Resolution declaring the intention of the Board of Supervisors to establish City and County of San Francisco Special Tax District No. 2018-1 (Central SoMa); ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on January 15, 2019, at 3:00 p.m.; and determining other matters in connection therewith.

WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (the “Code”), which Code incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”), this Board of Supervisors is authorized to establish a special tax district and to act as the legislative body for a special tax district; and

WHEREAS, The Central SoMa planning area (the “Central SoMa Plan Area”) runs from 2nd Street to 6th Street, Market Street to Townsend Street, exclusive of those areas that are part of the Downtown Plan or in the C-3 zoning districts; and

WHEREAS, In 2008, the City adopted the Eastern Neighborhoods Plan, including new land use controls and proposed community improvements for the eastern part of the South of Market neighborhood (“SoMa”), as well as the Central Waterfront, Mission, and Showplace Square/Potrero Hill neighborhoods, and the City determined that the development potential of the industrially-zoned part of East SoMa, coupled with the improved transit to be provided by the Central Subway, necessitated a subsequent, focused planning process that took into account the city’s growth needs and City and regional environmental goals, such planning culminating in the development of the Central SoMa Plan; and

WHEREAS, Since that time, the Planning Department released a draft Plan and
commenced environmental review as required by the California Environmental Quality Act
("CEQA") in April 2013, released an Initial Study in February of 2014, released a revised Draft
Plan and Implementation Strategy in August 2016, released the Draft Environmental Impact
Report in December 2016, and released Responses to Comments on the Draft Environmental
Impact Report in March 2018; and

WHEREAS, The vision of the Central SoMa Plan is to create a sustainable
neighborhood by 2040, where the needs of the present are met without compromising the
ability of future generations to meet their own needs, and the Central SoMa Plan seeks to
achieve sustainability in each of its aspects – social, economic, and environmental – which
will require implementing the following three strategies: 1) Accommodate growth, 2) Provide
public benefits; and 3) Respect and enhance neighborhood character; and

WHEREAS, The Central SoMa Plan will accommodate development capacity for up
to 32,500 jobs and 8,570 housing units by removing much of the Plan Area's industrially-
protective zoning and increasing height limits on many of the Plan Area’s parcels; and

WHEREAS, The Planning Commission conducted a duly noticed public hearing on
May 10, 2018 in accordance with Planning Code Section 340(c), to consider the General Plan
Amendment, Planning Code and Administrative Code Amendment, Zoning Map Amendment,
and Implementation Program related to the Central SoMa Plan Area, and at such hearing, the
Commission voted to recommend approval with modifications to the various ordinances, in
Planning Commission Resolutions No. 20183, 20184, 20185, 20186, and 20187; and

WHEREAS, The Planning Commission conducted a duly noticed public hearing on
May 10, 2018 to review and consider the Final Environmental Impact Report for the Central
SoMa Plan ("Final EIR") and found the Final EIR to be adequate, accurate and objective, thus
reflecting the independent analysis and judgment of the Planning Department and the
Commission, and that the summary of comments and responses contained no significant
revisions to the Draft EIR, and by Motion No. 20182 certified the Final EIR for the Central
SoMa Plan as accurate, complete, and in compliance with CEQA, the CEQA Guidelines, and
Chapter 31 of the San Francisco Administrative Code; by Resolution No. 20183, the Planning
Commission approved CEQA Findings, including a statement of overriding considerations,
and adoption of a Mitigation Monitoring and Reporting Program (“MMRP”), under Case
No. 2011. 1356E, for approval of the Central SoMa Plan; and

WHEREAS, This Board of Supervisors wishes to proceed with the establishment of a
special tax district in order to finance costs of public infrastructure and other authorized
facilities and services necessary or incidental to development of the Central SoMa Plan Area;
and

WHEREAS, This Board of Supervisors wishes to undertake the proceedings to form
the special tax district under the alternate procedures established by Section 43.10.17 of the
Code, pursuant to which a special tax district may initially consist solely of territory proposed
for annexation to the special tax district in the future, with the condition that a parcel or parcels
within that territory may be annexed to the special tax district and subjected to the special tax
only with the unanimous approval of the owner or owners of such parcel or parcels at the time
that such parcel or those parcels are annexed or in compliance with other procedures
established by the Code, and pursuant to which no additional hearings or procedures are
required, and each such unanimous approval shall be deemed to constitute a unanimous vote
in favor of the matters addressed in the unanimous approval; and

WHEREAS, This Board of Supervisors further wishes to undertake the proceedings to
authorize the issuance of bonded indebtedness and other debt (as defined in the Act) for the
special tax district under the alternate procedure established by Section 43.10.18 of the Code,
pursuant to which the proposition to authorize bonded indebtedness and other debt may be
approved by the owner or owners of a parcel or parcels of property at the time that the parcel
or parcels are annexed to the special tax district pursuant to the unanimous approval
described in 43.10.17 of the Code or in compliance with other procedures established by the
Code, and pursuant to which no additional hearings or procedures are required, and each
such unanimous approval shall be deemed to constitute a unanimous vote in favor of such
proposal; now, therefore, be it

RESOLVED, That this Board of Supervisors proposes to conduct proceedings to
establish a special tax district pursuant to the alternate procedures established in
Section 43.10.17 of the Code; and, be it

FURTHER RESOLVED, That the name proposed for the special tax district is City and
County of San Francisco Special Tax District No. 2018-1 (Central SoMa) (the “Special Tax
District”); and, be it

FURTHER RESOLVED, That the proposed boundaries of the Special Tax District are
as shown on the map of it on file with the Clerk of the Board of Supervisors, which boundaries
are hereby preliminarily approved and to which map reference is hereby made for further particulars; and, be it

FURTHER RESOLVED, That the Special Tax District shall initially consist solely of
territory proposed for annexation to the Special Tax District in the future, with the condition
that a parcel or parcels within that territory may be annexed to the Special Tax District and
subjected to a special tax only with the unanimous approval of the owner or owners of such
parcel or parcels at the time that such parcel or those parcels are annexed or in compliance
with other procedures established by the Code, without any additional hearings or procedures;
and, be it

FURTHER RESOLVED, That the Clerk of the Board of Supervisors is hereby directed
to record, or cause to be recorded, the map of the boundaries of the Special Tax District in the
office of the Assessor-Recorder for the City and County of San Francisco within 15 days of
the date of adoption of this Resolution; and, be it

FURTHER RESOLVED, That the types of facilities proposed to be financed by the
Special Tax District may consist of those facilities listed on Exhibit A hereto, which is hereby
incorporated herein ("Facilities"), subject to compliance with the Code and following any
required environmental review under the California Environmental Quality Act, and this Board
of Supervisors hereby determines that the Facilities are necessary to meet increased
demands placed upon local agencies as the result of development occurring within the
Special Tax District; and, be it

FURTHER RESOLVED, That this Board of Supervisors hereby finds and determines
that the public interest will not be served by allowing the property owners in the Special Tax
District to enter into a contract in accordance with Section 53329.5(a) of the Act, and
notwithstanding the foregoing, this Board of Supervisors, on behalf of the Special Tax District,
may enter into one or more contracts directly with any of the owners of property in the Special
Tax District with respect to the construction and/or acquisition of any portion of the Facilities;
and, be it

