallejo
San Pablo Bay
Martinez
Antioch
Concord
San Rafael
Richmond
Berkeley
Oakland
Union Island
San Francisco
Tracy
Daly City
Hayward
Livermore
Pleasanton
Pacifica
Union City
San Mateo
Fremont
Redwood City
Milpitas
Palo Alto
Sunnyvale
San Jose
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Surrounding Area Analysis

Boundaries

The subject is located on Treasure Island, an artificially created island in the San Francisco Bay between the city of San Francisco and the city of Oakland. To the south, Treasure Island is connected to Yerba Buena Island via Treasure Island Road.

A map identifying the location of the property follows this section.

Access and Linkages

Vehicular access to Treasure Island is provided by Interstate 80 via the Oakland-San Francisco Bay Bridge, which provides access to San Francisco and Oakland. Yerba Buena Tunnel runs through the island and connects it with the Bay Bridge. Interstate 80 connects to Highway 101 south of the subject property in San Francisco and connects to Interstates 580 and 880 east of the subject in Oakland. Access to the subject property from the I-80 ramp is provided by Treasure Island Road. San Francisco's central business district, the economic and cultural center of the region, is approximately three to four miles from the subject property. Downtown Oakland is located approximately eight miles east of Treasure Island.

Upon completion of the proposed development, Treasure Island and Yerba Buena Island are expected to enjoy bus service, with ferry service to San Francisco also available from Treasure Island. The San Francisco International Airport is approximately 18 miles south of the subject property, while the Oakland International Airport is 16 miles southeast of the subject.

Demographic Factors

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics

2023 Estimates	10-Minute Drive Time	15-Minute Drive Time	20-Minute Drive Time	San Francisco City & County	San Francisco-Oakland MSA
Population 2020	32,764	467,988	1,225,384	873,965	4,749,008
Population 2023	32,841	456,979	1,189,388	831,958	4,672,808
Population 2028	34,759	464,765	1,195,133	829,076	4,708,625
Compound % Change 2020-2023	0.1%	-0.8%	-1.0%	-1.6%	-0.5%
Compound % Change 2023-2028	1.1%	0.3%	0.1%	-0.1%	0.2%
Households 2020	16,107	218,764	510,863	371,851	1,744,100
Households 2023	16,199	214,713	498,345	358,729	1,712,517
Households 2028	17,312	220,254	504,690	362,944	1,725,723
Compound % Change 2020-2023	0.2%	-0.6%	-0.8%	-1.2%	-0.6%
Compound % Change 2023-2028	1.3%	0.5%	0.3%	0.2%	0.2%
Median Household Income 2023	$224,453	$117,668	$119,504	$140,697	$127,870
Average Household Size	1.8	2.0	2.3	2.2	2.7
College Graduate %	71%	59%	57%	59%	51%
Median Age	38	40	40	40	40
Owner Occupied %	34%	26%	37%	38%	55%
Renter Occupied %	66%	74%	63%	62%	45%
Median Owner Occupied Housing Value	$1,928,056	$1,356,877	$1,323,380	$1,845,484	$1,202,706
Median Year Structure Built	2004	1958	1951	1942	1967
Average Travel Time to Work in Minutes	35	36	37	37	38

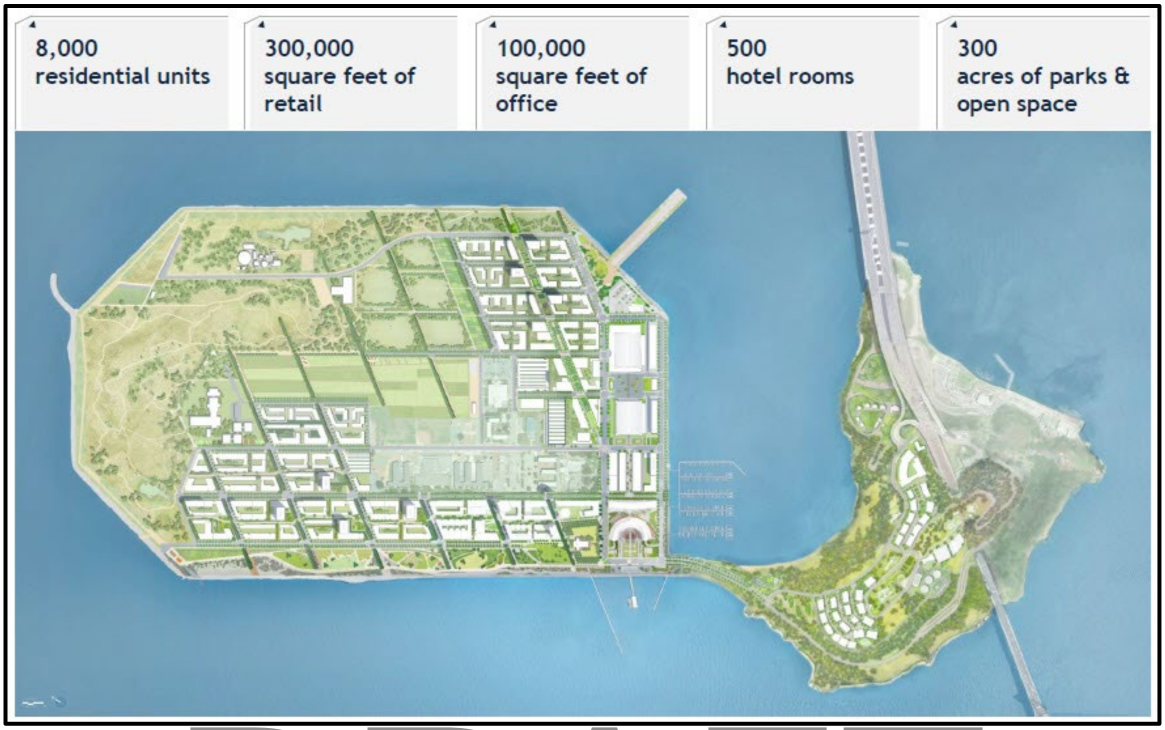
Source: Claritas

As shown above, the current population within a 15-minute drive time of the subject is 456,979, and the average household size is 2.0. Population in the area has declined since the 2020 census, but the trend is projected to change to growth over the next five years. This is in contrast to the population of San Francisco County, which is projected to decline.

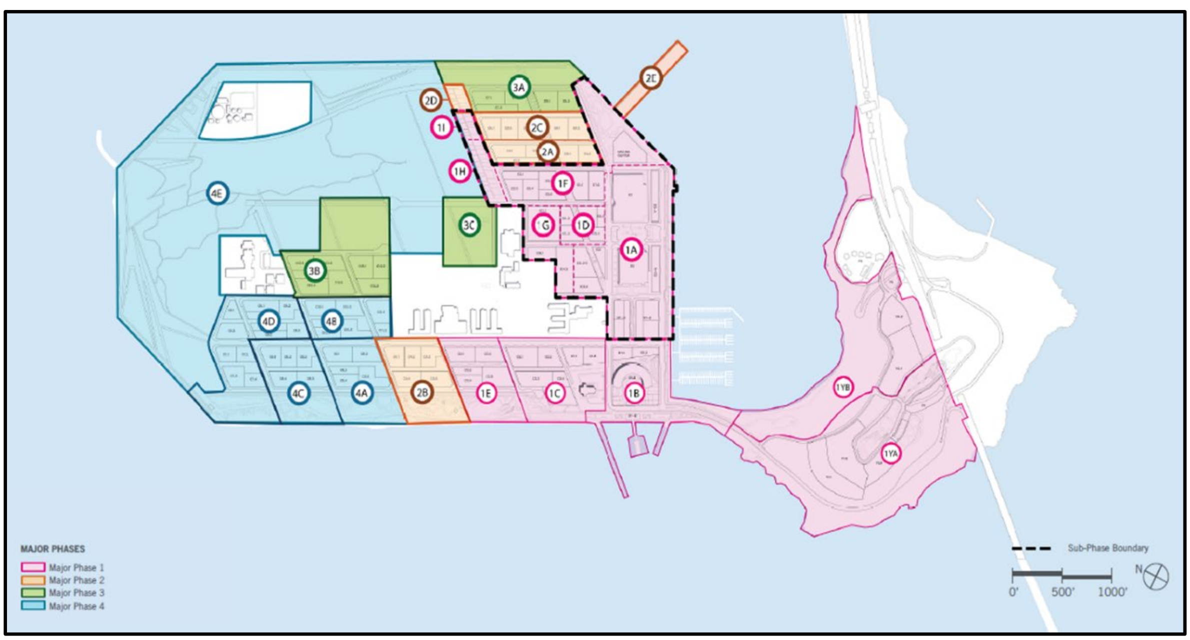
Median household income within a 15-minute drive time is $117,668, which is lower than the household income for San Francisco County overall. However, median household income within a 10-minute drive time is $224,453, which is significantly greater than the median income for San Francisco County and the San Francisco-Oakland MSA. Residents within a 15-minute drive time have a similar level of educational attainment to those of San Francisco County, though median owner occupied home values are considerably lower. Conversely, median home values within a 10-minute drive time are higher than median home values in San Francisco County overall.

Land Use

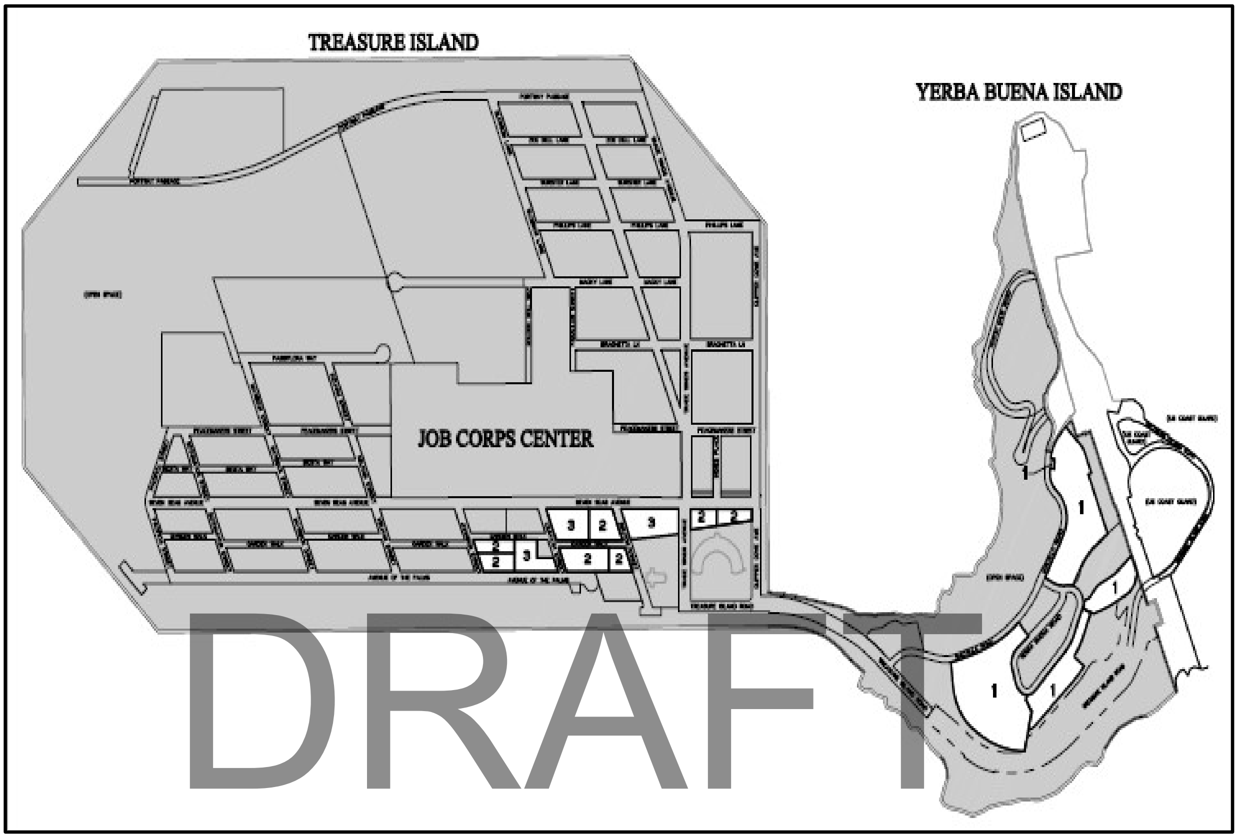
The subject property is the second phase of the larger Treasure Island Development Program, a proposed 461-acre project which, upon completion, will include up to 8,000 homes, 500 hotel rooms, 300,000 square feet of retail space, 100,000 square feet of office space, a marina, ferry terminal, open space/public parks, and pedestrian trails. The project is located on a portion of a former United States Navy base which includes Treasure Island (artificially created with bay sand) and 89-acres of Yerba Buena Island. The following chart summarizes the overall proposal for the Development Program.

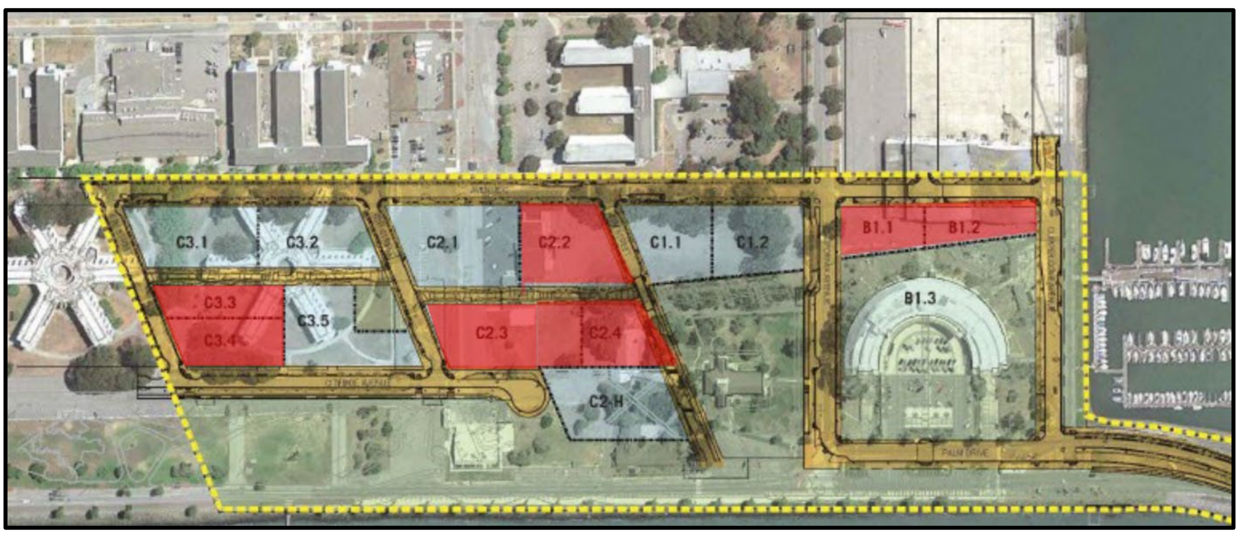


There are five phases associated with the planned development; the subject includes a portion of sub-phases 1B, 1C, and 1E of Phase 1, as indicated on the below map. The development of Yerba Buena Island (sub-phases 1YA and 1YB), is also well underway. At completion, the project at Yerba Buena Island will include 261 for-sale residences (a mix of condominium and townhomes) and five homesites. The location of the subject property (Improvement Area No. 2) within the overall project is depicted on the following page.



The boundaries of CFD No. 2016-1, which include the subject parcels, are presented below. Parcels designated with the number "2" reflect the subject property.





The subject property is shaded in red and includes B1.1 and B1.2 ("B1"), C2.2, C2.3, C2.4, and C3.4. Please note, sites C3.3 and C3.4 have been combined into one assessor's parcel number as of the effective appraisal date; these two sites now comprise Parcel C3.4. The area highlighted above is located on the southwest portion of Treasure Island.

Currently, land use on Treasure Island includes a mix of residential, retail, and office uses, as well the Treasure Island Museum and marina. Yerba Buena Island includes former military offices and improvements, many of which have been demolished as part of the redevelopment process. Development of the 124-unit Bristol condominium project was recently completed on Yerba Buena Island. Sales at the project commenced in 2021 and 36 market rate units have been sold as of August 1, 2023. As noted, Yerba Buena Island will have 261 for-sale residences, including The Bristol, upon completion of development.

Prior to redevelopment, there were reportedly approximately 1,005 existing residences on Treasure Island and Yerba Buena Island combined, and 100 non-residential improvements. The south-eastern portion of Yerba Buena Island, southeast of the Bay Bridge, remains utilized by the United States Coast Guard.

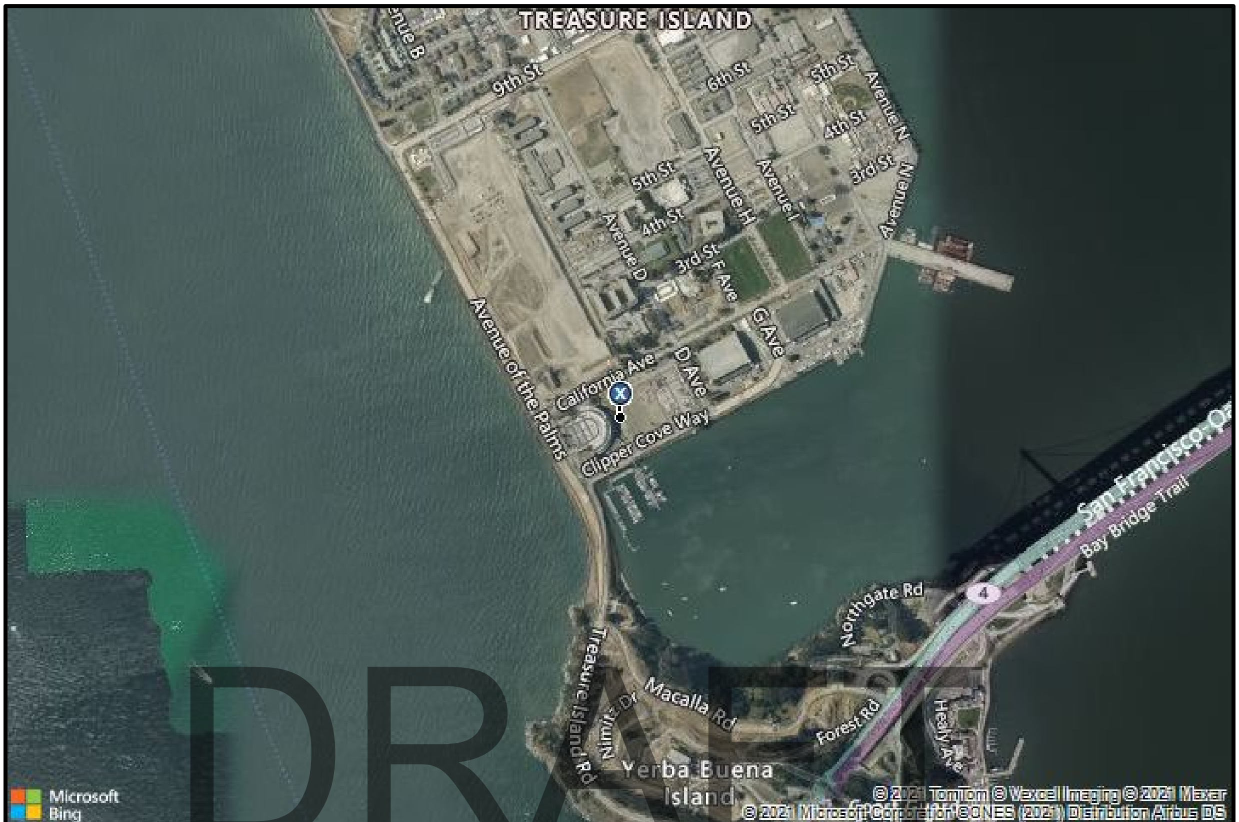
Other land use characteristics are summarized as follows:

Subject's Immediate Surroundings	
North	Multifamily residential use
South	Treasure Island Administration Building 1, Yerba Buena Island
East	Institutional offices, housing
West	San Francisco Bay

Outlook and Conclusions

The area is in the growth stage of its life cycle. The plans for Yerba Buena and Treasure Islands include substantial development to an area previously primarily only utilized for military purposes. Given location on southwestern portion of Treasure Island, the subject benefits from views of the San Francisco Bay and San Francisco downtown skyline. Treasure Island and Yerba Buena Island also benefit from proximity to employment centers in San Francisco and Oakland, while offering a more secluded setting. Given the history of the surrounding area and growth trends, it is anticipated that property values on Yerba Buena and Treasure Islands will increase in the future, though the local market will continue to be impacted by macroeconomic factors such as (comparatively) higher interest rates and inflation in the near term.

Surrounding Area Map



Residential Market Analysis (for sale)

The subject is entitled for both for-sale residential use and for-rent multifamily use over ground floor retail. In the following paragraphs, we examine supply and demand indicators for for-sale single family residential development in the subject's area.

The subject is located on Treasure Island in the San Francisco Bay and is considered to have good transportation linkages to both San Francisco and Oakland. The neighborhood is characterized as a suburban area that appeals those who want both proximity to and seclusion from the city. Based on the characteristics of Treasure Island, and the details of the proposed product, the subject characteristics best support a project designed for first time or move-up homebuyers.

Single-Family Building Permits

Single-family and multifamily building permits for San Francisco are shown in the table below.

Single & Multifamily Building Permits

Year	City & County of San Francisco
2013	4,474
2014	2,711
2015	3,665
2016	4,087
2017	4,254
2018	5,178
2019	3,200
2020	2,004
2021	2,519
2022	2,044

Source: SOCDS Building Permits Monthly Request

Single & Multifamily Building Permits: 2023 Preliminary Data

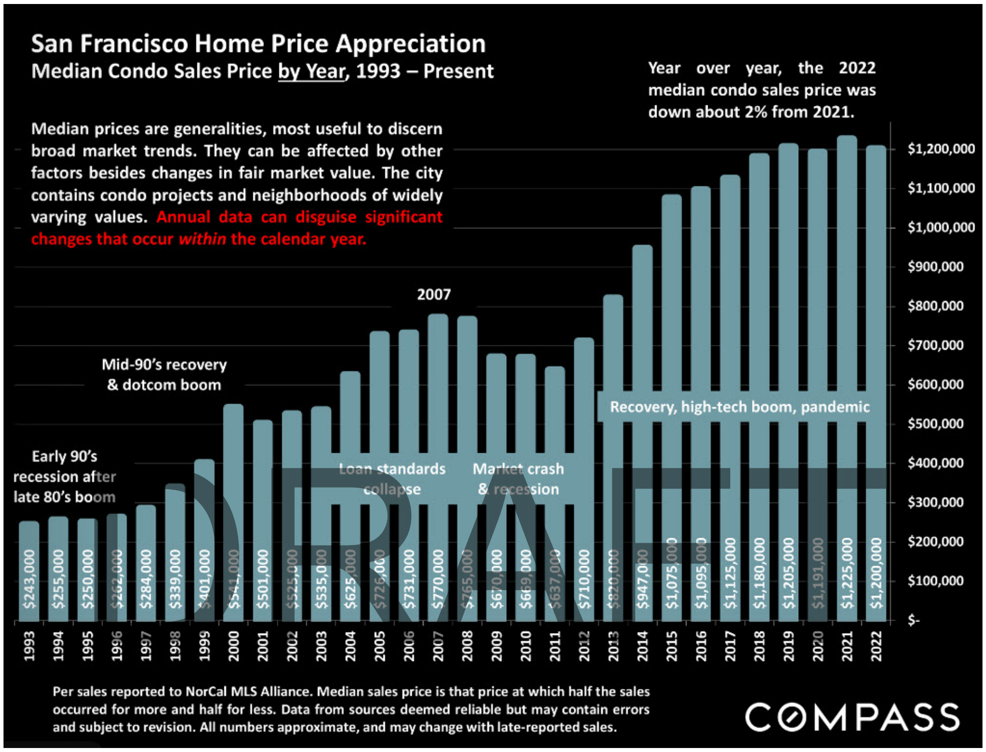
Month	City & County of San Francisco
January	9
February	3
March	10
April	11
May	48
June	98
	179

Source: SOCDS Building Permits Monthly Request

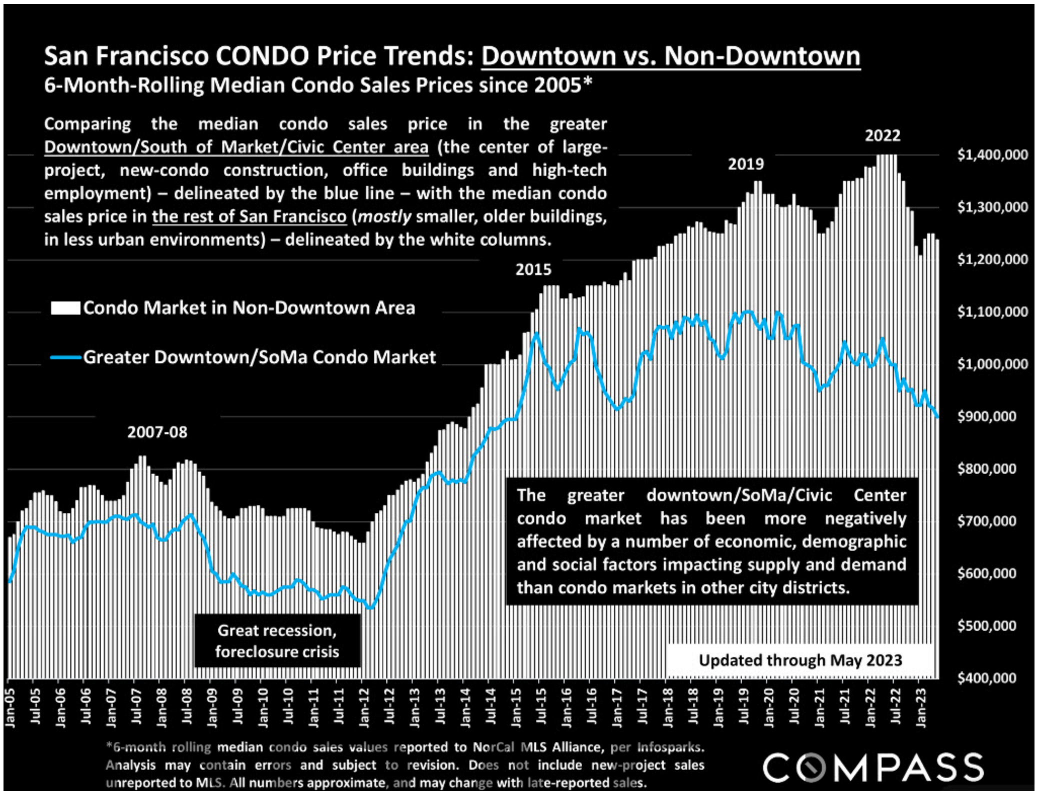
Building permits in 2020 were impacted by the COVID-19 pandemic, as planning progress was temporarily halted due to shelter-in-place orders.

Condominium Housing Trends

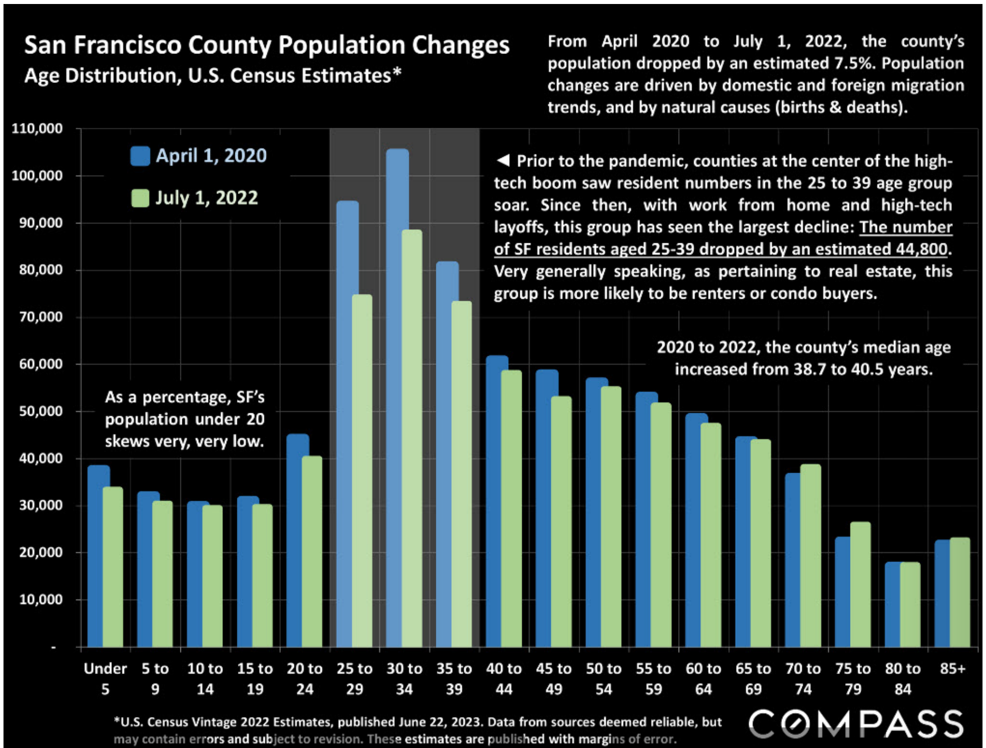
Data in this section is provided by Compass and Polaris Pacific. In general, the San Francisco condominium market continues to lag behind the house market in key metrics. Despite this, median condominium sale prices in 2022 were only 2% lower than prices in 2021 (a historic high) and were higher than median prices in 2018 and 2020. This is despite the fact the broader residential market in 2022 was significantly impacted by the Federal Reserve's increase in interest rates.



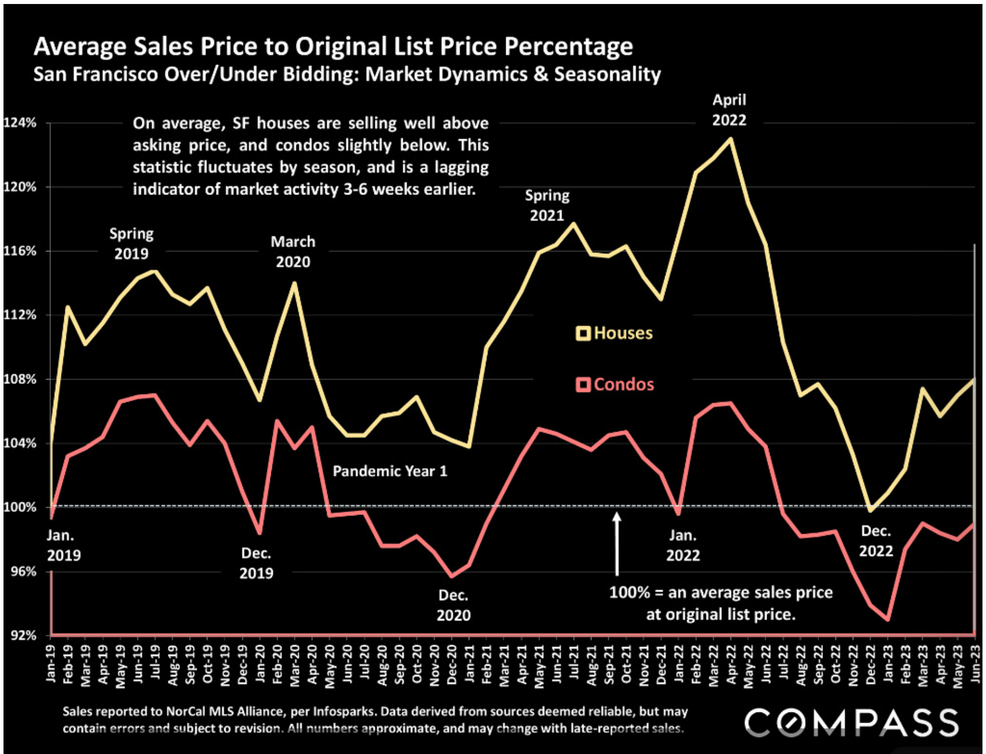
The impact of the Federal Reserve's interest rate hikes has varied widely by market and product type. In many suburban and outlying markets, prospective buyers have adjusted to these increases and strong demand returned in the second quarter of 2023. Demand is further exacerbated by low inventory, as many sellers are hesitant to list homes already financed at favorable rates. However, the San Francisco condo market is influenced by additional factors. A decrease in demand for office space and the continued prominence of remote work policies, combined layoffs across the tech sector, have tempered demand for condominium units, particularly in San Francisco's denser urban core neighborhoods. The following chart demonstrates differences in condominium prices in Downtown and adjacent neighborhoods compared the rest of San Francisco. The subject is located on Treasure Island, which is suburban in nature and removed from the downtown urban core.



Also of note are population shifts in San Francisco since the onset of the pandemic, including the outmigration among demographics often interested in purchasing condos. This is highlighted in the chart on the following page. In addition, demand from international buyers, who in the past have participated in the San Francisco condo market, remains below pre-pandemic levels.



Condominiums in San Francisco are currently transacting just below listing price. The following chart demonstrates the initial impact of the pandemic on condo pricing, the increased demand for product when interest rates were historically low in 2021, the temporary drop in demand corresponding with the interest rate hikes in the second half of 2022, and finally current sales prices compared to listing prices.



Polaris Pacific reports the average days on market for condominiums in San Francisco was 51 days as of May 2023, still below a 60-day balanced market. Remaining inventory as of the end of 2022 was reported at 5.6 months, slightly below the balanced market metric of 6.0 months. In addition, Polaris Pacific reports condominium inventory is 14.4% lower than inventory in 2022. Therefore, despite challenges over the past year, demand for condominiums remains. The subject will benefit from being a newly constructed product with excellent views of the San Francisco Bay and skyline in a suburban location removed from the downtown core.

Active New Home Projects Pricing and Absorption

Since the pandemic, and with the persistence of work from home policies, demand for larger units, private outdoor space, and a suburban setting has increased. The subject product will offer a mix of unit sizes and layouts with varying price points, and the project enjoys a suburban location on Treasure Island.

The following table includes active newly constructed condominium projects for which we were able to obtain absorption data (the majority of which is provided by the July 2023 *Polaris Pacific Report* for San Francisco).

Active Projects - July 2023

Project Name	Neighborhood	Builder	No. of Units	Year Built	Stories	Monthly HOA	Date on Market	Sales per Month	Sale Price (Low)	Sale Price (High)	SF Low	SF High	Price PSF
Oran	Lower Nob Hill	Dolmen Property Group	54	2023	6	$201 to $305	Nov-22	1.5	$499,000	$1,045,000	-	-	-
2238 Market St	Duboce Triangle	Prado Group	42	2022	5	$667o $773	May-22	2.4	$775,000	$1,875,000	625	1,052	$1,240 to $1,782
198 Valencia	Mission Dolores	JS Sullivan	29	2022	5	$500 to $719	Apr-22	1.9	$1,338,000	$1,638,000	450	1,292	$2,973 to $1,268
88 at the Park	Potrero Hill	First City Development	127	2022	4	$599 to $790	Mar-22	2.9	$589,000	$1,089,000	386	853	$1,526 to $1,277
Lofton at Portola	Portola	TRI Pointe	54	2022	2	-	Dec-21	1.0	$1,310,900	$1,499,000	1,387	1,879	$945 to $798
1288 Howard	SOMA	March Capital	125	2022	5	$404 to $458	Oct-21	1.5	-	-	381	1,072	-
The Oak	Hayes Valley	Z&L Properties	109	2021	12	$704 to $822	Aug-21	0.6	$625,500	$2,000,000	494	1,055	$1,266 to $1,896
Serif	Mid Market	L37	242	2021	12	$595 to $1,057	Jun-21	2.6	$500,000	$2,145,000	337	1,260	$1,484 to $1,702
Noir	Pacific Heights	JS Sullivan	7	2021	7	$1,108 to $1,117	Jun-21	0.2	$3,488,000	-	2,180	-	$1,600
The Bristol	Yerba Buena Island	Wilson Meany	124	2021	5	$825 to $1,367	Feb-21	1.5	$800,000	$3,000,000	610	2,325	$1,311 to $1,290
Murano	Cow Hollow	Centrix Builders	22	2021	4	$958 to $1,580	Feb-21	0.7	$1,049,000	$1,649,000	721	1,752	$1,455 to $941
Crescent	Nob Hill	Grosvenor	44	2020	6	$1,840	Mar-20	-	$1,325,000	$4,900,000	650	1,956	$2,038 to $2,505
One Steuart Lane	SOMA	Paramount Group	120	2021	20	$2,000	Feb-20	-	-	-	794	2,443	-
Union House	Cow Hollow	DM Development	41	2020	6	$900 to $1,500	Feb-20	0.8	$1,195,000	$5,800,000	783	2,095	$1,526 to $2,768
950 Tennessee	Dogpatch	Leap Development	100	2019	4	$435 to $680	Nov-19	1.5	$664,000	$700,000	421	1,440	$1,577 to $486
2177 Third Street	Dogpatch	Align Partners	114	2019	6	$742 to $983	Nov-19	-	-	-	500	1,450	-
One Eleven	SOMA	Z&L Properties	39	2020	8	$525 to $640	Oct-19	0.6	$599,000	$1,050,000	501	1,278	$1,196 to $822
The Westerly	Sunset	Propriis	56	2019	5	$450 to $550	Sep-19	0.8	$797,000	$1,354,000	762	1,213	$1,046 to $1,116
Four Seasons Residences	Yerba Buena	Westbrook Partners	146	2020	43	$3,140 to $6,200	May-19	-	$2,300,000	$49,000,000	1,075	10,000	$2,140 to $4,900
Mira	Transbay	Tishman Speyer	392	2018	40	$900 to $1,475	Oct-18	-	-	-	-	-	-
The Avery	Transbay	Related	118	2019	55	$1,530 to $1,900	May-18	1.1	$1,895,000	$8,770,000	964	4,176	$1,966 to $2,100
181 Fremont	Transbay	Jay Paul Company	67	2017	17 (resi.)	$2,000 to $3,500	May-18	0.8	$1,400,000	$8,750,000	672	2,209	$2,083 to $3,961
Fulton 555	Hayes Valley	Avery Bays Real Estate	139	2016	5	$490 to $600	Jul-15	1.3	$691,380	$1,344,801	512	1,050	$1,350 to $1,281
Average			**100**					**1.3**	**$1,149,515**	**$5,422,711**	**724**	**2,093**	

Source: Polaris Pacific, IRR Research

The average absorption rate for active condominium projects as of July 2023 was 1.3 sales per month. It should be noted, the subject's location is superior to many of the neighborhoods with new product. Among projects active as of July 2023, 2238 Market Street in Duboce Triangle, 88 at the Park in Potrero Hill, and Serif in Mid-Market stand out as the only three projects with monthly absorption rates over 2.0 sales per month. The Bristol, located on YBI, has averaged 1.5 sales per month. The Developer notes the project was completed in July 2022 (though presales had commenced prior), which corresponds with the timeframe of recent interest rate increases and the temporary slowdown experienced in the broader market.

The following table reflects condominium projects which achieved sell out since 2016. This seven year timeframe provides a helpful perspective on condominium absorption in San Francisco throughout strong and weak market conditions.

Sold Out Projects (2016 or later)

Project	Neighborhood	Developer	No. of Units	Year Built	Stories	Sale Price (Low)	Sale Price (High)	Sold Out Date	Sales per Month
The Harrison	Rincon Hill	Maximus Real Estate	299	2016	49	$740,000	$7,500,000	Apr-23	3.5
730 Florida	Inner Mission	Thomas & Martina Murphy	24	2022	4	$789,000	$1,499,000	Mar-23	2.0
Maison a Soma	SOMA	JS Sullivan	40	2021	6	--	--	Jun-22	3.8
Elevant	Civic Center	JS Sullivan	55	2020	11	$600,000	$800,000	May-22	3.0
One Mission Bay	Mission Bay	CIM Group	348	2017	16	$582,000	$3,950,100	Aug-21	5.5
The Monarch	Hunters Point	Lennar	47	2017	4	$548,000	$806,000	Aug-21	0.9
Maison Au Pont	Marina	JS Sullivan	43	2020	4	$700,000	$1,608,000	Jul-21	2.4
Mission Modern	Inner Mission	March Capital	24	2020	**6**	--	--	Jul-21	1.4
99 Rausch	SOMA	Belrich Partners	112	2018	6	$580,000	$2,600,000	Feb-21	2.5
540 De Haro	Potrero Hill	Aralon Properties	16	2020	4	$1,100,000	$2,600,000	Jan-21	2.0
The Austin	Lower Nob Hill	Pacific Eagle	103	2017	12	$615,000	$2,045,000	Jan-21	2.1
Lumina	Rincon Hill	Tishman Speyer	656	2016	37 to 42	$990,250	$4,000,000	Dec-20	3.0
1433 Bush Street	Lower Nob Hill	JS Sullivan	40	2019	8	$580,000	$1,435,000	Jul-20	2.8
Stage 1075	Mid Market	Encore Housing	90	2017	8	$539,000	$1,259,000	Jan-20	3.2
719 Larkin	Tenderloin	JS Sullivan	42	2019	8	$650,000	$815,000	Nov-19	6.0
901 Tennessee	Dogpatch	Local Development Group	44	2019	4	$499,000	$1,779,000	Nov-19	4.9
Sutter North	Lower Nob Hill	Marc Dimalanta	37	2018	9	$599,000	$999,000	Aug-19	1.5
1868 Van Ness	Nob Hill	Peter Iwate	35	2017	8	$789,000	$1,189,000	Jun-19	1.2
Alma & Engel	Hunters Point	Lennar	105	2015	-	--	--	Jun-19	2.3
The Alexandria	Central Richmond	Time Space San Francisco	43	2018	4	$780,000	$1,200,000	May-19	3.0
288 Pacific	Jackson Square	Grosvenor	33	2018	7	+/- $2,300,000	+/- $2,300,000	Apr-19	2.4
1598 Bay	Marina	Presidio Development Partners	28	2018	4	$845,000	$1,950,000	Mar-19	2.5
815 Tennessee	Dogpatch	DM Development	68	2017	5	--	--	Nov-18	5.2
1188 Valencia	Mission	JS Sullivan	49	2018	5	--	--	Sep-18	4.7
The Pacific	Pacific Heights	Trumark Urban	76	2016	9	--	--	Jul-18	3.3
1450 Franklin	Lower Pacific Heights	Villlage Properties	67	2016	13	--	--	Jun-18	3.1
The District	Lower Pacific Heights	KB Homes	81	2016	6	$860,000	$1,562,500	May-18	2.8
72 Townsend	South Beach	KB Homes	74	2016	9	--	--	Mar-18	2.0
Rockwell	Lower Pacific Heights	Oyster Development	259	2016	13	$784,500	$3,100,000	Jan-18	8.0
Laguna Hayes	Hayes Valley	Village Properties	29	2017	5	--	--	Jan-18	4.6
La Maison	SOMA	JS Sullivan	28	2017	5	--	--	Jan-18	2.3
Knox	Dogpatch	Trumark Urban	91	2016	4 to 5	--	--	Nov-17	11.1
Rowan	Inner Mission	Trumark Urban	70	2015	9	--	--	Nov-17	5.3
Luxe	Pacific Heights	Belrich Partners	34	2016	7	--	--	Mar-17	0.5
Summit 800	Duboce Triangle	Comestock Homes	182	2016	3	--	--	Feb-17	6.0
388 Fulton	Civic Center	7x7 Development	69	2016	6	--	--	Dec-16	7.5
450 Hayes	Hayes Valley	DM Development	41	2016	4	--	--	Nov-16	4.4
400 Grove	Hayes Valley	DM Development	34	2016	5	--	--	Oct-16	8.6
One Franklin	Hayes Valley	JS Sullivan	35	2016	8	--	--	Oct-16	8.6
1001 Seventeenth	Potrero Hill	Eamonn Herlihy	26	2016	4	--	--	Aug-16	2.8
Sapphire	SOMA	Stanley Chia	15	2015	4	--	--	Feb-16	3.0
Average									**3.8**

Source: Polaris Pacific, IRR Research

The average rate of absorption for all projects in the above table is 3.8 sales per month. Projects which achieved sell-out post pandemic averaged 2.7 sales per month, while projects averaged 3.3 sales per month pre-pandemic. Many of the projects presented in the previous tables are located in denser, urban core environments. Neighborhoods such as SOMA were more heavily impacted by the pandemic than lower density residential neighborhoods such as Pacific Heights and Cow Hollow, as these neighborhoods are heavily influenced by the office market and demand for homes proximate to major employers.

The subject's for-sale residential product will include a mix of studio, one, two, and three bedroom condominiums ranging in size from 500 to 1,643 square feet, and the design is most similar to comparables with eight stories or less. Our market value conclusions for the subject's average/representative unit reflect a price point of $1,550,000 (1,007 square feet) for Parcel C3.4 and $1,900,000 (1,257 square feet) for Parcel C2.3, which fall within the range of comparable sale prices presented in the previous tables and in the upcoming valuation section.

The Bristol, located on Yerba Buena Island within Improvement Area No. 1, is a condominium project with an average unit size of 1,203 square feet which completed construction in 2022. The units are similar in size to Parcel C2.3, but larger than Parcel C3.4. The typical asking price of homes at The Bristol is approximately $1,700,000; as of August 1, 2023, 36 of the market rate units have sold (implying an absorption rate of approximately 1.5 sales per month). As previously noted, the completion of construction coincided with the Federal Reserve's interest rate hikes, which impacted the project. The Developer is anticipating an increase in buyer activity in Fall of 2023. Sales agents at the property note the project has received significant interest from buyers currently living in the South Bay.

Given the price point and size of the proposed subject units, the suburban characteristics of Treasure Island, and recent absorption activity within other San Francisco projects, we project an absorption rate of between **3.0** and **4.0** sales per month is appropriate for the subject units. This implies an absorption rate of **21.0** sales per semi-annual period (six months).

While this projection exceeds the average absorption rate for currently active San Francisco projects, there are multiple examples of recently sold out projects (selling out post pandemic) projects achieving these rates; these include The Harrison in Rincon Hill (3.5 sales per month), Maison a Soma in SOMA (3.8 sales per month), and One Mission Bay in Mission Bay (5.5 sales per month).

Ability to Pay

In this section, we will examine the ability to pay among prospective buyers for a representative price point among the developer's various product types. The average unit size for the subject's market units is approximately 1,257 square feet for Parcel C3.4 and 1,007 square feet for C2.3; we have estimated corresponding sale prices at $1,550,000 and $1,900,000, respectively.

First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rate of 7.5%, 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes, and insurance). Property tax payments, including Special Taxes, are accounted for in the analysis as well as homeowner's insurance. The following table shows the estimate of the annual household income that would be required to afford homes priced at the representative price point.

Income Required - Parcel C3.4

Home Price	$1,550,000	
Loan % of Price (Loan to Value)	80%	
Loan Amount	$1,240,000	
Interest Rate	7.50%	
Mortgage Payment	$8,670	
Property Taxes	$1,584	Based on 1.179738% and direct charges of $720
CFD No. 2016-1 IA No. 2	$563	
Property Insurance	$323	
Total Monthly Obligation	$11,140	
Mortgage Payment % of Income	40%	
Monthly Income	$27,850	
Annual Income	$334,203	

Income Required - Parcel C2.3

Home Price	$1,900,000	
Loan % of Price (Loan to Value)	80%	
Loan Amount	$1,520,000	
Interest Rate	7.50%	
Mortgage Payment	$10,628	
Property Taxes	$1,928	Based on 1.179738% and direct charges of $720
CFD No. 2016-1 IA No. 2	$695	
Property Insurance	$396	
Total Monthly Obligation	$13,646	
Mortgage Payment % of Income	40%	
Monthly Income	$34,116	
Annual Income	$409,392	

We have obtained income data from Spotlight Analytics, for a 20-mile radius surrounding the subject property. In the following table we show the income brackets within the noted area, along with estimates of the percentage of households able to afford homes priced at the representative price point within each income bracket. Although, subject property would likely include a regional, national, and international buyer profile.

Household Ability - Parcel C2.3

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< $15,000	75,742	6.6%	0.0%	0	0.0%
$15,000 - $24,999	59,217	5.1%	0.0%	0	0.0%
$25,000 - $34,999	53,026	4.6%	0.0%	0	0.0%
$35,000 - $49,999	76,251	6.6%	0.0%	0	0.0%
$50,000 - $74,999	117,300	10.1%	0.0%	0	0.0%
$75,000 - $99,999	112,601	9.7%	0.0%	0	0.0%
$100,000 - $124,999	100,863	8.7%	0.0%	0	0.0%
$125,000 - $149,999	89,873	7.8%	0.0%	0	0.0%
$150,000 - $199,999	131,423	11.4%	0.0%	0	0.0%
$200,000 - $249,999	88,130	7.6%	0.0%	0	0.0%
$250,000 - $499,999	119,469	10.3%	42.9%	51,252	4.4%
$500,000+	131,842	11.4%	100.0%	131,842	11.4%
	1,155,737	100.0%		183,094	15.8%

Household Ability - Parcel C3.4

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< $15,000	75,742	6.6%	0.0%	0	0.0%
$15,000 - $24,999	59,217	5.1%	0.0%	0	0.0%
$25,000 - $34,999	53,026	4.6%	0.0%	0	0.0%
$35,000 - $49,999	76,251	6.6%	0.0%	0	0.0%
$50,000 - $74,999	117,300	10.1%	0.0%	0	0.0%
$75,000 - $99,999	112,601	9.7%	0.0%	0	0.0%
$100,000 - $124,999	100,863	8.7%	0.0%	0	0.0%
$125,000 - $149,999	89,873	7.8%	0.0%	0	0.0%
$150,000 - $199,999	131,423	11.4%	0.0%	0	0.0%
$200,000 - $249,999	88,130	7.6%	0.0%	0	0.0%
$250,000 - $499,999	119,469	10.3%	78.6%	93,903	8.1%
$500,000+	131,842	11.4%	100.0%	131,842	11.4%
	1,155,737	100.0%		225,745	19.5%

Conclusions

Demand for homes in the subject's market area remains moderate at the current time. While there are no existing comparables on Treasure Island, there is demand in established, residential neighborhoods in San Francisco for homes from buyers who do not wish to reside in busier areas closer to the central business district. Treasure Island's seclusion, Bay views, and convenient interstate access to San Francisco and Oakland is expected to be appealing to buyers. However, some of these attributes may be tempered by the fact that some San Francisco buyers prefer to live on the San Francisco Peninsula, within the broader city limits of San Francisco.

Multifamily Market Analysis

The subject is located within the San Francisco apartment market area, defined as the city/county limits, as highlighted in the map below.

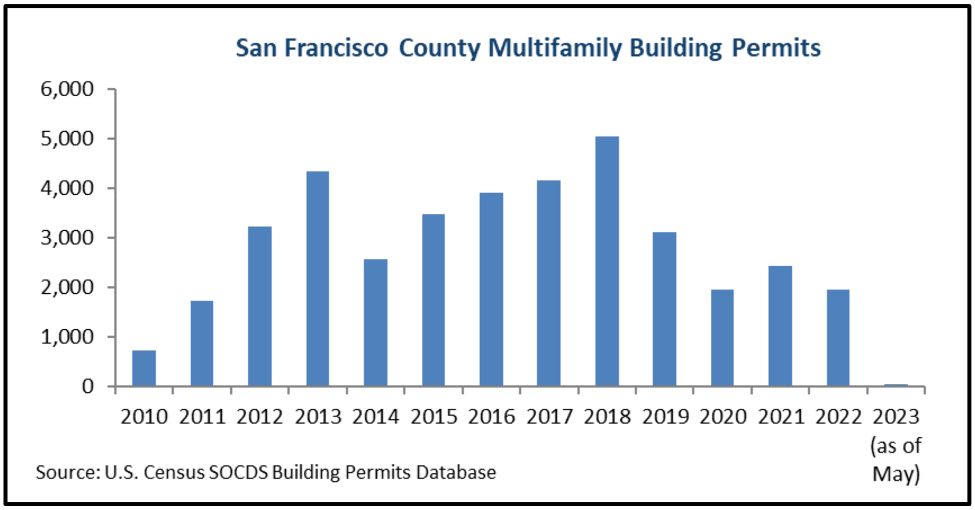
The San Francisco Bay Area multifamily market experienced strong demand during the last expansion cycle as tech companies expanded rapidly in the region. Multifamily construction activity surged, with demand keeping pace with development prior to the pandemic, resulting in vacancy rates throughout most of the areas in or below the 5% range. Market conditions declined significantly after the onset of the pandemic but have been slowly improving as renter demand has returned. Nonetheless, conditions remain below their pre-pandemic levels.

The following excerpt published by Costar summarizes the state of the market.

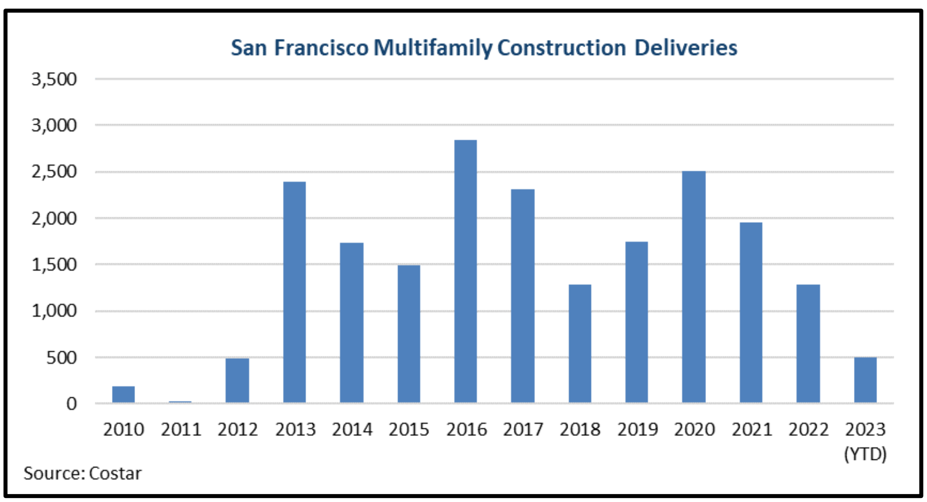
> *"As of the third quarter of 2023, the San Francisco apartment market is showing signs of stability after the volatility of recent years. Vacancy has levelled-off, albeit at a higher level than before the pandemic. Rent growth is generally flat, and construction activity has shifted from the city of San Francisco to the peninsula. Investment activity is muted, reflecting broader economic headwinds. In 2020, when the pandemic hit and San Francisco went into an extended lockdown, many renters, who were already overwhelmed by the high cost of housing, took the opportunity to leave the city in search of less expensive alternatives. Almost 10,000 units were vacated, as the vacancy rate increased to 11.3%, while market rents fell by 11%. Moving into the second half of 2023, this loss of workforce and population has only partially recovered. Unlike most other markets in the Bay area, apartment demand in San Francisco is still below pre-pandemic levels. Vacancy in the second quarter is 6.9%, and rents are lower than they were in 2019… Looking ahead, positive absorption is projected for the metro market, but the rate of improvement in areas close to downtown San Francisco will depend upon both a return to in-office working and improvements to safety and security. Social problems associated with homelessness, drug activity and crime are a significant disincentive to residents…There is additional uncertainty around employment, as tech companies implement hiring freezes and layoffs."*

New Construction

The following chart indicates the number of multifamily building permits issued since 2010 in San Francisco County according to US Census Bureau data. It is noted these figures include for-rent apartments and for-sale condominiums within projects with five or more units.



Permit activity for multifamily projects was low during the 2008-2010 recession years, with increases beginning in 2011/2012 as developers began responding to improving market conditions. In recent years, the majority of new developments have been concentrated in the South of Market (SoMa), Mission Bay/China Basin/Potrero Hill and Haight-Ashbury/Castro/Noe Valley/Mission District submarkets. The following summarizes new construction deliveries since 2010.



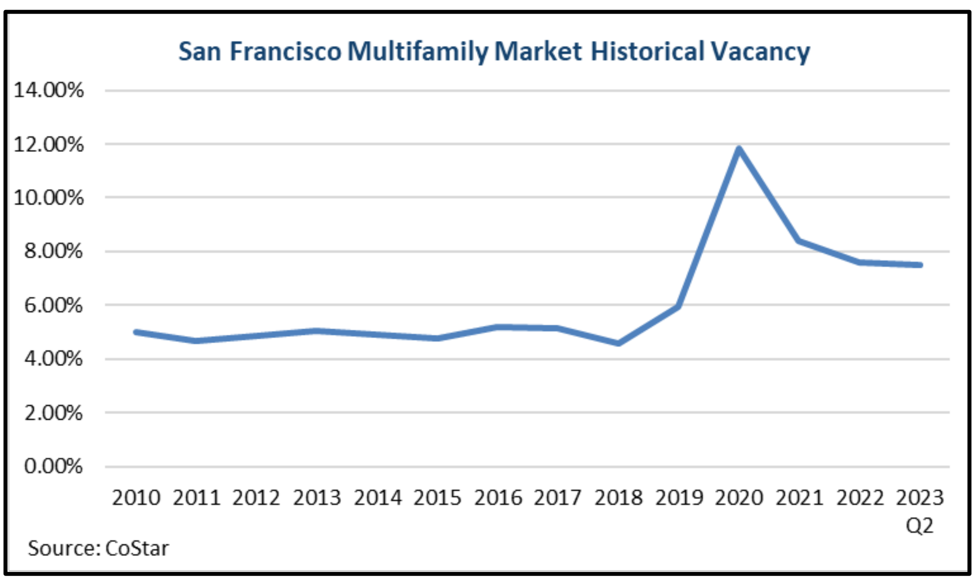
Though it has slowed considerably, construction remains active as high-rise projects typically require several years to complete. However, as construction costs have steadily increased in recent years, developers have been re-evaluating the feasibility of new development and there have been fewer new projects breaking ground since mid-2018. Some of the significant apartment projects recently delivered or under construction are summarized as follows:

San Francisco Multifamily New Construction			
Project	Number of Units	Submarket	Completion
HQ / 1532 Harrison Street	136	Mission District	Completed Q2 2021
Trinity Place / 1177 Market Street	502	South of Market	Completed Q3 2021
Hanover Soma West Apts / 1140	372	South of Market	Completed Q3 2021
Astella / 955 Bryant Street	185	Mission Bay	Completed Q3 2021
Chorus / 30 Otis Street	416	Haight-Ashbury	Completed Q3 2021
Vance / 830 Eddy Street	137	Richmond/Western Addition	Completed Q4 2021
Prism Apartments / 1028 Market Street	186	Mid-Market	Completed Q1 2022
The George / 434 Minna Street	302	South of Market	Completed Q1 2022
TL 361 / 361 Turk Street	240	Civic Center	Completed Q4 2022
The Brady / 1 Brady St, 1629 Market St	444	South of Market	Completed Q3 2022
Ventana Residences / 99 Ocean Ave	193	Bayview / Visitacion Valley	Completed Q2 2023
The Canyon / 1023 3rd Street	283	Mission Bay	Completed Q2 2023
4840 Mission Street	137	Bayview / Visitacion Valley	Q3 2023
Hawkins / 55 Bruton Street	178	Treasure Island	Q3 2024
Mission Rock - Building F	255	Mission Bay	Q4 2024
Tidal House / 39 Bruton Street	250	Treasure Island	Q1 2025
988 Harrison St	90	South of Market	Q1 2025
1 Avenue of the Palms	117	Treasure Island	Q2 2025
401 Avenue A	160	Treasure Island	Q2 2026
360 5th Street	127	South of Market	Q2 2026

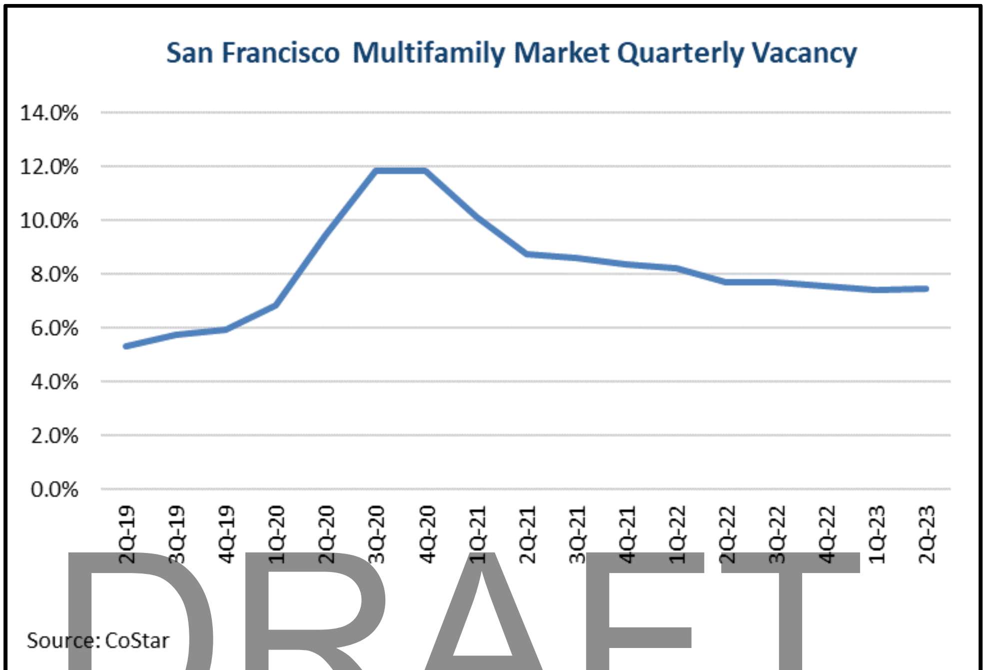
Source: Costar

Vacancy

Historically speaking, the apartment market in San Francisco has maintained relatively low vacancy and over the last decade, the region's average vacancy rate has remained generally under 5%, with a significant increase in 2020 to nearly 12%, as indicated in the following table.



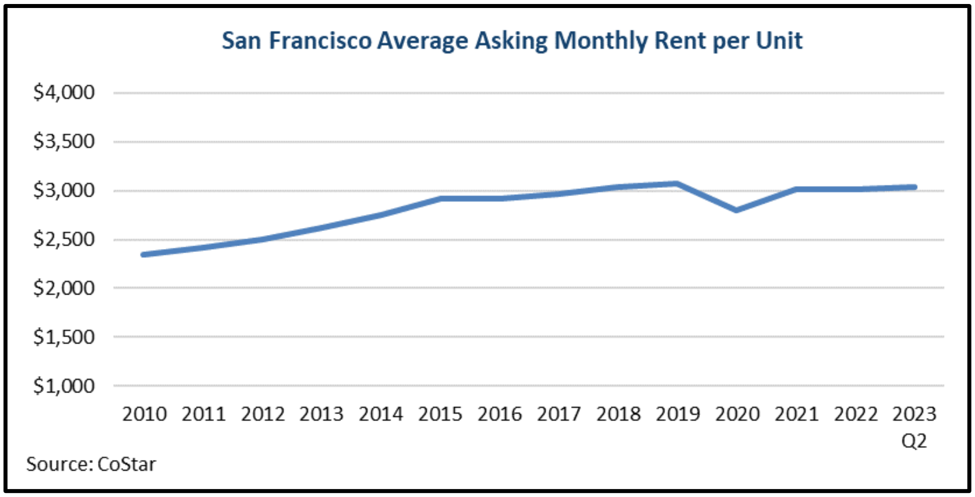
The average overall vacancy rate fluctuated between 4.6% to 6.0% during 2018 and 2019 and began increasing in the first quarter of 2020, with a reported rate of 6.9%. The rate further increased each subsequent quarter in 2020 following the onset of the pandemic with improvement beginning in 2021 and then leveling off through 2022 and into 2023, as illustrated below.



As of the second quarter 2023, the overall average vacancy was reported at 7.5%, a 10-basis point increase over the first quarter and a 20-basis point decrease year-over-year.

Rental Rates

The following chart highlights trends in the average asking monthly rental rate for multifamily units in the San Francisco market area, as reported by Costar. Guarded reliance should be placed on reported average asking rental rates due to the number of variables impacting these figures.



According to this report, the average asking monthly rental rate as of the second quarter 2023 was $3,041, up from $3,028 in the first quarter 2023 and down from $3,082 a year prior. Rental rate growth had been moderating since 2016 and declined significantly following the onset of the pandemic, while rent concessions increased substantially. Luxury apartments were the most heavily impacted and offered the greatest discounts, as they faced a slow leasing environment as well as additional competition from newly constructed projects. Rental rates began improving in 2021 after five quarters of decline and have been relatively stable over the past two years.

Submarket Data

New construction activity over the past five years has been heavily concentrated in the South of Market submarket, with development also occurring in Haight-Ashbury/Castro/Noe Valley/Mission District and Mission Bay/China Basin/Potrero Hill.

Average asking rental rates ranged from $2,421 per unit/month in the Civic Center / Tenderloin submarket to $3,916 per unit/month in the Mission Bay/China Basin/Potrero Hill submarket. Average asking rents decreased year-over-year in most submarkets, ranging from 0.3% decline in Downton San Francisco to 7.4% decline in the Sunset/Lakeshore submarket. The Marina/Pacific Heights/Presidio submarket was the only one to show annual rent growth of 0.8%.

In terms of vacancy, a rate of 0% was reported for Treasure/Yerba Buena Island. However, the existing inventory for the Treasure/Yerba Buena Island submarket comprises older existing housing stock; asking rents and vacancy rates are not representative of under construction or proposed product. The next lowest vacancy in the Marina/Pacific Heights/Presidio submarket at 5.6%. The highest overall vacancies were reported in the Bayview/Visitacion Valley and Sunset/Lakeshore submarkets at 17.4% and 11.4%, respectively. Vacancy increased from 4.6% last quarter to 17.4% this quarter in the Bayview/Visitacion Valley submarket due to delivery of 193 units.

The following table highlights recent market activity for the submarkets that make up the San Francisco market.

San Francisco Multifamily Market Summary					
Submarket	Inventory (Units)	12-Mo Deliveries	Under Construction	Asking Rents Q2 2023	Vacancy Q2 2023
Bayview / Visitacion Valley	1,330	193	0	$2,785	17.4%
Civic Center / Tenderloin	10,731	240	0	$2,421	8.8%
Downtown San Francisco	23,898	0	53	$2,688	6.3%
Haight-Ashbury/Castro/Noe Valley/Mission District	20,183	519	75	$3,059	7.8%
Marina/Pacific Heights/Presidio	14,442	0	0	$3,731	5.6%
Mission Bay/China Basin/Potrero Hill	7,470	307	255	$3,916	7.2%
Richmond/Western Addition	17,747	0	0	$2,611	7.5%
South of Market	13,290	0	217	$3,603	6.5%
Sunset/Lakeshore	9,232	0	0	$2,910	11.4%
Treasure/Yerba Buena Island	430	0	705	$2,823	0.0%
San Francisco Market Total	118,753	1,259	1,305	$3,041	7.5%

Source: Costar

Sales Activity

The strong market fundamentals and economy in the San Francisco market have historically made it an attractive capital investment market. As rental rates steadily increased following the recession of 2008, capitalization rates decreased and pricing increased, making San Francisco the most expensive multifamily market in the country. Prior to the pandemic, capitalization rates held steady in the high 3% to low 4% range and were among the lowest in the country. Properties with value-add potential were in demand as investors looked to renovate and compete with nearby luxury rentals.

The first quarter 2020 showed signs of moderation as rental rate growth diminished and vacancy rates began stabilizing with new inventory added. The subsequent quarters in 2020 showed declining sales volume and average price per unit, as well as a slight increase in the average capitalization rate due to the effects of the pandemic. Sales volume and pricing have remained subdued as investors continue to exercise caution. Investor interest has further slowed over the past year due to the rapidly rising interest rates and economic uncertainty, both in the local economy and in the nation at large.

Market Participant Interviews

As part of our research, we discussed the subject and the broader San Francisco multifamily market with representatives from Greystar. Both representatives we spoke with emphasized that recovery of the multifamily market has varied widely by neighborhood. Residential neighborhoods with reputations as quiet, clean, and safe have been most successful. The local market also continues to be impacted by remote work policies. If employees are only required to commute to the office one or two days a week, they may choose to reside outside of San Francisco rather than closer to employment. However, it is noted that those in certain fields, such as the legal and medical professions, have already returned to the office; professionals in these fields are often interested newer, highly amenitized apartments.

Overall, rental rates in San Francisco are 8% to 9% below pre-COVID rates, which reflects significant recovery from the 20% to 30% decline seen at the height of the pandemic. Occupancy rates are reportedly back up to 94% to 95%, and multifamily projects are beginning to drop concessions (historically these have only been offered during lease up) which is a positive sign for the local market.

The representatives noted that May and June 2023 were strong months for leasing. Despite this, there is very little activity on the sales side. One representative we spoke with is aware of 12 to 15 projects that were brought to market in recent months only to be pulled because they were not generating the offers/interest sellers were hoping.

Finally, both representatives noted Treasure Island benefits from fantastic views and the subject will command substantial view premiums; though, some renters may find vehicular access to the Island an issue. In addition, larger indoor spaces and attractive outdoor spaces continue to be important to renters post-pandemic.

Conclusion

The San Francisco apartment market was significantly impacted by the effects of the pandemic through 2020, with early signs of improvement emerging in 2021. Job losses, particularly in the retail, hospitality, restaurants and services sectors, were substantial in the economic downturn and have been slow to recover. The high cost of living in the San Francisco market likewise contributed to an outflow of renters, particularly as employees were able to work from home and thus relocated to less expensive and suburban markets.

After a reopening of the economy in mid-June 2021, renters began returning to San Francisco, strengthening occupancy gains. Overall vacancy levels declined and increases in rental rates followed. Despite improvements over the past two years, the market remains below its pre-pandemic levels with regard to rental rates. Recovery is expected to continue to depend on the region regaining the workforce and population lost with the pandemic.

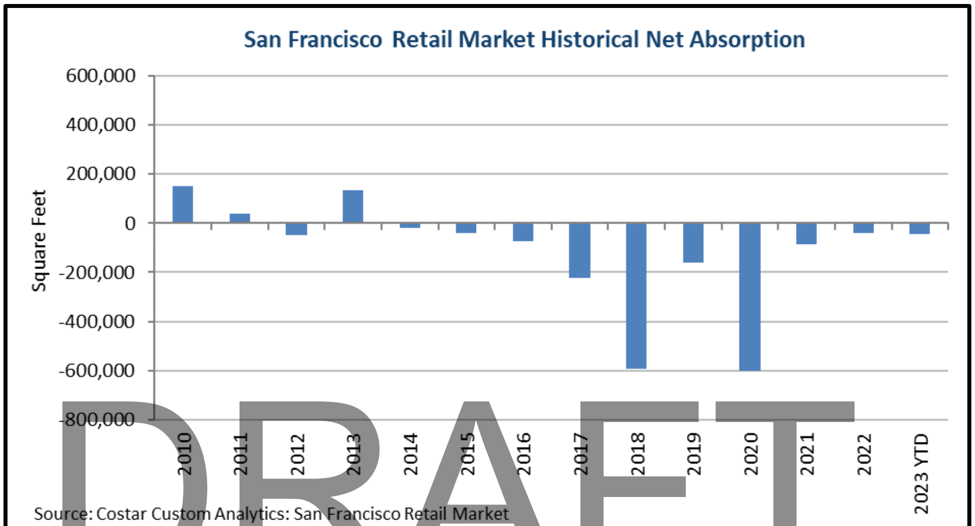
Retail Market Analysis

The subject is located within the San Francisco retail market area, defined as the city/county limits of San Francisco. The following are excerpts from market research reports published by Costar summarizing the state of the retail market.

> *"The structure of San Francisco's retail market reflects both the high-income levels of its population and the supply-constrained nature of its densely populated geography. The City of San Francisco itself is characterized by general retailing along popular urban strips in heavily populated neighborhoods, such as Chestnut Street in the Marina District, Valencia Street in The Mission, and Hayes Street in Hayes Valley. These neighborhoods comprise eclectic mixes of eateries and independent boutiques and are typically subject to ordinances that restrict the presence of chain stores. In contrast to the current situation in downtown and Union Square, these retail zones are generally active and vibrant, with a healthy turnover of new stores and restaurants.*
>
> *The second quarter of 2023 saw a notable escalation in the challenges facing Union Square, at the heart of San Francisco's retail market. In May 2023, Nordstrom announced the closure of both its 300,000-SF department store in the San Francisco Westfield Center and its nearby Nordstrom Rack outlet. A few weeks later, the owners of the Westfield Center halted payments on its $560 million loan and began the process of transferring ownership to the lender. These events are the latest in a series of setbacks for Union Square, traditionally home to major department stores and high-end fashion. The vitality of Union Square has deteriorated in recent years after visitor traffic fell during the extensive pandemic lockdowns and the weak return of both office workers and tourists. Additional well-publicized social problems also plague the neighborhood, keeping shoppers away, and leading several major retailers to close stores. The deterioration of Union Square and the neighboring areas in downtown San Francisco have dragged down the key operating performance statistics for the metro area, which lags most other metros across the nation. Retail vacancy in San Francisco was one of the lowest in the nation in 2019, but is now one of the nation's highest, at 5.5%. Similarly, average market rent, which increased at an annual rate of 3.6% nationally over the past 12 months, was positive by 0.1% in San Francisco.*
>
> *On the supply side, the market has a low amount of new construction, partly because of limited availability and restrictive planning policies, but also because of weak demand. Aside from a small number of grocery stores, most new retail development takes the form of street level retail components of larger mixed-use development projects. In fact, there is a greater trend towards repurposing of retail spaces for other uses, including shopping center redevelopment for biotech facilities and the conversion of upper-level retail spaces into residential or office uses."*

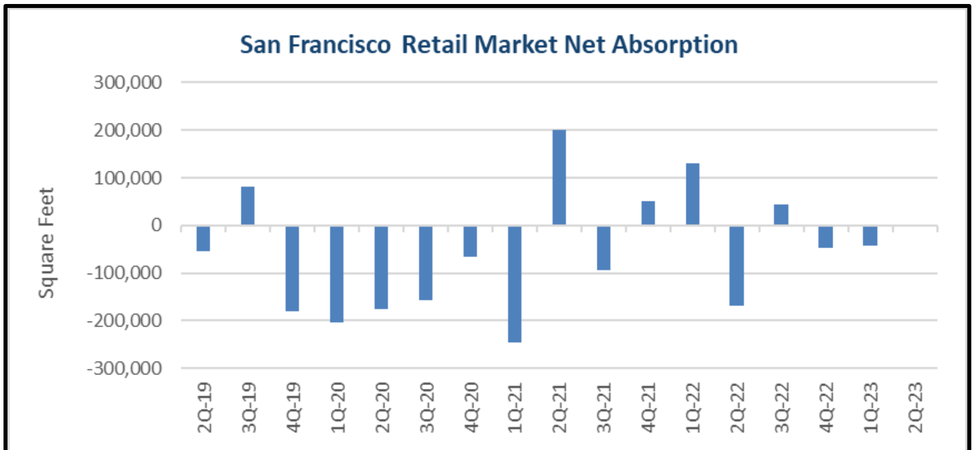
Net Absorption & Vacancy

There has been little new development in the San Francisco market area over the past ten years and annual net absorption has been low or negative. In addition, the retail sector has been undergoing changes in response to consumer patterns, resulting in store closures and downsizing as retailers made shifts towards e-commerce growth rather than physical locations. Over the past three years, absorption has been impacted by the effects of the pandemic as many small businesses were unable to survive and closed permanently, while growth plans and new leasing activity declined significantly. The following chart highlights the region's historical net absorption.



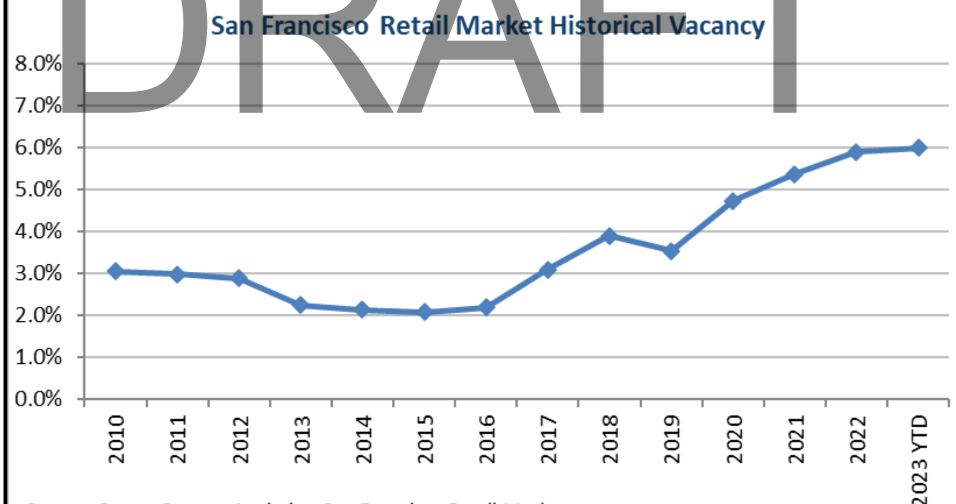
Net absorption was negative for six consecutive quarters beginning fourth quarter 2019, with improvement beginning in the second quarter 2021. Most of the positive net absorption, however, was attributed to occupancy of new space, specifically Whole Foods, Sports Basement and Regal Cinemas taking occupancy at the newly renovated Stonestown Galleria. Existing inventory in older buildings continued to experience negative net absorption.

Net absorption in the second quarter 2023 was negative 941 square feet. An illustration of net absorption over the past four years is presented in the following chart.



Source: Costar Custom Analytics: San Francisco Retail Market

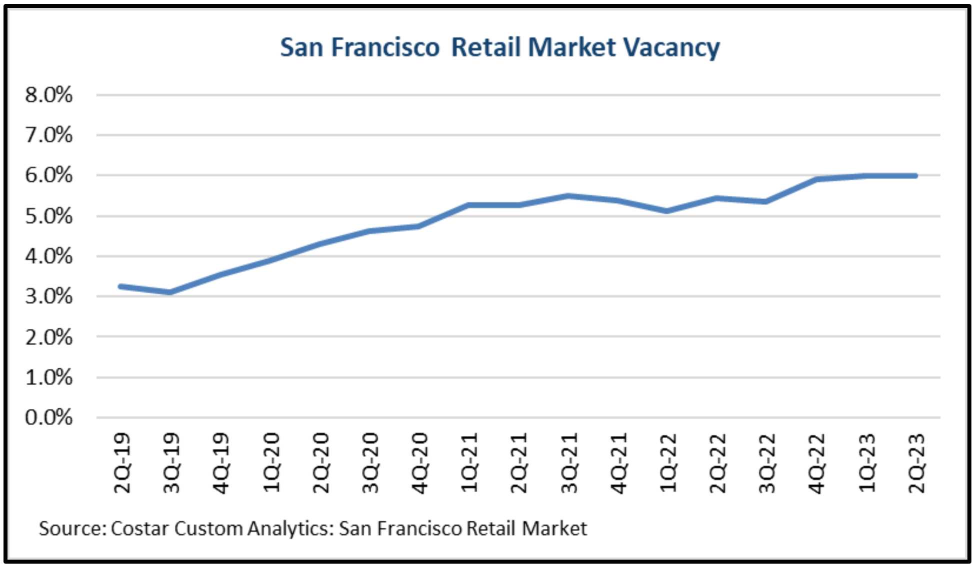
Vacancy in the San Francisco market has been gradually increasing since its historic low of 2.1% in 2015 to 6.0% as of mid-2023. It is reported that malls and power centers, particularly, were struggling prior to the pandemic amidst an increase in customer preference for online shopping, and the closures and restrictions during 2020 only accelerated their decline. Overall vacancy remained below 4% for 13 years before increasing above 4% in 2020 and has been above 5% since 2021, as indicated in the following chart.



Source: Costar Custom Analytics: San Francisco Retail Market

The San Francisco market has roughly 51.2 million square feet of retail inventory, including general retail, malls, power centers, shopping centers, and specialty retail. Of this, 3.1 million square feet were vacant as of the second quarter 2023. The overall vacancy rate of 6.0% is unchanged from the previous quarter and is up 60 basis points year-over-year.

The following chart presents the quarterly retail vacancy in the San Francisco market area over the past four years.



The following summarizes the submarket clusters identified by Costar in the San Francisco market.

Submarket Cluster	Submarkets Included
SF Downtown Core	Financial District, South Financial District
SF Downtown North	Jackson Square, Waterfront/North Beach
SF Downtown South	MidMarket, Rincon/South Beach, Showplace Square, South of Market, Yerba Buena
SF Downtown West	Civic Center, Union Square, Van Ness/Chinatown
SF Outer Areas	Southern City, West of Van Ness
SF Southeast	Bayview/Hunters Point, Mission Bay/China Basin, Mission/Potrero

Recent vacancy rates, net absorption and average asking rent by submarket cluster are highlighted in the following table.

San Francisco Retail Market Summary

Submarket	Total SF (millions)	Vacancy 2Q 2023	Net Absorption Q2 2023	Net Absorption YTD	Asking Rent Q2 2023
SF Downtown Core	1.01	5.4%	2,108	(4,344)	$4.83
SF Downtown North	3.02	11.4%	29,629	5,205	$5.59
SF Downtown South	6.06	10.5%	(7,120)	(34,614)	$3.46
SF Downtown West	10.62	8.7%	16,155	(18,590)	$4.00
SF Outer Areas	22.51	3.5%	(23,152)	(7,255)	$3.82
SF Southeast	8.04	3.9%	(18,561)	15,849	$3.39
Total	51.25	6.0%	(941)	(43,749)	$3.86

Source: Costar Custom Analytics: San Francisco Retail

The lowest submarket vacancy was posted in the San Francisco Outer Areas and Southeast at 3.5% and 3.9% vacancy, respectively. The highest vacancy was in the San Francisco Downtown North submarket at 11.4% vacant. This submarket had the largest decline in vacancy compared to the previous quarter with a 100-basis point decline; the remaining submarkets had fairly stable vacancy with only a 10-20 basis point change up or down compared to the previous quarter. The highest net absorption was in the SF Downtown North with 29,629 square feet absorbed, while the greatest occupancy loss was in SF Outer Areas, with negative net absorption of 23,152 square feet. Average asking rents range from a low of $3.39 in SF Southeast to a high of $5.59 psf/month, triple net in SF Downtown North.

Rental Rates

This section discusses average asking rental rates. The reader should note these rates provide only a snapshot of activity at a specific point in time and is influenced by the quality and quantity of space available at that time. Guarded reliance should be placed on average asking rates due to the number of variables impacting these figures.

Rental rate growth has been gradually declining since 2015 in response to waning tenant demand and is expected to further decline as vacancy remains elevated and leasing activity remains subdued.

Costar data indicates an average asking rate of $3.86 psf/month, triple net ($46.33 psf/year) as of the second quarter 2023, unchanged from the previous quarter and year-over-year. Average asking rates vary by submarket with the lowest at $3.39 psf/month in the San Francisco Southeast submarket. The highest average asking rent is $5.59 psf/month in the San Francisco Downtown North submarket.

New Construction

New retail construction in the San Francisco market has been minimal due to a scarcity of developable land and high costs of construction. New developments in the market are primarily focused on high-rise office and residential buildings.

The most notable recent new construction was the 6X6 lifestyle complex located at Market and 6th Streets completed in 2017. At 250,000 square feet, this represents the largest new retail development delivered in San Francisco since 2011. This project struggled to lease space and remained vacant for several years after completion. The building was purchased by Ingka Group in September 2020 for redevelopment with an IKEA store of approximately 70,000 square feet and complementary mixed uses. The IKEA store redesign is under construction, with expected delivery in 2023.

Salesforce Transit Center, with just under 100,000 square feet of retail space, was completed in mid-2019 in the South Financial District. Tenants include Fitness SF, Philz Coffee, Per Diem Restaurant, Eddie Rickenbacker's, Venga and Onsite Dental. The project includes a 1.2 million square foot, state-of-the-art regional transit hub which will connect eight Bay Area counties and the State of California through 11 transit systems. The roof of the bus and rail station features a 5.4-acre park. The transit center began construction in 2011 and originally opened in August 2018; six weeks later it closed down for eight months to complete repairs of cracked beams. The center re-opened in July 2019.

The Chase Center was completed at the end of 2019 in Mission Bay, reported to be the largest sports and entertainment project on the West Coast, covering an area of 11 acres. It features an 18,000 square foot arena, home to the Golden State Warriors basketball team, along with 98,000 square feet of retail and restaurant space and over five acres of public waterfront park. It also features 580,000 square feet of office space, which was completed in the second quarter 2021 for Uber.

Two significant projects were completed in 2021. One is the redevelopment of the former Macy's Men's Store into a mixed-use project at 100 Stockton, which includes roughly 100,000 SF of retail space, office space on the sixth and seventh floors, and a rooftop restaurant. A lease was signed at the end of 2021 with Chotto Matte restaurant for this space. This project was completed in the first quarter 2022. The other project is the renovation of the Stonestown Galleria, which was completed in the second quarter 2021. This project consists of a redevelopment of the former Macy's and Nordstrom spaces into a three-level anchor building to feature a new Whole Foods and Sports Basement outlet, as well as a 12-screen Regal Cinemas, which opened in May 2021. Finally, two condo buildings were completed in the fourth quarter 2021 at 1288 Howard Street, with approximately 110,000 square feet, including 13,000 square feet of ground floor retail.

There have been no deliveries in 2023 and the only project under construction is the redevelopment of the former 6X6 mall into an IKEA anchored retail center.

These noted projects are summarized below.

New Construction Retail Projects

Project	Submarket	Size (SF)	Status
Salesforce Transit Center	South Financial District	98,330	Completed Q2 2019
Chase Center (Warriors Arena)	Mission Bay	100,000	Completed Q4 2019
Stonestown Galleria / 3251 20th Ave	San Francisco / Southern City	221,433	Completed Q2 2021
1288 Howard Street / Mixed Use	South of Market	13,000	Completed Q4 2021
100 Stockton Street (former Macy's)	Union Square	100,500	Completed Q1 2022
945 Market Street / IKEA	Mid-Market	70,000	Delivery Q4 2023

Source: CoStar, Cushman & Wakefield

Looking Ahead

Prior to the pandemic, steady tenant demand and limited new development kept vacancy levels very low in the San Francisco retail market. The local tenant base had shifted to higher-end retailers and demand was strongest in prime locations and for smaller retail spaces concentrated on food and beverage, boutique fitness and neighborhood services.

Market activity declined significantly during the pandemic and has been slow to rebound. Early signs of improvement were observed as restaurants, bars and other businesses began opening and jobs were added back beginning in 2021. However, conditions remain subdued and below their pre-pandemic levels. Year-over-year growth in retail sales is a positive indicator for a gradual recovery in the retail market.

