STAFF REPORT FOR CALENDAR ITEM NO.: 10
FOR THE MEETING OF: November 12, 2026

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:
Consistent with Assembly Bill 2308 (Haney), authorizing the Executive Director to execute a first amendment to the Tax Increment Allocation and Sales Proceeds Pledge Agreement (Transbay Redevelopment Project), dated January 31, 2008, by and among the City and County of San Francisco, the successor to the Redevelopment Agency of San Francisco, and the Transbay Joint Powers Authority, to extend the term of the pledge of net tax increment and refine the scope of net tax increment during the extension period.

EXPLANATION:

Background
On November 2, 1999, San Francisco voters passed Proposition H, which makes it City and County of San Francisco ("**City**") law to extend the Caltrain tracks to a new or rebuilt regional transit station on the site of the former Transbay Terminal at First and Mission Streets, and requires the City's Mayor, the City's Board of Supervisors (the "**Board of Supervisors**"), and other City officials to take all necessary action to extend Caltrain to a new downtown station, and requires the City and the San Francisco Transportation Authority to take all appropriate actions to generate the revenue to finance the downtown extension and transit station.

In accordance with the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.), the City approved the Redevelopment Plan for the Transbay Redevelopment Project by Ordinance No. 124-05, adopted by the Board of Supervisors on June 21, 2005 and approved by the Mayor on June 23, 2005, and by Ordinance No. 99-06, adopted by the Board of Supervisors on May 9, 2006 and approved by the Mayor on May 19, 2006 (the "**Original Transbay Redevelopment Plan**"). The Original Transbay Redevelopment Plan provides for the redevelopment, rehabilitation and revitalization of the area generally bounded by Mission, Main, Second and Folsom Streets in downtown San Francisco, consisting of approximately 40 acres, as described in the Transbay Redevelopment Plan (the "**Project Area**").

In 2003, the TJPA, the City, and the State of California, acting by and through its Department of Transportation ("**Caltrans**"), entered into a Cooperative Agreement, which sets forth the process for the transfer of certain parcels owned by Caltrans ("**Caltrans Parcels**") to the City and the TJPA for development of the Transit Center.

As a condition of Caltrans granting the Caltrans Parcels to the City and the TJPA at no cost, Caltrans required the City and the Redevelopment Agency of San Francisco ("**Redevelopment Agency**") to pledge to the TJPA (1) the gross sales proceeds from the sale of the Caltrans Parcels, and (2) a portion of the net tax increment generated by the Caltrans Parcels; these revenues are pledged to the TJPA to help pay the cost of building, first, the Transbay Transit Center and, now, The Portal.

Accordingly, the City, the Redevelopment Agency, and the TJPA executed and delivered, among other documents: (i) the Implementation Agreement (Transbay Redevelopment Project) dated for

reference purposes only as of January 20, 2005 (the "**Implementation Agreement**"); and (ii) the Tax Increment Allocation and Sales Proceeds Pledge Agreement (Transbay Redevelopment Project) dated for reference purposes only as of January 31, 2008 (the "**Original Pledge Agreement**").

Under Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("**AB 26**") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. S194861, all redevelopment agencies in the State of California, including the Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies, which AB 26 charged with satisfying enforceable obligations of the former redevelopment agencies. The Office of Community Investment and Infrastructure ("**OCII**") is the successor agency in San Francisco.

The Implementation Agreement and the Original Pledge Agreement have been recognized by the Department of Finance as enforceable obligations of the former Redevelopment Agency that must be fulfilled, notwithstanding dissolution of the former Redevelopment Agency.

Assemblymember Haney's AB 2308

The Original Pledge Agreement set forth a period of 45 years after the effective date of the ordinance adopting the Original Transbay Redevelopment Plan for the pledge of net tax increment to the TJPA.