FURTHER RESOLVED, That the Director of the Office of Public Finance is hereby
authorized and directed to enter into joint community facilities agreements with any entity that
will own or operate any of the Facilities, as may be necessary to comply with the provisions of
the Code, and this Board of Supervisors’ approval of a joint community facilities agreement
shall be conclusively evidenced by the execution and delivery thereof by the Director of the
Office of Public Finance, and this Board of Supervisors hereby declares that such joint
agreements will be beneficial to owners of property in the area of the Special Tax District; and,
be it

FURTHER RESOLVED, That the types of services proposed to be financed by the
Special Tax District may consist of those services listed on Exhibit A hereto ("Services"), subject to compliance with the Code and following any required environmental review under the California Environmental Quality Act; and, be it

FURTHER RESOLVED, That this Board of Supervisors hereby determines that the Services are necessary to meet increased demands for such services placed upon local agencies as the result of development occurring within the area of the Special Tax District; and, be it

FURTHER RESOLVED, That except to the extent that funds are otherwise available, the City will levy a special tax (the "Special Tax") to pay directly for the Facilities and the Services and to pay the principal of and interest on bonds and other debt of the City issued for the Special Tax District to finance the Facilities; and, be it

FURTHER RESOLVED, That the Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the Special Tax District, will be levied annually within the Special Tax District, and collected in the same manner as ordinary ad valorem property taxes, or in such other manner as this Board of Supervisors or its designee shall determine, including direct billing of the affected property owners in the Special Tax District; and, be it

FURTHER RESOLVED, That the proposed rate and method of apportionment of the Special Tax among the parcels of real property within the Special Tax District, in sufficient detail to allow each owner of property within the Special Tax District to estimate the maximum amount such owner will have to pay, is described in Exhibit B attached hereto and hereby incorporated herein (the "Rate and Method"); and, be it

FURTHER RESOLVED, That the Special Tax to be levied in the Special Tax District shall not be levied in the Special Tax District to finance Facilities after the fiscal year established therefor in the Rate and Method, except that a Special Tax that was lawfully
levied in or before the final tax year and that remains delinquent may be collected in subsequent years; under no circumstances shall the Special Tax levied against any parcel in the Special Tax District to finance Facilities in any fiscal year used for private residential purposes be increased in that fiscal year as a consequence of delinquency or default by the owner or lessee of any other parcel or parcels within the Special Tax District by an amount that exceeds any limits established in the Code; and, be it

FURTHER RESOLVED, That this Board of Supervisors hereby finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to ad valorem property taxes and schools financed by a special tax district) are inapplicable to the proposed Special Tax District; and, be it

FURTHER RESOLVED, That the Special Tax shall be levied on a parcel or parcels in the Special Tax District only with the written unanimous approval of the owner or owners of the parcel or parcels to their annexation to the Special Tax District or in compliance with other procedures established by the Code, without any requirement for further public hearings or additional proceedings; the unanimous approval shall be in substantially the form and substance of the Unanimous Approval attached hereto as Exhibit C, or such other form authorized by the Director of the Office of Public Finance; and, be it

FURTHER RESOLVED, That except as may otherwise be provided by law or by the Rate and Method, all lands owned by any public entity, including the United States, the State of California and/or the City, or any departments or political subdivisions thereof, shall be omitted from the levy of the Special Tax to be made to cover the costs and expenses of the Facilities, the Services or the Special Tax District; in the event that a portion of the property within the Special Tax District shall become for any reason exempt, wholly or in part, from the levy of the Special Tax, this Board of Supervisors will, on behalf of the Special Tax District, increase the levy to the extent necessary upon the remaining property within the Special Tax
District which is not exempt in order to yield the required debt service payments and other annual expenses of the Special Tax District, if any, subject to the provisions of the Rate and Method; and, be it

FURTHER RESOLVED, That it is the intention of this Board of Supervisors, acting as the legislative body for the Special Tax District, to cause bonds and other debt of the City to be issued for the Special Tax District pursuant to the Code to finance and refinance in whole or in part the construction and/or acquisition of the Facilities, and the bonds and other debt shall be in the aggregate principal amount of not to exceed $5,300,000,000, shall be issued in such series and bear interest payable semi-annually or in such other manner as this Board of Supervisors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds and other debt, and shall mature not to exceed 40 years from the date of the issuance thereof; and, be it

FURTHER RESOLVED, That the Director of the Office of Public Finance, as the officer having charge and control of the Facilities and Services, or the designee of such officer, is hereby directed to study said proposed Facilities and Services and to make, or cause to be made, and file with the Clerk of the Board of Supervisors a report in writing, (the “Special Tax District Report”) presenting the following:

(a) A description of the Facilities and the Services by type which will be required to adequately meet the needs of the Special Tax District.

(b) An estimate of the fair and reasonable cost of the Facilities including the cost of acquisition of lands, rights-of-way and easements, any physical facilities required in conjunction therewith and incidental expenses in connection therewith, including the costs of the proposed bond financing and other debt and all other related costs as provided in Section 53345.3 of the Act.
An estimate of the fair and reasonable cost of the Services and incidental expenses in connection therewith, and all other related costs.

The Special Tax District Report shall be made a part of the record of the public hearing specified below; and, be it

FURTHER RESOLVED, That January 15th, 2019, at 3:00 p.m. or as soon as possible thereafter, in the Board of Supervisors’ Chamber, 1 Dr. Carlton B. Goodlett Place, City Hall, San Francisco, California, be, and the same are hereby appointed and fixed as the time and place when and where this Board of Supervisors, as legislative body for the Special Tax District, will conduct a public hearing on the establishment of the Special Tax District and consider and finally determine whether the public interest, convenience and necessity require the formation of the Special Tax District and the levy of the Special Tax; and, be it

FURTHER RESOLVED, That the Clerk of the Board of Supervisors is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the Special Tax District; the publication shall be completed at least seven days before the date of the public hearing specified above; and the notice shall be substantially in the form specified in Section 53322 of the Act; and, be it

FURTHER RESOLVED, That notwithstanding the foregoing, because of the complexity associated with the Central SoMa Plan, the Board of Supervisors hereby authorizes the Clerk of the Board of Supervisors to determine that the public hearing should be held on a later date or time and to cause notice of such later date or time to be given by publication one time in a newspaper published in the area of the Special Tax District; and, be it

FURTHER RESOLVED, That pursuant to Section 43.10.19 of the Code, in connection with the annexation of a parcel or parcels to the Special Tax District pursuant to the alternate and independent procedure set forth in Section 43.10.17 of the Code and the conduct of an election on the proposition to authorize bonded indebtedness and other debt pursuant to the
alternate and independent procedure set forth in Section 43.10.18 of the Code, the City may, without additional hearings or procedures, designate a parcel or parcels as an improvement area within the Special Tax District; each improvement area will be known as "Improvement Area No. ___ of City and County of San Francisco Special Tax District No. 2018-1 (Central SoMa);" after the designation of a parcel or parcels as an improvement area, all proceedings for approval of the appropriations limit, the rate, method of apportionment and manner of collection of special tax and the authorization to incur bonded indebtedness for such parcel or parcels shall apply only to the improvement area; the City may incur indebtedness payable solely from special taxes levied on property in the improvement area; and, be it