Property Analysis

Land Description and Analysis

Location

The subject property is comprised of five development parcels located on the southwest portion of Treasure Island. A map of the parcels follows this section.

Land Area

The following table summarizes the subject's land area. As noted, Parcels B1.1 and B1.2 are contiguous and comprise the "B1" developable Parcel.

Land Area Summary

Tax ID	Parcel	SF	Acres
8903-004	Parcel C2.2	48,919	1.12
8904-004	Parcel C2.3	36,117	0.83
8904-005	Parcel C2.4	36,647	0.84
8906-009	Parcel C3.4	61,207	1.41
8901-003	Parcel B1.1	22,119	0.51
8901-004	Parcel B1.2	22,221	0.51
Total		227,230	5.22

Source: Public Records

Shape and Dimensions

Subject parcels are generally rectangular in shape; site utility based on shape and dimensions is average.

Topography

The site is generally level and at street grade. The topography does not result in any particular development limitations.

Backbone Infrastructure

In addition to roads and street improvements, infrastructure includes development associated with Treasure Island Causeway improvements, and utility infrastructure and upgrades.

According to the development budget provided by the Master Developer, total infrastructure needed for TCO for Improvement Areas No. 1, 2, and 3 is $390,887,368, of which $24,953,757 in costs remain. The Master Developer has allocated $12,837,669 in remaining costs specifically to Improvement Area 2, given that Improvement Areas 1 and 3 each contribute payments to such costs. The following table provides an allocation of Improvement Area No. 2's backbone infrastructure costs by Parcel based on pro rata share of acreage. The bulk of the remaining costs cited below are soft costs associated with the infrastructure development.

Pro Rata Share of Infrastructure

Parcel	Acreage	Pro Rata Share	Remaining Costs
Parcel C2.2	1.12	21.5%	$2,763,746
Parcel C2.3	0.83	15.9%	$2,040,479
Parcel C2.4	0.84	16.1%	$2,070,422
Parcel C3.4	1.41	26.9%	$3,457,973
Parcel B1	1.02	19.5%	$2,505,049
	5.22	**100.0%**	**$12,837,669**

Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that surface water collection, both on-site and in public streets adjacent to the subject, is adequate.

Flood Hazard Status

According to the Federal Emergency Management Agency, the subject is a part of the following map.

Flood Hazard Status

Community Panel Number	0602980128A
Date	March 23, 2021

According to the above map, sections of the subject site were previously located in Zone AE (within the 100-year floodplain) prior to development. However, the Developer has since raised all development pads approximately three feet above the FEMA elevations referenced in the above map. Therefore, the entirety of the subject project is now outside of the 100-year floodplain as of the effective appraisal date.

Environmental Hazards

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

Ground Stability

A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. It is noted, prior to construction of infrastructure and improvements, a geotechnical mitigation program was implemented to make the Treasure Island perimeter seismically stable, strengthen the causeway that connects Treasure Island to Yerba Buena Island, densify the sandy fill in order to minimize seismic settlement within the development footprint, and compress soft Bay Mud sediments to minimize future settlement from the addition of fill and buildings.

We are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the existing and proposed improvements.

Streets, Access, and Frontage

Details pertaining to street access and frontage are provided in the following table.

Streets, Access and Frontage - As Proposed

Street	Seven Seas Avenue	Avenue of the Palms	Trade Winds Avenue
Paving	Asphalt	Asphalt	Asphalt
Curbs	Yes	Yes	Yes
Sidewalks	Yes	Yes	Yes
Lanes	2 way, 1 lane each way	2 way, 1 lane each way	2 way, 1 lane each way
Direction of Traffic	North/South	North/South	East/West
Condition	Good	Good	Good
Traffic Levels	Low	Low	Low
Visibility	Average	Average	Average

Utilities

The availability of utilities to the subject is summarized in the following table.

Utilities

Service	Provider
Water	San Francisco Public Utilities Commission
Sewer	San Francisco Public Utilities Commission
Electricity	San Francisco Public Utilities Commission
Natural Gas	Pacific Gas & Electric
Local Phone	Various Providers

Zoning

The subject Parcels are zoned TI-R / TI-MU, Treasure Island - Residential / Treasure Island Mixed Use, by the City and County of San Francisco. According to the City, the purpose of the Treasure Island/Yerba Buena Island Special Use District is as follows:

> "To facilitate the City's long-term goal of implementing the creation of a new City neighborhood on Treasure Island and Yerba Buena Island, which will provide benefits to the City such as significant amounts of new affordable housing, increased public access and open space, transportation improvements, extensive infrastructure improvements, and recreational and entertainment opportunities, while creating jobs and a vibrant, sustainable community."

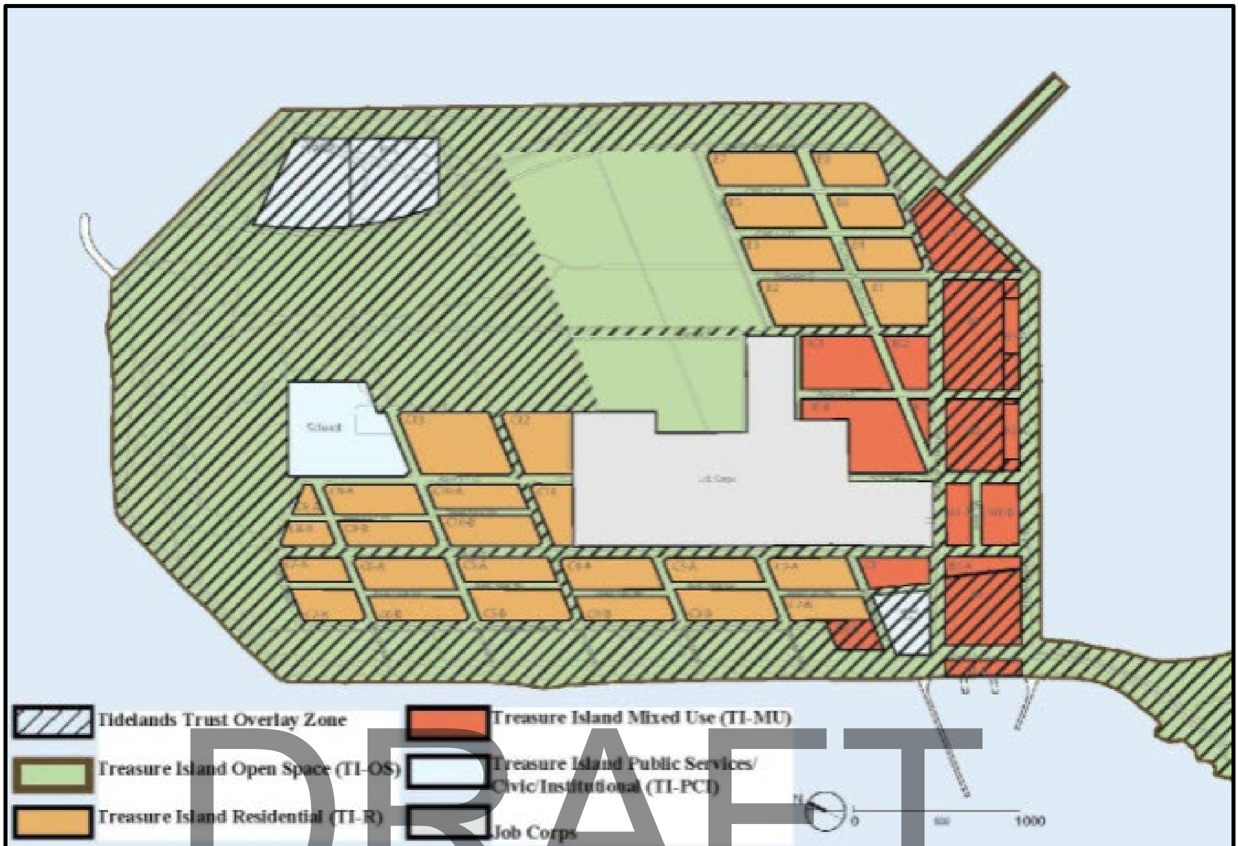
The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

Zoning Summary	
Zoning Jurisdiction	City and County of San Francisco
Zoning Designation	TI-R / TI-MU
Description	Treasure Island - Residential / Treasure Island Mixed Use
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Various residential and commercial uses
Category	**Zoning Requirement**
Minimum Setbacks (Feet)	0 to 6 ft
Maximum Building Height	Varies; 40 to 125 ft
Parking Requirement	1 space per dwelling unit; 2 spaces per 1,000 SF of gross retail area

Source: City and County of San Francisco

The subject Parcels are fully entitled for 233 for-sale condominiums and 545 for-rent apartments; Parcel B1 will also include ground floor retail. Further detail on the proposed improvements will be presented in upcoming sections. As Treasure Island is encumbered with its own specific zoning regulations, and because the subject Parcels are entitled, it appears the proposed use of the subject Parcels are legally conforming uses.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required. A zoning map for Treasure Island is provided on the following page.



Other Land Use Regulations

We are not aware of any other land use regulations that would affect the property.

Seismic Hazards

All properties in California are subject to some degree of seismic risk. The Alquist-Priolo Earthquake Fault Zoning Act was enacted by the State of California in 1972 to regulate development near active earthquake faults. The Act required the State Geologist to delineate "Earthquake Fault Zones" (formerly known as "Special Studies Zones") along known active faults in California. Cities and counties affected by the identified zones must limit certain development projects within the zones unless geologic investigations demonstrate that the sites are not threatened by surface displacement from future faulting.

According to information from the California Geological Survey (formerly known as the Division of Mines and Geology), the subject is not located within an Alquist-Priolo Special Studies Zone. (California Geological Survey, Official Map, Oakland West Quadrangle (2000)). However, the Working Group on California Earthquake Probabilities reported in 2015 that there is a 72% chance at least one 6.7 magnitude earthquake (or larger) will occur in the San Francisco Bay Area by 2045. It should be noted, it appears that all subject's proposed development lie within a liquefaction zone, as does Treasure Island overall.

Inclusionary Housing Regulations – For Sale Condominiums

Parcels C2.3 and C3.4 will include five and seven inclusionary units, respectively, the sale price of which will be restricted. The buyer's housing costs, including mortgage (assuming a 10% down payment), taxes, insurance, and HOA fees must not exceed 33% of a certain percentage of San Francisco's median household income. The following table provides 2023 sample pricing from the San Francisco Mayor's Office of Housing and Community Development (MOHCD). Actual pricing for the subject will be determined by MOHCD at a later date. In lieu of precise 2023 pricing information for the subject, this analysis considers the developer's estimate of $395,908 per inclusionary unit.

ASSUMED HOUSEHOLD SIZE		1 Person	2 Person	3 Person	4 Person	5 Person
MEDIAN INCOME @	80% OF MEDIAN	$80,700	$92,250	$103,750	$115,300	$124,500
AVAIL FOR HOUSING @	33%	$26,631	$30,443	$34,238	$38,049	$41,085
ANNUAL CONDO FEE		$9,024	$10,104	$11,196	$12,708	$14,292
TAXES @	1.17973782%	$3,295	$3,806	$4,312	$4,742	$5,013
AVAILABLE FOR P+I		$14,312	$16,533	$18,730	$20,599	$21,780
SUPPORTABLE MORT		$251,339	$290,332	$328,917	$361,742	$382,469
DOWN PAYMENT	10%	$27,927	$32,259	$36,546	$40,194	$42,497
AFFORDABLE PRICE		$279,266	$322,591	$365,463	$401,936	$424,966
BEDROOM SIZE		STUDIO	ONE	TWO	THREE	FOUR

Inclusionary Housing Regulations – For Rent Apartments

As the subject reflects new construction, it is exempt from San Francisco's rent control ordinance and from the California Tenant Protection Act (AB 1482). However, the subject will include the following below market rent units, by Parcel: C2.2 – nine units, C2.4 – 24 units, and B1 – six units.

According to the Developer, final income and rental rate restrictions have not yet been determined by the Mayor's Office of Housing and Community Development. However, the Developer is estimating a BMR rental rate of $1,372 per month for Parcel C2.2 and $1,454 for Parcel C2.4, or $1.77 to $1.78 per square foot. Based on these projections, we estimate a BMR rent of $1,239 for Parcel B1 units.

Easements, Encroachments and Restrictions

We have reviewed preliminary title reports for all five subject Parcels, prepared by First American Title and dated September 18, 2020. The reports identify exceptions to title, which include various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse impacts from easements, encroachments or restrictions and further assumes that the subject has clear and marketable title.

Permits and Fees

Permits and fees due at building permit are estimated at $40,000 per unit for Parcel C2.3, which has an average unit size of 1,241 square feet considering market and inclusionary units (market rate units average 1,257 square feet). Permits and fees for Parcel C3.4, which has an average unit size of 1,005 square feet overall (1,007 square feet for market rate units), are estimated at $22,250 per unit.

Timeline

The proposed timelines for each Parcel are summarized below.

Parcel C2.2 – **Hawkins** (for-rent apartments) – Vertical construction commenced in September 2022 and is well underway. The expected completion date is November 2024. Preleasing is projected to begin in July 2024, with stabilization anticipated in June 2025.

Parcel C2.3 (for-sale condominiums) – Vertical construction has not yet commenced. As of the effective appraisal date, the Developer does not have a scheduled start date for completion of development.

Parcel C2.4 – **Tidal House** (for-rent apartments) – Vertical construction commenced in July 2022 and the shell of the building is nearly complete (scheduled for September 2023). Vertical construction is expected to be finished in September 2024 with preleasing beginning in August 2024. The project is anticipated to reach stabilization in September 2025.

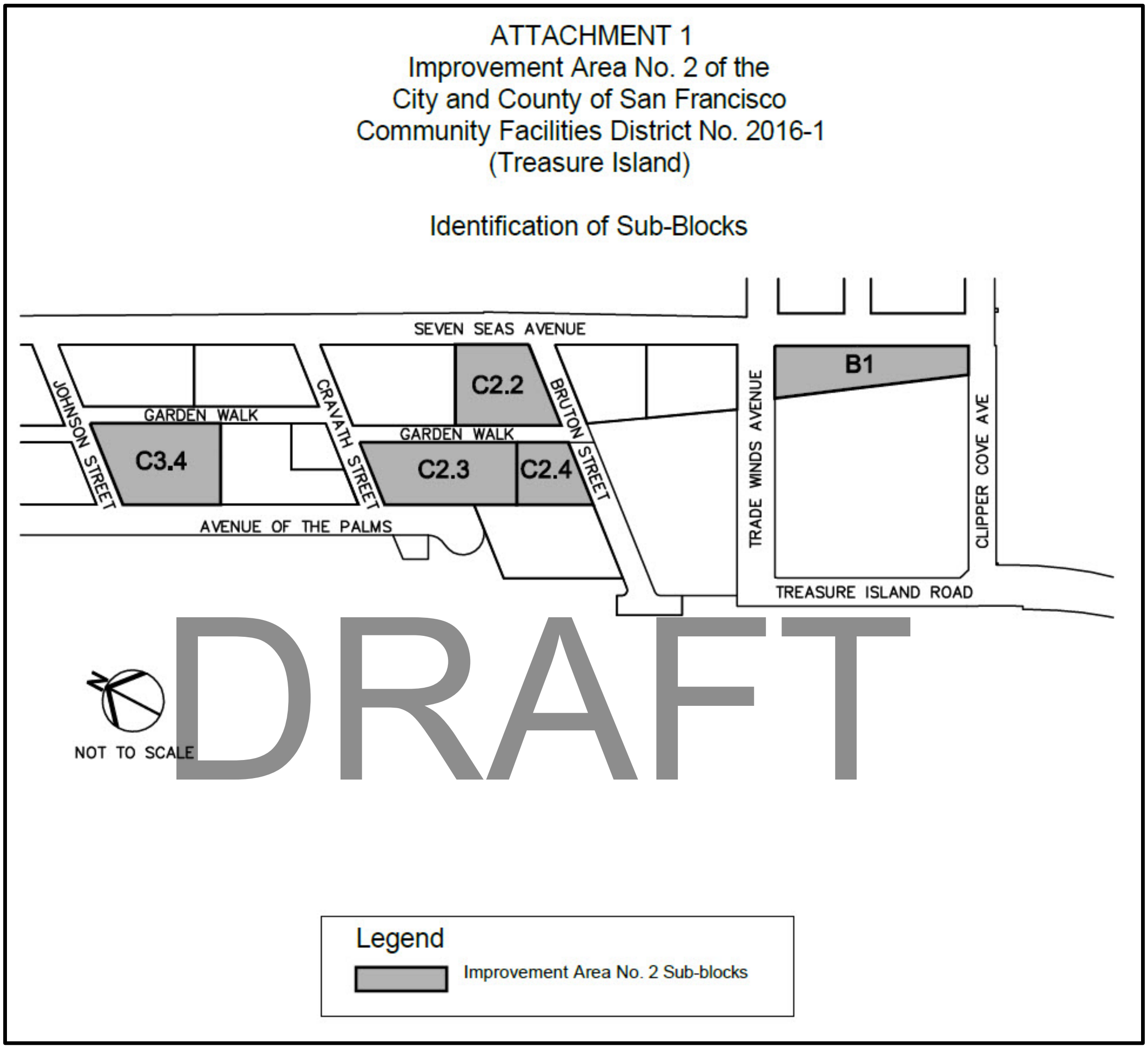
Parcel C3.4 – **Portico** (for-sale condominiums) – Vertical construction began in October 2022 and is expected to be completed in January 2025. Presales are expected to begin in March 2024 with the project achieving stabilization in August 2026.

Parcel B1 (for-rent apartments) – Site permits have been issued and received; however, the Developer does not have a scheduled start date for completion of development as of the effective appraisal date.

Conclusion of Site Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include various residential and commercial uses. We are not aware of any other particular restrictions on development.

Improvement Area No. 2 Boundary Map



Assessor Aerial

Proposed Improvements Description

Overview

The subject lots will be developed with varying floor plans, which are summarized in the following tables. The subject property represents the taxable land areas within CFD No. 2016-1 (Treasure Island) Improvement Area No. 2 and includes five development parcels of land located on Treasure Island. In total, the five Parcels are entitled for the development of 233 for-sale condominiums and 545 for-rent apartment units; each of the multifamily sites will also include ground floor retail. Ownership of the Parcels is held by entities associated with Stockbridge Capital Group, LLC, Wilson Meany, LP, Lennar, and Poly (USA) Real Estate Development Corporation. As of the effective appraisal date, infrastructure development serving the five Parcels is substantially complete and vertical construction has commenced on three of the Parcels (C2.2, C2.4, and C3.4).

A summary of the proposed improvements, including details by Parcel are provided below and on the following page.

Land Use Overview

Parcel	Name	Acreage	Use	For Sale/Rent	No. of Market Rate Units	No. of BMR Units	Total Units	Parking Spaces	Rentable Area - Residential	Rentable Area - Retail
Parcel C2.2	Hawkins	1.12	Multifamily/Retail	For Rent	169	9	178	92	141,422	1,555
Parcel C2.3	-	0.83	Condominium	For Sale	80	5	85	83	105,445	-
Parcel C2.4	Tidal House	0.84	Multifamily/Retail	For Rent	226	24	250	124	207,530	1,250
Parcel C3.4	Portico	1.41	Condominium	For Sale	141	7	148	149	148,710	-
Parcel B1.1 & B1.2 ("B1")	-	1.02	Multifamily/Retail	For Rent	111	6	117	58	101,260	4,785

Summary of Floor Plans - C2.3 Condominium Units

Floor Plan	Square Footage	Number of Units	Proposed Pricing
One Bed	675	28	$959,342
Two Bed	1,071	9	$1,575,425
Three Bed	1,643	43	$2,200,837
BMR	981	5	$395,980
No. of Residential Units			85
No. of Commercial Units			0
Avg Unit Size - Market Rate			1,257

The Developer states these homes will be just north of the ferry landing and will front Cityside Park; this parcel enjoys views of the San Francisco Bay and skyline. Parcel C2.3 will have 80 market rate units and 83 parking spaces.

Summary of Floor Plans - C3.4 (Portico) Condominium Units

Floor Plan	Square Footage	Number of Units	Proposed Pricing*	
Studio	500	7	$723,914	
One Bed	675	45	$921,078	
Two Bed	1,225	70	$1,827,439	*(1,050 to 1,400 SF)*
Three Bed	1,787	19	$3,044,744	*(1,375 to 2,200 SF)*
BMR	969	7	$395,980	
No. of Residential Units			148	
No. of Commercial Units			0	
Avg Unit Size - Market Rate			1,007	

**Developer's proposed pricing does not include parking, which will be sold separately. The upcoming analysis assumes one parking space per unit.*

Parcel C3.4 is also proximate to City Side Park with view of the San Francisco Bay and skyline and Golden Gate and Bay Bridges.

It is noted that the subject property will have a Homeowner's Association (HOA) that will be responsible for common area maintenance and a security patrol. The fee will also include bus and ferry services. Based upon the range of HOA fees found among comparable properties, including The Bristol, we estimate a monthly HOA fee of $1,500 per unit.

Summary of Floor Plans - C2.2 (Hawkins) Multifamily Units

Floor Plan	Square Footage	Number of Units	Average Proposed Monthly Rent[1]
Studio	458	32	
One Bed	728	83	$4,970
Two Bed	1,077	52	
Three Bed	1,648	2	
BMR	812	9	$1,372
Retail	1,555	1	--
No. of Residential Units			178
No. of Commercial Units			1
Avg Unit Size - Market Rate			794

1 Average monthly rent for all market rate units. BMR rent reported separately.

Parcel C2.2 is adjacent to a park and will include 178 units with 92 parking spaces available for rent; this Parcel includes 1,555 square feet of ground floor retail space.

Summary of Floor Plans - C2.4 (Tidal House) Multifamily Units

Floor Plan	Avg Square Footage	Number of Units	Average Proposed Monthly Rent[1]	Notes
Studio	530	25	$5,750	*500 to 550 SF*
One Bed	701	86		*650 to 725 SF*
Two Bed	1,045	113		*1,000 to 1,225 SF*
Three Bed	1,465	2		*1,250 to 1,600 SF*
BMR	740	24	$1,454	
Retail	1,250	1	--	
No. of Residential Units			250	
No. of Commercial Units			1	
Avg Unit Size - Market Rate			840	

1 Average monthly rent for all market rate units. BMR rent reported separately.

Parcel C2.4 will include a 14-story tower on top of a 5-story podium and will include views of the San Francisco Bay and skyline. The Parcel is adjacent to a park and will offer a fitness center, rooftop deck, and co-working space. It will include 1,250 square feet of ground floor retail space and will offer 124 parking spaces for rent.

Summary of Floor Plans - B1 Multifamily Units

Floor Plan	Square Footage	Number of Units	Average Proposed Monthly Rent[1]
Studio	400	2	
One Bed	818	83	NA
Two Bed	1,125	26	
BMR	553	6	$1,239
Retail	4,785	1	--
No. of Residential Units			117
No. of Commercial Units			1
Avg Unit Size - Market Rate			882

1 Average monthly rent for all market rate units. BMR rent reported separately.

Parcel B1 is proximate to Clipper Cove Promenade and offers views of the Bay Bridge and Yerba Buena Island. It will include 4,785 square feet of retail space and will also include 70 parking spaces available for rent. Please note, an updated unit mix was requested from the Developer but not provided. The above square footages for the one and two bedroom floor plans are appraiser assumptions based upon the total taxable residential square footage for Parcel B1. If additional information is provided, these assumptions may change.

A complete interior finish profile for improvements on the five subject sites was not provided; the proposed improvements are assumed to be of a typical quality for the area, which is generally good overall quality.

For the reader's reference, the subject's proposed elevations are shown on the following pages.

C2.2 Rendering (Multifamily)

C2.3 Rendering (Condominiums)

C2.4 Rendering (Multifamily)

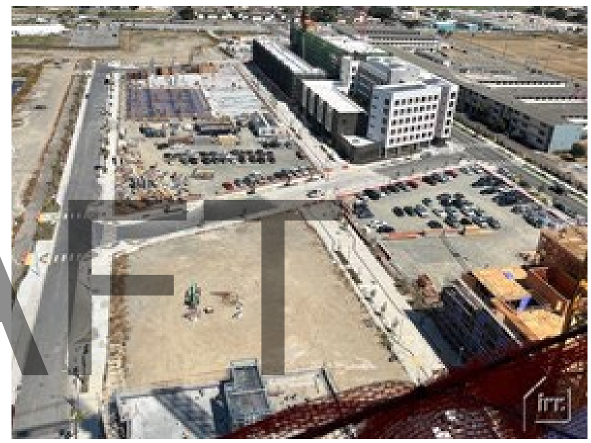
C3.4 Rendering (Condominiums)

B1 Rendering (Multifamily)

Parcel C2.4 (Tidal House)

Parcel C2.2 (Hawkins)

Parcel C2.4 (Tidal House)



Parcels C2.3 & C3.4 (Portico)

Parel B1

View of Treasure Island from YBI


View of San Francisco Skyline from Tidal House


View of San Francisco Bay from Tidal House

Real Estate Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted as subdivision and development continues. According to the San Francisco County Treasurer-Tax Collector's Office, the appraised properties have a cumulative annual tax rate of 1.179738%. This tax rate does not include the CFD tax, which is discussed below.

As previously discussed, the subject property is situated within the boundaries of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Improvement Area No. 2, with a Special Tax lien for Facilities and a Special Tax lien for Services. According to the Rate and Method of Apportionment, the assigned Special Tax for Developed Property is presented in the following table (proposed for the Fiscal Year 2023-24):

Calculation of CFD Tax - Condominium Use

Parcel	Tax per SF (2023)	No. of Units (Market)	Average SF	Total SF (Market)	Annual Tax	Total Units (All)	Tax per Unit (All)
Parcel C2.3	$7.05	80	1,257	100,540	$708,447	85	**$8,335**
Parcel C3.4	$7.05	141	1,007	141,926	$1,000,070	148	**$6,757**

Calculation of CFD Tax - Multifamily Residential / Mixed Use

Parcel	Residential Tax per SF (2023)	No. of Units (Market)	Total SF (Market)	Annual Tax - Residential	Retail Tax per SF (2023)	Retail SF	Annual Tax - Retail	Total Units (All)	Total Tax per Unit (All)
Parcel C2.2	$3.21	169	134,115	$431,156	$1.73	1,555	$2,686	178	**$2,437**
Parcel C2.4	$3.21	226	189,765	$610,061	$1.73	1,250	$2,159	250	**$2,449**
Parcel B1	$3.21	111	97,942	$314,866	$1.73	4,785	$8,264	117	**$2,762**

Special Taxes escalate 2% annually. The subject's inclusionary units are not subject to the Special Tax. However, in the upcoming analysis, we divide the total tax burden over all units.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

Highest and Best Use As If Vacant

Legally Permissible

The site is zoned TI-R / TI-MU, Treasure Island - Residential / Treasure Island Mixed Use. Permitted uses include various residential and commercial uses. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. The subject property is entitled for 233 for-sale condominiums and 545 for-rent apartments with 7,590 square feet of ground floor retail space. The subject's present entitlements are the result of significant planning and review, and any rezone or land use different than currently approved is unlikely. Given prevailing land use patterns in the area, only single and multifamily residential use, with associated retail, is given further consideration in determining highest and best use of the site, as though vacant.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including single and multifamily residential use.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for single family residential use (for sale) in the subject's area. Home demand within the San Francisco condominium market is moderate but continues to be impacted by recent interest rate increases. Despite this, as shown later in this report by the land residual analysis where home construction costs are deducted from an estimated current home price, the subject's land value is positive, which demonstrates that single-family residential development is financially feasible.

Despite rising construction costs, multifamily use is considered financially feasible. Rents and occupancy rates have recovered from the pandemic, particularly in residential neighborhoods outside of the downtown core; however, rental rates remain below 2019 highs and have not kept pace with costs. Retail use is also associated with a high degree of risk, though, limited retail services currently exist on Treasure Island. Proposed and under construction housing Yerba Buena Island and Treasure Island is expected to help support the retail use, and the proposed retail space is a small fraction of the overall project. As shown later in this report by the extraction analysis where construction costs are deducted from an estimated stabilized value, the subject's land value is positive, which demonstrates mixed use retail/residential use is currently financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than the subject's proposed uses. Based on the valuation analyses presented herein, attached residential development (for sale and for rent) with supporting retail space is considered a financially feasible use of the properties. Accordingly, it is our opinion that the proposed residential uses, with associated retail, developed to the normal market density level permitted by zoning, reflect the maximally productive use of the property. Considering the current market conditions discussed throughout the previous market analysis sections, coupled with the valuation analyses presented later in this report, a development hold may be appropriate depending on target rates of return.

Conclusion

Development of the sites for the proposed single and multifamily residential uses and associated retail are only uses that meets the four tests of highest and best use. Therefore, they are concluded to be the highest and best use of the property as if vacant. As noted, a development hold may be appropriate depending on target rates of return.

As Improved (Proposed)

As of the effective appraisal date, backbone infrastructure and site work has commenced at the subject property. The planned infrastructure improvements are necessary for development. In addition, vertical construction is underway on three of the Parcels. The existing improvements have been constructed according to the subject's entitlements and are consistent with the highest and best use of the subject property as if vacant.

Most Probable Buyer

Taking into account the size and characteristics of the property, the probable buyer of the subject Parcels is a builder familiar with the region.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Additional analyses often undertaken in the valuation of subdivisions include **extraction**, **land residual analysis,** and the **subdivision development method**.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Market Valuation – Representative Floor Plans

As previously discussed in the *Valuation Methodology* section, in order to estimate the market value of the developable, taxable land proposed for condominium use within the boundaries of City and County of San Francisco CFD No. 2016-1 (Treasure Island) Improvement Area No. 2, land residual analyses will be performed, which consider the anticipated, or projected, sale price of the residential units to be constructed on Parcels C2.3 and C3.4 (Portico). To estimate the anticipated, or projected, sale price for the varying unit types within the development, an analysis of comparable, or similar, residential developments within the subject's market area will be considered in this section using the sales comparison approach to value. The objective of the analysis is to estimate the base price for representative floor plans comprising each of the subject Parcels proposed for condominium use.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 15th Edition (Chicago: Appraisal Institute, 2020), "*The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time*." The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the appraised properties. The objective of the analyses is to estimate the base value of a representative floor plan, net of incentives, upgrades, and lot premiums. As discussed, two of the subject parcels are proposed for condominium use. Summaries of the proposed floor plans by Parcel are summarized below.

Summary of Floor Plans - C2.3 Condominium Units

Floor Plan	Square Footage	Number of Units	Proposed Pricing
One Bed	675	28	$959,342
Two Bed	1,071	9	$1,575,425
Three Bed	1,643	43	$2,200,837
BMR	981	5	$395,980
No. of Residential Units			85
No. of Commercial Units			0
Avg Unit Size - Market Rate			1,257

Based on the proposed floor plans, the upcoming analysis will assume a representative 2-bedroom, 2-bathroom unit of 1,257 square feet for Parcel C2.3. It's important to note the subject's largest units are designed as stacked townhomes with floor-to-ceiling windows with views across the San Francisco Bay, Alcatraz, and the Golden Gate Bridge. According to the Developer, the targeted buyer pool for the condominiums will include a mix of local and international buyers and high net worth individuals in order to capitalize on the subject's location and position on Treasure Island.

Please note, proposed pricing for Parcel C2.3 below market rate units is not yet available. For the purposes of this analyses, it is assumed to be similar to Parcel C3.4, as referenced on the following page.

Summary of Floor Plans - C3.4 (Portico) Condominium Units

Floor Plan	Square Footage	Number of Units	Proposed Pricing*	
Studio	500	7	$723,914	
One Bed	675	45	$921,078	
Two Bed	1,225	70	$1,827,439	*(1,050 to 1,400 SF)*
Three Bed	1,787	19	$3,044,744	*(1,375 to 2,200 SF)*
BMR	969	7	$395,980	
No. of Residential Units			148	
No. of Commercial Units			0	
Avg Unit Size - Market Rate			1,007	

**Developer's proposed pricing does not include parking, which will be sold separately. The upcoming analysis assumes one parking space per unit.*

Based on the proposed floor plans, the upcoming analysis will assume a representative 2-bedroom, 2-bathroom unit of 1,007 square feet for Parcel C3.4.

Presented below are comparable new home sales considered the best indicators of market value for the subject's residential units. Our search for sales focused on newly constructed condominium units similar in size to the subject's representative unit. We also restricted our search to units located in improvements with ten stories or less and focused on residential neighborhoods outside of the Downtown core.

Comparable Home Sale Summary

No.	Project	Neighborhood	Address	Close of Escrow	Sale Price	Living Area (SF)	Beds	Baths	Parking	Year Built	Analysis Used In
1	The Bristol	Yerba Buena Island	1 Bristol Ct #404	6/30/2023	$2,220,000	1,406	2	2.5	$115,000	2022	Both
2	The Bristol	Yerba Buena Island	1 Bristol Ct #317	6/28/2023	$1,218,274	1,116	1	1.0	$115,000	2022	Both
3	2177 Third	Dogpatch	2177 3rd St #621	6/26/2023	$2,160,000	1,420	2	2.0	Included	2020	Parcel C2.3
4	The Westerly	Outer Parkside	3535 Wawona St #523	6/13/2023	$1,520,000	1,220	2	2.0	Included	2020	Both
5	Union House	Cow Hollow	1515 Union St #4B	4/7/2023	$2,200,000	1,247	2	2.0	Included	2020	Both
6	2177 Third	Dogpatch	2177 3rd St #705	5/30/2023	$899,000	719	1	1.0	Included	2020	Parcel C3.4

Discussion of Adjustments

In order to estimate the market values for the subject floor plans, the comparable transactions were adjusted to reflect the subject with regard to categories that affect market value. If a comparable has an attribute considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories that are considered inferior to the subject and are adjusted upward. In order to isolate and quantify the adjustments on the comparable sales data, percentage or dollar adjustments are considered appropriate. At a minimum, the appraiser considers whether adjustments are necessary pertaining to these items:

- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions
- Location
- Physical features

A paired sales analysis is performed in a meaningful way when the quantity and quality of data are available. Even so, many of the adjustments require the appraiser's experience and knowledge of the market and information obtained from those knowledgeable and active in the marketplace. A detailed analysis involving each of these factors and the value conclusion for each unit follows.

Upgrades and Incentives

The objective of the analysis is to estimate the base value per floor plan, net of incentives. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs. None of the comparables reported incentives and upgrades.

Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. As previously noted, the opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants, and restrictions (CC&Rs). All of the comparables represent fee simple estate transactions. Therefore, adjustments for this factor are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. If the seller provides incentives in the form of paying for closing costs or an interest rate buy down, a discount has been obtained by the buyer for financing terms. This discount price must then be adjusted to a cash equivalent basis. Also, any incentives applicable toward closing costs would have been reflected in the incentives adjustments previously considered. No adjustments were required for this factor.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding

The comparables did not involve any non-market or atypical conditions of sale. Adjustments for this factor do not apply.

Market Conditions (Date of Sale, Phase Adjustment)

The market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a neighborhood, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

The comparable sales transferred between April 2023 and June 2023 and are reflective of current market conditions; therefore, no consideration for this element of comparison is warranted.

Location

Location is a very important factor to consider when making comparisons. The comparables need not be in the same neighborhood but should be in neighborhoods that offer the same advantage and have, in general, the same overall desirability to the most probable buyer or user. Each of the comparables are located in San Francisco. Additional adjustments for the location within specific neighborhoods will be considered in the following community appeal section.

Community Appeal

In addition to market location adjustments, we consider community appeal adjustments. Even within a specific market location, often specific community characteristics influence sale prices. Often, prices on one street may be significantly higher or lower than the next, despite similar home characteristics. Community characteristics that may influence sale prices include a gated amenity or the condition of surrounding development.

The subject is located on Treasure Island; recent new neighborhood is also taking place on the adjacent Yerba Buena Island (YBI) (Improvement Area 1). The Bristol, a 124 condominium project developed by Wilson Meany, is located on Yerba Buena Island and opened in July 2022 with presales commencing in February 2021. As of August 1, 2023, 36 market rate homes have been sold with Spring and Summer 2023 sale prices averaging $1,450 per square foot. This community is considered the best comparable for the subject property due to its location on YBI, which is an untested market for new construction in the current economic environment. Similar to the proposed product lines at the subject, The Bristol benefits from excellent views including those of the San Francisco Bay, the Bay Bridge, and the Golden Gate Bridge (select units). Many of the units at the subject property will also enjoy Bay and city skyline views, as well as views of Alcatraz and the Golden Gate Bridge and views of YBI and Clipper Cove. Sales 1 and 2 in the upcoming analysis and comparable table are located within The Bristol project.

Given the excellent views afforded many of the subject units, and the suburban atmosphere of Treasure Island, an effort was made to locate additional comparables in San Francisco neighborhoods with a similar community appeal to the subject property. Comparables 3 and 6 are located within the Dogpatch neighborhood and offer city views or views of Crane Cove Park. Both comparables have been adjusted upward for community appeal given the subject's superior views. Sale 4 is located in The Westerly project in the Outer Parkside neighborhood, proximate to the Pacific Ocean; the comparable enjoys city views and has also been adjusted upward for community appeal as the subject will offer the opportunity for Bay and skyline views. Finally, Sale 5 is located within Union House in Cow Hollow; the project offers views of the Golden Gate Bridge and Palace of the Fine Arts Theater. Given the desirability of the established Cow Hollow neighborhood, the comparable has been adjusted downward for community appeal.

Lot Size

The lot size adjustment pertains to the differences between the subjects' typical lot size and comparables with either larger or smaller lots. It does not include any lot premium adjustments, which are adjusted for separately. The subject and comparables reflect attached product, and no adjustments for lot size are necessary.

Lot Premiums

Properties sometimes achieve premiums for corner or cul-de-sac positioning, or proximity to open space or views. As noted, many of the units in the subject projects will benefit from San Francisco Bay and Skyline views, as well as views of YBI and Clipper Cove. As this analysis considers a representative unit, further adjustments for unit/lot premiums are not made. Instead, the potential excellent views have been considered as part of the community appeal adjustment.

Design and Appeal/Quality of Construction

Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeals to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices. The comparables are similar to the subject in regard to design and appeal.

Construction quality can differ from slightly to substantially between projects and is noted in the exterior and interior materials and design features of a standard unit. In terms of quality of construction, the subject and comparables represent good construction quality. No adjustments have been made.

Age/Condition

When comparing resale to resale, the market generally recognizes a difference of 1% per year of difference in effective age. However, all of the comparables reflected new construction as the time of transfer. Therefore, no adjustments are applied.

Functional Utility

The appraised properties and comparables represent traditional attached single-family residential construction. No consideration for this factor is necessary.

Room Count

For units similar in size, differences in room count are buyer preference. One buyer might prefer two bedrooms and an office versus a three-bedroom unit. Extra rooms typically result in additional building area and are accounted for in the size adjustment. Therefore, no adjustments are made for number of total rooms or bedrooms. Because bathrooms are a functional item for each floor plan and add substantial cost due to the number of plumbing fixtures, an adjustment is made for the difference in the number of fixtures between the subject and the comparable sales. The adjustment is based on an amount of $12,500 per fixture (or half-bath) and is supported by cost estimates for a good quality home in the Residential Cost Handbook, published by the Marshall and Swift Corporation. Considering the fact that plumbing upgrades for existing bathrooms generally range from $5,000 to over $25,000 for the various fixtures, the $12,500 per fixture, or half-bath, is supported. Consequently, a factor of $25,000+ per full bath is also applied in our analysis.

Unit Size/Living Area

Units similar (in the same development), except for size, were compared to derive the applicable adjustment for unit size. Those used for comparison purposes, are units within similar projects. Units within the same project were used since they have a high degree of similarity in quality, workmanship, design and appeal. Other items such as a single level or two-story designs, number of bathrooms and number of garage spaces were generally similar in these comparisons, in order to avoid other influences in price per square foot. Where differences exist, they are minor and do not impact the overall range or average concluded. Based on this data, the comparables were adjusted on a per square foot basis to account for differences in living area from the subject units.

Number of Stories

For units similar in size, differences between number of stories are a buyer preference. One buyer might prefer a flat versus a townhome layout. The subject and comparables reflect single-story condominium construction. No adjustments are necessary.

Parking/Garage

One parking space per unit is assumed for the subject property (though it is noted the Developer for Parcel C2.4 plans to sell parking spaces separately). The majority of comparables offer garage space for one car. However, parking for Sales 1 and 2 is not included in the sale price and is available for purchase at a price of $115,000 per space. These comparables have been adjusted upward.

The following pages summarize the adjustments made to each sale.

Representative Condominium Unit - Parcel C2.3

Project Information	Factor	Subject Property	Comparable 1		Comparable 2		Comparable 3		Comparable 4		Comparable 5	
Project Name		Treasure Island IA-2	The Bristol		The Bristol		2177 Third		The Westerly		Union House	
Plan		Representative	-		-		-		-		-	
Address/Lot Number		-	1 Bristol Court #404		1 Bristol Court #317		2177 3rd Street #621		3535 Wawona St #523		1515 Union Street #4B	
City/Area		San Francisco	San Francisco		San Francisco		San Francisco		San Francisco		San Francisco	
Price		-		$2,220,000		$1,218,274		$2,160,000		$1,520,000		$2,200,000
Price Per SF		-		$1,579		$1,325		$1,521		$1,547		$1,365
Total Consideration per SF												
Data Source			MLS		MLS		MLS		MLS		MLS	
Incentives		None	None		None		None		None		None	
Upgrades		Base	None	$0	None	$0	None	$0	None	$0	None	$0
Effective Base Sales Price				**$2,220,000**		**$1,218,274**		**$2,160,000**		**$1,520,000**		**$2,200,000**
Adjustments:	**Factor**		**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**
Property Rights		Fee Simple	Fee Simple		Fee Simple		Fee Simple		Fee Simple		Fee Simple	
Financing Terms		Cash Equivalent	Cash Equivalent		Cash Equivalent		Cash Equivalent		Cash Equivalent		Cash Equivalent	
Conditions of Sale		Market	Market		Market		Market		Market		Market	
Market Conditions												
Date of Sale		MV 8/4/23	6/30/2023		6/28/2023		6/26/2023		6/13/2023		4/7/2023	
Project Location		Treasure Island	Yerba Buena Island		Yerba Buena Island		Dogpatch		Outer Parkside		Cow Hollow	
Community Appeal		Good	Good		Good		Average	+	Average	++	Excellent	--
HOA Dues		$650	$1,582		$1,523		$1,138		$673		$1,309	
Lot Premium		None	None		None		None		None		None	
Design and Appeal		Good	Similar		Similar		Similar		Similar		Similar	
Quality of Construction		Good	Similar		Similar		Similar		Similar		Similar	
Age (Total/Effective)		New	2022 (New)		2022 (New)		2020 (New)		2020 (New)		2020 (New)	
Condition		New/Good	Similar		Similar		Similar		Similar		Similar	
Functional Utility		Average	Similar		Similar		Similar		Similar		Similar	
Room Count												
Bedrooms		2	2		1		2		2		2	
Baths	$25,000	2	2.5	-	1	+	2		2		2	
Living Area (SF)	$1,000	1,257	1,406	--	1,116	++	1,420	--	1,220		1,247	
Number of Stories		1	1		1		1		1		1	
Heating/Cooling		Central	Central		Central		Central		Central		Central	
Garage		1-Car	Additional Fee	+	Additional Fee	+	1-Car		1-Car		1-Car	
Landscaping		Average	Similar		Similar		Similar		Similar		Similar	
Patios/Decks		Yes	Similar		Similar		Similar		Similar		Similar	
Kitchen Equipment		Good	Similar		Similar		Similar		Similar		Similar	
Net Adjustments				--		++++		-		++		--

Concluded Retail Value	**$1,900,000**
Indicated Value Per SF	**$1,511.54**

Representative Condominium Unit - Parcel C3.4 (Portico)

Project Information		Subject Property	Comparable 1		Comparable 2		Comparable 6		Comparable 4		Comparable 5	
Project Name		Treasure Island IA-2	The Bristol		The Bristol		2177 Third		The Westerly		Union House	
Plan		Representative	-		-		-		-		-	
Address/Lot Number		-	1 Bristol Court #404		1 Bristol Court #317		2177 3rd Street #705		3535 Wawona St #523		1515 Union Street #4B	
City/Area		San Francisco	San Francisco		San Francisco		San Francisco		San Francisco		San Francisco	
Price		-		$2,220,000		$1,218,274		$899,000		$1,520,000		$2,200,000
Price Per SF		-		$1,579		$1,325		$1,250		$1,547		$1,365
Total Consideration per SF												
Data Source			MLS		MLS		MLS		MLS		MLS	
Incentives		None	None		None		None		None		None	
Upgrades		Base	None	$0	None	$0	None	$0	None	$0	None	$0
Effective Base Sales Price				**$2,220,000**		**$1,218,274**		**$899,000**		**$1,520,000**		**$2,200,000**
Adjustments:	**Factor**		**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**
Property Rights		Fee Simple	Fee Simple		Fee Simple		Fee Simple		Fee Simple		Fee Simple	
Financing Terms		Cash Equivalent	Cash Equivalent		Cash Equivalent		Cash Equivalent		Cash Equivalent		Cash Equivalent	
Conditions of Sale		Market	Market		Market		Market		Market		Market	
Market Conditions												
Date of Sale		MV 8/4/23	6/30/2023		6/28/2023		5/30/2023		6/13/2023		4/7/2023	
Project Location		Treasure Island	Yerba Buena Island		Yerba Buena Island		Dogpatch		Outer Parkside		Cow Hollow	
Community Appeal		Good	Good		Good		Average	+	Average	++	Excellent	--
HOA Dues		$650	$1,582		$1,523		$916		$673		$1,309	
Lot Premium		None	None		None		None		None		None	
Design and Appeal		Good	Similar		Similar		Similar		Similar		Similar	
Quality of Construction		Good	Similar		Similar		Similar		Similar		Similar	
Age (Total/Effective)		New	2022 (New)		2022 (New)		2020 (New)		2020 (New)		2020 (New)	
Condition		New/Good	Similar		Similar		Similar		Similar		Similar	
Functional Utility		Average	Similar		Similar		Similar		Similar		Similar	
Room Count												
Bedrooms		2	2		1		1		2		2	
Baths	$25,000	2	2.5	-	1	+	1	+	2		2	
Living Area (SF)	$1,000	1,007	1,406	---	1,116	-	719	+++	1,220	--	1,247	--
Number of Stories		1	1		1		1		1		1	
Heating/Cooling		Central	Central		Central		Central		Central		Central	
Garage		1-Car	Additional Fee	+	Additional Fee	+	1-Car		1-Car		1-Car	
Landscaping		Average	Similar		Similar		Similar		Similar		Similar	
Patios/Decks		Yes	Similar		Similar		Similar		Similar		Similar	
Kitchen Equipment		Average	Similar		Similar		Similar		Similar		Similar	
Net Adjustments				---		+		+++++		=		----

Concluded Retail Value	**$1,550,000**
Indicated Value Per SF	**$1,539.23**

Conclusion of Home Values

Overall, the comparable ranges narrow after adjustment, and all sales are considered reasonable indicators of value for the subject. Greatest weight is given to Sales 1 and 2, located at the Bristol on YBI. These comparables reflect current transactions of the only newly constructed project available on YBI/Treasure Island.

Based on the analysis herein, the market value conclusions for the subject's representative homes are summarized in the following table. In addition, consideration must be given for model recapture. This will be further discussed in the upcoming analysis, which assumes one model home per Parcel.

Aggregate Retail Proceeds - Representative Condominium

Parcel	No. of Units	Square Footage	Indicated Value	Indicated Value
C2.3 - Market Rate	80	1,257	$1,900,000	$152,000,000
C2.3 - BMR	5	981	$395,980	$1,979,900
Model Recapture	1	-	$52,500	$52,500
Totals	**85**			**$154,032,400**
C3.4 (Portico) - Market Rate	141	1,007	$1,550,000	$218,550,000
C3.4 (Portico) - BMR	7	969	$395,980	$2,771,860
Model Recapture	1	-	$52,500	$52,500
Totals	**148**			**$221,374,360**

Below Market Rate Units

Parcels C2.3 and C3.4 will include five and seven inclusionary units, respectively, the sale price of which will be restricted. The buyer's housing costs, including mortgage (assuming a 10% down payment), taxes, insurance, and HOA fees must not exceed 33% of a certain percentage of San Francisco's median household income. Actual pricing for the subject will be determined by from the San Francisco Mayor's Office of Housing and Community Development (MOHCD) at a later date. In lieu of precise pricing information for the subject, this analysis considers the developer's estimate of $395,980 per inclusionary unit.

Land Residual Analysis – Parcels C2.3 and C3.4

The land residual analysis is employed to derive the market value for the subject's for-sale residential Parcels. This valuation method is used in estimating land value when subdivision and development are the highest and best use of the land being appraised. All direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the value of the land. The land residual analysis is conducted on a semi-annual (six month) basis. As a discounted cash flow analysis, the land residual analysis consists of four primary components summarized as follows:

Revenue – the gross income is based on the individual component values.

Absorption Analysis – the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).

Expenses – the expenses associated with the sell-off are calculated in this section – including infrastructure costs, administration, marketing and commission costs, as well as taxes and special taxes.

Discount Rate – an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts follows below, with the discounted cash flow analysis offered at the end of this section.

Revenue

The projected sales price for the average unit within the project will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses. Aggregate retail proceeds for the subject's representative units are summarized below.

Aggregate Retail Proceeds - Representative Condominium

Parcel	No. of Units	Square Footage	Indicated Value	Indicated Value
C2.3 - Market Rate	80	1,257	$1,900,000	$152,000,000
C2.3 - BMR	5	981	$395,980	$1,979,900
Model Recapture	1	-	$52,500	$52,500
Totals	**85**			**$154,032,400**
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C3.4 (Portico) - BMR	7	969	$395,980	$2,771,860
Model Recapture	1	-	$52,500	$52,500
Totals	**148**			**$221,374,360**

As will be discussed in the expense section that follows, given the product line at the subject, it is anticipated a builder will construct one model home per Parcel. Upgrade amenity costs are projected at $150,000 per model home. Typically, builders capture approximately 50% of the cost through the sale of the model and the furniture. Although furnishings are a real cost of the model improvements, they are personal property, not real estate. Thus, furnishings are not included in the opinion of value for the model home premiums. Given this consideration, the recapture cost for model homes are typically reduced to 25% to 40% of model improvement costs. Considering the anticipated foot traffic for the subject property, a recapture amount of 35%, is considered reasonable. Using this percentage, a recapture of $52,500 per model (35% x $150,000) is concluded, which is considered in the estimate of aggregate retail proceeds.

Closing Projections

As the subject reflects attached product, the first closings are reflected in the Period following completion of construction. For Parcel C2.3, the first closings are reflected in Period 5, while the first closings for Parcel C3.4 occur in Period 3.

Changes in Market Conditions (Price Increases or Decreases)

Based on market surveys, responses are mixed whether market participants trend revenues and expenses. Generally, market participants prefer not to price trend, but sometimes they will trend when trying to justify a sale price when there is strong competition for land. Or, participants have indicated they may trend if the sell-off period is anticipated to be protracted. Under current market conditions, there is likelihood of some moderate home price appreciation during the sell-off period. We estimate a level appreciation factor of 2.00% per year (or 1.00% semi-annually, every six months) for the subject's sell-off.

Absorption

Typically, multiple product lines would be marketed in a residential product to create characteristics appealing to as many potential purchasers as possible. Offering home products to different market segments within a master planned community is done with the aim of increasing absorption and reducing the overall development holding period for a project. In the case of the subject, the developer is planning a mix of for-sale and for-rent units. The subject's for-sale condominiums reflect smaller unit sizes than those currently under development on Yerba Buena Island, and will consequently reflect lower price points.

Based on the typical marketing and absorption rate data presented in the *Residential Market Overview*, absorption for the subject's condominium units is projected at 21 units per six-month period, or 3.5 units per month.

Parcel C2.3 - With sales beginning in Period 3, and an absorption rate of 21 units per period, the 85 units will sell out in seven periods.

Parcel C3.4 - The 148 units will sell out in nine periods.

Expense Projections

As part of an ongoing effort to assemble market information, we routinely compile budget information for single family residential subdivisions from developers throughout California. Information from our developer cost database contributes to the estimate of development expenses classified as follows.

General and Administrative

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.5% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 3.0% for general and administrative expenses.

Marketing and Sale

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. A figure of 6.0%, or 3.0% for marketing and 3.0% for sales, is estimated in the marketing and sales expense category.

Property Taxes (Ad Valorem and Special Taxes)

The subject is located within an area with an effective tax rate of 1.179738%. This amount is applied to the estimated market values and divided by the total number of units to yield an estimate of ad valorem taxes/unit/year for each phase. The tax amounts are applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year. Direct assessments applicable to the subject property are estimated at $740 per unit, per year.

As referenced, the appraised properties are located within the boundaries of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Improvement Area No. 2. According to the Rate and Method of Apportionment, provided in the *Real Estate Taxes* section, the annual special taxes applicable to the subject's facilities are estimated at $7.05 per square foot in 2023/24 for the subject's condominium units. The annual special tax increases 2% per year. We have applied these special taxes to the average unit square footage in the upcoming analysis. It should be noted, the inclusionary units are not subject to the special tax.

During the absorption period, the total tax expense to be paid by the Developers (sellers) gradually reduces as the units are sold off.

Calculation of CFD Tax - Condominium Use

Parcel	Tax per SF (2023)	No. of Units (Market)	Average SF	Total SF (Market)	Annual Tax	Total Units (All)	Tax per Unit (All)
Parcel C2.3	$7.05	80	1,257	100,540	$708,447	85	**$8,335**
Parcel C3.4	$7.05	141	1,007	141,926	$1,000,070	148	**$6,757**

Homeowners' Association

A homeowners' association is planned for the subject. According to the developer, the HOA fee for the subject units will include bus and ferry services during the absorption period, a security patrol, and common area maintenance. Based upon the range of HOA fees found among comparable properties, we estimate a monthly HOA fee of $1,500 per unit.

Remaining Site Development Costs

In this analysis, we are determining the value of a finished site/parcel; therefore, no deduction is made for remaining site development costs (including on-site and infrastructure) in the valuation.

Permits and Fees

Permits and fees represent all fees payable upon obtaining building permit for the construction of the proposed units and include school fees and any impact fees. Permits and fees due at building permit are estimated at $40,000 per unit for Parcel C2.3, which has an average unit size of 1,257 square feet for market rate units and an average unit size of 1,241 overall. Permits and fees for Parcel C3.4, which has an average unit size of 1,007 square feet for market rate units and an average unit size of 1,005 square feet overall, are estimated at $22,250 per unit.

Direct and Indirect Construction Costs

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle. Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

The developer has provided a construction budget for the subject units. Based on this information, a direct cost range of $700 to $800 per square foot is applicable to the subject. The subject reflects a unique product type and recent conversations with homebuilders confirm construction costs have increased over the past few years. As the developer's budget best considers the intricacies of the subject construction, the developer's costs are relied upon in the upcoming analyses; direct costs are estimated at $730 per square foot for Parcel C2.3 and $800 per square foot for Parcel C3.4. However, the upcoming analysis also considers costs spent to date, thereby decreasing remaining direct costs to $653 per square foot for Parcel C3.4.

Under current market conditions, we estimate a level appreciation factor for direct construction costs of 1.00% per year (0.50% semi-annually) for the subject's sell-off.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees

- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator
- Interest reserve

Conversations with homebuilders indicate the indirect costs generally range anywhere from 10% to 20% of the direct costs (excluding marketing, sales, general and administrative expenses, taxes, which are accounted for separately). Based on the Developer's cost budget provided, and considering costs incurred to date, 8% will be utilized for Parcel C2.3 and 5% will be used for Parcel 3.4 (Portico).

Model Complex

For the purposes of this analysis, we have assumed the developer will build one model per Parcel. Model upgrade expenses can vary widely depending upon construction quality, targeted market and anticipated length of time on the market. These upgrades, exterior and interior, including furniture, can range from $20,000 per model to over $250,000 per model.

Based on the quality of the subject's proposed improvements and the targeted buyer segment, a model upgrade cost of $150,000 is considered reasonable for the subject's lots. Of this amount, approximately 35% will be recaptured with the sale of the models reflecting a model recapture of $52,500. Model costs will be applied over the initial periods, while recapture costs will be applied at the end of the projection period.

Summary

The following charts summarize the revenue and expenses discussed on the preceding pages.

Revenue and Expense Summary - Parcel C2.3

Revenue

Plans	Units	Unit Size	Price per Unit	Total
Representative	80	1,257	$1,900,000	$152,000,000
BMR	5	981	$395,980	$1,979,900

Aggregate Retail Proceeds	$153,979,900				
Number of Units	85				
Weighted Avg Home Size	1,241				
Average Revenue per Unit	$1,811,528				
Home Revenue (Before Appreciation)	$153,979,900	(excludes premiums)			
Home Revenue (After Appreciation)	$160,319,267				
Model Recapture (at 35% of costs)	$52,500				
Total Revenue (After Appreciation)	**$160,371,767**		Total over Sell-Off Period		
Expenses					
Non-Appreciated Expenses					
General and Administrative	3.0%	of total revenue	$4,811,153		
Marketing and Commissions	6.0%	of total revenue	$9,622,306		
Ad Valorem Taxes per Unit	$3,800	/ unit / year	$741,408	(from cash flow)	
CFD No. 2016-1 (Treasure Island)	$8,335	/ unit / year	$1,626,095	(from cash flow)	
Direct Charges per Unit	$740	/ unit / year	$142,450	(from cash flow)	
HOA per Month	$1,500	/ unit / month	$405,000	(from cash flow)	
Model Costs	1	model(s)	$150,000	$150,000	per model
Permits and Fees			$3,400,000	$40,000	per unit
Subtotal:			$20,898,412		
Appreciated Expenses					
Direct Construction Costs (Before Appreciation)			$76,989,450	$730	psf
Direct Construction Costs (After Appreciation)			$77,568,798	(from cash flow)	
Indirect Construction Costs (Total)	8.0%	of Direct Costs	$6,205,504	(from cash flow)	
Subtotal:			$83,774,302		
		Total Expenses	$104,672,714		

Revenue and Expense Summary - C3.4 (Portico)

Revenue						
Plans	Units	Unit Size	Price per Unit	Total		
Representative	141	1,007	$1,550,000	$218,550,000		
BMR	7	969	$395,980	$2,771,860		
Aggregate Retail Proceeds				$221,321,860		
Number of Units				148		
Weighted Avg Home Size				1,005		
Average Revenue per Unit				$1,495,418		
Home Revenue (Before Appreciation)				$221,321,860	(excludes premiums)	
Home Revenue (After Appreciation)				$231,615,364		
Model Recapture (at 35% of costs)				$52,500		
Total Revenue (After Appreciation)				**$231,667,864**		Total over Sell-Off Period

Expenses						
Non-Appreciated Expenses						
General and Administrative	3.0%	of total revenue	$6,950,036			
Marketing and Commissions	6.0%	of total revenue	$13,900,072			
Ad Valorem Taxes per Unit	$3,967	/ unit / year	$1,526,565	(from cash flow)		
CFD No. 2016-1 (Treasure Island)	$6,757	/ unit / year	$2,600,115	(from cash flow)		
Direct Charges per Unit	$740	/ unit / year	$279,720	(from cash flow)		
HOA per Month	$1,500	/ unit / month	$2,808,000	(from cash flow)		
Model Costs	1	model(s)	$150,000		$150,000	per model
Permits and Fees			$3,293,000		$22,250	per unit
Subtotal:			$31,507,508			
Appreciated Expenses						
Direct Construction Costs (Before Appreciation)			$97,146,810		$653	psf
Direct Construction Costs (After Appreciation)			$97,389,677	(from cash flow)		
Indirect Construction Costs (Total)	5.0%	of Direct Costs	$4,869,484	(from cash flow)		
Subtotal:			$102,259,161			
		Total Expenses	$133,766,669			

Discount Rate

The project yield rate is the rate of return on the total un-leveraged investment in a development, including both equity and debt. The leveraged yield rate is the rate of return to the “base” equity position when a portion of the development is financed. The “base” equity position represents the total equity contribution. The developer/builder may have funded all of the equity contribution, or a consortium of investors/builders as in a joint venture may fund it. Most surveys indicate that the threshold project yield requirement is about 20% to 30% for production home type projects. Instances in which project yields may be less than 20% often involve profit participation arrangements in master planned communities where the master developer limits the number of competing tracts.

According to a leading publication within the appraisal industry, the PwC Real Estate Investor Survey[1], discount rates for land development projects ranged from 12.00% to 30.00%, with an average of 19.2% during the Second Quarter 2023, which is 50 basis points higher than the average

[1] PwC Real Estate Investor Survey, PricewaterhouseCoopers, 2nd Quarter 2023.

reported in the Fourth Quarter 2022, 100 basis points higher than a year ago, and assumes entitlements are in place. Without entitlements in place, certain investors will increase the discount rate an average of 125 basis points.

According to the data presented in the survey prepared by PwC, the majority of those respondents who use the discounted cash flow (DCF) method do so free and clear of financing. Additionally, the participants reflect a preference in including the developer's profit in the discount rate, versus a separate line item for this factor. As such, the range of rates presented above is inclusive of the developer's profit projection.

The discount rates are based on a survey that includes residential, office, retail and industrial developments. Participants in the survey indicate the highest expected returns are on large-scale, unapproved developments. The low end of the range was extracted from projects where certain development risks had been lessened or eliminated. Several respondents indicate they expect slightly lower returns when approvals/entitlements are already in place.

Excerpts from recent PwC surveys are copied below.

> "Development land investors continue to search for opportunities, especially in the apartment and industrial sectors of the industry. They note, however, that holding costs are dramatically higher due to the rise in interest rates over the past year, which could change their strategies for the near term and keep their acquisitions to a minimum. 'Deals are requiring further due diligence to meet projected returns,' states an investor. Unfortunately, the current stress in the financial sector is adding additional challenges. 'We are looking closely at our banking relationships,' says another. Growth rates for development expenses, such as amenities, real estate taxes, advertising, and administration, range from 0.00% to 10.00% and average 4.71%. For lot pricing, investors indicate a range from 2.00% to 5.00%; the average growth rate is 3.13%." (Second Quarter 2023)

> "Confronted with inflation, rising interest rates, economic uncertainty, and a slowdown in tenant demand, it is not surprising that most surveyed investors expect property values to decline over the next 12 months…When looking at macro development prospects for the five major commercial real estate sectors included in *Emerging Trends*, only the hotel sector shows an improvement in its rating from last year... Although the industrial/distribution and multi-family sectors boast the highest ratings for 2023, they both slip this year among respondents… From a micro standpoint, the top-five property types for development prospects in 2023 are datacenters, fulfillment, moderate-income/workforce apartments, life-science facilities, and single-family rental housing." Labor costs and availability as well as material costs are among the top three reported development issues for 2023. (Fourth Quarter 2022)

> "Based on our Survey results, the industrial and multifamily sectors of the U.S. commercial real estate industry offer the best development land investment opportunities due to strong tenant demand. Investors also see opportunities in the single-family residential sector…However, many are mindful that rising interest rates could dampen demand even though U.S. homebuilding unexpectedly rose in March 2022. Still, record low housing supply should continue to support homebuilding this year…Over the next 12 months, surveyed investors are mostly optimistic

regarding value trends for the national development land market. Their expectations range from a decline of 5.0% to growth of 25.0% with an average expected value change of +7.0%. This average is better than where it is was both six months ago, as well as a year ago (+5.8% for both time periods).” (Second Quarter 2022)

“Compared to five years ago, both the apartment and industrial sectors show strong gains in their ratings, while the other three sectors [retail, office, hotel] see their ratings decline…From a micro standpoint, the top five property types for development prospects in 2022 are fulfillment, life science facilities, warehouse, single-family rental housing, and moderate-income/workforce apartments.” Among the top five development issues as reported among *Emerging Trends* Respondents are construction material costs, construction labor costs, construction labor availability, land costs and state & local regulations. (Fourth Quarter 2021)

“2020 revealed that where people work and where people live can be very far apart,” says a development land participant. This philosophy is a driving force behind a resurgence of new-home construction in the United States. In the nonresidential sector, each segment reported year-over-year declines in spending as of March 2021. Over the next 12 months, surveyed investors are most optimistic regarding value trends for the national development land market. Their expectations range from a decline of 5.0% to growth of 25.0% with an average expected value change of +5.8%. This average is better than where it was six months ago (+4.9%), as well as a year ago (-6.9%). (Second Quarter 2021)

For 2021, most *Emerging Trends* respondents (53.0%) believe that debt capital for development and redevelopment will be undersupplied. This percentage is more than twice the figure from last year’s report and is likely due to the uncertainty tied to the pandemic. Interestingly, the percentage of respondents that feel debt capital for such projects will be “in balance” drops this year to 35.0% – down from 57.0% in 2020. (Fourth Quarter 2020)

Amid the COVID-19 crisis, participants in the national development land market are looking to reduce leverage, lessen their holding costs, and preserve cash flow. “These are highly uncertain times, and we are moving in a direction no one thought we’d be headed a few months ago,” shares a participant. Although some investors are looking to acquire distressed properties, it is difficult to ascertain pricing amid such uncertainty. For now, most investors are content to wait on the sidelines for a clearer path to emerge before they formulate new strategies for the rest of 2020 and beyond. (Second Quarter 2020)

Project Yield Rate Survey	
Data Source	**Yield / IRR Expectations (Inclusive of Profit)**
PwC Real Estate Investor Survey - Second Quarter 2023 (updated semi-annually)	Range of 12.0% to 30.0%, with an average of 19.20%, on an unleveraged basis, for land development (national average)
National Builder	20% to 25% for entitled lots
Regional Builder	18% to 25%. Longer term, higher risk projects on higher side of the range, shorter term, lower risk projects on the lower side of the range. Long term speculation properties (10 to 20 years out) often closer to 30%.
National Builder	18% minimum, 20% target
Developer	Minimum IRR of 20-25%; for an 8 to 10 year cash flow, mid to upper 20% range
Developer	25% IRR for land development is typical (no entitlements); slightly higher for properties with significant infrastructure costs
Land Management Company	20% to 30% IRR for land development deals on an unleveraged basis
Land Developer	35% for large land deals from raw unentitled to tentative map stage, unleveraged or leveraged. 25% to 30% from tentative map to pad sales to merchant builders, unleveraged
Land Developer	18% to 22% for land with some entitlements, unleveraged. 30% for raw unentitled land
Real Estate Consulting Firm	Low 20% range yield rate required to attract capital to longer-term land holdings
Land Developer	Merchant builder yield requirements in the 20% range for traditionally financed tract developments. Larger land holdings would require 25% to 30%. Environmentally challenged or politically risky development could well run in excess of 35%.
Regional Builder	10% discount rate excluding profit for single-family subdivisions
National Builder	10% to 40% for single-family residential subdivisions with 1-2 year development timelines
Regional Builder	15% to 20% IRR
Regional Builder	No less than 20% IRR for land development, either entitled or unentitled
Land Developer	20% to 30% for an unentitled property; the lower end of the range would reflect those properties close to tentative maps
Regional Builder	No less than 30% when typical entitlement risk exists

According to industry sources, project yield rates historically have ranged anywhere from 5% to 30%, with a predominate range of 10% to 20%. A yield rate is based on the perceived risk associated with the development.

Positive attributes of the subject property include its location within a new master planned community on Treasure Island, where there is no direct competition for market rate housing (except for projects within other Improvement Areas). The subject projects will also enjoy San Francisco Bay and skyline views and a suburban setting, while still maintaining proximity to downtown San Francisco and Oakland. Negative attributes are primarily associated with larger macroeconomic factors impacting the residential market (ex. continued high inflation, unemployment rates, interest rates, etc.). Based on the characteristics of the subject an internal rate of return (IRR) of 12% is used in our analysis.

Conclusion

The land residual analyses are presented as follows:

Land Residual Analysis - C2.3

	6 Months	0	1	2	3	4	5	6	7	Total
REVENUE AND SALES										
Sales			0.0	0.0	10.0	21.0	21.0	21.0	12.0	85.0
Unsold Inventory		85.0	85.0	85.0	75.0	54.0	33.0	12.0	0.0	
Close of Escrow			0.0	0.0	0.0	0.0	52.0	21.0	12.0	85.0
Unclosed Inventory			85.0	85.0	85.0	85.0	33.0	12.0	0.0	
Base Revenue (Before Appreciation)			$ -	$ -	$ 18,115,282	$ 38,042,093	$ 38,042,093	$ 38,042,093	$ 21,738,339	$ 153,979,900
Semi-Annual Appreciation Factor	1.0100		1.0000	1.0100	1.0201	1.0303	1.0406	1.0510	1.0615	
Appreciated Contracted Home Revenue			$ -	$ -	$ 18,479,400	$ 39,194,806	$ 39,586,754	$ 39,982,622	$ 23,075,685	$ 160,319,267
Appreciated Closing Home Revenue			$ -	$ -	$ -	$ -	$ 97,260,960	$ 39,982,622	$ 23,075,685	$ 160,319,267
Model Revenue			$ -	$ -	$ -	$ -	$ -	$ -	$ 52,500	$ 52,500
Total Sales Revenue (at Close of Escrow)			$ -	$ -	$ -	$ -	$ 97,260,960	$ 39,982,622	$ 23,128,185	$ 160,371,767
EXPENSES AND CASH FLOWS										
General and Administrative	3.0%		$ (687,308)	$ (687,308)	$ (687,308)	$ (687,308)	$ (687,308)	$ (687,308)	$ (687,308)	$ (4,811,153)
Marketing and Sales	6.0%		$ -	$ -	$ -	$ -	$ (5,835,658)	$ (2,398,957)	$ (1,387,691)	$ (9,622,306)
Ad Valorem Real Estate Taxes	$3,800		$ (161,506)	$ (161,506)	$ (164,736)	$ (164,736)	$ (65,210)	$ (23,713)	$ -	$ (741,408)
CFD No. 2016-1 (Treasure Island)	$8,335		$ (354,224)	$ (354,224)	$ (361,308)	$ (361,308)	$ (143,023)	$ (52,008)	$ -	$ (1,626,095)
Direct Charges	$740		$ (31,450)	$ (31,450)	$ (31,450)	$ (31,450)	$ (12,210)	$ (4,440)	$ -	$ (142,450)
HOA per Month	$1,500		$ -	$ -	$ -	$ -	$ (297,000)	$ (108,000)	$ -	$ (405,000)
Model Costs			$ -	$ (150,000)	$ -	$ -	$ -	$ -	$ -	$ (150,000)
Building Permits			$ (850,000)	$ (850,000)	$ (850,000)	$ (850,000)	$ -	$ -	$ -	$ (3,400,000)
Subtotal:			$ (2,084,487)	$ (2,234,487)	$ (2,094,802)	$ (2,094,802)	$ (7,040,409)	$ (3,274,426)	$ (2,074,999)	$ (20,898,412)
Direct Construction Costs (Before Appreciation)			$ (19,247,363)	$ (19,247,363)	$ (19,247,363)	$ (19,247,363)	$ -	$ -	$ -	$ (76,989,450)
Semi-Annual Appreciation Factor	1.0050		1.0000	1.0050	1.0100	1.0151	1.0202	1.0253	1.0304	
Direct Construction Costs (After Appreciation)			$ (19,247,363)	$ (19,343,599)	$ (19,440,317)	$ (19,537,519)	$ -	$ -	$ -	$ (77,568,798)
Indirect Construction Costs	8.0%		$ (1,539,789)	$ (1,547,488)	$ (1,555,225)	$ (1,563,002)	$ -	$ -	$ -	$ (6,205,504)
Subtotal:			$ (20,787,152)	$ (20,891,087)	$ (20,995,543)	$ (21,100,520)	$ -	$ -	$ -	$ (83,774,302)
Total Expenses			$ (22,871,639)	$ (23,125,575)	$ (23,090,345)	$ (23,195,322)	$ (7,040,409)	$ (3,274,426)	$ (2,074,999)	$ (104,672,714)
NET INCOME BEFORE DISCOUNTING			**$ (22,871,639)**	**$ (23,125,575)**	**$ (23,090,345)**	**$ (23,195,322)**	**$ 90,220,552**	**$ 36,708,196**	**$ 21,053,186**	**$ 55,699,054**
Internal Rate of Return										
Internal Rate of Return	**12.0%**		0.94340	0.89000	0.83962	0.79209	0.74726	0.70496	0.66506	
Discounted Cash Flow			$ (21,577,018)	$ (20,581,679)	$ (19,387,099)	$ (18,372,868)	$ 67,418,045	$ 25,877,830	$ 14,001,571	$ 27,378,782
Net Present Value										**$ 27,380,000**
Per Unit										**$ 322,118**

Land Residual Analysis - C3.4 (Portico)

	6 Months:	0	1	2	3	4	5	6	7	8	9	Total
REVENUE AND SALES												
Sales			0.0	10.0	21.0	21.0	21.0	21.0	21.0	21.0	12.0	148.0
Unsold Inventory		148.0	148.0	138.0	117.0	96.0	75.0	54.0	33.0	12.0	0.0	
Close of Escrow			0.0	0.0	31.0	21.0	21.0	21.0	21.0	21.0	12.0	148.0
Unclosed Inventory			148.0	148.0	117.0	96.0	75.0	54.0	33.0	12.0	0.0	
Base Revenue (Before Appreciation)			$ -	$ 14,954,180	$ 31,403,777	$ 31,403,777	$ 31,403,777	$ 31,403,777	$ 31,403,777	$ 31,403,777	$ 17,945,016	$ 221,321,860
Semi-Annual Appreciation Factor	1.0100		1.0000	1.0100	1.0201	1.0303	1.0406	1.0510	1.0615	1.0721	1.0829	
Appreciated Contracted Home Revenue			$ -	$ 15,103,722	$ 32,034,993	$ 32,355,343	$ 32,678,897	$ 33,005,686	$ 33,335,743	$ 33,669,100	$ 19,431,881	$ 231,615,364
Appreciated Closing Home Revenue			$ -	$ -	$ 47,138,715	$ 32,355,343	$ 32,678,897	$ 33,005,686	$ 33,335,743	$ 33,669,100	$ 19,431,881	$ 231,615,364
Model & Lot Premium Revenue			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 52,500	$ 52,500
Total Sales Revenue (at Closeof Escrow)			$ -	$ -	$ 47,138,715	$ 32,355,343	$ 32,678,897	$ 33,005,686	$ 33,335,743	$ 33,669,100	$ 19,484,381	$ 231,667,864
EXPENSES AND CASH FLOWS												
General and Administrative	3.0%		$ (772,226)	$ (772,226)	$ (772,226)	$ (772,226)	$ (772,226)	$ (772,226)	$ (772,226)	$ (772,226)	$ (772,226)	$ (6,950,036)
Marketing and Sales	6.0%		$ -	$ -	$ (2,828,323)	$ (1,941,321)	$ (1,960,734)	$ (1,980,341)	$ (2,000,145)	$ (2,020,146)	$ (1,169,063)	$ (13,900,072)
Ad Valorem Real Estate Taxes	$4,017		$ (297,294)	$ (297,294)	$ (239,723)	$ (196,696)	$ (156,682)	$ (112,811)	$ (70,266)	$ (25,551)	$ -	$ (1,396,317)
CFD No. 2016-1 (Treasure Island)	$6,757		$ (500,035)	$ (500,035)	$ (403,204)	$ (330,834)	$ (263,532)	$ (189,743)	$ (118,184)	$ (42,976)	$ -	$ (2,348,544)
Direct Charges	$740		$ (54,760)	$ (54,760)	$ (43,290)	$ (35,520)	$ (27,750)	$ (19,980)	$ (12,210)	$ (4,440)	$ -	$ (252,710)
HOA per Month	$1,500		$ -	$ -	$ -	$ (864,000)	$ (675,000)	$ (486,000)	$ (297,000)	$ (108,000)	$ -	$ (2,430,000)
Model Costs			$ -	$ (150,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (150,000)
Building Permits			$ (1,646,500)	$ (1,646,500)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,293,000)
Subtotal:			$ (3,270,815)	$ (3,420,815)	$ (4,286,767)	$ (4,140,597)	$ (3,855,924)	$ (3,561,101)	$ (3,270,031)	$ (2,973,339)	$ (1,941,289)	$ (30,720,679)
Direct Construction Costs (Before Appreciation)			$ (48,573,405)	$ (48,573,405)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (97,146,810)
Semi-Annual Appreciation Factor	1.0050		1.0000	1.0050	1.0100	1.0151	1.0202	1.0253	1.0304	1.0355	1.0407	
Direct Construction Costs (After Appreciation)			$ (48,573,405)	$ (48,816,272)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (97,389,677)
Indirect Construction Costs	5.0%		$ (2,428,670)	$ (2,440,814)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,869,484)
Subtotal:			$ (51,002,075)	$ (51,257,086)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (102,259,161)
Total Expenses			$ (54,272,891)	$ (54,677,901)	$ (4,286,767)	$ (4,140,597)	$ (3,855,924)	$ (3,561,101)	$ (3,270,031)	$ (2,973,339)	$ (1,941,289)	$ (132,979,840)
NET INCOME BEFORE DISCOUNTING			**$ (54,272,891)**	**$ (54,677,901)**	**$ 42,851,948**	**$ 28,214,746**	**$ 28,822,973**	**$ 29,444,584**	**$ 30,065,712**	**$ 30,695,761**	**$ 17,543,092**	**$ 98,688,024**
Internal Rate of Return												
Internal Rate of Return	**12.0%**		0.94340	0.89000	0.83962	0.79209	0.74726	0.70496	0.66506	0.62741	0.59190	
Discounted Cash Flow			$ (51,200,840)	$ (48,663,137)	$ 35,979,322	$ 22,348,722	$ 21,538,202	$ 20,757,270	$ 19,995,416	$ 19,258,900	$ 10,383,729	$ 50,397,583
Net Present Value												**$ 50,400,000**
Per Unit												**$ 340,541**

Income Capitalization Approach – Mixed Use

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method, either direct capitalization or discounted cash flow analysis, or both, to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only direct capitalization to determine the market value as if stabilized of the proposed improvements for the subject's taxable multifamily (for rent) Parcels. Summaries of the subject's proposed multifamily improvements are recreated below. The subject's proposed unit mix is comparable to other newly constructed projects in San Francisco.

Land Use Overview

Parcel	Name	Acreage	Use	For Sale/Rent	No. of Market Rate Units	No. of BMR Units	Total Units	Parking Spaces	Rentable Area - Residential	Rentable Area - Retail
Parcel C2.2	Hawkins	1.12	Multifamily/Retail	For Rent	169	9	178	92	141,422	1,555
Parcel C2.4	Tidal House	0.84	Multifamily/Retail	For Rent	226	24	250	124	207,530	1,250
Parcel B1.1 & B1.2 ("B1")	-	0.51	Multifamily/Retail	For Rent	111	6	117	58	101,260	4,785

Summary of Floor Plans - C2.2 (Hawkins) Multifamily Units

Floor Plan	Square Footage	Number of Units	Average Proposed Monthly Rent[1]
Studio	458	32	
One Bed	728	83	$4,970
Two Bed	1,077	52	
Three Bed	1,648	2	
BMR	812	9	$1,372
Retail	1,555	1	--
No. of Residential Units			178
No. of Commercial Units			1
Avg Unit Size - Market Rate			794

1 Average monthly rent for all market rate units. BMR rent reported separately.

Summary of Floor Plans - C2.4 (Tidal House) Multifamily Units

Floor Plan	Avg Square Footage	Number of Units	Average Proposed Monthly Rent[1]	Notes
Studio	530	25		*500 to 550 SF*
One Bed	701	86	$5,750	*650 to 725 SF*
Two Bed	1,045	113		*1,000 to 1,225 SF*
Three Bed	1,465	2		*1,250 to 1,600 SF*
BMR	740	24	$1,454	
Retail	1,250	1	--	
No. of Residential Units			250	
No. of Commercial Units			1	
Avg Unit Size - Market Rate			840	

1 Average monthly rent for all market rate units. BMR rent reported separately.

Summary of Floor Plans - B1 Multifamily Units

Floor Plan	Square Footage	Number of Units	Average Proposed Monthly Rent[1]
Studio	400	2	
One Bed	818	83	NA
Two Bed	1,125	26	
BMR	553	6	$1,239
Retail	4,785	1	--
No. of Residential Units			117
No. of Commercial Units			1
Avg Unit Size - Market Rate			882

1 Average monthly rent for all market rate units. BMR rent reported separately.

Market Rent Analysis – Multifamily Space

Contract rents typically establish income for leased space, while market rent is the basis for estimating income for current vacant space and future speculative re-leasing of space due to expired leases.

The subject includes a mix of low-rise (Parcels C2.2 and B1) and mid-rise (Parcel C2.4) multifamily units, and there are multiple new and recently constructed multifamily projects in San Francisco available for comparison. The upcoming market rent analysis will consider current rents from these multifamily comparables. In addition, as a test of reasonableness, multifamily market trends from REIS will be presented as further support for our conclusions of market rent.

The same comparable set will be utilized to determine market rent for Parcels C2.2 and B1, which reflect low rise product. A separate set of comparables will be used in the following analysis of Parcel C2.4, which includes a 14 story tower over a five story podium. The same set of rent comparables and expense comparables are utilized across all Parcels. The direct capitalization analysis for Parcel C2.2 will be presented first.

Market Rent Analysis – Parcel C2.2

It is common tenants to pay all utilities within new multifamily properties in the local market.

Utilities Expenses

Tenant-Paid Utilities	Owner-Paid-Utilities
Water	None
Sewer	
Trash	
In-Unit Electric	
Gas	

Market Rent Analysis

To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, property type, building age, and quality. The comparables are summarized in the following table.

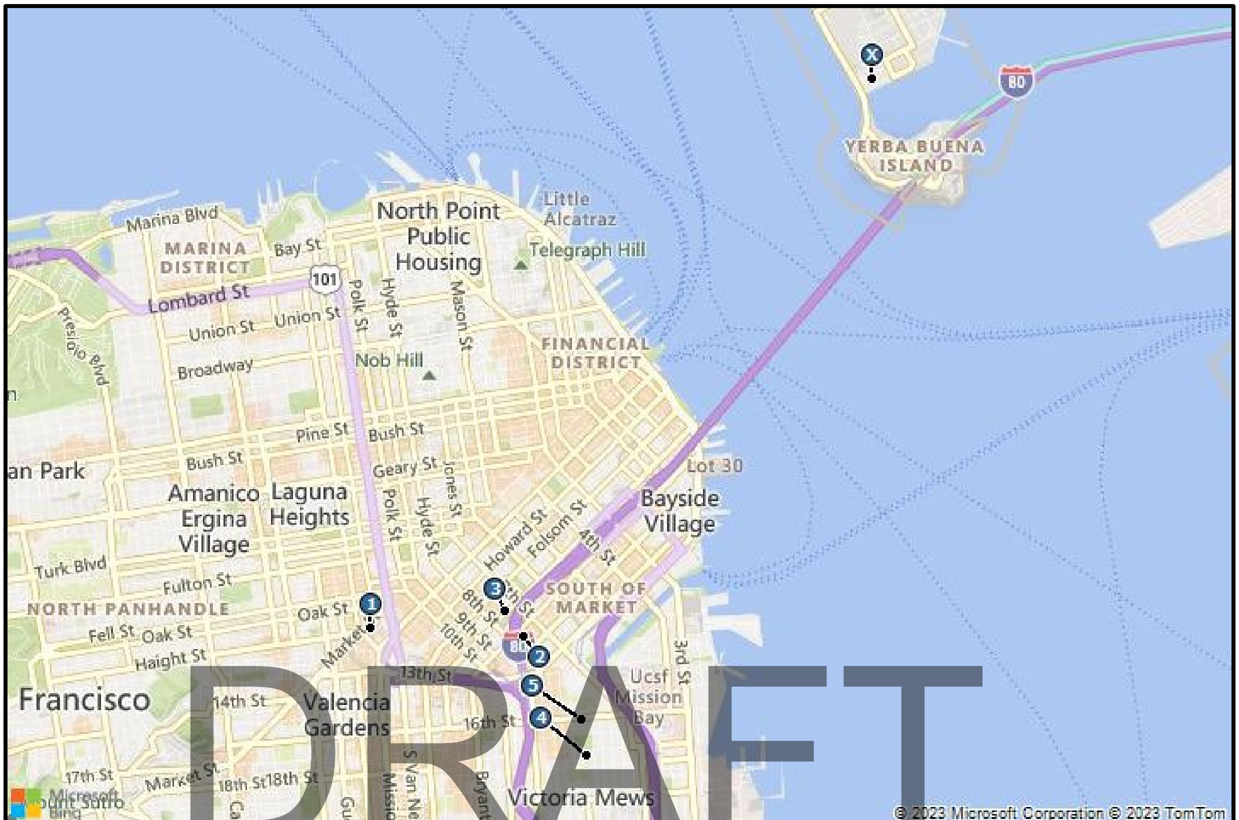
Summary of Comparable Rentals

No.	Property Name; Address	Survey Date	Yr Built; Stories	Unit Mix	# Units; % Occ.	Avg. Unit SF	Avg. Rent/ Month	Avg. Rent/ SF
1	The Brady 1 Brady St. San Francisco	8/10/2023	2022 8		444 76%			
				Studio		497	$3,045	$6.13
				1 BD/1 BA		666	$4,020	$6.04
				2 BD/2 BA		978	$5,180	$5.30
				2 BD/2 BA		1,575	$6,785	$4.31
	Tenant-Paid Utilities:		Trash, In-Unit Electric, Sewer, Water, Gas					
	Comments:		Recently constructed Class A mid/high rise in the Mission. Units have modern finishes and features, typical of brand new luxury apartments. Amenities include fitness center, lounge, business center, hot tub, bike storage, game room. Currently offering up to 10 weeks free and up to $2,500 off for look and lease. The property opened in August 2022 and is 76% occupied, implying an absorption rate of 28 units per month.					
2	Astella 955-975 Bryant St. San Francisco	8/10/2023	2021 5		185 97%			
				Studio		429	$2,641	$6.16
				1 BD/1 BA		720	$3,365	$4.67
				2 BD/2 BA		902	$4,280	$4.75
				3 BD/2 BA		1,050	$5,913	$5.63
	Tenant-Paid Utilities:		Trash, In-Unit Electric, Sewer, Water, Gas					
	Unit Features:		In-Unit Washer/Dryer, LVP Flooring, Patio (Select), European Style Cabinetry, Quartz Counters, Full Tile Backsplash, Stainless Steel Appliances					
	Project Amenities:		Resident Lounge w/Kitchen, Fitness Center, Rooftop Deck, Co-Working Space w/Conference Rooms, Pet Grooming Station, Parcel Lockers					
	Comments:		Located in the Showplace Square neighborhood of San Francisco. Property began leasing in July 2021. Garage parking is available for an additional monthly fee of $350/space for standard spaces and $450/space for EV spaces. Property is currently offering six weeks of free rent. Tenants are responsible for all utilities.					
3	Hanover Soma West 1140 Harrison St. San Francisco	8/10/2023	2021 7		372 96%			
				Studio		526	$3,183	$6.05
				1 BD/1 BA		686	$3,582	$5.22
				2 BD/2 BA		922	$4,210	$4.57
				3 BD/2 BA		1,169	–	–
	Tenant-Paid Utilities:		Trash, In-Unit Electric, Sewer, Water, Gas					
	Comments:		Tenants are responsible for all utilities. Management is currently offering 6 weeks of free rent for 12-month leases. Garage parking is $325 per month for an unreserved space and $375 per month for a reserved space.					