Certain extraordinary challenges have hindered the timely development of the Transbay Program: the phasing of the program into Phase 1/Transit Center and Phase 2/Downtown Rail Extension (DTX)/The Portal was a prudent decision for constructability and funding availability but required sequencing of the work and an overall longer period to complete; market conditions after the COVID-19 pandemic have slowed the pace of delivery of improvements in the redevelopment project area; and historic changes to work patterns, demographics, funding sources, grant requirements, and political priorities over this extended period have complicated the assembly of required capital for The Portal. These facts warrant an extension of the term of the Original Pledge Agreement to include 25 additional years to allow completion of The Portal.

To facilitate the successor to the Redevelopment Agency's ability to extend the term of the Original Pledge Agreement, Assemblymember Haney sponsored Assembly Bill 2308, the San Francisco Transit Neighborhood Act ("**AB 2308**"). The legislation amends Health & Safety Code Section 34177.7 to specify the successor agency's authority to issue bonds or incur other indebtedness to finance the infrastructure required by the Implementation Agreement, including entering into arrangements with the TJPA and the City to extend the time period for pledges of gross sales proceeds and net tax increment. The Governor signed AB 2308 on September 30, 2026 and it becomes effective January 1, 2027.

As authorized by AB 2308, the TJPA, the City, and OCII are negotiating a first amendment to the Original Pledge Agreement ("**First Amendment**"), which would provide a limited extension, by 25 years (from 2050 to 2075) ("**Extension Period**"), of the City's and the successor agency's pledge of certain net tax increment funds from the Caltrans Parcels to finance The Portal. During the Extension Period, all school entitles would receive 100% of their share of the gross tax

increment derived from the Caltrans Parcels. There would be no change to the terms of the Original Pledge Agreement during the original term of the agreement (2005 to 2050).

This First Amendment is a critical component of the plan to complete The Portal, which is expected to improve or alleviate the physical and economic conditions of the remaining blight in the redevelopment project area; effectuate the public purposes and policies described in the Community Redevelopment Law; promote the public peace, health, safety, and welfare of the community; promote the stimulation and revitalization of the redevelopment project area; offer significant opportunities for skilled construction jobs; reduce climate change impacts by reducing greenhouse gas emissions; connect transit systems with shorter travel times; and provide Bay Area residents with better access to jobs, housing and economic opportunities.

The First Amendment is expected to restore approximately $150 million in bonding capacity, helping keep The Portal financially viable by reducing and the remaining local match share required to unlock the existing $3.38 billion Federal Transit Administration funding commitment.

If approved by the TJPA Board, the First Amendment would be considered for approval by the OCII Commission and the San Francisco Board of Supervisors, as well as the Oversight Board of the successor agency and the California Department of Finance. TJPA staff is working actively with each of the offices to advance the legislative item at the City and County of San Francisco and has worked productively with the San Francisco Mayor's Office, Controller's Office, and OCII in preparation. TJPA Vice Chair and President Mandelman has agreed to introduce the item at the SFBOS.

TJPA staff is seeking the TJPA Board's delegation of authority to accept changes to the proposed form of First Amendment, as necessary, so long as such changes are not materially inconsistent with the terms presented here and are in the best interest of the TJPA as determined by the TJPA Executive Director, Chief Financial Officer, bond counsel, and general counsel.

Environmental Review

The approval of the proposed First Amendment will provide funding for The Portal project; it will not make any changes to the project and will not result in any new significant environmental impacts that have not already been contemplated in environmental review prepared to date for the project.

RECOMMENDATION:

Staff recommend that the Board of Directors authorize the Executive Director to execute the First Amendment to the Original Pledge Agreement, subject to such changes as are necessary, not materially inconsistent with the terms presented here, and in the best interest of the TJPA as determined by the TJPA Executive Director, Chief Financial Officer, bond counsel, and general counsel.