FURTHER RESOLVED, That Section 53314.9 of the Act provides that, either before or after formation of the Special Tax District, the City may accept advances of funds and may provide, by resolution, for the use of those funds, including but not limited to pay any cost incurred by the local agency in creating the Special Tax District, and may agree to reimburse the advances under all of the following conditions: (A) the proposal to repay the advances is included both in the resolution of intention and the resolution of formation to establish the Special Tax District; and (B) any proposed special tax is approved by the qualified electors of the Special Tax District and, if the qualified electors of the Special Tax District do not approve the proposed special tax, the City shall return any funds which have not been committed for any authorized purpose by the time of the election and, in furtherance of Section 53314.9 of the Act, the Board of Supervisors hereby declares its intent to enter into an agreement providing for the advance and reimbursement of funds if it is determined by the Director of Public Finance to be in the best interest of the City; and, be it

FURTHER RESOLVED, That Section 53314.9 of the Act provides that, either before or after formation of the Special Tax District, the City may accept work in-kind from any source, including, but not limited to, private persons or private entities, may provide, by resolution, for
the use of that work in-kind for any authorized purpose and this Board of Supervisors may
enter into an agreement, by resolution, with the person or entity advancing the work in-kind, to
reimburse the person or entity for the value, or cost, whichever is less, of the work in-kind, as
determined by this Board of Supervisors, with or without interest, under the conditions
specified in the Act; any work in-kind must be performed or constructed as if the work had
been performed or constructed under the direction and supervision, or under the authority of,
the City and, in furtherance of Section 53314.9 of the Act, the Board of Supervisors hereby
declares its intent to authorize the City to enter into an acquisition and reimbursement
agreement with one or more property owners in the Special Tax District; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby reserves the right and
authority to allow any interested owner of property in the Special Tax District, subject to the
provisions of Section 53344.1 of the Act and such other conditions as the Board of
Supervisors may impose and any applicable prepayment penalties associated with bonds or
other debt issued or incurred by the Special Tax District, to tender bonds in full payment or
part payment of any installment of special taxes or the interest or penalties thereon which may
be due or delinquent, but for which a bill has been received; and, be it, further

FURTHER RESOLVED, That the Board of Supervisors has reviewed and considered
the Final EIR and finds that the Final EIR is adequate for its use for the actions taken by this
resolution and incorporates the Final EIR and the CEQA findings contained in Board of
Supervisors File No. 180652 by this reference; and, be it

FURTHER RESOLVED, That the Mayor, the Controller, the City Attorney, the Director
of the Office of Public Finance, designees of the Director of the Office of Public Finance, the
Clerk of the Board of Supervisors and all other officers and agents of the City are hereby
authorized and directed to take all actions necessary or advisable to give effect to the
transactions contemplated by this Resolution; and, be it
FURTHER RESOLVED, That this Resolution shall in no way obligate the Board of Supervisors of the City to form the Special Tax District, and that the formation of the Special Tax District shall be subject to the approval of this Board of Supervisors by resolution following the holding of the public hearing referred to above; and, be it

FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By
Mark D. Blake
Deputy City Attorney
EXHIBIT A

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2018-1
(Central SoMa)

DESCRIPTION OF FACILITIES AND SERVICES THAT MAY BE FINANCED
BY THE SPECIAL TAX DISTRICT

Special taxes collected in the Special Tax District may finance, in whole or in part, the costs of
the acquisition, construction and improvement of any of the following types of facilities that are
located inside or outside the Special Tax District, as long as such facilities are authorized
under the Code (the “Facilities”).

FACILITIES

1. **Transit Facilities.** Local and regional transit infrastructure, including near term
   enhancements on the Transbay corridor and longer-term "core capacity" projects.

2. **Complete Streets.** Bicycle, pedestrian, and transit infrastructure. Improvements could
   include, but not be limited to: sidewalk widening to accommodate additional pedestrian traffic
   from new development; linear park space; pedestrian, streetscape and open space amenities;
   pedestrian lighting; street furniture; pocket parks; active uses; and curb extensions; bicycle
   facilities; bike lanes; transit upgrades such as dedicated transit lanes, boarding islands,
   enhanced shelters and curb extensions to serve transit stops; new traffic signals, curb
   extensions, and other pedestrian safety features as appropriate; crosswalks; improvements to
   drop-off and pick-up zones at casual carpool locations; and roadway circulation, parking, and
   loading changes.

3. **Parks and Recreation.** Parks and recreation centers.

4. **Environmental Sustainability Projects.** Environmental sustainability projects, including
   but not limited to the following:
• The acquisition, installation and improvement of energy efficiency and conservation, water energy and conservation, water pollution control, and renewable energy improvements that are attached to or on real property and in buildings, whether such real property or buildings are privately or publicly owned.

• Green infrastructure and stormwater management improvements, including, but not limited to, grey infrastructure and landscaping.

• Air quality mitigation infrastructure (e.g., HVAC improvements) for privately-owned or -occupied commercial and residential buildings, and public buildings.

• Sustainability studies and guideline documents related to development in the planning area governed by the Central SoMa Plan & Implementation Strategy.

5. **Historic Preservation.** Restoration and seismic upgrade of the U.S. Mint Building and site.

6. **Sea Level Rise Adaptations.** Sea level rise adaptations, including, but not limited to, demolition, excavation, and installation of revetment; structural improvements of shoreline and revetment; construction, improvement or relocation of shoreline and creek structures, seawalls, stormwater pump stations and outfalls; earthwork; and grading.

Authorized costs of the Facilities include any hard costs, soft costs and pre-development costs associated with the design, procurement, development, and construction of the Facilities.
SERVICES

Special taxes collected in the Special Tax District may finance, in whole or in part, the following services ("services" and "maintenance" shall have the meaning given those terms in the Code) in the Special Tax District, as long as such services are authorized by the Code (the "Services"):

1. **Parks and Recreation.** Park programming and activation.

2. **Neighborhood Stabilization and Community Services.** Social welfare, small business development and workforce development, community health and arts/cultural programming and services provided by governmental agencies and nonprofit organizations in the Central SOMA area.

3. **Capital Maintenance.** Operation and maintenance of publicly-owned improvements, including installation and maintenance of landscaping; maintenance of building systems, structures, and equipment; maintenance of irrigation systems and other equipment; all related personnel or third-party operation and maintenance costs; insurance costs and any other related overhead costs.

OTHER

The Special Tax District may also finance any of the following:

1. Bond related expenses, including underwriters discount, reserve fund, capitalized interest, letter of credit fees and expenses, bond and disclosure counsel fees and expenses, bond remarketing costs, and all other incidental expenses.

2. Administrative fees of the City and the bond trustee or fiscal agent related to the Special Tax District and the bonds.
3. Reimbursement of costs related to the formation of the Special Tax District advanced by the City, the landowner(s) in the Special Tax District, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, the landowner(s) in the Special Tax District, or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the Special Tax District.

4. A capital reserve fund to finance the Facilities.

5. A reserve to fund the Services.
EXHIBIT B

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2018-1
(Central SoMa)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Taxable Parcel in the City and County of San Francisco Special Tax District No. 2018-1 (Central SoMa) shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Square Footage within Taxable Buildings, as described below. All Taxable Parcels in the STD shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the STD unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Part 1, Division 2 of Title 5 of the California Government Code.