Summary of Comparable Rentals

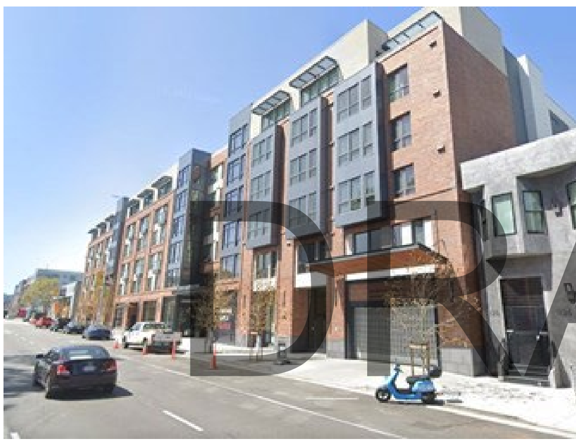
No.	Property Name; Address	Survey Date	Yr Built; Stories	Unit Mix	# Units; % Occ.	Avg. Unit SF	Avg. Rent/ Month	Avg. Rent/ SF
4	Mason on Mariposa	8/10/2023	2020		299			
	1601 Mariposa St.		4		98%			
	San Francisco							
				Studio		496	$2,995	$6.04
				1 BD/1 BA		755	$3,995	$5.29
				2 BD/2 BA		1,125	$5,195	$4.62
				3 BD/2 BA		1,333	$7,025	$5.27
	Tenant-Paid Utilities:		Water, Sewer, Trash, In-Unit Electric, Gas					
	Unit Features:		In-Unit Washer/Dryer, LVP Flooring, Patio/Balcony, European-Style Cabinetry, Quartz Counters, Full Tile Backsplash, Stainless Steel Appliances					
	Project Amenities:		Resident Lounge, Fireside Library, Co-Working Space, Reservable Conference Rooms, Fitness Center, Rooftop Deck, Game Lounge w/Wet Bar, Pet Grooming Station, Bike Storage, Parcel Lockers					
	Comments:		Located in the Potrero Hill neighborhood of San Francisco. The units have good finishes throughout and there are several property amenities including an on-site gym, swimming pool, lounge, roof terrace and business center. Garage parking is available for an additional monthly fee of $295/space. Property is currently offering up to 6 weeks free.					
5	Alta Potrero	8/10/2023	2020		172			
	1301 16th St.		7		97%			
	San Francisco							
				Studio		450	$3,437	$7.64
				1Bd/1Ba		602	$3,646	$6.06
				2Bd/2Ba		966	$5,260	$5.45
				3Bd/2Ba		1,252	$6,771	$5.41
	Tenant-Paid Utilities:		Water, Sewer, Trash, In-Unit Electric, Gas					
	Unit Features:		In-Unit Washer/Dryer, LVP Flooring, Patio/Balcony (Select), European Style Cabinetry, Quartz Counters, Quartz Backsplash, Stainless Steel Appliances					
	Project Amenities:		Resident Lounge, Fitness Center, Rooftop Deck, Co-Working Space, Conference/Dining Room, Bike Storage, Parcel Lockers, Pet Grooming Station, Laundry Lockers					
	Comments:		Located in the Potrero Hill neighborhood of San Francisco. Garage parking is available for an additional monthly fee of $300/space. No concessions offered as of the date of survey.					

Comparable Rentals Map



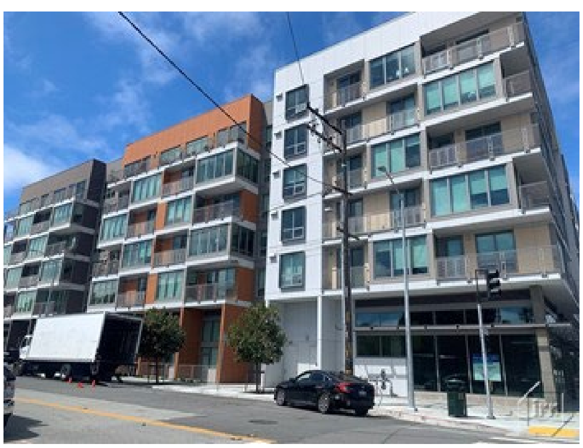
Rent Survey 1
The Brady

Rent Survey 2
Astella



Rent Survey 3
Hanover Soma West

Rent Survey 4
Mason on Mariposa



Rent Survey 5
Alta Potrero

Rental Analysis Factors

Our analysis of the comparable rentals considers the following elements of comparison.

Rental Analysis Factors	
Tenant Paid Utilities	Utilities costs for which tenants are responsible.
Unit Size	Floor area in square feet.
Location	Market or submarket area influences on rent; surrounding land use influences.
Age/Condition	Effective age; physical condition.
Quality	Construction quality, market appeal, functional utility.
Unit Features	Features included in individual residential units.
Project Amenities	Amenities available to the entire property.

Tenants are responsible for all utilities at each of the comparable properties. All comparables are adjusted for unit size utilizing value ratios of 15% to 30% depending on the layout. The high end of the value ratio range is applied to smaller units, while lower ratios are applied to larger units. The comparables are located in SOMA and Potrero Hill and generally require upward adjustments for location when compared to Treasure Island. In addition, adjustments for age/condition are applied as necessary; though the comparables were recently constructed, they do not reflect brand new construction as of the date of rent survey. For these reasons, the comparable set generally shifts upward after adjustment.

Analysis of Comparable Rentals – C2.2

Rental Analysis Summary - Studio Units

No.	Property Name	Unit Type	Avg Unit SF	Avg Rent/Mo	Avg Rent/SF	Overall Comparison to Subject	Comment
1	The Brady	Studio	497	$3,045	$6.13	Inferior	Adjusted downward for size and upward for location and age/condition.
2	Astella	Studio	429	$2,641	$6.16	Inferior	Adjused upward for size, location, and age/condition.
3	Hanover Soma West	Studio	526	$3,183	$6.05	Inferior	Adjusted downwardfor size and upward for location and age/condition.
4	Mason on Mariposa	Studio	496	$2,995	$6.04	Inferior	Adjusted downwardfor size and upward for location and age/condition.
5	Alta Potrero	Studio	450	$3,437	$7.64	Inferior	Adjused upward for size, location, and age/condition.

Rental Ranges and Averages

	Range	Average	Avg/SF
Comparables	$2,641 - $3,437	$3,060	–
Concluded Market Rent		$3,200	$6.99

Rental Analysis Summary - 1 BD/1 BA Units

No.	Property Name	Unit Type	Avg Unit SF	Avg Rent/Mo	Avg Rent/SF	Overall Comparison to Subject	Comment
1	The Brady	1 BD/1 BA	666	$4,020	$6.04	Inferior	Adjusted upward for size, location, and age/condition.
2	Astella	1 BD/1 BA	720	$3,365	$4.67	Inferior	Adjusted upward for size, location, and age/condition.
3	Hanover Soma West	1 BD/1 BA	686	$3,582	$5.22	Inferior	Adjusted upward for size, location, and age/condition.
4	Mason on Mariposa	1 BD/1 BA	755	$3,995	$5.29	Inferior	Adjusted downward for size, location, and age/condition.
5	Alta Potrero	1Bd/1Ba	602	$3,646	$6.06	Inferior	Adjusted upward for size, location, and age/condition.

Rental Ranges and Averages

	Range	Average	Avg/SF
Comparables	$3,365 - $4,020	$3,722	–
Concluded Market Rent		$4,300	$5.91

Rental Analysis Summary - 2 BD/2 BA Units

No.	Property Name	Unit Type	Avg Unit SF	Avg Rent/Mo	Avg Rent/SF	Overall Comparison to Subject	Comment
1	The Brady	2 BD/2 BA	978	$5,180	$5.30	Inferior	Adjusted upward for size, location, and age/condition.
2	Astella	2 BD/2 BA	902	$4,280	$4.75	Inferior	Adjusted upward for size, location, and age/condition.
3	Hanover Soma West	2 BD/2 BA	922	$4,210	$4.57	Inferior	Adjusted upward for size, location, and age/condition.
4	Mason on Mariposa	2 BD/2 BA	1,125	$5,195	$4.62	Inferior	Adjusted downward for size, location, and age/condition.
5	Alta Potrero	2Bd/2Ba	966	$5,260	$5.45	Inferior	Adjusted upward for size, location, and age/condition.

Rental Ranges and Averages

	Range	Average	Avg/SF
Comparables	$4,210 - $5,260	$4,825	–
Concluded Market Rent		$5,500	$5.11

Rental Analysis Summary - 3 BD/2 BA Units

No.	Property Name	Unit Type	Avg Unit SF	Avg Rent/Mo	Avg Rent/SF	Overall Comparison to Subject	Comment
1	Astella	3 BD/2 BA	1,050	$5,913	$5.63	Inferior	Adjusted upward for size, location, and age/condition.
2	Mason on Mariposa	3 BD/2 BA	1,333	$7,025	$5.27	Inferior	Adjusted upward for size, location, and age/condition.
3	Alta Potrero	3Bd/2Ba	1,252	$6,771	$5.41	Inferior	Adjusted upward for size, location, and age/condition.

Rental Ranges and Averages

	Range	Average	Avg/SF
Comparables	$5,913 - $7,025	$6,570	–
Concluded Market Rent		$7,500	$4.55

Market Rent Conclusion

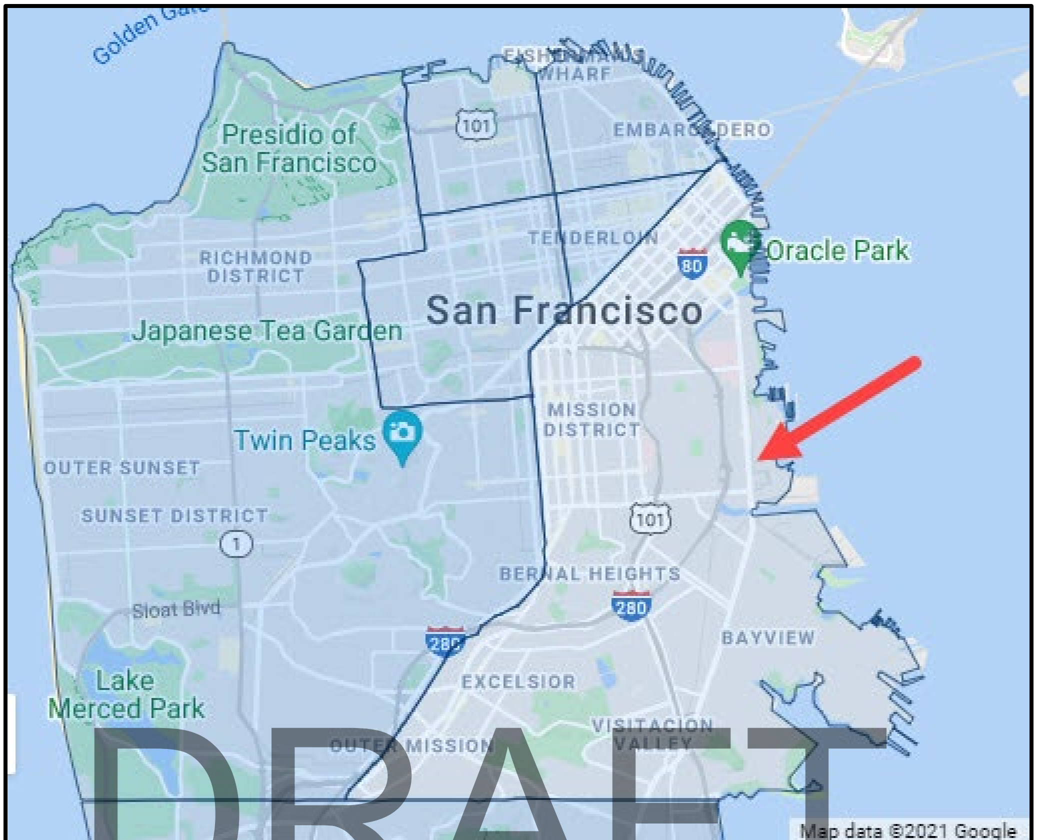
Based on the preceding analysis of comparable rentals and trends evident in the market, market rent is estimated for each unit type as shown in the table that follows. Market rent conclusions for Parcels B1 and C2.4 will be presented in upcoming sections.

Market Rent Conclusions - Parcel C2.2

Unit Type	Mkt. Rate Units	Avg. Unit Size	Market Rent/ Month	Market Rent/SF
Studio	32	458	$3,200	$6.99
1 BD/1 BA	83	728	$4,300	$5.91
2 BD/2 BA	52	1,077	$5,500	$5.11
3 BD/2 BA	2	1,648	$7,500	$4.55
Total/Avg.	169	795	$4,499	$5.66
Trended (1 year at 3.5% per year)			**$4,656**	$5.86

Depending on the parcel, the subject units are expected to come to market in 2024 and 2026. Therefore, we utilize data from REIS to consider trending the market rent conclusions.

The following is a map of the “South of Market” submarket as determined by REIS. The submarket includes the SoMa, Mission, Dogpatch, Mission Bay, Bernal Heights, Potrero Hill, Bayview, and Excelsior neighborhoods, among others. We have selected this submarket for comparison to the subject due to prevalence of recent multifamily construction in SoMa, Mission Bay, and Dogpatch.



The following table depicts submarket trends over the past ten years.

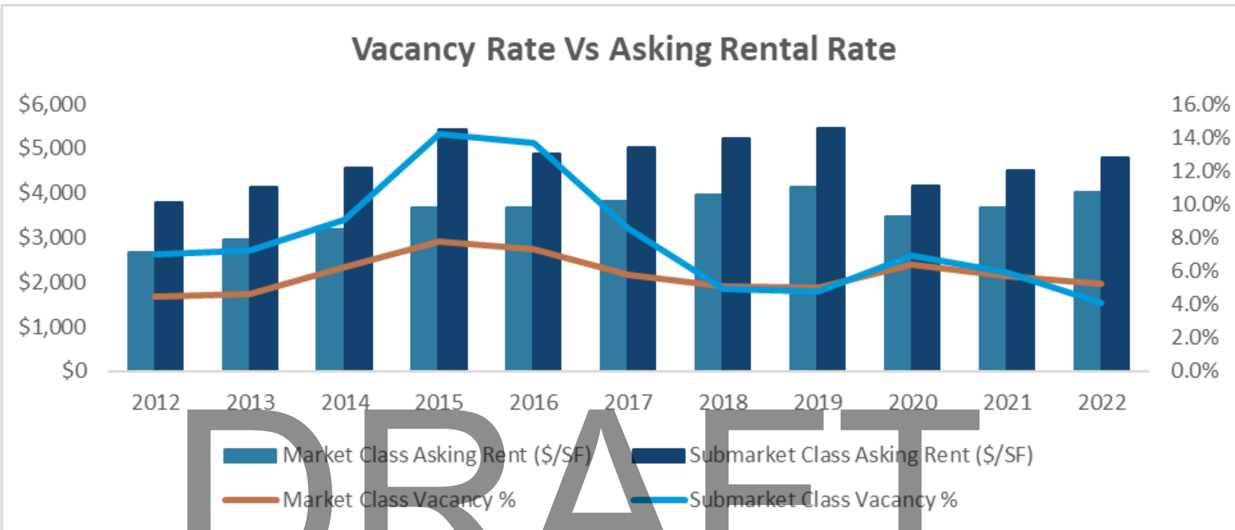
South of Market Multifamily Submarket Trends and Forecasts

Year	Inventory (Units)	Occupancy (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Effective Rent ($/Unit)	Effective Rental Rate (% Change)	Gross Revenue ($/Unit)
2012	16,256	15,557	699	4.3%	163	107	$2,692	6.1%	$2,693
2013	17,428	16,592	836	4.8%	1,172	1,035	$3,032	12.6%	$3,016
2014	18,340	17,258	1,082	5.9%	912	666	$3,437	13.4%	$3,378
2015	19,568	17,729	1,839	9.4%	1,228	471	$4,097	19.2%	$3,864
2016	22,179	19,754	2,425	10.9%	2,670	2,025	$3,673	-10.4%	$3,542
2017	23,158	21,502	1,656	7.2%	979	1,748	$3,731	1.6%	$3,839
2018	24,327	23,176	1,151	4.7%	1,169	1,674	$3,964	6.2%	$4,099
2019	25,245	24,096	1,149	4.6%	918	920	$4,223	6.5%	$4,250
2020	26,414	24,821	1,593	6.0%	1,169	725	$3,274	-22.5%	$3,241
2021	27,720	26,280	1,440	5.2%	1,306	1,459	$3,558	8.7%	$3,524
2022	27,720	26,715	1,005	3.6%	0	435	$3,779	6.2%	$3,790
2023 Q2	27,720	26,733	987	3.6%	0	53	$3,578	-3.1%	$3,596
2023	28,197	27,013	1,184	4.2%	477	298	$3,654	-3.3%	$3,643
2024	28,197	27,126	1,071	3.8%	0	113	$3,752	2.7%	$3,754
2025	28,453	27,258	1,195	4.2%	256	132	$3,826	2.0%	$3,806
2026	29,188	27,787	1,401	4.8%	735	529	$3,904	2.0%	$3,892
2027	29,924	28,278	1,646	5.5%	736	491	$4,003	2.5%	$3,955
2012 - 2022 Average	22,578	21,225	1,352	6.1%	1,062	1,024	$3,587	4.3%	$3,567

Source: Moody's Analytics REIS; compiled by Integra Realty Resources, Inc.

As indicated, average rental rates reached a ten-year high in 2019, with an average rate of $4,223 per month. The pandemic drove rental rates to decline nearly 23% in 2020. Although rental rates rebounded in 2021 and 2022, the average for the SOMA submarket remains approximately 11% below 2019 rates. Rental rates are projected to show annual increases between 2% and 3% over the next five years. Average annual increases over the past ten years are 4.3%.

The following chart compares submarket effective rental and vacancy rates to the overall San Francisco market. As demonstrated, the submarket has reported slightly lower vacancy than the market overall in 2022, with consistently higher effective rental rates.



Also of note are Class A apartment statistics for the submarket; the subject will reflect Class A construction. Notably, 2022 asking rents are at $4,807 for Class A properties, approximately 27% higher than those presented for all property classes. Rental rates for Class A properties have averaged $4,723 over the past ten years with average annual increases of 3.17%.

South of Market Multifamily Class A Submarket Trends

Year	Inventory (Units)	Occupancy (Units)	Vacancy (Units)	Vacancy (%)	Completions (Units)	Absorption (Units)	Asking Rent ($/Unit)	Asking Rental Rate (% Change)	Gross Revenue ($/Unit)
2012	8,270	7,693	577	7.0%	163	77	$3,783	3.80%	$3,519
2013	9,419	8,743	676	7.2%	1,149	1,050	$4,139	9.40%	$3,842
2014	10,331	9,388	943	9.1%	912	645	$4,564	10.30%	$4,147
2015	11,559	9,917	1,642	14.2%	1,228	529	$5,427	18.90%	$4,656
2016	14,206	12,264	1,942	13.7%	2,647	2,347	$4,867	-10.30%	$4,202
2017	15,185	13,899	1,286	8.5%	979	1,635	$5,018	3.10%	$4,593
2018	16,354	15,553	801	4.9%	1,169	1,654	$5,212	3.90%	$4,957
2019	16,992	16,175	817	4.8%	638	622	$5,444	4.50%	$5,182
2020	18,161	16,899	1,262	6.9%	1,169	724	$4,175	-23.30%	$3,885
2021	19,425	18,271	1,154	5.9%	1,264	1,372	$4,517	8.20%	$4,249
2022	19,425	18,636	789	4.1%	0	365	$4,807	6.40%	$4,612
2023 Q2	19,425	18,671	754	3.9%	0	45	$4,494	-4.40%	$4,320
2012 - 2022 Average	14,484	13,403	1,081	7.8%	1,029	1,002	$4,723	3.17%	$4,349

Source: Moody's Analytics REIS; compiled by Integra Realty Resources, Inc.

Given this information, and the projected construction timeline for the subject product, we have elected to trend the market rent conclusions 3.5% annually. Parcels C2.2 and C2.4 are expected to come to market in 2024; market rent conclusions for these parcels will be trended 3.5%. Parcel B1 is projected to be finished in 2026 and market rent has been adjusted upward 10.5%.

Units Subject to Rent Restrictions

Restricted Rents

Unit Type	Income Classification	Number of Units	Maximum Rent	Rent Applied
BMR	Below Market Rate	9	$1,372	$1,372
Total		9		

Each of the subject's Parcels will include below market rate units, with Parcel C2.2 offering 9 BMR units, Parcel C2.4 including 24, and Parcel B1 containing 6 BMR units. According to the Developer, final income and rental rate restrictions have not yet been determined by the Mayor's Office of Housing and Community Development. However, the Developer is estimating a BMR rental rate of $1,372 per month for Parcel C2.2 and $1,454 for Parcel C2.4, or $1.77 to $1.78 per square foot. Based on these projections, we estimate a BMR rent of $1,239 for Parcel B1 units.

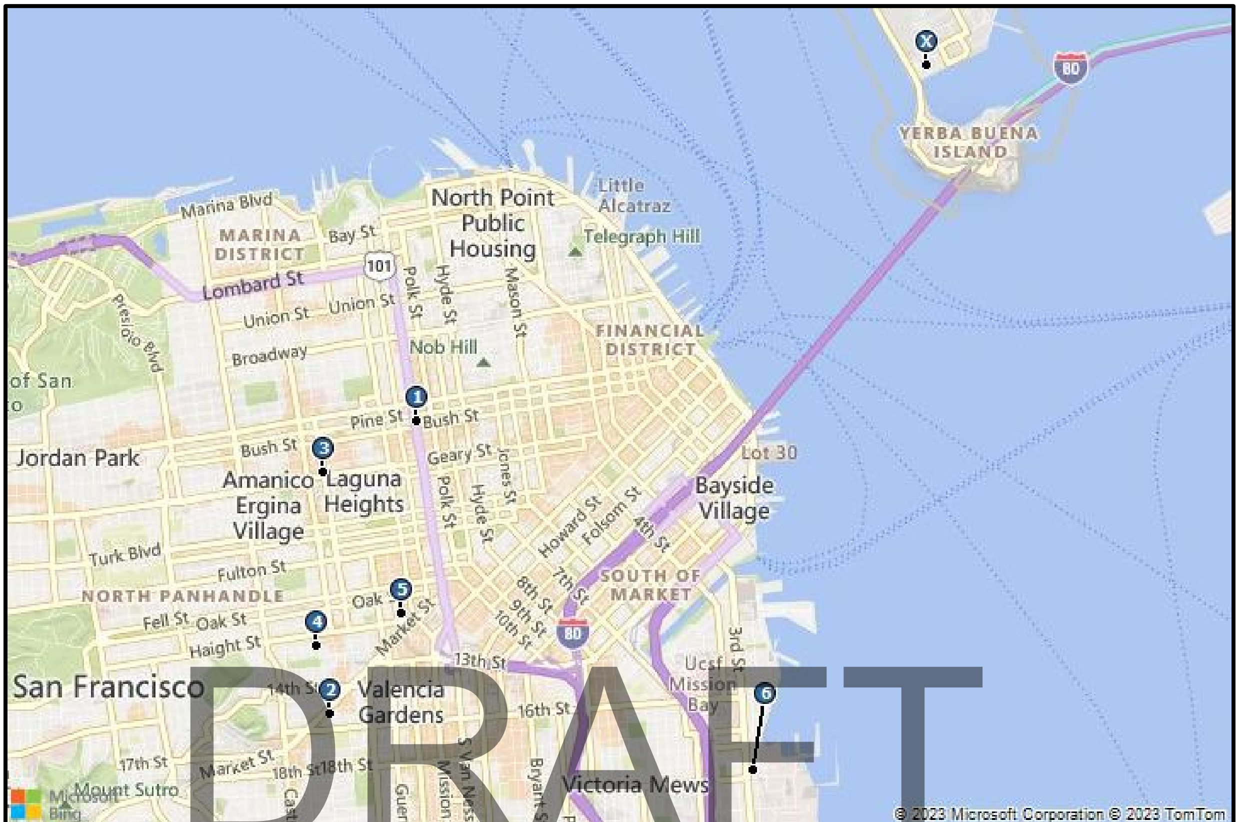
Retail Market Rent Analysis – Parcel C2.2

To estimate market rent for the subject's retail space, we analyze comparable rentals most relevant to the subject in terms of property type, size, and transaction date. Comparables used in our analysis are summarized in the following table. Though an effort was made to focus on new or recent construction, due to the lack of available data it was necessary to also consider older properties.

Summary of Comparable Rentals - Retail

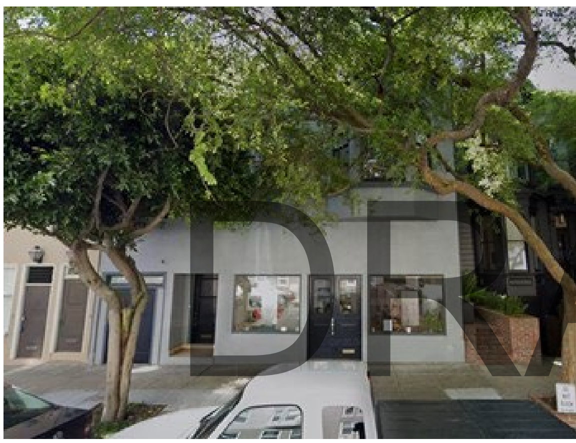
No.	Property Information	Description		Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	1430 Van Ness Ave.	Yr Blt.	1913	Active Listing	4,255	Jul-23	–	$55.00	Fixed	Triple Net
	1430 Van Ness Ave.	Stories:	1							
	San Francisco	RA:	4,255							
	CA									
	Comments: Active listing of street-level retail space located at the cornet of Van Ness and Austin Alley.									
2	2195-2199 Market Street	Yr Blt.	1906	Custom Sofa Co.	1,510	Aug-22	36	$49.32	Fixed Steps	Modified Gross
	2195-2199 Market St.	Stories:	3							
	San Francisco	RA:	6,495							
	CA									
	Comments: New lease for a ground floor retail suite. The unit has a new paint job and new vinyl plank flooring. There is basement space for storage. The broker did not confirm if tenant improvements were built into the lease.									
3	2301-2309 Webster St.	Yr Blt.	1900	Confidential	911	Jul-22	36	$49.40	Fixed	Modified Gross
	2301-2309 Webster St.	Stories:	2							
	San Francisco	RA:	4,147							
	CA									
	Comments: Recent lease of a ground floor retail suite. The unit was in average condition. No TI allowance or free rent was included in the rent.									
4	201-211 Steiner Street	Yr Blt.	1900	MX3 Fitness	905	Sep-21	60	$67.90	–	Modified Gross
	201-211 Steiner St.	Stories:	3							
	San Francisco	RA:	12,410							
	CA									
	Comments: There was no TI allowance or free rent included in the lease.									
5	188 Octavia Street	Yr Blt.	2020	DM Development Partners,	1,037	Aug-21	60	$48.00	–	Triple Net
	188 Octavia St.	Stories:	5							
	San Francisco	RA:	20,603							
	CA									
6	Potrero Launch	Yr Blt.	2012	Not Disclosed	1,840	Jul-21	–	$52.00	Fixed	Modified Gross
	2235 3rd St.	Stories:	4							
	San Francisco	RA:	242,185							
	CA									
	Comments: New lease for ground floor commercial suite in the Potrero Launch mixed-use apartment/commercial building.									

Comparable Rentals Map

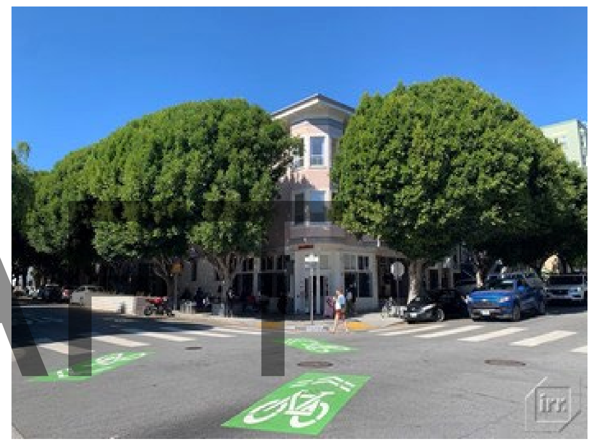


Lease 1
1430 Van Ness Ave.

Lease 2
2195-2199 Market Street



Lease 3
2301-2309 Webster St.



Lease 4
201-211 Steiner Street

Lease 5
188 Octavia Street

Lease 6
Potrero Launch

Analysis of Comparable Rentals

The following elements of comparison are considered in our analysis of the comparable rentals.

Rental Analysis Factors	
Expense Structure	Division of expense responsibilities between landlord and tenants.
Conditions of Lease	Extraordinary motivations of either landlord or tenant to complete the transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Variations in rental rate attributable to such factors as free rent or other concessions, pattern of rent changes over lease term, or tenant improvement allowances.

Expense Structure

Comparables will be adjusted to reflect a triple net expense structure in which tenants are responsible for all expenses. Comparables 2, 3, 4, and 6 are leased on a modified gross basis and are adjusted downward.

Market Conditions

The comparable rents were signed from July 2021 and August 2022, with Comparable 1 reflecting an active listing. The rents are generally representative of current market rates as of the date signed. Market conditions have generally been stable over this time frame and no adjustments are applied for this factor.

Analysis of Comparable Rentals

The following table summarizes our analysis of each comparable.

Rental Analysis Summary - Retail

No.	Property Name; Tenant	Leased SF	Rent/SF	Overall Comparison to Subject	Comments
1	1430 Van Ness Ave. Active Listing	4,255	$55.00	Superior	Adjusted downward for active listing status and upward for age/condition.
2	2195-2199 Market Street Custom Sofa Co.	1,510	$49.32	Inferior	Adjusted downward for modified gross expense structure and upward for age/condition.
3	2301-2309 Webster St. Confidential	911	$49.40	Inferior	Adjusted downward for modified gross expense structure and upward for age/condition.
4	201-211 Steiner Street MX3 Fitness	905	$67.90	Superior	Adjusted downward for modified gross expense structure.
5	188 Octavia Street DM Development Partners,	1,037	$48.00	Similar	Adjusted upward slightly for age/condition.
6	Potrero Launch Not Disclosed	1,840	$52.00	Similar	Adjusted downward for modified gross expense structure and upward for age/condition.

Retail Market Rent Conclusion

Based on the preceding analysis of comparable rentals and trends evident in the market, we conclude market lease terms for the subject as follows.

Concluded Market Lease Terms

Space Type	SF	Market Rent	Measure	Rent Escalations	Lease Type	Lease Term (Mos.)	Free Rent (Mos.)	TI/SF New
Retail	1,555	$45.00	$/SF/Yr	3% annually	Triple Net	36	3	$30.00

Stabilized Income and Expenses – Parcel C2.2

Potential Gross Rent - Apartments

The following table summarizes the potential gross rent from the apartment units based on market rent applied to vacant units. Figures presented below reflect the 12-month period following the effective date of the appraisal.

Potential Gross Rent

Unit Type	Total Units	Market Rent/Unit (1)	Potential Rent at Market (1)
	Market Rate Units		
Vacant Units			
Studio	32	$3,200	$1,228,800
1 BD/1 BA	83	$4,300	$4,282,800
2 BD/2 BA	52	$5,500	$3,432,000
3 BD/2 BA	2	$7,500	$180,000
Total Vacant	169	$4,499	$9,123,600
Total - Market Rate Units	169	$4,499	$9,123,600
Trended (1 year at 3.5% per year)		$4,656	$9,442,926
	Restricted Units		
Leased Units			
Vacant Units			
BMR-Below Market Rate	9	$1,372	$148,176
Total Vacant	9	$1,372	$148,176
Total - Restricted Units	9	$1,372	$148,176
Grand Total	178	$4,490	$9,591,102

1 For restricted units, the figures in these columns are the lesser of maximum allowable rent, or market rent assuming no restrictions.

For purposes of the direct capitalization analysis that follows, potential gross rent for the apartment units is based on market rent.

Concessions

Concessions have historically been uncommon in this market; however, new projects offering concessions during their initial lease-up phases in order to drive absorption tend to force stabilized projects to also offer some degree of concessions in order to maintain occupancy. Notably, there is no new market rate product in the subject's immediate submarket (Treasure Island) outside of the subject property.

While the subject property will offer concessions to drive lease-up during the initial absorption period, we anticipate that concessions will no longer be necessary at the subject property once the property has reached stabilization. As such, our market rent conclusions do not reflect ongoing concessions, nor is there a deduction for concessions in the Year 1 income projections. Lease up costs are included as part of the Developer's costs in the upcoming analysis.

Potential Gross Rent - Retail Space

Potential rental income from the retail space is summarized next.

Potential Gross Rent

Space Type	SF	Potential Rent at Contract (1) Annual	Potential Rent at Contract (1) $/SF/Yr	Potential Rent at Market $/SF/Yr	Potential Rent at Market Annual	Contract as % of Market
Retail	1,555	$69,975	$45.00	$45.00	$69,975	100%
Total Subject	1,555	$69,975	$45.00	$45.00	$69,975	100%

1 Contract rent for leased space; vacant space at market.

For direct capitalization purposes, potential gross rent for the retail space is based on market rent.

Expense Reimbursements - Apartments

Apartment tenants reimburse the owner for all utility expenses. Expense recoveries from the apartment tenants are estimated at $369,735 based on our projected expenses for the subject.

Expense Reimbursements - Retail

The retail tenants reimburse the owner for their pro-rata share of real estate taxes, insurance, common area maintenance, and general/administrative expenses. Retail reimbursement income is estimated at $35,468 based projected expenses.

Vacancy & Collection Loss

Please refer to the *Multifamily Market Overview* section for a detailed discussion of market and/or submarket vacancy factors. Market conditions have been improving over the past two years as the local market recovers from the pandemic. Based on the relative proportions of multifamily and retail space at the subject, an allowance for stabilized vacancy and collection loss is estimated at 5.0%.

Other Income

The other income category includes any other income from the property including revenues from application fees and miscellaneous sources. Parcel C2.4 is expected to offer other amenities that will generate additional revenue. These include charges for electric vehicle parking, bike storage, roof top event space and solarium (available for rent), and a yoga room and office space, both of which may be privately reserved.

Other income is projected at $200 per unit, net of vacancy and rent loss, based on comparable projects.

In addition, each of the multifamily properties have parking spaces available for rent. Based on parking rental rates at recently constructed multifamily projects in San Francisco, we have selected a monthly rental rate of $375 per parking space. A summary of parking revenue by Parcel is provided below.

Parking Revenue

Parcel	No. of Spaces	Monthly Rent	Total Revenue
Parcel C2.2	92	$375	$414,000
Parcel C2.4	124	$375	$558,000
Parcel B1	70	$375	$315,000

Effective Gross Income

Based on the preceding estimates of gross income less allowances if any for vacancy, collection loss, and concessions, effective gross income is calculated $10,012,566 for Parcel C2.2.

Operating Expenses

Operating expenses are estimated based on expense data from comparable properties, as summarized in the following tables.

Operating History and Projections - Parcel C2.2

	IRR Projection
Income	
Rental Income - Apartments	$9,591,102
Rental Income - Retail	69,975
Expense Reimbursements - Apartments	369,735
Expense Reimbursements - Retail	35,468
Potential Gross Income	$10,066,280
Vacancy & Collection Loss @ 5.0%	-503,314
Net Parking Income	414,000
Other Income	35,600
Effective Gross Income	$10,012,566
Expenses	
Real Estate Taxes	$2,264,369
Insurance	133,500
Utilities	373,800
Repairs/Maintenance	356,000
Payroll/Benefits	231,400
Advertising & Marketing	71,200
General/Administrative	133,500
Management	200,251
Replacement Reserves	44,500
Total Expenses	$3,808,520
Net Operating Income	**$6,204,046**
Operating Expense Ratio**	37.6%

**Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

Please note, Special Taxes for the subject are included in the “Real Estate Taxes” line item; Special Tax amounts for each Parcel are detailed in the table on the following page.

Expense Analysis per Unit

	Comp Data*					Subject
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Projected Expenses
Year Built	2016	2017	2016	2020	2022	–
Number of Units	75	87	121	172	116	178
Operating Data Type	In Place	In Place	In Place	In Place	Pro-forma Owner	
Year	2021	2021	2021	2022	2022	IRR Projection
Real Estate Taxes	$5,498	$7,519	$7,519	$8,149	$4,551	$12,721
Insurance	$671	$792	$720	$1,434	$187	$750
Utilities	$2,293	$3,121	$2,041	$2,731	$2,139	$2,100
Repairs/Maintenance	$2,368	$2,124	$3,335	$2,114	$1,889	$2,000
Payroll/Benefits	$171	$3,358	$2,400	$3,083	$0	$1,300
Advertising & Marketing	$296	$382	$350	$934	$103	$400
General/Administrative	$78	$1,509	$621	$653	$189	$750
Management	$1,045	$1,379	$681	$1,047	$1,462	$1,125
Replacement Reserves	$0	$0	$0	$188	$0	$250
Total	$12,420	$20,184	$17,666	$20,333	$10,520	$21,396
Operating Expense Ratio	45.8%	44.4%	61.4%	52.2%	28.7%	37.6%

The above comparables are each located within the City of San Francisco and reflect multifamily properties with ground floor retail. Management is estimated at 2.0% of effective gross income, while replacement reserves are projected at $250 per unit. As the definition of market value presumes a sale, ad valorem taxes are calculated by applying the subject's tax rate to the conclusion of market value. Direct assessments and special taxes as a result of CFD No. 2016-1 (Treasure Island) are also considered. A summary of Special Taxes by Parcel is provided below.

Calculation of CFD Tax - Multifamily Residential / Mixed Use

Parcel	Residential Tax per SF (2023)	No. of Units (Market)	Total SF (Market)	Annual Tax - Residential	Retail Tax per SF (2023)	Retail SF	Annual Tax - Retail	Total Units (All)	Total Tax per Unit (All)
Parcel C2.2	$3.21	169	134,115	$431,156	$1.73	1,555	$2,686	178	**$2,437**
Parcel C2.4	$3.21	226	189,765	$610,061	$1.73	1,250	$2,159	250	**$2,449**
Parcel B1	$3.21	111	97,942	$314,866	$1.73	4,785	$8,264	117	**$2,762**

Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. Information from the overall capitalization rate comparables is presented in the following table.

Capitalization Rate Comparables

No.	Property Name	City	Year Built	Sale Date	No. Units	Price/Unit	Cap Rate
1	Scotia Apartments	San Jose	2020	March-23	55	$568,182	4.25%
2	Alice House	Oakland	2020	December-22	79	$500,000	3.75%
3	The Edge	Oakland	2022	December-22	91	$516,484	3.55%
4	Santana Terrace	Santa Clara	2020	October-22	114	$576,087	3.60%
5	Bell South City	South San Francisco	2019	May-22	260	$792,308	3.25%
6	Bell Mt Tam	Corte Madera	2019	December-21	180	$866,667	3.00%
	Indicated Cap Rate Range:						3.00% - 4.25%
	Average (Mean) Cap Rate:						3.57%

The overall capitalization rate is the rate at which an investor of an income-producing property will see a return on capital used to buy a particular property/investment. Thus, the capitalization rate can reasonably be viewed as a function of risk. A high risk implies a high possibility of investment loss; a property with high risk will have a high capitalization rate causing a lower selling price or value than one with a relatively low risk factor, all else being equal.

Attributes such as location, building area, visibility/accessibility, condition, effective age and overall quality are taken into account when determining a capitalization rate for the subject property. Also considered when deriving a capitalization rate for an income-producing property is deferred maintenance, security of the income stream (terms of leases and strength of tenants), as well as general economic conditions and local market conditions.

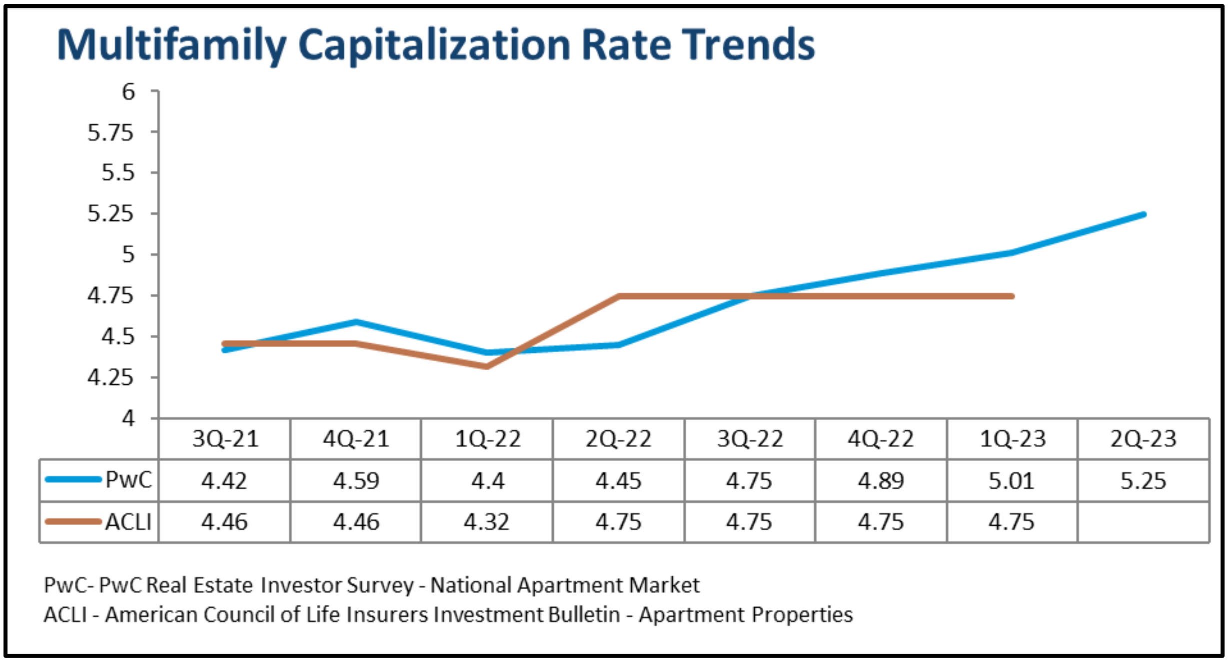
Our search for comparables focused on recently constructed properties in the Bay Area. Sales 5 and 6 traded with notable loss to lease, and the stabilized capitalization rates for these properties were trending towards the mid- to high-3.00% range. The subject will reflect new construction on Treasure Island. While the subject will have no immediate competition (it is the only newly constructed market rate product on the island), this product is also new to Treasure Island. Considering current macroeconcomic conditions, a proforma capitalization rate toward the higher end of the range is appropriate.

To determine a capitalization rate for the subject we have also examined capitalization rate information published in national surveys and conducted a band of analysis, presented below and on the following page.

Capitalization Rate Surveys – Multifamily Properties

	IRR-ViewPoint National Urban Multifamily	IRR-ViewPoint National Suburban Multifamily	PwC 2Q-23 National Apartment	ACLI 1Q-23 National Apartment
Range	3.50% - 6.50%	3.50% - 7.25%	3.75% – 8.00%	NA
Average	4.85%	4.98%	5.25%	5.09%

Source: IRR-Viewpoint 2023; PwC Real Estate Investor Survey; American Council of Life Insurers Investment

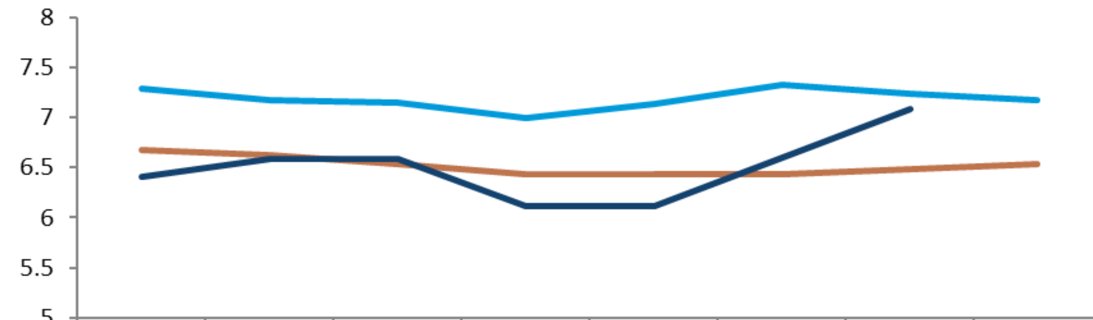


Capitalization Rate Surveys – Retail Properties

	IRR-ViewPoint Natl Regional Mall	IRR-ViewPoint Natl Neighborhood Retail	IRR-ViewPoint Natl Community Retail Center	PwC 2Q-23 National Strip Shopping Center	PwC 2Q-23 National Power Center	ACLI 1Q-23 National Retail
Range	5.25% - 9.75%	4.75% - 9.00%	4.75% - 8.75%	5.00% – 10.00%	5.50% – 7.50%	NA
Average	7.31%	7.00%	6.95%	7.17%	6.53%	7.08%

Source: IRR-Viewpoint 2023; PwC Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

Retail Capitalization Rate Trends



	3Q-21	4Q-21	1Q-22	2Q-22	3Q-22	4Q-22	1Q-23	2Q-23
STRIP	7.29	7.17	7.15	7	7.14	7.33	7.23	7.17
PWR	6.68	6.63	6.53	6.43	6.43	6.43	6.48	6.53
ACLI	6.41	6.59	6.59	6.12	6.11	6.6	7.08	

STRIP - PwC Real Estate Investor Survey - National Strip Shopping Center Market
PWR - PwC Real Estate Investor Survey - National Power Center Market
ACLI - American Council of Life Insurers Investment Bulletin - Retail Properties

It should be noted that Bay Area capitalization rates often trend lower than national indicators.

Market Participant Interviews

Over the course of our research, we have conducted interviews with market participants familiar with the subject and competitive properties, and broader market.

Market Participant Survey - Capitalization Rates

Respondent	Cap Rate	Comments
Institutional Property Advisors	4.50% - 5.00%	Capitalization rates for institutional grade assets in the Bay Area have returned to the 4.00% range due to aggressive interest rate hikes implemented by the Federal Reserve. With fixed rate debt in the mid 5.00%s, activity has slowed significantly, and deals that were negotiated earlier this year could not be replicated at the same terms today. Oversupplied urban core areas were hit hard operationally during the pandemic, resulting in further price impairment. Most sellers are expected to hold if possible, opting instead to refinance, recapitalize, or seek loan extensions. Those who are forced to sell will have to accept discounts. This is a transitional market which is not expected to stabilize for at least 6 to 12 months in the future. Lay-offs and hiring freezes in the technology sector are likely to spread to other sectors, impacting renter income. Buyers have a low threshold for negative leverage, and are looking for positive leverage by Year 3. As a result, there is minimal buyer interest in unstabilized or operationally-troubled assets. It is possible, however, to generate buyer interest in a basis play. Activity will likely pick up again in the second half of 2023, as owners are beginning to express interest in selling this year. Cap rates have increased 100 basis points over the past year, and buyers are targeting capitalization rates in the low 5.00% range, but expects rates to settle in the mid- to upper-4.00% range for the foreseeable future.
JLL	4.75% - 5.00%	There is minimal interest from institutional buyers presently, and the buyer pool for sub-$50 million deals is wider. Capitalization rates for Class A urban core and core plus deals currently range from 4.75% to 5.00%, with properties in Oakland expected to achieve rates at the higher end of this range due to oversupply issues and political headwinds. Rent growth is expected to be flat in the coming year, with gradual increases back to normal trends in 2025.
JLL	4.50% - 5.00%	Capitalization rates have increased significantly over the past 6 to 12 months, concurrent with increases in interest rates. Buyers are willing to tolerate negative leverage for one or two years, but are targeting a 5.50% by Year 2 or 3. The going in rate can in the mid- to high 4.00% range if there is a compelling value-add story that will get the property to a 5.00% at the end of Year 1, and 5.50% by Year 2.
Indicated Cap Rate Range	4.50% - 5.00%	

To reach a capitalization rate conclusion, we consider each of the following investment risk factors to gauge its impact on the rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral influence of each factor.

Capitalization Rate Summary and Conclusions

Risk Factor	Issues	Impact on Rate
Income Characteristics	Stability of occupancy, above/below market rents, rent control. Market rent is utilized in this analysis. Though there is near term risk associated with ground floor retail space, the retail component is minimal compared to multifamily space.	↔
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility. The subject will reflect new, Class A construction.	↓
Location	Market area demographics and life cycle trends; proximity issues; access and support services. The subject is located on Treasure Island, which is undergoing major redevelopment (of which the subject is a part).	↓↔
Market	Vacancy rates and trends; rental rate trends; supply and demand. Macroeconcomic factors increase risk. Rental rates are recovering but remain below 2019 highs.	↑↔
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion. The subject will reflect new construction consistent with the highest and best use of the property.	↔
Overall Impact		↔

We summarize the capitalization rate indicators derived from the preceding data below.

Capitalization Rate Conclusion	
Method	Capitalization Rate Indication
Analysis of Comparable Sales	3.00% - 4.25%
National Investor Surveys	3.50% - 6.50%
Market Participant Interviews	4.50% - 5.00%
Primary Weight	Market Participant Interviews
Secondary Weight	Comparable Sales
Conclusion	4.00%

Direct Capitalization Analysis – Parcel C2.2

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the table that follows.

Direct Capitalization Analysis - Parcel C2.2			
		Annual	$/Unit
INCOME			
Rental Income - Apartments		$9,591,102	$53,883
Rental Income - Retail		$69,975	$393
Expense Reimbursements - Apartments		$369,735	$2,077
Expense Reimbursements - Retail		$35,468	$199
Potential Gross Income		$10,066,280	$56,552
Vacancy & Collection Loss	5.00%	-$503,314	-$2,828
Net Parking Income		$414,000	$2,326
Other Income		$35,600	$200
Effective Gross Income		$10,012,566	$56,250
EXPENSES			
Real Estate Taxes		$2,264,369	$12,721
Insurance		$133,500	$750
Utilities		$373,800	$2,100
Repairs/Maintenance		$356,000	$2,000
Payroll/Benefits		$231,400	$1,300
Advertising & Marketing		$71,200	$400
General/Administrative		$133,500	$750
Management	2.00%	$200,251	$1,125
Replacement Reserves		$44,500	$250
Total Expenses		$3,808,520	$21,396
NET OPERATING INCOME		$6,204,046	$34,854
Capitalization Rate		4.00%	
Indicated Value		$155,101,139	$871,355
Rounded		**$155,100,000**	**$871,348**

Lease up costs, including concessions, will be considered as part of the developer's costs in the upcoming extraction analysis.

Utilizing the same methodology as Parcel C2.2, direct capitalization analyses for Parcels B1 and C2.4 are provided on the following pages.

Direct Capitalization – Parcel B1

The same comparable set is utilized for Parcel B1. Location and age/condition adjustments are consistent with those applied to Parcel C2.2, while adjustments for unit size are specific to B1 units. The following table summarizes our conclusions of market rent. It is noted Parcel B1 will enjoy a location proximate to the ferry, as well as excellent views of the of San Francisco Bay; these factors have been considered in our market rent conclusion.

Market Rent Conclusions - Parcel B1

Unit Type	Mkt. Rate Units	Avg. Unit Size	Market Rent/ Month	Market Rent/SF
Studio	2	400	$3,100	$7.75
1 BD/1 BA	83	818	$4,500	$5.50
2 BD/2 BA	26	1,125	$5,650	$5.02
Total/Avg.	111	882	$4,744	$5.38
Trended (3 years at 3.5% per year)			**$5,260**	$5.96

As noted, an updated unit mix was requested but not provided. The above square footages for the one and two bedroom floor plans are appraiser assumptions based upon the total taxable residential square footage for Parcel B1. If additional information is provided, these assumptions may change.

As discussed, construction of Parcel B1 is expected to be complete in 2026. Market rent is trended upward 3.5% per year over three years.

Restricted Rents

Unit Type	Income Classification	Number of Units	Maximum Rent	Rent Applied
BMR	Below Market Rate	6	$1,239	$1,239
Total		6		

Market rent for retail space is consistent with the analysis for Parcel C2.2 at $45 per square foot, per year, triple net.

Direct Capitalization Analysis - Parcel B1

		Annual	$/Unit
INCOME			
Rental Income - Apartments		$7,095,418	$60,645
Rental Income - Retail		$215,325	$1,840
Expense Reimbursements - Apartments		$234,613	$2,005
Expense Reimbursements - Retail		$108,410	$927
Potential Gross Income		$7,653,767	$65,417
Vacancy & Collection Loss	5.00%	-$382,688	-$3,271
Net Parking Income		$315,000	$2,692
Other Income		$23,400	$200
Effective Gross Income		$7,609,478	$65,038
EXPENSES			
Real Estate Taxes		$1,747,387	$14,935
Insurance		$87,750	$750
Utilities		$245,700	$2,100
Repairs/Maintenance		$234,000	$2,000
Payroll/Benefits		$152,100	$1,300
Advertising & Marketing		$46,800	$400
General/Administrative		$87,750	$750
Management	2.00%	$152,190	$1,301
Replacement Reserves		$29,250	$250
Total Expenses		$2,782,926	$23,786
NET OPERATING INCOME		$4,826,552	$41,253
Capitalization Rate		4.00%	
Indicated Value		$120,663,808	$1,031,315
Rounded		**$120,700,000**	**$1,031,624**

Direct Capitalization – Parcel C2.4

Finally, the direct capitalization approach is presented for Parcel C2.4.

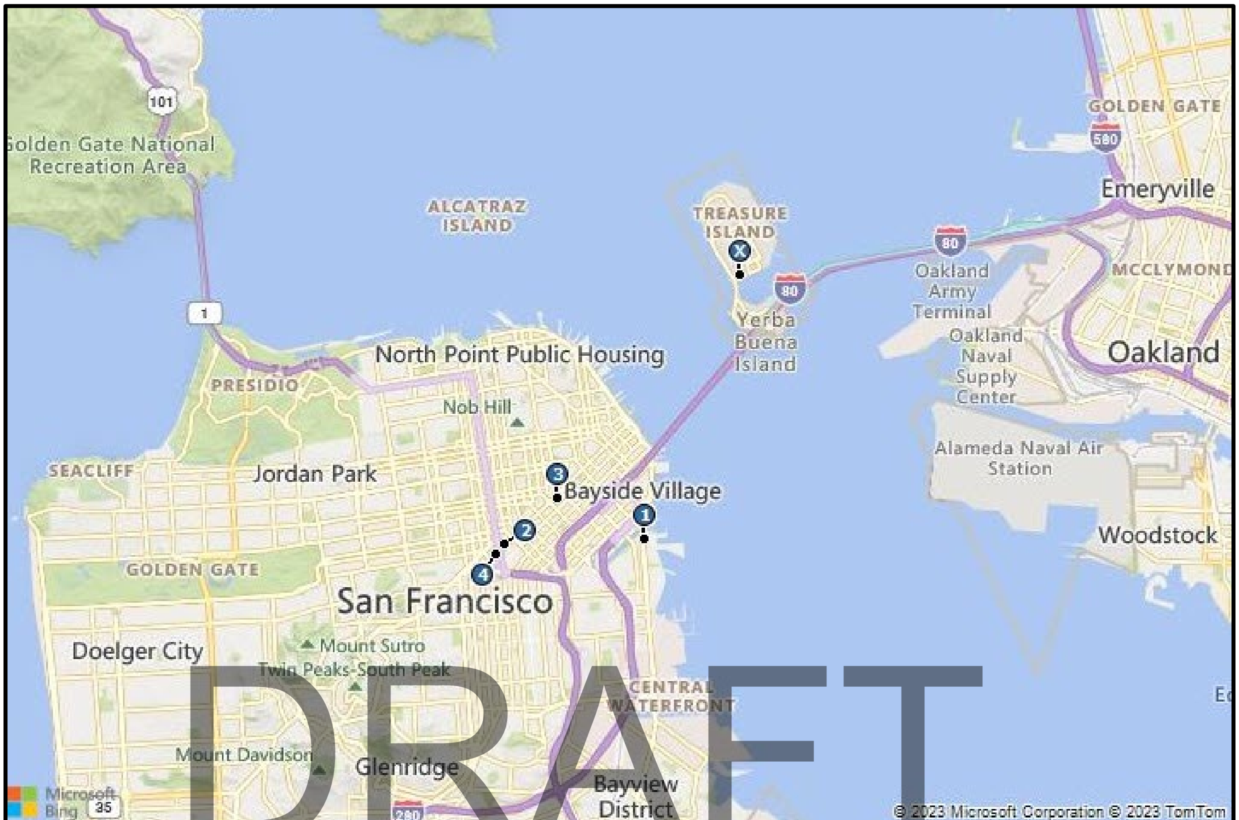
Market Rent Analysis

Because Parcel C2.4 is a 14-story tower over a five story podium with excellent views of the San Francisco Bay and skyline, a separate comparable set is utilized to determine market rent for this parcel. Our search for comparables focused on mid-to-high rise newly constructed Class A properties. The most relevant comparables are summarized in the following table.

Summary of Comparable Rentals

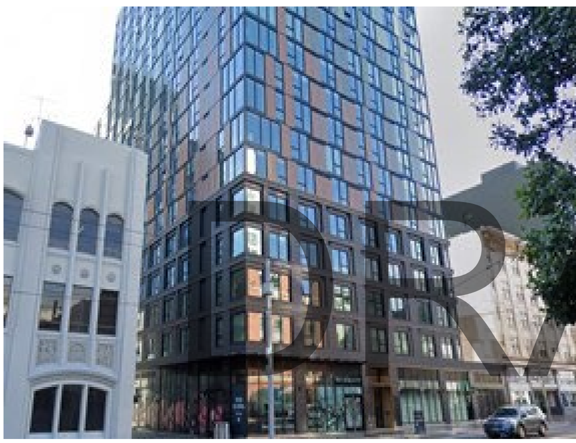
No.	Property Name; Address	Survey Date	Yr Built; Stories	Unit Mix	# Units; % Occ.	Avg. Unit SF	Avg. Rent/ Month	Avg. Rent/ SF
1	The Canyon	8/14/2023	2023		283			
	1023 3rd St.		23		10%			
	San Francisco							
				Studio		549	$3,534	$6.44
				1 BD/1 BA		605	$4,569	$7.55
				2 BD/2 BA		903	$6,500	$7.20
				3 BD/2 BA		1,262	$7,750	$6.14
	Tenant-Paid Utilities:		Trash, In-Unit Electric, Sewer, Water, Gas					
	Project Amenities:		Bike Storage Room, Co-Working Space, Dog Run/Spa, Electric Car Charging Station, Fitness Center, Resident Lounge, Roofdeck/Sundeck, Security/Door Staff					
	Comments:		Class A mixed use property with 283 residential units, approximately 85,000 SF of office space, and 58,000 SF of retail space; 102 of the apartments are BMR units. The property is currently in lease-up, with the first move-in occurring on 6/1/23. Management is offering 8 weeks of free rent plus $1,500 for a look and lease.					
2	Fifteen Fifty	8/11/2023	2020		550			
	1500 Mission St.		40		98%			
	San Francisco							
				Studio		416	$3,325	$7.99
				1 BD/1 BA		650	$4,300	$6.62
				2 BD/ 2 BA		1,105	$6,500	$5.88
				3 BD/2 BA		1,445	$8,200	$5.67
	Tenant-Paid Utilities:		Trash, In-Unit Electric, Sewer, Water, Gas					
	Unit Features:		Dishwasher, Granite/Quartz Counters, Range - Gas, Refrigerator, Stainless Steel Appliances, Washer/Dryer In Unit, Window Blinds/Shades, Wood Floors					
	Project Amenities:		BBQ Grill/Picnic Area, Bike Storage Room, Co-Working Space, Electric Car Charging Station, Fitness Center, Garage/In Building, Package System/Lockers/Rm, Recreational Amenities, Resident Lounge, Roofdeck/Sundeck, Swimming Pool, Library, Screening Room					
	Comments:		Management is offering 6 weeks free plus 2 additional weeks for a look and lease. Tenant is responsible for all utilities.					
3	The George	8/11/2023	2022		302			
	434 Minna St.		20		95%			
	San Francisco							
				Studio		467	$2,860	$6.12
				1 BD/ 1 BA		885	$4,445	$5.02
				2 BD/2 BA		983	$5,210	$5.30
	Tenant-Paid Utilities:		Water, Sewer, Trash, In-Unit Electric, Gas					
	Unit Features:		Dishwasher, Granite/Quartz Counters, Microwave, Patio/Balcony/Deck, Range - Gas, Refrigerator, Stainless Steel Appliances, Vinyl Plank Floors (LVT/LVP), Washer/Dryer In Unit, Window Blinds/Shades					
	Project Amenities:		Bike Storage Room, Co-Working Space, Electric Car Charging Station, Fitness Center, Garage/In Building, Package System/Lockers/Rm, Resident Lounge, Pet Grooming Stations, Clubroom, Private Bar, Library					
	Comments:		Management is offering up to two months of free rent for move-ins before the end of August. Garage parking is $500 per month.					
4	Chorus	8/10/2023	2021		416			
	30 Otis St.		20		94%			
	San Francisco							
				Studio		467	$3,130	$6.70
				1 BD/1 BA		692	$3,679	$5.32
				2 BD/2 BA		999	$6,837	$6.84
				3 BD/2 BA		1,146	$6,495	$5.67
	Tenant-Paid Utilities:		Trash, In-Unit Electric, Sewer, Water, Gas					
	Comments:		New Class A high-rise luxury property with good quality, modern finishes and features. Amenities include rooftop terrace and pool, hot tub, fitness center, outdoor training area, lobby restaurant/cafe, coworking space, lounge, game room, rooftop solarium, valet parking, on-demand housekeeping, concierge. Currently offering $2,000 look and lease special. The property opened in August 2021.					

Comparable Rentals Map

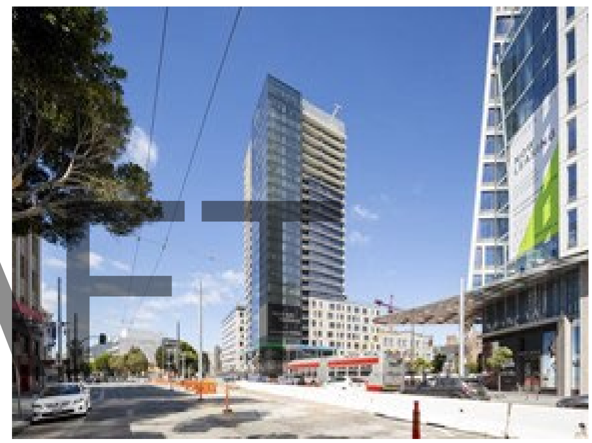


Rent Survey 1
The Canyon

Rent Survey 2
Fifteen Fifty



Rent Survey 3
The George



Rent Survey 4
Chrous

Rental Analysis Factors

Our analysis of the comparable rentals considers the following elements of comparison.

Rental Analysis Factors	
Tenant Paid Utilities	Utilities costs for which tenants are responsible.
Unit Size	Floor area in square feet.
Location	Market or submarket area influences on rent; surrounding land use influences.
Age/Condition	Effective age; physical condition.
Quality	Construction quality, market appeal, functional utility.
Unit Features	Features included in individual residential units.
Project Amenities	Amenities available to the entire property.

The comparables are located in the SOMA and Mission Bay neighborhoods, with upward location adjustments required for those in SOMA. In addition, comparables are adjusted for unit size and age/condition. Overall, the Canyon in Mission Bay is the most similar comparable to the subject project in terms of community appeal, quality, and views.

Analysis of Comparable Rentals – C2.4

Rental Analysis Summary - Studio Units

No.	Property Name	Unit Type	Avg Unit SF	Avg Rent/Mo	Avg Rent/SF	Overall Comparison to Subject	Comment
1	The Canyon	Studio	549	$3,534	$6.44	Similar	Adjusted slightly downward for size.
2	Fifteen Fifty	Studio	416	$3,325	$7.99	Inferior	Adjusted upward for size, location, and age/condition.
3	The George	Studio	467	$2,860	$6.12	Inferior	Adjusted upward for size, location, and age/condition.
4	Chorus	Studio	467	$3,130	$6.70	Inferior	Adjusted upward for size, location, and age/condition.

Rental Ranges and Averages

	Range	Average	Avg/SF
Comparables	$2,860 - $3,534	$3,212	–
Concluded Market Rent		$3,500	$6.60

Rental Analysis Summary - 1 BD/1 BA Units

No.	Property Name	Unit Type	Avg Unit SF	Avg Rent/Mo	Avg Rent/SF	Overall Comparison to Subject	Comment
1	The Canyon	1 BD/1 BA	605	$4,569	$7.55	Similar	Adjusted upward for size.
2	Fifteen Fifty	1 BD/1 BA	650	$4,300	$6.62	Inferior	Adjusted upward for size, location, and age/condition.
3	The George	1 BD/ 1 BA	885	$4,445	$5.02	Inferior	Adjusted downward for size and upward for location and age/condition.
4	Chorus	1 BD/1 BA	692	$3,679	$5.32	Inferior	Adjusted upward slightly for size and upward for location and age/condition.

Rental Ranges and Averages	Range	Average	Avg/SF
Comparables	$3,679 - $4,569	$4,248	–
Concluded Market Rent		$4,500	$6.38

Rental Analysis Summary - 2 BD/2 BA Units

No.	Property Name	Unit Type	Avg Unit SF	Avg Rent/Mo	Avg Rent/SF	Overall Comparison to Subject	Comment
1	The Canyon	2 BD/2 BA	903	$6,500	$7.20	Similar	Adjusted upward for size.
2	Fifteen Fifty	2 BD/ 2 BA	1,105	$6,500	$5.88	Inferior	Adjusted downward for size and upward for location and age/condition.
3	The George	2 BD/2 BA	983	$5,210	$5.30	Inferior	Adjusted slightly upward for size and upward for location and age/condition.
4	Chorus	2 BD/2 BA	999	$6,837	$6.84	Inferior	Adjusted slightly upward for size and upward for location and age/condition.

Rental Ranges and Averages	Range	Average	Avg/SF
Comparables	$5,210 - $6,837	$6,262	–
Concluded Market Rent		$6,800	$6.79

Rental Analysis Summary - 3 BD/2 BA Units

No.	Property Name	Unit Type	Avg Unit SF	Avg Rent/Mo	Avg Rent/SF	Overall Comparison to Subject	Comment
1	The Canyon	3 BD/2 BA	1,262	$7,750	$6.14	Similar	Adjusted upward for size.
2	Fifteen Fifty	3 BD/2 BA	1,445	$8,200	$5.67	Inferior	Adjusted downward slightly for size and upward for location and age/condition.
3	Chorus	3 BD/2 BA	1,146	$6,495	$5.67	Inferior	Adjusted upward for size, location, and age/condition.

Rental Ranges and Averages	Range	Average	Avg/SF
Comparables	$6,495 - $8,200	$7,482	–
Concluded Market Rent		$8,000	$5.71

Market Rent Conclusion

Based on the preceding analysis of comparable rentals and trends evident in the market, market rent is estimated for each unit type as shown in the table that follows.

Market Rent Conclusions - Parcel C2.4

Unit Type	Mkt. Rate Units	Avg. Unit Size	Market Rent/ Month	Market Rent/SF
Studio	25	530	$3,500	$6.60
1 BD/1 BA	86	705	$4,500	$6.38
2 BD/2 BA	113	1,001	$6,800	$6.79
3 BD/2 BA	2	1,400	$8,000	$5.71
Total/Avg.	226	840	$5,570	$6.63
Trended (1 year at 3.5% per year)			$5,765	$6.87

As the project will be complete in 2024, our market rent conclusions are trended upward 3.5%.

Restricted Rents

Unit Type	Income Classification	Number of Units	Maximum Rent	Rent Applied
BMR	Below Market Rate	24	$1,454	$1,454
Total		24		

Based on the preceding analyses, market rent for the retail space is determined to be $45 per square foot, per year, triple net.

Direct Capitalization Analysis - Parcel C2.4			
		Annual	$/Unit
INCOME			
Rental Income - Apartments		$16,054,290	$64,217
Rental Income - Retail		$56,250	$225
Expense Reimbursements - Apartments		$521,857	$2,087
Expense Reimbursements - Retail		$30,609	$122
Potential Gross Income		$16,663,006	$66,652
Vacancy & Collection Loss	5.00%	-$833,150	-$3,333
Net Parking Income		$558,000	$2,232
Other Income		$50,000	$200
Effective Gross Income		$16,437,856	$65,751
EXPENSES			
Real Estate Taxes		$3,712,465	$14,850
Insurance		$187,500	$750
Utilities		$525,000	$2,100
Repairs/Maintenance		$500,000	$2,000
Payroll/Benefits		$325,000	$1,300
Advertising & Marketing		$100,000	$400
General/Administrative		$187,500	$750
Management	2.00%	$328,757	$1,315
Replacement Reserves		$62,500	$250
Total Expenses		$5,928,723	$23,715
NET OPERATING INCOME		$10,509,133	$42,037
Capitalization Rate		4.00%	
Indicated Value		$262,728,327	$1,050,913
Rounded		**$262,700,000**	**$1,050,800**

Lease up costs, including concessions, will be considered as part of the developer's costs in the upcoming extraction analysis.

A summary of the market value, as if stabilized, of the subject's proposed residential/retail improvements via the direct capitalization analyses is provided below.

Summary of Direct Capitalization Analyses - Multifamily Residential/Retail

Parcel	Stabilized Value	No. of Units	$/Unit
Parcel C2.2	$155,100,000	178	$871,348
Parcel C2.4	$262,700,000	250	$1,050,800
Parcel B1	$120,700,000	117	$1,031,624

As further support for our improved value conclusions, we searched for multifamily residential transactions in Bay Area within the past four years. Our search included properties with at least 50 units.

As will be demonstrated, our value conclusion for Parcel C2.2 falls within the comparable range, while the conclusions for Parcels B1 and C2.4 fall just above the top of the comparable range. Given the subject will reflect new construction with significant views of the San Francisco Bay, City skyline, Alcatraz, and Golden Gate Bridge, and considering the prospective dates of completion, our value conclusions appear reasonable.

Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	# Units; Rentable SF; Avg Unit SF	Sale Price	$/Unit; $/SF	Cap Rate
1	Bell South City 400 Cypress Ave. South San Francisco San Mateo County CA	May-22 Closed	2019 6 93%	260 233,543 898	$206,000,000	$792,308 $882.06	3.25%
	Comments: May 2022 sale of a 260-unit Class A apartment property in South San Francisco previously marketed as Cadance and renamed to Bell South City upon sale. Property does not have a ground floor commercial or BMR/affordable housing requirement. Broker reports the property went into contract prior to the significant increases in interest rates; however, the buyer did not want to risk compromising their reputation by re-trading. Property was reportedly stabilized and had some upside. Buyer was reportedly willing to pay a slightly above-market price given recent changes to market conditions. The going-in capitalization rate for the transaction was in the low 3.00% range (the broker did not confirm the actual rate), trending towards a mid-3.00% capitalization rate after correction of loss-to-lease.						
2	Hillside Village 1797-1801 Shattuck Ave. Berkeley Alameda County CA	Jan-22 Closed	2005 4 97%	94 65,865 691	$66,675,000	$709,309 $1,012.30	–
	Comments: Sale of a mixed-use building located immediately northwest of the University of California Berkeley campus. Property includes 94 apartment units and 9,863 SF of ground floor commercial. The capitalization rate for the transaction was not disclosed.						
3	Bell Mt. Tam 199 Tamal Vista Blvd. Corte Madera Marin County CA	Dec-21 Closed	2017 4 95%	180 186,520 1,036	$156,000,000	$866,667 $836.37	3.00%
	Comments: December 2021 sale of a 180-unit Class A mixed-use property in Corte Madera. The property had a 3,100 SF retail space occupied by a local and boutique grocery store. There are 18 BMRs (10%). The broker opined that the grocery store was an amenity to the building, and added minimal value to the property overall. The going in capitalization rate was 3.00%; however, this was trending towards a 3.60% - 3.65% after correction of loss to lease.						
4	Mosso 900 Folsom St. San Francisco San Francisco County CA	Oct-19 Closed	2014 8 94%	463 364,485 799	$310,500,000	$670,626 $851.89	3.90%
	Comments: October 2019 sale of a 463-unit apartment property with 8,000 SF of ground floor retail space. There are 69 affordable units at the property (15%). According to a broker familiar with the transaction, this was considered a core-plus asset with some upside associated with interior upgrades and loss to lease capture that influenced the in-place capitalization rate. The pro-forma cap rate at stabilization was closer to 4.45% to 4.50%.						
5	O&M 680 Indiana St. San Francisco San Francisco County CA	Sep-19 Closed	2017 5 99%	116 107,379 926	$80,340,000	$692,586 $748.19	3.95%
	Comments: Sale of a mixed-use building located in the Dogpatch neighborhood of San Francisco. The building includes 116 apartment units (17 units of which are BMR units due to a 15% BMR requirement) and 1,900 square feet of ground floor commercial. The broker reports the building is a boutique property that was acquired by a private exchange buyer. Economic indicators are based on in-place income and expenses at the time of sale. Contract rents were slightly below market and the transaction supports a proforma capitalization rate of 4.2% after accounting for the loss to lease capture.						
6	Jasper 45 Lansing St. San Francisco San Francisco County CA	May-19 Closed	2016 40 97%	320 303,826 949	$306,500,000	$957,813 $1,008.80	3.40%
	Comments: May 2019 sale of a Class A, 40-story, 320-unit multifamily project in the SoMa district. The project was constructed in 2016 and was 97% occupied at the time of sale. Community amenities include a swimming pool, lounge, movie theater, business center, fitness center, valet, and pet care station. The broker opines that the rate was low because there are very few opportunities to purchase an asset of this one's type, scale, and location. There was no retail space and no affordable component. There were no conditions that impacted the sale price, and there was no financing.						

Extraction Analysis

Extraction (residual) analyses are employed to determine the market value of the subject's multifamily land by Parcel. An extraction (residual) analysis takes into account revenue, direct and indirect construction costs, accrued depreciation, and developer's incentive in order to arrive at an estimate of land value. The elements of the extraction technique are discussed below.

Revenue

The market value as if stabilized was provided in the previous sections for Parcels B1, C2.2, and C2.4. A summary of the market value conclusions is provided below.

Summary of Direct Capitalization Analyses - Multifamily Residential/Retail

Parcel	Stabilized Value	No. of Units	$/Unit
Parcel C2.2	$155,100,000	178	$871,348
Parcel C2.4	$262,700,000	250	$1,050,800
Parcel B1	$120,700,000	117	$1,031,624

Direct and Indirect Construction Costs

The next step in the extraction technique is to estimate typical costs associated with the construction of multifamily improvements.

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle. Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs. Recent conversations with builders confirm construction costs have increased over the last several years.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies;
- Appraisal, consulting, accounting, and legal fees;
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered;
- All-risk insurance;
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved.

Indirect costs can vary widely as a percentage of the direct costs, as indicated in the comparable expense tables below and on the following page.

The developer's budget best considers the intricacies of the subject proposal. However, Bay Area cost comparables will be presented for comparison purposes, followed by the developer's budget.

Multifamily Cost Comparables

Location	Size (Gross SF)	Direct Costs	Indirect Costs	% of Direct Costs	Total Cost	Product Type
Alameda	70,000 - 79,999	$379	$104	27%	$483	LIHTC
Oakland	120,000 - 129,999	$359	$131	36%	$490	LIHTC
San Jose	20,000 - 29,999	$354	$149	42%	$503	LIHTC
Cupertino	10,000 - 19,999	$342	$206	60%	$548	LIHTC
Redwood City	130,000 - 139,000	$416	$153	37%	$569	LIHTC
San Jose	100,000 - 109,999	$463	$109	24%	$572	LIHTC
Oakland	30,000 - 39,999	$462	$184	40%	$646	LIHTC
San Francisco	110,000 - 119,999	$438	$145	33%	$583	LIHTC
Fairfax	40,000 - 49,999	$582	$111	19%	$693	LIHTC
San Francisco	100,000 - 109,999	$509	$134	26%	$643	LIHTC
San Francisco	140,000 - 149,999	$795	$150	19%	$945	Market
San Francisco	300,000 - 309,999	$410	NA	NA	NA	Market
San Carlos	30,000 - 39,999	$428	$42	10%	$470	Market
San Jose	190,000 - 199,999	$641	$159	25%	$800	Market

The previous comparables reflect a mix of for-rent and for-sale attached product. Direct costs vary substantially, with a median of $433 per square foot. Indirect costs range from 10% to 60%, with a median of 30%.

The developer's budget was provided by parcel. Depending on the use, the developer's direct cost estimates range from approximately $675 to $825 per square foot. Based on the comparable data previously presented, and our review of the developer's budget, we have selected a market driven direct cost of **$790** per square foot for the subject's multifamily residential/retail space on Parcel B1, **$755** per square foot for Parcel C2.2, and **$760** per square foot on Parcel C2.4.

The developer's estimate of indirect costs as a percentage of direct costs also varies by Parcel but generally range from approximately 15% to 30%. Based upon the developer's budget, which best considers the intricacies of the subject property, and the cost comparables previously presented, we estimate indirect costs at **20%** of direct costs. Please note, indirect costs are inclusive of lease up costs.

Accrued Depreciation

For new construction on the subject, an allocation for depreciation (physical, functional, or economic) is not applicable.

Developer's Incentive

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period, or the product type is considered weak or untested.

Elements affecting profit include location, supply/demand, anticipated risk, construction time frame and project type. Another element considered in profit expectations is for the development stage of a project. First phases typically generate a lower profit margin due to cautious or conservative pricing, as new projects in competitive areas must become established to generate a fair market share. Additionally, up front development costs on first phases can produce lower profit margins.

Positive attributes of the subject property include approved entitlements and a suburban location with San Francisco Bay and Skyline views.

There are generally few "negative" attributes associated with the subject property, other than the potential for further deterioration in market conditions in the retail and multifamily sector that would result from a change in macroeconomic factors (e.g., unemployment rates, interest rates, etc.). The San Francisco multifamily market continues to recover from the pandemic, though rental rates remain below 2019 highs. Recovery has also varied greatly by neighborhood, with projects located in residential areas outside of the downtown core faring the best. In addition, construction costs have recently been outpacing gains in multifamily rental rates. Based on the characteristics of the subject property, we estimate developer's incentive of **15%** of the value as if at stabilized occupancy.

Conclusion

Our estimates of finished lot value for the subject's multifamily Parcels via the extraction analysis are presented below and on the following page.

Cost Analysis Parcel B1

Direct Costs	94,499	at	$790		$74,654,210
Indirect Costs		at	20%		$14,930,842
Total Direct & Indirect Costs					**$89,585,052**
Developer's Incentive		at	15%	of MV	$18,105,000
Total Project Costs					$107,690,052
Rounded					**$107,700,000**

Extraction Analysis - Parcel B1 - Multifamily Use

Market Value as if Stabilized	$120,700,000
Less: Construction & Lease up Costs	($107,700,000)
Indicated Land Value	**$13,000,000**

Construction is well underway on Parcel C2.2; the following analysis considers direct and indirect costs incurred to date.

Cost Analysis Parcel C2.2 (Hawkins)

Direct Costs	142,959	at	$755		$107,934,045
Indirect Costs		at	20%		$21,586,809
Total Direct & Indirect Costs					$129,520,854
Less: Costs Spent to Date					($37,757,750)
Remaining Costs					**$91,763,104**
Developer's Incentive		at	15%	of MV	$23,265,000
Total Remaining Project Costs					$115,028,104
Rounded					**$115,000,000**

Extraction Analysis - Parcel C2.2 (Hawkins) - Multifamily Use

Market Value as if Stabilized	$155,100,000
Less: Construction & Lease up Costs	($115,000,000)
Indicated Land Value	**$40,100,000**

Construction costs incurred to date are also considered in the analysis for Parcel C2.4

Cost Analysis Parcel C2.4 (Tidal House)

Direct Costs	215,356	at	$760		$163,670,560
Indirect Costs		at	20%		$32,734,112
Total Direct & Indirect Costs					$196,404,672
Less: Costs Spent to Date					($75,060,000)
Remaining Costs					**$121,344,672**
Developer's Incentive		at	15%	of MV	$39,405,000
Total Remaining Project Costs					$160,749,672
Rounded					**$160,700,000**

Extraction Analysis - Parcel C2.4 (Tidal House) - Multifamily Use

Market Value as if Stabilized	$262,700,000
Less: Construction & Lease up Costs	($160,700,000)
Indicated Land Value	**$102,000,000**

A summary of our land value conclusions is provided below.

Summary of Land Residual Values

Parcel	Land Residual	Use	Units	$/Unit
Parcel C2.2	$40,100,000	Multifamily	178	$225,281
Parcel C2.3	$27,380,000	Condominium	85	$322,118
Parcel C2.4	$102,000,000	Multifamily	250	$408,000
Parcel C3.4	$49,770,000	Condominium	148	$336,284
Parcel B1	$13,000,000	Multifamily	117	$111,111

With the exception of Parcels C2.4 and C2.2, which are substantially under construction, the above conclusions are compared to comparable land sales in San Francisco. Our search focused on sales for projects with more than 50 units proposed.

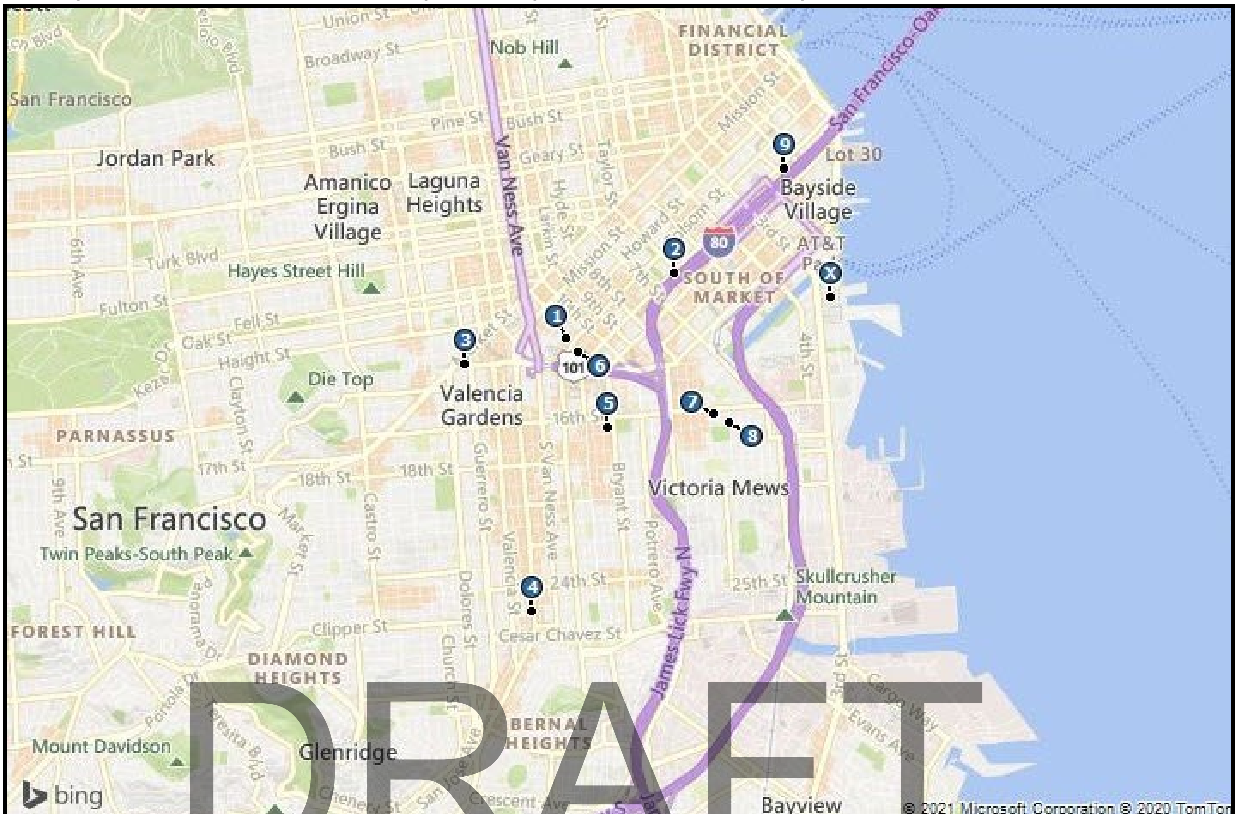
Summary of Comparable Land Sales - Residential use

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	$/Unit	$/SF Land
1	Proposed Residential 135 Kissling St. San Francisco San Francisco County CA	Jan-21 In-Contract	$25,000,000	48,337 1.11	Residential Enclave / West SOMA Mixed Use	$125,000	$517.20
	Comments: Four contiguous parcels improved with industrial buildings are reportedly in-contract. The property is marketed as a redevelopment opportunity with potential for 200 residential units, equating to an asking price of $125,000 per unit.						
2	988 Harrison St. San Francisco San Francisco County CA	Nov-20 Closed	$11,000,000	12,990 0.30	Mixed Use Residential	$122,222	$846.81
	Comments: Property was entitled for 90 multifamily units at the time of sale, 13 of which are expected to be affordable (14%). Project will also include 3,000 SF of ground floor retail. Construction is expected to be finished in early 2023.						
3	1939 Market Site 1939 Market St. San Francisco San Francisco County CA	Mar-20 Closed	$12,000,000	11,761 0.27	NCT	$150,000	$1,020.32
	Comments: March 2020 sale of a redevelopment site at Market and Guerrero Streets. The property is improved with a 13,300 SF meeting hall that will be leased back by the seller for 24 months. The City of San Francisco purchased the property with the intent to develop a mixed-use development with at least 80 multifamily units. The property will be 100% affordable upon completion; however, was not encumbered by affordable housing restrictions as of the date of sale and sold for a unrestricted market-rate sales price. It appears that the project was not yet entitled at time of sale.						
4	2918-2922 Mission Street 2918-2922 Mission St. San Francisco San Francisco County CA	Apr-19 Closed	$13,500,000	11,653 0.27	NCT	$180,000	$1,158.50
	Comments: Sale of a redevelopment site that was fully entitled for redevelopment with an 8-story apartment building with 75 units (8 of which will be BMR units). At the time of sale, the property was improved with a 5,220 SF laundromat that no longer contributed value to the site and will be demolished. Seller took the property through the entitlement process, which took over 5 years due to resistance from neighborhood groups wanting the existing laundromat designated as a historic resource.						
5	321 Florida Street 309-367 Florida St. San Francisco San Francisco County CA	Dec-18 Closed	$11,200,000	19,998 0.46	Urban Mixed Use	$74,172	$560.06
	Comments: Property was not entitled at the time of sale and is currently a parking lot. Buyer is proposing to construct a mixed use project which would include 151 apartment units within 9 stories with 1,577 SF of ground floor retail space. The proposal includes a density bonus which would apply a 35% increase in density over the base project (112 units). As of January 2020, the proposal is under review with the planning and zoning department.						

Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	$/Unit	$/SF Land
6	333 12th St San Francisco San Francisco County CA	Apr-18 Closed	$17,500,000	30,056 0.69	Wsoma Mixed Use - General	$87,500	$582.25
	Comments: Buyer is proposing 200 apartment units and took the property through the entitlement process prior to sale. The buyer exercised an option and the contract price was set in 2016. The project, known as City Gardens, will include a mix of two and four bedroom apartments. There was a 21,630 SF industrial improvement on the property at the time of sale which will be demolished.						
7	Potrero Flats 1301 16th St. San Francisco San Francisco County CA	Dec-17 Closed	$28,280,000	38,600 0.89	Urban Mixed Use	$94,582	$732.64
	Comments: Property was entitled at the time of sale. Buyer constructed 299 apartment units within a 4-story improvement; 60 of the units are affordable (20%). The project is known as Mason at Mariposa and includes a mix of studios and one, two, and three-bedroom units.						
8	88 Arkansas St San Francisco San Francisco County CA	Jan-17 Closed	$26,000,000	19,998 0.46	Urban Mixed Use	$204,724	$1,300.13
	Comments: The property was entitled at the time of sale for 127 apartment units and two commercial units within a 5-story improvement. The project will include 25 affordable units (20%). There was a 13,000 SF industrial building on the property at the time of sale which will be demolished.						
9	525 Harrison St San Francisco San Francisco County CA	Jan-17 Closed	$36,000,000	12,998 0.30	Rincon Hill Downtown Residential	$175,610	$2,769.66
	Comments: True buyer is Zhuguang Properties US, LLC, a subsidiary of Zhuguang Group which is based in Guangzhou China. At the time of sale, the property was fully entitled for 205 apartments, 15% of which will be affordable. The project will have a four-level subterranean parking garage with 103 parking spaces which will rely on mechanical lifts and car elevators. There is an existing 16,000 SF improvement on the property which will be demolished. The site is adjacent to Interstate 80.						

Comparable Land Sales Map – Proposed Multifamily Use



The comparable land sales range from $74,172 to $204,724, unadjusted. Typical inclusionary housing for the comparable sales ranges from 15% to 20%, while the subject BMR component is between 5% and 10%.

Construction costs have recently been rising at a faster pace than rental rates. Conversations with the local developers confirm that it is very difficult to justify the feasibility of multifamily residential construction in the current market. However, the subject is entitled for a mix of for sale and for rent housing, and the land values of each parcel are positive.

Market Value by Parcel

The preceding analyses derived estimates of residual land value, as if all infrastructure was in place and available to serve the developable Parcels. In order to estimate the market value of each Parcel, the remaining infrastructure costs to be completed will be deducted on a pro rata share basis of each Parcel's improved land value; this will result in a residual market value for each Parcel.

According to the development budget provided by the Master Developer, total infrastructure needed for TCO for Improvement Areas No. 1, 2, and 3 is $390,887,368, of which $24,953,757 in costs remain. The Master Developer has allocated $12,837,669 in remaining costs specifically to Improvement Area 2, given that Improvement Areas 1 and 3 each contribute payments to such costs. The following table provides an allocation of Improvement Area No. 2's backbone infrastructure costs by Parcel based on pro rata share of acreage.

Pro Rata Share of Infrastructure

Parcel	Acreage	Pro Rata Share	Remaining Costs
Parcel C2.2	1.12	21.5%	$2,763,746
Parcel C2.3	0.83	15.9%	$2,040,479
Parcel C2.4	0.84	16.1%	$2,070,422
Parcel C3.4	1.41	26.9%	$3,457,973
Parcel B1	1.02	19.5%	$2,505,049
	5.22	**100.0%**	**$12,837,669**

Based previous table, the estimates of market value, by Parcel, are shown as follows:

Market Value by Parcel

Parcel	Owner	Use	Improved Land Value	Infrastructure Cost Allocation	Residual Market Value (Rd.)
Parcel C2.2	TI Lot 8, LLC	Multifamily	$40,100,000	($2,763,746)	$37,300,000
Parcel C2.3	Poly (USA) Real Estate Development Corp.	Condominium	$27,380,000	($2,040,479)	$25,300,000
Parcel B1	Poly (USA) Real Estate Development Corp.	Multifamily	$13,000,000	($2,505,049)	$10,500,000
Parcel C2.4	TI Lot 10, LLC	Multifamily	$102,000,000	($2,070,422)	$99,900,000
Parcel C3.4	TI Lots 3-4, LLC	Condominium	$50,400,000	($3,457,973)	$46,900,000
			$232,880,000	($12,837,669)	$219,900,000

Final Opinion of Value

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value, as of August 4, 2023, is as follows:

Value Conclusion

Appraised Property	Ownership	Appraisal Premise	Value Conclusion
Parcel C2.2 (178 multifamily units)	TI Lot 8, LLC	Market Value, subject to a Hypothetical Condition	$37,300,000
Parcel C2.3 (85 condominium units)	Poly (USA) Real Estate Development Corp.	Market Value, subject to a Hypothetical Condition	$25,300,000
Parcel B1 (117 multifamily units, retail)	Poly (USA) Real Estate Development Corp.	Market Value, subject to a Hypothetical Condition	$10,500,000
Parcel C2.4 (250 multifamily units)	TI Lot 10, LLC	Market Value, subject to a Hypothetical Condition	$99,900,000
Parcel C3.4 (148 condominium units)	TI Lots 3-4, LLC	Market Value, subject to a Hypothetical Condition	$46,900,000
Total Aggregate, or Cumulative, Value, subject to a Hypothetical Condition, of CFD No. 2016-1, Improvement Area 2			$219,900,000

Please note, the above values presume the Parcels are not marketed concurrently.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The valuation analysis presented herein uses estimates of average rentable or developable square footage for each Parcel. Further, while below market rate (BMR) units (for sale and for rent) are not subject to the Lien of the Special Taxes securing the Bonds, the units and unit square footages are included in the estimation of residual land values, as they remain a cost obligation (either construction cost for the for-sale Parcels or an operating cost for the for-rent Parcels).

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We have been requested to provide an opinion of market value, by ownership, of the subject property as of August 4, 2023. It is a hypothetical condition of the Appraisal that proceeds from the Bonds are available to reimburse for certain public improvements completed to date.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local residential land market, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously is 9 - 12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject in bulk is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 9 - 12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have previously appraised the property that is the subject of this report for the current client within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Eric Segal, MAI, made a personal inspection of the property that is the subject of this report. Kevin Ziegenmeyer, MAI, and Laura Diaz, MAI, have also personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Eric Segal, MAI, and Kevin Ziegenmeyer, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Laura Diaz, MAI, has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.

DRAFT

Eric Segal, MAI
Certified General Real Estate Appraiser
California Certificate # AG026558

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Kevin Ziegenmeyer, MAI
Certified General Real Estate Appraiser
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Laura Diaz, MAI
Certified General Real Estate Appraiser
California Certificate # 3005037

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.

8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.

9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.

10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.

11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.

12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.

14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.

15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.

16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.

20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – San Francisco, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.

21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

22. Integra Realty Resources – San Francisco is not a building or environmental inspector. Integra San Francisco does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.

23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. Integra Realty Resources – San Francisco, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The valuation analysis presented herein uses estimates of average rentable or developable square footage for each Parcel. Further, while below market rate (BMR) units (for sale and for rent) are not subject to the Lien of the Special Taxes securing the Bonds, the units and unit square footages are included in the estimation of residual land values, as they remain a cost obligation (either construction cost for the for-sale Parcels or an operating cost for the for-rent Parcels).

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We have been requested to provide an opinion of market value, by ownership, of the subject property as of August 4, 2023. It is a hypothetical condition of the Appraisal that proceeds from the Bonds are available to reimburse for certain public improvements completed to date.

Addendum A

Appraiser Qualifications

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com

irr®

Addendum B

Definitions

Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

As Is Market Value
The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Disposition Value
The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Effective Date
1. The date on which the appraisal or review opinion applies.
2. In a lease document, the date upon which the lease goes into effect.

Entitlement
In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

Entrepreneurial Incentive
The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's*

profit) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. The amount of entrepreneurial incentive required for a project represents the economic reward sufficient to motivate an entrepreneur to accept the risk of the project and to invest the time and money necessary in seeing the project through to completion.

Entrepreneurial Profit

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms.

Marketing Time
An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Market Value
The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Prospective Opinion of Value
A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Addendum C

Property Information

Property Information

Addendum D

PRELIMINARY OFFICIAL STATEMENT DATED ________, 2023

NEW ISSUE - BOOK-ENTRY ONLY **NO RATING**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series 2023AB 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. Interest on the Series 2023AB Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND)

**$[2023A Par]*
TAX INCREMENT REVENUE BONDS,
SERIES 2023A
(FACILITIES INCREMENT)**

**$[2023B Par]*
TAX INCREMENT REVENUE BONDS,
SERIES 2023B
(HOUSING INCREMENT)**

Dated: Date of Delivery **Due: September 1, as shown on inside cover**

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "District") is issuing Tax Increment Revenue Bonds, Series 2023A (Facilities Increment) (the "Series 2023A Facilities Bonds") pursuant to an Indenture of Trust, dated as of September 1, 2022, as supplemented by a First Supplemental Indenture, dated as of December 1, 2023 (as so supplemented, the "Facilities Indenture"), each by and between the District and Zions Bancorporation, National Association, as trustee (the "Trustee") and Tax Increment Revenue Bonds, Series 2023B (Housing Increment) (the "Series 2023B Housing Bonds" and together with the Series 2023A Facilities Bonds, the "Series 2023AB Bonds") pursuant to an Indenture of Trust, dated as of September 1, 2022 (the "Housing Indenture"), as supplemented by a First Supplemental Indenture, dated as of December 1, 2023 (as so supplemented, the "Housing Indenture"), each by and between the District and the Trustee. As explained more fully in this Official Statement, the Series 2023A Facilities Bonds and the Series 2023B Housing Bonds are being issued pursuant to separate Indentures of Trust, are payable from separate pledged revenues and are secured by separate debt service reserve funds. Because the pledged revenues are derived from a common source of ad valorem property tax revenues and the terms of the two series of Series 2023AB Bonds are similar, this Official Statement describes both series of the Series 2023AB Bonds.

The Series 2023A Facilities Bonds are being issued to fund (i) the acquisition of certain public facilities and improvements authorized to be financed by the District, (ii) a deposit to the 2022 Facilities Reserve Account and (iii) costs of issuance of the Series 2023A Facilities Bonds, all as further described herein. The Series 2023B Housing Bonds are being issued to (i) finance the acquisition and construction of affordable housing, (ii) fund a deposit to the 2022 Housing Reserve Account and (iii) pay costs of issuance of the Series 2023B Housing Bonds, all as further described herein. See "THE FINANCING PLAN" herein.

The Series 2023AB Bonds will be issued in denominations of $100,000 or any integral multiple of $5,000 in excess thereof, shall mature on September 1 in each of the years and in the amounts, and shall bear interest as shown on the respective inside front cover pages hereof. Interest on the Series 2023AB Bonds shall be payable on each March 1 and September 1, commencing March 1, 2024 (each an "Interest Payment Date") to the Owner thereof as of the Record Date (as defined herein) immediately preceding each such Interest Payment Date. The Series 2023AB Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2023AB Bonds. Individual purchases of the Series 2023AB Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the Series 2023AB Bonds will be payable by DTC through the DTC participants. See "THE SERIES 2023B FACILITIES BONDS - Book-Entry System" and "THE SERIES 2023B HOUSING BONDS - Book-Entry System" herein. Purchasers of the Series 2023AB Bonds will not receive physical delivery of the 2023AB Bonds purchased by them.

The Series 2023A Facilities Bonds and the Series 2023B Housing Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2023B FACILITIES BONDS" and "THE SERIES 2023B HOUSING BONDS" herein.

The Series 2023A Facilities Bonds are limited obligations of the District, secured by and payable solely from the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2023A Facilities Bonds are not payable from any other source of funds other than the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2023B Housing Bonds are limited obligations

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* Preliminary, subject to change.

of the District, secured by and payable solely from the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. The Series 2023B Housing Bonds are not payable from any other source of funds other than the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. Neither the Series 2023A Facilities Bonds nor the Series 2023B Housing Bonds are a debt of the City and County of San Francisco (the "City"), the State of California (the "State") or any of their political subdivisions (other than the District and only to the limited extent set forth in the Facilities Indenture and the Housing Indenture, respectively), and none of the City, the State or any of their political subdivisions other than the District is liable therefor. Neither the Series 2023A Facilities Bonds nor the Series 2023B Housing Bonds constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The District has not pledged any other tax revenues or property or its full faith and credit to the payment of debt service on the Series 2023A Facilities Bonds or the Series 2023B Housing Bonds. Although the District receives certain tax increment revenues, the District has no taxing power.

The District has previously issued under the Facilities Indenture its Tax Increment Revenue Bonds, Series 2022A (Facilities Increment) (the "Series 2022A Facilities Bonds"). The Series 2023A Facilities Bonds will be secured by and payable from Pledged Facilities Increment on a parity with the Series 2022A Facilities Bonds. The Facilities Indenture authorizes the District to issue additional bonds on a parity basis with the Series 2022A Facilities Bonds and the Series 2023A Facilities Bonds. See "SECURITY AND SOURCES OF PAYMENT – Security for the Series 2023A Facilities Bonds and Parity Facilities Debt" herein. The District has previously issued under the Housing Indenture its Tax Increment Revenue Bonds, Series 2022B (Housing Increment) (the "Series 2022B Housing Bonds"). The Series 2023B Housing Bonds will be secured by and payable from Pledged Housing Increment on a parity with the Series 2022B Housing Bonds. The Housing Indenture authorizes the District to issue additional bonds on a parity basis with the Series 2022B Housing Bonds and the Series 2023B Housing Bonds. See "SECURITY AND SOURCES OF PAYMENT – Security for the Series 2023B Housing Bonds and Parity Housing Debt" herein.

The Series 2023AB Bonds are not rated. Investment in the Series 2023AB Bonds involves certain risks and the Series 2023AB Bonds are not suitable investments for all types of investors. Accordingly, the Series 2023AB Bonds are being offered and sold only to "Qualified Purchasers," which are defined in the Indenture as Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). Pursuant to the Indenture, the Series 2023AB Bonds may not be registered in the name of, or transferred to, and the Beneficial Owner (defined in the Facilities Indenture and the Housing Indenture as any person for which a DTC participant acquires an interest in the Series 2023AB Bonds) cannot be, any person except a Qualified Purchaser; provided, however, that Series 2023AB Bonds registered in the name of DTC or its nominee shall be deemed to comply with the Facilities Indenture and the Housing Indenture so long as each Beneficial Owner of the Series 2023AB Bonds is a Qualified Purchaser. See "TRANSFER RESTRICTIONS" herein.

The Series 2023AB Bonds are offered when, as and if issued, subject to 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 upon for the District by the City Attorney of the City and County of San Francisco, and by Norton Rose Fulbright US LLP, Los Angeles, California, as Disclosure Counsel to the District. Certain legal matters will be passed upon for the Underwriter by their counsel Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the Series 2023AB Bonds will be available for delivery through the book-entry facilities of DTC on or about ____________, 2023.

STIFEL

Dated: ____________, 2023

MATURITY SCHEDULE

$[2023A Par]*
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2023A
(FACILITIES INCREMENT)

(Base CUSIP† ______)

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
	$	%	%		

$_________ _____% Term Series 2023A Facilities Bonds due September 1, 20__ – Yield: _____% Price: ___ CUSIP†: ______
$_________ _____% Term Series 2023A Facilities Bonds due September 1, 20__ – Yield: _____% Price: ___ CUSIP†: ______

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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and County of San Francisco (the "City") and are included solely for the convenience of investors. None of the City, the Underwriter, or the Municipal Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2023A Facilities Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2023A Facilities Bonds as a result of various subsequent actions including, but not limited to, 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 the Series 2023A Facilities Bonds.

$[2023B Par]*
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2023B
(HOUSING INCREMENT)

(Base CUSIP† _______)

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
	$	%	%		

$_________ _____% Term Series 2023B Housing Bonds due September 1, 20__ – Yield: _____% Price: ___ CUSIP†: ______
$_________ _____% Term Series 2023B Housing Bonds due September 1, 20__ – Yield: _____% Price: ___ CUSIP†: ______

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* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of investors. None of the City, the Underwriter, or the Municipal Advisor, is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Series 2023B Housing Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2023B Housing Bonds as a result of various subsequent actions including, but not limited to, 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 the Series 2023B Housing Bonds.

CITY AND COUNTY OF SAN FRANCISCO
MAYOR

London N. Breed

BOARD OF SUPERVISORS[(1)]

Aaron Peskin, *Board President*, *District 3*

Connie Chan, *District 1*
Catherine Stefani, *District 2*
Joel Engardio, *District 4*
Dean Preston*, District 5*
Matt Dorsey, *District 6*
Myrna Melgar, *District 7*
Rafael Mandelman, *District 8*
Hillary Ronen, *District 9*
Shamann Walton, *District 10*
Ahsha Safai, *District 11*

CITY ATTORNEY

David Chiu

CITY TREASURER

José Cisneros

OTHER CITY AND COUNTY OFFICIALS

Carmen Chu, *City Administrator*
Benjamin Rosenfield, *Controller*
Anna Van Degna, *Director*, *Controller's Office of Public Finance*
Bob Beck, *Treasure Island Director, Treasure Island Development Authority*

PROFESSIONAL SERVICES

Bond Counsel
Jones Hall, A Professional Law Corporation
San Francisco, California

Disclosure Counsel
Norton Rose Fulbright US LLP
Los Angeles, California

Fiscal Consultant
Keyser Marston Associates, Inc.
Berkeley, California

Municipal Advisor
CSG Advisors Incorporated
San Francisco, California

Trustee
Zions Bancorporation, National Association
Los Angeles, California

(1) Under the Law, Board of Supervisors serves as the legislative body of the District.

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NOTICE TO INVESTORS

The information set forth herein has been obtained from the District and other sources believed to be reliable. This Official Statement is not to be construed as a contract with the purchasers of the Series 2023AB Bonds, the complete terms and conditions being set forth in the Facilities Indenture and the Housing Indenture (as described herein). Estimates and opinions are included and should not be interpreted as statements of fact. Summaries of documents do not purport to be complete statements of their provisions. No dealer, broker, salesperson or any other person has been authorized by the District, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein and, if given or made, such information or representations must not be relied upon as having been authorized by the District or the Underwriter.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or any sale of the Series 2023AB Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale of the Series 2023AB Bonds made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the District or in any other information contained herein, since the date hereof.

The Series 2023AB Bonds are being offered and sold only to "Qualified Purchasers," which is defined in the Facilities Indenture and the Housing Indenture to include Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). Pursuant to the Facilities Indenture and the Housing Indenture, the Series 2023AB Bonds may not be registered in the name of, or transferred to, and the Beneficial Owner cannot be, any person except a Qualified Purchaser; provided, however, that Series 2023AB Bonds registered in the name of DTC or its nominee shall be deemed to comply with the Facilities Indenture and the Housing Indenture so long as each Beneficial Owner of the Series 2023AB Bonds is a Qualified Purchaser. In addition, the face of each Series 2023AB Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Facilities Indenture and the Housing Indenture, respectively. Each entity that is or that becomes a Beneficial Owner of a Series 2023AB Bond shall be deemed by the acceptance or acquisition of such beneficial ownership interest to have agreed to be bound by the transfer restrictions under the Facilities Indenture and the Housing Indenture, respectively. In the event that a holder of the Series 2023AB Bonds makes an assignment of its beneficial ownership interest in the Series 2023AB Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein. Any transfer of a Series 2023AB Bond to any entity that is not a Qualified Purchaser shall be deemed null and void. See "TRANSFER RESTRICTIONS" herein.

The Underwriter has provided the following two paragraphs for inclusion in this Official Statement.

The Underwriter has 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 Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2023AB BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2023AB BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access ("EMMA") website.

The City maintains a website with information pertaining to the District. However, the information presented therein is not incorporated into this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2023AB Bonds.

FORWARD LOOKING STATEMENTS

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 terminology used such as "plan," "expect," "estimate," "project," "budget" or similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

The above map shows the location of the Treasure Island Project. The Series 2023AB Bonds will be secured by revenues derived from a portion of ad valorem taxes levied in the Project Areas located on certain portions of Yerba Buena Island and Treasure Island. No mortgage or deed of trust on property secures the Series 2023AB Bonds. No ad valorem taxes levied on any portion of Yerba Buena Island and Treasure Island outside of the Project Areas are pledged to the repayment of the Series 2023AB Bonds, nor shall any other property or resources of the District be available to pay debt service on the Series 2023AB Bonds. See "SECURITY AND SOURCES OF PAYMENT" herein.

OFFICIAL STATEMENT

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1
(TREASURE ISLAND)

$[2023A Par]*
TAX INCREMENT REVENUE BONDS,
SERIES 2023A
(FACILITIES INCREMENT)

$[2023B Par]*
TAX INCREMENT REVENUE BONDS,
SERIES 2023B
(HOUSING INCREMENT)

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover pages and the Appendices hereto, is provided to furnish certain information in connection with the issuance and sale by the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "District") of its Tax Increment Revenue Bonds, Series 2023A (Facilities Increment) (the "Series 2023A Facilities Bonds") and Tax Increment Revenue Bonds, Series 2023B (Housing Increment) (the "Series 2023B Housing Bonds" and together with the Series 2023A Facilities Bonds, the "Series 2023AB Bonds").

The Series 2023A Facilities Bonds will be secured primarily by Pledged Facilities Increment, and the Series 2023B Housing Bonds will be secured primarily by Pledged Housing Increment. Pledged Facilities Increment and Pledged Housing Increment will be derived from revenue produced by the application of the 1% ad valorem tax rate within the District's project areas. See "SECURITY AND SOURCES OF PAYMENT" herein.

As explained more fully in this Official Statement, the Series 2023A Facilities Bonds and the Series 2023B Housing Bonds are being issued pursuant to separate Indentures of Trust, are payable from separate pledged revenues and are secured by separate debt service reserve funds. Because the pledged revenues are derived from a common source of ad valorem property tax revenues and the terms of the two series of Series 2023AB Bonds are similar, this Official Statement describes both series of the Series 2023AB Bonds.

Authority for Issuance

The Series 2023AB Bonds will be issued pursuant to Chapter 2.6 of Part 1 of Division 2 of Title 5 (section 53369 et seq.) of the Government Code of the State of California, as amended (the "Law"), Resolution No. 7-17, adopted by the Board of Supervisors as the legislative body of the District on January 24, 2017, and signed by the Mayor on February 3, 2017 ("Original Resolution of Issuance"), approving the issuance and sale of tax increment revenue bonds in one or more series, in an aggregate principal amount not to exceed $780 million (excluding refunding bonds), and Resolution No. [__]-23, adopted by the Board of Supervisors as the legislative body of the District on [_____], 2023, and signed by the Mayor on [_____], 2023, approving the issuance and sale of bonds in one or more series, in an aggregate principal amount not to exceed $[______] (the "2023 Bond Resolution," and collectively with the Original Resolution of Issuance, as supplemented, the "Resolution").

* Preliminary, subject to change.

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The Series 2023A Facilities Bonds will be issued by the District pursuant to the provisions of an Indenture of Trust, dated as of September 1, 2022, as supplemented by a First Supplemental Indenture, dated as of December 1, 2023 (as so supplemented, the "Facilities Indenture"), each by and between the District and Zions Bancorporation, National Association, as trustee (the "Trustee").

The Series 2023B Housing Bonds will be issued by the District pursuant to the provisions of an Indenture of Trust, dated as of September 1, 2022 (the "Housing Indenture"), as supplemented by a First Supplemental Indenture, dated as of December 1, 2023 (as so supplemented, the "Housing Indenture"), each by and between the District and the Trustee, as trustee.

Use of Proceeds

The Series 2023A Facilities Bonds are being issued to fund (i) the acquisition of certain public facilities and improvements authorized to be financed by the District, (ii) a deposit to the 2022 Facilities Reserve Account and (iii) costs of issuance of the Series 2023A Facilities Bonds.

The Series 2023B Housing Bonds are being issued to (i) finance the acquisition and construction of affordable housing and/or housing that will become restricted with an affordability covenant, (ii) fund a deposit to the 2022 Housing Reserve Account and (iii) pay costs of issuance of the Series 2023B Housing Bonds. See "THE FINANCING PLAN" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2023AB Bonds

The Series 2023A Facilities Bonds will be issued in denominations of $100,000 or any integral multiple of $5,000 in excess thereof ("Authorized Denominations"), shall mature on September 1 in each of the years and in the amounts, and shall bear interest as shown on the first inside front cover hereof.

The Series 2023B Housing Bonds will be issued in Authorized Denominations, shall mature on September 1 in each of the years and in the amounts, and shall bear interest as shown on the second inside front cover hereof.

Interest on the Series 2023A Facilities Bonds and the Series 2023B Housing Bonds shall be payable on each March 1 and September 1, commencing March 1, 2024 (each an "Interest Payment Date") to the Owner thereof as of the Record Date (as defined herein) immediately preceding each such Interest Payment Date, by check or draft mailed on such Interest Payment Date or by wire transfer to an account in the United States of America made upon instructions of any Owner of $1,000,000 or more in aggregate principal amount of a series of Series 2023AB Bonds delivered to the Trustee prior to the applicable Record Date.

The Series 2023AB Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2023AB Bonds. Individual purchases of the Series 2023AB Bonds will be made in book-entry form only. Principal of and interest and premium, if any, on the Series 2023AB Bonds will be payable by DTC through the DTC participants. Purchasers of the Series 2023AB Bonds will not receive physical delivery of the Series 2023AB Bonds purchased by them. See "THE SERIES 2023B FACILITIES BONDS - Book-Entry System" and "THE SERIES 2023B HOUSING BONDS - Book-Entry System" herein.

Security and Sources of Payment

The Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds (defined below) and any Parity Facilities Debt (defined herein) issued in the future will be secured primarily by Pledged Facilities Increment. The Series 2023B Housing Bonds, the Series 2022A Housing Bonds (defined below) and any

Parity Housing Debt (defined herein) issued in the future will be secured primarily by Pledged Housing Increment.

"Pledged Facilities Increment" and "Pledged Housing Increment" are separate designated portions of the basic 1% of assessed value property tax levy in the Project Areas under Article XIIIA of the California Constitution. See "SECURITY AND SOURCES OF PAYMENT" herein.

The Series 2022 Facilities Bonds, the Series 2023A Facilities Bonds and all 2022 Related Facilities Bonds (defined herein) issued in the future shall also be secured by a first pledge of all moneys deposited in the 2022 Facilities Reserve Account. See "2022 Facilities Reserve Account" below. The Series 2022B Housing Bonds, Series 2023B Housing Bonds and all 2022 Related Housing Bonds (defined herein) issued in the future shall also be secured by a first pledge of all moneys deposited in the 2022 Housing Reserve Account. See "2022 Housing Reserve Account" below.

See the section of this Official Statement captioned "RISK FACTORS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating an investment in the Series 2023AB Bonds.

Parity Bonds and Additional Parity Debt

The District has previously issued under the Facilities Indenture its Tax Increment Revenue Bonds, Series 2022A (Facilities Increment) (the "Series 2022A Facilities Bonds"). The Series 2023A Facilities Bonds will be secured by and payable from Pledged Facilities Increment on a parity with the Series 2022A Facilities Bonds. Subject to the conditions set forth in the Facilities Indenture, the District may issue additional Parity Facilities Debt to finance and/or refinance activities that are permitted to be financed and/or refinanced by the District with Net Available Facilities Increment in such principal amount as shall be determined by the District. "Parity Facilities Debt" means any additional bonds (including any Facilities Bonds), loans, advances or indebtedness issued or incurred by the District on a parity with the Series 2022A Facilities Bonds and the Series 2023A Facilities Bonds. See "SECURITY AND SOURCES OF PAYMENT – Security for the Series 2023A Facilities Bonds and Parity Facilities Debt" herein.

The District has previously issued under the Housing Indenture its Tax Increment Revenue Bonds, Series 2022B (Housing Increment) (the "Series 2022B Housing Bonds"). The Series 2023B Housing Bonds will be secured by and payable from Pledged Housing Increment on a parity with the Series 2022B Housing Bonds. Subject to the conditions set forth in the Housing Indenture, the District may issue additional Parity Housing Debt to finance and/or refinance activities that are permitted to be financed and/or refinanced by the District with Net Available Housing Increment in such principal amount as shall be determined by the District. "Parity Housing Debt" means any additional bonds (including any Housing Bonds), loans, advances or indebtedness issued or incurred by the District on a parity with the Series 2022A Housing Bonds and the Series 2023A Housing Bonds. See "SECURITY AND SOURCES OF PAYMENT – Security for the Series 2023B Housing Bonds and Parity Housing Debt" herein.

2022 Facilities Reserve Account

The District has established the 2022 Facilities Reserve Account, which will serve as additional security for the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and any future 2022 Related Facilities Bonds pursuant to the Facilities Indenture. The Facilities Indenture requires the 2022 Facilities Reserve Account to be funded at the 2022 Facilities Reserve Requirement (defined below). On the date of issuance of the Series 2023A Facilities Bonds, proceeds of the Series 2023A Facilities Bonds will be deposited into the 2022 Facilities Reserve Account so that the amount in the 2022 Facilities Reserve Account is equal to the 2022 Facilities Reserve Requirement.

The Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and any future 2022 Related Facilities Bonds will be secured by a first pledge of all moneys deposited in the 2022 Facilities Reserve Account. The moneys in the 2022 Facilities Reserve Account (except as otherwise provided in the Facilities Indenture) are dedicated to the payment of the principal of, and interest and any premium on, the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and any future 2022 Related Facilities Bonds that might be issued in the future as provided in the Facilities Indenture and in the Law until all of the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and all other 2022 Related Facilities Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Facilities Indenture. See "SECURITY AND SOURCES OF PAYMENT – 2022 Facilities Reserve Account" herein.

2022 Housing Reserve Account

The District has established the 2022 Housing Reserve Account, which will serve as additional security for the Series 2023B Housing Bonds, the Series 2022B Housing Bonds and any future 2022 Related Housing Bonds pursuant to the Housing Indenture. The Housing Indenture requires the 2022 Housing Reserve Account to be funded at the 2022 Housing Reserve Requirement (defined below). On the date of issuance of the Series 2023B Housing Bonds, proceeds of the Series 2023B Housing Bonds will be deposited into the 2022 Housing Reserve Account so that the amount in the 2022 Housing Reserve Account is equal to the 2022 Housing Reserve Requirement.

The Series 2023B Housing Bonds, the Series 2022B Housing Bonds and any future 2022 Related Housing Bonds will be secured by a first pledge of all moneys deposited in the 2022 Housing Reserve Account. The moneys in the 2022 Housing Reserve Account (except as otherwise provided in the Housing Indenture) are dedicated to the payment of the principal of, and interest and any premium on, the Series 2023B Housing Bonds, the Series 2022B Housing Bonds and any future 2022 Related Housing Bonds that might be issued in the future as provided in the Housing Indenture and in the Law until all of the Series 2023B Housing Bonds, the Series 2022B Housing Bonds and all other 2022 Related Housing Bonds have been paid and retired or until moneys or Federal Securities have been set aside irrevocably for that purpose under the Housing Indenture. See "SECURITY AND SOURCES OF PAYMENT – 2022 Housing Reserve Account" herein.

Limited Obligations

The Series 2023A Facilities Bonds are limited obligations of the District, secured by and payable solely from the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2023A Facilities Bonds are not payable from any other source of funds other than the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture.

The Series 2023B Housing Bonds are limited obligations of the District, secured by and payable solely from the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. The Series 2023B Housing Bonds are not payable from any other source of funds other than the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture.

Neither the Series 2023A Facilities Bonds nor the Series 2023B Housing Bonds are a debt of the City and County of San Francisco (the "City"), the State of California (the "State") or any of their political subdivisions (other than the District and only to the limited extent set forth in the Facilities Indenture and the Housing Indenture, respectively), and none of the City, the State or any of their political subdivisions other than the District is liable therefor. Neither the Series 2023A Facilities Bonds nor the Series 2023B Housing Bonds constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The District has not pledged any other tax revenues or property or its full faith *and credit to the payment of debt service on the Series 2023A Facilities Bonds or the Series 2023B Housing Bonds. Although the District receives certain tax increment revenues, the District has no taxing power.*

Treasure Island Project

The Treasure Island Project entails the development of portions of the naturally-formed Yerba Buena Island ("Yerba Buena Island") and the artificially created Treasure Island ("Treasure Island"), both located in the middle of the San Francisco Bay between downtown San Francisco and the City of Oakland. Yerba Buena Island and Treasure Island are connected by a causeway, and are accessible by ferry service (between the San Francisco Ferry Building and a terminal on Treasure Island) and Interstate Highway 80 via the San Francisco-Oakland Bay Bridge (which passes through Yerba Buena Island).

The Treasure Island Project consists of approximately 461 acres entitled for the development of up to 8,000 residential units, up to approximately 140,000 square feet of new commercial and retail space, adaptive reuse of three historic buildings with up to 311,000 square feet of commercial/flex space, up to 500 hotel rooms, up to approximately 100,000 square feet of office space, over 290 acres of open space, 22 miles of walking/biking paths, playing fields, a marina, and a ferry terminal.

The Treasure Island Project is expected to be carried out by, or at the direction of, Treasure Island Community Development, LLC, a California limited liability company ("TICD"), the master developer for the Treasure Island Project.

The District and the Initial Project Areas

The District was formed by the City pursuant to the Law. The Act was enacted by the State of California (the "State") Legislature to provide an alternative method of financing certain purposes, including public infrastructure, affordable housing, economic development and job creation, and environmental protection and remediation, including on former military bases. Generally, the legislative body of a city that forms an infrastructure and revitalization financing district acts as the governing legislative body of such district. The Board of Supervisors serves as the legislative body of the District. Subject to approval by two-thirds of the votes cast at an election (which has already occurred) and compliance with the other provisions of the Law, an infrastructure and revitalization financing district may issue tax increment revenue bonds.

Pursuant to the Law, the Board of Supervisors adopted the necessary ordinances and resolutions and conducted such proceedings and elections as are necessary to form the District and the initial project areas within it, approve an infrastructure financing plan for the District (as amended from time to time, the "Infrastructure Financing Plan"), and authorize issuance from time to time of tax increment revenue bonds or other debt for the purpose of financing certain improvements described in the Infrastructure Financing Plan. See APPENDIX B – "INFRASTRUCTURE FINANCING PLAN" attached hereto. Such proceedings were validated by the California Superior Court.

As of the date of this Official Statement, there are five project areas in the District: Project Area A, Project Area B, Project Area C, Project Area D and Project Area E (collectively, the "Initial Project Areas"). Although the City, the District and TICD anticipate that additional territory will annex into the District, no assurance is given regarding addition of project areas in the District or addition of territory to the District.

A wholly-owned subsidiary of TICD, Treasure Island Series 1, LLC, a Delaware limited liability company ("TI Series 1"), is currently developing the property in the Initial Project Areas and has sold portions of the property to related entities undertaking vertical construction. See "THE TREASURE ISLAND PROJECT – Developer Entities" herein.

The property in the Initial Project Areas include about 33 acres, some of which are located on Yerba Buena Island and some of which are located on Treasure Island. Planned development within the boundaries of the Initial Project Areas includes 1,755 residential units (some of which have been completed) and two hotels; the infrastructure and utilities necessary for these projects to receive temporary certificates of occupancy have been completed.

The first project, the 124-unit residential condominium development on Yerba Buena Island known as the Bristol, was completed in June 2022. As of August 1, 2023, 36 of the market rate units and 6 of the below market rate units in the Bristol have been sold to individual buyers.

Vertical construction is currently underway on 31 units of the 53 planned townhomes and flats at Sub-Block 4Y, immediately adjacent to the Bristol, constituting the first phase of a project known as the "Residences." Vertical construction is also currently underway on three projects on Treasure Island: (i) "Portico," a 148 condominium unit building at Sub-Block C3.3/C3.4, (ii) "Isle House" (formerly, "Tidal House"), a 250-unit high-rise rental development at Sub-Block C2.4, and (iii) "Hawkins," a 178-unit mid-rise rental development at Sub-Block C2.2.

In total, 607 residential units are under construction as of August 2023, of which 567 are market rate and 40 are below market rate affordable units.

One other planned development in the Initial Project Areas, Sub-Block B1, has a site permit but has not yet begun vertical construction, executed guaranteed maximum price construction contracts or received construction financing. Sub-Block B1 is being reevaluated. In addition, permitted grading and shoring activities for a portion of Sub-Block 3Y have begun, though no site or building permit has yet been issued for that Sub-Block. The remaining planned developments are vacant land in earlier stages of development.

For additional information regarding the Treasure Island Project and the Initial Project Areas, see "THE INITIAL PROJECT AREAS" herein.

No Rating; Early Stage of Development; Transfer Restrictions

The Series 2023AB Bonds are not rated. See "NO RATING" herein. The determination by the District not to obtain a rating does not, directly or indirectly, express any view by the District of the credit quality of the Series 2023AB Bonds. The lack of a bond rating could impact the market price or liquidity for the Series 2023AB Bonds in the secondary market. See "RISK FACTORS – Limited Secondary Market" herein.

The Pledged Facilities Increment and Pledged Housing Increment projected in the Fiscal Consultant Report are currently generated from properties with concentrated ownership, a substantial portion of which are under construction or vacant properties planned for residential development for which site permits have not yet been received. Assessed values attributable to construction in progress or vacant land may be subject to more volatility than assessed values of completed buildings, and the Bristol is currently the only completed building in the Initial Project Areas. See "THE INITIAL PROJECT AREAS," "TAX INCREMENT REVENUE AND DEBT SERVICE" and "RISK FACTORS – Real Estate Investment Risks" herein. Neither the District nor the Underwriter make any assurance that development of the property will be completed or that the plans or projections detailed herein will actually occur.

The Series 2023AB Bonds are being offered and sold only to "Qualified Purchasers," which is defined in the Facilities Indenture and the Housing Indenture to include Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933). Pursuant to the Facilities Indenture and the Housing Indenture, the Series 2023AB Bonds may not be registered in the name of, or transferred to, and the Beneficial Owner cannot be, any person except a Qualified Purchaser; provided, however, that Series 2023AB Bonds registered in the name of DTC or its nominee shall be deemed to comply with the Facilities Indenture and the Housing Indenture so long as each Beneficial Owner (defined in the Facilities Indenture and the Housing Indenture as any person for which a DTC participant acquires an interest in the Series 2023AB Bonds) of the Series 2023AB Bonds is a Qualified Purchaser. In addition, the face of each Series 2023AB Bond will contain a legend indicating that it is subject to transfer restrictions as set forth in the Facilities Indenture and the Housing Indenture, respectively. Each entity that is or that becomes a Beneficial Owner of a Series 2023AB Bond shall be deemed by the acceptance or acquisition of such beneficial ownership interest to have agreed to be bound by the transfer restrictions under the Facilities Indenture and the Housing Indenture, respectively. In the event that a holder of the Series 2023AB Bonds makes an assignment of its beneficial ownership interest in the Series 2023AB Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein. Any transfer of a Series 2023AB Bond to any entity that is not a Qualified Purchaser shall be deemed null and void. See "TRANSFER RESTRICTIONS" herein.

Continuing Disclosure

The District has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") certain annual financial information and operating data and notice of certain enumerated events. The District's covenants have been made in order to assist the Underwriter in complying with the Securities and Exchange Commission's Rule 15c2-12 ("Rule 15c2-12"). See the caption "CONTINUING DISCLOSURE," Appendix E-l for a description of the specific nature of the annual reports and notices of enumerated events to be filed by the District in respect of the Series 2023A Facilities Bonds and Appendix E-2 for a description of the specific nature of the annual reports and notices of enumerated events to be filed by the District in respect of the Series 2023B Housing Bonds.

Further Information

Brief descriptions of the Series 2023AB Bonds, the applicable security for the Series 2023AB Bonds, risk factors, the District, the Initial Project Areas, the City and other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the Series 2023AB Bonds, the Facilities Indenture, the Housing Indenture, resolutions and other documents are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Series 2023AB Bonds, the Facilities Indenture, the Housing Indenture, such resolutions and other documents. All such descriptions are further qualified in their entirety by reference to laws and to principles of equity relating to or affecting generally the enforcement of creditors' rights. For definitions of certain capitalized terms used herein and not otherwise defined, and a description of certain terms relating to the Series 2023AB Bonds, see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FACILITIES INDENTURE" and APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE HOUSING INDENTURE" attached hereto.

THE FINANCING PLAN

The Series 2023A Facilities Bonds are being issued to fund (i) the acquisition of certain public facilities and improvements authorized to be financed by the District, (ii) a deposit to the 2022 Facilities Reserve Account and (iii) costs of issuance of the Series 2023A Facilities Bonds. Among other things, the proceeds of the 2023A Facilities Bonds are expected to be used to reimburse TICD for certain geotechnical work on Treasure Island that has been completed by TICD and was necessary for TICD to begin horizontal development. See “THE TREASURE ISLAND PROJECT – Infrastructure” herein.

The Series 2023B Housing Bonds are being issued to (i) finance a grant or a forgivable loan for a portion of the TI Parcel IC4.3 Project (defined below), (ii) fund a deposit to the 2022 Housing Reserve Account and (iii) pay costs of issuance of the Series 2023B Housing Bonds. The Law allows the District to finance for-sale and rental housing and requires at least 20% of the financed units to be set aside to increase and improve the community’s supply of low- and moderate-income housing available at an affordable housing cost or at an affordable rent, as defined in the Law. The Infrastructure Financing Plan requires 100% of the Net Available Housing Increment to be used to finance the costs of increasing, improving and preserving the City’s supply of housing for persons and families of very low-, low-, or moderate-income pursuant to the Housing Plan of the Disposition and Development Agreement between the Treasure Island Development Authority (“TIDA”) and TICD, dated as of June 28, 2011 (as amended from time to time, the “DDA”). Consistent with the Law and the Infrastructure Financing Plan, proceeds of the Series 2023B Housing Bonds will only finance affordable housing and/or housing that will become restricted with an affordability covenant. It is anticipated that proceeds of the Series 2023B Housing Bonds will be used by TIDA and Mayor’s Office of Housing and Community Development (“MOHCD”) to finance a grant or forgivable loan for a portion of the affordable housing component of a development by John Stewart Company and Catholic Charities on Treasure Island (the “TI Parcel IC4.3 Project”). The proposed 150-unit affordable housing development includes approximately 30 transitional units for legacy households relocating from formerly Navy-owned housing on Treasure Island, 60 One Treasure Island replacement units currently operated by HomeRise (for households that were homeless upon move in), and approximately 60 new affordable units. The development will also include a 6,000-10,000 square foot childcare facility for 50-100 children. Construction is scheduled to begin in late 2025 and is expected to be completed in late 2027. The TI Parcel IC4.3 Project will not be subject to property taxes.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds for the Series 2023AB Bonds is set forth below:

Sources of Funds	Series 2023A Facilities Bonds	Series 2023B Housing Bonds	Total
Principal Amount	$	$	$
Premium			
Total Sources	$	$	$
Uses of Funds			
Deposit to Facilities Project Fund	$	$	$
Deposit to Housing Project Fund			
Deposit to 2022 Facilities Reserve Account			
Deposit to 2022 Housing Reserve Account			
Costs of Issuance(1)			
Total Uses	$	$	$

(1) Includes Underwriter’s discount, fees and expenses for Bond Counsel, Disclosure Counsel, the Municipal Advisor,

the Fiscal Consultant, the Trustee and its counsel, costs of printing the Official Statement, and other costs of issuance of the Series 2023AB Bonds.

THE SERIES 2023A FACILITIES BONDS

Description of the Series 2023A Facilities Bonds

The Series 2023A Facilities Bonds will be issued as fully registered bonds, in Authorized Denominations within a single maturity and will be dated and bear interest from the date of their delivery, at the rates set forth on the first inside cover page hereof. The Series 2023A Facilities Bonds will be issued in fully registered form, without coupons. The Series 2023A Facilities Bonds will mature on September 1 in the principal amounts and years as shown on the first inside cover page hereof.

The Series 2023A Facilities Bonds will bear interest at the rates set forth on the first inside cover page hereof, payable on the Interest Payment Dates in each year. Interest on all Series 2023A Facilities Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Series 2023A Facilities Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2024, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any Series 2023A Facilities Bond, interest thereon is in default, such Series 2023A Facilities Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Series 2023A Facilities Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least $1,000,000 aggregate principal amount of Series 2023A Facilities Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 2023A Facilities Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day. The principal of the Series 2023A Facilities Bonds and any premium on the Series 2023A Facilities Bonds are payable in lawful money of the United States of America upon surrender of the Series 2023A Facilities Bonds at the Principal Office of the Trustee or such other place as designated by the Trustee. All Series 2023A Facilities Bonds redeemed or purchased pursuant to the Facilities Indenture shall be canceled and destroyed.

Redemption

Optional Redemption. The Series 2023A Facilities Bonds maturing on or before September 1, 20__ are not subject to optional redemption prior to their respective stated maturities. The Series 2023A Facilities Bonds maturing on and after September 1, 20__, are subject to redemption, at the option of the District on any date on or after September 1, 20__, as a whole or in part, by such maturities as shall be determined by the District, and by lot within a maturity, from any available source of funds, at the principal amount of the Series 2023A Facilities Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2023A Facilities Bonds that are Term Facilities Bonds and maturing September 1, 20__, September 1, 20__ and September 1, 20__ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year as set forth below, from sinking fund payments made by the District to the Principal Account pursuant to the Facilities Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables.

Term Bonds maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	Principal Amount Subject to Redemption
	$
(maturity)	

Term Bonds maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	Principal Amount Subject to Redemption
	$
(maturity)	

Provided however, that if some but not all of such Term Series 2023A Facilities Bonds of a maturity have been redeemed at the option of the District as described in "- *Optional Redemption*" above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Series 2023A Facilities Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of $5,000 as determined by the District.

Notice of Redemption. The Trustee shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any Series 2023A Facilities Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the District to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Series 2023A Facilities Bonds to be redeemed, shall state the individual number of each Series 2023A Facilities Bond to be redeemed or shall state that all Series 2023A Facilities Bonds between two stated numbers (both inclusive) or all of the Series 2023A Facilities Bonds Outstanding are to be redeemed, and shall require that such Series 2023A Facilities Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series 2023A Facilities Bonds will not accrue from and after the redemption date.

A notice of optional redemption may be conditional, and the District shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2023A Facilities Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Facilities Indenture. The District and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

Selection of Series 2023A Facilities Bonds for Redemption. Subject to the Facilities Indenture provisions described above under the captions " – Optional Redemption" and " – Mandatory Sinking Fund Redemption," whenever any Series 2023A Facilities Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the District thereof to the extent Series 2023A Facilities Bonds are no longer held in book-entry form. In the event of redemption by lot of Series 2023A Facilities Bonds, the Trustee shall assign to each Series 2023A Facilities Bond then Outstanding a distinctive number for each $5,000 of the principal amount of each such Series 2023A Facilities Bond. The Series 2023A Facilities Bonds to be redeemed shall be the Series 2023A Facilities Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Series 2023A Facilities Bond of a denomination of more than $5,000 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected.

Purchase of Series 2023A Facilities Bonds in Lieu of Redemption. In lieu of redemption of the Term Series 2023A Facilities Bonds, amounts on deposit in the Net Available Facilities Increment Special Account or in the Principal Account or the Redemption Account may also be used and withdrawn by the District and the Trustee, respectively, at any time, upon the Written Request of the District, for the purchase of the Term Series 2023A Facilities Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the District may in its discretion determine. The par amount of any Term Series 2023A Facilities Bonds so purchased by the District in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Series 2023A Facilities Bonds required to be redeemed; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

THE SERIES 2023B HOUSING BONDS

Description of the Series 2023B Housing Bonds

The Series 2023B Housing Bonds will be issued as fully registered bonds, Authorized Denominations within a single maturity and will be dated and bear interest from the date of their delivery, at the rates set forth on the second inside cover page hereof. The Series 2023B Housing Bonds will be issued in fully registered form, without coupons. The Series 2023B Housing Bonds will mature on September 1 in the principal amounts and years as shown on the second inside cover page hereof.

The Series 2023B Housing Bonds will bear interest at the rates set forth on the second inside cover page hereof, payable on the Interest Payment Dates in each year. Interest on all Series 2023B Housing Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months. Each Series 2023B Housing Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before February 15, 2024, in which event it shall bear interest from its Closing Date; provided, however, that if, as of the date of authentication of any Series 2023B Housing Bond, interest thereon is in default, such Series 2023B Housing Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Series 2023B Housing Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least $1,000,000 aggregate principal amount of Series 2023B Housing Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 2023B Housing Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request.

"Record Date" means, with respect to any Interest Payment Date, the close of business on the fifteenth (15th) calendar day of the month preceding such Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day. The principal of the Series 2023B Housing Bonds and any premium on the Series 2023B Housing Bonds are payable in lawful money of the United States of America upon surrender of the Series 2023B Housing Bonds at the Principal Office of the Trustee or such other place as designated by the Trustee. All Series 2023B Housing Bonds redeemed or purchased pursuant to the Housing Indenture shall be canceled and destroyed.

Redemption

Optional Redemption. The Series 2023B Housing Bonds maturing on or before September 1, 20__ are not subject to optional redemption prior to their respective stated maturities. The Series 2023B Housing Bonds maturing on or after September 1, 20__, are subject to redemption, at the option of the District on any date on or after September 1, 20__, as a whole or in part, by such maturities as shall be determined by the District, and by lot within a maturity, from any available source of funds, at the principal amount of the Series 2023B Housing Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2023B Housing Bonds that are Term Housing Bonds and maturing September 1, 20__ and September 1, 20__ shall also be subject to mandatory redemption in whole, or in part by lot, on September 1 in each year as set forth below, from sinking fund payments made by the District to the Principal Account pursuant to the Housing Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts and on September 1 in the respective years as set forth in the following tables.

Term Bonds maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	Principal Amount Subject to Redemption
	$
(maturity)	

Term Bonds maturing September 1, 20__

Sinking Fund Redemption Date (September 1)	Principal Amount Subject to Redemption
	$
(maturity)	

Provided however, that if some but not all of such Term Series 2023B Housing Bonds of a maturity have been redeemed at the option of the District as described in "- *Optional Redemption*" above, the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Term Series 2023B Housing Bonds so redeemed, to be allocated among such sinking fund payments in integral multiples of $5,000 as determined by the District.

Notice of Redemption. The Trustee shall mail (by first class mail, postage prepaid) notice of any redemption at least twenty (20) but not more than sixty (60) days prior to the redemption date, to (i) to the Owners of any Series 2023B Housing Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system; but such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall state that such redemption is conditioned upon the timely delivery of the redemption price by the District to the Trustee for deposit in the Redemption Account, shall designate the CUSIP number of the Series 2023B Housing Bonds to be redeemed, shall state the individual number of each Series 2023B Housing Bond to be redeemed or shall state that all Series 2023B Housing Bonds between two stated numbers (both inclusive) or all of the Series 2023B Housing Bonds Outstanding are to be redeemed, and shall require that such Series 2023B Housing Bonds be then surrendered at the Principal Corporate Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series 2023B Housing Bonds will not accrue from and after the redemption date.

A notice of optional redemption may be conditional, and the District shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series 2023B Housing Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Housing Indenture. The District and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner and to the same recipients as the original notice of redemption was sent.

Selection of Series 2023B Housing Bonds for Redemption. Subject to the Housing Indenture provisions described above under the captions " – Optional Redemption" and " – Mandatory Sinking Fund Redemption," whenever any Series 2023B Housing Bonds or portions thereof are to be selected for redemption by lot, the Trustee shall make such selection, in such manner as the Trustee shall deem appropriate, and shall notify the District thereof to the extent Series 2023B Housing Bonds are no longer held in book-entry form. In the event of redemption by lot of Series 2023B Housing Bonds, the Trustee shall assign to each Series 2023B Housing Bond then Outstanding a distinctive number for each $5,000 of the principal amount of each such Series 2023B Housing Bond. The Series 2023B Housing Bonds to be redeemed shall be the Series 2023B Housing Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such Series 2023B Housing Bond of a denomination of more than $5,000 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected.

Purchase of Series 2023B Housing Bonds in Lieu of Redemption. In lieu of redemption of the Term Series 2023B Housing Bonds, amounts on deposit in the Net Available Housing Increment Special Account or in the Principal Account or the Redemption Account may also be used and withdrawn by the District and the Trustee, respectively, at any time, upon the Written Request of the District, for the purchase of the Term Series 2023B Housing Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as the District may in its discretion determine. The par amount of any Term Series 2023B Housing Bonds so purchased by the District in any twelve-month period ending on July 1 in any year shall be credited towards and shall reduce the par amount of the Term Series 2023B Housing Bonds required to be redeemed; provided that evidence satisfactory to the Trustee of such purchase has been delivered to the Trustee by said July 1.

THE TRUSTEE

Zions Bancorporation, National Association has been appointed as the Trustee for all of the Facilities Bonds under the Facilities Indenture and as the Trustee for all of the Housing Bonds under the Housing Indenture. For a further description of the rights and obligations of the Trustee pursuant to the Facilities Indenture and the Housing Indenture, respectively, see APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FACILITIES INDENTURE" and APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE HOUSING INDENTURE" hereto. The role of Zions Bancorporation, National Association, as trustee for the Facilities Bonds under the Facilities Indenture is separate from its role as trustee for the Housing Bonds under the Housing Indenture.

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Series 2023AB Bonds. The Series 2023AB Bonds will be registered in the name of Cede & Co. (DTC's partnership nominee), and will be available to ultimate purchasers (referred to herein as "Beneficial Owners") in Authorized Denominations, under the book-entry system maintained by DTC. Beneficial Owners of Series 2023AB Bonds will not receive physical certificates representing their interest in the Series 2023AB Bonds. So long as the Series 2023AB Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the Beneficial Owners of the Series 2023AB Bonds. Payments of the principal of, premium, if any, and interest on the Series 2023AB Bonds will be made directly to DTC, or its nominee, Cede & Co., by the Trustee, so long as DTC or Cede & Co. is the registered owner of the Series 2023AB Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants. See APPENDIX G – "BOOK-ENTRY SYSTEM" attached hereto.

SECURITY AND SOURCES OF PAYMENT

General

The Series 2022A Facilities Bonds, the Series 2023A Facilities Bonds and any Parity Facilities Debt will be secured primarily by Pledged Facilities Increment. The Series 2022B Housing Bonds, the Series 2023B Housing Bonds and any Parity Housing Debt will be secured primarily by Pledged Housing Increment.

Pledged Facilities Increment and Pledged Housing Increment are separate designated portions of the basic 1% of assessed value property tax levy in the Project Areas under Article XIIIA of the California Constitution.

The Pledged Facilities Increment will represent 53.285270% of incremental property taxes under the 1% levy in the Project Areas for which the Commencement Year (defined below based on Trigger Amounts (as defined in the Infrastructure Financing Plan) of taxes generated) has occurred (less certain administrative costs). The Pledged Housing Increment will represent 11.302936% of incremental property taxes under the 1% levy in the Project Areas for which the Commencement Year has occurred (less certain administrative costs).

The Initial Project Areas are Project Areas A, B, C, D and E. The Commencement Year has occurred for Project Area A, B and E. The Trigger Amounts of taxes needed for the Commencement Year to occur in Project Areas C or D have not yet been reached. Project Area C and Project Area D will not receive tax increment until the thresholds for commencement of tax increment are exceeded. See Table 3 under the caption "TAX INCREMENT REVENUE AND DEBT SERVICE – Commencement Year and Time Limits for Each Project Area" and APPENDIX H – "FISCAL CONSULTANT REPORT" attached hereto.

The table and summary below describes the designated components of the Pledged Facilities Increment and the Pledged Housing Increment. Additional security for Series 2023A Facilities Bonds and the Series 2023B Housing Bonds, respectively, are also described in the summary below.

City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Percentage Allocation of 1% Property Tax Increment to District

	Combined Total	Pledged Housing Increment (17.5% share)	Pledged Facilities Increment (82.5% share)
Allocated to IRFD No. 1			
(1) Net Available Increment	56.588206%	9.902936%	46.685270%
(2) Conditional City Increment[(1)]	8.000000%	1.400000%	6.600000%
Pledged Increment [= (1) + (2), less cost of allocating taxes][(2)]	**64.588206%**	**11.302936%**	**53.285270%**
Not Allocated to IRFD No. 1			
Other 1% Taxing Agencies (not available to IRFD No. 1)	35.411794%		
Total Tax Increment	**100.000000%**		

[(1)] Conditional City Increment is required to be allocated and held for payment of debt service until after each annual principal payment date, but subject to release to the City thereafter to the extent not required for debt service. See "SECURITY AND SOURCES OF PAYMENT" herein.
[(2)] The administrative cost of allocating taxes to the District is deducted in determining the amount of Pledged Facilities Increment and Pledged Housing Increment, but the deduction for these expenses is not illustrated in this table. Such administrative costs may vary over time.

Gross Tax Increment, Net Available Increment and Conditional City Increment

Relevant Definitions. The following defined terms are used in this Official Statement to describe the Pledged Facilities Increment pledged to the Series 2023A Facilities Bonds and any Parity Facilities Debt, and to describe the Pledged Housing Increment pledged to the Series 2023B Housing Bonds and any Parity Housing Debt. These terms are defined in the Facilities Indenture, the Housing Indenture or the Infrastructure Financing Plan.

"Gross Tax Increment" means, for each of the Project Areas, 100% of the revenue produced by the application of the 1% ad valorem tax rate to the Incremental Assessed Property Value (assessed value of Project Area property for a fiscal year less such assessed value in the Base Year (Fiscal Year 2016-17)) of property within the Project Area. Gross Tax Increment does not include any property tax in-lieu of vehicle license fee revenue annually allocated to the City pursuant to Section 97.70 of the Revenue and Taxation Code. *Because the Base Year assessed value for every Project Area has been and will remain $0, Gross Tax Increment will effectively include all of the 1% ad valorem tax rate in the Project Areas for which the Commencement Year has occurred (subject to deduction for certain administrative costs).*

"Project Area" means, collectively, each project area established from time to time for the District pursuant to the Law. Currently, the Initial Project Areas are the only Project Areas.

"Commencement Year" means the fiscal year in which tax increment revenues generated in a Project Area will begin to be allocated to the District. The Commencement Year will be calculated separately for each Project Area. Under the Infrastructure Financing Plan, the Commencement Year for a Project Area is the first Fiscal Year that follows the Fiscal Year in which a certain amount of tax increment (i.e., the "Trigger Amount") is generated in the Project Area and received by the City. The Trigger Amounts for the five Initial Project areas are identified in Table 3 herein. The District will stop receiving tax increment from Project Areas 40 years following their Commencement Year.

"Net Available Increment" means 56.588206% of the Gross Tax Increment, subject to the Plan Limit, as provided in the Infrastructure Financing Plan. To the extent the City's administrative costs incurred in connection with the division of taxes under the Law are not deducted from Gross Tax Increment, the District will first set aside from Net Available Increment such amounts for payment to the City.

"Conditional City Increment" means, for each Project Area, an amount equal to 8.00% of the Gross Tax Increment, subject to the Plan Limit, as provided in the Infrastructure Financing Plan.

"Plan Limit" means the limitation, if any, contained in the Infrastructure Financing Plan on the number of dollars of taxes which may be divided and allocated to the District pursuant to the Infrastructure Financing Plan and the Law. Under the Infrastructure Financing Plan, the total nominal number of tax increment dollars to be allocated to the District from the Initial Project Areas over the life of the District shall not exceed $1.53 billion of Net Available Increment and $216 million of Conditional City Increment. The combined total of Net Available Increment and Conditional City Increment allocated to the Initial Projects Areas of the District shall not exceed $1.75 billion. If territory is annexed to the District in the future, a separate Plan Limit will be established for such territory as part of the annexation process.

Allocation of Net Available Increment to the District. Under the Law, an infrastructure financing plan may contain a provision that property taxes, if any, levied upon taxable property in the area included within the infrastructure revitalization financing district (or a project area, as applicable) each year by or for the benefit of the State of California, or any affected taxing entity after the effective date of the ordinance adopted to create the district, shall be divided (excluding any property taxes approved by the voters to pay general obligation bonds), as follows:

> (a) That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the affected taxing entities upon the total sum of the assessed value of the taxable property in the district (or a project area, as applicable) as shown upon the assessment roll used in connection with the taxation of the property by the affected taxing entity, last equalized prior to the effective date of the ordinance to create the district, shall be allocated to, and when collected shall be paid to, the respective affected taxing entities as taxes by or for the affected taxing entities on all other property are paid.
>
> (b) That portion of the levied taxes each year specified in the adopted infrastructure financing plan for the city and each affected taxing entity which has agreed to allocate taxes to the district in excess of the amount specified in paragraph (a) shall be allocated to, and when collected shall be paid into a special fund of, the district for all lawful purposes of the district. Unless and until the total assessed valuation of the taxable property in a district (or a project area, as applicable) exceeds the total assessed value of the taxable property in the district (or a project area, as applicable) as shown by the last equalized assessment roll referred to in paragraph (a), all of the taxes levied and collected upon the taxable property in the district (or a project area, as applicable) shall be paid to the respective affected taxing entities.

Under the Infrastructure Financing Plan, Net Available Tax Increment generated in each Project Area will be allocated to the District as described in the Infrastructure Financing Plan, commencing with the applicable Commencement Year. The Commencement Year for each Initial Project Area is identified in the current Infrastructure Financing Plan and is based on achieving a target amount of taxes generated. See APPENDIX B – "INFRASTRUCTURE FINANCING PLAN" attached hereto. The Commencement Year for Project Area A was Fiscal Year 2019-20 and for Project Areas B and E was Fiscal Year 2022-23. The Commencement Year for the Project Areas C and D has not yet occurred. See APPENDIX H – "FISCAL CONSULTANT REPORT" attached hereto.

For future Project Areas, the Commencement Year will be determined at the time of the related territory's annexation to the District. The Commencement Year for each future Project Area is expected to be identified in a supplement to the Infrastructure Financing Plan. See APPENDIX B – "INFRASTRUCTURE FINANCING PLAN" attached hereto.

Infrastructure Financing Plan Allocation of Tax Increment. The Infrastructure Financing Plan provides that the annual allocation of tax revenues to the District by the City, as the sole affected taxing entity allocating tax revenues to the District, is contingent upon the District's use of such increment to pay for authorized District purposes, including to pay debt service on bonds issued to accomplish such purposes. In the Facilities Indenture, the District covenants to use the proceeds of the Facilities Bonds so as to ensure that the Pledged Facilities Increment may be used under the Law for the purposes set forth in the Facilities Indenture. Upon issuance of the Series 2023A Facilities Bonds, and as a condition to issuance of Parity Facilities Debt the District and the City are required to, certify that proceeds of the Series 2023A Facilities Bonds or the Parity Facilities Debt, as applicable, shall be used for a lawful purpose of the Pledged Facilities Increment under the Law and the Infrastructure Financing Plan.

In the Housing Indenture, the District covenants to use the proceeds of the Housing Bonds so as to ensure that the Pledged Housing Increment may be used under the Law for the purposes set forth in the Housing Indenture. Upon issuance of the Series 2023A Housing Bonds, and as a condition to issuance of Parity Housing Debt, the District and the City are required to, certify that proceeds of the Series 2023A Housing Bonds or the Parity Housing Debt, as applicable, shall be used for a lawful purpose of the Pledged Housing Increment under the Law and the Infrastructure Financing Plan.

Net Available Increment Special Fund. As required by the Law, the District has established a special fund to be held by or on behalf of the District as a separate restricted account, to be known as the "Net Available Increment Special Fund." The District has established the following accounts within the Net Available Increment Special Fund to be held by or on behalf of the District as separate restricted accounts: the "Net Available Housing Increment Special Account" and the "Net Available Facilities Increment Special Account."

Amounts deposited to and held by the District in the Net Available Increment Special Fund and the accounts therein shall be at all times separately accounted for by the District from all other funds or accounts. The Net Available Facilities Increment shall be used and applied solely as set forth in the Facilities Indenture (see "Security for the Series 2023A Facilities Bonds and Parity Facilities Debt" below) and the Net Available Housing Increment shall be used and applied solely as set forth in the Housing Indenture (see "Security for the Series 2023B Housing Bonds and Parity Housing Debt" below).

The District has executed a Special Fund Administration Agreement dated as of September 1, 2022 (the "Special Fund Administration Agreement") by and among the City, the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (the "CFD"), TIDA, the District and Zions Bancorporation, National Association, as special fund trustee ("Special Fund Trustee"). The purpose of the Special Fund Administration Agreement is to provide for the administration and disposition of various funds related to the Treasure Island Project. Under the Special Fund Administration Agreement, the Special Fund Trustee holds the Net Available Increment Special Fund, the Net Available Housing Increment Special Account, the Net Available Facilities Increment Special Account and the Conditional City Increment Special Fund (defined below), and those funds and accounts are administered as required by the Facilities Indenture and the Housing Indenture.

Security for the Series 2023A Facilities Bonds and Parity Facilities Debt

The Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and any other Parity Facilities Debt will equally secured by a pledge of, security interest in and lien on all of the Net Available Facilities Increment (including the Net Available Facilities Increment in the Net Available Facilities Increment Special Account) and the Conditional City Facilities Increment (including the Conditional City Facilities Increment in the Conditional City Facilities Increment Special Account) (subject to compensation, costs and indemnity payable under the Facilities Indenture to the Trustee, its officers, directors, agents or employees). The Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and any other Parity Facilities Debt issued as Facilities Bonds are also secured by certain funds and accounts under the Facilities Indenture described below.

Each of the Facilities Indenture and the Housing Indenture contemplates that the amounts payable to the City for administrative costs incurred by the City in connection with the division of the Pledged Facilities Increment or the Pledged Housing Increment, as applicable, will be either deducted by the City before the City allocates such tax increment revenues to the District, or set aside by the District immediately upon receipt of the Pledged Facilities Increment or the Pledged Housing Increment, and the discussion of the District's receipt and application of the Pledged Facilities Increment and the Pledged Housing Increment should be read accordingly.

Net Available Facilities Increment. "Net Available Facilities Increment" means 82.5% of the Net Available Increment (which Net Available Facilities Increment is equivalent to 46.685270% of the Gross Tax Increment). Promptly upon receipt thereof, the District will deposit 82.5% of the Net Available Increment received in any Bond Year in the Net Available Facilities Increment Special Account in the Net Available Increment Special Fund (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The District may establish separate sub-accounts within the Net Available Facilities Increment Special Account in its discretion.

The Net Available Facilities Increment received in any Bond Year and deposited into the Net Available Facilities Increment Special Account shall be subject to the pledge, security interest and lien set forth in the Facilities Indenture until such time during such Bond Year as the amounts on deposit in the Net Available Facilities Increment Special Account equal the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account and the Principal Account in the Facilities Debt Service Fund, the 2022 Facilities Reserve Account, any other reserve account held by the Trustee for Facilities Bonds that are not 2022 Related Facilities Bonds and the Redemption Account in the Facilities Debt Service Fund in such Bond Year pursuant to the Facilities Indenture and, if applicable, (ii) with respect to any Parity Facilities Debt other than Facilities Bonds pursuant to the applicable Parity Facilities Debt Instrument.

All Net Available Facilities Increment received by the District during any Bond Year in excess of the amount required to be deposited in the Net Available Facilities Increment Special Account during such Bond Year pursuant to the preceding paragraph shall be released from the pledge, security interest and lien under the Facilities Indenture for the security of the Facilities Bonds and any additional Parity Facilities Debt and may be applied by the District for any lawful purpose of the District, including but not limited to the repayment of the City for use of Conditional City Facilities Increment to pay debt service on the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds or any other Parity Facilities Debt, payment of Subordinate Facilities Debt (as defined in the Indenture), payment of administrative expenses of the District, or the payment of any amounts in respect of the Facilities Bonds due and owing to the United States of America pursuant to the Internal Revenue Code as provided under the Facilities Indenture.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Facilities Bonds and the payment in full of all other amounts payable under the Facilities Indenture and under any Supplemental Facilities Indenture or Parity Facilities Debt Instrument, the District shall not have any beneficial right or interest in the moneys on deposit in the Net Available Facilities Increment Special Account, except as may be provided in the Facilities Indenture and in any Supplemental Facilities Indenture or Parity Facilities Debt Instrument.

Conditional City Facilities Increment. "Conditional City Facilities Increment" means 82.5% of the Conditional City Increment (which Conditional City Facilities Increment is equivalent to 6.6% of the Gross

Tax Increment). Promptly upon receipt thereof, the District will deposit 82.5% of the Conditional City Increment received in any Bond Year in the Conditional City Facilities Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The District may establish separate accounts within the Conditional City Increment Special Fund, and separate sub-accounts within the Conditional City Facilities Increment Special Account in its discretion.

The Conditional City Facilities Increment received in any Bond Year and deposited into the Conditional City Facilities Increment Special Account shall be subject to the pledge, security interest and lien set forth in the Facilities Indenture until such time during such Bond Year as the amount of Net Available Facilities Increment on deposit in the Net Available Facilities Increment Special Account is equal to the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account and the Principal Account in the Facilities Debt Service Fund and the Redemption Account in the Facilities Debt Service Fund in such Bond Year pursuant to the Facilities Indenture and, if applicable, (ii) with respect to any Parity Facilities Debt other than additional Facilities Bonds pursuant to the applicable Parity Facilities Debt Instrument.

Once the condition set forth in the prior paragraph has been satisfied, all Conditional City Facilities Increment shall be released from the pledge, security interest and lien under the Facilities Indenture for the security of the Facilities Bonds and any additional Parity Facilities Debt.

If the condition set forth in the second preceding paragraph is not satisfied in a Bond Year, any remaining Conditional City Facilities Increment in the Conditional City Facilities Increment Special Account shall be released from the pledge, security interest and lien under the Facilities Indenture for the security of the Facilities Bonds and any additional Parity Facilities Debt following payment of the principal or redemption price of and interest on the Facilities Bonds due during such Bond Year and the payment of any amounts due during such Bond Year on any Parity Facilities Debt.

On each September 2, or such earlier date on which the pledge, security interest and lien on the Conditional City Facilities Increment is released as described in the preceding two paragraphs, the District shall, first, use any Conditional City Facilities Increment in the Conditional City Facilities Increment Special Account to pay debt service on other obligations that is then due in accordance with the Infrastructure Financing Plan, and, second, transfer any remaining such Conditional City Facilities Increment to the City. The District is not required to apply such released City Conditional Facilities Increment to replenish debt service reserve accounts under the Facilities Indenture.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Facilities Bonds and the payment in full of all other amounts payable under the Facilities Indenture and under any Supplemental Facilities Indenture or Parity Facilities Debt Instrument, the District shall not have any beneficial right or interest in the moneys on deposit in the Conditional City Facilities Increment Special Account, except as may be provided in the Facilities Indenture and in any Supplemental Facilities Indenture or Parity Facilities Debt Instrument.

Facilities Debt Service Fund. The Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and any additional Facilities Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Facilities Debt Service Fund, and the Interest Account, the Principal Account and the Redemption Account therein without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. See "- Facilities Debt Service Fund" below.

2022 Facilities Reserve Account. The Series 2023A Bonds, the Series 2022A Facilities Bond and all other 2023A Related Facilities Bonds shall be secured by a first pledge of all moneys deposited in the 2022 Facilities Reserve Account. See "- 2022 Facilities Reserve Account" below.

"2022 Related Facilities Bonds" means any series of Parity Facilities Bonds for which (i) the proceeds are deposited into the 2022 Facilities Reserve Account so that the balance therein is equal to the 2022 Facilities Reserve Requirement following issuance of such Parity Facilities Bonds and (ii) the related Supplemental Facilities Indenture specifies that the 2022 Facilities Reserve Account shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Facilities Bonds.

Limited Security. Amounts in the Facilities Project Fund (and the accounts therein) under the Facilities Indenture and the 2023A Costs of Issuance Fund are not pledged to the repayment of the Facilities Bonds.

Except for the Pledged Facilities Increment and such moneys specified above, no funds or properties of the District (including but not limited to the Net Available Housing Increment and Conditional City Increment deposited into the Conditional City Housing Increment Special Account, until released from the pledge, security interest and lien under the Housing Indenture, as described below) are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Facilities Bonds.

Plan Limit Covenant. Under the Facilities Indenture, the District covenants to manage its fiscal affairs in a manner which ensures that it will have sufficient Pledged Facilities Increment available under the Plan Limit in the amounts and at the times required to enable the District to pay the principal of and interest and premium (if any) on the Outstanding Facilities Bonds and any outstanding Parity Facilities Debt when due.

The District also covenants to annually review the total amount of Net Available Increment available to be allocated to the District under the Plan Limits, as well as future cumulative annual payments on (i) the Facilities Bonds, (ii) any Parity Facilities Debt, (iii) any Subordinate Facilities Debt, (iv) any obligation to repay the City for any Conditional City Increment used to pay debt service on obligations of the District and (v) any bonds or debt payable from Net Available Housing Increment.

In furtherance of the covenant described above, if the District ever determines that during the next succeeding Bond Year, the future cumulative annual payments on (i) the Facilities Bonds, (ii) any Parity Facilities Debt, (iii) any Subordinate Facilities Debt, (iv) any obligation to repay the City for any Conditional City Increment used to pay debt service on obligations of the District and (v) any bonds or debt payable from Net Available Housing Increment is expected to equal at least 80% of the remaining amount of Net Available Increment available to be allocated to the District under the Plan Limit, then the District shall either (i) adopt a plan approved by an Independent Economic Consultant that demonstrates the District's continuing ability to pay debt service on the Facilities Bonds and any Parity Facilities Debt, or (ii) claim all Net Available Facilities Increment not needed to pay all of the current or any past due debt service on Facilities Bonds or any Parity Facilities Debt through the scheduled maturity date(s) for so long as the 80% threshold set forth above is met and deposit such amounts, when received, into a Trustee-held escrow account and invested in Defeasance Obligations. Moneys in such escrow account must be used only to pay debt service on the Facilities Bonds and any Parity Facilities Debt, or to redeem Facilities Bonds and any Parity Facilities Debt that does not constitute Facilities Bonds.

2022 Facilities Reserve Account

The Trustee established under the Facilities Indenture a 2022 Facilities Reserve Account. The 2022 Facilities Reserve Account was established for the benefit of the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and any other 2022 Related Facilities Bonds. Under the Facilities Indenture, the 2022 Facilities Reserve Account is to be funded at the 2022 Facilities Reserve Requirement.

"2022 Facilities Reserve Requirement" means the amount, as of any date of calculation, equal to the least of (a) Maximum Annual Debt Service on the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and any other 2022 Related Facilities Bonds, (b) 125% of average Annual Debt Service on the Series 2023A Facilities Bonds, Series 2022A Facilities Bonds and any other 2022 Related Facilities Bonds and (c) 10% of the original principal of the Series 2023A Facilities Bonds, Series 2022A Facilities Bonds and any other 2022 Related Facilities Bonds; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds or any other 2022 Related Facilities Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds or any other 2022 Related Facilities Bonds was less than 98% or more than 102% of the original principal amount of the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds or any other 2022 Related Facilities Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated under the Facilities Indenture exceed the amount on deposit in the 2022 Facilities Reserve Account on the date of issuance of the Series 2022A Facilities Bonds or the most recently issued series of 2022 Related Facilities Bonds except in connection with any increase associated with the issuance of 2022 Related Facilities Bonds; and

(C) that in no event shall the amount required to be deposited into the 2022 Facilities Reserve Account in connection with the issuance of a series of 2022 Related Facilities Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

Upon issuance of the Series 2023A Facilities Bonds, the 2022 Facilities Reserve Requirement will be satisfied as reflected in the table below:

2022 Facilities Reserve Requirement	**$**
Prior balance in the 2022 Facilities Reserve Account	$
Additional deposit from Series 2023A Facilities Bonds proceeds	
Total Deposited to the 2022 Facilities Reserve Account	**$**

All money in the 2022 Facilities Reserve Account shall be used and withdrawn by the Trustee for the purpose of (i) making transfers to the Interest Account and the Principal Account in the Facilities Debt Service Fund in such order of priority to pay principal of and interest on the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds and any future 2022 Related Facilities Bonds, in the event of any deficiency at any time in any of such accounts and (ii) to the extent that such amounts are not required to make a payment to the federal government in respect of the Facilities Bonds due and owing to the United States of America pursuant to the Internal Revenue Code as provided under the Facilities Indenture, for the payment of authorized costs under the Infrastructure Financing Plan and the Law.

The District has the right at any time to direct the Trustee to release funds from the 2022 Facilities Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 2023A Facilities Bonds, the Series 2022A Facilities Bonds or any future 2022 Related Facilities Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FACILITIES INDENTURE" attached hereto.

Parity Facilities Debt

The Series 2023A Facilities Bonds will be the second series of Facilities Bonds issued under the Facilities Indenture. In addition to the Series 2023A Facilities Bonds, the District has issued the Series 2022A Facilities Bonds and may issue additional Parity Facilities Debt to finance and/or refinance activities that are permitted to be financed and/or refinanced by the District with Net Available Facilities Increment in such principal amount as shall be determined by the District. The District may issue Parity Facilities Debt, subject to the conditions set forth in the Facilities Indenture. If development proceeds as planned, the District anticipates issuing Parity Facilities Debt annually during the construction period in amounts then permitted by the conditions set forth in the Facilities Indenture.

Any Parity Facilities Debt, to the extent provided in the Facilities Indenture, shall be secured by a lien on the Pledged Facilities Increment on a parity with any Facilities Bonds issued under the Facilities Indenture. The District may issue and deliver any such Parity Facilities Debt subject to the following specific conditions all of which are conditions precedent to the issuance and delivery of such Parity Facilities Debt:

(a) Except as provided in the Facilities Indenture as described in paragraph (i) below, no event of default under the Facilities Indenture, under any Parity Facilities Debt Instrument or under any Subordinate Facilities Debt Instrument (as defined in the Facilities Indenture) shall have occurred and be continuing, unless the event of default shall be cured by the issuance of the Parity Facilities Debt, and the District shall otherwise be in compliance with all covenants set forth in the Facilities Indenture.

(b) Except as provided in the Facilities Indenture as described in paragraph (i) below, based on the most recent taxable valuation of property in the Project Areas of the District that met their Trigger Amount in prior Fiscal Years and in the Project Areas of the District that met their Trigger Amount in the current Fiscal Year, as evidenced by the records of the District or the City, plus at the option of the District the amount of any Additional Facilities Revenues, the Pledged Facilities Increment shall equal at least one hundred twenty-five percent (125%) of Annual Debt Service payable from Pledged Facilities Increment in each of the years that the proposed Parity Facilities Debt will be outstanding, including within such Annual Debt Service, the amount of Annual Debt Service on the Parity Facilities Debt then proposed to be issued or incurred.

"Additional Facilities Revenues" means, as of the date of calculation, the amount of Net Available Facilities Increment and Conditional City Facilities Increment which, as shown in the Report of an Independent Economic Consultant based on written records of the City, are estimated to be receivable by the District within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the District due to (i) the completion of construction which is not then reflected on the tax rolls, or (ii) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the District is estimated to increase above the assessed valuation of taxable property in the District as of the date on which such calculation is made. For the avoidance of doubt, written records of the City may include written correspondence between the owner of taxable property (or its representatives) and the City with respect to construction in progress or property sales.

(c) In the case of Parity Facilities Debt issued as additional Facilities Bonds under the Facilities Indenture, the Supplemental Facilities Indenture providing for the issuance of such Facilities Bonds shall provide for (i) a deposit to the 2022 Facilities Reserve Account in an amount necessary such that the amount deposited therein shall equal the 2022 Facilities Reserve Requirement following issuance of the additional Bonds, or (ii) a deposit to a reserve account for such additional Facilities Bonds (and such other series of Facilities Bonds identified by the District) in an amount defined in such Supplemental Facilities Indenture, as long as such Supplemental Facilities Indenture expressly declares that the Owners of such additional Facilities Bonds will have no interest in or claim to the 2022 Facilities Reserve Account and that the Owners of the Facilities Bonds covered by the 2022 Facilities Reserve Account will have no interest in or claim to such other reserve account or (iii) no deposit to either the 2022 Facilities Reserve Account or another reserve account as long as such Supplemental Facilities Indenture expressly declares that the Owners of such additional Facilities Bonds will have no interest in or claim to the 2022 Facilities Reserve Account or any other reserve account. The Supplemental Facilities Indenture may provide that the District may satisfy the 2022 Facilities Reserve Requirement for a series of Parity Facilities Debt issued as additional Facilities Bonds under the Facilities Indenture by the deposit into the reserve account established pursuant to such Supplemental Facilities Indenture of an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company as described in the Supplemental Facilities Indenture.

Nothing in the Facilities Indenture establishes a requirement for the District to establish a debt service reserve account for Parity Facilities Debt that is not issued as additional Facilities Bonds under the Indenture.

(d) Principal with respect to such Parity Facilities Debt will be required to be paid on September 1 in any year in which such principal is payable.

(e) The aggregate principal amount of bonds and other debt (as defined in the Law and the Infrastructure Financing Plan) that will have been issued by the District following the issuance of such Parity Facilities Debt shall not exceed the maximum amount of bonds and other debt permitted to be issued by the District. The following Parity Facilities Debt shall not account against the aggregate principal amount of bonds and other debt permitted to be issued by the District: (i) any bonds or other debt issued or incurred for the sole purpose of refunding the Facilities Bonds, funding a reserve fund for such refunding bonds and paying related costs of issuance and (ii) any bonds or other debt issued or incurred for the sole purpose of refunding such refunding bonds, funding a reserve fund and paying related costs of issuance.

(f) The aggregate amount of the principal of and interest on all bonds, loans, advances or indebtedness payable from Net Available Facilities Increment, Net Available Housing Increment and Conditional City Increment coming due and payable following the issuance of such Parity Facilities Debt shall not exceed the maximum amount of Net Available Facilities Increment, Net Available Housing Increment and Conditional City Increment permitted under the Plan Limit to be allocated and paid to the District following the issuance of such Parity Facilities Debt.

(g) The proceeds of the Parity Facilities Debt shall be used for a lawful purpose of the Pledged Facilities Increment under the Law and the Infrastructure Financing Plan.

(h) Except as provided in paragraph (i) below, the District shall deliver to the Trustee (i) a Written Certificate of the District certifying that the conditions precedent to the issuance of such Parity

Facilities Debt set forth in paragraphs (a) through (g) above have been satisfied and (ii) a written certificate of the City certifying that the condition precedent to the issuance of such Parity Facilities Debt set forth in paragraph (g) above has been satisfied.

(i) The condition set forth in paragraph (a) and (b) above shall not apply to the issuance or incurrence of any Parity Facilities Debt the net proceeds of which will be used solely to refund all or any portion of the Series 2023A Facilities Bonds or any other outstanding Parity Facilities Debt, provided that debt service payable in each year with respect to the proposed Parity Facilities Debt is less than the debt service otherwise payable in each year with respect to the Series 2023A Facilities Bonds or Parity Facilities Debt, or portion thereof, proposed to be refunded.

Subject to the conditions under the Facilities Indenture, the City may incur or issue loans, advances or indebtedness, which are either (a) payable from, but not secured by a pledge of or lien upon, the Pledged Facilities Increment; or (b) secured by a pledge of or lien upon the Pledged Facilities Increment which is expressly subordinate to the pledge of and lien upon the Net Available Facilities Increment and the Conditional City Facilities Increment under the Facilities Indenture for the security of the Facilities Bonds. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE FACILITIES INDENTURE" attached hereto.

The District has agreed in a Subordinate Pledge Agreement dated May 29, 2015, to pledge the Net Available Increment as security for TIDA's promise to pay the Navy the purchase price of $55 million, plus interest, for the property constituting the project site of the Treasure Island Project. According to the Subordinate Pledge Agreement, the District's pledge to pay the purchase price is subordinate to any bonds issued by the District.

Security for the Series 2023B Housing Bonds and Parity Housing Debt

The Series 2023B Housing Bonds, the Series 2022A Housing Bonds and any future Parity Housing Debt will equally secured by a pledge of, security interest in and lien on all of the Net Available Housing Increment (including the Net Available Housing Increment in the Net Available Housing Increment Special Account) and the Conditional City Housing Increment (including the Conditional City Housing Increment in the Conditional City Housing Increment Special Account) (subject to compensation, costs and indemnity payable under the Housing Indenture to the Trustee, its officers, directors, agents or employees). The Series 2023B Housing Bonds, the Series 2022A Housing Bonds and any future Parity Housing Debt issued as Housing Bonds are also secured by certain funds and accounts under the Housing Indenture described below.

Each of the Facilities Indenture and the Housing Indenture contemplates that the amounts payable to the City for allocation to the District of the Pledged Facilities Increment or the Pledged Housing Increment, as applicable, will be either deducted by the City before the City allocates such tax increment revenues to the District, or set aside by the District immediately upon receive of the Pledged Facilities Increment or the Pledged Housing Increment, and the discussion of the District's receipt and application of the Pledged Facilities Increment and the Pledged Housing Increment should be read accordingly.