ENCLOSURES:

1. Resolution
2. Form of First Amendment to the Original Pledge Agreement
3. Original Pledge Agreement

TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS

Resolution No. _____

WHEREAS, The Transbay Joint Powers Authority (TJPA) is a joint powers agency organized and existing under the laws of the State of California and charged with delivering the Transbay Program; and

WHEREAS, On November 2, 1999, San Francisco voters passed Proposition H, which makes it City and County of San Francisco ("**City**") law to extend the Caltrain tracks to a new or rebuilt regional transit station on the site of the former Transbay Terminal at First and Mission Streets, and requires the City's Mayor, the City's Board of Supervisors (the "**Board of Supervisors**"), and other City officials to take all necessary action to extend Caltrain to a new downtown station, and requires the City and the San Francisco Transportation Authority to take all appropriate actions to generate the revenue to finance the downtown extension and transit station; and

WHEREAS, In accordance with the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.), the City approved the Redevelopment Plan for the Transbay Redevelopment Project by Ordinance No. 124-05, adopted by the Board of Supervisors on June 21, 2005 and approved by the Mayor on June 23, 2005, and by Ordinance No. 99-06, adopted by the Board of Supervisors on May 9, 2006 and approved by the Mayor on May 19, 2006 (the "**Original Transbay Redevelopment Plan**"); and

WHEREAS, In 2003, the TJPA, the City, and the State of California, acting by and through its Department of Transportation ("**Caltrans**"), entered into a Cooperative Agreement, which sets forth the process for the transfer of certain parcels owned by Caltrans ("**Caltrans Parcels**") to the City and the TJPA for development of the Transit Center; and

WHEREAS, As a condition of Caltrans granting the Caltrans Parcels to the City and the TJPA at no cost, Caltrans required the City and the Redevelopment Agency of San Francisco ("**Redevelopment Agency**") to pledge to the TJPA (1) the gross sales proceeds from the sale of the Caltrans Parcels, and (2) a portion of the net tax increment generated by the Caltrans Parcels; and

WHEREAS, The City, the Redevelopment Agency, and the TJPA executed and delivered, among other documents: (i) the Implementation Agreement (Transbay Redevelopment Project) dated for reference purposes only as of January 20, 2005 (the "**Implementation Agreement**"); and (ii) the Tax Increment Allocation and Sales Proceeds Pledge Agreement (Transbay Redevelopment Project) dated for reference purposes only as of January 31, 2008 (the "**Original Pledge Agreement**"); and

WHEREAS, Under Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("**AB 26**") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. S194861, all redevelopment agencies in the State of California, including the Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies, which AB 26 charged with satisfying

enforceable obligations of the former redevelopment agencies. The Office of Community Investment and Infrastructure ("**OCII**") is the successor agency in San Francisco; and

WHEREAS, The Implementation Agreement and the Original Pledge Agreement have been recognized by the Department of Finance as enforceable obligations of the former Redevelopment Agency that must be fulfilled, notwithstanding dissolution of the former Redevelopment Agency; and

WHEREAS, The Original Pledge Agreement set forth a period of 45 years after the effective date of the ordinance adopting the Original Transbay Redevelopment Plan for the pledge of net tax increment to the TJPA; and

WHEREAS, Certain extraordinary challenges have hindered the timely development of the Transbay Program, which warrants an extension of the term of the Original Pledge Agreement to include 25 additional years to allow completion of The Portal; and

WHEREAS, To facilitate the successor to the Redevelopment Agency's ability to extend the term of the Original Pledge Agreement, Assemblymember Haney sponsored Assembly Bill 2308, the San Francisco Transit Neighborhood Act ("**AB 2308**"), amending Health & Safety Code Section 34177.7 to specify the successor agency's authority to issue bonds or incur other indebtedness to finance the infrastructure required by the Implementation Agreement, including entering into arrangements with the TJPA and the City to extend the time period for pledges of gross sales proceeds and net tax increment; and

WHEREAS, As authorized by AB 2308, the TJPA, the City, and OCII are negotiating a first amendment to the Original Pledge Agreement ("**First Amendment**"), which would provide a limited extension, by 25 years (from 2050 to 2075), of the City's and the successor agency's pledge of certain net tax increment funds from the Caltrans Parcels to finance The Portal component of the Program; and