“Administrative Expenses” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City carrying out duties with respect to the STD and the Bonds, including, but not limited to, levying and collecting the Special Tax, the fees and...
expenses of legal counsel, charges levied by the City Controller’s Office and/or the City
Treasurer and Tax Collector’s Office, costs related to property owner inquiries regarding the
Special Tax, costs associated with appeals or requests for interpretation associated with the
Special Tax and this RMA, costs associated with annexation of property into the STD,
amounts needed to pay rebate to the federal government with respect to the Bonds, costs
associated with complying with any continuing disclosure requirements for the Bonds and the
Special Tax, costs associated with foreclosure and collection of delinquent Special Taxes, and
all other costs and expenses of the City in any way related to the establishment or
administration of the STD.

“Administrator” means the Director of the Office of Public Finance who shall be responsible
for administering the Special Tax according to this RMA.

“Affordable Housing Project” means a residential or primarily residential project, as
determined by the Review Authority, within which all Residential Units are BMR Units. All
Land Uses within an Affordable Housing Project are exempt from the Special Tax, as provided
in Section G and are subject to the limitations set forth in Section D.4 below.

“Airspace Parcel” means a parcel with an assigned Assessor’s Parcel number that
constitutes vertical space of an underlying land parcel.

“Apartment Building” means a residential or mixed-use Building within which all of the
Residential Units are offered for rent to the general public and are not available for sale to
individual homebuyers.
“Assessor’s Parcel” or “Parcel” means a lot or parcel, including an Airspace Parcel, shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

“Authorized Expenditures” means those public facilities and public services authorized to be funded by the STD as set forth in the documents adopted by the Board at STD Formation, as may be amended from time to time.

“Base Facilities Special Tax” means the per-square foot Facilities Special Tax for each Land Use as identified in Table 1 in Section C.1 below.

“Base Services Special Tax” means the per-square foot Services Special Tax for each Land Use as identified in Table 2 in Section C.1 below.

“Base Special Tax” means, prior to the Transition Year, the Base Facilities Special Tax and, in and after the Transition Year, the Base Services Special Tax.

“Below Market Rate Units” or “BMR Units” means all Residential Units within the STD that have a deed restriction recorded on title of the property that (i) limits the sales price of the Residential Unit, (ii) limits the appreciation that can be realized by the owner of such unit, or (iii) in any other way is intended to restrict the current or future value of the unit, as determined by the Review Authority.
“Board” means the Board of Supervisors of the City, acting as the legislative body of the STD.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, that are issued or assumed by the STD to finance Authorized Expenditures.

“Building” means a permanent enclosed structure that is, or is part of, a Conditioned Project.

“Certificate of Occupancy” or “COO” means the first certificate, including any temporary certificate of occupancy, issued by the City to confirm that a Building or a portion of a Building has met all of the building codes and can be occupied for residential and/or non-residential use. For purposes of this RMA, “Certificate of Occupancy” shall not include any certificate of occupancy that was issued prior to January 1, 2018 for a Building within the STD; however, any subsequent certificates of occupancy that are issued for new construction or expansion of the Building shall be deemed a Certificate of Occupancy and the associated Parcel(s) shall be categorized as Taxable Parcels if the Building is, or is part of, a Conditioned Project.

“City” means the City and County of San Francisco.

“Community Facility Square Footage” means Square Footage that is or is expected to occupy one or more land uses that contribute to the general welfare of the community and provide services that enhance the social, economic, religious, medical and artistic well-being of residents and employees in the City. Such uses, which are set forth in more detail in the Planning Code, include but are not limited to community and neighborhood centers, licensed child care facilities, philanthropic organizations, job training facilities, tax-exempt religious institutions, social service facilities, residential care facilities providing licensed medical care,
and spaces used for the production of art. The Review Authority shall make the final
determination as to the amount of Community Facility Square Footage within a building in the
STD.

“Conditioned Project” means a Development Project that is required to participate in funding
Authorized Expenditures through the STD.

“County” means the City and County of San Francisco.

“Development Project” means a residential, non-residential, or mixed-use development that
includes one or more Buildings, or portions thereof, that are planned and entitled in a single
application to the City.

“Escalator” means the lesser of the following: (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 the City to be appropriate, and (ii) five percent (5%).

“Exempt Community Facility Square Footage” means Square Footage within a Taxable
Building that, at the time of issuance of a COO, is determined by the Review Authority to be
reserved for Community Facility Square Footage.
“Exempt Parking Square Footage” means Square Footage within a Taxable Building that, at the time of issuance of a COO, is determined by the Review Authority to be accessory parking pursuant to Sections 151.1 and 204.5 of the Planning Code or successor sections.

“Exempt PDR Square Footage” means Square Footage within a Taxable Building that, at the time of issuance of a COO, is determined by the Review Authority to be reserved for PDR Square Footage.

“Exempt Public Square Footage” means Square Footage within a Taxable Building that, at the time of issuance of a COO, is determined by the Review Authority to be reserved for Public Square Footage.

“Facilities Special Tax” means a special tax levied in any Fiscal Year before the Transition Year to pay the Facilities Special Tax Requirement.

“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 Indenture 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. The amounts referred to in clauses (i) and (ii) above 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 Indenture; (b) in the sole and absolute discretion of the
City, proceeds received by the STD 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.

“First Bond Sale” means issuance of the first series of Bonds secured, in whole or in part, by
Facilities Special Taxes levied and collected from Parcels in the STD.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“For-Sale Residential Square Footage” means Square Footage that is or is expected to be
part of a For-Sale Unit. The Review Authority shall make the determination as to the For-Sale
Residential Square Footage within a Taxable Building in the STD.

“For-Sale Unit” means a Market Rate Unit that has been, or is available or expected to be,
sold, including Market Rate Units offered for sale within boarding houses, projects operated
by medical and educational institutions, and residential care facilities that are not staffed by
licensed medical professionals. The Administrator shall make the final determination as to
whether a Market Rate Unit is a For-Sale Unit or a Rental Unit.

“Indenture” means any indenture, fiscal agent agreement, resolution, or other instrument
pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time
to time, and any instrument replacing or supplementing the same.
“Land Use” means the particular use on Taxable Square Footage within a Building that results in the Square Footage being categorized as Tier C For-Sale Residential Square Footage, Tier B Non-Residential Square Footage, or Tier C Non-Residential Square Footage. For purposes of this RMA, the Review Authority shall have the final determination of the actual Land Use(s) on any Taxable Parcel within the STD.

“Market Rate Unit” means a Residential Unit that is not a Below Market Rate Unit.

“Maximum Facilities Special Tax” means the greatest amount of Facilities Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Maximum Services Special Tax” means the greatest amount of Services Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Maximum Special Tax” means, prior to the Transition Year, the Maximum Facilities Special Tax and, in the Transition Year and each Fiscal Year thereafter, the Maximum Services Special Tax. 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 and shall, in addition to the Services Special Tax, be part of the Maximum Special Tax for the Parcel until paid.

“Non-Residential Square Footage” means Square Footage that is or is expected to be: (i) space within any structure or portion thereof intended or primarily suitable for, or accessory to,
occupancy by retail, office, commercial, or uses other than a Residential Use, pursuant to Section 102 of the Planning Code or successor sections, (ii) Taxable Parking Square Footage, Taxable Community Facility Square Footage, Taxable PDR Square Footage, and Taxable Public Square Footage, and (iii) any other Taxable Square Footage that does not meet the definition of For-Sale Residential Square Footage, Rental Residential Square Footage, Taxable PDR Square Footage, Taxable Community Facility Square Footage, Taxable Parking Square Footage, Taxable Rental Residential Square Footage, or Taxable Public Square Footage. For the purposes of this RMA, residential components of institutional uses other than religious institutions shall be defined as a Residential Use. The Review Authority shall make the final determination as to the amount of Non-Residential Square Footage within a building in the STD.