Net Available Housing Increment. "Net Available Housing Increment" means 17.5% of the Net Available Increment (which Net Available Housing Increment is equivalent to 9.902936% of the Gross Tax Increment). Promptly upon receipt thereof, the District will deposit 17.5% of the Net Available Increment received in any Bond Year in the Net Available Housing Increment Special Account in the Net Available Increment Special Fund (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The District may establish separate sub-accounts within the Net Available Housing Increment Special Account in its discretion.

The Net Available Housing Increment received in any Bond Year and deposited into the Net Available Housing Increment Special Account shall be subject to the pledge, security interest and lien set forth in the Housing Indenture until such time during such Bond Year as the amounts on deposit in the Net Available Housing Increment Special Account equal the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account and the Principal Account in the Housing Debt Service Fund, the 2022 Housing Reserve Account, any other reserve account held by the Trustee for Housing Bonds that are not 2022 Related Housing Bonds and the Redemption Account in the Housing Debt Service Fund in such Bond Year pursuant to the Housing Indenture and, if applicable, (ii) with respect to any Parity Housing Debt other than Housing Bonds pursuant to the applicable Parity Housing Debt Instrument.

All Net Available Housing Increment received by the District during any Bond Year in excess of the amount required to be deposited in the Net Available Housing Increment Special Account during such Bond Year pursuant to the preceding paragraph shall be released from the pledge, security interest and lien under the Housing Indenture for the security of the Housing Bonds and any additional Parity Housing Debt and may be applied by the District for any lawful purpose of the District, including but not limited to the repayment of the City for use of Conditional City Housing Increment to pay debt service on the Series 2023B Housing Bonds, the Series 2022A Housing Bonds or any other Parity Housing Debt, payment of Subordinate Housing Debt (as defined in the Indenture), payment of administrative expenses of the District, or the payment of any amounts in respect of the Housing Bonds due and owing to the United States of America pursuant to the Internal Revenue Code as provided under the Housing Indenture.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Housing Bonds and the payment in full of all other amounts payable under the Housing Indenture and under any Supplemental Housing Indenture or Parity Housing Debt Instrument, the District shall not have any beneficial right or interest in the moneys on deposit in the Net Available Housing Increment Special Account, except as may be provided in the Housing Indenture and in any Supplemental Housing Indenture or Parity Housing Debt Instrument.

Conditional City Housing Increment. "Conditional City Housing Increment" means 17.5% of the Conditional City Increment (which Conditional City Housing Increment is equivalent to 1.4% of the Gross Tax Increment). Promptly upon receipt thereof, the District will deposit 17.5% of the Conditional City Increment received in any Bond Year in the Conditional City Housing Increment Special Account (or such greater or lesser amount permitted to be deposited therein pursuant to an opinion of nationally-recognized bond counsel). The District may establish separate accounts within the Conditional City Increment Special Fund, and separate sub-accounts within the Conditional City Housing Increment Special Account in its discretion.

The Conditional City Housing Increment received in any Bond Year and deposited into the Conditional City Housing Increment Special Account shall be subject to the pledge, security interest and lien set forth in the Housing Indenture until such time during such Bond Year as the amount of Net Available Housing Increment on deposit in the Net Available Housing Increment Special Account is equal to the aggregate amounts required to be transferred for deposit in such Bond Year (i) for deposit into the Interest Account and the Principal Account in the Housing Debt Service Fund and the Redemption Account in the Housing Debt Service Fund in such Bond Year pursuant to the Housing Indenture and, if applicable, (ii) with respect to any Parity Housing Debt other than additional Housing Bonds pursuant to the applicable Parity Housing Debt Instrument.

Once the condition set forth in the prior paragraph has been satisfied, all Conditional City Housing Increment shall be released from the pledge, security interest and lien under the Housing Indenture for the security of the Housing Bonds and any additional Parity Housing Debt.

If the condition set forth in the second preceding paragraph is not satisfied in a Bond Year, any remaining Conditional City Housing Increment in the Conditional City Housing Increment Special Account shall be released from the pledge, security interest and lien under the Housing Indenture for the security of the Housing Bonds and any additional Parity Housing Debt following payment of the principal or redemption price of and interest on the Housing Bonds due during such Bond Year and the payment of any amounts due during such Bond Year on any Parity Housing Debt.

On each September 2, or such earlier date on which the pledge, security interest and lien on the Conditional City Housing Increment is released as described in the preceding two paragraphs, the District shall, first, use any Conditional City Housing Increment in the Conditional City Housing Increment Special Account to pay debt service on other obligations that is then due in accordance with the Infrastructure Financing Plan, and, second, transfer any remaining such Conditional City Housing Increment to the City. The District is not required to apply such released City Conditional Housing Increment to replenish debt service reserve accounts under the Housing Indenture.

Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Housing Bonds and the payment in full of all other amounts payable under the Housing Indenture and under any Supplemental Housing Indenture or Parity Housing Debt Instrument, the District shall not have any beneficial right or interest in the moneys on deposit in the Conditional City Housing Increment Special Account, except as may be provided in the Housing Indenture and in any Supplemental Housing Indenture or Parity Housing Debt Instrument.

Housing Debt Service Fund. The Series 2023B Housing Bonds, the Series 2022A Housing Bonds and any additional Housing Bonds shall also be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Housing Debt Service Fund, and the Interest Account, the Principal Account and the Redemption Account therein without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. See "Housing Debt Service Fund" below.

2022 Housing Reserve Account. The Series 2023B Bonds, the Series 2022A Housing Bonds and all 2022 Related Housing Bonds shall be secured by a first pledge of all moneys deposited in the 2022 Housing Reserve Account. See "2022 Housing Reserve Account" below.

"2022 Related Housing Bonds" means any series of Parity Housing Bonds for which (i) the proceeds are deposited into the 2022 Housing Reserve Account so that the balance therein is equal to the 2022 Housing Reserve Requirement following issuance of such Parity Housing Bonds and (ii) the related Supplemental Housing Indenture specifies that the 2022 Housing Reserve Account shall act as a reserve for the payment of the principal of, and interest and any premium on, such series of Parity Housing Bonds.

Limited Security. Amounts in the Housing Project Fund (and the accounts therein) under the Housing Indenture and the 2023B Costs of Issuance Fund are not pledged to the repayment of the Housing Bonds.

Except for the Pledged Housing Increment and such moneys specified above, no funds or properties of the District (including but not limited to the Net Available Housing Increment and Conditional City Increment deposited into the Conditional City Housing Increment Special Account) are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Housing Bonds.

Plan Limit Covenant. Under the Housing Indenture, the District covenants to manage its fiscal affairs in a manner which ensures that it will have sufficient Pledged Housing Increment available under the Plan Limit in the amounts and at the times required to enable the District to pay the principal of and interest and premium (if any) on the Outstanding Housing Bonds and any outstanding Parity Housing Debt when due.

The District also covenants to annually review the total amount of Net Available Increment available to be allocated to the District under the Plan Limits, as well as future cumulative annual payments on (i) the Housing Bonds, (ii) any Parity Housing Debt, (iii) any Subordinate Housing Debt, (iv) any obligation to repay the City for any Conditional City Increment used to pay debt service on obligations of the District and (v) any bonds or debt payable from Net Available Facilities Increment.

In furtherance of the covenant described above, if the District ever determines that during the next succeeding Bond Year, the future cumulative annual payments on (i) the Housing Bonds, (ii) any Parity Housing Debt, (iii) any Subordinate Housing Debt, (iv) any obligation to repay the City for any Conditional City Increment used to pay debt service on obligations of the District and (v) any bonds or debt payable from Net Available Facilities Increment is expected to equal at least 80% of the remaining amount of Net Available Increment available to be allocated to the District under the Plan Limits, then the District shall either (i) adopt a plan approved by an Independent Economic Consultant that demonstrates the District's continuing ability to pay all of the debt service on the Housing Bonds and any Parity Housing Debt through the scheduled maturity date(s), or (ii) claim all Net Available Housing Increment not needed to pay current or any past due debt service on Housing Bonds or any Parity Housing Debt for so long as the 80% threshold set forth above is met and deposit such amounts, when received, into a Trustee-held escrow account and invested in Defeasance Obligations. Moneys in such escrow account must be used only to pay debt service on the Housing Bonds and any Parity Housing Debt, or to redeem Housing Bonds and any Parity Housing Debt that does not constitute Housing Bonds.

2022 Housing Reserve Account

The Trustee established under the Housing Indenture a 2022 Housing Reserve Account. The 2022 Housing Reserve Account was established for the benefit of the Series 2023B Housing Bonds and any future 2022 Related Housing Bonds. Under the Housing Indenture, the 2022 Housing Reserve Account is to be funded at the 2022 Housing Reserve Requirement.

"2022 Housing Reserve Requirement" means the amount as of any date of calculation equal to the least of (a) Maximum Annual Debt Service on the Series 2023B Housing Bonds, the Series 2022B Housing Bonds and any other 2022 Related Housing Bonds, (b) 125% of average Annual Debt Service on the Series 2023B Housing Bonds, the Series 2022B Housing Bonds and any future 2022 Related Housing Bonds and (c) 10% of the original principal of the Series 2023B Housing Bonds, the Series 2022B Housing Bonds and any future 2022 Related Housing Bonds; provided, however:

(A) that with respect to the calculation of clause (c), the issue price of the Series 2023B Housing Bonds, the Series 2022B Housing Bonds or any future 2022 Related Housing Bonds excluding accrued interest shall be used rather than the outstanding principal amount, if (i) the net original issue discount or premium of the Series 2023B Housing Bonds, the Series 2022B Housing Bonds or any future 2022 Related Housing Bonds was less than 98% or more than 102% of the original principal amount of the Series 2023B Housing Bonds, the Series 2022B Housing Bonds or any future 2022 Related Housing Bonds and (ii) using the issue price would produce a lower result than using the outstanding principal amount;

(B) that in no event shall the amount calculated under the Housing Indenture exceed the amount on deposit in the 2022 Housing Reserve Account on the date of issuance of the Series 2023B Housing Bonds or the most recently issued series of 2022 Related Housing Bonds except in connection with any increase associated with the issuance of 2022 Related Housing Bonds; and

(C) that in no event shall the amount required to be deposited into the 2022 Housing Reserve Account in connection with the issuance of a series of 2022 Related Housing Bonds exceed the maximum amount under the Tax Code that can be financed with tax-exempt bonds and invested an unrestricted yield.

Upon issuance of the Series 2023A Housing Bonds, the 2022 Housing Reserve Requirement will be satisfied as reflected in the table below:

2022 Housing Reserve Requirement	**$[_______]**
Prior balance in the 2022 Housing Reserve Account	$[_______]
Additional deposit from Series 2023B Housing Bonds proceeds	[_______]
Total Deposited to the 2022 Housing Reserve Account	**$**[_______]

All money in the 2022 Housing Reserve Account shall be used and withdrawn by the Trustee for the purpose of (i) making transfers to the Interest Account and the Principal Account in the Housing Debt Service Fund in such order of priority to pay principal of and interest on the Series 2023B Housing Bonds, the Series 2022A Housing Bonds and any other 2022 Related Housing Bonds, in the event of any deficiency at any time in any of such accounts and (ii) to the extent that such amounts are not required to make a payment to the federal government in respect of the Housing Bonds due and owing to the United States of America pursuant to the Internal Revenue Code as provided under the Housing Indenture, for the payment of authorized costs under the Infrastructure Financing Plan and the Law.

The District has the right at any time to direct the Trustee to release funds from the 2022 Housing Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series 2023B Housing Bonds, the Series 2022B Housing Bonds or any other 2022 Related Housing Bonds the interest on which is excluded from gross income of the owners thereof for federal income tax purposes to become includable in gross income for purposes of federal income taxation. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE HOUSING INDENTURE" attached hereto.

Parity Housing Debt

The Series 2023B Housing Bonds will be the second series of Housing Bonds issued under the Housing Indenture. In addition to the Series 2023B Housing Bonds, the District has issued the Series 2022B Housing Bonds and may issue additional Parity Housing Debt to finance and/or refinance activities that are permitted to be financed and/or refinanced by the District with Net Available Housing Increment in such principal amount as shall be determined by the District. The District may issue Parity Housing Debt, subject to the conditions set forth in the Housing Indenture. If development proceeds as planned, the District anticipates issuing Parity Housing Debt annually during the construction period in amounts then permitted by the conditions set forth in the Housing Indenture.

Any Parity Housing Debt, to the extent provided in the Housing Indenture, shall be secured by a lien on the Pledged Housing Increment a parity with any Housing Bonds issued under the Housing Indenture. The District may issue and deliver any such Parity Housing Debt subject to the following specific conditions all of which are conditions precedent to the issuance and delivery of such Parity Housing Debt:

(a) Except as provided in the Housing Indenture as described in paragraph (h) below, no event of default under the Housing Indenture, under any Parity Housing Debt Instrument or under any Subordinate Housing Debt Instrument (as defined in the Housing Indenture) shall have occurred and be continuing, unless the event of default shall be cured by the issuance of the Parity Housing Debt, and the District shall otherwise be in compliance with all covenants set forth in the Housing Indenture.

(b) Except as provided in the Housing Indenture as described in paragraph (h) below, based on the most recent taxable valuation of property in the Project Areas of the District that met their Trigger Amount in prior Fiscal Years and in the Project Areas of the District that met their Trigger Amount in the current Fiscal Year, as evidenced by the records of the District or the City, plus at the option of the District the amount of any Additional Housing Revenues, the Pledged Housing Increment shall equal at least one hundred twenty-five percent (125%) of Annual Debt Service payable from Pledged Housing Increment in each of the years that the proposed Parity Housing Debt will be outstanding, including within such Annual Debt Service, the amount of Annual Debt Service on the Parity Housing Debt then proposed to be issued or incurred.

"Additional Housing Revenues" means, as of the date of calculation, the amount of Net Available Housing Increment and Conditional City Housing Increment which, as shown in the Report of an Independent Economic Consultant based on written records of the City, are estimated to be receivable by the District within the Fiscal Year following the Fiscal Year in which such calculation is made as a result of increases in the assessed valuation of taxable property in the District due to (i) the completion of construction which is not then reflected on the tax rolls, or (ii) transfer of ownership or any other interest in real property which has been recorded but which is not then reflected on the tax rolls. For purposes of this definition, the term "increases in the assessed valuation" means the amount by which the assessed valuation of taxable property in the District is estimated to increase above the assessed valuation of taxable property in the District as of the date on which such calculation is made. For the avoidance of doubt, written records of the City may include written correspondence between the owner of taxable property (or its representatives) and the City with respect to construction in progress or property sales.

(c) In the case of Parity Housing Debt issued as additional Housing Bonds under the Housing Indenture, the Supplemental Housing Indenture providing for the issuance of such Housing Bonds shall provide for (i) a deposit to the 2022 Housing Reserve Account in an amount necessary such that the amount deposited therein shall equal the 2022 Housing Reserve Requirement following issuance of the additional Bonds, or (ii) a deposit to a reserve account for such additional Housing Bonds (and such other series of Housing Bonds identified by the District) in an amount defined in such Supplemental Housing Indenture, as long as such Supplemental Housing Indenture expressly declares that the Owners of such additional Housing Bonds will have no interest in or claim to the 2022 Housing Reserve Account and that the Owners of the Housing Bonds covered by the 2022 Housing Reserve Account will have no interest in or claim to such other reserve account or (iii) no deposit to either the 2022 Housing Reserve Account or another reserve account as long as such Supplemental Housing Indenture expressly declares that the Owners of such additional Housing Bonds will have no interest in or claim to the 2022 Housing Reserve Account or any other reserve account. The Supplemental Housing Indenture may provide that the District may satisfy the 2022 Housing Reserve Requirement for a series of Parity Housing Debt issued as additional Housing Bonds under the Housing Indenture by the deposit into the reserve account established pursuant to such Supplemental Housing Indenture of an irrevocable standby or direct-pay letter of credit, insurance policy, or surety bond issued by a commercial bank or insurance company as described in the Supplemental Housing Indenture.

Nothing in the Housing Indenture establishes a requirement for the District to establish a debt service reserve account for Parity Housing Debt that is not issued as additional Housing Bonds under the Indenture.

(d) Principal with respect to such Parity Housing Debt will be required to be paid on September 1 in any year in which such principal is payable.

(e) The aggregate principal amount of bonds and other debt (as defined in the Law and the Infrastructure Financing Plan) that will have been issued by the District following the issuance of such Parity Housing Debt shall not exceed the maximum amount of bonds and other debt permitted to be issued by the District. The following Parity Housing Debt shall not account against the aggregate principal amount of bonds and other debt permitted to be issued by the District: (i) any bonds or other debt issued or incurred for the sole purpose of refunding the Housing Bonds, funding a reserve fund for such refunding bonds and paying related costs of issuance and (ii) any bonds or other debt issued or incurred for the sole purpose of refunding such refunding bonds, funding a reserve fund and paying related costs of issuance.

(f) The aggregate amount of the principal of and interest on all bonds, loans, advances or indebtedness payable from Net Available Housing Increment, Net Available Housing Increment and Conditional City Increment coming due and payable following the issuance of such Parity Housing Debt shall not exceed the maximum amount of Net Available Housing Increment, Net Available Housing Increment and Conditional City Increment permitted under the Plan Limit to be allocated and paid to the District following the issuance of such Parity Housing Debt.

(g) The proceeds of the Parity Housing Debt shall be used for a lawful purpose of the Pledged Housing Increment under the Law and the Infrastructure Financing Plan.

(h) Except as provided in paragraph (h) below, the District shall deliver to the Trustee a Written Certificate of the District certifying that the conditions precedent to the issuance of such Parity Housing Debt set forth in paragraphs (a) through (g) above have been satisfied and (ii) a written certificate of the City certifying that the condition precedent to the issuance of such Parity Housing Debt set forth in paragraph (g) has been satisfied.

(h) The condition set forth in paragraph (a) and (b) above shall not apply to the issuance or incurrence of any Parity Housing Debt the net proceeds of which will be used solely to refund all or any portion of the Series 2023B Housing Bonds or any other outstanding Parity Housing Debt, provided that debt service payable in each year with respect to the proposed Parity Housing Debt is less than the debt service otherwise payable in each year with respect to the Series 2023B Housing Bonds or Parity Housing Debt, or portion thereof, proposed to be refunded.

Subject to the conditions under the Housing Indenture, the City may incur or issue loans, advances or indebtedness, which are either (a) payable from, but not secured by a pledge of or lien upon, the Pledged Housing Increment; or (b) secured by a pledge of or lien upon the Pledged Housing Increment which is expressly subordinate to the pledge of and lien upon the Net Available Housing Increment and the Conditional City Housing Increment under the Housing Indenture for the security of the Housing Bonds. See APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE HOUSING INDENTURE" attached hereto.

The District has agreed in a Subordinate Pledge Agreement dated May 29, 2015, to pledge the Net Available Increment as security for TIDA's promise to pay the Navy the purchase price of $55 million, plus interest, for the property constituting the project site of the Treasure Island Project. According to the Subordinate Pledge Agreement, the District's pledge to pay the purchase price is subordinate to any bonds issued by the District.

Limited Obligations

The Series 2023A Facilities Bonds are limited obligations of the District, secured by and payable solely from the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2023A Facilities Bonds are not payable from any other source of funds other than the Pledged

Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2023B Housing Bonds are limited obligations of the District, secured by and payable solely from the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. The Series 2023B Housing Bonds are not payable from any other source of funds other than the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture. Neither the Series 2023A Facilities Bonds nor the Series 2023B Housing Bonds are a debt of the City, the State of California (the "State") or any of their political subdivisions (other than the District and only to the limited extent set forth in the Facilities Indenture and the Housing Indenture, respectively), and none of the City, the State or any of their political subdivisions other than the District is liable therefor. Neither the Series 2023A Facilities Bonds nor the Series 2023B Housing Bonds constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The District has not pledged any other tax revenues or property or its full faith and credit to the payment of debt service on the Series 2023A Facilities Bonds or the Series 2023B Housing Bonds. Although the District receives certain tax increment revenues, the District has no taxing power.

FORMATION OF THE DISTRICT AND THE INITIAL PROJECT AREAS

The District was formed by the City pursuant to the Law. The Law was enacted by the State of California (the "State") Legislature to establish a long-term permanent program that provides local governments with tools and resources for among other things, public infrastructure, affordable housing, economic development and job creation, and environmental protection and remediation.

The Board of Supervisors, as the legislative body that formed an infrastructure and revitalization financing district, serves as the legislative body of the District. Subject to approval by two-thirds of the votes cast at an election and compliance with the other provisions of the Law, an infrastructure and revitalization financing district may issue tax increment revenue bonds.

Pursuant to the Law, the Board of Supervisors adopted the necessary ordinances and resolutions and conducted such proceedings and elections as are necessary under the Law to form the District and the Initial Project Areas, approve the "Infrastructure Financing Plan for the District, and authorize issuance from time to time of tax increment revenue bonds or other debt for the purpose of financing certain improvements described in the Infrastructure Financing Plan.

The District formation proceedings also established a process for the annexation of property to the District in the future, as described in "Future Annexation of Property to the District" below.

Initial Formation Proceedings. The proceedings undertaken by the Board of Supervisors to establish the District include the following:

(i) Resolution No. 512-16 adopted by the Board of Supervisors on December 6, 2016, pursuant to which the City (as the only taxing entity allocating tax increment revenue to the District under the Infrastructure Financing Plan) approved the Infrastructure Financing Plan and acknowledged that future project areas may be designated in the District and that territory on Yerba Buena Island and Treasure Island may be annexed to the District in the future;

(ii) Resolution No. 6-17 adopted by the Board of Supervisors on January 24, 2017, pursuant to which the City declared the results of a special election at which the qualified landowner electors, among other things, (A) approved the allocation of tax increment to the District as described in the Infrastructure Financing Plan and (B) authorized the issuance of bonds and other debt in the maximum amount of (1) $780 million plus (2) the principal amount of bonds and other debt approved by the Board of Supervisors and the qualified electors of territory annexing to the District;

(iii) Resolution No. 7-17 adopted by the Board of Supervisors on January 24, 2017, pursuant to which the City authorized issuance of bonds for the District and project areas therein, in an aggregate principal amount not to exceed $780,000,000 (excluding refunding bonds from the calculation of such principal amount) (such resolutions referred to herein as the "Resolutions"); and

(iv) Ordinance No. 21-17 (the "Ordinance") adopted by the Board of Supervisors on January 31, 2017, forming the District and the Initial Project Areas, adopting the Infrastructure Financing Plan, declaring that the District has the authority to issue bonds and other debt in the maximum amount of (A) $780 million plus (B) the principal amount of bonds and other debt approved by the Board of Supervisors and the qualified electors of territory annexing to the District, and providing for designation of additional project areas in the future and annexation of territory on Yerba Buena Island and Treasure Island to the District in the future.

Judicial Validation. The Superior Court of the State of California, County of San Francisco, in a judgment entered on May 7, 2018 (Case No. CGC-17-557496) (the "Validation Judgment"), issued a judgment that:

(i) all proceedings by the City and the District in connection with the Infrastructure Financing Plan (under which the City allocated certain tax increment to the District) and related bonds and bond contracts, including the Resolutions and the Ordinance, were in conformity with applicable laws,

(ii) upon execution and delivery thereof, the related bonds (including the Facilities Bonds and the Housing Bonds) and bond contracts described therein (including the Facilities Indenture and the Housing Indenture) will be and are valid, legal and binding obligations of the parties thereto in accordance with their terms,

(iii) the allocation to the District by the Board of Supervisors of specific percentages of incremental property tax revenues from the Initial Project Areas as set forth in the Infrastructure Financing Plan are valid, legal, binding and irrevocable from and after the effective date of the Ordinance, and such incremental property tax revenues are available to be pledged to bonds and other debt, and

(iv) certain other propositions related to the District and the Project Areas.

The Validation Judgment permanently enjoins all persons from challenging the validity of, among other things, the District, the Facilities Bonds, the Housing Bonds, the Facilities Indenture, the Housing Indenture, the Infrastructure Financing Plan, the Resolutions and the Ordinance.

In issuing its approving opinions, Jones Hall, A Professional Law Corporation, Bond Counsel, will rely on the Validation Judgment, among other things.

Amendment Proceedings. Since formation of the District, the California State Board of Equalization notified the District and the City that the boundaries of the District and the Initial Project Areas needed to be revised to reflect the boundaries of the parcels in the District in order for the Board of Equalization to assign tax rate areas to the Initial Project Areas, and the District determined that there might be a future need to further amend the District's boundaries to conform to final development parcels in the District.

Accordingly, in 2022, the District completed proceedings, including a landowner election, to add territory to the District, amend the Infrastructure Financing Plan, and establish a procedure by which certain future amendments may be approved by the Board of Supervisors, as legislative body of the District, without further hearings or approvals, as long as the amendments will not impair the District's ability to pay debt service on its bonds or, in and of themselves, reduce the debt service coverage on any bonds below the amount required to issue parity debt (the "2022 District Amendments"). Pursuant to Ordinance No. 29-22, adopted by the Board of Supervisors on February 15, 2022, the Board of Supervisors, as the legislative body of the District, declared that (i) territory has been added to the District and the boundaries of certain Initial Project Areas have been amended and (ii) adopted an amended Infrastructure Financing Plan for the District.

In the Validation Judgment, the Superior Court ruled that the Infrastructure Financing Plan, including any amendments of the original Infrastructure Financing Plan that are consistent with the Law, is legal, valid and binding. The Infrastructure Financing Plan, as amended in connection with the 2022 District Amendments, declares that the amendments of the original Infrastructure Financing Plan are consistent with the Law and, therefore, are legal, valid and binding.

As of the date of this Official Statement, there are five project areas in the District: Project Area A, Project Area B, Project Area C, Project Area D and Project Area E. Project Areas A, B and E are currently contributing increment. No assurance is given regarding the addition of contributing project areas in the District or the addition of territory to the District in the future. See "THE TREASURE ISLAND PROJECT" and "THE INITIAL PROJECT AREAS" herein.

Future Annexation of Property to the District. The Infrastructure Financing Plan describes the procedures for annexation of property to the District, and establishes the following principles:

(i) Annexing property may be added to one of the Initial Project Areas or may be added as a new Project Area with distinct limits on the allocation of tax increment to the District. If a new Project Area is created, it will have its own Commencement Year and termination date.

(ii) The annexation proceeding will provide for an additional principal amount of bonds and other debt that can be issued by the District, to reflect the additional tax increment that may be allocated to the District.

(iii) The Infrastructure Financing Plan will be supplemented to reflect the annexation.

(iv) When property is annexed into the District, a vote will be required of the qualified electors of the territory to be annexed only.

THE CITY

General. The City is the economic and cultural center of the San Francisco Bay Area and northern California. The limits of the City encompass over 93 square miles, of which 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (previously defined as the "Bay"). Silicon Valley is about a 40-minute drive to the south and the Napa and Sonoma "wine country" is about an hour's drive to the north. As of January 1, 2023, the State estimates the City's population to be 831,703, among the largest in the country. See APPENDIX A – "DEMOGRAPHIC INFORMATION REGARDING THE CITY AND COUNTY OF SAN FRANCISCO" hereto.

The City benefits from a broad economic base, anchored by major technology companies such as Salesforce Inc., Uber Technologies Inc., Accenture and Cisco Systems Inc. In addition, the City is near Silicon Valley, a region regarded as a global center for technology and innovation. San Francisco has historically ranked among the highest average income counties in the country. The City is served by two major airports: San Francisco International Airport and Oakland International Airport. There are multiple universities located in or near the City, such as University of California, Berkeley, Stanford University,

University of San Francisco, San Francisco State University, University of California, San Francisco and UC Law San Francisco.

Continuing Impact of COVID-19 Pandemic and Other Factors on San Francisco Economy. Beginning in late winter 2020, the City faced significant negative impacts resulting from the global COVID-19 pandemic and efforts to contain it. While public health restrictions have been loosened or eliminated in response to positive public health data on COVID-19, economic conditions have not fully recovered. Housing affordability, homelessness and crime, which have posed challenges in urban areas like the City in recent years, may also negatively impact economic activities.

The impacts on the City's economy have been material and in many cases adverse. The pandemic and recent economic conditions have resulted in a decline in population, reductions in tourism and disruption of the local economy, widespread business closures, business relocations out of the City and job cuts by many tech companies. A recent forecast from the State's Department of Finance indicates that the City's population is likely to remain below 2020 levels through 2060.

As of June 2023, hotel revenue was at about 75% of 2019 levels. Domestic and international enplanements were also below pre-pandemic levels. A large-scale return to workplaces has yet to materialize, which is also reflected in continued low transit ridership to workplace centers in the City.

In addition, the pandemic negatively impacted values in certain segments of the real estate market. The City's office vacancy rate topped 30% as of the third quarter of 2023. The downtown office market has been particularly impacted. Additionally, the City's housing market also remains sluggish, with condo prices falling faster in San Francisco than statewide. Apartment rents, however, have grown, surpassing the national growth rate, with vacancy rates under 6% as of July 2023, though rents remain below 2019 levels. Building permits for single and multifamily homes in 2022 numbered near 2020 levels, which was a ten-year low, with permits in 2023 issuing at an even slower annualized pace through June.

Recent economic conditions in the City also reflect periods of increasing interest rates driven by Federal Reserve rate-setting actions aimed at mitigating inflation.

See "RISK FACTORS – Real Estate Investment Risks" and " – Public Health Emergencies" herein.

THE TREASURE ISLAND PROJECT

The following provides information with respect to development of the Treasure Island Project. TI Series 1 has provided the information with respect to the Treasure Island Project under the captions " – Developer Entities," " – Planned Development," " – Infrastructure," " – Sea Level Rise and Adaptive Management Strategy," "KSWM Litigation" and " – Reassessment Covenants" below. No assurance can be given by the District that all such information is complete. The District has not independently verified such information and assumes no responsibility for its accuracy or completeness. Information under the captions " – City/TIDA-TICD Dispute; Negotiations Regarding Dispute and Other Matters" and " – Transfer Tax Refund Request" were prepared jointly by the City and TI Series 1 (except statements therein expressly attributed to a party or parties were provided only by such party or parties). No assurance can be given that development of the property will be completed or that the plans or projections detailed herein or in the Fiscal Consultant Report will actually occur. If planned development of the property is not completed, Pledged Facilities Increment and Pledged Housing Increment could be comparatively lower than if development is completed as planned. See the section of this Official Statement captioned "RISK FACTORS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating an investment in the Series 2023AB Bonds.

Only the property subject to ad valorem property taxes in each Project Area in or after the respective Commencement Year and for 40 consecutive years thereafter will generate the Pledged Facilities Increment securing the Series 2023A Facilities Bonds and the Pledged Housing Increment securing the Series 2023B Housing Bonds. The information below is intended to provide the overall context of the entire Treasure Island Project, of which the Initial Project Areas are a part.

Overview

The Treasure Island Project encompasses approximately 461 acres on Yerba Buena Island and Treasure Island, two adjacent islands (the "Islands"). The Islands are located in the San Francisco Bay and are connected by a causeway. The Islands are accessible to San Francisco and the greater San Francisco Bay Area via the San Francisco-Oakland Bay Bridge, which passes through Yerba Buena Island, and by ferry to Downtown San Francisco.

Treasure Island was previously the site of a United States Naval Station ("Naval Station Treasure Island" or "NSTI"). In 1993, Congress selected NSTI for closure and disposition by the Base Realignment and Closure Commission. In 1997, the San Francisco Board of Supervisors authorized the creation of the Treasure Island Development Authority ("TIDA") to serve as the entity responsible for the reuse and development of the NSTI. TIDA is a California non-profit public benefit corporation, a public benefit agency and instrumentality and an authority of the City and the State of California. TIDA's board members are appointed by the Mayor of San Francisco.

The United States of America, acting through the Department of the Navy (the "Navy"), and TIDA entered into an Economic Development Conveyance Memorandum of Agreement ("Navy MOA") that provides for transfer of NSTI from the Navy to TIDA in phases as the Navy completes environmental remediation. To date, the Navy has made five separate conveyances to TIDA, including all of the property within the District and Major Phase 1. The bulk of the land the Navy still owns is comprised of Investigation/Remediation Site 12 ("IR Site 12"), which includes a substantial portion of the Major Phase 4 area, a small portion of the Major Phase 2 area, and shares a boundary with Major 3 as it is currently defined. The Navy has not yet received approval from applicable State and federal regulators to transfer IR Site 12 in the condition required by the Navy MOA. While the Navy continues its remediation work, the timeline for the transfer of this property is uncertain. Portions of IR Site 12 could be delayed for as much as 10 years, and in such event TIDA could invoke a redesign process under the Navy MOA if such delay impacts future phases of the development. However, the timing of such disposition does not affect development of the Initial Project Areas.

In 2003, TIDA selected Treasure Island Community Development LLC ("TICD"), a California limited liability company, to serve as master developer for the "Treasure Island Project." The Treasure Island Project will be carried out by TICD in accordance with the Disposition and Development Agreement between TIDA and TICD, dated as of June 28, 2011 (as amended from time to time, the "DDA"), and the Development Agreement between the City and TICD dated as of June 28, 2011 (as amended from time to time, the "DA"), and related Treasure Island Project approvals (including the Mitigation Monitoring and Reporting Program adopted by TIDA and the City in reliance on the Treasure Island/Yerba Buena Island Environmental Impact Report, the Treasure Island/Yerba Buena Island Special Use District and a Design for Development that established design standards and guidelines).

The Treasure Island Project encompasses portions of both Treasure Island and Yerba Buena Island and is planned for a new mixed use neighborhood of up to 8,000 residential units, hotels, restaurants, retail, arts and entertainment, parks, and open space. The DDA provides for the phased transfer of properties planned for private development from TIDA to TICD for development of the Treasure Island Project.

Developer Entities

TICD is the master developer of the Treasure Island Project. TICD, and its subsidiaries including TI Series 1 and Treasure Island Series 2, LLC ("TI Series 2"), are completing the backbone infrastructure improvements of the Treasure Island Project and then selling development pads to vertical builders (each a "Merchant Builder") for construction of residential and commercial development. Of the development pads sold to vertical builders to date, all were sold to entities that are affiliated with one or more members of the TICD joint venture, including Stockbridge, Wilson Meany, Lennar, and Poly USA.

TICD is a joint venture, the members in which are (i) a joint venture ("TIH") comprised of a subsidiary of Lennar Corporation ("Lennar") and a subsidiary of Poly (USA) Real Estate Development Corporation, as a non-managing, third-party member, (ii) an indirect subsidiary of Lennar ("TICD Hold Co"), (iii) a joint venture ("KSWM") comprised of affiliates of Stockbridge TI Fund LP (collectively, "Stockbridge"), Kenwood Investments ("Kenwood") and Wilson Meany ("Wilson Meany") and (iv) an affiliate of Stockbridge ("SBTI"). TIH and TICD Hold Co. together own a fifty percent (50%) membership interest in TICD, and KSWM and SBTI together own a fifty percent (50%) membership interest in TICD. The responsibility for establishing the policies and operating procedures with respect to the business and affairs of TICD and for making all decisions as to all matters which TICD has authority to perform is vested in an Executive Committee, which is comprised of representatives of KSWM and of TIH (all of which are Lennar employees), with equal power given to the KSWM and TIH representatives. Wilson Meany, on behalf of KSWM, and Lennar, on behalf of TIH, are co-managing members of TICD, charged with conducting the business of TICD on a day-to-day basis. TICD's subsidiary, Treasure Island Development Group, LLC ("TIDG"), leads many of the day-to-day activities of the Project under the direction of TICD's co-managing members (Wilson Meany, on behalf of KSWM, and Lennar, on behalf of TIH). Each of Wilson Meany and Lennar are deeply experienced in such projects, with seasoned and highly qualified personnel managing their respective roles in the Project, and TIDG's team is also deeply experienced and highly qualified. Third party investors in Stockbridge and TIH hold limited and customary major decision approval rights related to certain high-level policies of TICD. Capital for the development of the Project is to come from the proceeds of land sales, debt financing, and reimbursements from public financing sources (including CFD and IRFD). In addition, to the extent that TICD does not have capital in the amount or at the times required for budgeted expenses of the Treasure Island Project, TICD's co-managing members (Wilson Meany, on behalf of KSWM, and Lennar, on behalf of TIH) have the right to call capital of TICD's members, and the members are obligated to timely contribute their respective pro rata shares. The members of TICD are subject to customary and significant remedies in the event that they do not contribute such capital, and the other members are permitted to put in capital in the event that another member does not do so. In addition, see the caption " - KSWM Litigation" below for a discussion of the litigation between Kenwood and entities of Stockbridge and Wilson Meany.

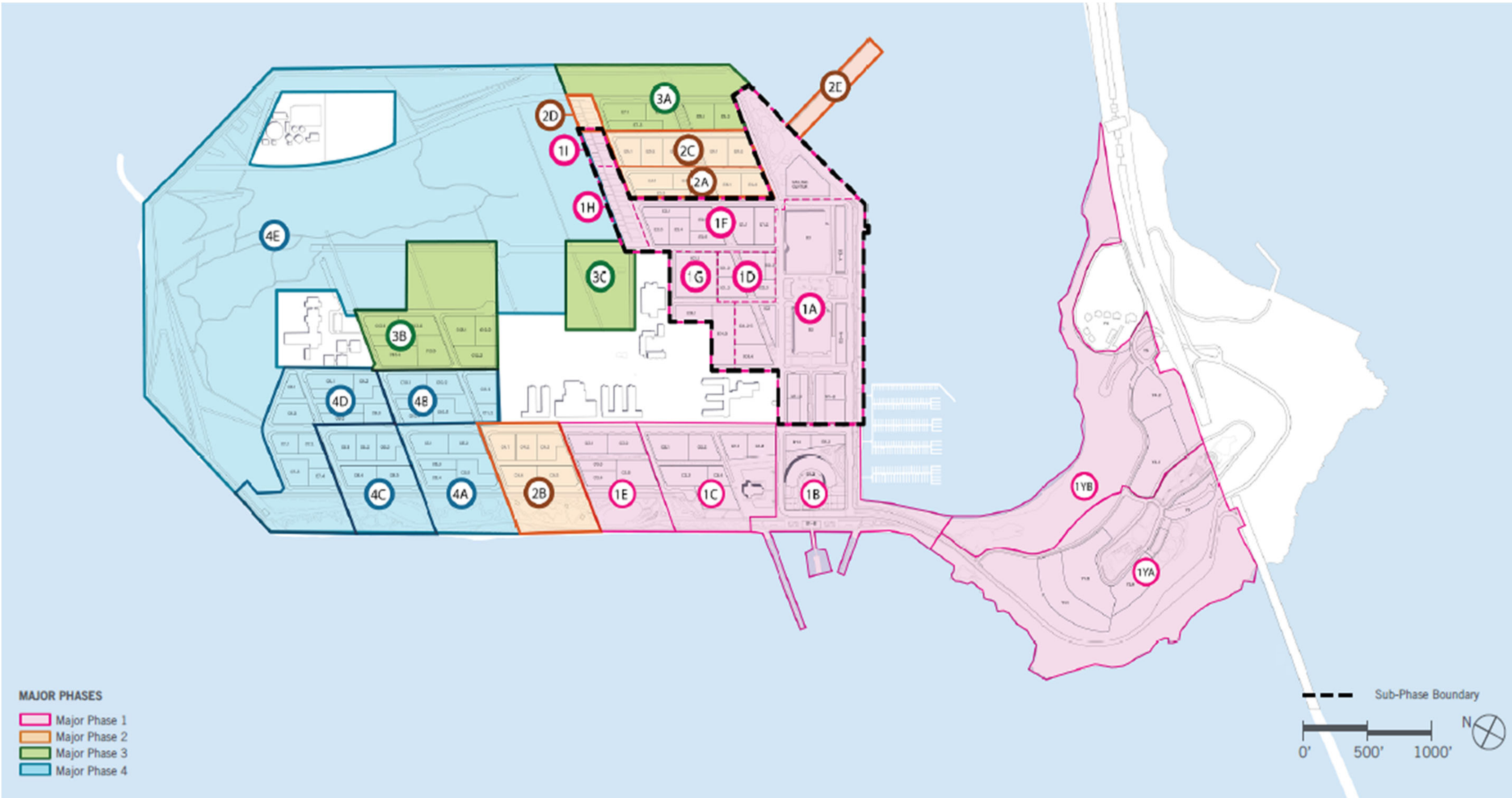
From time to time, TICD has admitted new members in connection with additional capital needs for the project. In one such instance, in 2016, Stockbridge TI Co-Investors, LLC was admitted as a direct member to TICD in proportion to its capital contributions. At the same time, Stockbridge admitted a new, limited partner investor in its ownership structure (an affiliate of CITIC Capital Holdings Limited).

As originally envisioned, TICD was going to sell property to builders to develop the property. As TICD sought to market the property to builders and developers, TICD found that the market would be more receptive for the land at the pricing being sought if it were to show "proof of concept." To do this, TICD's members determined to have affiliated entities acquire the land in the first phase of the project to build the vertical improvements. All acquisitions were at market prices.

Both of the actions in the prior two paragraphs took place without objection from any of the members of TICD, including Kenwood.

Planned Development

The Treasure Island Project is planned for development of 5,827 market rate residential units, 2,173 below market rate affordable units, 551,000 square feet of commercial space, 500 hotel rooms, and approximately 290 acres of parks and open space. Development is planned to occur in four major phases, with each major phase including several sub-phases. The four major phases and the 11 sub-phases of Major Phase 1 (including 1YA, 1YB, 1B, 1C and 1E) are shown on the map below.



Note: Area labels on the map above represent sub-phase designations, not Project Area designations. For Project Area designations, see map on page [__].

Table 1 below provides a summary of the Treasure Island Project, Major Phase 1 of the Treasure Island Project, and the portions of Major Phase 1 that are within the District.

Table 1
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Planned Development
Treasure Island Project and Portions Within Major Phase 1 and the District

Description	Treasure Island Project	Portion within Major Phase 1	Portion within District
		First of four major phases of the Treasure Island Project	Portions of five out of 11 subphases of Major Phase 1
Planned Residential Units (up to)			
Market Rate Units	5,827	3,329	1,682
Below Market Rate Units	2,173	700	73
Total Units	8,000	4,119	1,755[(1)]
Planned Non-Residential Development (up to)			
Adaptive Reuse Commercial Square Feet	311,000	311,000	0
New Retail Square Feet	140,000	140,000	8,000
New Office Square Feet	100,000	100,000	0
Subtotal	551,000	551,000	8,000
Hotel Rooms	500	500	350

[(1)] Of the total 1,755 planned units, 1,044 are within Project Areas A, B, and E that are collecting tax increment in FY 2022-23.

Infrastructure

All major backbone infrastructure required for development within the Initial Project Areas to receive temporary certificates of occupancy has been completed. Completed infrastructure includes geotechnical work in Major Phase 1 (described below), critical utilities (water, sewer, gas, and electricity) serving the Initial Project Areas, reconstruction of the causeway connecting Yerba Buena Island and Treasure Island, and streetscape and landscaping of roads serving the Initial Project Areas.

Total horizontal infrastructure improvements and fees required for development of the larger Treasure Island Project are estimated to total approximately $2.46 billion, as of July 1, 2023. As of July 1, 2023, TICD and related developers have expended approximately $749 million on such costs (all related to Major Phase 1) ("Initial Project Costs"), and they expect to spend the remainder of such costs over the next 15 years.

A geotechnical mitigation program was implemented in the Initial Project Areas and elsewhere on Treasure Island in advance of infrastructure improvements and construction of buildings to make the Treasure Island perimeter seismically stable, strengthen the causeway that connects Treasure Island to Yerba Buena Island, densify the sandy fill to minimize seismic settlement within the development footprint, and compress the soft Bay Mud sediments to minimize future settlement from the addition of fill and buildings. The plan included densification of the sandy fill throughout the development and the shoreline using the direct power compaction ("DPC") vibrocompaction improvement method, preloading new building parcels and City streets with surcharge, and strengthening the causeway and the portions of the shoreline with cement deep soil mixing. See “RISK FACTORS – Climate Change; Risk of Sea Level Rise and Flooding Damage” for a description of Bay Mud. The geotechnical program for the Initial Project Areas and infrastructure serving it was completed and does not require ongoing maintenance work. Geotechnical work continues for portions of Treasure Island outside of the Initial Project Areas.

A portion of the Initial Project Costs have been reimbursed through the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (previously defined as, the “CFD”), established pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (section 53311 et seq. of the California Government Code). The City, on behalf of the CFD, has issued three series of special tax bonds to date backed by special taxes levied on taxable parcels within either Improvement Area No. 1 or Improvement Area No. 2, as applicable. Both Improvement Area No. 1 and Improvement Area No. 2 are within the Initial Project Areas. These bonds have generated approximately $78 million in project funds to date, and additional special tax bonds are expected to be issued in the future. [An additional series of special tax bonds for Improvement Area No. 2 is expected to close later this year.] The special taxes supporting the CFD bonds are not available to pay the Facilities Bonds or the Housing Bonds, nor is tax increment from the Project Areas available to pay the CFD bonds.

See “THE INITIAL PROJECT AREAS – Planned Development” for information about infrastructure in the Initial Project Areas.

Transportation

Current transportation options serving the Islands include a ferry service between Treasure Island and the San Francisco Ferry Building (privately-managed by TICD) and MUNI bus service to and from mainland San Francisco. Vehicles have access to the San Francisco-Oakland Bay Bridge (which passes through Yerba Buena Island) from both the eastern and western sides of Yerba Buena Island. A planned “congestion pricing” auto toll is expected to be charged to certain drivers for each auto trip to and from Treasure Island. Additional transportation programs - including AC Transit bus service to Oakland and a fare-free on-Islands shuttle - are planned for implementation as development proceeds on the Islands.

Sea Level Rise and Adaptive Management Strategy

The sea level rise and adaptive management strategy for Treasure Island includes a multi-phased approach to mitigation, with initial infrastructure designs to accommodate reasonable sea level rise scenarios as well as future monitoring and funding mechanisms to implement necessary improvements in the future. As part of the first phase of such strategy, the perimeter shoreline areas near the Initial Project Areas have been adjusted to function as a berm, and finished grades for the inland proposed building areas for some of the Initial Project Areas have been raised up to 6.0 feet. See “RISK FACTORS – Climate Change; Risk of Sea Level Rise and Flood Damage” herein.

KSWM Litigation

There is an ongoing lawsuit between certain entities holding indirect financial interests in the Stockbridge-Wilson Meany-Kenwood half of TICD (the “Stockbridge Ownership”). The Stockbridge Ownership consists of two members: Stockbridge TI Co-Investors, LLC (“Co-Investors”) and KSWM Treasure Island, LLC (“KSWM”). KSWM’s members are Stockbridge Treasure Island Investment Company, LLC (“STIIC”), a limited liability company affiliated with Stockbridge; Kenwood Investments, LLC (“Kenwood”), a real estate investment firm; and WMS Treasure Island Development, LLC (“WMS”), a real estate development firm associated with Wilson Meany.

As members of KSWM, relationship between the parties is governed by an operating agreement, which prescribes, among other things, the members' relative financial claims to any returns that KSWM derives from its investment in the Treasure Island project. Under KSWM's operating agreement, STIIC has a right to receive a return of its capital contributions to KSWM and a compounding aggregate preferred return on those contributions, for so long as such amounts were invested in KSWM, before any distributions are payable to Kenwood or WMS. In the event that STIIC receives sufficient distributions to repay its capital contributions and realizes its aggregate preferred return, Kenwood and WMS each would be entitled to share with STIIC any further distributions from KSWM pursuant to their respective "promote" interests in KSWM. For numerous reasons, including the COVID pandemic, supply chain issues, inflationary increases in costs, and various delays caused by the foregoing, projected revenues for the project have been pushed out and reduced such that the projected values of, and expected returns on, those interests are projected to be lower today than they were projected to be a few years ago.

In November 2022, Kenwood alleged that Stockbridge and WMS had breached the KSWM operating agreement by causing KSWM to enter into an amendment (the "2016 Amendment") to TICD's operating agreement that brought in Co-Investors as an additional member of TICD without Kenwood's consent. Kenwood alleged that, because Co-Investors' membership interest in TICD came out of KSWM's 50% share of KSWM, the 2016 Amendment diluted KSWM's interest in TICD, thereby reducing the value of Kenwood's promote. STIIC and WMS disputed Kenwood's allegations.

On March 31, 2023, STIIC and WMS delivered a buy-sell offer to Kenwood, under a provision of the KSWM operating agreement that allows members to make such an offer in the event of a "Deadlock," which is defined to include a dispute with other members over the validity of a decision made by KSWM's managing committee that renders KSWM incapable of carrying out its business. STIIC and WMS believe that there is a Deadlock among KSWM's members; Kenwood disputes that there is any such Deadlock.

On April 3, 2023, STIIC and WMS filed a complaint against Kenwood in the Superior Court of California, County of San Francisco, seeking a declaration of their right to make the March 31, 2023 buy-sell offer to Kenwood and Kenwood's obligation in response thereto. Stockbridge Treasure Island Investment Company, LLC v. Kenwood Investments, LLC, Case No. CGC-23-605537 (Superior Court, County of San Francisco).

On April 4, 2023, Kenwood filed its own complaint in San Francisco Superior Court against Stockbridge, Co-Investors, and WMS, asserting claims for breach of contract, breach of the covenant of good faith and fair dealing, negligent misrepresentation, intentional misrepresentation, tortious interference with contract, and quantum meruit. Kenwood Investments, LLC v. Stockbridge Capital Partners, LLC, Case No. CGC-23-605626 (Superior Court, Count of San Francisco). In its complaint, Kenwood alleged that Stockbridge and WMS breached the KSWM operating agreement by authorizing the 2016 Amendment without Kenwood's consent; misled Kenwood about the effect of the 2016 Amendment; and appropriated for themselves certain benefits relating to the Treasure Island development to which KSWM was entitled under its operating agreement, including by acquiring, through affiliates, various land parcels from TICD for vertical development.

On April 25, 2023, STIIC and WMS made a second buy-sell offer to Kenwood. This second offer was substantively similar to the first offer of March 31, 2023, but corrected what Kenwood had asserted was a deficiency in the first offer and also updated certain financial calculations. In their April 25, 2023 offer, STIIC and WMS selected an offer price such that Kenwood either could sell its interest in KSWM to STIIC and WMS for $0 or buy both STIIC's and WMS's interests in KSWM and Co-Investors' interest in TICD for $220,000,000.

On June 6, 2023, STIIC and WMS filed a first amended complaint against Kenwood asserting claims for declaratory relief as to the validity of the second buy-sell offer and breach of contract based on Kenwood's alleged repudiation of its buy-sell obligations.

Kenwood did not make an election in response to the April 25, 2023 buy-sell offer by the election deadline specified by KSWM's operating agreement. STIIC and WMS contend that, by failing to make any election, Kenwood is deemed to have elected to sell its interest in KSWM to STIIC and WMS. Kenwood disputes that the April 25, 2023 buy-sell offer is enforceable. On July 14, 2023, Kenwood filed a demurrer to STIIC and WMS's first amended complaint. If the April 25, 2023 buy-sell offer is found to be valid and enforceable, Kenwood will be compelled to sell its interest in KSWM for $0. If the offer is found to be invalid or otherwise unenforceable, Kenwood will not be required to sell its interest in KSWM and, absent a consensual transaction, will remain a member of KSWM along with STIIC and WMS.

On June 28, 2023, Kenwood filed a first amended complaint, which substituted STIIC for Stockbridge as a defendant and added claims against STIIC and WMS for breach of fiduciary duty. The allegations in Kenwood's first amended complaint are otherwise similar to those in its original complaint. As remedies on its claims, Kenwood seeks monetary and punitive damages, as well as restitution, but Kenwood does not expressly seek to rescind any prior investments in the project nor does it seek to enjoin any future development on the project.

No assurances can be given as to the outcome of this litigation or its potential effect on TICD and the Treasure Island development, but based on the current pleadings and the near-completion of the horizontal improvements for Improvement Area No. 2, the Developer does not believe that this lawsuit will prevent the continued development within Improvement Area No. 2.

City/TIDA-TICD Dispute; Negotiations Regarding Dispute and Other Matters

As discussed above, the Treasure Island Project is carried out by TICD in accordance with the DDA and the DA, and related Treasure Island Project agreements (collectively, the "Project Agreements"). The Project Agreements and related approvals control the overall design, development and construction of the Treasure Island Project and all infrastructure and improvements. The Treasure Island Project, as a complex, phased development of horizontal infrastructure and vertical development, requires coordination among TICD, TIDA and the various agencies of the City to map, permit, inspect, and construct the Treasure Island Project, and transfer to the City completed public infrastructure.

In the course of implementing the Treasure Island Project, disagreements have arisen between TICD on the one hand and TIDA and the City on the other.

Budget Disputes. The DDA obligates TICD to pay certain costs incurred by City departments ("City Costs"), certain TIDA costs to the extent there are annual budgetary shortfalls ("Authority Costs"), and certain agreed-upon developer subsidies, which include certain costs for open space, transportation, community facilities, authority housing, school improvements, ramps/viaducts, fill, and job training programs ("Developer Subsidies"). TICD has questioned the appropriateness and amount of City Costs and Authority Costs, and whether costs are being appropriately tracked and credited against TICD's payment obligations under the Project Agreements specifically for Developer Subsidies. The City and TIDA have asserted that the City Costs and Authority Costs invoiced to TICD are appropriate.

TICD has paid all invoiced and due City Costs and Authority Costs, to date, but paid the Fiscal Year 2020-21 Authority Costs of approximately $2.1 million under protest, and has argued that some of these costs should be credited against the defined Developer Subsidies. The aggregate amount of such invoiced costs was approximately $7.9 million in Fiscal Year 2020-21 and $3.8 million for Quarters 1, 2 and 3 of Fiscal Year 2021-22. Additional Authority Costs have not been invoiced in the interim period to date. Certain City Costs have been generated and invoiced to TICD in the interim to date, but TIDA has not received any disputes or questions related to such invoiced City Costs.

TICD has not delivered to TIDA a formal notice of default under the Project Agreements pertaining to this dispute over the City and Authority Costs (collectively, the "Budget Disputes"). On April 8, 2022, TICD filed a government claim under California Government Code section 900 et seq. (the "Government Claims Act") pertaining to the Budget Disputes to preserve its rights under the Project Agreements and applicable law.

Permit Disputes. TICD has also raised additional concerns from time to time regarding the time and manner in which the City has processed and conditioned the Treasure Island Project's permits and maps, and the scope, timing and acceptance of public infrastructure (collectively, the "Permit Disputes"). TICD claims that because of construction cost inflation, the pandemic and the City and TIDA's period to review permits and permit costs, the Treasure Island Project's total projected costs have increased from $1.5 billion to $2.5 billion and the time period for construction of the project has been extended. TICD has not sent to TIDA or the City a notice of default under the Project Agreements for the Permit Disputes, nor has it filed a government claim under the Government Claims Act pertaining to the Permit Disputes.

Negotiations Related to Dispute. The parties have met regularly to discuss the respective parties' concerns regarding the Budget Disputes and Permit Disputes. The discussions include, among other things, improved budgeting and permitting processes to manage costs and minimize schedule impacts, processes to limit changes to the Project's basis of design, processes to resolve certain budget disagreements, processes and potential changes to timing of when certain public facilities such as the new elementary school and fire and police station will be delivered, and funding sources to address the unintended increases in project costs that are not the fault of TICD or TIDA. Dialogue on these subjects is continuing.

TICD has informed TIDA and the City that it believes the parties' issues can be resolved amicably without resort to litigation. Consequently, there is no litigation pending, or currently threatened, against the Project, the Initial Project Areas or any of the underlying Project Agreements known to TICD, TIDA or the City at this time. However, TICD has informed the City and TIDA that it reserves the right to initiate such litigation, and to seek any and all appropriate legal and equitable remedies (e.g., specific performance, money damages, and/or rescission) if circumstances change.

In connection with any future claims, TICD might seek recovery of all or a portion of the costs incurred by TICD under the Project Agreements, including the Initial Project Costs. Although the City and TIDA believe that TICD is prevented from recovering damages (including costs) under the Project Agreements, no assurance can be given by TIDA or the City that the Budget Disputes and the Permit Disputes will be resolved through negotiations. If TICD were to file a lawsuit arising out of the disputed matters, no assurance can be given that the remedies that TICD might seek would not have an adverse impact on the Treasure Island Project. However, the City, TIDA, and TICD believe that the validity of the pledges of tax increment under the Facilities Indenture and the Housing Indenture would not be affected by any such claims or recovery. While the Project Agreements afford TICD effectively the right but not the obligation to develop the balance of the Treasure Island Project beyond the Initial Project Areas, TICD and TI Series 1 have confirmed that, as of the date of this Official Statement, they are actively proceeding with development of the Treasure Island Project in accordance with the terms and requirements of the DDA, and, at this time, have no plans to cease such development. See "RISK FACTORS – Real Estate Investment Risk."

Horizontal infrastructure in the Initial Project Areas is substantially complete. See "THE INITIAL PROJECT AREAS – Development Status." **Neither TIDA, the City nor the Underwriter make any**

assurance that development of the remainder of the Treasure Island Project will be completed or that the plans or projections detailed herein or in the Fiscal Consultant Report will actually occur. See "RISK FACTORS - Real Estate Investment Risks" herein.

Transfer Tax Refund Request

On March 16, 2022, TICD filed a tax-refund claim in the amount of $1.78 million from the City for a portion of property transfer taxes that TICD or its affiliates paid to the City in connection with the conveyance of a certain parcel on Treasure Island. The tax-refund claim asserts that the increase in transfer taxes adopted by the San Francisco voters in November 2020 (referred to as Proposition I) does not apply to land transfers under the Project Agreements because the DA protects the Treasure Island Project from such changes in law. The tax-refund claim also asserts that the City must refrain from imposing or collecting the increased transfer taxes under Proposition I for all future land conveyances under the Project Agreements. The City has not formally responded to the tax-refund claim, but the City asserts that the increase in transfer taxes under Proposition I applies to land transfers under the Treasure Island Project and that the DA does not prevent the City from imposing or collecting these increased transfer taxes. Neither TIDA nor the City can give any assurance regarding the outcome of this claim or its impact, if any, on the Treasure Island Project. Transfer tax revenue does not secure the Series 2023AB Bonds.

Reassessment Covenants

Under the DDA, TICD agreed that, if following the issuance of Bonds by the District, TICD were to seek and be granted a reassessment of the property it owns in the District, TICD would make additional payments to the City equal to the amount of property taxes lost as a result of the reassessment, and the City agreed to allocate such additional payments to the District. In addition, to date, each Sub-Block in the Initial Project Areas that has been transferred to a Merchant Builder includes among its development covenants and restrictions a covenant by the Merchant Builder to not initiate or intentionally cause to initiate a reassessment of the value of the applicable property, and it is TICD's intention and practice to require such covenants in future transfers with Merchant Builders. [Other parties that might come to own taxable property in the Initial Project Areas, such as homeowners, are not subject to these covenants.] [The foregoing covenants do not extend to reassessments not sought by the payor that the Assessor could grant unilaterally under Proposition 8.]

See also "RISK FACTORS - Reduction in Tax Base and Assessed Values" herein.

THE INITIAL PROJECT AREAS

TI Series 1 has provided the following information with respect to the Initial Project Areas. No assurance can be given by the District that all information is complete. The District has not independently verified this information and assumes no responsibility for its accuracy or completeness. If planned development of the property is not completed Pledged Facilities Increment and Pledged Housing Increment could be comparatively lower than if development is completed as planned. See the section of this Official Statement captioned "RISK FACTORS" for a discussion of certain risk factors which should be considered, in addition to the other matters set forth herein, in evaluating an investment in the Series 2023AB Bonds.

Overview

The District encompasses portions of the first phase of development of the Treasure Island Project. The District is currently comprised of five component project areas: Project Area A, Project Area B, Project Area C, Project Area D, and Project Area E (the "Initial Project Areas"). The Initial Project Areas have a combined land area of approximately 33 acres. Project Area A encompasses development parcels located on Yerba Buena Island. Project Areas B, C, D, and E encompass a portion of the development parcels located on Treasure Island within the first phase of development along the waterfront nearest to Downtown San Francisco and the causeway connection to Yerba Buena Island.

The maps below show the Initial Project Area boundaries and related Assessor parcel numbers. While the maps below also show other areas on the Islands, only ad valorem property taxes levied on taxable property inside the boundaries of the Initial Project Areas and any future Project Areas can generate Gross Tax Increment, from which the Pledged Facilities Increment securing the Series 2023A Facilities Bonds and the Pledged Housing Increment securing the Series 2023B Housing Bonds will be derived.

The District currently expects that territory will be added to the District in the future as property transfers from the Navy to TIDA and development of subsequent phases and subphases of the Treasure Island Project proceeds. It is anticipated that additional territory will be added as additional Project Areas. See "THE TREASURE ISLAND PROJECT – Overview" herein.

The Commencement Year has occurred for Project Areas A, B and E, which total approximately 29 acres. The Trigger Amounts of taxes needed for the Commencement Year to occur in Project Areas C or D have not yet been reached. See Table 2 in APPENDIX H – "FISCAL CONSULTANT REPORT" attached hereto for information about the areas within the Initial Project Areas that coincide with Improvement Areas of the CFD.

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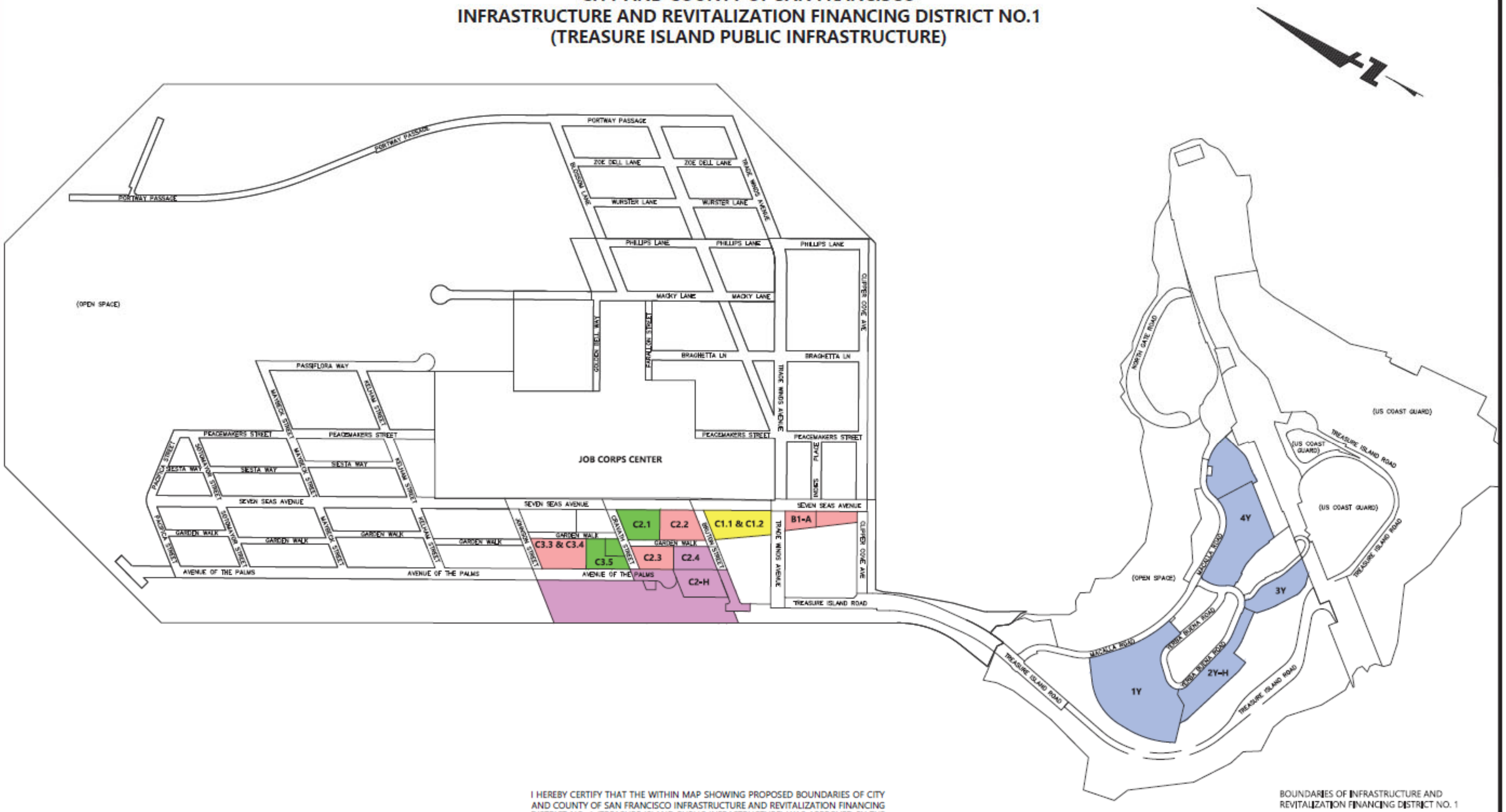
MAP 2. BOUNDARIES OF CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO.1 (TREASURE ISLAND PUBLIC INFRASTRUCTURE)

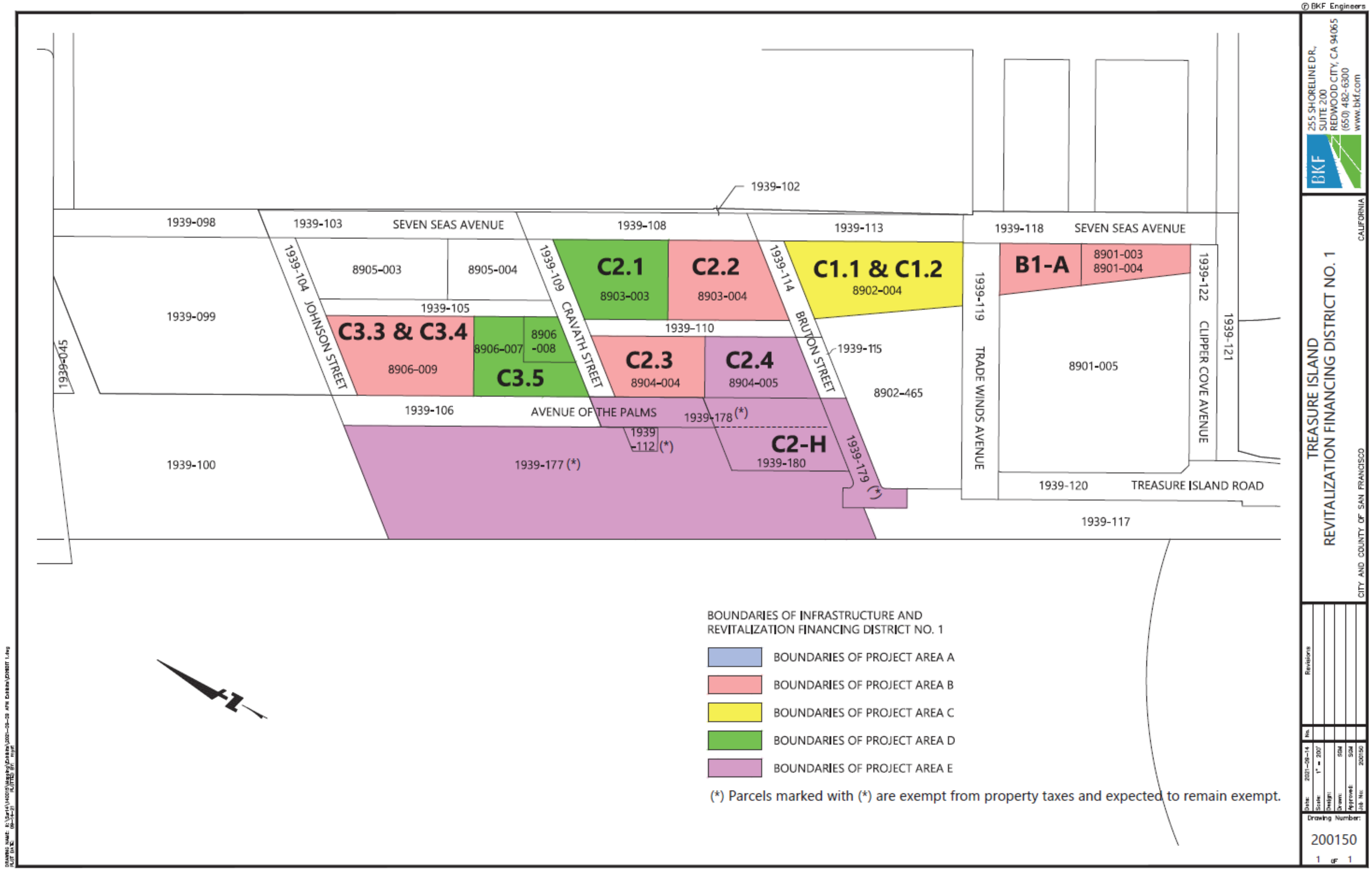


BOUNDARIES OF INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1

- BOUNDARIES OF PROJECT AREA A
- BOUNDARIES OF PROJECT AREA B
- BOUNDARIES OF PROJECT AREA C
- BOUNDARIES OF PROJECT AREA D
- BOUNDARIES OF PROJECT AREA E

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND PUBLIC INFRASTRUCTURE) WAS APPROVED BY THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO, AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF ___________, 20___, BY ITS RESOLUTION NO. ____________________.

____
(CLERK OF THE BOARD OF SUPERVISORS)



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CRAVATH STREET
BRUTON STREET
TRADE WINDS AVENUE
CLIPPER COVE AVENUE
AVENUE OF THE PALMS
TREASURE ISLAND ROAD
C1.1 & C1.2
C2.1
C2.2
C2.3
C2.4
C2-H
C3.3 & C3.4
C3.5
B1-A
1939-102
1939-098
1939-099
1939-100
1939-103
1939-104
1939-105
1939-106
1939-108
1939-109
1939-110
1939-113
1939-114
1939-115
1939-117
1939-118
1939-119
1939-120
1939-121
1939-122
1939-045
1939-177 (*)
1939-178 (*)
1939-112 (*)
1939-179 (*)
1939-180
8905-003
8905-004
8906-009
8906-007
8906-008
8903-003
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8904-005
8902-004
8902-465
8901-003
8901-004
8901-005
BOUNDARIES OF INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1
BOUNDARIES OF PROJECT AREA A
BOUNDARIES OF PROJECT AREA B
BOUNDARIES OF PROJECT AREA C
BOUNDARIES OF PROJECT AREA D
BOUNDARIES OF PROJECT AREA E
(*) Parcels marked with (*) are exempt from property taxes and expected to remain exempt.
Drawing Number: 200150
1 of 1

Planned Development

The Initial Project Areas are planned for development of 1,755 residential units and two hotels, as well as some commercial and retail development. See Table 1 herein.

Table 2 below identifies the planned development by Project Area and identifies the development sub-blocks within each.

Table 2
Summary of Planned Development Within the District and Estimated Timing

				Planned Residential Units						
			Planned	Market Rate					Planned	Projected
Sub-Block	Use	Project Area[4]	No. of Stories	For sale	Rental	BMR	Total Units	average SF/Unit	Hotel Rooms	Start / Complete Construction[1]
Construction Complete/Sales Ongoing										
4Y	Condo (Bristol)	A	6	110		14	124	1,196		
Vertical Construction Commenced										
4Y (Portion)	Townhome/Flats[2]	A	3 to 5	31			31	2,635		2022 / 2023[3]
C3.3/4	Condo (Portico)	B	6	141		7	148	1,005		2022 / 2025
C2.2	Rental (Hawkins)	B	6		169	9	178	795		2022 / 2024
C2.4	Rental (Isle House)	E	22		226	24	250	830		2022 / 2024
Subtotal Vertical Construction Commenced				172	395	40	607			
Site/Building Permit Issued										
B1[5]	Rental	B	5		111	6	117	730		2024 / 2026
Site/Building Permit Not Yet Issued										
3Y	Townhome	A	3	11			11	3,376		2024[6] / 2025
4Y (portion)	Townhome/Flats	A	3 to 4	22			22	2,521		2024 / 2025
C2.3[5]	Condo	B	6	80		5	85	1,242		2024 / 2026
C3.5	Condo	D	20	152		8	160	1,208		[2023] / 2026
1Y	Townhome	A	3	32			32	3,270		2024 / 2026
1Y	Flats	A	4	41			41	2,670		2024 / 2026
1Y	Estate	A	TBD	5			5	TBD		[2025 / 2026]
2Y-H	Hotel	A	TBD	n/a					50	TBD
C1.1&2	Condo	C	Tower	286			286	1,584		TBD
C2.1	Condo	D	31	265			265	1,152		TBD
C2-H	Hotel	E	TBD						300	TBD
Subtotal Site/Building Permit Not Yet Issued				894	0	13	907		350	
Total				**1,176**	**506**	**73**	**1,755**		**350**	

Abbreviations used in this table: Estate = single family estate home sites, TBD = to be determined

(1) Timing estimates provided by TICD and affiliated vertical developers.
(2) Of the 53 total units within the 4Y Townhomes and Flats, construction is currently underway on 31 units and construction of the remaining 22 units has not yet commenced.
(3) Estimated timing relates to the 31 units currently under construction.
(4) The Commencement Year has occurred for Project Area A, B and E. The Trigger Amounts of taxes needed for the Commencement Year to occur in Project Areas C or D have not yet been reached.
(5) The project is being reevaluated by the Merchant Builder. See "THE INITIAL PROJECT AREAS – Development Status" herein.
(6) Some grading work has occurred, which does not require a site or building permit.
Source: Fiscal Consultant; Master Developer (for project start and completion timing).

Development Status

As of the date hereof, most of the real property in the Initial Project Areas is owned by TI Series 1 and the vertical developers or TIDA and is in various stages of development. The remaining real property is owned by purchasers of condominium units at the Bristol.

Horizontal Infrastructure

Critical utilities (water, sewer, gas, and electricity) and all additional infrastructure needed to secure temporary certificates of occupancy within the Initial Project Areas have been completed. The remaining public improvement costs not required for a temporary certificate of occupancy are primarily attributable to public parks. Since payment for work typically lags the work performed, a portion of the costs of this completed infrastructure remains to be spent. As of September 1, 2023, the estimated total costs for horizontal infrastructure necessary to allow for temporary certificates of occupancy for property located within the Initial Project Areas was approximately $367 million, of which approximately $14.7 million remains to be expended. TI Series 1 expects these remaining costs will be financed through bond proceeds, cash on hand and remaining capital contributions.

For information about infrastructure development outside the Initial Project Areas, see "THE TREASURE ISLAND PROJECT – Infrastructure" herein.

Completed Vertical Construction

Bristol. The 124-unit Bristol condominium project, located on a portion of Sub-Block 4Y of Project Area A on Yerba Buena Island, commenced construction in 2019 and was completed in June 2022. The Bristol is six stories in height, has an average unit size of 1,196 square feet and includes 110 market rate units and 14 below market rate affordable units. The project is in Project Area A. Condominium sales and closings are underway. TI Series 1 understands that, as of August 1, 2023, 6 below market rate units and 36 market rate units had closed and an additional market rate unit is in contract to be sold with an average per unit sale price of approximately $1.52 million based on aggregate sales figures provided to TI Series 1 by the Bristol Merchant Builder. As of August 1, 2023, [six] below market rate units had closed. Move-ins began the first week of June 2022. The remaining units are currently being marketed for sale.

The Merchant Builder for the Bristol financed costs for the Bristol through the proceeds of a loan from the Pacific Western Bank and CW YBI Capital Management, LLC of up to $99 million (the "Bristol Construction Loan"), home sales and equity contributions. In August 2022, the Bristol's Merchant Builder closed a $79.3 million condo inventory loan (the "Bristol Condo Inventory Loan") provided by [____] and repaid the Bristol Construction Loan. As of August 1, 2023, $74.5 million of the Bristol Condo Inventory Loan was outstanding and the loan was in good standing. [Add due date and other relevant terms of the loan. Maturity, extension options, security (deed of trust?)]

Under Construction

Phase 1 of The Residences – Immediately adjacent to the Bristol, Sub-Block 4Y Townhomes and Flats (permitted portion), includes a portion of the phased residential project known as the Residences. The project is in Project Area A. Construction is underway on five buildings including 31 of the 53 market-rate stacked flats and townhome units planned in this development. The stacked flats have an average unit size of 2,755 square feet and the townhomes have an average unit size of 2,537 square feet. Completion of the first 31 units of the Residences is estimated to occur from October to December 2023. [Completion of the remainder of the Residences is estimated for _____, 20__.] The units are being developed by Stockbridge and Wilson Meany. The Merchant Builder closed a construction loan in August 2021 provided by [____] in the amount of $55 million, for the construction of the first 31 units of the Residences and some of the site work for the remaining 22 units located in Sub-Block 4Y. In April 2023, the Merchant Builder secured a $5 million loan increase, for a total construction loan in the amount of $60 million. [Add due date and other relevant terms of the loan. Maturity, extension options, security (deed of trust?). In good standing?]

<u>Isle House/Sub-Block C2.4</u> – Vertical construction of a 22-story high rise apartment development (known as "Isle House") with 250 rental units, including 24 below market rate affordable units, commenced in November 2022. The seven-level podium portion of the building topped out in March 2023, and the twenty-two-level tower component is topped out in July 2023. Dry-in and facade work is expected to be complete by September 2023. Interior work will commence in earnest in October 2023, and was expected to be completed by early in the second quarter of 2024. Temporary certificate of occupancy is anticipated to be issued at the end of the second quarter of 2024, and final completion is currently scheduled for September 2024. The project has an average unit size of 830 square feet and is being developed by Stockbridge and Wilson Meany. The property is in Project Area E. On August 12, 2022, Merchant Builder secured a $122.8 million construction loan. The construction loan is with the Union Labor Life Insurance Company ("ULLICO") and matures on August 12, 2025, subject to two 1-year extensions. The loan is anticipated to be repaid through permanent financing or alternative funding sources upon stabilization. As of September 1, 2023, the loan is in good standing.

<u>Portico/Sub-Block C3.3/C3.4</u> – Vertical construction of a six-story, 148-unit planned condominium development (known as "Portico"), including seven below market rate affordable units, commenced in October 2022. The project is in Project Area B. Completion of the building is estimated for January 2025. The project has an average unit size of 1,005 square feet and is being developed by a joint venture development team that includes Stockbridge, Wilson Meany and Lennar. Stockbridge/Wilson Meany/Lennar Merchant Builder closed a construction loan on September 23, 2022 in the amount of $94.7 million with Pacific Western Bank for a term of approximately three years (the "C3.4 Loan"). The C3.4 Loan is secured by a deed of trust on Sub-Block C3.4, which will be released upon loan repayment. As of September 1, 2023, the C3.4 Loan was in good standing.

<u>Hawkins/Sub-Block C2.2</u> – Vertical construction of a six-story apartment development with 178 rental units, including nine below market rate affordable units, commenced in September 2022. The project is in Project Area B. Completion is estimated for November 2024. The project has an average unit size of 795 square feet and is being developed by a subsidiary of Lennar. The Merchant Builder entered into a guaranteed maximum price construction contract with a general contractor in September 2022. The expected development schedule is not dependent on receipt of any additional financing.

Permits Issued

<u>Sub-Block B1</u> - A five-story apartment development planned for 117 rental units, including six below market rate affordable units, received site permit approval in December 2021. This site permit required significant investment in design costs and permit fees. The project is in Project Area B. The project has an average unit size of 730 square feet and is being developed by Poly USA. This project is on hold as described below.

Additional Planned Developments Not Owned By TI Series 1. TI Series 1 has sold several development parcels to Merchant Builders that have not yet received a site or building permit as of July 1, 2023. These include property in Sub-Blocks 1Y, 3Y, 4Y Townhomes and Flats (remaining portion not yet permitted), C2.3, and C3.5, which are collectively planned for 356 residential units. Of the 356 planned residential units, 343 are market rate for-sale units, and 13 are below market rate affordable units. TI Series 1 understands that none of these sold planned developments have yet established firm construction costs or secured full construction financing. Though no site or building permit has yet been issued, permitted grading and shoring activities for a portion of Sub-Block 3Y have begun.

[The Merchant Builder for Sub-Blocks B1 and C2.3 currently has those project on hold. Due to changing market conditions for real estate development, on a periodic basis, the Merchant Builder is analyzing and reevaluating market factors, including, without limitation, equipment and material costs, supply chain delays, labor availability and costs, construction financing availability and terms, and supply and demand indicators in the local residential real estate market affecting rental rates, all in light of proforma internal underwriting criteria. No assurances can be given when construction of such projects will commence, whether financing will be available or whether the projects will be completed.] [If plans are being reassessed for additional sub-blocks, please indicate and describe.]

Additional Planned Developments Owned by TI Series 1. Planned developments within the District on land owned by TI Series 1 that have not yet received site or building permits as of July 1, 2023 includes property in Sub-Blocks C1.1, C1.2, and C2.1, which are collectively planned for 551 market-rate for-sale residential units.

TIDA owns six parcels within the District that are currently exempt from property taxes. Of the six TIDA parcels, two (Sub-Blocks 2Y-H and C2-H) are planned for separate 50-room and 300-room hotels, respectively. The remaining four parcels consist of land planned for use as public right of way, parks, and open space. Development of the hotel projects has not begun. The hotels are expected to be developed on ground leases with continued public ownership of the underlying land due to restrictions (Tidelands Trust) that preclude sale of a fee interest in the land to a private owner. The ownership structure is expected to result in the taxable assessed value of the hotel being placed on the assessment roll as a taxable possessory interest. Timing for development of the hotels is to be determined and is not expected near-term. While TIDA-owned parcels are not subject to taxation, if the parcel is leased to a private third-party such as a hotel developer, the leasehold interest would be taxable.

The foregoing planned developments are in different stages of planning, financing, development, and construction. No assurance can be given that development of these properties will be completed. See “RISK FACTORS - Real Estate Investment Risks “ herein.

The District and the CFD

The District contains parcels within the CFD, as follows:

- Project Area A contains parcels within Improvement Area No. 1 of the CFD;
- Project Areas B and E contain parcels within Improvement Area No. 2 of the CFD; and
- Project Areas C and D contain parcels within Improvement Area No. 3 of the CFD.

Certain parcels within the District planned for a hotel, right of way and open space are not within any of Improvement Area Nos. 1, 2 or 3 of the CFD. The District includes additional parcels not within

Improvement Areas No. 1, 2 or 3, including development parcel C2-H and parcels planned for right of way and open space.

TAX INCREMENT REVENUE AND DEBT SERVICE

General

As discussed above, the Pledged Facilities Increment securing the Series 2023A Facilities Bonds Parity Facilities Bonds and the Pledged Housing Increment securing the Series 2023B Housing Bonds and Parity Housing Bonds are designated portions of the basic 1% of assessed value property tax levy in each Project Area after the Commencement Year for the Project Area. The Pledged Facilities Increment will represent 53.285270% of such taxes and the Pledged Housing Increment will represent 11.302936% of such taxes (less certain administrative costs).

The District has retained the Fiscal Consultant to provide historical information and projections of taxable assessed valuation and tax increment revenue from the Initial Project Areas.

Commencement Year and Time Limits for Each Project Area

Tax increment revenues generated in a Project Area begin to be allocated to the District only after the Commencement Year for the Project Area, the Commencement Year being the first Fiscal Year that follows the Fiscal Year in which a certain amount of tax increment (i.e., the "Trigger Amount") is generated in the Project Area and received by the City. Tax increment can only be collected in each component Project Area for 40 years beginning with its Commencement Year.

The Commencement Year occurred for Project Area A in Fiscal Year 2019-2020 and for both Project Area B and Project Area E in Fiscal Year 2022-23.

Table 3 below summarizes the tax increment allocation status of the Initial Project Areas.

Table 3
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Initial Project Areas Tax Increment Allocation Status

Project Area	Acreage[(1)]	Trigger Amount for Commencement of Tax Increment Allocation	Commencement Year	Last Year of Tax Increment
A	15.6	$150,000	Fiscal Year 2019-20	Fiscal Year 2058-59
B	4.4	150,000	Fiscal Year 2022-23	Fiscal Year 2061-62
C	1.6	300,000	To be determined	To be determined[(2)]
D	2.1	300,000	To be determined	To be determined[(2)]
E	9.5	150,000	Fiscal Year 2022-23	Fiscal Year 2061-62
Total[(3)]:	33.1			

(1) Aggregate land area of Assessor's parcels within each Project Area in the District.
(2) Last year for collection of tax increment in Project Areas C and D will be 40 years following the Commencement Year.
(3) Project Areas A, B and E, for which the Commencement Year has occurred, total approximately 29 acres.
Source: Fiscal Consultant.

Historical Assessed Values

Fiscal Year 2018-19 is the first fiscal year for which taxable assessed value was included on the roll within the District, following the transfer of property within Major Phase 1 to TICD subsidiary TI Series 1, resulting in the properties becoming subject to property taxes. The Assessor established initial assessed values based on an estimated unimproved land value of approximately $1.1 million per acre, except for three parcels totaling 6.8 acres on Yerba Buena Island which were assessed based upon the $61.2 million sale price applicable to a sale by TI Series 1 to an affiliated Merchant Builder. The $1.1 million per acre value was based on an Assessor analysis of value that considered the remaining improvements necessary for development to occur.

Taxable assessed values for the Initial Project Areas from the Fiscal Year 2016-17 Base Year through Fiscal Year 2023-24 are summarized in Table 4 below.

Table 4
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Historic Assessed Values

	Project Areas Active in Fiscal Year 2023-24			Total for Project Areas Active in Fiscal Year 2023-24[3]	Project Areas Not Yet Active			
Fiscal Year	Project Area A	Project Area B	Project Area E		Project Area C	Project Area D	Total for All Project Areas[3]	% Increase
2016-17[1]	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
2017-18	-	-	-	-	-	-	-	n/a
2018-19	68,568,818	4,883,740	577,630	74,030,188	1,768,367	2,848,093	78,646,648	n/a
2019-20	70,090,194	5,054,967	972,038	76,117,199	1,803,733	2,448,642	80,369,574	2.2%
2020-21	102,085,597	5,155,625	991,477	108,232,699	1,839,808	2,497,179	112,569,686	40.1%
2021-22	201,114,923	47,700,000	25,900,000	274,714,923	1,858,868	2,523,048	279,096,839	147.9%
2022-23	287,081,623	52,177,932	33,061,340	372,320,895	1,896,045	31,477,893	405,694,833	45.4%
2023-24	314,688,909	98,331,576	73,843,791	486,864,276	1,933,965	32,107,450	520,905,691	28.4%

Columns that reflect inclusion of project areas not yet collecting tax increment in Fiscal Year 2023-24 are shown in gray.

(1) Fiscal Year 2016-17 is the Base Year.
(2) Includes Fiscal Year 2021-22 escape roll assessments representing assessed values added by transfers of ownership that occurred prior to the January 1, 2021 lien date for the Fiscal Year 2021-22 assessment roll.
(3) All figures in this table represent both total and Incremental Assessed Property Value, as the Base Year assessed value is $0.
Source: Fiscal Consultant.