WHEREAS, This First Amendment is a critical component of the plan to complete The Portal, which is expected to improve or alleviate the physical and economic conditions of the remaining blight in the redevelopment project area; effectuate the public purposes and policies described in the Community Redevelopment Law; promote the public peace, health, safety, and welfare of the community; promote the stimulation and revitalization of the redevelopment project area; offer significant opportunities for skilled construction jobs; reduce climate change impacts by reducing greenhouse gas emissions; connect transit systems with shorter travel times; and provide Bay Area residents with better access to jobs, housing and economic opportunities; now, therefore, be it

RESOLVED, That the TJPA Board of Directors hereby authorizes the Executive Director to execute the First Amendment to the Original Pledge Agreement, subject to such changes as are necessary, not materially inconsistent with the terms presented herewith, and in the best interest of the TJPA as determined by the TJPA Executive Director, Chief Financial Officer, bond counsel, and general counsel.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of November 12, 2026.

_____

Secretary, Transbay Joint Powers Authority

FIRST AMENDMENT TO
TAX INCREMENT ALLOCATION AND SALES PROCEEDS
PLEDGE AGREEMENT
(TRANSBAY REDEVELOPMENT PROJECT)

This FIRST AMENDMENT TO TAX INCREMENT ALLOCATION AND SALES PROCEEDS PLEDGE AGREEMENT (TRANSBAY REDEVELOPMENT PROJECT) (this "**First Amendment**") dated for reference purposes as of _____, 20_ (the "**First Amendment Reference Date**") is between the CITY AND COUNTY OF SAN FRANCISCO, a charter city and county (the "**City**"), the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic (the "**Agency**"), and the TRANSBAY JOINT POWERS AUTHORITY (the "**Authority**") (each, a "**Party,**" together, the "**Parties**"), a joint powers authority duly created and organized under California Government Code Sections 6500 et seq.

RECITALS

A. On November 2, 1999, San Francisco voters passed Proposition H, which makes it City law to extend the Caltrain tracks to a new or rebuilt regional transit station on the site of the former Transbay Terminal at First and Mission Streets, and requires the City's Mayor, the City's Board of Supervisors (the "**Board of Supervisors**"), and other City officials to take all necessary action to extend Caltrain to a new downtown station, and requires the City and the San Francisco Transportation Authority to take all appropriate actions to generate the revenue to finance the downtown extension and transit station.

B. In accordance with the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.), the City approved the Redevelopment Plan for the Transbay Redevelopment Project by Ordinance No. 124-05, adopted by the Board of Supervisors on June 21, 2005 and approved by the Mayor on June 23, 2005, and by Ordinance No. 99-06, adopted by the Board of Supervisors on May 9, 2006 and approved by the Mayor on May 19, 2006 (the "**Original Transbay Redevelopment Plan**"). The Original Transbay Redevelopment Plan provides for the redevelopment, rehabilitation and revitalization of the area generally bounded by Mission, Main, Second and Folsom Streets in downtown San Francisco, consisting of approximately 40 acres, as described in the Transbay Redevelopment Plan (the "**Project Area**").

C. The Transbay Redevelopment Plan objectives include, among other things, "facilitating the design, development and construction of a new regional transit terminal, including the removal of existing structures and the design, development and construction of access ramps, the temporary and new terminal facilities and the downtown extension of Caltrain from 4th and Townsend Streets to the new regional transit terminal, all of which will provide expanded bus and rail service to and from the Project Area" and "facilitating additional public transit opportunities to and within the Project Area." The Transbay Redevelopment Plan actions include, among other things, "financing of public improvements and public buildings, including the Transbay Terminal, its access ramps, the temporary terminal facility, railroad extensions and related improvements and facilities."

D. The Authority has primary jurisdiction over the project to demolish the Transbay Terminal building and its associated ramps, and construct a modern publicly-owned multimodal terminal on the same site with an underground train connection to existing rail lines terminating at 4th and Townsend Streets in San Francisco (the "**Transbay Terminal Project**" or the "**Project**"). The Project will help to revitalize the Project Area and stimulate private investment by serving as a center of transit, retail, entertainment, and community facilities for the new transit oriented neighborhood. The Project is a public benefit and a central part of the Transbay Redevelopment Plan. Phase 1 of the Project was completed in 2018; Phase 2 of the Project is underway.