“PDR Square Footage” means a grouping of uses that includes, but is not limited, to all industrial and agricultural uses, ambulance services, animal hospital, automotive service station, automotive repair, automotive wash, arts activities, business services, cat boarding, catering service, commercial storage, kennel, motor vehicle tow service, livery stable, parcel delivery service, public utilities yard, storage yard, trade office, trade shop, wholesale sales, and wholesale storage, pursuant to Section 102 of the Planning Code or successor sections. The Review Authority shall make the final determination as to the amount of PDR Square Footage within a building in the STD.

“Planning Code” means the Planning Code of the City and County of San Francisco, as may be amended from time to time.
“Proportionately” means that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Taxable Parcels.

“Public Square Footage” means Square Footage in a Taxable Building that is or is expected to be owned or occupied by the federal government, the State of California, the City, or any other public agency.

“Rental Residential Square Footage” means Square Footage that is or is expected to be used for one or more of the following uses: (i) Rental Units, (ii) any type of group or student housing which provides lodging for a week or more and may or may not have individual cooking facilities, including but not limited to boarding houses, dormitories, housing operated by medical institutions, and single room occupancy units, or (iii) a residential care facility that is not staffed by licensed medical professionals.

“Rental Unit” means a Market Rate Unit within an Apartment Building. “Rental Unit” shall not include any Residential Unit that has been purchased by a homeowner or investor and subsequently offered for rent to the general public. The Administrator shall make the final determination as to whether a Market Rate Unit is a For-Sale Unit or a Rental Unit.

“Residential Unit” means an individual townhome, condominium, live/work unit, or apartment within a Taxable Building in the STD.

“Review Authority” means the City Planning Director or an alternate designee from the City who is responsible for approvals and entitlements of a Development Project.
"RMA" means this Rate and Method of Apportionment of Special Tax.

"Services Special Tax" means a special tax levied in any Fiscal Year after the Transition Event to pay the Services Special Tax Requirement.

"Services Special Tax Requirement" means the amount necessary in any Fiscal Year to: (i) pay the costs of operations and maintenance or other public services that are included as Authorized Expenditures; (ii) cure delinquencies in the payment of Services Special Taxes in the prior Fiscal Year; and (iii) pay Administrative Expenses.

"Special Tax" means, prior to the Transition Year, the Facilities Special Tax and, in and after the Transition Year, the Services Special Tax. 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.

"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.
“Square Footage” means the net saleable or leasable square footage of each Land Use within a Taxable Building, as determined by the Review Authority in conjunction with the developer of the building. If a building permit is issued that will increase Taxable Square Footage on any Parcel, the Administrator shall, in any Fiscal Year after the final building permit inspection has been conducted in association with such expansion, work with the Review Authority to recalculate (i) the Taxable Square Footage on each Taxable Parcel, and (ii) the Maximum Special Tax for each Taxable Parcel based on the increased Taxable Square Footage. The final determination of Square Footage for each Land Use on each Taxable Parcel shall be made by the Review Authority.

“STD” means the City and County of San Francisco Special Tax District No. 2018-1 (Central SoMa).

“STD Formation” means the date on which the Board approved documents to form the STD.

“Taxable Building” means, in any Fiscal Year, any Building within the STD that is, or is part of, a Conditioned Project, and for which a Certificate of Occupancy was issued on or prior to June 30 of the preceding Fiscal Year. If only a portion of the Building is a Conditioned Project, as determined by the Review Authority, that portion of the Building shall be treated as a Taxable Building for purposes of this RMA.

“Taxable Community Facility Square Footage” means any Community Facility Square Footage within a Taxable Building that is not Exempt Community Facility Square Footage, as determined by the Review Authority.
"Taxable Parcel" means, in any Fiscal Year, any Parcel within the STD on which there is Taxable Square Footage.

"Taxable Parking Square Footage" means Square Footage of parking in a Taxable Building that is not Exempt Parking Square Footage, as determined by the Review Authority.

"Taxable PDR Square Footage" means any PDR Square Footage within a building that is not Exempt PDR Square Footage, as determined by the Review Authority.

"Taxable Public Square Footage" means any Public Square Footage within a building that is not Exempt Public Square Footage, as determined by the Review Authority. In addition, any property that is owned by a public agency but leased to a private entity for residential or non-residential use for a term of twenty (20) years or more shall not, during the lease term, be considered Public Square Footage and shall be taxed and classified according to the Land Use on the Parcel(s), as determined by the Review Authority.

"Taxable Rental Residential Square Footage" means, in any Fiscal Year after the First Bond Sale, the Square Footage of any Residential Unit that had, in any prior Fiscal Year, been taxed as a For-Sale Unit and is subsequently converted to a Rental Unit.

"Taxable Square Footage" means, within a Taxable Building, all Square Footage that is not exempt from the Special Tax pursuant to law or Section G below.

"Tier" means a Central SoMa Fee Tier, as defined in the Planning Code, into which a Taxable Parcel is assigned based on the estimated increased development capacity on the Taxable

Mayor Breed; Supervisor Kim
BOARD OF SUPERVISORS
Parcel. Upon annexation into the STD, the Review Authority shall, in its sole discretion, determine the appropriate Tier into which a Taxable Parcel on which Non-Residential Square Footage is expected to be developed shall be assigned, which may be adjusted pursuant to Section D.6 below. Only For-Sale Residential Square Footage that has been assigned to Tier C shall be subject to the levy of the Special Tax.

“Tier B Non-Residential Square Footage” means Non-Residential Square Footage developed on a Parcel that was assigned by the Review Authority to Tier B, as defined in the Planning Code.

“Tier C For-Sale Residential Square Footage” means For-Sale Residential Square Footage developed on a Parcel that was assigned by the Review Authority to Tier C, as defined in the Planning Code.

“Tier C Non-Residential Square Footage” means Non-Residential Square Footage developed on a Parcel that was assigned by the Review Authority to Tier C, as defined in the Planning Code.

“Transition Event” shall be deemed to have occurred when all Bonds secured by the levy and collection of Facilities Special Taxes in the STD 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 the STD for ninety-nine (99) Fiscal Years.

“Transition Year” means the first Fiscal Year in which the Administrator determines that the Transition Event occurred in the prior Fiscal Year.
B. DATA FOR STD ADMINISTRATION

Upon annexation into the STD of a Taxable Parcel on which For-Sale Residential Square Footage and Non-Residential Square Footage is expected to be developed, the Review Authority shall assign the Taxable Parcel to the appropriate Tier. On an ongoing basis, the Administrator will work with the Review Authority to determine and monitor the Taxable Square Footage within each Taxable Building and the Tiers into which Parcels have been assigned. Upon issuance of a COO for a Taxable Building, the Administrator will request confirmation of the Square Footage of each Land Use within the Building, which shall be used to determine the Maximum Special Tax revenues that can be collected from Taxable Square Footage in the Building.