The Fiscal Consultant Report indicates that the increase in assessed value from Fiscal Year 2019-20 to Fiscal Year 2020-21 was a result of development within Project Area A, primarily construction in-progress for the 124-unit Bristol condominium project, which is now complete.

The Fiscal Consultant Report indicates that the increase in assessed value from Fiscal Year 2020-21 to Fiscal Year 2021-22 was primarily due to sale of development pads within Project Areas A, B and E by TI Series 1 to separate vertical builders, each of whom have an ownership interest in TICD which resulted in increases in the assessed values for the applicable parcels to the amount of the sale price.

The Fiscal Consultant Report indicates that increases in assessed value from Fiscal Year 2021-22 to Fiscal Year 2022-23 was driven by construction progress on the Bristol and 4Y Townhomes and Flats and sale of a development pad planned for 160 condominium units and a park (Sub-Block C3.5) by TI Series 1 to a separate vertical developer affiliated with Stockbridge, Wilson Meany, and Lennar. See

APPENDIX F – "FISCAL CONSULTANT REPORT – 4.1 Historic Taxable Values" for additional information regarding such park.

The Fiscal Consultant Report indicates that increases in assessed value from Fiscal Year 2022-23 to Fiscal Year 2023-24 were due to:

- Construction progress on the following developments:
    - Isle House (Block C2.4), which added $40.3 million in assessed value;
    - Portico (Block C3.3/C3.4), which added $33.8 million in assessed value;
    - First phase of The Residences (4Y Townhomes and Flats (permitted portion)), which added $20.6 million in assessed value; and
    - Hawkins (Block C2.2), which added $9.7 million in assessed value.
- Incurrence of indirect costs such as design and limited direct costs on Sub-Blocks B1 and 3Y, which the Assessor took into consideration in adding approximately $3.3 million in assessed value to the roll for these properties.
- Application of the 2% inflationary increase under Proposition 13, which added approximately $7.5 million in assessed value to the roll.

The Fiscal Consultant Report indicates that market rate sales prices of units at the Bristol to date have averaged approximately $1.5 million per unit. Existing Fiscal Year 2023-24 assessed values reflect 2% inflation Proposition 13 of Fiscal Year 2022-23 assessed values and do not incorporate assessed value to be added from either completed or future sales of condominium units. Average market rate sales prices, based on 33 closed sales reported by YBI Phase 1 Investors LLC, are approximately 20% higher than the average existing Fiscal Year 2023-24 assessed values for market rate units in the Bristol on a dollar per square foot basis.

See "RISK FACTORS – Reduction in Tax Base and Assessed Values" herein.

Land Uses

The aggregate assessed valuation in all of the Initial Project Areas and for Project Areas A, B and E for Fiscal Year 2023-24 by land use is set forth on the following Table 5. As shown in Table 5, 32.0% of aggregate Fiscal Year 2023-24 taxable assessed value for Project Areas A, B and E (which are the Project Areas that will collect tax increment in Fiscal Year 2023-24) is attributable to the completed for-sale residential units development site known as the Bristol and approximately 42% is derived from the four projects actively under construction, with the balance derived from vacant land and one project with a site permit previously issued. See "THE INITIAL PROJECT AREAS - Development Status" herein.

Table 5
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Fiscal Year 2023-24 Taxable Assessed Value by Land Use

	All Initial Project Areas				Initial Project Areas Collecting Tax Increment in Fiscal Year 2023-24 (Project Areas A, B, E)			
Land Uses Composition,	**Planned Units**	**No. of Parcels**	**Fiscal Year 2023-24 Taxable Value**	**% of Total**	**Planned Units**	**No. of Parcels**	**Fiscal Year 2023-24 Taxable Value**	**% of Total**
Residential Development Sites								
Completed For-Sale Units(1)	124	124	$155,570,351	29.9%	124	124	$155,570,351	32.0%
For-Sale Units Development Sites								
Vertical construction underway(2)	201	2	$107,595,642	20.7%	201	2	$107,595,642	22.1%
Site permit not yet issued(3)	885	7	146,263,936	28.1	174	3	112,222,521	23.1
Subtotal	1,086	9	$253,859,578	48.7%	375	5	$219,818,163	45.1%
Rental Units Development Sites								
Vertical construction underway(4)	428	2	$ 97,989,602	18.8%	428	2	$ 97,989,602	20.1%
Site permits issued(5)	117	2	13,486,160	2.6	117	2	13,486,160	2.8
Subtotal	545	4	$111,475,762	21.4%	545	4	$111,475,762	22.9%
Owned by TIDA and non-taxable	0	6	$ 0	0.0%	0	6	$ 0	0.0%
GRAND TOTAL	**1,755**	**143**	**$520,905,691**	**100.0%**	1,044	**139**	**$486,864,276(6)**	**100.0%**

Columns that reflect inclusion of project areas not yet collecting tax increment in Fiscal Year 2023-24 are shown in gray.

(1) The 124-unit Bristol condominium building was completed in June 2022.
(2) For-sale units under construction include the 148-unit Portico condominium building, of which seven units are below market rate, and the 53-unit 4Y Townhomes and Flats, which are all market rate. Of the 53 total units within the 4Y Townhomes and Flats, construction is currently underway on 31 units and construction of the remaining 22 units has not yet commenced.
(3) Includes one parcel planned for use as a privately-owned pocket park. with public access, to be developed in conjunction with Block C3.5. The parcel has an Fiscal Year 2023-24 assessed value of $322,524 and is located within Project Area D, for which allocation of tax increment has not yet commenced. See "THE INITIAL PROJECT AREAS – Planned Development," for a description of that parcel.
(4) Rental units under construction include Isle House, a 250-unit high-rise rental development that includes 24 below market rate affordable units and Hawkins, a 178-unit mid-rise rental development with nine below market rate affordable units.

[5] Site permits issued for Sub-Block B1, owned by an affiliate or Poly USA, on December 2021 for a 117-unit mid-rise rental development that includes six below market rate affordable units. Vertical construction has not commenced, and the project is being reevaluated by the Merchant Builder. See "THE INITIAL PROJECT AREAS – Development Status" herein.
[6] Reflects $307,547,361 of land assessed value and $179,316,915 of improvement assessed value. See APPENDIX F – "FISCAL CONSULTANT REPORT – Table 20" for additional information regarding land assessed value and improvement assessed value by parcel.
Sources: City and County of San Francisco Office of the Assessor-Recorder, TICD [affiliates], City and County of San Francisco Department of Building Inspection (for permit issuance status).

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Top Ten Taxpayers

The top ten taxpayers in the Initial Project Areas, by Fiscal Year 2023-24 assessed valuation, both in aggregate, and for Project Areas A, B and E for which collection of tax increment has commenced, are set forth below in Table 6. Four property owners represent the vast majority of assessed value within Project Areas A, B and E. Within Project Areas A, B and E, these four taxpayers account for over 90% of Fiscal Year 2023-24 assessed valuation, with the balance attributable to individual owners of condominium units in the Bristol. See "RISK FACTORS – Concentration of Property Ownership" herein.

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Table 6
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Top Ten Taxpayers for Fiscal Year 2023-24

	Top Taxpayers Fiscal Year 2023-24	Description[(6)(7)]	Planned No. of Res. Units	No. of Parcels	Project Area	Assessed Value Fiscal Year 2023-24[(10)] All Project Areas	Assessed Value Fiscal Year 2023-24[(10)] Active Project Areas[(12)]	% of Total and Incremental Assessed Value[(11)] All	% of Total and Incremental Assessed Value[(11)] Active Areas[(12)]
1	**Stockbridge and Wilson Meany**[(1)]								
	YBI Phase 1 Investors LLC	Bristol for-sale condos built June 2022 (Sub-Block 4Y (portion))	83[(15)]	83	A	$111,246,976	$111,246,976	21.4%	22.8%
	YBI Phase 4 Investors LLC	Site planned for for-sale condos, townhomes, single-family homes (Sub-Block 1Y)	78	1	A	81,966,873	81,966,873	15.7	16.8
	TI Lot 10 LLC	Rental apartment tower under construction (Sub-Block C2.4)	250	1	E	73,843,791	73,843,791	14.2	15.2
	YBI Phase 3 Investors LLC	For-sale townhomes & flats under construction (Sub-Block 4Y (portion))[(8)]	53	1	A	58,340,437	58,340,437	11.2	12.0
	YBI Phase 2 Investors LLC	Site planned for for-sale townhomes (Sub-Block 3Y)	11	1	A	18,811,248	18,811,248	3.6	3.9
	Subtotal		475	87		$344,209,325	$344,209,325	66.1%	70.7%
2	**Stockbridge, Wilson Meany and Lennar Joint Venture**[(2)]								
	TI Lots 3-4 LLC	For-sale condos under construction (Sub-Block C3.3/3.4)	148	1	B	$ 49,255,205	$ 49,255,205	9.5%	10.1%
	TI Lots 5-6, LLC	Site planned for for-sale condo tower (Sub-Block C3.5) and park	160	2	D	30,795,840	N/A	5.9	N/A
	Subtotal		308	3		$ 80,051,045	$ 49,255,205	15.4%	10.1%
3	**Poly USA**[(3)]								
	B1 Treasure Island 048 Holdings, LLC	Site planned for rental apartments (Sub-Block B1)[(9)]	117	2	B	$ 13,486,160	$ 13,486,160	2.6%	2.8%
	C23 Treasure Island 048 Holdings, LLC	Site planned for for-sale condos (Sub-Block C2.3)	85	1	B	11,444,400	11,444,400	2.2	2.4
	Subtotal		202	3		$ 24,930,560	$ 24,930,560	4.8%	5.1%
4	**Lennar**[(4)]	Rental apartments under construction (Sub-Block C2.2)[(7)]	178	1	B	$ 24,145,811	$ 24,145,811	4.6%	5.0%
5	**TI Series 1**[(5)]	Sites planned for two for-sale condo towers (Sub-Block C1.1/C1.2, C2.1)	551	2	C & D	$ 3,245,575	N/A	0.6%	N/A
6	**Bristol Homeowner 1**	Built private for-sale condo residences in the Bristol	2	2	A	$2,989,598	$2,989,598	0.6%	0.6%
7	**Bristol Homeowner 2**	Built private for-sale condo residences in the Bristol	2	2	A	$2,311,928	$2,311,928	0.4%	0.5%
8	**Bristol Homeowner 3**	Built private for-sale condo residence in the Bristol	1	1	A	$1,887,226	$1,887,226	0.4%	0.4%
9	**Bristol Homeowner 4**	Built private for-sale condo residence in the Bristol	1	1	A	$1,840,554	$1,840,554	0.4%	0.4%
10	**Bristol Homeowner 5**	Built private for-sale condo residence in the Bristol	1	1	A	$1,762,303	$1,762,303	0.3%	0.4%
11	**Bristol Homeowner 6**	Built private for-sale condo residence in the Bristol	1	1	A	N/A[(13)]	$1,707,697	N/A[(13)]	0.4%
	TOTAL TOP TAXPAYERS		**1,722**	**104**		**$487,373,925**	**$455,040,207**	**93.6%**	**93.5%**

Columns that reflect inclusion of project areas not yet collecting tax increment in Fiscal Year 2023-24 are shown in gray.

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(1) Includes separate legal entities affiliated with Wilson Meany and the Stockbridge TI Fund LP, as listed. Stockbridge and Wilson Meany have an ownership interest in TICD, who is the parent company of the owner shown in number 5 on the list of top taxpayers. In addition, Stockbridge and Wilson Meany have an interest in two properties listed under

the ownership of Stockbridge, Wilson Meany, and Lennar, number 2 on the list of top taxpayers, being developed as a joint venture.
(2) TI Lots 3-4 LLC and TI Lots 5-6 LLC are being developed as a joint venture between Stockbridge, Wilson Meany, and Lennar (number 1 and 4 on the list of top taxpayers).
(3) Includes separate entities affiliated with developer Poly (USA) Real Estate Development Corp., as listed. Poly USA has an ownership interest in TI Series 1 (No. 5 top taxpayer).
(4) Represents a parcel owned by subsidiary TI Lot 8, LLC. In addition, Lennar has an interest in two properties listed under the ownership of Stockbridge, Wilson Meany, and Lennar, number 2 on the list of top taxpayers, being developed as a joint venture. Lennar also has an ownership interest in TICD, number 5 on the list of top taxpayers.
(5) TI Series 1 is a wholly-owned subsidiary of TICD, master developer for the Treasure Island Project. The top four taxpayers, (1) Stockbridge and Wilson Meany, (2) Stockbridge, Wilson Meany, and Lennar Joint Venture, (3) Poly USA, and (4) Lennar, each have an ownership interest in TICD.
(6) Includes units that are complete, under construction, and planned.
(7) "Built" refers to units complete with an occupancy permit, "planned" refers to planned units, "under construction" refers to units under construction.
(8) 31 of the 53 total units are under construction.
(9) A site permit has been issued for construction, but construction has not yet commenced.
(10) All assessed value consists of secured property (land and improvements).
(11) Percentages calculated based upon Fiscal Year 2023-24 assessed value and incremental assessed value of $520,905,691 and $486,864,276 for active areas (base year assessed value is zero).
(12) Includes Project Areas A, B, and E that will collect tax increment in Fiscal Year 2023-24.
(13) Bristol homeowner 6 is part of the list of the top ten taxpayers for active project areas, but is not on a member of the top taxpayers list when all project areas are included.
(14) Bristol Homeowner 6 is a top ten taxpayer when considering active Project Areas only.
(15) Represents completed 124 units less 41 units sold to homeowners as reflected on the Fiscal Year 2023-24 roll, including 35 market rate and six below market rate units.
Source: Fiscal Consultant.

With additional sales to individual condo buyers within the Bristol and in any other taxable units completed in the future within the District, the number of taxpayers will increase.

[Based on the records included within the Assessment Appeals Board database, no assessment appeals have been filed within the District since its formation. The deadline to file an appeal of Fiscal Year 2023-24 assessed values has passed.][To be confirmed before posting.] Under the DDA, TICD agreed that, if following the issuance of Bonds by the District, TICD were to seek and be granted a reassessment of the property it owns in the District, TICD would make additional payments to the City equal to the amount of property taxes lost as a result of the reassessment, and the City agreed to allocate such additional payments to the District. In addition, to date, each Sub-Block in the Initial Project Areas that has been transferred to a Merchant Builder includes among its development covenants and restrictions a covenant by the Merchant Builder to not initiate or intentionally cause to initiate a reassessment of the value of the applicable property, and it is TICD's intention and practice to require such covenants in future transfers with Merchant Builders. [Other parties that might come to own taxable property in the Initial Project Areas, such as homeowners, are not subject to these covenants.] [The foregoing covenants do not extend to reassessments not sought by the payor that the Assessor could grant unilaterally under Proposition 8.]

See "RISK FACTORS – Reduction in Tax Base and Assessed Values" herein.

Allocations of Tax Increment to District

Table 7 below indicates assessed values and allocations of tax increment to the District. As shown, actual amounts allocated to the District have ranged from 98.9% of the calculated levy in Fiscal Year 2020-21, to 110.9% in Fiscal Year 2021-22, and averaged 105.9% of the calculated levy over the initial four years of tax increment allocation.

Table 7
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Historic Allocations of Tax Increment to District

		Actual 2019-20[1]	Actual 2020-21	Actual 2021-22	Actual 2022-23	Estimated 2023-24
Assessed Value Increment, Active Project Areas[2]		$70,090,194	$102,085,597	$201,114,923	$372,320,895	$486,864,276
Active Project Areas		A	A	A	A, B, E	A, B, E
Calculated 1% Tax Increment	1% levy	$ 700,902	$ 1,020,856	$ 2,011,149	$ 3,723,209	$ 4,868,643
Property Tax Administrative Costs[3]		Applied in Fiscal Year 2021-22		$ 5,113	$ 9,387	$ 13,775
Calculated District Tax Increment[4] (Net Available Increment + Conditional City Increment)						
Pledged Facilities Increment	53.285270%	$ 373,477	$ 543,966	$ 1,067,428	$ 1,976,178	$ 2,582,905
Pledged Housing Increment	11.302936%	79,222	115,387	226,424	419,189	547,889
Total	64.588206%	**$ 452,700**	**$ 659,353**	**$ 1,293,852**	**$ 2,395,367**	**$ 3,130,794**
Actual Amount Allocated by Controller[4]						
Pledged Facilities Increment		$ 373,477	$ 537,879	$ 1,183,713	$ 2,101,219	TBD
Pledged Housing Increment		79,223	114,095	$251,091	$445,713	TBD
Total		**$ 452,700**	**$ 651,974**	**$ 1,434,803**	**$ 2,546,932**	**TBD**
Collections as % of Computed Levy[5][6]		**100%**	**98.9%**	**110.9%**	**106.3%**	**TBD**
Average, Fiscal Year 2019-20 to Fiscal Year 2022-23	**105.9%**					

[1] Fiscal Year 2019-20 was the initial year of tax increment collection for the District.
[2] The Base Year assessed value is zero.
[3] Administrative costs for division of taxes include Controller property tax administrative costs and a approximately 10% of Accounting Operations and Suppliers Division (AOSD) costs. Property tax administrative costs for the initial two years of tax increment were applied in Fiscal Year 2021-22.
[4] Includes Conditional City Increment required to be allocated and held for payment of debt service until after each annual principal payment date, but subject to release to the City thereafter to the extent not required for debt service. Fiscal Year 2022-23 revenues include approximately $151,000 in revenue from prior tax years and exclude approximately $5,000 in interest revenue. The administrative cost of division of taxes on line 3 is deducted proportionately from Pledged Facilities Increment and Pledged Housing Increment.
[5] Collections as a percentage of the computed levy is the same for Pledged Facilities Increment and Pledged Housing Increment.
[6] According to the Controller, due to the implementation of a new property tax software system, property tax allocations in fiscal year 2020-21 occurred on a jurisdictional basis rather than on a tax rate area basis. Allocation on a jurisdictional basis results in all affected taxing entities and related tax increment financing districts sharing the impact of unpaid portions of non-Teetered property tax levies, such as unsecured taxes, rather than limiting the impact to the tax rate area in which delinquencies occurred, as in the other fiscal years represented in Table 7.
Source: Controller, Fiscal Consultant.

Revenue Projections

Projected tax increment revenues are shown below in Table 8, based on Fiscal Year 2023-24 assessed values in Project Areas A, B and E and held constant over the term of the projection, assuming no change in the assessed values. See APPENDIX H – "FISCAL CONSULTANT REPORT" attached hereto for a description of the assumptions underlying projected assessed values.

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Table 8
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Projection of Tax Increment (Based on Reported Fiscal Year 2023-24 Assessed Value)

		Net Available Facilities Increment					Net Available Housing Increment				
Fiscal Year	**Gross Tax Increment** = 1% x Incremental Assessed Value for areas Collecting TI	Total	Prop Tax Admin. Cost[1]	After Prop Tax Admin.	Conditional City Facilities Increment	**Pledged Facilities Increment**	Total	Prop Tax Admin. Cost[1]	After Prop Tax Admin.	Conditional City Housing Increment	**Pledged Housing Increment**
		46.68527%	0.50%	=B.+C.	6.60000%	=D.+E.	9.90294%	0.50%	=G.+H.	1.40000%	=I.+J.
23-24	$4,868,643	$2,272,939,	($11,365)	$2,261,574	$321,330	$2,582,905	$482,139	($2,411)	$479,728	$68,161	$547,889

(1) Administrative costs deductible from Gross Tax Increment are estimated at 0.5% of Net Available Increment. This 0.5% factor is based on actual expenses for Fiscal Year 2022-23 of $9,387, plus an additional $2,000 fixed charge expected in future years, as a percentage of Net Available Increment in Fiscal Year 2022-23. Actual administrative costs may vary from year to year and are payable prior to debt service on Parity Facilities Bonds and Parity Housing Bonds. See APPENDIX H – "FISCAL CONSULTANT REPORT" attached hereto for additional information regarding administrative costs.

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Debt Service and Coverage

Table 9 provides the debt service schedule for the Series 2023A Facilities Bonds and outstanding Parity Facilities Bonds, assuming no redemptions other than mandatory sinking fund redemptions, as well as Fiscal Year 2023-24 Pledged Facilities Increment and related debt service coverage, assuming no changes in assessed values. The table does not present any future Parity Facilities Debt that could be issued or incurred. See "SECURITY AND SOURCES OF PAYMENT" herein.

Table 9
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Debt Service and Coverage for Series 2023A Facilities Bonds and Parity Facilities Bonds

Year Ending[1]	Series 2023A Facilities Bonds Principal	Interest	Debt Service on Outstanding Parity Facilities Bonds	Total	Fiscal Year 2023-24 Pledged Facilities Increment[2]	Debt Service Coverage[3]
2024	$	$		$	$2,583,000	%
2025					2,583,000	
2026					2,583,000	
2027					2,583,000	
2028					2,583,000	
2029					2,583,000	
2030					2,583,000	
2031					2,583,000	
2032					2,583,000	
2033					2,583,000	
2034					2,583,000	
2035					2,583,000	
2036					2,583,000	
2037					2,583,000	
2038					2,583,000	
2039					2,583,000	
2040					2,583,000	
2041					2,583,000	
2042					2,583,000	
2043					2,583,000	
2044					2,583,000	
2045					2,583,000	
2046					2,583,000	
2047					2,583,000	
2048					2,583,000	
2049					2,583,000	
2050					2,583,000	
2051					2,583,000	
2052					2,583,000	
2053					2,583,000	
Total	**$**	**$**				

(1) Debt service presented on a bond year ending on September 1, revenues presented on a fiscal year basis ending on June 30.
(2) Projected; rounded. Assumes no assessed value changes. Based on Fiscal Consultant Report projection. See "Revenue Projections" and Table 8 above. No assurance is given that assessed values will not decline. See "RISK FACTORS" herein.
(3) Reflects Fiscal Year 2023-24 Pledged Facilities Increment divided by Annual Facilities Debt Service.

Table 10 provides the debt service schedule for the Series 2023B Housing Bonds and outstanding Parity Housing Bonds, assuming no redemptions other than mandatory sinking fund redemptions, as well as the Fiscal Year 2023-24 Pledged Housing Increment and related debt service coverage, assuming no changes in assessed values. The table does not present any future Parity Housing Debt that could be issued or incurred. See "SECURITY AND SOURCES OF PAYMENT" herein.

Table 10
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Debt Service and Coverage for Series 2023A Housing Bonds and Parity Housing Bonds

	Series 2023A Housing Bonds					
Year Ending(1)	Principal	Interest	Debt Service on Outstanding Parity Housing Bonds	Total	Fiscal Year 2023-24 Pledged Housing Increment(2)	Debt Service Coverage(3)
2024	$	$		$	$548,000	%
2025					548,000	
2026					548,000	
2027					548,000	
2028					548,000	
2029					548,000	
2030					548,000	
2031					548,000	
2032					548,000	
2033					548,000	
2034					548,000	
2035					548,000	
2036					548,000	
2037					548,000	
2038					548,000	
2039					548,000	
2040					548,000	
2041					548,000	
2042					548,000	
2043					548,000	
2044					548,000	
2045					548,000	
2046					548,000	
2047					548,000	
2048					548,000	
2049					548,000	
2050					548,000	
2051					548,000	
2052					548,000	
2053					548,000	
Total	**$**	**$**				

(1) Debt service presented on a bond year ending on September 1, revenues presented on a fiscal year basis ending on June 30.
(2) Projected; rounded. Assumes no assessed value change. Based on Fiscal Consultant Report projection. See "Revenue Projections" and Table 8 above. No assurance is given that assessed values will not decline. See "RISK FACTORS" herein.
(3) Reflects Fiscal Year 2023-24 Pledged Housing Increment divided by Annual Housing Debt Service.

The following table presents the semi-annual debt service schedules for the Series 2023AB Bonds, assuming no redemptions other than mandatory sinking fund redemptions.

Table 11
City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
Semi-Annual Debt Service Schedules

Payment	Series 2023A Facilities Bonds			Series 2023B Housing Bonds			
Date	Principal	Interest	Total	Principal	Interest	Total	Grand Total
3/1/2024	$	$	$	$	$	$	$
9/1/2024							
3/1/2025							
9/1/2025							
3/1/2026							
9/1/2026							
3/1/2027							
9/1/2027							
3/1/2028							
9/1/2028							
3/1/2029							
9/1/2029							
3/1/2030							
9/1/2030							
3/1/2031							
9/1/2031							
3/1/2032							
9/1/2032							
3/1/2033							
9/1/2033							
3/1/2034							
9/1/2034							
3/1/2035							
9/1/2035							
3/1/2036							
9/1/2036							
3/1/2037							
9/1/2037							
3/1/2038							

136768638.5

Payment Date	Series 2023A Facilities Bonds			Series 2023B Housing Bonds			
	Principal	Interest	Total	Principal	Interest	Total	Grand Total
9/1/2038							
3/1/2039							
9/1/2039							
3/1/2040							
9/1/2040							
3/1/2041							
9/1/2041							
3/1/2042							
9/1/2042							
3/1/2043							
9/1/2043							
3/1/2044							
9/1/2044							
3/1/2045							
9/1/2045							
3/1/2046							
9/1/2046							
3/1/2047							
9/1/2047							
3/1/2048							
9/1/2048							
3/1/2049							
9/1/2049							
3/1/2050							
9/1/2050							
3/1/2051							
9/1/2051							
3/1/2052							
9/1/2052							
3/1/2053							
9/1/2053							
Total	**$**	**$**	**$**	**$**	**$**	**$**	**$**

LIMITATIONS ON TAX INCREMENT REVENUES

The Series 2023A Facilities Bonds and the Series 2023B Housing Bonds are secured by pledges of Pledged Facilities Increment and Pledged Housing Increment, respectively, as described in this Official Statement. The District does not have any independent power to levy and collect property taxes; accordingly, the amount of Pledged Facilities Increment and Pledged Housing Increment available to the District for payment of the principal of and interest on the Series 2023A Facilities Bonds and the Series 2023B Housing Bonds, respectively, is affected by several factors, including but not limited to those discussed below. See also "RISK FACTORS" herein.

Property Tax Collection Procedure

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

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

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

Delinquencies. The valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent after the following December 10 and April 10. Taxes on unsecured property become delinquent if not paid by August 31 and are subject to penalty; unsecured taxes added to the roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

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

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction occurring subsequent to the January 1 lien date. To the extent such supplemental assessments occur within the Project Areas, tax increment available to pay debt service on the Series 2023AB Bonds may increase.

Property Tax Administrative Costs. State law allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. All costs incurred by a county in connection with the division of taxes pursuant to the Law for an infrastructure and revitalization financing district shall be paid by that district.

Teeter Plan

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

The Teeter Plan remains in effect in the City unless and until the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the City (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in the City, in which event, the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the City. There can be no assurance that the Teeter Plan will remain in effect throughout the life of the Series 2023A Facilities Bonds and the Series 2023B Housing Bonds. In the event the Teeter Plan within the Project Areas were discontinued, the amount of the levy of property tax revenue that can be allocated to the District would depend upon the actual collections of taxes within the Project Areas. Substantial delinquencies in the payment of property taxes could then impair the timely receipt by the District of Net Available Facilities Increment and the Conditional City Facilities Increment and the payment of debt service on the Series 2023A Facilities Bonds or of Net Available Housing Increment and the Conditional City Housing Increment and the payment of debt service on the Series 2023B Housing Bonds.

Taxation of Unitary Property

In California, certain properties are known as unitary property or operating nonunitary property. Such properties are properties of an assessee that are operated as a unit (consisting mostly of operational property owned by utility companies). Property tax revenue derived from assessed value attributable to unitary and operating nonunitary property that is assessed by the State Board of Equalization is to be allocated county-wide as follows: (i) each jurisdiction, including redevelopment project areas, will receive a percentage up to one hundred two percent (102%) of its prior year unitary and operating nonunitary revenue; (ii) if the amount of property tax revenue available for allocation is insufficient to make the allocation required by clause (i), above, the amount of revenue to be allocated to each jurisdiction will be prorated; and (iii) if county-wide revenues generated for unitary and operating nonunitary property are greater than one hundred two percent (102%) of the previous year's unitary revenues, each jurisdiction will receive a percentage share of the excess unitary revenue based on such jurisdiction's share of the county's total ad valorem tax levies for the secured roll for the prior year.

No tax revenue derived from unitary property or operating nonunitary property is included in the projections of Pledged Facilities Increment and Pledged Housing Increment.

Tax Limitations – Article XIIIA of California Constitution

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

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

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

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the no more than two percent (2%) annual adjustment (2% for Fiscal Year 2023-24) are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

The District cannot predict whether there will be any future challenges or changes to California's present system of property tax assessment or the effect of any such challenge or change on the District's receipt of Pledged Facilities Increment and Pledged Housing Increment.

Article XIIIB of California Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIIIB to the California Constitution. Article XIIIB has been subsequently amended several times. The principal effect of Article XIIIB is to limit certain annual appropriations of the State and any local government, which includes any city, county, special district, or other political subdivision of or within the State, to the level of appropriations for the prior fiscal year, subject to certain permitted annual adjustments. Appropriations of local government subject to Article XIIIB is defined to mean generally any authorization to expend the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity, exclusive of refunds of taxes. Permitted adjustments to the annual appropriations limit include adjustments for changes in the cost of living, population and services rendered by the government entity.

Articles XIIIC and XIIID of California Constitution

On November 5, 1996, California voters approved Proposition 218. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26 amended Article XIIIC of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution. The Series 2023AB Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218 and are outside of the scope of taxes that are limited by Proposition 26.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures or other legislation could be adopted, further affecting the availability of tax increment revenues or the District's ability to expend tax increment revenue.

RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2023AB Bonds. This discussion does not purport to be comprehensive or definitive, and other risk factors could arise in the future that could have a bearing on the Series 2023AB Bonds. The occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the Initial Project Areas to pay their property taxes when due. Such failures to pay property taxes could result in the inability of the District to make full and punctual payments of debt service on the Series 2023AB Bonds, or could otherwise affect the market price and liquidity of the Series 2023AB Bonds in the secondary market. In addition, the occurrence of one or more of the events discussed herein could adversely affect the value of the property in the Initial Project Areas.

Reduction in Tax Base and Assessed Values

The amounts of Pledged Facilities Increment available to pay principal and interest on the Series 2023A Facilities Bonds and the amount of Pledged Housing Increment available to pay principal and interest on the Series 2023B Housing Bonds are based primarily on Gross Tax Increment (less certain administrative costs). The amount of Gross Tax Increment of a Project Area is allocated only after the respective Commencement Year and for 40 consecutive years thereafter. A reduction of assessed value in the Project Areas caused by economic factors beyond the City's or the District's control, such as sale at a reduced price by one or more major property owners in the Project Areas, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other possibilities, earthquake or other natural disaster, could cause a reduction in the Gross Tax Increment from which Pledged Facilities Increment and Pledged Housing Increment are derived. Such reduction of Gross Tax Increment could have an adverse effect on the District's ability to make timely payments of principal of and interest on the Series 2023AB Bonds.

Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent 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 Series 2023AB Bonds could reduce available Gross Tax Increment and, in turn, Pledged Facilities Increment and Pledged Housing Increment. See "LIMITATIONS ON TAX REVENUES – Tax Limitations – Article XIIIA of California Constitution" herein.

In addition, successful assessed value appeals or Proposition 8 temporary reductions in value could also result in such assessed value declines. Under Proposition 8, assessors in California have authority to use criteria to apply reductions in valuation to classes of properties affected by any factors affecting value, including but not limited to negative economic conditions.

COVID-19's impact on San Francisco real property values first arose on the 2021 assessment roll, resulting in an almost 4-times increase in the total count of Proposition 8 reductions granted compared to the 2020 assessment roll (up from 2,059 to 8,212) and more than 8-times increase in the value of the reductions (up from $272 million to $2.18 billion). The total count and value of Proposition 8 reductions for the 2023 assessment roll were 5,326 and $1.7 billion, respectively.

The two most significant factors driving these changes for the 2021 and 2022 assessment rolls were reductions in value for hotel and condominium properties. In response to COVID-19, the Assessor's Office performed proactive reviews of commercial properties, which resulted in temporary reductions of $1.01 billion for 26 hotel properties on the 2021 assessment roll and $839 million for 15 hotel properties on the 2022 assessment roll. For the 2023 assessment roll, the Assessor's Office did not grant temporary reductions to these hotel properties. Condominiums accounted for the largest share of new reductions since the onset of the pandemic at over 70% of the total value of temporary reductions excluding hotels on the 2021 and 2022 assessment rolls and more than half of the total count for these years. For the 2023 assessment roll, condominiums accounted for a slightly lower percentage of total value of temporary reductions at 63% while remaining stable as a percentage of total count.

No assurance is given that Proposition 8 reductions will not be granted in the future if applicable criteria apply. Reductions could be based on factors that prompted past reductions or could include other or additional factors. See "THE CITY" herein.

The State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing available Gross Tax Increment from which the, respective, repayment and security sources for the Series 2023AB Bonds are derived. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Gross Tax Increment and adversely affect the Pledged Facilities Increment and Pledged Housing Increment securing the Series 2023A Facilities Bonds and the Series 2023B Housing Bonds, respectively.

Projections of Pledged Facilities Increment and Pledged Housing Increment; Plan Limits

To project Pledged Facilities Increment and Pledged Housing Increment, the Fiscal Consultant Report has made certain assumptions with regard to the present and future assessed valuation of taxable property in the Initial Project Areas (including assuming that the Initial Contributing Project Areas will be limited to the Initial Project Areas) and continuation of the Teeter Plan. In addition, present land assessed values were established through the sale of land among related parties that may or may not reflect market value. See APPENDIX H – "FISCAL CONSULTANT REPORT" attached hereto. The District believes these assumptions to be reasonable, but there is no assurance that these assumptions will be realized.

To the extent that actual assessed valuation or percentages collected are less than these assumptions, the Pledged Facilities Increment and Pledged Housing Increment would be less than that projected and might not generate sufficient amounts of such respective sources of payment to pay debt service on the related Series 2023AB Bonds.

Projected Pledged Facilities Increment and Pledged Housing Increment rely on assessed values that include assessed values of the Bristol, but also values derived from construction in progress, horizontal development and from land sales between parties affiliated to TICD. The Fiscal Consultant Report projects that 32% of tax increment revenues in Fiscal Year 2023-24 will be derived from the Bristol, approximately 42% will be derived from four projects actively under construction and the balance derived from vacant land and one project with a site permit. . See "THE INITIAL PROJECT AREAS – Development Status" herein. Assessed values attributable to construction in progress or land values may be subject to more volatility than assessed values of completed buildings. Despite the construction investment made in a property, a recession or other economic factors could lead to later assessed values lower than the assessed values based on construction in progress.

The Infrastructure Financing Plan contains a limit on the total number of dollars of taxes that may be allocated to the District pursuant to the Infrastructure Financing Plan in the Initial Project Areas. The cumulative limit on receipt of Net Available Increment related to the Initial Project Areas is $1.53 billion, and the cumulative limit on receipt of Conditional City Increment related to the Initial Project Areas is $216 million, resulting in a combined $1.746 billion limit for the Initial Project Areas. Such Plan Limits limit the total dollars available as Pledged Facilities Increment and Pledged Housing Increment as sources of payment for the Series 2023AB Bonds. While the District has made certain covenants under the Facilities Indenture and Housing Indenture, respectively, to manage its fiscal affairs in a manner which ensures that it will have sufficient Pledged Facilities Increment and Pledged Housing Increment, respectively, available under the Plan Limit in the amounts and at the times required to enable the District to pay the principal of and interest and premium (if any) on (1) the Outstanding Facilities Bonds and any outstanding Parity Facilities Debt and (2) the Outstanding Housing Bonds and any outstanding Parity Housing Debt, respectively, there can be no assurance that such management efforts will avoid imposing the Plan Limit's restrictions on amounts available for debt service. See "SECURITY AND SOURCES OF PAYMENT – Security for the Series 2023A Facilities Bonds and Parity Facilities Debt – Plan Limit Covenant" and "SECURITY AND SOURCES OF PAYMENT – Security for the Series 2023B Housing Bonds and Parity Housing Debt – Plan Limit Covenant" herein. See also APPENDIX F – "FISCAL CONSULTANT REPORT – 2.3 Cumulative Limit on Allocation of Tax Increment Revenue" attached hereto.

Real Estate Investment Risks

Generally. The Bondowners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in the District (including impacts on market value caused by less-favorable mortgage interest rates and other terms), the supply of or demand for competitive properties in such area, and the market value of properties and/or sites in the event of sale or foreclosure, (ii) changes in real estate tax rates, interest rates and other operating expenses, government rules (including, without limitation, zoning laws and restrictions relating to threatened and endangered species) and fiscal policies (iii) natural disasters (including, without limitation, earthquakes, subsidence, floods and fires), which may result in uninsured losses, or natural disasters elsewhere in the country or other parts of the world affecting supply of building materials that may cause delays in construction, and (iv) the impacts of a public health emergency, such as the COVID-19 pandemic, on construction and sales activity, the national and regional economy and financial circumstances of property owners in the District. While future developments in the economy cannot be predicted with certainty, recent media reports indicate that inflation, interest rate actions by the Federal Reserve and other factors could contribute to a recession, and a recent survey of economists indicated that a recession may be increasingly likely in the coming months. A recession could lead to adverse changes in local market conditions that negatively impact the pace of development and the value of property in the District. See "THE CITY - Continuing Impact of COVID-19 Pandemic and Other Factors on San Francisco Economy" herein.

The occurrence of one or more of the events discussed under "RISK FACTORS" herein could adversely affect the actual and estimated assessed values of property in the Project Areas, the ability or willingness of property owners in the Project Areas to pay their property taxes when due or prompt property owners to petition for reduced assessed valuation, in each case causing a reduction, or a delay or interruption in the receipt of, Gross Tax Increment from the Project Areas, and correspondingly the Pledged Facilities Increment and the Pledged Housing Increment. Such factors could also induce or exacerbate the risks described in "RISK FACTORS – Levy and Collection of Taxes," and "– Bankruptcy and Foreclosure" herein.

Concentration of Property Ownership. The Initial Project Areas have a significant concentration of ownership. For Fiscal Year 2023-24, over 90% of incremental assessed value in Project Areas A, B and E for which collection of tax increment has commenced, are derived from property owned by four taxpayers, all related to TICD. See "THE INITIAL PROJECT AREAS" for information regarding property ownership and the status of development in the Initial Project Areas. Failure of any significant owner of property in the Project Areas to pay the annual property taxes when due could result in the rapid, total depletion of the 2022 Facilities Reserve Account and the 2022 Housing Reserve Account prior to replenishment from the resale of the property upon a foreclosure or otherwise or prior to delinquency redemption after a foreclosure sale, if any. In that event, there could be a default in payments of the principal of and interest on the Series 2023AB Bonds. The City has adopted the Teeter Plan and provides one hundred percent (100%) of tax revenues to the District regardless of delinquencies. See "LIMITATIONS ON TAX INCREMENT REVENUES – Teeter Plan" herein. However, such plan may be discontinued at any time.

The property taxes are not a personal obligation of the owners of property in the District on which such property taxes are levied, and no assurances can be given that the holder of the taxed property will be financially able to pay the property taxes levied on such property or that they will choose to pay even if financially able to do so. Such risk is greater and its consequence more severe where ownership of property in the District is concentrated and may be expected to decrease when ownership of the property in the District is diversified. As of the July 2023 tax roll, nearly all of the property subject to property tax in the District are owned by TI Series 1 or the Merchant Builders, except for 41 units at the Bristol closed and transferred to homeowners. As of [_____], 2023, an additional [___] units at the Bristol have been transferred to homeowners.

Failure to Develop Properties. As of the date hereof, construction of only one building in the Initial Project Areas has been completed. Based on Fiscal Year 2023-24 assessed values, approximately 32% of Gross Tax Increment is derived from a completed building, approximately 42% from the four projects actively under construction and the rest from vacant land and one project with a site permit. See "THE INITIAL PROJECT AREAS – Development Status" herein. Further development of property in the Project Areas may not occur as currently proposed or at all. Development plans and expectations have been modified in the past for numerous reasons, including the COVID-19 pandemic, supply chain issues, inflationary increases in costs, and various delays caused by the foregoing. Previously projected revenues for the Treasure Island Project have been pushed out and reduced such that the projected values of, and expected returns on, developer interests are projected to be lower today than they were projected to be a few years ago. See "THE TREASURE ISLAND PROJECT - KSWM Litigation" herein.

Unimproved or partially improved land is inherently less valuable than land with a completed building on it, especially if there are restrictions on development, and provides less security to the Owners. Any delays in developing unimproved property, or the decision not to construct improvements on such property, may affect the willingness and ability of the owners of property within the Project Areas to pay property taxes when due. See "LIMITATIONS ON TAX INCREMENT REVENUES – Teeter Plan" herein.

Land development is subject to comprehensive federal, State and local regulations. Approval is required from various agencies in connection with the layout and design of developments, the nature and extent of improvements, construction activity, land use, zoning, school and health requirements, as well as numerous other matters. There is always the possibility that such approvals will not be obtained or, if obtained, will not be obtained on a timely basis. Failure to obtain any such agency approval or to satisfy such governmental requirements could adversely affect planned land development. In addition, there is a risk that future governmental restrictions, including, but not limited to, governmental policies restricting or controlling development within the Project Areas, will be enacted, and a risk that future voter approved land use initiatives could add more restrictions and requirements on development within the Project Areas.

Moreover, there can be no assurance that the means and incentive to conduct land development operations within the Project Areas will not be adversely affected by a deterioration of the real estate market and economic conditions or future local, State and federal governmental policies relating to real estate development, market conditions and other factors that may impair the ability to obtain long-term financing or refinancing, the income tax treatment of real property ownership, the national economy, or natural disasters that impact ferry or automobile access to the Project Areas.

The Project Agreements afford TICD effectively the right but not the obligation to develop the balance of the Treasure Island Project beyond the Initial Project Areas. Infrastructure in the Initial Project Areas is largely complete, and TICD has provided security for the completion of the public infrastructure in the Initial Project Areas. Also, TICD and TI Series 1 have confirmed that, as of the date of this Official Statement, they are actively proceeding with development of the Treasure Island Project in accordance with the terms and requirements of the DDA, and, at this time, have no plans to cease such development. However, neither TIDA, the City nor the Underwriter make any assurance that development of the Treasure Island Project will be completed or that the plans or projections detailed herein or in the Fiscal Consultant Report will actually occur.

Continued financing will be needed to complete the development of the property within the Project Areas and to refinance maturing construction loans, including from private sources and from issuance of future bonds for the CFD or by the District. Issuance of future bonds for the CFD or by the District will depend upon future property values, interest rates and market access and other factors; any delays may affect timing and pace of planned development. Except for the completed Bristol development, firm construction costs for some of the planned vertical development within the Initial Project Areas have not been established. Design development of certain buildings is ongoing. Projected costs may increase. No assurance can be given that the required funding will be secured or construction loans will be refinanced or that the proposed horizontal infrastructure and/or planned vertical development will be partially or fully completed. It is possible that cost overruns will be incurred that will require additional funding beyond what that currently projected, which may or may not be available or that development may not proceed as planned.

See "TAX INCREMENT REVENUE AND DEBT SERVICE – Assessed Value Projections" herein and APPENDIX H – "FISCAL CONSULTANT REPORT" attached hereto. No assurance is given that the development that is currently planned in the Initial Project Areas will be completed, or that it will be completed on the currently-expected timeline. If planned development of the property is not completed Gross Tax Increment could be comparatively lower than if development is completed as planned.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization ("WHO") announced the official name for the outbreak of COVID-19, an upper respiratory tract illness. COVID-19 has since spread across the globe. The WHO declared the COVID-19 outbreak to be a pandemic. The spread of COVID-19 has had and continues to have significant adverse health and financial impacts throughout the world, including the City.

While COVID-19 case rates have significantly declined, vaccination rates have increased, certain emergency orders have been lifted, and the national and local economy has been improving, the economic effects of the COVID-19 pandemic are uncertain in many respects. The ultimate impact of COVID-19 on the operations and finances of the City, the District, TICD or the Merchant Builders and the real estate market and development within the City is not fully known, and it may be some time before the full adverse impact of the COVID-19 outbreak is known. Further, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the operations and finances of the City, the District, TICD, TI Series 1 or the Merchant Builders. Adverse impacts to the development within the District as a whole could include, without limitation, one or more of the following: (i) potential supply chain slowdowns or shutdowns resulting from the unavailability of workers in locations producing construction materials; (ii) slowdowns or shutdowns by local governmental agencies in providing governmental permits, inspections, title and document recordation, and other services and activities associated with real estate development; (iii) delays in construction; (iv) extreme fluctuations in financial markets and contraction in available liquidity; (v) extensive job losses and declines in business activity across important sectors of the economy; (vi) permissive remote work policies reducing demand for commercial office spaces; (vii) declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession, (viii) reduced demand for development projects; (ix) delinquencies in payment of property taxes and (x) the failure of government measures to stabilize the financial sector and introduce fiscal stimulus sufficient to counteract economic impacts of the public health emergency.

The Series 2023A Facilities Bonds are limited obligations of the District, secured by and payable solely from the revenues and the funds pledged therefor under the Facilities Indenture. The Series 2023B Housing Bonds are limited obligations of the District, secured by and payable solely from the revenues and the funds pledged therefor under the Housing Indenture. Information in this section about the potential impact of COVID-19 or other public health emergencies on the City's finances does not suggest that the City has an obligation to pay debt service on the Series 2023AB Bonds. See "SECURITY AND SOURCES OF PAYMENT – Limited Obligation" herein.

None of the District, the City, the Underwriter, TICD, TI Series 1 nor the Merchant Builders can predict the ultimate effects of the COVID-19 outbreak or other public health emergencies or whether any such effects will not have material adverse effect on the ability to develop the Treasure Island Project, including the Initial Project Areas, as planned and described herein, or the availability of Pledged Facilities Increment and Pledged Housing Increment in amounts sufficient to support, respectively, payment of debt service on the Series 2023A Facilities Bonds and the Series 2023B Housing Bonds, respectively.

Levy and Collection of Taxes

The District has no independent power to levy or collect property taxes. The implementation of any constitutional or legislative property tax decrease could reduce the Pledged Facilities Increment and Pledged Housing Increment, and accordingly, could have an adverse impact on the security for and the ability of the District to repay the Series 2023AB Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Initial Project Areas, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the District's ability to make timely payments on the Series 2023AB Bonds. Any reduction in Pledged Facilities Increment and Pledged Housing Increment, whether for any of these reasons or any other reasons, could have an adverse effect on the District's ability to pay the principal of and interest on the Series 2023AB Bonds. See "LIMITATIONS ON TAX INCREMENT REVENUES – Teeter Plan" herein.

Exempt Property

The total assessed value in the Project Areas can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes, such as non-profit housing).

If a substantial portion of land within the Project Areas became exempt from property taxes, the Pledged Facilities Increment and Pledged Housing Increment might not be sufficient to support payment of principal of and interest on the Series 2023A Facilities Bonds and the Series 2023B Housing Bonds, respectively, when due, the 2022 Facilities Reserve Account for the Series 2023A Facilities Bonds and the 2022 Housing Reserve Account for the Series 2023B Housing Bonds may become depleted, and a default could occur with respect to the payment of such principal and interest. See "LIMITATIONS ON TAX INCREMENT REVENUES – Teeter Plan" herein.

Natural Disasters

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

Seismic Risks

General. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area. Seismic events may cause damage, or temporary or permanent loss of occupancy to buildings in the Project Areas, as well as to transportation infrastructure that serves the Project Areas. These faults include the San Andreas Fault, which passes within about three miles of the City's border, and the Hayward Fault, which runs under Oakland, Berkeley and other cities on the east side of San Francisco Bay, about 10 miles away, as well as a number of other significant faults in the region. Significant 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 surrounding areas. The San Francisco-Oakland Bay Bridge, the only east-west vehicle access into the City and the only automobile access to the Project Areas, was closed for a month for repairs, and several highways in the City were permanently closed and eventually removed. On August 24, 2014, the San Francisco Bay Area experienced a 6.0 earthquake centered near Napa along the West Napa Fault. The City did not suffer any material damage as a result of this earthquake.

California Earthquake Probabilities Study. In March 2015, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey (U.S.G.S.), the California Geological Survey, and the Southern California Earthquake Center) reported that there is a 72% chance that one or more earthquakes of magnitude 6.7 (the magnitude of the 1994 Northridge earthquake) or larger will occur in the San Francisco Bay Area before the year 2045. In addition, the U.S.G.S. released a report in April 2017 entitled The HayWired Earthquake Scenario, which estimates that property damage and direct business disruption losses from a magnitude 7.0 earthquake on the Hayward Fault would be more than $82 billion (in 2016 dollars). Most of the losses are expected to be attributable to shaking damage, liquefaction, and landslides (in that order). Eighty percent of shaking damage is expected to be caused by the magnitude 7.0 mainshock, with the rest of the damage resulting from aftershocks occurring over a 2-year period thereafter. Such earthquakes could be very destructive. In addition to the potential damage to buildings subject to property tax, due to the importance of San Francisco as a tourist destination and regional hub of commercial, retail and entertainment activity, a major earthquake anywhere in the Bay Area may cause significant temporary and possibly long-term harm to the City's economy, tax receipts, infrastructure and residential and business real property values, including in the Project Areas.

A separate City report dated March 2020 cited to liquefaction maps by the United States Geological Survey for large past earthquakes. These maps show that Treasure Island and small portions of Yerba Buena Island had very high liquefaction susceptibility in connection with those earthquakes.

Earthquake Safety Implementation Plan ("ESIP"). ESIP began in early 2012, evolving out of the key recommendations of the Community Action Plan for Seismic Safety ("CAPSS"), a 10-year-long study evaluating the seismic vulnerabilities San Francisco faces. The CAPSS Study prepared by the Applied Technology Council looked at the impact to all of San Francisco's buildings and recommended a 30-year plan for action. As a result of this plan, San Francisco had mandated the retrofit of nearly 5,000 soft-story buildings housing over 111,000 residents by September 2021. As of March 21, 2023, 90% of the buildings have been brought into compliance. Currently, the City is implementing a façade ordinance requiring owners of 5-story or higher buildings to submit inspection reports every 10 years. The first set of inspections focus on pre-1910 buildings. Inspection reports for more recent buildings will be phased in over the next four years. Future tasks will address the seismic vulnerability of older nonductile concrete and concrete tilt-up buildings, which are at high risk of severe damage or collapse in an earthquake. This retrofit program is currently in development.

Tall Buildings Safety Strategy Report and Executive Directive. The City commissioned a first in the nation "Tall Buildings Study" by the Applied Technology Council to consider the impact of earthquakes on buildings taller than 240 feet. The Treasure Island development program has only 4 parcels zoned [Do these include any of the active projects?] at higher than 240 feet. The final report following the study, released in January 2019, evaluates best practices for geotechnical engineering, seismic risks, standards for post-earthquake structural evaluations, barriers to re-occupancy, and costs and benefits of higher performance goals for new construction. The study estimates that for a tall building designed to current seismic standards, it might take two to six months to mobilize for and repair damage from a major earthquake, depending on the building location, geologic conditions, and the structural and foundation systems. The report identifies and summarizes sixteen recommendations for reducing seismic risk prior to earthquakes for new and existing buildings, reducing seismic risk following earthquakes, and improving the City's understanding of its tall building seismic risk. See "THE TREASURE ISLAND PROJECT – Infrastructure" herein.

On January 24, 2019, Mayor London N. Breed issued an executive directive instructing City departments to work with community stakeholders, develop regulations to address geotechnical and engineering issues, clarify emergency response and safety inspection roles, and establish a Disaster Recovery Task Force for citywide recovery planning, including a comprehensive recovery plan for the financial district and surrounding neighborhoods by the end of the year. All of these tasks are currently underway. In November 2019, an exercise was conducted to test post-earthquake building safety inspection protocol and logistics. San Francisco was the first jurisdiction to test this statewide program. The City's Disaster Recovery Taskforce had its kick-off meeting in February 2020 to evaluate plans for development of a Disaster Recovery Framework and Downtown Resilience Plan, following several months of groundwork by a consultant team. In consultation with the Structural Engineers Association of Northern California ("SEAONC"), Administrative Bulletin AB-111 – "Guidelines for Preparation of Geotechnical and Earthquake Ground Motion Reports for Foundation Design and Construction of Tall Buildings" was adopted on June 15, 2020, which presented requirements and guidelines for developing geotechnical site investigations and preparing geotechnical reports for the foundation design and construction of tall buildings in the City.

Climate Change; Risk of Sea Level Rise and Flooding Damage

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution.

The *Fourth National Climate Assessment*, published by the U.S. Global Change Research Program in November 2018 ("NCA4"), finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years. NCA4 states that rising temperatures, sea level rise, and changes in extreme events are expected to increasingly disrupt and damage critical infrastructure and property and regional economies and industries that depend on natural resources and favorable climate conditions. Disruptions could include more frequent and longer-lasting power outages, fuel shortages and service disruptions. NCA4 states that the continued increase in the frequency and extent of high-tide flooding due to sea level rise threatens coastal public infrastructure. NCA4 also states that expected increases in the severity and frequency of heavy precipitation events will affect inland infrastructure, including access to roads, the viability of bridges and the safety of pipelines.

Sea levels are expected to continue to rise in the future due to the increasing temperature of the oceans causing thermal expansion and growing ocean volume from glaciers and ice caps melting into the oceans. Between 1854 and 2016, sea level rose about nine inches according to the tidal gauge at Fort Point, a location underneath the Golden Gate Bridge. Weather and tidal patterns, including 100-year or more storms and king tides, may exacerbate the effects of climate related sea level rise. Coastal areas like the City are at risk of substantial flood damage over time, affecting private development and public infrastructure, including roads, utilities, emergency services, schools, and parks. As a result, the City could lose considerable tax revenues and many residents, businesses, and governmental operations along the waterfront could be displaced, and the City could be required to mitigate these effects at a potentially material cost.

Adapting to sea level rise is a key component of the City's policies. The City and its enterprise departments have been preparing for future sea level rise for many years and have issued a number of public reports. For example, in March 2016, the City released a report entitled "Sea Level Rise Action Plan," identifying geographic zones at risk of sea level rise and providing a framework for adaptation strategies to confront these risks. That study shows an upper range of end-of-century projections for permanent sea level rise, including the effects of temporary flooding due to a 100-year storm, of up to 108 inches above the 2015 average high tide. To implement this Plan, the Mayor's Sea Level Rise Coordinating Committee, co-chaired by the Planning Department and Office of Resilience and Capital Planning, joined the Port, the Public Utilities Commission and other public agencies in moving several initiatives forward. This included a Citywide Sea Level Rise Vulnerability and Consequences Assessment to identify and evaluate sea level rise impacts across the City and in various neighborhoods that was released in February 2020.

In April 2017, the Working Group of the California Ocean Protection Council Science Advisory Team (in collaboration with several state agencies, including the California Natural Resources Agency, the Governor's Office of Planning and Research, and the California Energy Commission) published a report, that was formally adopted in March 2018, entitled "Rising Seas in California: An Update on Sea Level Rise Science" (the "Sea Level Rise Report") to provide a new synthesis of the state of science regarding sea level rise. The Sea Level Rise Report provides the basis for State guidance to state and local agencies for incorporating sea level rise into design, planning, permitting, construction, investment and other decisions. Among many findings, the Sea Level Rise Report indicates that the effects of sea level rise are already being felt in coastal California with more extensive coastal flooding during storms, exacerbated tidal flooding, and increased coastal erosion. In addition, the report notes that the rate of ice sheet loss from Greenland and Antarctic ice sheets poses a particular risk of sea level rise for the California coastline. The City has incorporated the projections from the 2018 report into its Guidance for Incorporating Sea Level Rise Guidance into ongoing Capital Planning. The Guidance requires that City projects over $5 million consider mitigation and/or adaptation measures.

In March 2020, a consortium of State and local agencies, led by the Bay Area Conservation and Development Commission, released a detailed study entitled, "Adapting to Rising Tides Bay Area: Regional Sea Level Rise Vulnerability and Adaptation Study," on how sea level rise could alter the Bay Area. The study states that a 48-inch increase in the bay's water level in coming decades could cause more than 100,000 Bay Area jobs to be relocated, nearly 30,000 lower-income residents to be displaced, and 68,000 acres of ecologically valuable shoreline habitat to be lost. The study further argues that without a far-sighted, nine county response, the region's economic and transportation systems could be undermined along with the environment. Runways at SFO could largely be under water.

Portions of the San Francisco Bay Area, including the Project Areas, are built on fill that was placed over saturated silty clay known as "Bay Mud." This Bay Mud is soft and compressible, and the consolidation of the Bay Mud under the weight of the existing fill is ongoing. A report issued in March 2018 by researchers at UC Berkeley and the University of Arizona suggests that flooding risk from climate change could be exacerbated in the San Francisco Bay Area due to the sinking or settling of the ground surface, known as subsidence. The study claims that the risk of subsidence is more significant for certain parts of the City built on fill.

Projections of the effects of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast climate change and its adverse effects, including sea level rise and flooding risk, are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast when sea level rise or other adverse effects of climate change (e.g., the occurrence and frequency of 100-year storm events and king tides) will occur. In particular, the City cannot predict the timing or precise magnitude of adverse economic effects, including, without limitation, material adverse effects on the business operations or financial condition of the City and the local economy during the term of the Series 2023AB Bonds. While the effects of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures. If necessary, such additional measures could require significant capital resources.

In September 2017, the San Francisco City Attorney filed a lawsuit on behalf of the People of the State of California in San Francisco Superior Court against the five largest investor-owned oil companies seeking to have the companies pay into an abatement fund to help fund infrastructure for climate change adaptation. In July 2018, the United States District Court for the Northern District of California denied the People's motion for remand to State court and then dismissed the lawsuit, which the City had joined as a plaintiff. The plaintiffs appealed these decisions to the United States Court of Appeals for the Ninth Circuit, which in May 2020 vacated the District Court's order that found the case arose under federal law, remanding the case back to the District Court to determine if there were any other grounds for federal jurisdiction. In June 2021, the U.S. Supreme Court declined to review the Ninth Circuit's decision. In October 2022, the District Court ordered the case remanded to State court and stayed the remand pending any appeals. The defendants have appealed the District Court's decision to the Ninth Circuit, which has scheduled oral argument on the issue in November 2023. While the City believes that the claims in this lawsuit are meritorious, it can give no assurance regarding whether the lawsuit will be successful and obtain the requested relief from the courts, or contributions to the abatement fund from the defendant oil companies.

Treasure Island and Yerba Buena Island may be particularly susceptible to the impacts of sea level rise or other impacts of climate change or flooding because of their location and topography. An assessment and strategy report related to sea-level rise was issued in connection with the current permit issued by the San Francisco Bay Conservation and Development Commission ("BCDC") for the Treasure Island Project. The BCDC permit, issued in 2016, requires an update on sea level rise every five years. The first such update was prepared for TIDG by an outside consultant and issued in October 2021. The update looked at changes in sea-level-rise policy and projections since the commencement of the Treasure Island Project and evaluated if the adopted sea-level-rise policy projections and adaptation measures remain applicable or need revision. The update also looked at (i) the amount of sea level rise that has occurred since the start of the project and (ii) whether the amount of sea level rise would draw into consideration any documented impacts to public access areas in the form of flooding and settlement. The update concluded that the 2016 assessment and strategy report remains consistent with the most recent sea-level rise projections. The update did not call for a change to the adopted approach to sea-level rise adaptation.

The City is unable to predict whether sea level rise or other impacts of climate change or flooding from a major storm will occur, when they may occur, and if any such events occur, whether they will have a material adverse effect on the business operations or financial condition of the City, the local economy or, in particular, the assessed values of taxable property in the Project Areas and the ability of a property owner in the Project Areas to pay property taxes levied.

Other Natural Disasters and Other Events

In addition to earthquake and sea-level rise (discussed above), other natural or man-made disasters or events, such as flood, wildfire, tsunamis, toxic dumping, international conflicts, civil unrest or acts of terrorism, could also adversely impact persons and property within the City generally and/or specifically in the Project Areas, damage City and District infrastructure and adversely impact the City's ability to provide municipal services.

In September 2010, a PG&E high pressure natural gas transmission pipeline exploded in San Bruno, California, with catastrophic results. PG&E owns, operates and maintains numerous gas transmission and distribution pipelines throughout the City. In August 2013, a massive wildfire in Tuolumne County and the Stanislaus National Forest burned over 257,135 acres (the "Rim Fire"), which area included portions of the City's Hetch Hetchy Project. The Hetch Hetchy Project is comprised of dams (including O'Shaughnessy Dam), reservoirs (including Hetch Hetchy Reservoir which supplies 85% of San Francisco's drinking water), hydroelectric generation and transmission facilities and water transmission facilities. Hetch Hetchy facilities affected by the Rim Fire included two power generating stations and the southern edge of the Hetch Hetchy Reservoir. There was no impact to drinking water quality. The City's hydroelectric power generation system was interrupted by the fire, forcing the San Francisco Public Utilities Commission to spend approximately $1.6 million buying power on the open market and using existing banked energy with PG&E. The Rim Fire inflicted approximately $40 million in damage to parts of the City's water and power infrastructure located in the region. Certain portions of the Hetch Hetchy Project are old and deteriorating, and outages at critical points of the project could disrupt water delivery to significant portions of the region and/or cause significant costs and liabilities to the City.

Many areas of northern California have suffered from wildfires in more recent years, including the Tubbs fire which burned across several counties north of the Bay Area in October 2017 (part of a series of fires covering approximately 245,000 acres and causing 44 deaths and approximately $14 billion in damage), the Camp fire which burned across Butte County, California in November 2018 (covering almost 240 square miles and resulting in numerous deaths and over $16 billion in property damage) and Kincade Fire which burned across Sonoma County, California in late 2019 (covering over 77,000 acres). Spurred by findings that these fires were caused, in part, by faulty powerlines owned by PG&E, the power company subsequently adopted mitigation strategies which results in pre-emptive distribution circuit and high power transmission line shut offs during periods of extreme fire danger (i.e., high winds, high temperatures and low humidity) to portions of the Bay Area, including the City. In recent years, parts of the City experienced black out days as a result of PG&E's wildfire prevention strategy. Future shut offs are expected to continue and it is uncertain what effects future PG&E shut offs will have on the local economy.

In recent years, California experienced numerous significant wildfires. In addition to their direct impact on health and safety and property damage in California, the smoke from these wildfires has impacted, and future wildfires may impact, the quality of life in the Bay Area and the City and may have short-term and future impacts on commercial and tourist activity in the City, as well as the desirability of the City and the Bay Area as places to live, potentially negatively affecting real estate trends and values.

The California Geological Survey ("CGS"), in concert with the California Emergency Management Agency and the Tsunami Research Center at the University of Southern California, produced new statewide tsunami hazard zone maps in July 2021. CGS has identified much of the District and all of Treasure Island as being located in the San Francisco tsunami hazard zone.

Hazardous Substances

A serious risk in terms of the potential reduction in the value of a parcel within the Project Areas would be the discovery of a hazardous substance that was not discovered prior to the transfer of the parcels forming the Project Areas. See "THE TREASURE ISLAND PROJECT" and "THE INITIAL PROJECT AREAS – Overview" herein. In general, the owners and operators of a parcel within the Project Areas may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but other California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of the property whether or not the owner or operator had anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the parcels within the Project Areas be affected by a hazardous substance, would be to reduce the marketability and value of such parcel by the costs of remedying the condition. Any prospective purchaser would become obligated to remedy the condition.

Further it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the current existence on the parcel of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly affect the value of a parcel within the Project Areas that is realizable upon a delinquency.

[The City is aware of a Complaint relating to environmental conditions with respect to the Treasure Island Project. For a description of the Complaint, see "– Treasure Island Related Complaint" below.]

Bankruptcy and Foreclosure

The payment of the property taxes from which Pledged Facilities Increment and Pledged Housing Increment are derived and the ability of the City to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure.

Foreclosures primarily affect assessed valuations at the point at which the property foreclosed upon is sold to a third party, with the often significantly lower 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.

The various legal opinions to be delivered concurrently with the delivery of the Series 2023AB Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases. Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Series 2023AB Bonds.

Investment Risk

As provided in the Indenture, moneys in the funds and accounts under the Facilities Indenture and the Housing Indenture may be invested in Permitted Investments and moneys in the the account(s) which will hold increment into which Pledged Facilities Increment and Pledged Housing Increment are deposited may be invested by the District in any obligations in which the District is legally authorized to invest its funds. 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 Facilities Indenture or the Housing Indenture could have a material adverse effect on the security for the Series 2023AB Bonds.

Treasure Island Related Complaint

[Under review.][On January 23, 2020, a complaint ("Complaint") was filed by certain former and current residents of Treasure Island (i.e., a purported class of individuals who have been living, working, attending school or had substantial contact with Treasure Island from 2006 to the present) (collectively, the "Plaintiffs") in the Superior Court of the State of California, County of San Francisco (Case No. 20-cv-01328-JD), against TIDA ("Defendant 1"), Treasure Island Homeless Development Initiative ("Defendant 2"), Shaw Environmental ("Defendant 3"), U.S. Navy Treasure Island Clean Up Director Jim Sullivan, in his individual capacity ("Defendant 4"), U.S. Navy Treasure Island Clean Up Lead Project Manager David Clark, in his individual capacity ("Defendant 5"), U.S. Navy Representative Keith Forman, in his individual capacity ("Defendant 6"), Tetra Tech EC, Inc. ("Defendant 7"), Dan L. Batrack, in his individual and official capacity ("Defendant 8"), State Department of Toxic Substances Control ("Defendant 9"), San Francisco Department of Public Health ("Defendant 10"), Lennar Inc. ("Defendant 11"), Five Point Holdings, LLC ("Defendant 12"), John Stewart Company ("Defendant 13") and Does 1-100 inclusive ("Defendant 14" and, together with Defendants 1 through 13, the "Defendants"). On February 21, 2020, the U.S. Navy Defendants (Defendants, 4, 5, and 6) removed the case to the United States District Court for the Northern District of California.

The Complaint generally alleged that Treasure Island was contaminated with certain radioactive and chemical contaminants at levels higher than were disclosed to the public by the U.S. Navy. The Complaint further alleged that the Defendants had knowledge of the alleged elevated contaminant levels on Treasure Island and failed to disclose such information to the Plaintiffs.

The Complaint seeks the following relief: (1) a preliminary injunction, requiring the Defendants to take "anticipatory action" to prevent harm and, through exploration of current toxicity and careful analysis of courses of action in order, to present the least threat to residents to Treasure Island, as well as conduct an immediate health and safety assessment for residents, workers and students on Treasure Island; (2) a permanent injunction (available only if Plaintiffs prevail on the merits), requiring Defendants stop all development, construction, building, digging, erecting, disturbing the soil, dirt, earth, buildings, structures, pipes and all activity at Treasure Island until independent verified reports can be obtained showing complete and total remediation of all toxic substances, including all radioactive materials from Treasure Island; (4) monetary damages in the amount of $2 billion; (5) costs incurred bringing the action and (6) such other relief as the Court deems proper, including payment for immediate early-detection medical screenings for Plaintiffs.

On August 4, 2020, the court in response to various motions to dismiss by defendants entered an order granting Plaintiffs leave to amend their Complaint indicating, "The amended complaint also does not say anything about the point in time at which defendants might have had a duty to disclose this information [relating to levels of radiation on Treasure Island] to plaintiffs, in what context, and why, or how defendants failed. In short, plaintiffs' current allegations are so vague and perfunctory that they give defendants 'little idea where to begin' in preparing a response to the complaint." . . . "Plaintiffs are advised to focus and clarify their allegations and claims, and ensure that they state factual allegations against each named defendant. Otherwise, they are likely to face further, and potentially fatal, plausibility problems." The entity identified as Lennar, Inc. (Defendant 11) was named in connection with each of the eight causes of action.

On September 9, 2020, the Plaintiffs filed an amended Complaint, but the amendment did not make any material changes to the allegations set forth in the original Complaint. The City, the U.S. Department of Justice, One Treasure Island, John Stewart Company, Five Point Holdings, LLC and Lennar Inc. have each filed motions to dismiss on the basis that Plaintiffs failed to follow the court's instructions with respect to amending the Complaint. The hearing on the motion to dismiss was scheduled for November 5, 2020. The Court took the motions to dismiss under submission and did not initially issue a ruling. On February 16, 2021, Plaintiffs filed a motion seeking leave to file an amended complaint. Defendants filed opposition to this motion. On June 21, 2021, the Court granted Plaintiffs' motion to file their third amended complaint and denied all pending motions to dismiss as moot. On June 27, 2021, Plaintiffs filed their third amended complaint naming the City and adding as defendants two City employees and the California Department of Public Health, and dismissing Defendants 9, 11 (Lennar Inc.), 12, and 13. The third amended complaint contains the same allegations as were alleged in the Complaint and seeks the same relief. The City has filed a motion to dismiss the third amended complaint. The Court vacated a November 4, 2021 hearing, and will decide the motion to dismiss without oral argument. The City is awaiting a decision. If the matter proceeds to trial on Plaintiffs' third amended complaint, the City and TIDA believe that there are strong defenses available against each alleged cause of action relating to the City, TIDA and the individual City employees, which they intend to diligently pursue.

The parcels at issue in the Complaint are located on Treasure Island. However, apparently none of the parcels at issue in the Complaint are located in the Initial Project Areas. Certain utility infrastructure that will service parcels located in the Project Areas is being constructed on Treasure Island. If injunctive relief is granted and development on Treasure Island is delayed or prohibited, the delivery of utility services to the parcels located in the Project Areas may be delayed until alternative utility infrastructure is put into place or the injunction is lifted. Further, if development on Treasure Island is enjoined, the delivery of certain elements of the overall Treasure Island Project may be delayed. If the development of the property is not completed, or is not completed in a timely manner, there could be an adverse effect on the payment of property taxes, which, in turn, could result in the inability of the District to make full and punctual payments of debt service on the Series 2023AB Bonds.

The District, the City and TIDA can give no assurance regarding the outcome of this litigation, and if the Plaintiffs succeed in their lawsuit, it could have an adverse impact on the TIDA development and the collection of property taxes in the District.]

Ballot Initiatives and Legislative Measures

Measures qualified for the ballot pursuant to California's constitutional initiative process and the State Legislature have in the past altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the Legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the City, the District or other local districts to increase revenues or to increase appropriations or on the ability of a landowner to complete the development of property.

Acceleration

If the District defaults on its respective obligations under the Facilities Indenture or the Housing Indenture, the Trustee has the right to accelerate the Series 2023A Facilities Bonds or the Series 2023B Housing Bonds, as the case may be, under certain circumstances. 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 accelerated Series 2023AB Bonds.

Limitations on Remedies

Remedies available to the owners of Series 2023A Facilities Bonds and Series 2023B Housing Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2023AB Bonds. Bond Counsel has limited its opinions as to the enforceability of the Series 2023AB Bonds and of the Facilities Indenture and the Housing Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditor's rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the Owners of Series 2023A Facilities Bonds and Series 2023B Housing Bonds, and the obligations incurred by the District, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the applicable limitations on remedies against public agencies in the State. See "RISK FACTORS – Bankruptcy and Foreclosure" herein.

Limited Secondary Market

As stated herein, investment in the Series 2023AB Bonds poses certain financial risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand and appreciate the risk of such investments should consider investment in the Series 2023AB Bonds. The Series 2023AB Bonds have not been rated by any national rating agency, and the City has not undertaken to obtain a rating. See "NO RATING" herein. There can be no guarantee that there will be a secondary market for purchase or sale of the Series 2023AB Bonds or, if a secondary market exists, that the Series 2023AB Bonds can or could be sold for any particular price.

Cybersecurity

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, "Systems Technology"). As a recipient and provider of personal, private, or sensitive information, the City has been the subject of cybersecurity incidents which have resulted in or could have resulted in adverse consequences to the City's Systems Technology and required a response action to mitigate the consequences. For example, in November 2016, the San Francisco Municipal Transportation Agency ("SFMTA") was subject to a ransomware attack which disrupted some of the SFMTA's internal computer systems. Although the attack neither interrupted Muni train services nor compromised customer privacy or transaction information, SFMTA took the precaution of turning off the ticket machines and fare gates in the Muni Metro subway stations from Friday, November 25 until the morning of Sunday, November 27.

Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the City invests in multiple forms of cybersecurity and operational safeguards. In November 2016, the City adopted a City-wide Cyber Security Policy ("Cyber Policy") to support, maintain, and secure critical infrastructure and data systems. The objectives of the Cyber Policy include the protection of critical infrastructure and information, manage risk, improve cyber security event detection and remediation, and facilitate cyber awareness across all City departments. The City's Department of Technology has established a cybersecurity team to work across all City departments to implement the Cyber Policy. The City's Cyber Policy is reviewed periodically.

The City has also appointed a City Chief Information Security Officer ("CCISO"), who is directly responsible for understanding the business and related cybersecurity needs of the City's 54 departments. The CCISO is responsible for identifying, evaluating, responding, and reporting on information security risks in a manner that meets compliance and regulatory requirements, and aligns with and supports the risk posture of the City.

While City cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could damage the City's Systems Technology and cause material disruption to the City's operations and the provision of City services. The costs of remedying any such damage or protecting against future attacks could be substantial. Further, cybersecurity breaches could expose the City to material litigation and other legal risks, which could cause the City to incur material costs related to such legal claims or proceedings.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate relating to the Series 2023A Facilities Bonds (the "2023A Disclosure Certificate"), the District has covenanted for the benefit of owners of the Series 2023A Facilities Bonds to provide certain financial information and operating data relating to the District (the "2023A Annual Report") on an annual basis, and to provide notices of the occurrences of certain enumerated events. Pursuant to a Continuing Disclosure Certificate, relating to the Series 2023B Housing Bonds (the "2023B Disclosure Certificate," and together with the 2023A Disclosure Certificate, the "Disclosure Certificates"), the District has covenanted for the benefit of owners of the Series 2023B Housing Bonds to provide certain financial information and operating data relating to the District (the "2023B Annual Report" and together with the 2023A Annual Report, the "Annual Reports") on an annual basis, and to provide notices of the occurrences of certain enumerated events. The Annual Reports and the notices of enumerated events will be filed with the MSRB on EMMA. Each Annual Report is to be filed not later than nine months after the end of the City's fiscal year (which date shall be June 30 of each year), commencing with the report for the 2023-24 Fiscal Year (which is due not later than March 31, 2024). The specific nature of information to be contained in the 2023A Annual Report or the notice of events is summarized in APPENDIX E-1 – "FORM OF SERIES 2023A CONTINUING DISCLOSURE CERTIFICATE" attached hereto. The specific nature of information to be contained in the 2023B Annual Report or the notice of events is summarized in APPENDIX E-2 – "FORM OF SERIES

2023B CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made by the District in order to assist the Underwriter in complying with the Rule.

The City has conducted a review of the compliance of the City, with their respective previous continuing disclosure undertakings pursuant to Rule 15c2-12. On March 6, 2018, Moody's Investors Service, Inc. ("Moody's") upgraded certain of the City and County of San Francisco Finance Corporation lease-backed obligations to "Aa1" from "Aa2." The City timely filed notice of the upgrade with EMMA, but inadvertently did not link the notice to all relevant CUSIP numbers. The City has taken action to link such information to the applicable CUSIP numbers.

The Annual Report for fiscal year 2016-17, which was timely prepared, provided investors a link to the City's 2016-17 audited financial statements ("2016-17 Audited Financial Statements") on the City's website. However, the 2016-17 Audited Financial Statements were not posted on EMMA. The City subsequently filed the 2016-17 Audited Financial Statements and a notice of such late filing on EMMA.

As of May 6, 2021, the City was a party to certain continuing disclosure undertakings relating to municipal securities which require the City to file notice filings on EMMA within ten days in the event of the incurrence of financial obligations and certain other events, if material. On May 6, 2021, the City extended for two years certain liquidity facilities relating to series 1 and 1-T and series 2 and 2-T of its commercial paper program. On July 1, 2021, the City filed on EMMA an event notice relating to these extensions.

For fiscal year 2021-22, although the City's Annual Comprehensive Financial Report was posted on EMMA, it was not linked to all of the CUSIP numbers for the City and County of San Francisco Community Facilities District No. 2014-1 (Transbay Transit Center) Special Tax Bonds, Series 2022A and 2022B. The City has taken action to link such Annual Comprehensive Financial Report to the applicable CUSIP numbers.

TAX MATTERS

Federal Tax Status. 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 Series 2023AB 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. Interest on the Series 2023AB Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Tax Code") that must be satisfied subsequent to the issuance of the Series 2023AB Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Series 2023AB Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Series 2023AB 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 at which a Series 2023AB Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax 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 Series 2023AB Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Series 2023AB Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Series 2023AB Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Series 2023AB Bonds who purchase the Series 2023AB Bonds after the initial offering of a substantial amount of such maturity. Owners of such Series 2023AB Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2023AB Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Series 2023AB Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Series 2023AB Bond (said term being the shorter of the Series 2023AB Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Series 2023AB Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Series 2023AB Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Series 2023AB Bond premium is not deductible for federal income tax purposes. Owners of premium Series 2023AB 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 Series 2023AB Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Series 2023AB Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Series 2023AB Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Series 2023AB Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Series 2023AB Bonds, or as to the consequences of owning or receiving interest on the Series 2023AB Bonds, as of any future date. Prospective purchasers of the Series 2023AB Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Series 2023AB Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series 2023AB Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Series 2023AB Bonds, the ownership, sale or disposition of the Series 2023AB Bonds, or the amount, accrual or receipt of interest on the Series 2023AB Bonds.

Form of Opinion. The forms of opinions of Bond Counsel are set forth as Appendix F-1 and Appendix F-2 attached hereto.

UNDERWRITING

The District has sold the Series 2023AB Bonds to the California Statewide Communities Development Authority ("CSCDA"). Stifel, Nicolaus & Co. Incorporated (the "Underwriter") simultaneously purchased the Series 2023A Facilities Bonds from CSCDA at a purchase price of $__________, representing the principal amount of the Series 2023A Facilities Bonds less an Underwriter's discount of $__________ and plus [net] original issue premium of [net] and the Series 2023B Housing Bonds at a purchase price of [net] , representing the principal amount of the Series 2023B Housing Bonds less an Underwriter's discount of [net] and plus [net] original issue premium of $__________. The Underwriter intends to offer the Series 2023AB Bonds to the public initially at the prices set forth on the inside cover pages of this Official Statement, which prices may subsequently change without any requirement of prior notice.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2023AB Bonds to the public. The Underwriter may offer and sell the Series 2023AB Bonds to certain dealers (including dealers depositing Series 2023AB Bonds into investment trusts) at prices lower than the public offering prices, and such dealers may reallow any such discounts on sales to other dealers.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

LEGAL OPINIONS AND OTHER LEGAL MATTERS

The legal opinions of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel, approving the validity of the Series 2023A Facilities Bonds and the Series 2023B Housing Bonds, in substantially the respective forms set forth in Appendix F-1 and Appendix F-2 attached hereto, will be made available to purchasers of the Series 2023AB Bonds at the time of original delivery. Bond Counsel has not undertaken on behalf of the Owners or the Beneficial Owners of the Series 2023AB Bonds to review the Official Statement and assumes no responsibility to such Owners and Beneficial Owners for the accuracy of the information contained herein. Certain legal matters will be passed upon for the District by the City Attorney, and by Norton Rose Fulbright US LLP, Los Angeles, California, Disclosure Counsel, with respect to the issuance of the Series 2023AB Bonds.

Compensation paid to Jones Hall, A Professional Law Corporation, as Bond Counsel, and Norton Rose Fulbright US LLP, as Disclosure Counsel, is contingent on the issuance of the Series 2023AB Bonds.

Norton Rose Fulbright (US) LLP, Los Angeles, California has served as Disclosure Counsel to the District, and in such capacity has advised District staff with respect to applicable securities laws and participated with responsible District officials and staff in conferences and meetings where information contained in this Official Statement was reviewed for accuracy and completeness. Disclosure Counsel is not responsible for the accuracy or completeness of the statements or information presented in this Official Statement and has not undertaken to independently verify any of such statements or information. The District is solely responsible for the accuracy and completeness of the statements and information contained in this Official Statement. Upon issuance and delivery of the Series 2023AB Bonds, Disclosure Counsel will deliver a letter to the District, and the Underwriter and its affiliates to the effect that, subject to the assumptions, exclusions, qualifications and limitations set forth therein (including without limitation exclusion of any information relating to The Depository Trust Company, Cede & Co., the book-entry system, the CUSIP numbers, forecasts, projections, estimates, assumptions and expressions of opinions and the other financial and statistical data included herein, and information in Appendices B and G hereof, as to all of which Disclosure Counsel will express no view), no facts have come to the attention of the personnel with Norton Rose Fulbright (US) LLP directly involved in rendering legal advice and assistance to the City which caused them to believe that this Official Statement as of its date and as of the date of delivery of the Series 2023AB Bonds contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No purchaser or holder, other than the addresses of the letter, or other person or party, will be entitled to or may rely on such letter of Disclosure Counsel.

TRANSFER RESTRICTIONS

Under the Facilities Indenture and the Housing Indenture, the Series 2023AB Bonds are only to be sold (including in secondary market transactions) to "Qualified Purchasers," which is defined in the Indenture to include Qualified Institutional Buyers as defined in Rule 144A promulgated under the Securities Act of 1933 and institutional Accredited Investors (which consists of Accredited Investors within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act of 1933).

Neither the Underwriter nor any Holder or Beneficial Owner of the Series 2023AB Bonds shall deposit the Series 2023AB Bonds in any trust or account under its control and sell any shares, participatory interest or certificates in such trust and account, and neither the Underwriter nor any Holder or Beneficial Owner shall deposit the Series 2023AB Bonds in any trust or account under its control the majority of the assets of which constitute the Series 2023AB Bonds, and sell shares, participatory interest or certificates in such trust or account except to Qualified Purchasers; provided that none of the Underwriter, Holders or Beneficial Owners shall have an obligation to independently establish or confirm that any transferee of a Series 2023AB Bond is Qualified Purchaser, however any actual transfer of a Series 2023AB Bond to any entity that is not a Qualified Purchaser shall be deemed null and void as provided in the Indenture.

Under the Facilities Indenture and the Housing Indenture, no transfer, sale or other disposition of any Series 2023AB Bond, or any beneficial interest therein, may be made except to an entity that is a Qualified Purchaser that is purchasing such Series 2023AB Bond for its own account for investment purposes and not with a view to distributing such Series 2023AB Bond. Each purchaser of any

Series 2023AB Bond or ownership interest therein will be deemed to have acknowledged, represented, warranted, and agreed with and to the District, the Underwriter and the Trustee as follows:

1. Respectively, that the Series 2023A Facilities Bonds are payable solely from Pledged Facilities Increment and from certain funds and accounts established and maintained pursuant to the Facilities Indenture or that the Series 2023B Housing Bonds are payable solely from Pledged Housing Increment and from certain funds and accounts established and maintained pursuant to the Housing Indenture;

2. That it is a Qualified Purchaser and that it is purchasing the Series 2023AB Bonds for its own account and not with a view to, or for offer or sale in connection with any distribution thereof in violation of the Securities Act of 1933 or other applicable securities laws;

3. That such purchaser acknowledges that the Series 2023AB Bonds and beneficial ownership interests therein may only be transferred to Qualified Purchasers;

4. That the District, the Trustee, the Underwriter and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements; and

If a holder of the Series 2023AB Bonds makes an assignment of its beneficial ownership interest in the Series 2023AB Bonds, the assignor will notify the assignee of the restrictions on purchase and transfer described herein.

NO LITIGATION REGARDING SERIES 2023AB BONDS

A certificate of the District to the effect that no litigation is pending (for which service of process has been received) concerning the validity of the Series 2023AB Bonds will be furnished to the Underwriter and its affiliates at the time of the original delivery of the Series 2023AB Bonds. The District is not aware of any litigation pending or threatened which questions the existence of the District or contests the authority of the District to issue the Series 2023AB Bonds.

[The District is aware of a Complaint relating to Treasure Island. See "RISK FACTORS - Treasure Island Related Complaint" for a description thereof. The District and TIDA can give no assurance regarding the outcome of this litigation, and if the Plaintiffs succeed in their lawsuit it could have an adverse impact on the TIDA development in the District.]

Ongoing Investigations. In January 2020, the City's former Director of Public Works, Mohammad Nuru, was criminally charged with public corruption, including honest services wire fraud and lying to Federal Bureau of Investigation ("FBI") agents. In February 2020, then-City Attorney Dennis Herrera and Controller Ben Rosenfield announced the initiation of a joint investigation stemming from the federal criminal charges against Mr. Nuru. The City Attorney's Office focused on holding public officials and City vendors accountable. The Controller undertook a public integrity review of contracts, purchase orders, and grants to the City.

Mr. Nuru resigned from employment with the City in February 2020. In January 2022, Mr. Nuru pled guilty to taking bribes from contractors, developers, and entities he regulated, including bribes from Walter Wong, a San Francisco construction company executive and permit expediting consultant, who ran or controlled multiple entities doing business with the City. In August 2022, the district court judge sentenced Mr. Nuru to 84 months in prison.

Mr. Wong was criminally charged in June 2020 with conspiring with City officials and laundering money. As part of the criminal investigation into Mr. Nuru and Mr. Wong, the SFPUC received a federal, criminal, grand jury subpoena in June 2020 to produce documents, communications, contracts and records, including the complete personnel file of the SFPUC's former General Manager, Harlan L. Kelly, Jr.

In November 2020, Mr. Kelly was charged in a criminal complaint with one count of honest services wire fraud. The complaint alleged that Mr. Kelly also engaged in a long-running bribery scheme and corrupt partnership with Mr. Wong. The complaint further alleged that as part of the scheme, Mr. Wong provided items of value to Mr. Kelly in exchange for official acts by Mr. Kelly that benefited or attempted to benefit Mr. Wong's business ventures. According to the criminal complaint against Mr. Kelly, Mr. Wong bribed Mr. Kelly with thousands of dollars in airfare, meals, jewelry, and travel expenses, as well as by making improvements to Mr. Kelly's home.

Mr. Wong pled guilty in July 2020 and continues to cooperate with the ongoing federal criminal investigation. Mr. Wong has not been sentenced.

Mr. Wong settled civilly with the City in May 2021. As part of his civil settlement, he and his companies agreed to pay the City more than $300,000 in ethics fines and more than $1 million in restitution. The total restitution amount to the City includes $73,000 that he received through the SFPUC when Mr. Kelly was General Manager.