On or after July 1 of each Fiscal Year, the Administrator shall identify the current Assessor’s Parcel numbers for all Taxable Parcels in the STD. The Administrator shall also work with the Review Authority to confirm: (i) the number of BMR Units and aggregate Square Footage of BMR Units within the Building, if applicable, and (ii) the Special Tax Requirement for the Fiscal Year.

In any Fiscal Year, if it is determined by the Administrator that (i) a parcel map or condominium plan for a portion of property in the STD was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), and (ii) the Assessor does not yet recognize the newly-created parcels, the Administrator shall calculate the Special Tax that applies separately to each newly-created parcel, then applying the sum of the individual Special Tax revenues that can be collected from Taxable Square Footage in the Building.
Taxes to the Assessor’s Parcel that was subdivided by recordation of the parcel map or condominium plan.

C. DETERMINATION OF THE MAXIMUM SPECIAL TAX

1. Base Special Tax

Prior to the Transition Year, the Base Special Tax to be used for calculation of the Maximum Special Tax for each Taxable Parcel within a Building shall be the Base Facilities Special Tax determined based on reference to Table 1 below:

<table>
<thead>
<tr>
<th>Land Use Category</th>
<th>Base Facilities Special Tax Before the Transition Year (in Fiscal Year 2018-19 dollars)</th>
<th>Base Facilities Special Tax In and After the Transition Year (in Fiscal Year 2018-19 dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier C For-Sale Residential</td>
<td>$5.50 per square foot</td>
<td>$0.00 per square foot</td>
</tr>
<tr>
<td>Tier B Non-Residential</td>
<td>$2.00 per square foot</td>
<td>$0.00 per square foot</td>
</tr>
<tr>
<td>Tier C Non-Residential</td>
<td>$2.75 per square foot</td>
<td>$0.00 per square foot</td>
</tr>
</tbody>
</table>

* The Base Facilities Special Taxes shown above shall be escalated as set forth in Section D.1.
In and after the Transition Year, the Base Special Tax to be used for calculation of the Maximum Special Tax for each Taxable Parcel within the Building shall be the Base Services Special Tax, which shall be determined based on reference to Table 2 below:

<table>
<thead>
<tr>
<th>Land Use Category</th>
<th>Base Services Special Tax Before the Transition Year (in Fiscal Year 2018-19 dollars) *</th>
<th>Base Services Special Tax In and After the Transition Year (in Fiscal Year 2018-19 dollars) *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier C For-Sale Residential Square Footage</td>
<td>$0.00 per square foot</td>
<td>$1.37 per square foot</td>
</tr>
<tr>
<td>Tier B Non-Residential Square Footage</td>
<td>$0.00 per square foot</td>
<td>$0.50 per square foot</td>
</tr>
<tr>
<td>Tier C Non-Residential Square Footage</td>
<td>$0.00 per square foot</td>
<td>$0.69 per square foot</td>
</tr>
</tbody>
</table>

* The Base Services Special Taxes shown above shall be escalated as set forth in Section D.2.

2. Maximum Special Tax for Tier C For-Sale Residential Square Footage and Non-Residential Square Footage

Upon issuance of the first Certificate of Occupancy for a Taxable Building within a Conditioned Project that is not an Affordable Housing Project, the Administrator shall
coordinate with the Review Authority to determine the Square Footage of each Land Use on each Taxable Parcel. The Administrator shall then apply the following steps to determine the Maximum Special Tax for the next succeeding Fiscal Year for each Taxable Parcel in the Taxable Building:

**Step 1.** Determine the Tier C For-Sale Residential Square Footage for all Residential Units on each Taxable Parcel, as well as the Tier B Non-Residential Square Footage and Tier C Non-Residential Square Footage on each Taxable Parcel.

**Step 2.** For each Taxable Parcel that includes only For-Sale Units, multiply the Tier C For-Sale Residential Square Footage by the applicable Base Special Tax to determine the Maximum Special Tax for the Taxable Parcel.

**Step 3.** For each Taxable Parcel that includes only Tier B Non-Residential Square Footage or Tier C Non-Residential Square Footage, multiply the Tier B Non-Residential Square Footage and Tier C Non-Residential Square Footage on the Parcel by the applicable Base Special Tax to determine the Maximum Special Tax for the Taxable Parcel.

**Step 4.** For Taxable Parcels that include multiple Land Uses, determine the Tier C For-Sale Residential Square Footage, Tier B Non-Residential Square Footage, and Tier C Non-Residential Square Footage on each Parcel. Multiply the Square Footage of each Land Use by the applicable Base Special Tax, and sum the individual amounts to determine the aggregate Maximum Special Tax for the Taxable Parcel for the succeeding Fiscal Year.
3. **Maximum Special Tax for Taxable Rental Residential Square Footage, Taxable Community Facility Square Footage, Taxable PDR Square Footage, Taxable Parking Square Footage, and Taxable Public Square Footage**

In any Fiscal Year in which the Administrator determines that there is Taxable Rental Residential Square Footage, Taxable PDR Square Footage, Taxable Community Facility Square Footage, Taxable Parking Square Footage, and/or Taxable Public Square Footage on a Parcel, the Administrator shall determine the prior Land Use or expected Land Use for such square footage before it was designated for Rental Units, PDR Square Footage, Community Facility Square Footage, parking, or public use. The Administrator shall use the Base Special Tax for the Land Use that had been, or was expected to be, on the Parcel to calculate the Maximum Special Tax for the Taxable Parcel.

**D. CHANGES TO THE MAXIMUM SPECIAL TAX**

1. **Annual Escalation of Facilities Special Tax**

   1a. For-Sale Residential Square Footage. Beginning July 1, 2019 and each July 1 thereafter until the Transition Year, the Base Facilities Special Taxes for Tier C For-Sale Residential Square Footage in Table 1, and the Maximum Facilities Special Tax (or portion thereof) assigned to each Parcel based on the Tier C For-Sale Residential Square Footage on such Parcel shall be increased by 2% of the amount in effect in the prior Fiscal Year.
1b. Tier B Non-Residential Square Footage and Tier C Non-Residential Square Footage. Beginning July 1, 2019 and each July 1 thereafter until the Transition Year, the Base Facilities Special Tax for Tier B Non-Residential Square Footage and Tier C Non-Residential Square Footage in Table 1 shall be increased by 2% of the amount in effect in the prior Fiscal Year. After the first Fiscal Year in which a Facilities Special Tax is levied against Tier B Non-Residential Square Footage and/or Tier C Non-Residential Square Footage on a Parcel, the Maximum Facilities Special Tax (or portion thereof) assigned to the Parcel based on the Tier B Non-Residential Square Footage and/or Tier C Non-Residential Square Footage on such Parcel shall, on July 1 of the next consecutive 25 Fiscal Years, be increased by 4% of the amount in effect in the prior Fiscal Year. On July 1 of the Fiscal Year that commences after the 25th Fiscal Year in which the Maximum Special Tax on the Parcel was escalated by 4%, and on each July 1 thereafter until the Transition Year, the Maximum Special Tax shall, be increased by 2% of the amount in effect in the prior Fiscal Year.