Mr. Kelly resigned from employment with the City, effective November 30, 2020. Michael Carlin, former-Deputy General Manager of the SFPUC, then served as the Acting General Manager of the SFPUC through October 31, 2021. Mr. Herrera began serving as General Manager of the SFPUC on November 1, 2021.

Since Mr. Nuru's arrest in January 2020, the Controller's Office, in consultation with the City Attorney, has issued 11 public integrity reviews. Ten of the 11 reports focus primarily on City departments other than the SFPUC. The Controller's Office's December 9, 2021 Public Integrity Audit looked specifically at SFPUC's Social Impact Partnership Program and made seven recommendations to strengthen internal controls and oversight. The SFPUC concurred with all seven of those recommendations, and as of September 2023, five of the seven recommendations had been implemented and two were in progress.

In October 2021, a criminal grand jury returned an indictment against Mr. Kelly and Victor Makras, a San Francisco real estate broker and property developer. Mr. Makras formerly served on several City boards and commissions, including the Port Commission, Police Commission, Public Utilities Commission, and Retirement Board. In addition to the original charges against Mr. Kelly of conspiracy with Mr. Wong, the indictment added charges of bank fraud and bank fraud conspiracy related to a $1.3 million loan Mr. Kelly obtained from Quicken Loans.

Mr. Makras' case was severed from Mr. Kelly's, and in August 2022, a jury convicted Mr. Makras of bank fraud for his role in making false statements to the bank in support of the loan to Mr. Kelly. In December 2022, Mr. Makras was sentenced to three years of probation and fined $15,200.

On July 14, 2023, Mr. Kelly was convicted of one count of conspiracy to commit honest services wire fraud, one count of honest services wire fraud, and four counts related to charges stemming from a bank fraud scheme. The jury found Mr. Kelly not guilty of two honest services wire fraud counts. Mr. Kelly has not been sentenced.

On August 29, 2023, the San Francisco District Attorney charged Lanita Henriquez, who served as the director of the San Francisco Community Challenge Grant Program under the Office of the San Francisco City Administrator, and Rudolph Dwayne Jones, a former City official who occasionally served as a prime contractor and a subcontractor to the SFPUC, with counts of misappropriation of public monies, bribery, and financial conflict of interest in a government contract. It is alleged that Ms. Henriquez and Mr. Jones misappropriated public money between 2016 and 2020, that Mr. Jones wrote Ms. Henriquez multiple checks in 2017 and 2018 totaling $25,000, while Ms. Henriquez directed government grant contracts exceeding $1.4 million to entities controlled by Mr. Jones, in which entities Ms. Henriquez also had a financial stake, between 2016 and 2020.

The San Francisco District Attorney has not alleged any impropriety in connection with the sole grant program administered by Ms. Henriquez. At the direction of the City Administrator, City departments have undertaken a review of contracts between the City and contracts retaining Mr. Jones and/or RDJ Enterprises, LLC, an entity affiliated with Mr. Jones (collectively, "RDJ") in order to terminate or cancel any subcontract, service order, or other contractual arrangement with RDJ.

The FBI investigation is ongoing, and the City can give no assurance when the FBI will complete its investigation. The San Francisco District Attorney's Office Public Integrity Task Force has also independently investigated certain of the matters described here, and the City can give no assurance when this task force will complete its investigation.

NO RATING

The District has not made, and does not intend to make, any application to any rating agency for the assignment of a rating on the Series 2023AB Bonds. Ratings are obtained as a matter of convenience for prospective investors, and the assignment of a rating is based upon the independent investigations, studies, and assumptions of rating agencies. The determination by the District not to obtain a rating does not, directly or indirectly, express any view by the District of the credit quality of the Series 2023AB Bonds. The lack of a bond rating could impact the market price or liquidity for the Series 2023AB Bonds in the secondary market. See "RISK FACTORS – Limited Secondary Market" herein.

MUNICIPAL ADVISOR

The District has retained CSG Advisors Incorporated, as Municipal Advisor in connection with the issuance of the Series 2023AB Bonds. The Municipal Advisor has assisted in the District's review and preparation of this Official Statement and in other matters relating to the planning, structuring, and sale of the Series 2023AB Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing the Series 2023AB Bonds.

Compensation paid to the Municipal Advisor is contingent upon the successful issuance of the Series 2023AB Bonds.

FISCAL CONSULTANT REPORT

In connection with the issuance of the Series 2023AB Bonds, the District has engaged Keyser Marston Associates, Inc., Berkeley, California, to prepare a Fiscal Consultant Report. See APPENDIX H – "FISCAL CONSULTANT REPORT" attached herein.

MISCELLANEOUS

All of the preceding summaries of the Facilities Indenture, the Housing Indenture, other applicable legislation, agreements and other documents are made subject to the provisions of such documents and do not purport to be complete documents of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Series 2023AB Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been authorized by the Board of Supervisors.

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION
FINANCING DISTRICT NO. 1

By: ____
Director of the Office of Public Finance

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY AND COUNTY OF SAN FRANCISCO

The information contained in this Appendix A is provided for informational purposes only. No representation is made that any of the information contained in this Appendix A is material to the holders from time to time of the Series 2023AB Bonds, and the City has not undertaken in its Continuing Disclosure Certificate to update this information. The Series 2023A Facilities Bonds are limited obligations of the District, secured by and payable solely from the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2023A Facilities Bonds are not payable from any other source of funds other than the Pledged Facilities Increment and the funds pledged therefor under the Facilities Indenture. The Series 2023B Housing Bonds are limited obligations of the District, secured by and payable solely from the Pledged Housing Increment and the funds pledged therefor under the Housing Indenture.

Neither the Series 2023A Facilities Bonds nor the Series 2023B Housing Bonds are a debt of the City and County of San Francisco (the "City"), the State of California (the "State") or any of their political subdivisions (other than the District and only to the limited extent set forth in the Facilities Indenture and the Housing Indenture, respectively), and none of the City, the State or any of their political subdivisions other than the District is liable therefor. Neither the Series 2023A Facilities Bonds nor the Series 2023B Housing Bonds constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The District has not pledged any other tax revenues or property or its full faith and credit to the payment of debt service on the Series 2023A Facilities Bonds or the Series 2023B Housing Bonds. Although the District receives certain tax increment revenues, the District has no taxing power.

General

The City was established in 1850 and is the only legal subdivision of the State of California with the governmental powers of both a city and a county. The City's legislative power is exercised through a Board of Supervisors, while its executive power is vested upon a Mayor and other appointed and elected officials. Key public services provided by the City include public safety and protection, public transportation, water and sewer, parks and recreation, public health, social services and land-use and planning regulation. The heads of most of these departments are appointed by the Mayor and advised by commissions and boards appointed by City elected officials.

Elected officials include the Mayor, Members of the Board of Supervisors, Assessor-Recorder, City Attorney, District Attorney, Public Defender, Sheriff, Superior Court Judges, and Treasurer. Since November 2000, the eleven-member Board of Supervisors has been elected through district elections. The eleven district elections are staggered for five and six seats at a time and held in even-numbered years. Board members serve four-year terms and vacancies are filled by Mayoral appointment.

COVID 19 Pandemic

The economic and demographic data contained in this appendix are the latest available, but include data as of dates and for periods before the economic impact of the COVID 19 pandemic and measures instituted to slow it. Accordingly, the data for such dates and periods are not indicative of the current financial condition or future prospects of the District, the City, and the region or of expected Pledged Facilities Increment or Pledged Housing Increment. See "RISK FACTORS – Public Health Emergencies" in the forepart of this Official Statement.

Population

The populations of the City and County of San Francisco for the last 10 years are shown in the following table.

POPULATION
City and County of San Francisco
2014 through 2023[1]

Fiscal Year	Population
2014	852,948
2015	863,450
2016	871,613
2017	878,697
2018	885,716
2019	886,885
2020	873,965
2021	853,414
2022	837,036
2023	831,703

[1] For 2014-2019 and 2021-2023, population statistics are as of January 1. For 2020, population statistics are as of April 1.
Source: California Department of Finance.

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Employment

The following table summarizes employment in the City and County of San Francisco from 2018 through 2022. Trade, transportation and utilities, professional and business services, education/health services and leisure/hospitality are the largest employment sectors in the City.

EMPLOYMENT BY INDUSTRY
City and County of San Francisco
2018 through 2022

Industry	Employment[1]				
	2018	2019	2020	2021	2022
All Farm	200	400	200	300	300
Mining, Logging and Construction	23,200	24,100	23,200	22,100	23200
Manufacturing	13,200	13,800	13,400	11,700	13,400
Trade, Transportation & Utilities	82,600	84,300	73,200	70,100	72,700
Information	46,100	52,500	54,600	58,200	64,300
Financial Activities	59,900	62,000	60,300	61,000	64,200
Professional and Business Services	195,400	203,100	200,900	200,600	219,100
Education and Health Services	90,300	94,100	91,500	93,900	95,800
Leisure and Hospitality	98,500	101,800	59,100	57,000	75,900
Other Services	27,700	28,000	21,800	22,800	25,700
Government	98,200	98,800	98,200	101,300	105,900
Total Civilian Labor Force	735,100	762,900	696,500	699,000	760,400

[1] Employment is reported by place of work: it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not sum to totals due to rounding.
Source: California State Employment Development Department, Labor Market Information Division.

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The following tables summarize the civilian labor force, employment and unemployment in the City and County of San Francisco from 2013 to 2022.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
City and County of San Francisco
Annual Averages, 2013 through 2022
(not seasonally adjusted)

Year	Civilian Labor Force	Employed Labor Force[(1)]	Unemployed Labor Force[(2)]	Unemployment Rate[(3)]
2013	514,200	485,800	28,400	5.5
2014	527,300	504,000	23,300	4.4
2015	541,400	521,600	19,800	3.7
2016	555,300	537,000	18,300	3.3
2017	563,000	546,400	16,600	2.9
2018	568,700	555,100	13,600	2.4
2019	580900	568,000	12,900	2.2
2020	560,100	515,600	44,500	7.9
2021	548,600	520,800	27,800	5.1
2022	572,600	558,000	14,600	2.5

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) Calculated using unrounded data.
Source: California State Employment Development Department, Labor Market Information Division.

Major Private Employers

The following table shows the largest private employers located in the City and County of San Francisco as of January 2023.

LARGEST PRIVATE EMPLOYERS
City and County of San Francisco

Employer	Number of Employees	Rank
Salesforce Inc.	11,953	1
United Airlines	10,000	2
Sutter Health	6,134	3
Wells Fargo & Co.	5,886	4
Kaiser Permanente	4,676	5
Allied Universal	3,827	6
Uber Technologies Inc.	3,413	7
First Republic Bank	3,296	8
Accenture	2,353	9
Cisco Systems Inc.	1,863	10
Total	53,401	

Source: San Francisco Business Times, "Largest Employers in San Francisco" (published January 6, 2023).
Note: Since the publication date of the rankings above, JPMorgan Chase & Co. acquired the substantial majority of

assets and assumed the deposits and certain other liabilities of First Republic Bank from the Federal Deposit Insurance Corporation.

Construction Activity

The level of construction activity in the City and County of San Francisco as measured by total building permits for residential units is shown in the following tables.

BUILDING PERMITS
City and County of San Francisco
2018 through 2022[(1)]

	2018	2019	2020	2021	2022
Valuation ($000)					
Residential	$2,231,737	$1,730,003	$1,555,933	$1,948,973	$2,735,548
Non-Residential	2,293,555	1,461,943	1,253,946	1,013,680	1,594,894
TOTAL	$4,525,292	$3,191,946	$2,809,881	$2,962,653	$4,330,442
Dwelling Units					
Single Family	95	135	65	135	272
Multiple family	5,098	3,208	2,127	2,816	6,174
TOTAL	5,184	3,343	2,192	2,951	6,446

Source: Construction Industry Research Board/CIRB.
(1) Totals may not add due to rounding.

Taxable Sales

Taxable sales in the City and County of San Francisco from 2018 through 2022 are shown in the following table.

TAXABLE SALES
2018 through 2022
($ in Thousands)

	2018	2019	2020	2021	2022
Clothing and Clothing Accessories Stores	$2,046,414	$2,029,312	$1,163,031	$1,587,968	$1,746,756
General Merchandise	790,845	755,350	560,059	667,930	691,405
Food and Beverage Stores	856,217	861,757	746,455	722,410	768,428
Food Services and Drinking Places	4,844,464	5,046,263	2,081,728	2,953,373	4,266,095
Home Furnishings & Appliances	1,018,006	1,034,213	768,022	919,239	940,945
Building Material and Garden Equipment and Supplies Dealers	681,369	718,692	642,104	685,895	691,182
Motor Vehicle and Parts Dealers	674,008	601,929	593,476	625,719	575,323
Gasoline Stations	583,480	548,509	304,977	432,768	612,261
Other Retail Stores	2,535,667	2,671,219	2,690,590	2,508,494	2,633,438
Total Retail and Food Services	$14,030,469	$14,267,242	$9,550,442	$11,103,794	$12,925,834
All Other Outlets	6,312,251	6,689,891	4,839,280	5,503,320	6,685,572
Total All Outlets[(1)]	$20,342,721	$20,957,132	$14,389,723	$16,607,114	$19,611,406

(1) Columns may not sum to totals due to rounding.
Source: California State Board of Equalization; and California Department of Tax and Fee Administration.

Assessed Valuation of Taxable Property

Assessed valuations of taxable property in the City and County of San Francisco for fiscal years 2008-09 through 2023-24 are shown in the following table:

ASSESSED VALUATION OF TAXABLE PROPERTY
Fiscal Years 2008-09 through 2023-24
($ in Thousands)

Fiscal Year	Net Assessed[1] Valuation (NAV)	% Change from Prior Year	Total Tax Rate per $100[2]	Total Tax Levy[3]	Total Tax Collected[3]	% Collected June 30
2008-09	$141,274,628	8.7%	1.163	$1,702,533	$1,661,717	97.6%
2009-10	150,233,436	6.3%	1.159	1,808,505	1,764,100	97.5%
2010-11	157,865,981	5.1%	1.164	1,888,048	1,849,460	98.0%
2011-12	158,649,888	0.5%	1.172	1,918,680	1,883,666	98.2%
2012-13	165,043,120	4.0%	1.169	1,997,645	1,970,662	98.6%
2013-14	172,489,208	4.5%	1.188	2,138,245	2,113,284	98.8%
2014-15	181,809,981	5.4%	1.174	2,139,050	2,113,968	98.8%
2015-16	194,392,572	6.9%	1.183	2,290,280	2,268,876	99.1%
2016-17	211,532,524	8.8%	1.179	2,492,789	2,471,486	99.1%
2017-18	234,074,597	10.7%	1.172	2,732,615	2,709,048	99.1%
2018-19	259,329,479	10.8%	1.163	2,999,794	2,977,664	99.3%
2019-20	281,073,307	8.4%	1.180	3,509,022	3,475,682	99.0%
2020-21	299,686,811	6.6%	1.198	3,823,246	3,785,038	99.0%
2021-22	307,712,666	2.7%	1.182	3,864,100	3,832,546	99.2%
2022-23	331,431,694	7.7%	1.180	4,067,270	4,032,813	99.2%
2023-24	343,913,585	3.8%	N/A	N/A	N/A	N/A

(1) Net Assessed Valuation (NAV) is Total Assessed Value for Secured and Unsecured Rolls, less Non-reimbursable Exemptions and Homeowner Exemptions.
(2) Annual tax rate for unsecured property is the same rate as the previous year's secured tax rate.
(3) The Total Tax Levy and Total Tax Collected through fiscal year 2022-23 is based on year-end current year secured and unsecured levies as adjusted through roll corrections, excluding supplemental assessments, as included in the statistical report received from the Office of the Treasurer and Tax Collector, City and County of San Francisco.

Source: Office of the Controller, City and County of San Francisco.

Income

The following tables provide a summary of per capita personal income for the City and County of San Francisco, the State of California and the United States, and personal income and annual percent change for the City and County of San Francisco, for 2012 through 2021.

PER CAPITA PERSONAL INCOME
2012 through 2021

Year	San Francisco	California	United States
2012	$87,665	$48,121	$44,548
2013	88,675	48,502	44,798
2014	97,887	51,266	46,887
2015	105,711	54,546	48,725
2016	112,804	56,560	49,613
2017	119,208	58,804	51,550
2018	128,812	61,508	53,786
2019	130,464	64,919	56,250
2020	141,134	70,647	59,765
2021	160,749	76,614	64,143

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Transportation

The City is reliant on a complex multimodal infrastructure consisting of roads, bridges, highways, rail, tunnels, airports, and bike and pedestrian paths. The development, maintenance, and operation of these different modes of transportation are overseen by various agencies, including the California Department of Transportation ("Caltrans") and San Francisco Municipal Transportation Agency ("SFMTA"). The Metropolitan Transportation Commission plays a role in the planning and funding of the City's transportation. These and other organizations collectively manage several interstate highways and state routes, two subway networks, two commuter rail agencies, trans-bay bridges, transbay ferry service, local bus service, international airports, and an extensive network of roads, tunnels, and bike paths.

SFMTA is a department of the City responsible for the management of all ground transportation in the City. The SFMTA has oversight over the Municipal Railway (Muni) public transit, as well as bicycling, paratransit, parking, traffic, walking, and taxis. The SFMTA is governed by a Board of Directors who are appointed by the Mayor and confirmed by the San Francisco Board of Supervisors. The SFMTA Board provides policy oversight, including budgetary approval, and changes of fares, fees, and fines, ensuring representation of the public interest. The San Francisco Municipal Railway, known as Muni, is the primary public transit system of the City and operates a combined light rail and subway system, the Muni Metro, as well as large bus and trolley coach networks. Additionally, it runs a historic streetcar line, which runs on Market Street from Castro Street to Fisherman's Wharf. It also operates the famous cable cars, which have been designated as a National Historic Landmark and are a major tourist attraction.

Bay Area Rapid Transit ("BART"), a regional Rapid Transit system, connects San Francisco with the East Bay through the underwater Transbay Tube. The line runs under Market Street to Civic Center where it turns south to the Mission District, the southern part of the city, and through northern San Mateo County, to the San Francisco International Airport, and Millbrae. Another commuter rail system, Caltrain, runs from San Francisco along the San Francisco Peninsula to San Jose and Gilroy. Amtrak California

Thruway Motorcoach runs a shuttle bus from three locations in San Francisco to its station across the bay in Emeryville. Additionally, BART offers connections to San Francisco from Amtrak's station in Richmond.

San Francisco Bay Ferry operates from the Ferry Building and Pier 39 to points in Oakland, Alameda-Bay Farm Island, South San Francisco, and north to Vallejo in Solano County. The Golden Gate Ferry is the other ferry operator with service between San Francisco and Marin County. SolTrans runs supplemental bus service between the Ferry Building and Vallejo. To accommodate the large amount of San Francisco citizens who commute to the Silicon Valley daily, companies like Google and Apple provide private bus transportation for their employees, from San Francisco locations to their corporate campuses on the peninsula. See also "THE TREASURE ISLAND PROJECT – Transportation" in the forepart of the Official Statement.

See "RISK FACTORS – Public Health Emergencies" in the forepart of this Official Statement.

Public Education

San Francisco Unified School District ("SFUSD") established in 1851, is the only public school district within the City and is among the largest school district in California. SFUSD administers both the school district and the San Francisco County Office of Education, making it a "single district county."

The University of California, San Francisco ("UCSF") is the sole campus of the University of California system entirely dedicated to graduate education in health and biomedical sciences and operates the UCSF Medical Center which is a major local employer A 43-acre Mission Bay campus was opened in 2003, complementing its original facility in Parnassus Heights and contains research space and facilities to foster biotechnology and life sciences entrepreneurship. UCSF operates approximately 20 facilities across the City.

The University of California, Hastings College of the Law, founded in Civic Center in 1878, is the oldest law school in California. San Francisco's two University of California institutions have formed an official affiliation in the UCSF/UC Hastings Consortium on Law, Science & Health Policy.

San Francisco State University is part of the California State University system and is located near Lake Merced. The school awards undergraduate, master's and doctoral degrees in over 100 disciplines.

The City College of San Francisco, with its main facility in the Ingleside district, is one of the largest two-year community colleges in the country and offers an extensive continuing education program.

See "RISK FACTORS – Public Health Emergencies" in the forepart of this Official Statement.

APPENDIX B

INFRASTRUCTURE FINANCING PLAN

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE FACILITIES INDENTURE

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE HOUSING INDENTURE

APPENDIX E-1

FORM OF SERIES 2023A CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

$_________
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2023A
(FACILITIES INCREMENT)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "District") in connection with the issuance of the above captioned Bonds (the "Bonds"). The Bonds are issued pursuant to Chapter 2.6 of Part 1 of Division 2 of Title 5 (section 53369 et seq.) of the Government Code of the State of California, as amended (the "Law"), Resolution No. 7-17, adopted by the Board of Supervisors as the legislative body of the District on January 24, 2017, and signed by the Mayor on February 3, 2017 ("Original Resolution of Issuance"), approving the issuance and sale of tax increment revenue bonds in one or more series, in an aggregate principal amount not to exceed $780 million (excluding refunding bonds), and Resolution No. [__]-23, adopted by the Board of Supervisors as the legislative body of the District on [_____], 2023 (the "2023 Bond Resolution," and together with the Original Resolution of Issuance, as supplemented, the "Resolution"), and the provisions of an Indenture of Trust, dated as of September 1, 2022, as supplemented by a First Supplemental Indenture, dated as of December 1, 2023 (as so supplemented, the "Indenture"), each by and between the District and Zions Bancorporation, National Association, as trustee (the "Trustee"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean _______________, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"Holder" shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at *http://emma.msrb.org.*

"Participating Underwriter" shall mean the original underwriter or purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean 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.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Indenture.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which date shall be June 30 of each year), commencing with the report for the 2023-24 Fiscal Year (which is due not later than March 31, 2024), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the District, the District shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to such date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the District are not available by the date required above for the filing of the Annual Report, the District shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the District's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB as required by Section 5(c).

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the District), file a report with the District certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

(a) the audited general purpose financial statements of the City and County of San Francisco (the "City") prepared in accordance with generally accepted accounting principles applicable to governmental entities. The financial statements required by this subsection (a) shall be accompanied by the following statement:

> The City's annual financial statement is provided solely to comply with the Securities Exchange Commission staff's interpretation of rule 15c2-12. The Bonds are limited obligations of the District, secured by and payable solely from the Pledged Facilities Increment and the funds pledged therefor under the Indenture. The Bonds are not payable from any other source of funds other than Pledged Facilities Increment and the funds pledged therefor under the Indenture. The General Fund of the City is not liable for the payment of the principal of or interest on the Bonds, and neither the credit nor the taxing power of the City or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

(b) the principal amount of the outstanding Facilities Bonds by series as of September 2 preceding the date of the Annual Report;

(c) the balance in the 2022 Facilities Reserve Account and the then-current Reserve Requirement for the 2022 Related Facilities Bonds as of September 2 preceding the date of the Annual Report;

(d) an update to Table 3 in the Official Statement, including subsequently annexed Project Areas, if any;

(e) an update to Table 4 in the Official Statement for the current fiscal year and prior nine fiscal years (if available), including subsequently annexed Project Areas, if any

(f) the top ten taxpayers by assessed valuation in the Project Areas for the current fiscal year, including property owner name, number of parcels owned by such property owner, Project Area(s) location of such parcel(s), and aggregate assessed valuation for each with each of land value and improvement value indicated; however, the District may redact the name of any individual property owner responsible for less than 5% of aggregate assessed valuation in the Project Areas;

(g) Pledged Facilities Increment actual levy and collections for the most recently completed Fiscal Year; and

(h) an updated debt service coverage table, substantially in the form of Table 9 in the Official Statement, reflecting Pledged Facilities Increment derived from current fiscal year assessed valuations and reflecting debt service on all then-outstanding Facilities Bonds.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-10 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the District; or
10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any which reflect financial difficulties.

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

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events numbered 11-18 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

11. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
12. Modifications to rights of Bond holders;
13. Unscheduled or contingent Bond calls;
14. Release, substitution, or sale of property securing repayment of the Bonds;
15. Non-payment related defaults;
16. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

17. Appointment of a successor or additional trustee or the change of name of a trustee; or
18. Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights or similar terms of Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice (substantially in the form of Exhibit A) of a failure to provide the annual financial information on or before the date specified in Section 3.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(13) 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 Resolution.

SECTION 6. Termination of Reporting Obligation. The District's obligations 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 District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, 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. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made 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 the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the District Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the District Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District 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 District 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 District 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 10. Remedies. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the District and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

[Remainder of page intentionally left blank.]

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: ____________, 2023

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (TREASURE ISLAND)

____
Anna Van Degna
Director of the Office of Public Finance

Approved as to form:

DAVID CHIU
CITY ATTORNEY

By: ___________________________________
Deputy City Attorney

AGREED AND ACCEPTED:

________________, as Dissemination Agent

By: ___________________________________
Name: _________________________________
Title: __________________________________

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of District:	CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND)
Name of Bond Issue:	City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023A (Facilities Increment)
Date of Issuance:	____________, 2023

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the District and County of San Francisco, dated ____________, 2023. The District anticipates that the Annual Report will be filed by _____________.

Dated: _____, 20__

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (TREASURE ISLAND)

By: ______[to be signed only if filed]______
Title: ________________________________

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APPENDIX E-2

FORM OF SERIES 2023B CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

$_______
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1
(TREASURE ISLAND)
TAX INCREMENT REVENUE BONDS,
SERIES 2023B
(HOUSING INCREMENT)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "District") in connection with the issuance of the above captioned Bonds (the "Bonds"). The Bonds are issued pursuant to Chapter 2.6 of Part 1 of Division 2 of Title 5 (section 53369 et seq.) of the Government Code of the State of California, as amended (the "Law"), Resolution No. 7-17, adopted by the Board of Supervisors as the legislative body of the District on January 24, 2017, and signed by the Mayor on February 3, 2017 ("Original Resolution of Issuance"), approving the issuance and sale of tax increment revenue bonds in one or more series, in an aggregate principal amount not to exceed $780 million (excluding refunding bonds), and Resolution No. [__]-23, adopted by the Board of Supervisors as the legislative body of the District on [_____], 2023 (the "2023 Bond Resolution," and together with the Original Resolution of Issuance, as supplemented , the "Resolution"), and the provisions of an Indenture of Trust, dated as of September 1, 2022, as supplemented by a First Supplemental Indenture, dated as of December 1, 2023 (as so supplemented, the "Indenture"), each by and between the District and Zions Bancorporation, National Association, as trustee (the "Trustee"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which: (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) including, but not limited to, the power to vote or consent with respect to any Bonds or to dispose of ownership of any Bonds; or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean ___________, acting in its capacity as Dissemination Agent under this Disclosure Certificate, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"Holder" shall mean either the registered owners of the Bonds, or, if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at *http://emma.msrb.org.*

"Participating Underwriter" shall mean the original underwriter or purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean 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.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Indenture.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which date shall be June 30 of each year), commencing with the report for the 2023-24 Fiscal Year (which is due not later than March 31, 2024), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. If the Dissemination Agent is not the District, the District shall provide the Annual Report to the Dissemination Agent not later than 15 days prior to such date. The Annual Report must be submitted in electronic format and accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided*, that if the audited financial statements of the District are not available by the date required above for the filing of the Annual Report, the District shall submit unaudited financial statements and submit the audited financial statements as soon as they are available. If the District's Fiscal Year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB as required by Section 5(c).

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the District), file a report with the District certifying the date that the Annual Report was provided to the MSRB pursuant to this Disclosure Certificate.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following information, as required by the Rule:

(a) the audited general purpose financial statements of the City and County of San Francisco (the "City") prepared in accordance with generally accepted accounting principles applicable to governmental entities. The financial statements required by this subsection (a) shall be accompanied by the following statement:

> The City's annual financial statement is provided solely to comply with the Securities Exchange Commission staff's interpretation of rule 15c2-12. The Bonds are limited obligations of the District, secured by and payable solely from the Pledge Housing Increment and the funds pledged therefor under the Indenture. The Bonds are not payable from any other source of funds other than Pledged Housing Increment and the funds pledged therefor under the Indenture. The General Fund of the City is not liable for the payment of the principal of or interest on the Bonds, and neither the credit nor the taxing power of the City or of the State of California or any political subdivision thereof is pledged to the payment of the Bonds.

(b) the principal amount of the outstanding Housing Bonds by series as of September 2 preceding the date of the Annual Report;

(c) the balance in the 2022 Housing Reserve Account and the then-current Reserve Requirement for the 2022 Related Housing Bonds as of September 2 preceding the date of the Annual Report;

(d) an update to Table 3 in the Official Statement, including subsequently annexed Project Areas, if any;

(e) an update to Table 4 in the Official Statement for the current fiscal year and prior nine fiscal years (if available), including subsequently annexed Project Areas, if any

(f) the top ten taxpayers by assessed valuation in the Project Areas for the current fiscal year, including property owner name, number of parcels owned by such property owner, Project Area(s) location of such parcel(s), and aggregate assessed valuation for each with each of land value and improvement value indicated; however, the District may redact the name of any individual property owner responsible for less than 5% of aggregate assessed valuation in the Project Areas;

(g) Pledged Housing Increment actual levy and collections for the most recently completed Fiscal Year; and

(h) an updated debt service coverage table, substantially in the form of Table 10 in the Official Statement, reflecting Pledged Housing Increment derived from current fiscal year assessed valuations and reflecting debt service on all then-outstanding Housing Bonds.

Any or all of the items listed above may be set forth in a document or set of documents, or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB website. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following events numbered 1-10 with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB) or adverse tax opinions;
6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of the District; or
10. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any which reflect financial difficulties.

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

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events numbered 11-18 with respect to the Bonds not later than ten business days after the occurrence of the event, if material:

11. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
12. Modifications to rights of Bond holders;
13. Unscheduled or contingent Bond calls;
14. Release, substitution, or sale of property securing repayment of the Bonds;
15. Non-payment related defaults;
16. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

17. Appointment of a successor or additional trustee or the change of name of a trustee; or

18. Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights or similar terms of Financial Obligation of the District, any of which affect security holders.

(c) The District shall give, or cause to be given, in a timely manner, notice (substantially in the form of Exhibit A) of a failure to provide the annual financial information on or before the date specified in Section 3.

(d) Whenever the District obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the District shall determine if such event would be material under applicable federal securities laws.

(e) If the District learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection 5(b)(13) 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 Resolution.

SECTION 6. Termination of Reporting Obligation. The District's obligations 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 District shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

SECTION 7. Dissemination Agent. The District may, from time to time, 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. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend or waive this Disclosure Certificate or any provision of this Disclosure Certificate, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 3(b), 4, 5(a) or 5(b), it may only be made 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 the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of the District Attorney or nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the owners of a majority in aggregate principal amount of the Bonds or (ii) does not, in the opinion of the District Attorney or nationally recognized bond counsel, materially impair the interests of the Holders.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District 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 District 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 District 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 10. Remedies. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Participating Underwriter, Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in a federal or state court located in the District and County of San Francisco, State of California, and that the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

[Remainder of page intentionally left blank.]

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: ____________, 2023

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (TREASURE ISLAND)

____
Anna Van Degna
Director of the Office of Public Finance

Approved as to form:

DAVID CHIU
CITY ATTORNEY

By: ___________________________________
Deputy City Attorney

AGREED AND ACCEPTED:

______________, as Dissemination Agent

By: ___________________________________
Name: _________________________________
Title: __________________________________

CONTINUING DISCLOSURE CERTIFICATE EXHIBIT A

FORM OF NOTICE TO THE
MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of District:	CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND)
Name of Bond Issue:	City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023B (Housing Increment)
Date of Issuance:	____________, 2023

NOTICE IS HEREBY GIVEN to the Municipal Securities Rulemaking Board that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate of the District and County of San Francisco, dated ____________, 2023. The District anticipates that the Annual Report will be filed by _____________.

Dated: _____, 20__

CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND
REVITALIZATION FINANCING DISTRICT
NO. 1 (TREASURE ISLAND)

By: ______[to be signed only if filed]______
Title: ________________________________

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APPENDIX F-1

FORM OF SERIES 2023A FACILITIES BOND COUNSEL OPINION

_____, 2023

City and County of San Francisco
Infrastructure and Revitalization Financing District
No. 1 (Treasure Island)
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

OPINION: $________ City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023A (Facilities Increment)

Members of the Board of Supervisors:

We have acted as bond counsel to the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "District") in connection with the issuance by the District of the bonds captioned above, dated the date hereof (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, opinions and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to (i) Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law"), (ii) resolutions of the Board of Supervisors, as legislative body of the District, adopted on January 24, 2017 (Resolution No. 7-17) and [_____], 2023 (Resolution No. [_____]), and (iii) an Indenture of Trust, dated as of September 1, 2022, as supplemented by a First Supplemental Indenture, dated as of December, 1 2023 (as supplemented, the "Indenture"), each by and between the District and Zions Bancorporation, National Association, as trustee.

Regarding questions of fact material to our opinion, we have relied on representations of the District contained in the Indenture, and on certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation. Regarding certain questions of law material to our opinion, we have assumed the correctness of certain legal conclusions contained in the written opinions of the general counsel to the District, and others, without undertaking to verify the same by independent investigation, and we have relied on the default judgment rendered on May 7, 2018, by the Superior Court of the State of California, County of San Francisco, in the validation action entitled "City and County of San Francisco, City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), and Treasure Island Development Authority v. All Persons Interested in the Matter of City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), Including the Initial Project Areas Therein and the Infrastructure Financing Plan Therefor and Amendments Thereof, Pursuant to Which Tax Increment Will be Allocated to Infrastructure and Revitalization Financing District No. 1 (Treasure Island), Including the Adoption of Resolutions and an Ordinance and the Authorization of the Matters Therein, Ownership of Public Improvements by Treasure Island Development Authority and all Bonds, Debt, Contracts and Other Matters and Proceedings Related Thereto," Case No. CGC-17-557496.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the Law, with the power to execute and deliver the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2. The Indenture has been duly executed and delivered by the District and constitutes the valid and binding obligation of the District enforceable upon the District.

3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, subject to no prior lien granted under the Law, except as provided therein.

4. The Bonds have been duly authorized, executed and delivered by the District and are valid and binding special obligations of the District payable on a parity with any Parity Facilities Debt (as such term is defined in the Indenture), 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. Interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds, and the enforceability of the Bonds and the Indenture, are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations, opinions, and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX F-2

FORM OF SERIES 2023B HOUSING BOND COUNSEL OPINION

_____, 2023

City and County of San Francisco
Infrastructure and Revitalization Financing District
No. 1 (Treasure Island)
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

OPINION: $_______ City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023B (Housing Increment)

Members of the Board of Supervisors:

We have acted as bond counsel to the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) (the "District") in connection with the issuance by the District of the bonds captioned above, dated the date hereof (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, opinions and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to (i) Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law"), (ii) resolutions of the Board of Supervisors, as legislative body of the District, adopted on January 24, 2017 (Resolution No. 7-17) and [______] 2023 (Resolution No. [______]), and (iii) an Indenture of Trust, dated as of September 1, 2022, as supplemented by a First Supplemental Indenture, dated as of December 1, 2023 (as supplemented, the "Indenture"), each by and between the District and Zions Bancorporation, National Association, as trustee.

Regarding questions of fact material to our opinion, we have relied on representations of the District contained in the Indenture, and on certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation. Regarding certain questions of law material to our opinion, we have assumed the correctness of certain legal conclusions contained in the written opinions of the general counsel to the District, and others, without undertaking to verify the same by independent investigation, and we have relied on the default judgment rendered on May 7, 2018, by the Superior Court of the State of California, County of San Francisco, in the validation action entitled "City and County of San Francisco, City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), and Treasure Island Development Authority v. All Persons Interested in the Matter of City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island), Including the Initial Project Areas Therein and the Infrastructure Financing Plan Therefor and Amendments Thereof, Pursuant to Which Tax Increment Will be Allocated to Infrastructure and Revitalization Financing District No. 1 (Treasure Island), Including the Adoption of Resolutions and an Ordinance and the Authorization of the Matters Therein, Ownership of Public Improvements by Treasure Island Development Authority and all Bonds, Debt, Contracts and Other Matters and Proceedings Related Thereto," Case No. CGC-17-557496.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is an infrastructure and revitalization financing district and a legally constituted governmental entity established pursuant to the Law, with the power to execute and deliver the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2. The Indenture has been duly executed and delivered by the District and constitutes the valid and binding obligation of the District enforceable upon the District.

3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds, subject to no prior lien granted under the Law, except as provided therein.

4. The Bonds have been duly authorized, executed and delivered by the District and are valid and binding special obligations of the District payable on a parity with any Parity Housing Debt (as such term is defined in the Indenture), 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. Interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds, and the enforceability of the Bonds and the Indenture, are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations, opinions, and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX G

BOOK-ENTRY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2023AB Bonds. The Series 2023AB 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 certificate will be issued for the each issue of the Series 2023AB Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to die provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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 an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *Information on such website is not incorporated by reference herein.*

Purchases of Series 2023AB Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023AB Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023AB 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 Series 2023AB 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 Series 2023AB Bonds, except in the event that use of the book-entry system for the Series 2023AB Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023AB Bonds deposited by Direct Participants with DTC are registered in the name of DTCs partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2023AB 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 Series 2023AB Bonds: DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023AB 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 well 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 Series 2023AB Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023AB Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2023AB Bond documents. For example, Beneficial Owners of Series 2023AB Bonds may wish to ascertain that the nominee holding the Series 2023AB 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 Series 2023AB Bonds within an issue 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 Series 2023AB Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District 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 Series 2023AB Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2023AB 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 District or 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 nor its nominee, Trustee, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District 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 depository with respect to the Series 2023AB Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The District 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.

APPENDIX H

FISCAL CONSULTANT REPORT

KEYSER MARSTON ASSOCIATES

DRAFT

FISCAL CONSULTANT REPORT

Prepared for:

CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND)

Prepared by:

Keyser Marston Associates, Inc.

October 27, 2023

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List of Tables

1.0 INTRODUCTION

Keyser Marston Associates, Inc. ("KMA") has been retained as fiscal consultant to the City and County of San Francisco ("City") to prepare a review of assessed values and a projection of revenues available for payment of debt service on bonds proposed to be issued by the City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) ("IRFD No. 1"), including the proposed:

- City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023A (Facilities Increment) ("2023A Bonds"); and

- City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023B (Housing Increment) ("2023B Bonds").

Together the 2023A Bonds and 2023B Bonds are referred to as the "Bonds."

Treasure Island and Yerba Buena Islands are located in the San Francisco Bay and are connected by a causeway. The islands are accessible to San Francisco and the greater San Francisco Bay Area via the San Francisco-Oakland Bay Bridge, which passes through Yerba Buena Island, and by ferry to Downtown San Francisco.

Treasure Island was previously the site of a United States Naval Station ("Naval Station Treasure Island" or "NSTI"). In 1993, Congress selected NSTI for closure and disposition by the Base Realignment and Closure Commission. In 1997, the San Francisco Board of Supervisors authorized the creation of the Treasure Island Development Authority ("TIDA") to serve as the entity responsible for the reuse and development of the NSTI. TIDA is a California non-profit public benefit corporation, public benefit agency and instrumentality and authority of the City and/or the State of California. TIDA's board members are appointed by the Mayor of San Francisco. The United States of America, acting through the Department of the Navy (the "Navy"), and TIDA entered into an Economic Development Conveyance Memorandum of Agreement ("Navy MOA") that provides for transfer of NSTI from the Navy to TIDA in phases as the Navy completes environmental remediation. To date, the Navy has made five separate conveyances to TIDA, including all of the property within IRFD No. 1.

In 2003, TIDA selected Treasure Island Community Development LLC ("TICD"), a California limited liability company to serve as master developer for the "Treasure Island Project." The Treasure Island Project encompasses portions of both Treasure Island and Yerba Buena Island and is planned for a new mixed-use neighborhood of up to 8,000 homes, hotels, restaurants, retail, arts and entertainment, parks, and open space. In 2011, TIDA entered into a Disposition and Development Agreement (Treasure Island / Yerba Buena Island) with TICD ("DDA"), which provides for the phased transfer of properties planned for private development from TIDA to TICD for development of the Treasure Island Project.

Map 1. Vicinity Map of Treasure and Yerba Buena Islands

Note: IRFD No. 1 boundaries are a portion of the circled area. See Map 2 for additional information.

Exhibit EE to the DDA establishes a financing plan ("DDA Financing Plan") that calls for the formation of an infrastructure financing district to finance the facilities and affordable housing costs of the Treasure Island Project. Pursuant to the DDA Financing Plan, IRFD No. 1 was formed by the City in 2017.

The Infrastructure Financing Plan adopted in connection with formation of IRFD No. 1 governs the financial assistance to be provided by IRFD No. 1.

IRFD No. 1 receives an allocation of property tax revenues that are generated from growth in the taxable assessed values of properties within its boundaries above the base year assessed value of zero. The existing boundaries of IRFD No. 1 include private development parcels within the initial sub-phases of the Treasure Island Project, as further described below. The boundaries of IRFD No. 1 could be expanded in the future through annexation of territory ("Annexation Territory"), such that the ultimate boundaries of the IRFD would encompass all of the private development parcels within the Treasure Island Project, except certain parcels planned for affordable housing and expected to be exempt from property taxes, as contemplated by the DDA Financing Plan.

The DDA Financing Plan provides that TICD may request issuance of debt by IRFD No. 1 from time to time. Pursuant to a request by TICD under the DDA Financing Plan, IRFD No. 1 is proposing to issue its 2023A Bonds to finance facilities costs and its 2023B Bonds to finance affordable housing costs of the Treasure Island Project. The Bonds will be secured on a parity with bonds previously issued by IRFD No. 1, including its:

- City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022A (Facilities Increment) ("2022A Bonds"); and

- City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2022B (Housing Increment) ("2022B Bonds").

The proposed 2023A Bonds are secured on a parity with the 2022A Bonds and the proposed 2023B Bonds are secured on a parity with the 2022B Bonds. Additional parity debt may be incurred under the respective indentures for the Bonds.

This Fiscal Consultant Report provides a projection of tax increment revenues available for payment of debt service on the Bonds and parity bonds. Projections reflect reported fiscal year ("FY") 2023-24 assessed values. This report also provides information regarding the IRFD No.1 historic assessed values, distribution of assessed values by land use types, top property taxpayers, assessment appeals, a history of tax increment revenues allocated to IRFD No. 1, and a summary of planned future development.

1.1 Infrastructure Finance and Revitalization Districts

Establishment of Infrastructure and Revitalization Financing Districts (IRFDs) is authorized by Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53369) ("IRFD Law"). IRFDs are authorized to receive an allocation of property taxes calculated based on growth in assessed values over a base year assessed value established at the time of IRFD adoption ("tax increment"). IRFDs may receive the percentage share of tax increment that is attributable to taxing agencies that agree to participate in financing the IRFD, as specified in an adopted Infrastructure Financing Plan ("IFP").

1.2 IRFD No. 1

IRFD No. 1 was formed and the IFP for IRFD No. 1 was approved by adoption of Ordinance 21-17 of the Board of Supervisors of the City ("Board of Supervisors"), which was signed by the Mayor on February 9, 2017. The Board of Supervisors had previously approved the IFP by adoption of Resolution No. 512-16, which was signed by the Mayor on December 16, 2016.

In a judicial validation action brought by TIDA and the City under California Code of Civil Procedure 860 et seq (Case No. CGC-17-557496), the Superior Court issued a judgment on May 9, 2018, that the IRFD had been properly formed, the IFP and future amendments of the IFP consistent with the IRFD Law were valid, the City's allocation of tax increment to IRFD No. 1

under the IFP was legal, valid, and binding, and the bonds to be issued by IRFD No. 1 were valid.

The IFP for IRFD No. 1 and the boundaries of IRFD No. 1 were amended by Ordinance 29-22 of the Board of Supervisors, as legislative body of the IRFD, which was signed by the Mayor on February 25, 2022. Under Ordinance 29-22, territory was added to the IRFD, certain project area boundaries were modified to conform to assessor's parcels, and the percentage allocation of tax increment was adjusted to conform to existing law.

Tax increment funds allocated by the City to IRFD No. 1 are available to fund the facilities and affordable housing costs specified in the IFP for IRFD No. 1, to pay debt service on bonds issued to finance these costs and fund the administrative expenses of the IRFD.

IRFD No. 1 encompasses portions of the first phase of development of the Treasure Island Project. IRFD No. 1 is currently comprised of five component project areas: Project Area A, Project Area B, Project Area C, Project Area D, and Project Area E. As of FY 2023-24, only Project Area A, Project Area B and Project Area E are allocated tax increment. Project Area C and Project Area D will not receive tax increment unless the thresholds for commencement of tax increment described in Section 2.1 are exceeded. The five project areas have a combined land area of approximately 33 acres.

Project Area A encompasses development parcels of the Treasure Island Project that are located on Yerba Buena Island.

Project Areas B, C, D, and E encompass a portion of the development parcels of the Treasure Island Project that are located on Treasure Island within the first phase of development along the waterfront nearest to Downtown San Francisco and the causeway connection to Yerba Buena Island.

Map 2 shows the IRFD No. 1 Project Area boundaries. Only Project Area A, Project Area B and Project Area E are allocated tax increment as of FY 2023-24.

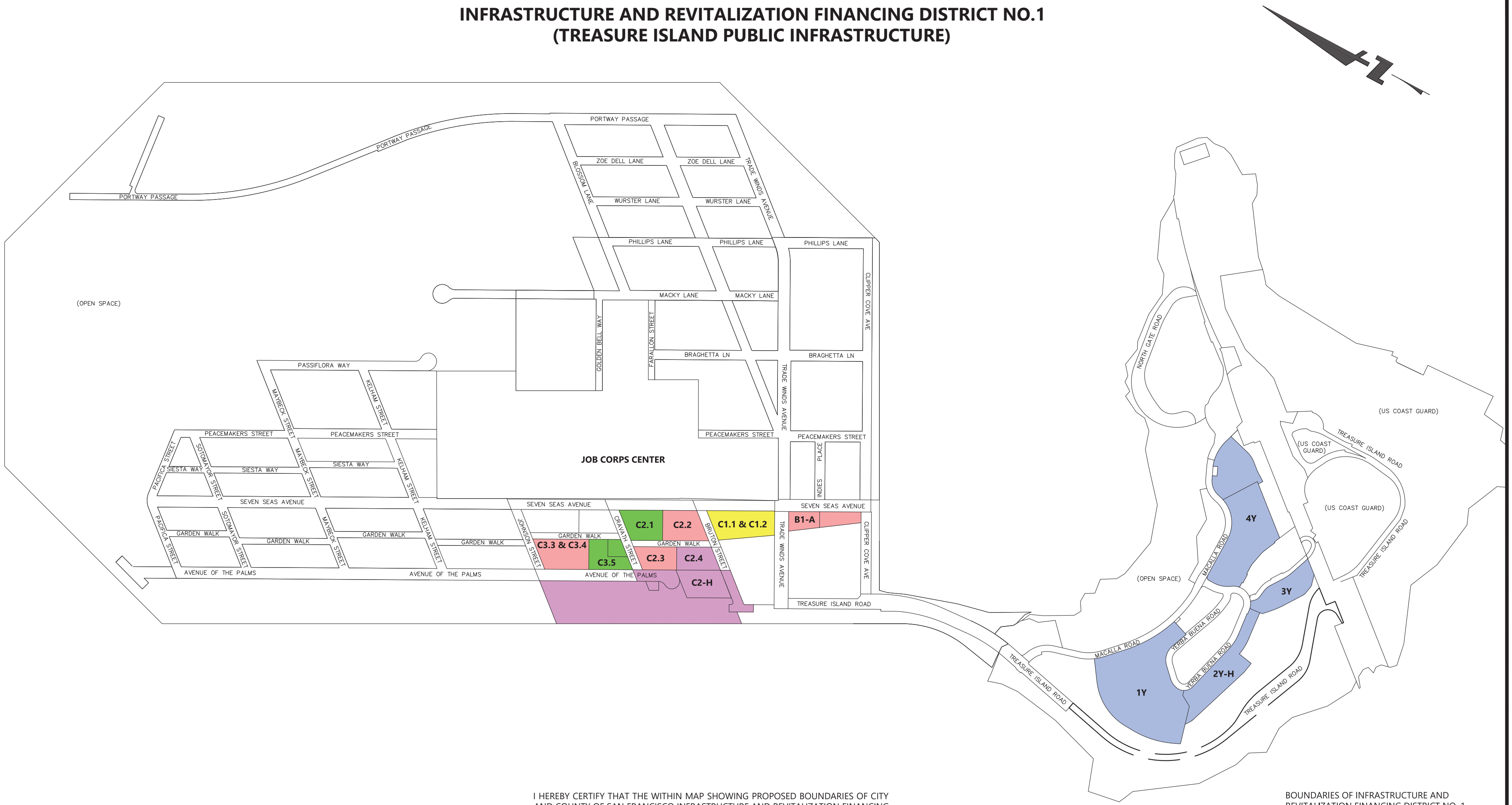
As described above, territory could be added to IRFD No. 1 in the future as property transfers from the Navy to TIDA and development of subsequent phases and subphases of the Treasure Island Project proceeds. Additional territory could be added as additional IRFD No. 1 project areas.

IRFD No. 1 contains parcels within the City and County of San Francisco Community Facilities District 2016-1 (Treasure Island) ("the CFD"), as follows:

- Project Area A contains parcels within Improvement Area No. 1 of the CFD;
- Project Areas B and E contain parcels within Improvement Area No. 2 of the CFD; and
- Project Areas C and D contain parcels within Improvement Area No. 3 of the CFD.

Certain parcels within IRFD No. 1 planned for a hotel, right of way and open space are not within either Improvement Area No. 1, 2 or 3 of the CFD.

MAP 2. BOUNDARIES OF CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO.1 (TREASURE ISLAND PUBLIC INFRASTRUCTURE)



I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1 (TREASURE ISLAND PUBLIC INFRASTRUCTURE) WAS APPROVED BY THE BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO, AT A REGULAR MEETING THEREOF, HELD ON THE _____ DAY OF ___________, 20___, BY ITS RESOLUTION NO. __________________.

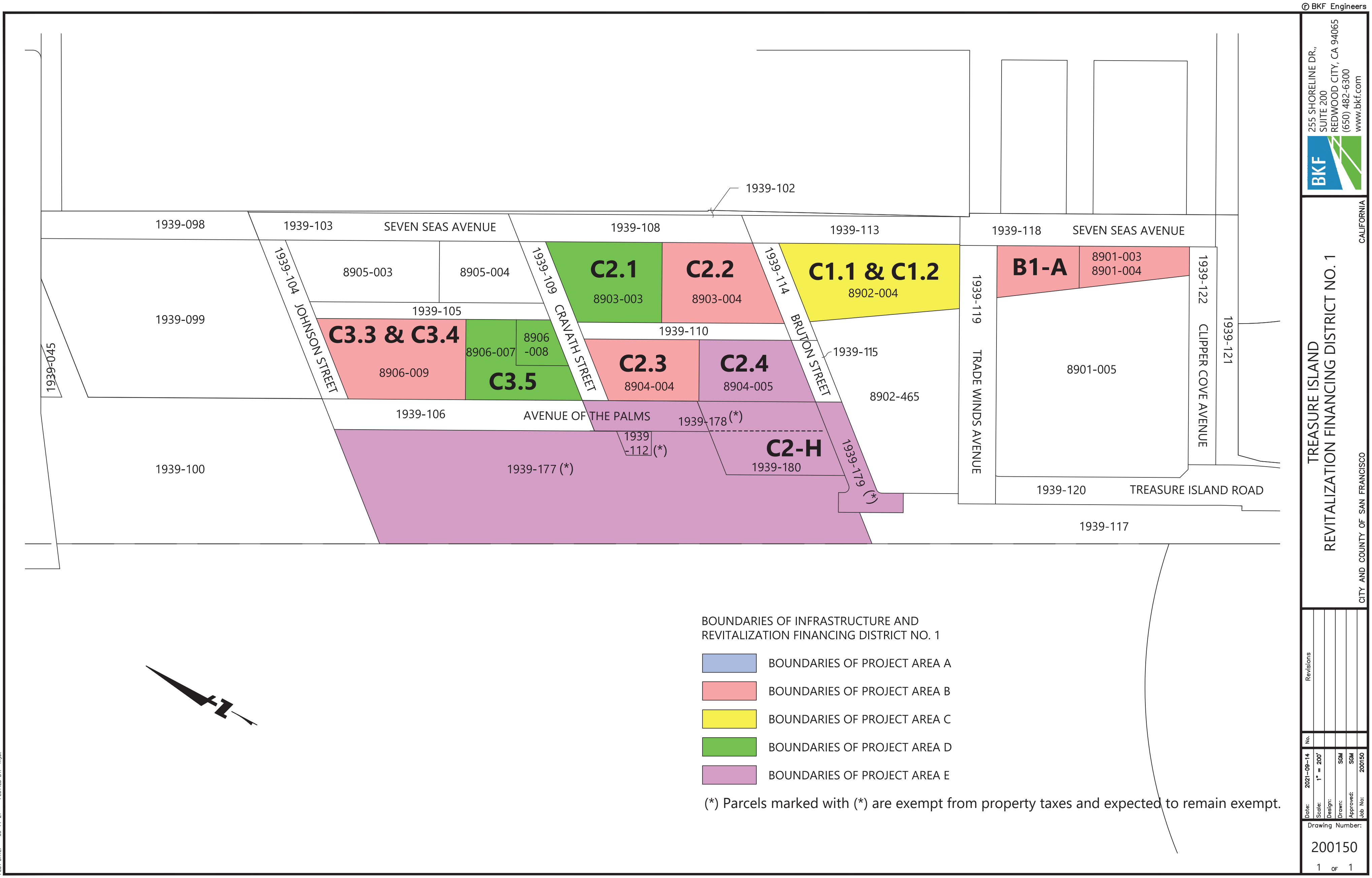
____

(CLERK OF THE BOARD OF SUPERVISORS)

BOUNDARIES OF INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO. 1

- BOUNDARIES OF PROJECT AREA A
- BOUNDARIES OF PROJECT AREA B
- BOUNDARIES OF PROJECT AREA C
- BOUNDARIES OF PROJECT AREA D
- BOUNDARIES OF PROJECT AREA E

MAP 2. BOUNDARIES OF
CITY AND COUNTY OF SAN FRANCISCO
INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO.1
(TREASURE ISLAND PUBLIC INFRASTRUCTURE)
DETAIL FOR PROJECT AREAS LOCATED ON TREASURE ISLAND (B, C, D, E)



1.3 Treasure Island Project

The Treasure Island Project consists of 461 acres and encompasses much of Treasure and Yerba Buena Islands. The Treasure Island Project is planned for development of 5,827 market rate residential units, 2,173 below market rate affordable units, 551,000 square feet of commercial space, 500 hotel rooms, and approximately 290 acres of parks and open space.

The Treasure Island Project is being developed by TICD, master developer for the project, pursuant to the DDA and a Development Agreement with the City. TICD is a joint venture incorporated as a California limited liability company and comprised of various affiliates of Lennar Corporation ("Lennar"), Stockbridge TI Fund, LP ("Stockbridge"), Kenwood Investments ("Kenwood"), Wilson Meany, LP ("Wilson Meany"), and Poly USA Real Estate Development Corporation ("Poly USA"). TICD, and its subsidiaries including Treasure Island Series 1, LLC ("TI Series 1"), Treasure Island Series 2, LLC ("TI Series 2"), and Treasure Island Series 3, LLC ("TI Series 3"), are completing the backbone infrastructure improvements of the Treasure Island Project and then selling development pads to vertical builders for construction of residential and commercial development. Of the development pads sold to vertical builders to date, all were sold to entities that are affiliated with one or more members of the TICD joint venture, including Stockbridge, Wilson Meany, Lennar, and Poly USA.

The Treasure Island Project is divided into four major phases. Major Phase 1 has been approved by TIDA and includes plans for approximately 3,329 market rate residential homes, 790 below market rate units, 551,000 square feet of commercial space, and 500 hotel rooms. Major Phase 1 includes eleven sub-phases. IRFD No. 1 currently encompasses development parcels within five of the eleven sub-phases of Major Phase 1 including 1YA, 1YB, 1B, 1C, and 1E, shown on Map 3.

Portions of the Treasure Island Project that are within the boundaries of IRFD No. 1 are planned for development of 1,755 residential units and two hotels. Of the total number of residential units, 1,682 are market rate units and 73 are below market rate affordable units. The infrastructure and utilities necessary for the planned and under construction developments within the existing boundaries of IRFD No. 1 to receive temporary certificates of occupancy has been completed. The Bristol, which includes 124 for-sale residential units, was completed in June 2022. Out of 110 total market rate units in the Bristol, sale of 37 units had closed escrow as of October 1, 2023. Vertical construction is currently underway for 148 condominium units, 31 townhomes and flats, and 428 rental apartments. In total, 607 residential units are under construction as of August 2023, of which 567 are market rate and 40 are below market rate affordable units.

Table 1 provides a summary of the Treasure Island Project, Major Phase 1 of the Treasure Island Project, and the portions of Major Phase 1 that are within IRFD No. 1. Table 2 identifies the planned development by IRFD No. 1 Project Area and identifies the development blocks within each. A map of the Treasure Island Project is provided on the subsequent page.

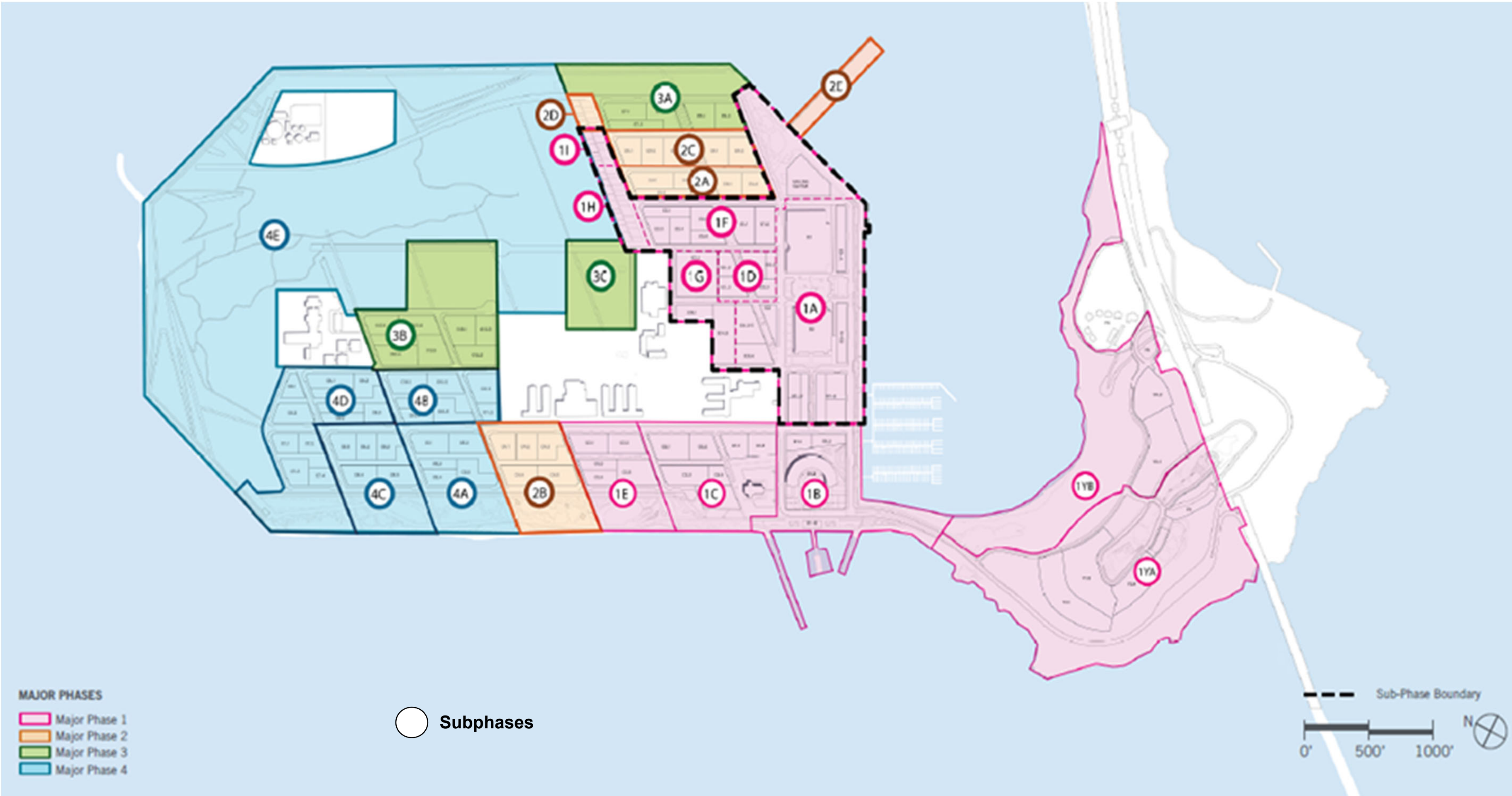
Table 1. Treasure Island Project and Portions Within Major Phase 1 and IRFD No. 1			
	Treasure Island Project	Portion within **Major Phase 1**	Portion within **IRFD No. 1**
Description		First of four major phases of the Treasure Island Project	Portions of five out of eleven subphases of Major Phase 1
Planned Residential Units (up to)			
Market Rate Units	5,827	3,329	1,682
Below Market Rate Units	2,173	790	73
Total Units	8,000	4,119	1,755*
Planned Non-Residential Development (up to)			
Adaptive Reuse Commercial Square Feet	311,000	311,000	0
New Retail Square Feet	140,000	140,000	8,000
New Office Square Feet	100,000	100,000	0
Subtotal	551,000	551,000	8,000
Hotel Rooms	500	500	350

*Of the total 1,755 planned units, 1,044 are within Project Areas A, B, and E that are collecting tax increment in FY 2022-23.

Table 2. Planned Development by IRFD No. 1 Project Area						
					Planned Development	
Location	**Applicable Major Phase 1 Subphases**	**Project Area** (1)	**CFD Improvement Area** (2)	**Development Blocks**	**Residential Units**	**Hotel Rooms**
Yerba Buena Island	1YA, 1YB	**A**	No. 1	1Y, 2Y-H, 3Y, 4Y	266	50
Treasure Island	1B, 1C, 1E	**B**	No. 2	B1, C2.2, C2.3, C3.3/C3.4	528	
		C (1)	No. 3	C1.1/C1.2	286	
		D (1)	No. 3	C2.1, C3.5	425	
		E	No. 2(2)	C2.4, C2-H	250	300
				Total:	**1,755**	**350**

(1) Only Project Areas A, B, and E receive tax increment as of FY 2023-24. Project Areas C and D will not receive tax increment until thresholds for commencement described in Section 2.1 are met.
(2) IRFD No. 1 includes additional parcels not within Improvement Areas No. 1, 2 or 3, including development parcel C2-H and parcels planned for right of way and open space.

Map 3. Treasure Island Project, Major Phases and Subphases



2.0 TAX INCREMENT ALLOCATION TO IRFD NO. 1

As described above, the IRFD Law provides for the allocation of incremental property taxes to IRFDs by non-education taxing entities pursuant to an IFP. The IRFD Law requires the IFP to include a financing section that contains, among other things:

- A specification of the maximum portion of the incremental tax revenue of the city and of each affected taxing entity proposed to be committed to the IRFD for each year during which the IRFD will receive incremental tax revenue.

- A limit on the total number of dollars of taxes that may be allocated to the district pursuant to the plan.

- A date on which the district shall cease to exist, by which time all tax allocation to the district will end. The date shall not be more than 40 years from the date on which the ordinance forming the district is adopted pursuant to California Government Code Section 53369.23, or a later date, if specified by the ordinance, on which the allocation of tax increment will begin.

The IFP for IRFD No. 1 provides for the allocation by the City of certain tax increment to IRFD No. 1, as described below.

2.1 Thresholds for Commencement of Tax Increment Allocation to IRFD No. 1

Each IRFD No. 1 project area has its own limitations under the IRFD Law. The base year for each project area within IRFD No. 1 is FY 2016-17, established at adoption of the IFP, but the tax increment revenues will be allocated to each project area commencing in its own unique commencement year (the “Commencement Year”).

The Commencement Year for each project area is the first fiscal year that follows the fiscal year in which a certain amount of tax increment (i.e., the “Trigger Amount”) is generated in the project area and received by the City. Tax increment allocation to the project area ends 40 years thereafter (or such longer period, if permitted by the IRFD Law and approved by the Board of Supervisors). The Trigger Amounts for the five current project areas are identified in Table 3.

Collection of tax increment in Project Area A commenced in FY 2019-20 because the Trigger Amount was met in FY 2018-19. For Project Area B and Project Area E, the $150,000 Trigger Amounts for commencement of tax increment collection were exceeded in FY 2021-22 and tax increment collection commenced in FY 2022-23.

Trigger Amounts for commencement of tax increment allocation have not yet been reached in Project Area C or D.

Table 3 summarizes the tax increment allocation status for each area.

Table 3. IRFD No. 1 Project Areas

Project Area	Acreage (1)	Trigger Amount for Commencement of Tax Increment Allocation	First Year of Tax Increment Allocation to IRFD No. 1	Last Year of Tax Increment
A	15.6	$150,000	FY 2019-20	FY 2058-59
B	4.4	$150,000	FY 2022-23	FY 2061-62
C	1.6	$300,000	To Be Determined	To Be Determined (2)
D	2.1	$300,000		
E	9.5	$150,000	FY 2022-23	FY 2061-62
Total – All Project Areas:	33.1			
Total - Project Areas A, B, E for which TI is commenced	29.4			

(1) Aggregate land area of Assessor's parcels within IRFD No. 1.

(2) Last year for collection of tax increment in Project Areas C and D will be 40 years following the Commencement Year.

Tax increment in each component project area ends 40 years following the Commencement Year, which is FY 2058-59 for Project Area A, FY 2061-62 for Project Areas B and E, and a future fiscal year that remains to be determined for Project Areas C and D.

Tax increment funds derived from all component project areas of IRFD No. 1 are aggregated and pledged for payment of the Bonds; although, as previously noted, tax increment allocation has not yet commenced in Project Area C and Project Area D.

2.2 Tax Increment Allocation to IRFD No. 1

Tax increment allocable to IRFD No. 1 is calculated based on growth in assessed value, within those project areas for which tax increment collection has commenced, over a FY 2016-17 base year assessed value established at the time the IFP for IRFD No. 1 was adopted. The base year assessed value is $0 for each of the current IRFD No. 1 project areas. The $0 base year assessed value was a result of ownership by TIDA, a non-profit public benefit agency exempt from property taxes, as of the January 1, 2016 lien date for the base year assessment roll. The $0 base year assessed value is fixed and is not subject to change. In accordance with the IFP for IRFD No. 1, the base year assessed value for any Annexation Territory is also FY 2016-17, which would allow Annexation Territory to have a $0 base year assessed value due to public ownership as of the FY 2016-17 assessment roll.

Allocation of tax increment to IRFD No. 1 is determined based on a percentage share of the basic 1% of assessed value property tax levy under Article XIIIA of the California Constitution, as specified in the IFP. Percentage shares correspond to amounts that are otherwise allocable to the taxing agencies that have dedicated their property tax shares to IRFD No. 1 pursuant to the IFP. The City is the only taxing agency that has allocated its property tax increment to IRFD No. 1. As both a City and County, the City receives a total of 64.588206% of the property tax revenues and contributes its share to IRFD No. 1 in two district components:

(1) **Net Available Increment** - IRFD No. 1 receives 56.588206% of the 1% tax increment within those project areas for which collection of tax increment to IRFD No. 1 has commenced ("Net Available Increment"). Pursuant to the IFP, Net Available Increment is divided into two components:

- **"Net Available Facilities Increment"** calculated as 82.5% of Net Available Increment (equal to 46.685270% of gross tax increment) and available for facilities costs.

- **"Net Available Housing Increment"** calculated as 17.5% of Net Available Increment (equal to 9.902936% of gross tax increment) and available for affordable housing costs (and other costs detailed in the IFP for IRFD No. 1); and

(2) **Conditional City Increment** - IRFD No. 1 is additionally allocated up to 8% of the 1% tax increment to the extent necessary to pay for debt service ("Conditional City Increment"). Conditional City Increment is divided into two components for purposes of the pledge under the Indentures for the 2023A and 2023B Bonds and parity bonds under the indenture:

- **"Conditional City Facilities Increment,"** calculated as 82.5% of Conditional City Increment (equal to 6.6% of gross tax increment), is available if necessary for debt service related to facilities costs.

- **"Conditional City Housing Increment,"** calculated as 17.5% of Conditional City Increment (equal to 1.4% of gross tax increment), is available if necessary for debt service related to housing costs authorized under the IFP; and

"Pledged Facilities Increment" is equal to the sum of (1) Net Available Facilities Increment and (2) Conditional City Facilities Increment (together representing 53.285270% of gross tax increment), less an allocable share of the administrative costs of allocating taxes to the IRFD described in Section 3.1. Pledged Facilities Increment is pledged for payment of debt service on the 2023A Bonds and parity bonds.

"Pledged Housing Increment" is equal to the sum of (1) Net Available Housing Increment and (2) Conditional City Housing Increment (together representing 11.302936% of gross tax increment), less an allocable share of the administrative costs of allocating taxes to the IRFD described in Section 3.1. Pledged Housing Increment is pledged for payment of debt service on the 2023B Bonds and parity bonds.

Table 4 provides a summary.

Table 4. Percentage Allocation of 1% Property Tax Increment to IRFD No. 1			
	Combined Total	**Pledged Facilities Increment** (82.5% share)	**Pledged Housing Increment** (17.5% share)
Allocated to IRFD No. 1			
(1) **Net Available Increment**	56.588206%	46.685270%	9.902936%
(2) **Conditional City Increment** [released to City if not required for debt service (1)]	8.000000%	6.600000%	1.400000%
Pledged Increment [= (1) + (2), less cost of allocating taxes (2)]	64.588206%	**53.285270%**	**11.302936%**
Not Allocated to IRFD No. 1			
Other 1% Taxing Agencies (**not** available to IRFD No. 1)	35.411794%		
Total Tax Increment	100.000000%		

(1) Conditional City Increment is required to be allocated and held for payment of debt service until after each annual principal payment date but is subject to release to the City thereafter to the extent not required for debt service.
(2) The cost of allocating taxes to IRFD No. 1, described in Section 3.1, is deducted in determining the amount of Pledged Facilities Increment and Pledged Housing Increment, but the deduction for these expenses is not illustrated in Table 4.

2.3 Cumulative Limit on Allocation of Tax Increment Revenue

The IFP for IRFD No. 1 establishes a cumulative limit on receipt of Net Available Increment from Project Area A, Project Area B, Project Area C, Project Area D and Project Area E of $1.53 billion and a cumulative limit on receipt of Conditional City Increment of $216 million, resulting in a combined $1.746 billion limit for Project Area A, Project Area B, Project Area C, Project Area D and Project Area E, as shown in Table 5 [1]. Through August 2023, approximately $4,469,000 in Net Available Increment and $632,000 of Conditional City Increment were allocated, representing 0.29% of the respective cumulative limits.

Table 5. Cumulative Limits on Receipt of Tax Increment – Project Areas A to E		
	Cumulative Limit on Receipt of Revenue for IRFD No. 1, Project Areas A to E	**Cumulative Amount Allocated through August 2023, Project Areas A to E (1)**
Net Available Increment	$1,530,000,000	$4,469,096
Conditional City Increment	$216,000,000	$631,814
Total	$1,746,000,000	$5,100,909

(1) Based on the records of the City Office of the Controller.

Based upon the growth assumptions incorporated into the Table 15 and Table 16 revenue projections, incorporating the 2% maximum annual inflation increase under Proposition 13, approximately $119.2 million of Net Available Increment and $16.9 million of Conditional City Increment would be allocable to IRFD No. 1 from the five existing project areas through the

[1] Property taxes collected by the City prior to commencement of tax increment allocation to IRFD No. 1 in a particular project area does not constitute Net Available Increment or Conditional City Increment and is not included in the amount collected toward the cumulative limits summarized in Table 5.

2053 final maturity for the Bonds, representing 7.8% of the cumulative tax increment limits under the IFP. For the cumulative tax increment limits for Project Area A, Project Area B, Project Area C, Project Area D and Project Area E to be reached prior to the final debt service payment in 2053, the FY 2023-24 assessed values for IRFD No. 1 identified in Table 6 would need to grow at a compound annual growth rate more than approximately 15.9% per year. The tax increment projections incorporated into the IFP, which reflect buildout of the development proposed within IRFD No. 1, result in collection of approximately 53% of the respective cumulative tax increment limits through the 2053 final maturity of the Bonds.

As described above, additional territory could be annexed into IRFD No. 1 over time following transfers of additional property by the Navy to TIDA and from TIDA to TICD. Annexation is not simultaneous with property transfers but is generally expected to precede vertical construction. As of August 2023, additional parcels outside the existing boundaries of IRFD No. 1 had transferred to a TICD affiliate for which annexation into IRFD No. 1 had not yet occurred. It is expected that any such annexations will result in the allocation of additional tax increment revenue by the City to IRFD No. 1 and corresponding increases to the tax increment revenue limits, or establishment of additional separate limits for the annexation areas, such that the analysis of the cumulative tax increment revenue limit set forth in the previous paragraph will change.

2.4 Maximum Principal Amount of Bonds Issued by IRFD No. 1

The IFP establishes a limit on the maximum principal amount of bonds and other debt that may be issued by IRFD No. 1 of (i) $780 million for Project Areas A, B, C, D and E, plus (ii) the amount approved by the Board Supervisors and the qualified electors of the Annexation Territory in connection with each annexation of Annexation Territory to the IRFD. The total principal amount of previously issued bonds is $29,390,000, including the 2022A Bonds and 2022B Bonds described in Section 3.2, leaving $750.6 million remaining within the limit on the maximum principal amount of bonds to be issued for Project Areas A, B, C, D, and E.

As further described in Section 3.4, the IRFD has agreed in a Subordinate Pledge Agreement dated May 29, 2015, to pledge the Net Available Increment as security for TIDA's promise to pay the Navy the purchase price of $55 million, plus interest, for the property constituting the project site of the Treasure Island Project. According to the Subordinate Pledge Agreement, the IRFD's pledge to pay the purchase price is subordinate to any bonds issued by the IRFD. The Subordinate Pledge Agreement is assumed not to utilize any of the $780 million limitation on indebtedness under the IFP because it pledges Net Available Increment only as a secondary source of payment to provide additional security for the Navy, and no payments are currently anticipated to be required.

3.0 IRFD NO. 1 OBLIGATIONS

The following section describes obligations payable from IRFD No. 1 Net Available Increment.

Obligations of IRFD No. 1, other than the statutorily permitted property tax administrative cost described in Section 3.1, are paid on a subordinate basis to the Bonds and are not deducted for purposes of the Table 13 to 16 tax increment revenue projections.

3.1 Administrative Cost for Division of Taxes

Section 53369.31 of the California Government Code provides that costs incurred by a county in connection with the division of taxes to an IRFD are paid by the IRFD. The San Francisco Office of the Controller ("Controller") reported that expenses for division of taxes to IRFD No. 1 are $9,387 in FY 2022-23 and that an additional $2,000 fixed charge is expected to be added in future years, resulting in an adjusted expense amount of $11,387. This adjusted $11,387 expense equates to approximately 0.5% of FY 2022-23 Net Available Increment. Property tax-related administrative costs are assumed to equal 0.5% of Net Available Increment in future years, proportionately allocated to Net Available Facilities Increment and Net Available Housing Increment. The estimated administrative expense at 0.5% of Net Available Increment equates to an FY 2023-24 cost of approximately $14,000.

The administrative expenses incurred in connection with the division of taxes to IRFD No. 1 are deducted when calculating Pledged Facilities Increment and Pledged Housing Increment. IRFD No. 1 also incurs additional administrative expenses that are payable on a subordinate basis to the Bonds, which are not deducted in determining Pledged Facilities Increment and Pledged Housing Increment. In FY 2022-23, these subordinate administrative expenses totaled approximately $136,000.

3.2 IRFD No. 1 2022 Bonds

The IRFD No. 1 previously issued its 2022A Bonds and 2022B Bonds. The proposed Series 2023A Bonds are secured on a parity with the Series 2022A Bonds and the proposed Series 2023B Bonds are secured on a parity with the Series 2022B Bonds. Additional parity debt may be incurred under the respective indentures.

3.3 Subordinate Use of Net Available Increment Under DDA Financing Plan

The DDA Financing Plan for the Treasure Island Project provides for the use of Net Available Increment of IRFD No. 1 to pay IRFD debt issued in accordance with the DDA Financing Plan, including the Bonds, to repay the City for the use of any Conditional City Increment, to pay debt service on IRFD debt, and to the extent any Net Available Increment remains, to pay other authorized expenses. This subordinate use of Net Available Increment is not deducted for purposes of the Table 13 to 16 tax increment revenue projections.

3.4 Subordinate Pledge Agreement Securing Payments to Navy

As described above, the Navy and TIDA are parties to the Navy MOA that provides for transfer of NSTI from the Navy to TIDA in phases as the Navy completes environmental remediation. In consideration for such transfer, TIDA agreed to pay the Navy $55 million of “Initial Consideration” in equal $5.5 million annual installments over a ten-year period, plus additional consideration based on net cash flow generated by development of the private portions of the property. The schedule for making annual installment payments has been extended beyond the original ten years based on terms of the Navy MOA that provide for tolling of payment obligations in the event of delays in meeting specified cleanup and property transfer milestones by the Navy.

Under the DDA Financing Plan, TICD agreed to pay the $55 million Initial Consideration in installments, as required under the Navy MOA, and had paid $27.5 million as of July 2023, leaving a remaining balance of $27.5 million. The remaining $27.5 million in payments due to the United States Navy, plus interest, due in connection with the transfer of Treasure and Yerba Buena Islands to TIDA, are secured by a subordinate pledge of Net Available Increment. Payments from Net Available Increment are required only to the extent required payments to the Navy are not made by TICD, as required under the DDA Financing Plan. This subordinate pledge is established in a Subordinate Pledge Agreement dated May 29, 2015. The pledge of Net Available Increment under the Subordinate Pledge Agreement is expressly subordinate to the Bonds and is not deducted for purposes of the Table 13 to 16 revenue projections.

The Subordinate Pledge Agreement affirms that it does not place a limit on incurrence of debt secured by a pledge of Net Available Increment and does not include any specific remedies for the Navy in the event of a default other than those that are generally available “in law or at equity.”

4.0 ASSESSED VALUES

The assessed values for IRFD No. 1 are prepared annually by the San Francisco Office of the Assessor-Recorder ("Assessor") and reflect a lien date on the January 1st which precedes the beginning of the applicable fiscal year. Each property assessment is assigned a unique Assessor Parcel Number ("APN") that corresponds to assessment maps prepared by the Assessor. Each APN is assigned to a Tax Rate Area ("TRA") which are geographic sub-areas with a common distribution of taxes. Each component project area of IRFD No. 1 corresponds to a TRA, as follows:

Project Area	Tax Rate Area
A	001-028
B	001-029
C	001-030
D	001-031
E	001-032

The TRAs are newly established as of FY 2023-24, replacing codes previously used by the Assessor on an interim basis pending establishment of new TRAs by the California State Board of Equalization.

The Controller is responsible for aggregation of assessed values assigned by the Assessor to properties within the boundaries of each component project area of IRFD No. 1. This results in the reported total current year assessed value and becomes the basis for determining the tax increment allocated to IRFD No. 1. For project areas for which tax increment allocation is not yet commenced, the Controller also annually reviews property tax revenues to determine if thresholds for commencement of tax increment allocation have been exceeded.

4.1 Historic Taxable Values

Aggregated taxable assessed values for IRFD No. 1 from the FY 2016-17 base year through FY 2023-24 are summarized in Table 6. Further detail, including a breakout between land and improvement assessed values, is provided in Table 7 for current year assessed values, and in Table 19 for both current and prior years.

Table 6. Historic Assessed Values								
	Project Areas Active in FY 2023-24			Total for Project Areas Active in FY 2023-24 (3)	Project Areas Not Yet Active		Total All Project Areas (3)	
Fiscal Year	Area A	Area B	Area E		Area C	Area D		%Increase
2016-17 (1)	-	-	-	-	-	-	-	
2017-18	-	-	-	-	-	-	-	n/a
2018-19	68,568,818	4,883,740	577,630	74,030,188	1,768,367	2,848,093	78,646,648	n/a
2019-20	70,090,194	5,054,967	972,038	76,117,199	1,803,733	2,448,642	80,369,574	2.2%
2020-21	102,085,597	5,155,625	991,477	108,232,699	1,839,808	2,497,179	112,569,686	40.1%
2021-22 (2)	201,114,923	47,700,000	25,900,000	274,714,923	1,858,868	2,523,048	279,096,839	147.9%
2022-23	287,081,623	52,177,932	33,061,340	372,320,895	1,896,045	31,477,893	405,694,833	45.4%
2023-24	$314,688,909	$98,331,576	$73,843,791	$486,864,276	$1,933,965	$32,107,450	$520,905,691	28.4%

Columns that reflect inclusion of project areas not yet collecting tax increment in FY 2023-24 are shown in grey.

(1) FY 2016-17 is the base year.

(2) Includes FY 2021-22 escape roll assessments representing assessed values added by transfers of ownership that occurred prior to the January 1, 2021 lien date for the FY 2021-22 assessment roll.

(3) All figures in this table represent both total and incremental assessed value, as the base year assessed value is zero.

FY 2018-19 is the first fiscal year for which taxable assessed value was included on the roll within IRFD No. 1 and was added following the sale of property within Major Phase 1 to TICD subsidiary TI Series 1, resulting in the properties becoming subject to property taxes. The Assessor established initial assessed values based on an estimated unimproved land value of approximately $1.1 million per acre, except for three parcels totaling 6.8 acres on Yerba Buena Island which were assessed based upon the $61.2 million sale price applicable to a sale by TI Series 1 to an affiliated vertical builder. The $1.1 million per acre value was based on an Assessor analysis of value that considered the remaining improvements necessary for development to occur.

The increase in assessed value from FY 2019-20 to FY 2020-21 was a result of development within Project Area A, primarily construction in-progress for the 124-unit Bristol condominium project, which is now complete.

The increase in assessed value from FY 2020-21 to FY 2021-22 was primarily due to sale of development pads within Project Areas A, B and E by TI Series 1 to separate vertical builders, each of whom have an ownership interest in TICD, its parent company, which resulted in increases in the assessed values for the applicable parcels to the amount of the sale price.

The increase in assessed value from FY 2021-22 to FY 2022-23 was driven by construction progress on the Bristol and 4Y Townhomes and Flats and sale of a development pad planned for 160 condominium units and a park[2] (Block C3.5) by TI Series 1 to a separate vertical developer affiliated with Stockbridge, Wilson Meany, and Lennar.

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[2] Parcel 8906-008 is planned for a privately-owned pocket park with public access. The parcel has an FY 2023-24 assessed value of $322,524. Completion of the park would occur in conjunction with development of Block C3.5, such that, even if the park were to become exempt from property taxes, there would be a net addition to taxable assessed value through development of the block. The parcel is located within Project Area D, for which allocation of tax increment has not yet commenced.

The increase in assessed value from FY 2022-23 to FY 2023-24 was due to:

- Construction progress on the following residential developments:
  - Isle House (Block C2.4), which added $40.3 million in assessed value;
  - Portico (Block C3.3/C3.4), which added $33.8 million in assessed value;
  - 4Y Townhomes and Flats, which added $20.6 million in assessed value; and
  - Hawkins (Block C2.2), which added $9.7 million in assessed value.
- Development progress on Blocks B1 and 3Y consisting of incurrence of indirect costs, such as design, and limited direct costs, which the Assessor took into consideration in adding approximately $3.3 million in assessed value to the roll for these properties.
- Application of the 2% inflationary increase under Proposition 13 (described in Section 4.3), which added approximately $7.5 million in assessed value to the roll.

4.2 Current Year Assessed Values for IRFD No. 1

Table 7 provides additional detail regarding the FY 2023-24 taxable assessed values for IRFD No. 1. Of the $520,905,691 in aggregate FY 2023-24 taxable assessed value for IRFD No. 1, including Project Areas A, B, C, D and E, $341,588,776 is land assessed value and $179,316,915 is improvement assessed value. These amounts are net of exemptions that apply to publicly owned TIDA properties. The below market rate affordable units within IRFD No. 1 are not expected to qualify for a welfare exemption from property taxes because they are not owned by a qualifying organization, are not receiving government financing, and affordability restrictions for some units are at income levels that exceed the maximum level eligible to qualify for a welfare exemption.

For Project Areas A, B, and E, for which collection of tax increment has commenced as of FY 2023-24, aggregate FY 2023-24 taxable assessed value is $486,864,276, of which $307,547,361 is land assessed value and $179,316,915 is improvement assessed value.

Secured property includes property for which taxes levied by the County become a lien on that property.

Unsecured property typically includes the value of tenant improvements, trade fixtures, and personal property. Unsecured property also includes possessory interests constituting a right to the possession and use of property for a period less than perpetuity. As of FY 2023-24, there is no unsecured property assessed value within IRFD No. 1.

Table 7. FY 2023-24 Taxable Assessed Values, IRFD No. 1							
	Project Areas Active in FY 2023-24			Total for Project Areas Active in FY 2023-24	Project Areas Not Yet Active		Total All Project Areas
	Area A	Area B	Area E		Area C	Area D	
Assessed Value							
Secured Land AV	$173,645,008	$90,015,376	$43,886,977	$307,547,361	$1,933,965	$32,107,450	$341,588,776
Secured Improvement AV	141,043,901	8,316,200	29,956,814	179,316,915	-	-	179,316,915
Unsecured Roll	-	-	-	-	-	-	-
Total Assessed Value	314,688,909	98,331,576	73,843,791	486,864,276	1,933,965	32,107,450	520,905,691
Base Year AV	-	-	-	-	-	-	-
Incremental AV	314,688,909	98,331,576	73,843,791	486,864,276	1,933,965	32,107,450	520,905,691
Parcel count	128	5	6	139	1	3	143
TI Commencement							
Calculated IRFD TI (1)	$2,032,519	$635,106	$476,944	$3,144,569	$12,491	$207,376	N/A (2)
TI Commencement Threshold	$150,000	$150,000	$150,000		$300,000	$300,000	
Threshold Reached	FY 18-19	FY 21-22	FY 21-22		No	No	

Columns that reflect inclusion of project areas not yet collecting tax increment in FY 2023-24 are shown in grey.