2. Annual Escalation of Services Special Tax

2a. For-Sale Residential Square Footage. Beginning July 1, 2019 and each July 1 thereafter until the Transition Year, the Base Services Special Taxes for Tier C For-Sale Residential Square Footage in Table 2 shall be increased by 2% of the amount in effect in the prior Fiscal Year. In July 1 of the Transition Year and each July 1 thereafter, the Base Services Special Taxes for Tier C For-Sale Residential Square Footage in Table 2, and the Maximum Services Special Tax (or portion thereof) assigned to each Parcel based on the Tier C For-Sale Residential Square Footage on such Parcel shall be increased by the Escalator.
2b. Tier B Non-Residential Square Footage and Tier C Non-Residential Square Footage. Beginning July 1, 2019 and each July 1 thereafter until the Transition Year, the Base Services Special Tax in Table 2 shall be increased by 2% of the amount in effect in the prior Fiscal Year. In July 1 of the Transition Year and each July 1 thereafter, the Base Services Special Tax in Table 2 and the Maximum Services Special Tax (or portion thereof) assigned to each Parcel based on the Tier B Non-Residential Square Footage and/or Tier C Non-Residential Square Footage on such Parcel shall be increased by the Escalator.

3. Conversion of For-Sale Units to Rental Units

If, prior to the First Bond Sale, a Taxable Building with For-Sale Units converts to an Apartment Building, the Rental Residential Square Footage in the Apartment Building will be exempt from the levy of the Special Tax unless and until the Residential Units in the building are converted back into For-Sale Units. After the First Bond Sale, if a Taxable Building with For-Sale Units converts to an Apartment Building, the aggregate Square Footage of the Residential Units shall be categorized as Taxable Rental Residential Square Footage for purposes of levying the Special Taxes pursuant to this RMA.

4. Below Market Rate Unit/Market Rate Unit Transfers

If, in any Fiscal Year, the Administrator determines that a Residential Unit that had previously been designated as a BMR Unit no longer qualifies as such, the Maximum Special Tax on the new Market Rate Unit shall be established pursuant to Section C.2 and adjusted, as
applicable, by Sections D.1 or D.2. If a Market Rate Unit becomes a BMR Unit after it has been taxed in prior Fiscal Years as a Market Rate Unit, the Maximum Special Tax on such Residential Unit shall not be decreased unless: (i) a BMR Unit is simultaneously redesignated as a Market Rate Unit, and (ii) such redesignation results in a Maximum Special Tax on the new Market Rate Unit that is greater than or equal to the Maximum Special Tax that was levied on the Market Rate Unit prior to the swap of units. If, based on the Square Footage, there would be a reduction in the Maximum Special Tax due to the swap, the Maximum Special Tax that applied to the former Market Rate Unit will be transferred to the new Market Rate Unit regardless of the Square Footage of the new Market Rate Unit.

5. Changes in Land Use on a Taxable Parcel

If any Square Footage that had been taxed as Tier C For-Sale Residential Square Footage, Tier B Non-Residential Square Footage, or Tier C Non-Residential Square Footage in a prior Fiscal Year changes Land Use, the Administrator shall apply the applicable subsection in Section C.2 to calculate what the Maximum Special Tax would be for the Parcel based on the new Land Use(s). If the amount determined is greater than the Maximum Special Tax that applied to the Parcel prior to the land use change, the Administrator shall increase the Maximum Special Tax to the amount calculated for the new Land Uses. If the amount determined is less than the Maximum Special Tax that applied prior to the land use change, there will be no change to the Maximum Special Tax for the Parcel.

Under no circumstances shall the Maximum Special Tax on any Taxable Parcel be reduced, regardless of changes in Land Use or Square Footage on the Parcel, including reductions in Square Footage that may occur due to demolition, fire, water damage, or acts of God.
addition, if a Taxable Building within the STD that had been subject to the levy of Special Taxes in any prior Fiscal Year becomes all or part of an Affordable Housing Project, the Parcel(s) shall continue to be subject to the Maximum Special Tax that had applied to the Parcel(s) before they became part of the Affordable Housing Project. Notwithstanding the foregoing, in and after the Transition Year, if the City determines that an adjustment in the Maximum Services Special Tax on a Parcel due to a change in Land Use, affordability restrictions, or Square Footage would not adversely affect the funding of Authorized Expenditures, the City may direct the Administrator to adjust the Maximum Services Special Tax for the Parcel based on the current Land Use, affordability category, or Square Footage, and such Maximum Services Special Tax shall be adjusted by the Escalator in future Fiscal Years.

6. Changes to Tier Assignment

Each Parcel that has been, or is expected to be, developed with Non-Residential Square Footage shall, upon annexation to the STD, be assigned to a Tier and, based on such assignment, the square footage shall be designated as Tier B Non-Residential Square Footage or Tier C Non-Residential Square Footage. Prior to the First Bond Sale, the Review Authority may change the Tier to which any Parcel is assigned. After the First Bond Sale, Non-Residential Square Footage on or expected on a Parcel may be moved from Tier B Non-Residential Square Footage to Tier C For-Sale Residential Square Footage, and the Review Authority shall immediately notify the Administrator of such reassignment. However, no Non-Residential Square Footage may be moved from Tier C Non-Residential Square Footage to Tier B Non-Residential Square Footage after the First Bond Sale.
Prior to the First Bond Sale, if two or more Parcels that are in different Tiers merge to create a new Parcel, the Review Authority shall determine the Tier to which the new Parcel will be assigned. After the First Bond Sale, any Non-Residential Square Footage that is constructed on a Parcel created by the merger of two or more Parcels on which at least one parcel is categorized as Tier C Non-Residential Square Footage shall be categorized as Tier C Non-Residential Square Footage.

**E. METHOD OF LEVY OF THE SPECIAL TAX**

Each Fiscal Year, the Special Tax shall be levied Proportionately on each Taxable Parcel up to 100% of the Maximum Special Tax for each Parcel for such Fiscal Year until the amount levied on Taxable Parcels is equal to the Special Tax Requirement.

**F. COLLECTION OF SPECIAL TAX**

Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods. The Special Tax bill for any Parcel subject to a leasehold interest will be sent to the same party that receives the possessory interest tax bill associated with the leasehold.
The Facilities Special Tax shall be levied and collected until the Transition Year. The Services Special Tax shall be levied and collected in perpetuity beginning in the Transition Year. Pursuant to Section 53321(d) of the Act, the Facilities Special Tax levied against a Parcel used for private residential purposes shall under no circumstances increase more than ten percent (10%) as a consequence of delinquency or default by the owner of any other Parcel or Parcels and shall, in no event, exceed the Maximum Facilities Special Tax in effect for the Fiscal Year in which the Facilities Special Tax is being levied.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Taxes shall be levied on: (i) BMR Units except as otherwise provided in Sections D.4 and D.5, (ii) Affordable Housing Projects, including all Residential Units and Non-Residential Square Footage within buildings that are part of an Affordable Housing Project, except as otherwise provided in Section D.5, (iii) Rental Residential Square Footage unless it is determined to be Taxable Rental Residential Square Footage, and (iv) Exempt Community Facility Square Footage, Exempt Parking Square Footage, Exempt PDR Square Footage, and Exempt Public Square Footage.