(1) Calculated as 1% X incremental assessed value X 64.588206%, including Conditional City Increment.

(2) Tax Increment Allocation is only applicable to active project areas.

Source: Assessor. AV= Assessed Value.

Table 19, at the end of this report, provides a breakout between land and improvement assessed values by project area for FY 2018-19 through FY 2023-24. Table 20, at the end of this report, identifies the FY 2023-24 reported assessed values by parcel.

The volatility ratio applicable to each of the IRFD No. 1 project areas is zero due to the zero base year value for all project areas. The volatility ratio is a metric used to assess sensitivity to changes in assessed value and is computed as base year assessed value divided by current year assessed value. A ratio of zero indicates the least sensitivity and a ratio of 1.0 indicates the greatest sensitivity to assessed value changes.

4.3 Real and Personal Property

Real property assessed value is comprised of land and improvement assessed values on both the secured and unsecured assessment rolls. Annual increases in the assessed value of real property are limited to an annual inflationary increase of up to 2%, as governed by Article XIIIA of the California Constitution and known as the Proposition 13 inflation factor. Real property values also increase or decrease as a result of a property's change of ownership or new construction activity. As of FY 2023-24, all taxable assessed value within IRFD No. 1 is real property assessed value.

The Proposition 13 inflation factor is tied to the change in the California Consumer Price Index ("CCPI") and may be less than 2% if CCPI increases by less than 2%. The CCPI adjustment is based on the change in the CCPI from October to October of the following year. The Proposition 13 inflation factor for FY 2023-24 is 2%. The annual Proposition 13 factor has been less than 2% for four of the last 10 fiscal years. A 10-year history of Proposition 13 inflation factors is provided in Table 8.

Table 8. Prop 13 Inflation Factors, Ten-Year History	
2014-15	0.454%
2015-16	1.998%
2016-17	1.525%
2017-18	2.00%
2018-19	2.00%
2019-20	2.00%
2020-21	2.00%
2021-22	1.036%
2022-23	2.00%
2023-24	2.00%

Assessed value of real property may be adjusted downward if market value declines, either through the assessment appeals process described in Section 5 or through an adjustment by the Assessor. In the event of a decline in market value, values are then subject to restoration over time as market values increase, up to the Proposition 13 base year assessed value that is established for the property upon completion of construction or transfer of ownership, as increased for annual inflationary increases under Proposition 13 of up to 2%.

The assessed value of Personal Property is not subject to the maximum 2% inflationary increase and is subject to annual appraisal, either upward or downward. As of FY 2023-24, IRFD No. 1 does not include any personal property assessed value.

4.4 Values by Property Use

A distribution of FY 2023-24 taxable assessed values by land use category is summarized in Table 9, for all project areas combined and for project areas that will collect tax increment in FY 2023-24. Identification of land uses is based on information provided by the City and TICD affiliates regarding property uses. FY 2023-24 taxable assessed value for IRFD No. 1 is comprised of residential units, residential units under construction, and land for residential development.

Table 9. FY 2023-24 Taxable Assessed Value by Land Use								
	All IRFD No. 1 Project Areas				**Project Areas Collecting Tax Increment in FY 2023-24** (Project Areas A, B, E)			
Land Uses Composition, FY 2023-24	**Planned Units**	**No. of Parcels**	**2023-24 Taxable Value**	**% of Total**	**Planned Units**	**No. of Parcels**	**2023-24 Taxable Value**	**% of Total**
Completed For-Sale Units (1)	124	124	$155,570,351	29.9%	124	124	$155,570,351	32.0%
For-Sale Units Development Sites								
Vertical construction underway (2)	201	2	$107,595,642	20.7%	201	2	$107,595,642	22.1%
Site permit not yet issued (3)	885	7	$146,263,936	28.1%	174	3	$112,222,521	23.1%
Subtotal	1,086	9	*$253,859,578*	*48.7%*	375	5	*$219,818,163*	*45.1%*
Rental Units Development Sites								
Vertical construction underway (4)	428	2	$97,989,602	18.8%	428	2	$97,989,602	20.1%
Site permit issued (5)	117	2	$13,486,160	2.6%	117	2	$13,486,160	2.8%
Subtotal	545	4	*$111,475,762*	*21.4%*	545	4	*$111,475,762*	*22.9%*
Owned by TIDA and non-taxable		*6*	*$0*	*0.0%*		*6*	*$0*	*0.0%*
Total	**1,755**	**143**	**$520,905,691**	**100.0%**	**1,044**	**139**	**$486,864,276**	**100%**

Columns that reflect inclusion of project areas not yet collecting tax increment in FY 2023-24 are shown in grey.

Sources: City and County of San Francisco Office of the Assessor-Recorder, TICD, City and County of San Francisco Department of Building Inspection for status of permit issuance.

(1) The 124-unit Bristol condominium building was completed in June 2022.

(2) For-sale units under construction include the 148-unit Portico condominium building, of which seven units are below market rate, and the 53-unit 4Y townhomes and flats, which are all market rate. Of the 53 total units within the 4Y townhomes and flats, construction is currently underway on 31 units and construction of the remaining 22 units has not yet commenced.

(3) Includes one parcel (8906 008) planned for use as a privately-owned pocket park with public access, to be developed in conjunction with Block C3.5. The parcel has an FY 2023-24 assessed value of $322,524 and is located within Project Area D, for which allocation of tax increment has not yet commenced.

(4) Rental units under construction include Isle House, a 250-unit high-rise rental development that includes 24 below market rate affordable units and Hawkins, a 178-unit mid-rise rental development with nine below market rate affordable units.

(5) Site permits issued for Block B1, owned by Poly USA, on 12/2021 for a 117-unit mid-rise rental development that includes six below market rate affordable units. Vertical construction has not commenced.

4.5 Top Ten Taxpayers

The top ten taxpayers for IRFD No. 1 are summarized in Table 10 for all project areas and separately for those project areas that will collect tax increment in FY 2023-24.

Multiple legal entities affiliated with a single ownership are aggregated; for example, Poly USA Real Estate Development Corporation includes two separate legal entities that are aggregated for purposes of the analysis of top taxpayers. Assessed value and ownership is also separately reported in Table 10 by legal entity. The Table 10 summary of the top taxpayers includes taxpayer name, property use, parcel count, assessed value, and percentage share of the total reported and incremental assessed value for each of the top taxpayers[3].

Inclusive of all IRFD No. 1 project areas, the ten largest taxpayers for FY 2023-24 represent 93.6% of total and incremental assessed value.

Including IRFD No. 1 Project Areas A, B and E for which collection of tax increment has commenced, the ten largest taxpayers for FY 2023-24 represent 93.5% of total and incremental assessed value.

Taxable assessed value for the five top taxpayers as of the FY 2023-24 assessment roll is comprised of property owned by TI Series 1, a wholly-owned subsidiary of master developer TICD, and affiliates of four separate vertical builders that each have an ownership interest in TICD.

Other than the five taxpayers affiliated with TICD, all other taxpayers included on the list of top taxpayers are owners of newly constructed condominium units within the Bristol.

[3] Given the base year assessed value for IRFD No. 1 is zero, the percent of total and percent of incremental assessed value are the same.

Table 10. Top Ten Taxpayers for IRFD No. 1, FY 2023-24										
		Planned Development (6) (7)					Assessed Value FY 2023-24(10)		% Total and Incr. AV (11)	
Top Taxpayers FY 2023-24	**Block**	No. Units	Type	Status	**No. of Parcel**	**Proj. Area**	**All Project Areas**	**Active Areas (12)**	**All**	**Active (12)**
1. Stockbridge and Wilson Meany (1)										
YBI Phase 1 Investors, LLC	4Y (por)	83	for-sale	Built	83	A	$111,246,976	$111,246,976	21.4%	22.8%
YBI Phase 4 Investors, LLC	1Y	78	for-sale	Plan	1	A	$81,966,873	$81,966,873	15.7%	16.8%
TI Lot 10, LLC	C2.4	250	rental	Const.	1	E	$73,843,791	$73,843,791	14.2%	15.2%
YBI Phase 3 Investors, LLC	4Y (por)	53	for-sale	Const(8)	1	A	$58,340,437	$58,340,437	11.2%	12.0%
YBI Phase 2 Investors, LLC	3Y	11	for-sale	Plan	1	A	$18,811,248	$18,811,248	3.6%	3.9%
Subtotal		475			87		$344,209,325	$344,209,325	66.1%	70.7%
2. Stockbridge, Wilson Meany, and Lennar Joint Venture (2)										
TI Lots 3-4, LLC	C3.3/.4	148	for-sale	Const.	1	B	$49,255,205	$49,255,205	9.5%	10.1%
TI Lots 5-6, LLC	C3.5	160	for-sale	Plan	2	D	$30,795,840	N/A	5.9%	N/A
Subtotal		308			3		$80,051,045	$49,255,205	15.4%	10.1%
3. Poly USA (3)										
B1 Treasure Island 048 Holdings, LLC	B1	117	rental	Plan(9)	2	B	$13,486,160	$13,486,160	2.6%	2.8%
C23 Treasure Island 048 Holdings, LLC	C2.3	85	for-sale	Plan	1	B	$11,444,400	$11,444,400	2.2%	2.4%
Subtotal		202			3		$24,930,560	$24,930,560	4.8%	5.1%
4. Lennar (4)	C2.2	178	rental	Const.	1	B	$24,145,811	$24,145,811	4.6%	5.0%
5. TI Series 1 (5)	C1.1/2, C2.1	551	for-sale	Plan	2	C&D	$3,245,575	N/A	0.6%	N/A
6. Bristol Homeowner 1		2	for-sale	Built	2	A	$2,989,598	$2,989,598	0.6%	0.6%
7. Bristol Homeowner 2		2	for-sale	Built	2	A	$2,311,928	$2,311,928	0.4%	0.5%
8. Bristol Homeowner 3		1	for-sale	Built	1	A	$1,887,226	$1,887,226	0.4%	0.4%
9. Bristol Homeowner 4		1	for-sale	Built	1	A	$1,840,554	$1,840,554	0.4%	0.4%
10. Bristol Homeowner 5		1	for-sale	Built	1	A	$1,762,303	$1,762,303	0.3%	0.4%
11. Bristol Homeowner 6 *[top ten taxpayer for active areas only]*		1	for-sale	Built	1	A	N/A(13)	$1,707,697	N/A(13)	0.4%
Total Top Taxpayers		1,722			104		$487,373,925	$455,040,207	93.6%	93.5%

Columns that reflect inclusion of project areas not yet collecting tax increment in FY 2023-24 are shown in grey.

(1) Includes separate legal entities affiliated with Wilson Meany and the Stockbridge TI Fund, LP, as listed. Stockbridge and Wilson Meany have an ownership interest in TI Series 1, No. 5 on the list of top taxpayers. In addition, Stockbridge and Wilson Meany have an interest in two properties listed under the ownership of Stockbridge, Wilson Meany, and Lennar, No. 2 on the list of top taxpayers, being developed as a joint venture.

(2) TI Lots 3-4 LLC and TI Lots 5-6 LLC are being developed as a joint venture between Stockbridge, Wilson Meany, and Lennar (number 1 and 4 on the list of top taxpayers).

(3) Includes separate entities affiliated with developer Poly (USA) Real Estate Development Corp., as listed. Poly USA has an ownership interest in TI Series 1 (No. 5 top taxpayer).

(4) Represents a parcel owned by subsidiary TI Lot 8, LLC. In addition, Lennar has an interest in two properties listed under the ownership of Stockbridge, Wilson Meany, and Lennar, number 2 on the list of top taxpayers, being developed as a joint venture. Lennar also has an ownership interest in TI Series 1, number 5 on the list of top taxpayers.

(5) Treasure Island Series 1, LLC a wholly-owned subsidiary of TICD, master developer for the Treasure Island Project. The top four taxpayers, (1) Stockbridge and Wilson Meany, (2) Stockbridge, Wilson Meany, and Lennar Joint Venture, (3) Poly USA, and (4) Lennar, each have an ownership interest in TICD.

(6) Includes units that are complete, under construction, and planned.

(7) "Built" refers to units complete with an occupancy permit, "Plan" refers to planned units, "Const." refers to units under construction.

(8) 31 of the 53 total units are under construction.

(9) A site permit has been issued for construction, but construction has not yet commenced.

(10) All assessed value consists of secured property (land and improvements).

(11) Percentages calculated based upon FY 2023-24 assessed value and incremental assessed value of $520,905,691 and $486,864,276 for active areas (base year AV is zero).

(12) Includes Project Areas A, B, and E that will collect tax increment in FY 2023-24.

(13) Bristol homeowner 6 is part of the list of the top ten taxpayers for active project areas, but is not on a member of the top taxpayers list when all project areas are included.

The following provides a description of the top taxpayers for IRFD No. 1.

1. **Stockbridge TI Fund, LP ("Stockbridge") and Wilson Meany, LP** ("**Wilson Meany**") and their affiliated legal entities listed in Table 10, are vertical developers for four parcels within IRFD No. 1 on which 392 units are under construction or planned, and owner of 83 completed units being marketed for sale, comprised of:

   - The Bristol condominium project (YBI Phase 1 Investors LLC parcels), which was completed in June 2022 and includes a total of 124 units. The FY 23-24 roll reflects 83 units that remained in developer ownership based on Assessor records as of July 2023 and were being marketed for-sale.

   - Isle House (TI Lot 10 LLC parcel) is a rental development with a seven-level podium component and 22-story high-rise tower component, currently under construction. Vertical construction commenced in November 2022 and completion is anticipated in September 2024.

   - The 4Y Townhomes and Flats (YBI Phase 3 Investors LLC parcel) includes 53 total units, of which 31 units are under construction and were expected to be completed by the end of 2023 and 22 units have not yet received building permit approval. As of June 2023, one of the market rate units was under contract to be sold at a price of $4.475 million.

   - Development sites planned for 89 units, including a mix of condominiums, townhomes, flats, and single family home-sites (YBI Phase 2 Investors LLC and YBI Phase 4 Investors LLC). The units have received land use approvals but permits for construction are not yet issued.

   Stockbridge and Wilson Meany also have an ownership interest in the number two top taxpayer, which is comprised of two joint venture developments with Lennar (number four on the list of top taxpayers). If the properties that are part of the joint venture were instead included under the list of properties under Stockbridge and Wilson Meany ownership, Stockbridge and Wilson Meany would have represented a combined 81.4% of assessed value, rather than the 66.1% listed in Table 10, without the joint venture properties.

   Stockbridge and Willson Meany are members of TICD, master developer of the Treasure Island Project.

2. **Stockbridge, Wilson Meany, and Lennar Joint Venture** consists of two joint venture developments between the number one top taxpayer (Stockbridge and Wilson Meany) and the number four top taxpayer (Lennar). The legal entities affiliated with the joint

ventures are listed in Table 10. The Stockbridge, Wilson Meany, and Lennar Joint Venture is the vertical developer of three parcels within IRFD No. 1 planned for development of a combined 308 residential units. Of the planned residential units:

- 148 units are condominium units within a six-story building (TI Lots 3-4 LLC parcels). Vertical construction commenced in October 2022 and completion is expected by early 2025.

- 160 are planned future condominium units (TI Lots 5-6 LLC) in a 20-story tower. The units have received land use approvals but permits for construction are not yet issued.

3. **Poly USA Real Estate Development Corporation** ("Poly USA") is an indirect subsidiary of the Chinese property development company, Poly Developments and Holdings Group Co. Ltd. Poly USA and its affiliated legal entities, listed in Table 10, are vertical developers that own three parcels within IRFD No. 1 which are planned for development of a combined 202 residential units. Of the planned residential units:

   - 117 rental units are within a five-story building with retail shell spaces on the ground floor for which a site permit for construction was issued in December 2021 (B1 Treasure Island 048 Holdings LLC parcels). The developer anticipates that construction will commence in 2024.

   - 85 condominium units are within a six-story building that has received land use approvals but which has not yet received a site permit (C23 Treasure Island 048 Holdings, LLC parcels).

   Poly USA is a member of TICD, master developer of the Treasure Island Project.

4. **Lennar Homes of California, Inc.** ("Lennar") is a subsidiary of homebuilder Lennar Corporation which is publicly listed on the New York Stock Exchange. Lennar and its wholly owned subsidiary TI Lot 8, LLC is the vertical developer for 178 rental units in a six-story building currently under construction. Vertical construction commenced in September 2022 and completion is expected by November 2024.

   Lennar also has an ownership interest in the number two top taxpayer, which is comprised of two joint venture developments with Stockbridge and Wilson Meany (number one on the list of top taxpayers). Lennar would move up to number two on the list of top taxpayers and represent a combined 20% of IRFD No. 1 assessed value if the joint venture properties were included under the Lennar ownership, instead of separately as number two on the list of top taxpayers.

   Lennar is a member of TICD, master developer of the Treasure Island Project.

5. **Treasure Island Series 1, LLC** ("TI Series 1") is a wholly-owned subsidiary of TICD, master developer for the Treasure Island Project. TI Series 1 retains two parcels planned for sale to vertical developers for development of two separate condominium towers with a combined 551 units. TICD, parent company of TI Series 1, is a joint venture comprised of various affiliates of Lennar, Stockbridge, Kenwood Investments, Wilson Meany, and Poly USA. Affiliates of the vertical builders comprising the top four taxpayers are all members of TICD.

The four top taxpayers each have an ownership interest in TI Series 1 parent company TICD. TI Series 1 is not a taxpayer within the three project areas that will collect tax increment in FY 2023-24.

The remaining taxpayers consist of homeowners within the recently completed Bristol condominium project.

In addition to the listed taxpayers, TIDA owns six parcels within IRFD No. 1 which are exempt from property taxes. Of the six TIDA parcels, two are planned for separate 50-room and 300-room hotels, and four parcels consist of land planned for use as public right of way, parks, and open space. The hotels are expected to be developed on ground leases with continued public ownership of the underlying land due to restrictions (Tidelands Trust) that preclude sale of a fee interest in the land to a private owner. The ownership structure is expected to result in the taxable assessed value of the hotel being placed on the assessment roll as a taxable possessory interest[4]. Timing for development of the hotels is to be determined and is not expected near-term. As described above, TIDA is a California non-profit public benefit corporation, public benefit agency and instrumentality and authority of the City and/or the State of California, which is dedicated to the economic development of former Naval Station Treasure Island.

[4] A possessory interest is defined as a possession, a right to the possession, or a claim to a right of the possession of publicly owned real property that is independent, durable, and exclusive of rights held by others, and that provides a private benefit to the possessor.

5.0 ASSESSMENT APPEALS

Property values determined by the Assessor may be subject to an appeal by the property owner. Assessment appeals are filed annually with the Assessment Appeals Board for a hearing and resolution. A property owner can file for a regular assessment appeal of the current fiscal year assessed valuation between July 2 and September 15th. Revenue and Taxation Code §1604 allows up to two years for an assessment appeal to be decided unless this time limit is waived by the applicant[5]. If the appeal is not decided within the two-year statutory time frame and the time limit is not waived, the assessor is required to apply the applicant's opinion of value.

Assessed value reductions as a result of Proposition 8 appeals are subject to annual review by the Assessor and potential restoration over time based on future increases in market value. "Base year" appeals contest changes in assessed value arising from re-assessable events such as transfer of ownership or new construction. Assessed value reductions as a result of "Base Year" appeals affect the maximum assessed value under Proposition 13 on an on-going basis.

The resolution of an appeal may result in a reduction to the Assessor's original taxable value and a tax refund to the property owner. To the extent appeals are filed in the future for properties within IRFD No. 1 and result in a reduction in taxable assessed value, the resulting taxpayer refunds would reduce tax increment allocated to IRFD No. 1 in the fiscal year in which the refund occurs. Successful assessment appeals may also result in a reduction in future year assessed values which would impact future year tax increment.

Review of Assessment Appeal Filings

KMA obtained a copy of the database maintained by the Assessment Appeals Board on appeals filings, including records of appeal filings from July 1, 2018 through June 7, 2023, and encompassing appeals for FY 2018-19 through FY 2022-23. Based on the records included within the Assessment Appeals Board database, **no assessment appeals have been filed within IRFD No. 1 through FY 2022-23**. The September 15th, 2023 deadline to file an appeal of FY 2023-24 assessed values has passed but data on appeal filings is not expected to be available until November 2023.

An affiliate of TICD has filed appeals for properties within the Treasure Island Project outside of IRFD No. 1. Appeals relate to the assessed value of unimproved land established upon transfer of the property to private ownership. Appeal filings encompass five parcels with an aggregate Assessor roll value of $60,621,597 and a property owner opinion of value of $1,070,000. Since none of the appeals relate to IRFD No. 1 assessed values, no adjustment to IRFD No 1 assessed value is reflected for purposes of the Table 13 to 16 revenue projections.

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[5] A temporary extension of this two-year deadline was granted for certain appeals filed prior to March 4, 2020, as a result of the coronavirus pandemic, but such extension would not apply to appeals of current year assessed values.

DDA Financing Plan and CC&R Provisions Regarding Assessment Appeals

The DDA Financing Plan includes a provision for additional payments to the City in the event of successful assessment appeals for properties within IRFD No. 1 that are under the ownership of TICD, master developer of the Treasure Island Project. This DDA Financing Plan provision is effective following issuance of bonds secured by a pledge of IRFD revenues. Payments are required to be allocated in accordance with the IFP. This DDA Financing Plan provision does not mitigate the potential for a reduction in existing IRFD No. 1 revenues as a result of potential future assessment appeal filings because TICD, through its subsidiary TI Series 1, retains ownership of only two parcels within IRFD No. 1, which are in Project Area C and Project Area D that do not currently generate tax increment, and the provision does not apply to the vertical developers and private homeowners that own the remaining taxable parcels in IRFD No. 1.

While the DDA Financing Plan provision does not apply to vertical builders, TICD affiliates have stated that all properties that have been sold to vertical builders within IRFD No. 1 are subject to a covenant not to initiate or intentionally cause to initiate a reassessment of the value of the applicable property, and that it is their intent to require such covenants as part of future property sales to vertical builders. KMA reviewed the Declaration of Development Covenants Conditions and Restrictions recorded on the Block C3.3/C3.4 property (Portico project) and confirmed inclusion of such a covenant but has not independently verified that all properties owned by TICD affiliates include comparable covenants.

Potential Proactive Review of Declines in Market Value Under Proposition 8

The Assessor may proactively review and reduce assessed values in the event of a decline in market values, without an assessment appeal by the property owner, pursuant to Proposition 8. The Assessor has conducted proactive reviews for declines in market value for purposes of recent assessment roll years and may do so again if real estate market values warrant. In the event of a proactive reduction in assessed value by the Assessor, values are subject to restoration over time as market values increase, as with Proposition 8 appeal reductions.

6.0 NEW DEVELOPMENT

IRFD No. 1 is comprised of land that is actively under development, contemplated for development, and one recently completed new building. The following section summarizes the planned future and in-progress construction within IRFD No. 1. Buildout of portions of the Treasure Island Project within the existing boundaries of IRFD No. 1 is anticipated to encompass a total of 1,755 residential units and two hotels, as shown in Table 11.

Table 11. Summary of Planned Development Within IRFD No. 1

Block	Use	Estimated completion[1]	IRFD Area[4]	Planned No. of Stories	Planned Residential Units: Market Rate For-sale	Planned Residential Units: Market Rate Rental	Planned Residential Units: BMR	Planned Residential Units: Total Units	average SF/Unit(1)	Planned Hotel Rooms
<u>Construction Complete / Sales On-going</u>										
4Y (portion)	Condo (Bristol)	complete	A	6	110		14	124	1,196	
<u>Under Construction</u>										
4Y (portion)	Townhomes/Flats [2]	late 2023[3]	A	3 to 5	31			31	2,635	
C3.3/4	Condo (Portico)	2025	B	6	141		7	148	1,005	
C2.2	Rental (Hawkins)	Nov. 2024	B	6		169	9	178	795	
C2.4	Rental (Isle House)	Sept. 2024	E	22		226	24	250	830	
Subtotal Under Construction					172	395	40	607		
<u>Projects with Site Permit</u>										
B1	Rental		B	5		111	6	117	730	
<u>Site or Building Permit is Not Yet Issued</u>										
3Y	Townhome		A	3	11			11	3,376	
4Y (portion)	Townhomes/Flats [2]		A	3 to 4	22			22	2,521	
C2.3	Condo		B	6	80		5	85	1,242	
C3.5	Condo		D	20	152		8	160	1,208	
1Y	Townhome		A	3	32			32	3,270	
1Y	Flats		A	4	41			41	2,670	
1Y	Estate homesites		A	TBD	5			5	TBD	
2Y-H	Hotel		A	TBD	n/a			n/a		50
C1.1&2	Condo		C	Tower	286			286	1,584	
C2.1	Condo		D	31	265			265	1,152	
C2-H	Hotel		E	TBD						300
Subtotal Site Permit Not Yet Issued					894	0	13	907		350
Total					**1,176**	**506**	**73**	**1,755**		**350**

Abbreviations used in this table: TBD = to be determined.

(1) Timing estimates and average unit sizes were provided by TICD and affiliated vertical developers.

(2) Of the 53 total units within the 4Y townhomes and flats, construction is currently underway on 31 units and construction of the remaining 22 units has not yet commenced.

(3) Estimated timing relates to the 31 units currently under construction.

(4) Project Areas C and D have not commenced collection of Tax Increment and may not reach the Trigger Amount for commencement of tax increment collection until construction of planned development in these Project Areas is underway.

TICD affiliates provided an illustrative estimate of the aggregate assessed value upon full buildout of the planned development listed in Table 11 of approximately $2.27 billion, of which $520.9 million is enrolled as of FY 2023-24, resulting in a potential future net increase in assessed value upon full buildout of approximately $1.75 billion. Figures include Project Areas C and D, which are not currently collecting tax increment, but are expected to commence collection of tax increment with construction of planned development in these areas. This illustrative estimate of future assessed values is <u>not included for purposes of the Table 13 to 16 revenue projections</u>.

Following is a further description of the planned development:

(1) **Completed Condominium Units (The Bristol)** - The 124-unit Bristol condominium project (Block 4Y) includes 110 market rate units and 14 below market rate affordable units completed in June 2022. The FY 2023-24 roll reflects 41 units having transferred to homebuyers, including 35 market rate and six below market rate units, and 83 units that remain in developer ownership. The developer reports that as of October 1, 2023, a total of 37 market rate sales had closed, representing two additional units beyond the 35 completed market rate sales represented in the FY 2023-24 roll data. Sales and closings of the remaining units are underway. Market rate sales prices to date have averaged approximately $1.5 million per unit. Existing FY 2023-24 assessed values reflect Proposition 13 2% inflation over the FY 2022-23 assessed values and do not incorporate assessed value to be added from either completed or future sales of condominium units. Average market rate sales prices, based on closed sales reported by the developer, are approximately 20% higher than the average existing FY 2023-24 assessed values for market rate units in the Bristol on a dollar per square foot basis, as shown below.

Aggregate Assessed Value, Market Rate Units	$151,061,499
Aggregate Square Footage, Market Rate Units	132,302 SF
Average FY 2023-24 Assessed Value Per Square Foot, Market Rate Units	$1,142 / SF
Average Sales Price Per Square Foot, Closed Market Rate Sales	$1,372 / SF
Percent in Excess of Average FY 2023-24 AV Per Square Foot	**20%**

Assessed value to be added from sale of the units is not included for purposes of the Table 13 to 16 revenue projections. The Bristol is in Project Area A.

(2) **Under Construction**

- **Block 4Y Townhomes and Flats** – Vertical construction is underway on the 31-unit first phase of the 53 market rate stacked flats and townhome units planned for Block 4Y. Completion of the 31 units, comprised of five separate buildings, is estimated by the developer to occur in October through December 2023. The units are being developed by Stockbridge and Wilson Meany. The applicable parcel (APN 8954-004) has an existing FY 2023-24 assessed value of $58.3 million. This existing assessed value was established through sale of the subject property to the vertical builder and construction progress through January 1, 2023. Assessed values added by in-progress construction through January 1, 2023 were determined based on expenditures reported by the developer to the Assessor for the purposes of establishing assessed values. Assessed value to be added by construction after the January 1, 2023 lien date for the FY 2023-24 assessment roll and sale of new units upon completion is not included for purposes of the Table 13 to 16 revenue projections. The 4Y Townhomes and Flats are in Project Area A.

- **Block C3.3/C3.4 ("Portico")** – A six-story 148-unit condominium development with seven below market rate affordable units, received site permit approval in January 2022 and commenced construction in October 2022. The project is being developed by a joint venture development team that includes Stockbridge, Wilson Meany, and Lennar. The developer reported that structural work on the foundation and podium level was expected to be completed in September 2023 and wood framing was estimated to complete in December 2023. Completion of the project is estimated in January 2025. Portico is in Project Area B.

- **Block C2.2 ("Hawkins")** – A six-story apartment development with 178 rental units, including nine below market rate inclusionary units, received site permit approval in July 2022 and commenced construction in September 2022. The project is being developed by Lennar. The developer reports that the concrete podium for the building is complete and wood framing for levels two through six is underway. Completion is estimated in November 2024. Hawkins is in Project Area B.

- **Block C2.4 ("Isle House")** – An apartment development with 250 rental units, including 24 below market rate affordable units, received a site permit in November 2021 and commenced construction in July 2022. The project is being developed by Stockbridge and Wilson Meany. The project includes a seven-level podium component and a 22-story high-rise tower component. The developer reports that the podium component topped out in March 2023 and the tower structure topped out in July 2023. Completion is estimated in September 2024. Isle House is in Project Area E.

(3) **Development Project with Site Permit (Block B1) -** Block B1 is a five-story apartment development with 117 rental units, including six below market rate affordable units. The project is being developed by Poly USA. The project received site permit approval in December 2021. The developer has indicated an anticipated construction commencement of September 2024, but this timing is subject to change as the developer continues to evaluate market conditions and other factors affecting development of the project. Block B1 is in Project Area B.

(4) **Development Projects for Which a Site Permit is Not Yet Issued -** Planned development within IRFD No. 1 that has not yet received a site or building permit as of July 1, 2023

includes 907 residential units and 350 hotel rooms planned for Blocks 1Y, 3Y, 4Y (22-unit portion not yet permitted), 2Y-H, C1.1, C1.2, C2.1, C2.3, C2-H, and C3.5. Of the 907 planned residential units, 894 are market rate for-sale units and 13 are below market rate affordable units.

7.0 TAX ALLOCATION AND DISBURSEMENT

7.1 Tax Rates

The tax rates which are applied to taxable values consist of two components: the basic levy of $1.00 per $100 of taxable assessed value and the override tax rate which is levied to pay voter approved indebtedness. The basic levy may not exceed 1% ($1.00 of $100 taxable value) in accordance with Article XIIIA of the California Constitution. Tax increment is comprised of a share of this basic 1% property tax levy from properties that are within IRFD No. 1. Accordingly, a one percent levy is applied in the revenue projections presented in Tables 13 to 16.

7.2 Allocation of Taxes

The Controller is responsible for the aggregation of taxable values assigned by the Assessor as of the lien date for property within the boundaries of IRFD No. 1. This results in the reported total current year IRFD No. 1 taxable value and becomes the basis for determining the revenue to be allocated to IRFD No. 1.

Secured property taxes are due in two equal installments and become delinquent if not paid by December 10 and April 10. Taxes on unsecured property become delinquent if not paid by August 31.

The Controller allocates secured property taxes in accordance with the City's Teeter Plan, which provides for distribution of property taxes based on 100% of the calculated property tax levy, without regard to delinquencies. This allocation method results in allocation of 100% of the calculated tax increment attributed to secured assessed values to IRFD No. 1. Taxes on unsecured property are not part of the Teeter Plan and are allocated to the extent of actual collection of unsecured property taxes; however, as of FY 2023-24 there is no unsecured assessed value within IRFD No. 1.

7.3 Unitary Tax Revenues

Most public utility properties are currently assessed as a single unit on a countywide basis, with assessed value identified on a unitary roll assessed by the California State Board of Equalization. Revenues from unitary property tax assessments are distributed in the following manner: (1) each taxing entity receives the same amount of unitary revenue as in the previous year plus an increase for inflation of up to 2%; (2) if unitary tax revenues are not sufficient to provide the same amount of revenue as the previous year, revenues are allocated in proportion to the prior year unitary revenues; (3) if unitary revenues exceed 102% of the prior year's allocation, the excess is allocated proportionate to each jurisdiction's secured property tax revenue. IRFD No. 1 was allocated $598 of unitary revenue for FY 2022-23. Unitary revenues are not included in the Table 13 to 16 revenue projections.

7.4 Historic Allocations of Tax Increment to IRFD No. 1.

A summary of historic allocations of tax increment for the initial years of tax increment collection is presented in Table 12. As shown, actual amounts allocated to IRFD No. 1 have ranged from 98.9% of the calculated levy in FY 2020-21, to 110.9% in FY 2021-22, and averaged 105.9% of the calculated levy over the initial four years of tax increment allocation.

Table 12. Historic Allocations of Tax Increment to IRFD No. 1

		Actual 2019-20 (1)	Actual 2020-21	Actual 2021-22	Actual 2022-23	Estimated 2023-24
1. Assessed Value Increment, Active Project Areas(2)		$70,090,194	$102,085,597	$201,114,923	$372,320,895	$486,864,276
Active Project Areas		A	A	A	A, B, E	A, B, E
2. Calculated 1% Tax Increment	1% levy	$700,902	$1,020,856	$2,011,149	$3,723,209	$4,868,643
3. Property Tax Admin Cost (3)		applied in FY2021-22		$5,113	$9,387	$13,775
4. Calculated IRFD Tax Increment (4)						
Pledged Facilities Increment	53.285270%	$373,477	$543,966	$1,067,428	$1,976,178	$2,582,905
Pledged Housing Increment	11.302936%	$79,222	$115,387	$226,424	$419,189	$547,889
Total	64.588206%	**$452,700**	**$659,353**	**$1,293,852**	**$2,395,367**	**$3,130,794**
5. Actual Amounts Allocated by Controller (4)						
Pledged Facilities Increment		$373,477	$537,879	$1,183,713	$2,101,219	TBD
Pledged Housing Increment		$79,223	$114,095	$251,091	$445,713	TBD
Total		**$452,700**	**$651,974**	**$1,434,803**	**$2,546,932**	**TBD**
6. Collections as % of Computed Levy (5) (6)		**100%**	**98.9%**	**110.9%**	**106.3%**	**TBD**
Average 19-20 to 22-23	**105.9%**					

Source: San Francisco Office of the Controller, KMA.

(1) 2019-20 was the initial year of tax increment collection for the IRFD.

(2) The base year assessed value is zero.

(3) Administrative costs for division of taxes include Controller property tax administrative costs and approximately 10% of Accounting Operations and Suppliers Division (AOSD) costs. Property tax administrative costs for the initial two years of tax increment were applied in FY 2021-22.

(4) Includes Conditional City Increment required to be allocated and held for payment of debt service until after each annual principal payment date, but subject to release to the City thereafter to the extent not required for debt service. FY 2022-23 revenues include approximately $151,000 in revenue from prior tax years and exclude approximately $5,000 in interest revenue. The administrative cost of division of taxes on line 3 is deducted proportionately from Pledged Facilities Increment and Pledged Housing Increment.

(5) Collections as a percentage of the computed levy is the same for Pledged Facilities Increment and Pledged Housing Increment.

(6) According to the Controller, due to the implementation of a new property tax software system, property tax allocations in FY 2020-21 occurred on a jurisdictional basis rather than on a tax rate area basis. Allocation on a jurisdictional basis results in all affected taxing entities and related tax increment financing districts sharing the impact of unpaid portions of non-Teetered property tax levies, such as unsecured taxes, rather than limiting the impact to the TRA in which delinquencies occurred, as in the other fiscal years represented in Table 12.

Table 12 identifies Pledged Facilities Increment and Pledged Housing Increment, inclusive of Conditional City Facilities Increment and Conditional City Housing Increment required to be allocated to IRFD No. 1 and held for payment of debt service until after each annual principal payment date, but thereafter available for release to the City to the extent not required for debt service.

8.0 REVENUE PROJECTION

The projection of tax increment is summarized in Tables 13 through 16 on the following pages with supporting projections of assessed value included in Tables 17 and 18.

Two versions of the projection are presented:

(1) "No Growth Projection" (Tables 13 and 14) that holds reported FY 2023-24 assessed values constant over the term of the projection. Table 13 presents the projection of Pledged Facilities Increment and Table 14 presents the projection of Pledged Housing Increment.

(2) "2% Growth Projection" (Table 15 and 16) reflecting application of the 2% maximum allowable inflationary increase under Proposition 13 to the FY 2023-24 reported assessed values in each future year. Table 15 presents the projection of Pledged Facilities Increment and Table 16 presents the projection of Pledged Housing Increment.

The projections extend through the time limits for collection of tax increment in Areas A, B and E. Time limits for Project Areas C and D remain to be determined.

Table 13. Projection of Pledged Facilities Increment, No Growth Projection						
	A.	B.	C.	D.	E.	F.
	Gross Tax Increment = 1% x Table 17 Incremental Assessed Value for areas Collecting TI	**Net Available Facilities Increment**				
Fiscal Year		Total	Prop Tax Admin Cost (1)	After Prop Tax Admin	Conditional City Facilities Increment	**Pledged Facilities Increment**
	1% x AV	46.68527%	0.50%	=B.+C.	6.60000%	=D.+E.
2023-24	$4,868,643	$2,272,939	($11,365)	$2,261,574	$321,330	$2,582,905
2024-25	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2025-26	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2026-27	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2027-28	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2028-29	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2029-30	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2030-31	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2031-32	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2032-33	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2033-34	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2034-35	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2035-36	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2036-37	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2037-38	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2038-39	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2039-40	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2040-41	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2041-42	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2042-43	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2043-44	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2044-45	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2045-46	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2046-47	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2047-48	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2048-49	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2049-50	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2050-51	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2051-52	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2052-53	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2053-54	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2054-55	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2055-56	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2056-57	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2057-58	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2058-59	4,868,643	2,272,939	(11,365)	2,261,574	321,330	2,582,905
2059-60	1,721,754	803,805	(4,019)	799,786	113,636	913,422
2060-61	1,721,754	803,805	(4,019)	799,786	113,636	913,422
2061-62	1,721,754	803,805	(4,019)	799,786	113,636	913,422

(1) Property tax administrative costs are senior to debt service. Amounts are estimated.

Table 14. Projection of Pledged Housing Increment, No Growth Projection						
	A.	B.	C.	D.	E.	F.
	Gross Tax Increment = 1% x Table 17 Incremental Assessed Value for areas Collecting TI	**Net Available Housing Increment**				
Fiscal Year		Total	Prop Tax Admin Cost (1)	After Prop Tax Admin	Conditional City Housing Increment	**Pledged Housing Increment**
	1% x AV	9.90294%	0.50%	=B.+C.	1.40000%	=D.+E.
2023-24	$4,868,643	$482,139	($2,411)	$479,728	$68,161	$547,889
2024-25	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2025-26	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2026-27	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2027-28	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2028-29	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2029-30	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2030-31	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2031-32	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2032-33	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2033-34	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2034-35	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2035-36	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2036-37	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2037-38	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2038-39	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2039-40	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2040-41	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2041-42	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2042-43	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2043-44	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2044-45	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2045-46	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2046-47	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2047-48	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2048-49	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2049-50	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2050-51	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2051-52	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2052-53	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2053-54	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2054-55	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2055-56	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2056-57	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2057-58	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2058-59	4,868,643	482,139	(2,411)	479,728	68,161	547,889
2059-60	1,721,754	170,504	(853)	169,652	24,105	193,756
2060-61	1,721,754	170,504	(853)	169,652	24,105	193,756
2061-62	1,721,754	170,504	(853)	169,652	24,105	193,756

(1) Property tax administrative costs are senior to debt service. Amounts are estimated.

Table 15. Projection of Pledged Facilities Increment, 2% Growth Projection						
	A.	B.	C.	D.	E.	F.
	Gross Tax Increment = 1% x Table 18 Incremental Assessed Value for areas Collecting TI	**Net Available Facilities Increment**			Conditional City Facilities Increment	**Pledged Facilities Increment**
Fiscal Year		Total	Prop Tax Admin Cost (1)	After Prop Tax Admin		
	1% x AV	46.68527%	0.50%	=B.+C.	6.60000%	=D.+E.
2023-24	$4,868,643	$2,272,939	($11,365)	$2,261,574	$321,330	$2,582,905
2024-25	4,966,016	2,318,398	(11,592)	2,306,806	327,757	2,634,563
2025-26	5,065,336	2,364,766	(11,824)	2,352,942	334,312	2,687,254
2026-27	5,166,643	2,412,061	(12,060)	2,400,001	340,998	2,740,999
2027-28	5,269,975	2,460,302	(12,302)	2,448,001	347,818	2,795,819
2028-29	5,375,375	2,509,508	(12,548)	2,496,961	354,775	2,851,736
2029-30	5,482,883	2,559,699	(12,798)	2,546,900	361,870	2,908,770
2030-31	5,592,540	2,610,892	(13,054)	2,597,838	369,108	2,966,946
2031-32	5,704,391	2,663,110	(13,316)	2,649,795	376,490	3,026,285
2032-33	5,818,479	2,716,373	(13,582)	2,702,791	384,020	3,086,810
2033-34	5,934,848	2,770,700	(13,853)	2,756,846	391,700	3,148,546
2034-35	6,053,545	2,826,114	(14,131)	2,811,983	399,534	3,211,517
2035-36	6,174,616	2,882,636	(14,413)	2,868,223	407,525	3,275,748
2036-37	6,298,109	2,940,289	(14,701)	2,925,588	415,675	3,341,263
2037-38	6,424,071	2,999,095	(14,995)	2,984,099	423,989	3,408,088
2038-39	6,552,552	3,059,077	(15,295)	3,043,781	432,468	3,476,250
2039-40	6,683,603	3,120,258	(15,601)	3,104,657	441,118	3,545,775
2040-41	6,817,275	3,182,663	(15,913)	3,166,750	449,940	3,616,690
2041-42	6,953,621	3,246,317	(16,232)	3,230,085	458,939	3,689,024
2042-43	7,092,693	3,311,243	(16,556)	3,294,687	468,118	3,762,804
2043-44	7,711,647	3,600,203	(18,001)	3,582,202	508,969	4,091,171
2044-45	7,865,880	3,672,207	(18,361)	3,653,846	519,148	4,172,994
2045-46	8,023,197	3,745,651	(18,728)	3,726,923	529,531	4,256,454
2046-47	8,183,661	3,820,564	(19,103)	3,801,462	540,122	4,341,583
2047-48	8,347,335	3,896,976	(19,485)	3,877,491	550,924	4,428,415
2048-49	8,514,281	3,974,915	(19,875)	3,955,041	561,943	4,516,983
2049-50	8,684,567	4,054,413	(20,272)	4,034,141	573,181	4,607,323
2050-51	8,858,258	4,135,502	(20,678)	4,114,824	584,645	4,699,469
2051-52	9,035,423	4,218,212	(21,091)	4,197,121	596,338	4,793,459
2052-53	9,216,132	4,302,576	(21,513)	4,281,063	608,265	4,889,328
2053-54	9,400,454	4,388,628	(21,943)	4,366,684	620,430	4,987,114
2054-55	9,588,464	4,476,400	(22,382)	4,454,018	632,839	5,086,857
2055-56	9,780,233	4,565,928	(22,830)	4,543,098	645,495	5,188,594
2056-57	9,975,837	4,657,247	(23,286)	4,633,960	658,405	5,292,366
2057-58	10,175,354	4,750,392	(23,752)	4,726,640	671,573	5,398,213
2058-59	10,378,861	4,845,399	(24,227)	4,821,172	685,005	5,506,177
2059-60	4,167,139	1,945,440	(9,727)	1,935,713	275,031	2,210,744
2060-61	4,250,482	1,984,349	(9,922)	1,974,427	280,532	2,254,959
2061-62	4,335,492	2,024,036	(10,120)	2,013,916	286,142	2,300,058

(1) Property tax administrative costs are senior to debt service. Amounts are estimated.

Table 16. Projection of Pledged Housing Increment, 2% Growth Projection						
	A.	B.	C.	D.	E.	F.
	Gross Tax Increment = 1% x Table 18 Incremental Assessed Value for areas Collecting TI	Net Available Housing Increment				
Fiscal Year		Total	Prop Tax Admin Cost (1)	After Prop Tax Admin	Conditional City Housing Increment	**Pledged Housing Increment**
	1% x AV	9.90294%	0.50%	=B.+C.	1.40000%	=D.+E.
2023-24	$4,868,643	$482,139	($2,411)	$479,728	$68,161	$547,889
2024-25	4,966,016	491,781	(2,459)	489,322	69,524	558,847
2025-26	5,065,336	501,617	(2,508)	499,109	70,915	570,024
2026-27	5,166,643	511,649	(2,558)	509,091	72,333	581,424
2027-28	5,269,975	521,882	(2,609)	519,273	73,780	593,053
2028-29	5,375,375	532,320	(2,662)	529,658	75,255	604,914
2029-30	5,482,883	542,966	(2,715)	540,252	76,760	617,012
2030-31	5,592,540	553,826	(2,769)	551,057	78,296	629,352
2031-32	5,704,391	564,902	(2,825)	562,078	79,861	641,939
2032-33	5,818,479	576,200	(2,881)	573,319	81,459	654,778
2033-34	5,934,848	587,724	(2,939)	584,786	83,088	667,873
2034-35	6,053,545	599,479	(2,997)	596,481	84,750	681,231
2035-36	6,174,616	611,468	(3,057)	608,411	86,445	694,856
2036-37	6,298,109	623,698	(3,118)	620,579	88,174	708,753
2037-38	6,424,071	636,172	(3,181)	632,991	89,937	722,928
2038-39	6,552,552	648,895	(3,244)	645,651	91,736	737,386
2039-40	6,683,603	661,873	(3,309)	658,564	93,570	752,134
2040-41	6,817,275	675,110	(3,376)	671,735	95,442	767,177
2041-42	6,953,621	688,613	(3,443)	685,170	97,351	782,520
2042-43	7,092,693	702,385	(3,512)	698,873	99,298	798,171
2043-44	7,711,647	763,679	(3,818)	759,861	107,963	867,824
2044-45	7,865,880	778,953	(3,895)	775,058	110,122	885,181
2045-46	8,023,197	794,532	(3,973)	790,559	112,325	902,884
2046-47	8,183,661	810,423	(4,052)	806,371	114,571	920,942
2047-48	8,347,335	826,631	(4,133)	822,498	116,863	939,361
2048-49	8,514,281	843,164	(4,216)	838,948	119,200	958,148
2049-50	8,684,567	860,027	(4,300)	855,727	121,584	977,311
2050-51	8,858,258	877,228	(4,386)	872,842	124,016	996,857
2051-52	9,035,423	894,772	(4,474)	890,298	126,496	1,016,794
2052-53	9,216,132	912,668	(4,563)	908,104	129,026	1,037,130
2053-54	9,400,454	930,921	(4,655)	926,266	131,606	1,057,873
2054-55	9,588,464	949,539	(4,748)	944,792	134,238	1,079,030
2055-56	9,780,233	968,530	(4,843)	963,688	136,923	1,100,611
2056-57	9,975,837	987,901	(4,940)	982,961	139,662	1,122,623
2057-58	10,175,354	1,007,659	(5,038)	1,002,621	142,455	1,145,075
2058-59	10,378,861	1,027,812	(5,139)	1,022,673	145,304	1,167,977
2059-60	4,167,139	412,669	(2,063)	410,606	58,340	468,946
2060-61	4,250,482	420,923	(2,105)	418,818	59,507	478,325
2061-62	4,335,492	429,341	(2,147)	427,194	60,697	487,891

(1) Property tax administrative costs are senior to debt service. Amounts are estimated.

Table 17. Projection of Assessed Values, No Growth Projection							
Fiscal Year	Projection of Assessed Values by Project Area					Incremental Assessed Value for Project Areas Projected to Collect Tax Increment (Base year AV = $0)	
	Area A	Area B	Area C	Area D	Area E	AV Total	Areas
2023-24(1)	$314,688,909	$98,331,576	$1,933,965	$32,107,450	$73,843,791	$486,864,276	A, B, E
2024-25	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2025-26	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2026-27	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2027-28	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2028-29	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2029-30	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2030-31	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2031-32	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2032-33	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2033-34	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2034-35	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2035-36	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2036-37	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2037-38	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2038-39	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2039-40	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2040-41	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2041-42	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2042-43	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2043-44	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2044-45	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2045-46	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2046-47	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2047-48	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2048-49	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2049-50	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2050-51	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2051-52	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2052-53	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2053-54	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2054-55	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2055-56	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2056-57	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2057-58	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2058-59	314,688,909	98,331,576	1,933,965	32,107,450	73,843,791	486,864,276	A, B, E
2059-60		98,331,576	1,933,965	32,107,450	73,843,791	172,175,367	B, E
2060-61		98,331,576	1,933,965	32,107,450	73,843,791	172,175,367	B, E
2061-62		98,331,576	1,933,965	32,107,450	73,843,791	172,175,367	B, E

(1) Assessor reported values for FY 2023-24.

(2) Reported FY 2023-24 assessed values held flat in future years.

Values in grey do not contribute to tax increment as collection has not commenced or is expired.

Table 18. Projection of Assessed Values, 2% Growth Projection							
Fiscal Year	Projection of Assessed Values by Project Area					Incremental Assessed Value for Project Areas Projected to Collect Tax Increment (Base year AV = $0)	
	Area A	Area B	Area C	Area D	Area E	AV Total	Areas
2023-24(1)	$314,688,909	$98,331,576	$1,933,965	$32,107,450	$73,843,791	$486,864,276	A, B, E
2024-25	320,982,687	100,298,208	1,972,644	32,749,599	75,320,667	496,601,562	A, B, E
2025-26	327,402,341	102,304,172	2,012,097	33,404,591	76,827,080	506,533,593	A, B, E
2026-27	333,950,388	104,350,255	2,052,339	34,072,683	78,363,622	516,664,265	A, B, E
2027-28	340,629,395	106,437,260	2,093,386	34,754,136	79,930,894	526,997,550	A, B, E
2028-29	347,441,983	108,566,005	2,135,254	35,449,219	81,529,512	537,537,501	A, B, E
2029-30	354,390,823	110,737,326	2,177,959	36,158,204	83,160,102	548,288,251	A, B, E
2030-31	361,478,640	112,952,072	2,221,518	36,881,368	84,823,304	559,254,016	A, B, E
2031-32	368,708,212	115,211,113	2,265,948	37,618,995	86,519,770	570,439,096	A, B, E
2032-33	376,082,377	117,515,336	2,311,267	38,371,375	88,250,166	581,847,878	A, B, E
2033-34	383,604,024	119,865,642	2,357,493	39,138,802	90,015,169	593,484,836	A, B, E
2034-35	391,276,105	122,262,955	2,404,642	39,921,578	91,815,473	605,354,532	A, B, E
2035-36	399,101,627	124,708,214	2,452,735	40,720,010	93,651,782	617,461,623	A, B, E
2036-37	407,083,659	127,202,379	2,501,790	41,534,410	95,524,818	629,810,856	A, B, E
2037-38	415,225,332	129,746,426	2,551,826	42,365,098	97,435,314	642,407,073	A, B, E
2038-39	423,529,839	132,341,355	2,602,862	43,212,400	99,384,020	655,255,214	A, B, E
2039-40	432,000,436	134,988,182	2,654,920	44,076,648	101,371,701	668,360,318	A, B, E
2040-41	440,640,445	137,687,946	2,708,018	44,958,181	103,399,135	681,727,525	A, B, E
2041-42	449,453,253	140,441,704	2,762,178	45,857,345	105,467,117	695,362,075	A, B, E
2042-43	458,442,319	143,250,539	2,817,422	46,774,492	107,576,460	709,269,317	A, B, E
2043-44	467,611,165	146,115,549	2,873,770	47,709,982	109,727,989	771,164,685	A, B, D, E
2044-45	476,963,388	149,037,860	2,931,246	48,664,181	111,922,549	786,587,979	A, B, D, E
2045-46	486,502,656	152,018,617	2,989,871	49,637,465	114,161,000	802,319,738	A, B, D, E
2046-47	496,232,709	155,058,990	3,049,668	50,630,214	116,444,220	818,366,133	A, B, D, E
2047-48	506,157,363	158,160,170	3,110,661	51,642,819	118,773,104	834,733,456	A, B, D, E
2048-49	516,280,510	161,323,373	3,172,875	52,675,675	121,148,566	851,428,125	A, B, D, E
2049-50	526,606,121	164,549,840	3,236,332	53,729,188	123,571,537	868,456,687	A, B, D, E
2050-51	537,138,243	167,840,837	3,301,059	54,803,772	126,042,968	885,825,821	A, B, D, E
2051-52	547,881,008	171,197,654	3,367,080	55,899,848	128,563,828	903,542,337	A, B, D, E
2052-53	558,838,628	174,621,607	3,434,421	57,017,845	131,135,104	921,613,184	A, B, D, E
2053-54	570,015,401	178,114,039	3,503,110	58,158,201	133,757,806	940,045,448	A, B, D, E
2054-55	581,415,709	181,676,320	3,573,172	59,321,366	136,432,962	958,846,357	A, B, D, E
2055-56	593,044,023	185,309,846	3,644,636	60,507,793	139,161,622	978,023,284	A, B, D, E
2056-57	604,904,903	189,016,043	3,717,528	61,717,949	141,944,854	997,583,749	A, B, D, E
2057-58	617,003,001	192,796,364	3,791,879	62,952,308	144,783,751	1,017,535,424	A, B, D, E
2058-59	629,343,061	196,652,292	3,867,716	64,211,354	147,679,426	1,037,886,133	A, B, D, E
2059-60		200,585,337	3,945,071	65,495,581	150,633,015	416,713,933	B, D, E
2060-61		204,597,044	4,023,972	66,805,493	153,645,675	425,048,212	B, D, E
2061-62		208,688,985	4,104,452	68,141,602	156,718,588	433,549,176	B, D, E

(1) Assessor reported values for FY 2023-24.

(2) Projection for FY 2024-25 forward based on 2% maximum annual increase under Prop 13.

Values in grey do not contribute to tax increment as collection has not commenced or is expired.

9.0 CAVEATS AND LIMITATIONS

The projections reflect assumptions based on KMA's understanding of the assessment and tax apportionment procedures employed by the Assessor and Controller, respectively. These procedures are subject to change as a reflection of policy revisions or administrative, regulatory, or legislative mandate. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections. Assumptions have also been made that no changes to State legislation are enacted to change or eliminate the allocation of IRFD tax increment revenues. These assumptions are based on existing State policies and are subject to future regulatory or legislative changes.

No assurances are provided by KMA or the City as to the certainty of the projected tax increment and assessed values incorporated into this report. Actual revenues may be higher or lower than what has been projected and are subject to valuation changes resulting from new developments or transfers of ownership not specifically identified herein, actual resolution of outstanding appeals, future filing of appeals, changes in assessor valuation standards, or the non-payment of taxes due.

KMA is not advising or recommending any action be taken by the City, TIDA, or IRFD No. 1 with respect to any prospective new or existing municipal financial products or issuance of municipal securities (including with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues). KMA is not acting as a municipal advisor and does not assume any fiduciary duty, including, without limitation, a fiduciary duty pursuant to Section 15B of the Exchange Act. The City and TIDA should discuss any such information and material contained in this report with internal and/or external advisors and experts, including its own municipal advisors, that it deems appropriate before acting on the information.

Table 19. Assessed Value History

	2018-19	2019-20	2020-21	2021-22 (1)	2022-23	2023-24
Project Area A	*TI Trigger (2)*	*<-------------------------- TI collection commenced*			*---------------------------->*	
Land	68,568,818	70,090,194	90,611,492	163,404,923	169,727,537	173,645,008
Structure	0	0	11,474,105	37,710,000	117,354,086	141,043,901
Subtotal	68,568,818	70,090,194	102,085,597	201,114,923	287,081,623	314,688,909
Project Area B				TI Trigger (2)	TI Commenced	
Land	4,883,740	5,054,967	5,155,625	47,700,000	52,177,932	90,015,376
Structure	0	0	0	0	0	8,316,200
Subtotal	4,883,740	5,054,967	5,155,625	47,700,000	52,177,932	98,331,576
Project Area E				TI Trigger (2)	TI Commenced	
Land	577,630	972,038	991,477	25,900,000	26,795,314	43,886,977
Structure	0	0	0	0	6,266,026	29,956,814
Subtotal	577,630	972,038	991,477	25,900,000	33,061,340	73,843,791
Project Area C						
Land	1,768,367	1,803,733	1,839,808	1,858,868	1,896,045	1,933,965
Structure	0	0	0	0	0	0
Subtotal	1,768,367	1,803,733	1,839,808	1,858,868	1,896,045	1,933,965
Project Area D						
Land	2,848,093	2,448,642	2,497,179	2,523,048	31,477,893	32,107,450
Structure	0	0	0	0	0	0
Subtotal	2,848,093	2,448,642	2,497,179	2,523,048	31,477,893	32,107,450
Total - All Project Areas						
Land	78,646,648	80,369,574	101,095,581	241,386,839	282,074,721	341,588,776
Structure	0	0	11,474,105	37,710,000	123,620,112	179,316,915
Subtotal	78,646,648	80,369,574	112,569,686	279,096,839	405,694,833	520,905,691
Project Areas Where Increment Collection is Commenced (2)						
Applicable Project Areas	N/A	A	A	A	A, B, E	A, B, E
Land	**0**	**70,090,194**	**90,611,492**	**163,404,923**	**248,700,783**	**307,547,361**
Structure	**0**	**0**	**11,474,105**	**37,710,000**	**123,620,112**	**179,316,915**
Subtotal	**0**	**70,090,194**	**102,085,597**	**201,114,923**	**372,320,895**	**486,864,276**

(1) Includes $115,203,884 in escape roll assessed value and reflects a roll correction that reduced the FY 2021-22 assessed value of two parcels by a combined by $2,846,434.

(2) Collection of TI commences in the year following the year in which the applicable tax increment trigger amount is reached, $150,000 for areas A, B, E and $300,000 for areas C and D.

Note: Assessed value and incremental assessed value are the same as the base year assessed value is zero. Unsecured roll assessed value is zero for all applicable years.

Source: Assessor.

Values in grey do not contribute to tax increment in the applicable years.

Table 20. IRFD No. 1 FY 2023-24 Assessed Values by Block and APN					
	Development		FY 2023-24 Assessor Reported Assessed Value		
IRFD Area	Block	APN	Land	Improvements	Total
A	1Y	8948-001	$81,966,873	$0	$81,966,873
A	2Y-H	8949-002	$0	$0	$0
A	3Y	8952-001	$17,161,629	$1,649,619	$18,811,248
A	4Y	8954-004	$24,989,235	$33,351,202	$58,340,437
A	4Y (Bristol)	8954-059 through 182	$49,527,271	$106,043,080	$155,570,351
B	B1	8901-003	$9,376,580	$0	$9,376,580
B	B1	8901-004	$4,109,580	$0	$4,109,580
B	C2.2 (Hawkins)	8903-004	$21,031,696	$3,114,115	$24,145,811
B	C2.3	8904-004	$11,444,400	$0	$11,444,400
B	C3.3/C3.4 (Portico)	8906-009	$44,053,120	$5,202,085	$49,255,205
E	C2.4 (Isle House)	8904-005	$43,886,977	$29,956,814	$73,843,791
E	n/a	1939 112	$0	$0	$0
E	n/a	1939 177	$0	$0	$0
E	n/a	1939 178	$0	$0	$0
E	n/a	1939 179	$0	$0	$0
E	C2-H	1939-180	$0	$0	$0
C	C1.1&2	8902-004	$1,933,965	$0	$1,933,965
D	C2.1	8903-003	$1,311,610	$0	$1,311,610
D	C3.5	8906-007	$30,473,316	$0	$30,473,316
D	C3.5	8906-008	$322,524	$0	$322,524
Total - All Project Areas			$341,588,776	$179,316,915	$520,905,691
Total - Project Areas Collecting TI in FY 2023-24 (1)			$307,547,361	$179,316,915	$486,864,276

Source: Assessor

(1) Total assessed value for Project Areas A, B, and E for which tax increment allocation has commenced as of FY 2023-24.

Values in grey do not contribute to tax increment in FY 2023-24.

Treasure Island Board of Directors

Treasure Island Bonds & Due Diligence

Informational Item No. 7: City Attorney Memorandum and FAQs for TIDA Board Members related to the

(1) Preliminary Official Statement for City & County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2023 for Improvement Area No. 2

(2) Preliminary Official Statement for City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023

November 8, 2023

City & County of San Francisco

Treasure Island Development Authority

Proposed Actions by the Board of Supervisors

SPECIAL TAX BONDS (COMMUNITY FACILITIES DISTRICT)

- Resolution Authorizing the Issuance of Improvement Area No. 2 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds Not to Exceed $17,000,000

TAX INCREMENT REVENUE BONDS (INFRASTRUCTURE REVITALIZATION FINANCING DISTRICT)

- Resolution Authorizing the Issuance of City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds Not to Exceed $10,000,000

- Ordinance appropriating $1,540,000 in Tax Increment Revenue Bond Proceeds in Treasure Island Infrastructure and Revitalization Financing District – FY2023-24

Milestones for Community Facilities District (CFD) and Infrastructure and Revitalization Financing District (IRFD)

- **June 2011** – Disposition and Development Agreement signed
- **January 2017** – Community Facilities District (CFD) and Infrastructure and Revitalization Financing District (IRFD) formed by Board of Supervisors to facilitate future funding of the Project
- **October 2020** – First CFD bond issuance for Improvement Area No. 1 in the amount of $17.135 million
- **July 2021** – Second CFD bond issuance for Improvement Area No. 1 in the amount of $41.340 million
- **January 2022** – First CFD bond issuance for Improvement Area No. 2 in the amount of $25.13 million; third CFD bond issuance overall for Treasure Island Project
- **September 2022 –** First IRFD bond issuance for the Infrastructure and Revitalization Financing District No. 1 in the amount of $25.39 million
- ***November 2023*** *– Board of Supervisors considers approval of second issuance of Improvement Area No. 2 Special Tax Bonds (CFD Bonds) in amount Not to Exceed $17 million; fourth CFD issuance overall*
- ***November 2023*** *– Board of Supervisors considers approval of second issuance of Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds (IRFD Bonds) in an amount Not to Exceed $10 million; second IRFD issuance overall)*
- **December 2023/January 2024** – Proposed CFD Bonds and IRFD Bonds price and close

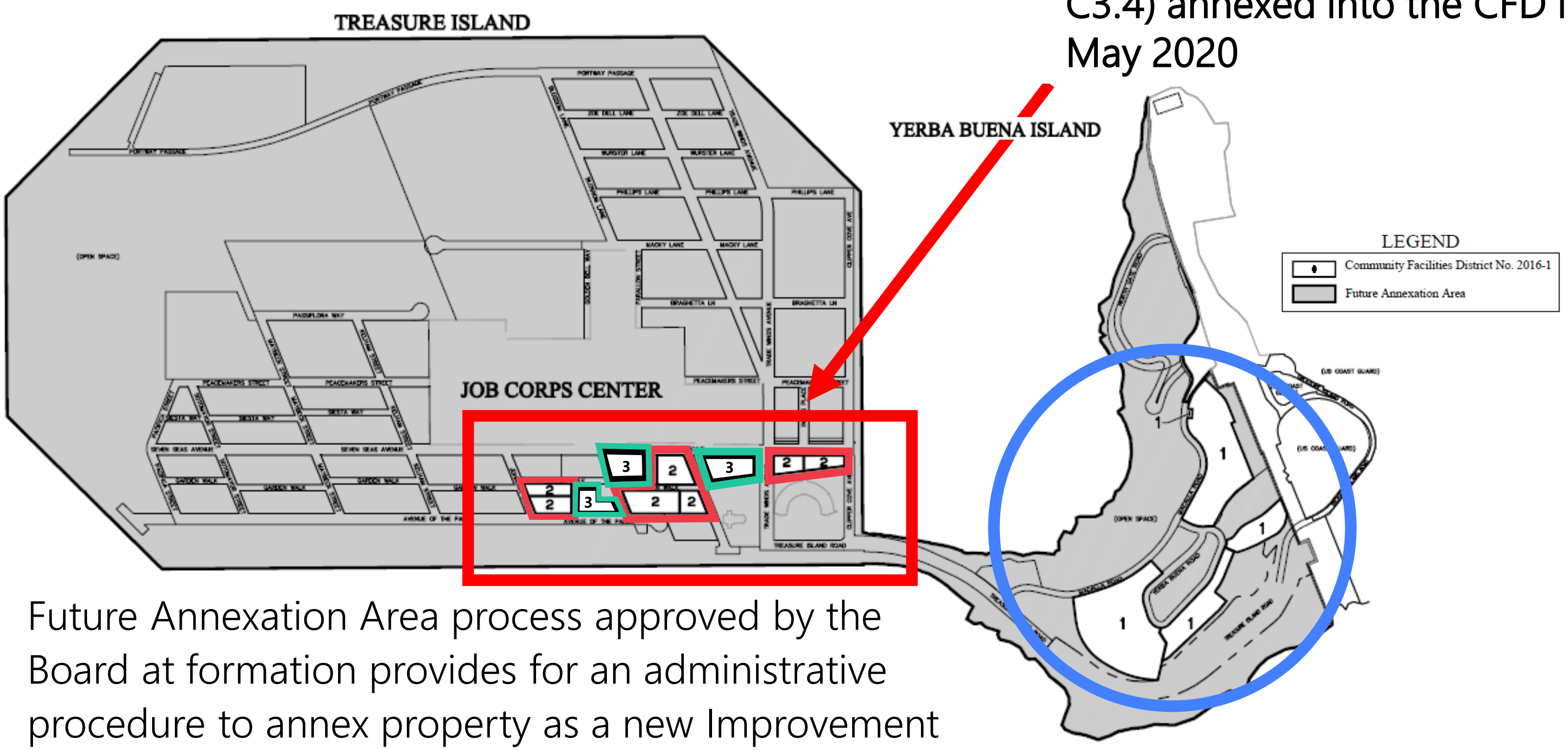
Overview of the Treasure Island CFD

The Treasure Island Community Facilities District (CFD) will:

- Levy a *supplemental* special tax on properties within the specified district
- Tax based on gross square footage of land use – commercial/retail, hotel, or residential type (townhome, low-, mid-, or high-rise)
- Fund eligible infrastructure expenses with a useful life of five years or more
- Issue special tax bonds secured by special taxes to:
    - Reimburse Treasure Island Community Development ("TICD") for eligible developer public infrastructure costs
    - Finance a future capital reserve for sea level rise adaptations
    - Provide on-going revenue stream to fund maintenance of TIDA facilities, parks, and open spaces
    - Pay for administrative costs of the CFD
- Cannot be used to fund affordable housing (although the IRFD can)
- Provides for multiple Improvement Areas primarily to align with project phasing

Treasure Island CFD Boundary Map

- Improvement Area No. 2 (IA No. 2) consists of five development parcels (B1, C2.2, C2.3, C2.4 and C3.4) annexed into the CFD in May 2020

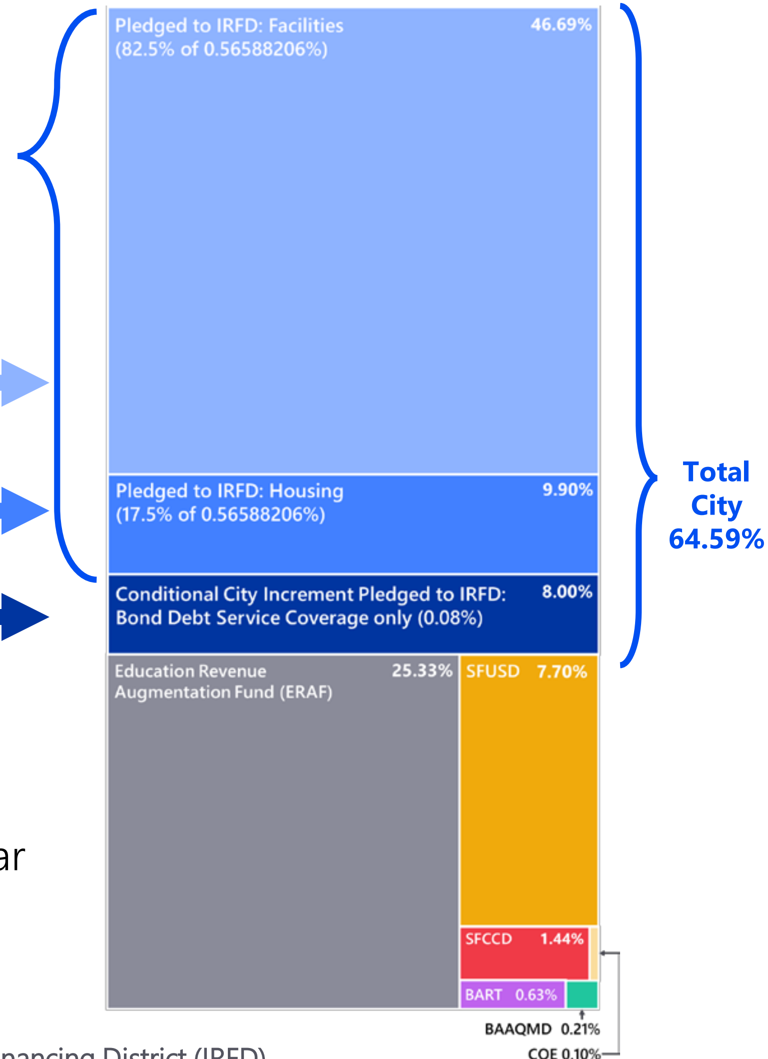


- Future Annexation Area process approved by the Board at formation provides for an administrative procedure to annex property as a new Improvement Area or into an existing one
- As part of the CFD formation, the Initial CFD Formation Area limited to YBI Development Parcels (1Y, 2Y-H, 3Y, 4Y) as **Improvement Area No. 1 (IA No. 1)**
- In January 2021, property annexed into **Improvement Area No. 3 (IA No. 3)**

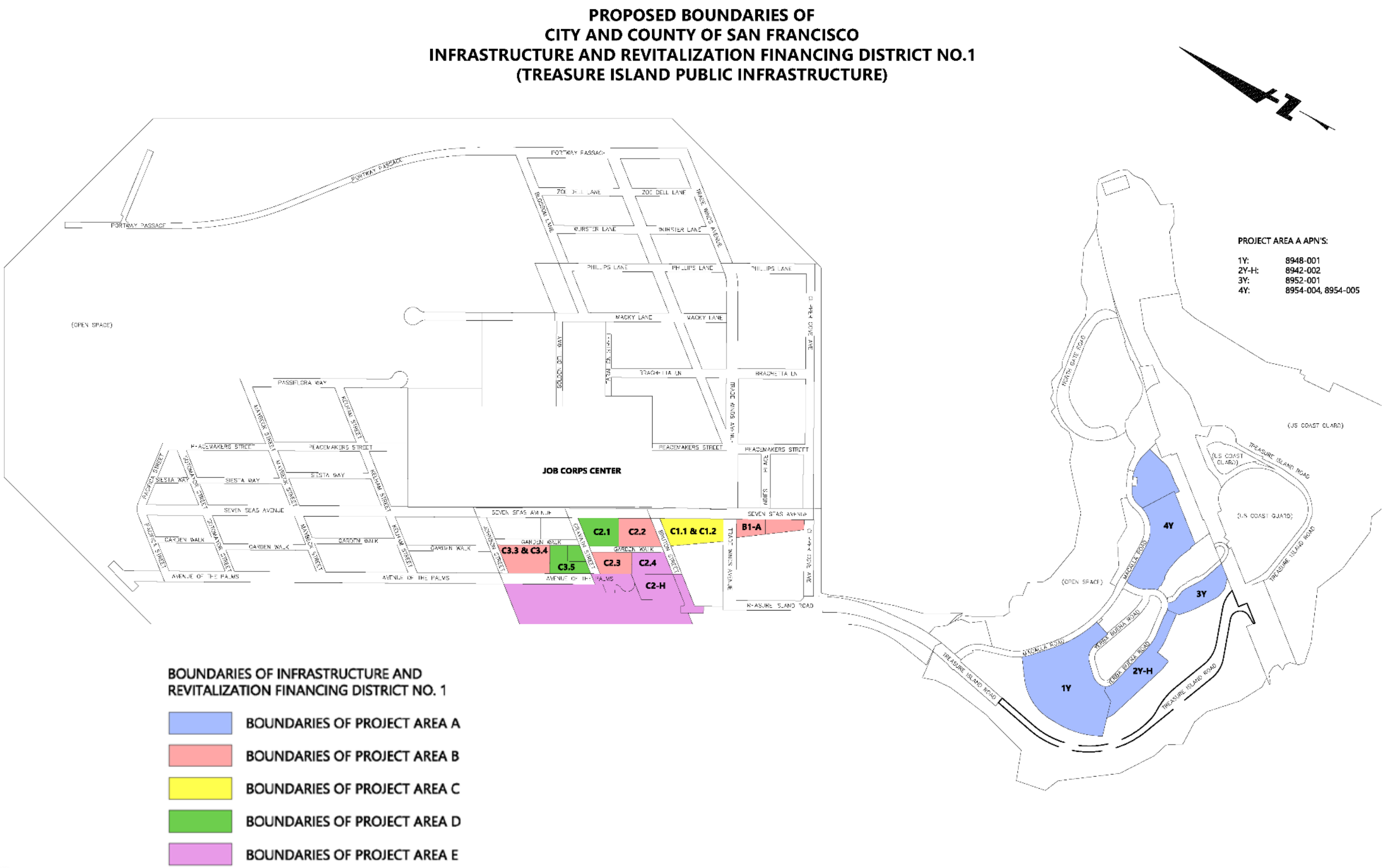
Overview of Treasure Island Infrastructure Revitalization Financing District (IRFD)

- City has pledged a portion its incremental ad valorem property taxes collected on properties within the IRFD (56.588206% of the 1%, **“Net Available Increment“**) to finance:
  - <u>82.5%</u> will reimburse eligible developer public infrastructure costs (“2023A Facilities Bonds”)
  - <u>17.5%</u> will provide funding for affordable housing (“2023B Housing Bonds”)
- The City’s remaining (8.00% of the 1%) portion of its share of property tax increment is pledged to the IRFD to provide *additional* debt service coverage
  - Funds will return to the general fund each year if not needed to cover revenue shortfalls due to declines in assessed value

Apportionment of 1.00% Ad Valorem property tax



Map of the Treasure Island IRFD



CFD & IRFD Bonds - Use of Proceeds

PROJECT FUNDS

CFD Bonds ($11.8M) – Expected reimbursement of qualified project costs of the developer including but not limited to permitting and asset acceptance costs and predevelopment costs attributable to supporting public infrastructure

IRFD Bonds

- **Facilities (2023A, $5.85M):** Expected reimbursement of qualified project costs of the developer including but not limited to geotechnical work conducted and attributable to supporting public infrastructure
- **Housing Bonds (2023B, $1.23M):** Planned source for affordable housing loan to support predevelopment work on 150 units affordable housing project constructed by John Stewart Company and Catholic Charities on Treasure Island ("TI Parcel IC4.3 Project")

DEBT SERVICE RESERVE FUND

- Contribute to debt service reserve funds projected to equal maximum annual debt service on the combined outstanding and proposed Bonds

FINANCING COSTS

- Costs incurred in the formation of the IRFD and preparing the financing including but not limited to City administrative fees, legal fees, advisory fees, and underwriter's discount

CFD & IRFD Bond Structure & Limitations

<u>CFD Bonds</u>: Special taxes levied on properties in IA No. 2 in accordance with the Rate and Method of Apportionment ("RMA") adopted at formation will be used to fund debt service and administrative expenses

- *Bonds are secured by pledge of special taxes levied on property in IA No. 2*
- Aggregate annual debt service coverage of at least 110%
- Debt service escalates at approximately 2% per year, in accordance with the 2% per year escalation of the special taxes, per the RMA
- An Additional Special Tax Reserve Fund will be available to pay debt service on the Bonds until a release test has been satisfied, which is expected to be tied to commencement of construction on Sub-Block B1

<u>IRFD Bonds</u>: Sized to leverage the respective share of just the FY2023-24 Net Available Increment without no assumptions of AV growth (0%, level debt service) or future development that would not otherwise be on this year's property tax roll (as of Jan. 1, 2023)

- *Bonds are secured by Pledged Tax Increment as applicable to each of the Facilities Bonds and the Housing Bonds*
- Aggregate annual debt service coverage of at least 125%

CFD: Improvement Area No. 2 (Treasure Island) – Parcels

Improvement Area No. 2 (IA No. 2) consists of five development parcels*:

Sub-block	Merchant Builder	Development Description	Development Status
B1	Poly	Rental Residential Apts	Site permit issued; start of construction TBD
C2.2	Lennar	Rental Residential Apts	Under construction; completion expected
C2.3	Poly	For-sale Residential Condos	Site permit issuance TBD
C2.4	Stockbridge/Wilson Meany JV	Rental Residential Apts	Under construction; completion expected
C3.4	Stockbridge/Wilson Meany/Lennar JV	For-sale Residential Condos	Under construction; completion expected January

* Completion dates are preliminary, subject to change

Source: Treasure Island Master Developer

CFD: Value-to-Lien (VTL) by Parcel in Improvement Area No. 2

FY 2023-24 ACTUAL SPECIAL TAX REVENUE & SUMMARY OF VTL RATIOS*
(DEVELOPMENT STATUS AS OF JUNE 30, 2023)

Development Status & Sub-Block	Appraised Value	FY 2023-24 Actual Special Tax Levy	Allocated Bond Debt	Average VTL
Developed Property				
Sub-Block B1	$10,500,000	$323,153	$4,198,750	2.50
Sub-Block C2.4	$99,900,000	$612,226	$7,954,686	12.56
Sub-Block C2.2	$37,300,000	$433,849	$5,637,027	6.62
Sub-Block C3.4	$46,900,000	$1,000,100	$12,994,364	3.61
Vertical DDA Property				
Sub-Block C2.3	$25,300,000	$708,469	$9,205,173	2.75
Total	**$219,900,000**	**$3,077,797**	**$39,990,000**	**5.50**

* Preliminary, subject to change

IRFD: Historical Tax Increment within IRFD

FY2019-20 THRU FY 2021-23 ACTUAL HISTORIC TAX INCREMENT ALLOCATIONS

Historic Tax Increment Distributed to the IRFD District

Historic Allocations of Tax Increment to IRFD No. 1						
City 1% Portion	Active Project Areas	Dedicated & Pledged to IRFD 56.588206%			City Conditional 8.000000%	Total City Increment* 64.588206%
Fiscal Year		82.50% Facilities	17.50% Housing	Total	Conditional	Total City
2019-20	A	$327,218	$69,410	$396,628	$56,072	$452,700
2020-21	A	$471,256	$99,963	$571,219	$80,755	$651,974
2021-22	A	$1,037,096	$219,990	$1,257,086	$177,717	$1,434,803
2022-23	A, B, E	$1,840,780	$390,468	$2,231,248	$315,437	$2,546,685
Total		**$3,676,350**	**$779,832**	**$4,456,182**	**$629,980**	**$5,086,162**

** Net of Property Tax Admin Cost*

Proposed CFD & IRFD Bonds – Risk Factors

- The proposed CFD & IRFD Bonds will be sold without a rating (non-rated)
- Certain risk factors associated with the Bonds are discussed in the "Special Risk Factors" on pg. 82-102 of the CFD Preliminary Official Statement (POS) and "Risk Factors" on pg. 71-86 of the IRFD Preliminary Official Statement (POS)
- Unique real estate risks associated with non-rated land secured bonds are discussed in the Preliminary Official Statement(s), including:
  - Adverse changes in local market conditions which may impact future development and special tax payments (CFD)
  - Reduction in tax base and assessed values (IRFD)
  - Concentration of property ownership
  - Failure to develop properties
- Other significant risk factors include: COVID-19, seismic risks, and sea level rise
- The CFD & IRFD Bonds are limited obligations of the City, secured by and payable solely from a pledge of the special taxes levied in Improvement Area No. 2.
  - The General Fund of the City is not liable for the payment of principal or interest on the Bonds, and the credit of the City is not pledged to the payment of the Bonds
- For the CFD Bonds, the City has covenanted, under certain circumstances, to commence judicial foreclosure proceedings with respect to delinquent special taxes on property within Improvement Area No. 2, and will diligently pursue such proceedings to completion

The Preliminary Official Statement

- Board members have a responsibility under federal securities laws to ensure that staff is aware of information that board members may have unique in their capacity as board members that would have a material bearing of the capacity of the CFD/IRFD to repay the bonds
  - SF Board of Supervisors is the governing body of the CFD/IRFD and approves the issuance of bonds and the form of the Preliminary Official Statement (delegating final authority to Controller's Office)
  - The role and intent of review by the TIDA Board is to confirm that none of the content provided is misleading to potentials investors and relevant information is not withheld from potential investors

- In connection with the Bonds, Staff has prepared a preliminary official statement ("POS") for prospective investors. The POS describes:
  - i. The terms of the Bonds
  - ii. Sources of repayment and the security for the Bonds
  - iii. Information about the CFD/IRFD and its operations and financial ability of the CFD/IRFD to make timely payments of principal of and interest on the Bonds.
  - iv. Risk Factors related to investment in CFD/IRFD bonds

- Prior to the distribution of the Preliminary Official Statement ("POS") (and final Official Statement), the disclosure will have been thoroughly and critically reviewed by TIDA and City and staff (in consultation with the City/TIDA's professional advisors, including Disclosure Counsel) to provide the most current material financial and other material information available.

Preliminary Official Statement for CFD & IRFD Bonds

- To clarify the role and responsibilities of the TIDA Board, TIDA staff is providing the following materials for the review of Preliminary Official Statements and Official Statements in connection with the Bonds:

    1. **Exhibit A**: letter memorandum, prepared by the City Attorney's Office and Norton Rose Fulbright (US) LLP (Disclosure Counsel), summarizing securities law disclosure responsibilities that TIDA Board members should be aware of during their review of the Preliminary Official Statement

    2. **Exhibit B**: "FAQs" that TIDA Board members may have in connection with their review of Preliminary Official Statement for the CFD Bonds

    3. **Exhibit C**: "FAQs" that TIDA Board members may have in connection with their review of Preliminary Official Statement for the IRFD Bonds

    4. **Exhibit D**: Draft Preliminary Official Statement Improvement Area No. 1 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) Special Tax Bonds, Series 2023; Draft Continuing Disclosure Certificate

    5. **Exhibit E**: Draft Preliminary Official Statement for City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) Tax Increment Revenue Bonds, Series 2023AB; Draft Continuing Disclosure Certificate

Preliminary Official Statement for CFD Bonds

EXAMPLE QUESTIONS FOR TIDA BOARD MEMBERS:

- Do I have knowledge of any other events that could affect deliberations of a reasonable investor?
- Have such risks and events been brought to the attention of our staff, disclosure counsel, bond counsel and other professionals? **(See Questions #6-10 in "FAQ" memo)**
- Have such risks and events been disclosed, and, if not, what is the rationale for the non-disclosure? **(See "SPECIAL RISK FACTORS" in the Preliminary Official Statement)**
- Have you seen any "red flags" in the Official Statement that should be brought to attention of TIDA finance staff/City Attorney or for which I, as a TIDA Board Member, would like a further explanation?
- Does City have written disclosure controls and procedures? If so, have procedures been followed in preparing the disclosure document? **(See Question #11 in "FAQ" memo)**
- Do I have a reasonable basis to believe in the integrity and competence of finance professionals?
- Do I know anything that would cause me to question the accuracy of the disclosure or that would indicate that there is a risk that those disclosures may be misleading?

Timeline for Review & Comment on the CFD & IRFD Preliminary Official Statement

- **Nov. 8th** – Presentation on draft CFD and IRFD Preliminary Official Statement(s) to TIDA Board members
- **Nov. 15th** – Board of Supervisors Budget & Finance Committee
- **Nov. 21st** – San Francisco Board of Supervisors Approval of Bond Issuance and form of the CFD & IRFD Preliminary Official Statements
  - Board of Supervisors delegates authority to the Controller's Office to finalize and distribute Preliminary Official Statement
- **Wednesday, November 22nd** – Deadline for final comments by TIDA Board members to TIDA staff
- **Week of November 27th** – Preliminary Official Statement is finalized and distributed to potential investors
- **Mid-December** – price/sell of CFD & IRFD Bonds
- **Late December / Early January** – closing/funding date of CFD & IRFD Bonds

DISCUSSION

Proposed CFD Bonds - Estimated Sources & Uses

ESTIMATED FINANCING TERMS

- Final Maturity of September 1, 2052
- Estimated True Interest Cost: 6.56%
- Estimated Bond Proceeds: $11.8M
- Estimated Financing Costs: $766K
- Estimated Total Debt Service: $32.6M

Source: Stifel, Nicolaus & Co, Inc.
Market conditions as of October 2023

SOURCES & USES

Sources:	
Par Amount	$14,380,000
Original Issue Discount	(333,824)
Est Special Taxes on Hand	(634,454)
Total Sources	**$14,680,630**
Uses:	
Project Fund	$11,797,433
Deposit to Parity Reserve	1,483,033
Additional Special Tax Reserve	634,454
Delivery Date Expenses	
Cost of Issuance	$550,000
Underwriter's Discount	$215,700
Total Uses	**$14,680,630**

Proposed IRFD Bonds – Estimated Sources & Uses

EST. FINANCING TERMS

2023A & 2023B Bonds

- Final Maturity: Sept. 1, 2053
- Est. True Interest Cost: 6.40%
- Est. Bond Proceeds: $7.1M
- Est. Financing Costs: $678K
- Est. Total Debt Service: $19.6M

Source: Stifel, Nicolaus & Co, Inc.
Market conditions as of October 2023

SOURCES & USES

Sources:	2023A Facilities Bonds	2023B Housing Bonds	Total Bonds
Bond Proceeds			
Estimated Par Amount	$7,035,000	$1,480,000	$8,515,000
Original Issue Discount	-143,833	-30,365	-174,198
Total Sources	**$6,891,167**	**$1,449,635**	**$8,340,802**
Uses:			
Project Fund	$5,845,088	$1,228,064	$7,073,152
Debt Service Reserve Fund	486,150	103,775	589,925
Delivery Date Expenses			
Cost of Issuance	454,404	95,596	550,000
Underwriter's Discount	105,525	22,200	127,725
Total Uses	**$6,891,167**	**$1,449,635**	**$8,340,802**