H. INTERPRETATION OF SPECIAL TAX FORMULA

The City may interpret, clarify, and revise this RMA to correct any inconsistency, vagueness, or ambiguity, by resolution and/or ordinance, as long as such interpretation, clarification, or revision does not materially affect the levy and collection of the Special Tax and any security for any Bonds.
I. SPECIAL TAX APPEALS

Any taxpayer who wishes to challenge the accuracy of computation of the Special Tax in any Fiscal Year may file an application with the Administrator. The Administrator, in consultation with the City Attorney, shall promptly review the taxpayer's application. If the Administrator concludes that the computation of the Special Tax was not correct, the Administrator shall correct the Special Tax levy and, if applicable in any case, a refund shall be granted. If the Administrator concludes that the computation of the Special Tax was correct, then such determination shall be final and conclusive, and the taxpayer shall have no appeal to the Board from the decision of the Administrator.

The filing of an application or an appeal shall not relieve the taxpayer of the obligation to pay the Special Tax when due.

Nothing in this Section I shall be interpreted to allow a taxpayer to bring a claim that would otherwise be barred by applicable statutes of limitation set forth in the Act or elsewhere in applicable law.
EXHIBIT C

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2018-1
(Central SoMa)

FORM OF UNANIMOUS APPROVAL

UNANIMOUS APPROVAL
of Annexation to a Special Tax District
and Related Matters

CITY AND COUNTY OF SAN FRANCISCO
Special Tax District No. 2018-1
(Central SoMa)

Annexation No. ______

Date: ________

Board of Supervisors of the
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Members of the Board of Supervisors:

The undersigned hereby states and certifies, under penalty of perjury, as follows:

1. **Property Owner.** The undersigned is the owner (the “Property Owner”) of fee
simple title to the real property identified by the assessor’s parcel number(s) listed
below (the “Property”), and possesses all legal authority necessary to execute this
Unanimous Approval. If requested by the City and County of San Francisco (the “City”),
the Property Owner has supplied to the City current evidence of its ownership of the
Property.
The Property Owner hereby represents and warrants that there are no persons resident on the Property that are registered to vote.

2. **Acknowledgement of Special Tax District.** The Property Owner acknowledges and understands the following:

   (a) Under Chapter 43, Article X of the San Francisco Administrative Code (the "Code"), which Code incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), the Board of Supervisors of the City has formed the City and County of San Francisco Special Tax District No. 2018-1 (Central SoMa) (the "Special Tax District") for the purpose of financing certain facilities (the "Facilities") and services (the "Services") described on Appendix 1 hereto and made a part hereof.

   (b) The proceedings for the formation of the Special Tax District authorized the Board of Supervisors to levy an annual special tax (the "Special Tax") on property in the Special Tax District as specified in the Rate and Method of Apportionment of Special Tax (the "Rate and Method") for the Special Tax District, a copy of which is attached hereto as Appendix 2. The Property Owner acknowledges that the City will create a special account into which the Special Taxes will be deposited, when collected, and that the City will prepare the annual report required by Government Code Section 50075.3.

   (c) The proceedings for the formation of the Special Tax District authorized the Board of Supervisors to annex property to the Special Tax District, without additional public hearings, upon approval of the owner of the property to be annexed as permitted by Section 43.10.17 of the Code.
3. **Unanimous Approval and Vote.** This Unanimous Approval constitutes the unanimous approval and vote of the Property Owner in favor of the following matters for the purposes of Section 53339.7 et seq. of the Act and Article XIII A of the California Constitution:

a. **Annexation:** The annexation of the Property to the Special Tax District for the purpose of financing the Facilities and the Services.

b. **Special Tax:** The levy of the Special Tax on the Property to finance the Facilities and Services, according to the Rate and Method.

c. **Bonds and other Debt:** The issuance of bonded indebtedness and other debt (as defined in the Act) for the Special Tax District in an aggregate principal amount not to exceed $___________. The Property Owner acknowledges that (i) the specific purpose of the bonds and other debt is to finance the acquisition and construction of the Facilities and pay related costs; (b) any proceeds received from the sale of any bonds and other debt will be applied only for such purpose; (c) the proceeds of any bonds and other debt will be deposited into special accounts to be created therefor as part of the issuance of the bonds and other debt; and (d) the City will cause a report to be prepared annually under Section 53411 of the Government Code.

d. **Appropriations Limit:** An initial appropriations limit for the Special Tax District of $______________.
4. **Waivers.** The Property Owner hereby irrevocably waives (i) any right the Property Owner may otherwise have to protest or challenge the validity of the proceedings to form the Special Tax District and to authorize the annexation of any property (including the Property) to the Special Tax District, and (ii) any necessity, requirement or right for further public hearings or any election pertaining to the annexation of the Property to the Special Tax District or the levy of the Special Tax on the Property.

5. **Recordation of Amendment to Notice of Special Tax Lien.** The Property Owner acknowledges and understands that a Notice of Special Tax Lien for the Special Tax District (the “Notice of Special Tax Lien”) was recorded in the Office of the Recorder of the City and County of San Francisco on __________, 2018, as Document No. __________. The Property Owner hereby authorizes and directs the Clerk of the Board of Supervisors to execute and cause to be recorded in the office of the County Recorder of the City and County of San Francisco an amendment to the Notice of Special Tax Lien for the Special Tax District as required by Section 3117.5 of the California Streets and Highways Code, which will impose a continuing lien on the Property to secure each levy of the Special Tax. The amendment to the Notice of Special Tax Lien shall include the Rate and Method as an exhibit thereto. The Property Owner acknowledges and understands that the lien of the Special Tax on the Property is coequal with the lien for ad valorem real property taxes levied by the County on the Property.

6. **Disclosures.** The Property Owner hereby agrees to provide to any subsequent purchaser of the Property written notice of the annexation of the Property to the Special Tax District, and of the authority of the Board of Supervisors to levy the Special Tax on
the Property pursuant to the Rate and Method, to the extent required by applicable law.

7. **Agreements.** The Property Owner further agrees to execute such additional or supplemental agreements and to take such additional actions as may be required by the City to provide for any of the actions and conditions described in this Unanimous Approval, including any cash deposit required to pay for the City’s costs in annexing the Property to the Special Tax District.

<table>
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<tr>
<th>The Property subject to this Unanimous Approval and to be annexed to the Special Tax District, consists of the following Assessor’s Parcel:</th>
<th>The full legal name of the Property Owner is: [insert name of property owner]</th>
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<td>[insert APN]</td>
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The foregoing Unanimous Approval is hereby executed this _______ day of _____________, 20__, in ____________________, California.
[INSERT NAME OF PROPERTY OWNER]

By: ____________________________

Its: ____________________________
Resolution declaring the intention of the Board of Supervisors to establish City and County of San Francisco Special Tax District No. 2018-1 (Central SoMa); ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on January 15, 2019, at 3:00 p.m.; and determining other matters in connection therewith.

October 17, 2018 Government Audit and Oversight Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

October 17, 2018 Government Audit and Oversight Committee - CONTINUED AS AMENDED

October 25, 2018 Government Audit and Oversight Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

October 25, 2018 Government Audit and Oversight Committee - CONTINUED AS AMENDED

November 07, 2018 Government Audit and Oversight Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

November 07, 2018 Government Audit and Oversight Committee - RECOMMENDED AS AMENDED

November 13, 2018 Board of Supervisors - ADOPTED

Ayes: 10 - Brown, Cohen, Fewer, Kim, Mandelman, Peskin, Safai, Stefani, Tang and Yee

Absent: 1 - Ronen
I hereby certify that the foregoing Resolution was ADOPTED on 11/13/2018 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Unsigned

London N. Breed
Mayor

11/21/2018
Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board