E. As contemplated by the Original Transbay Redevelopment Plan, the City, the Redevelopment Agency of the City and County of San Francisco (the "**Redevelopment Agency**"), and the Authority executed and delivered, among other documents: (i) the Implementation Agreement (Transbay Redevelopment Project) dated for reference purposes only as of January 20, 2005 (the "**Implementation Agreement**"); and (ii) the Tax Increment Allocation and Sales Proceeds Pledge Agreement (Transbay Redevelopment Project) dated for reference purposes only as of January 31, 2008 (the "**Original Pledge Agreement**").

F. Under Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("**AB 26**") and the California Supreme Court's decision in California Redevelopment Association v. Matosantos, No. S194861, all redevelopment agencies in the State of California, including the Redevelopment Agency, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies, which AB 26 charged with satisfying enforceable obligations of the former redevelopment agencies.

G. In June 2012, the California Legislature adopted legislation amending AB 26 as a trailer bill to the State's budget bill for the 2012-2013 fiscal year, known as Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12, Regular Session) ("**AB 1484**"), and the Governor signed that bill on June 27, 2012. While AB 26 defined the successor agency to be the sponsoring community, AB 1484 provided that (1) the successor agency is a separate public entity from the public agency that provides for its governance and the two entities shall not merge, (2) the successor agency has its own name and the capacity to sue and be sued, (3) the successor agency succeeds to the organizational status of the former redevelopment agency but without any legal authority to participate in redevelopment activities except to complete the work related to an approved enforceable obligation, and (4) the successor agency is a local entity for purposes of the Ralph M. Brown Act.

H. Pursuant to AB 26 and AB 1484, the Agency was designated as the successor agency to receive the non-affordable housing assets of the Redevelopment Agency, and the Agency succeeds, by operation of law, to the Redevelopment Agency's rights, title and interest in the Implementation Agreement and the Original Pledge Agreement, without the necessity for any assignment or other action on the part of any party. On October 2, 2012, the City's Board of Supervisors adopted Ordinance 215-12 (File No. 120898) acknowledging that the Agency is a separate legal entity, creating a commission for the Agency (the "**Commission**") as a policy body of the Agency and delegating to the Commission the authority to act in place of the former San Francisco Redevelopment

Agency Commission to implement certain projects. As required by AB 26, the City also established the oversight board of the Agency (the "**Oversight Board**").

I. The Implementation Agreement and the Original Pledge Agreement are enforceable obligations within the meaning of AB 26 and AB 1484 ("**Enforceable Obligations**"), and the Implementation Agreement and the Original Pledge Agreement were in existence prior to June 28, 2011. The Oversight Board has recognized and approved the Implementation Agreement and the Original Pledge Agreement as Enforceable Obligations, and has approved recognized obligation payment schedules that include various obligations and commitments relating to these Enforceable Obligations. On April 15, 2013, the Department of Finance issued a letter to the Agency pursuant to Health & Safety Code Section 34177.5(i) making its final and conclusive determination approving the Implementation Agreement and the Original Pledge Agreement as Enforceable Obligations.

J. California Health and Safety Code Section 34177 provides that the Agency, as a successor agency, is required to (1) perform obligations required pursuant to any Enforceable Obligations, and (2) continue to oversee development of properties until the contracted work has been completed.

K. On September 30, 2026, the Governor signed Assembly Bill 2308 (Haney) ("**AB 2308**") amending Health & Safety Code Section 34177.7 to specify the Agency's authority to issue bonds or incur other indebtedness to finance the infrastructure required by the Implementation Agreement, including entering into arrangements with the Authority and the City to extend the time period for pledges of gross sales proceeds and net tax increment.

L. The Original Pledge Agreement set forth a period of forty-five (45) years after the effective date of the ordinance adopting the Transbay Redevelopment Plan for the pledge of net tax increment to the Authority. Certain extraordinary challenges have hindered the timely development of the Project: the phasing of the Project was a prudent decision for constructability and funding availability but required sequencing of the work and an overall longer period to complete; market conditions after the COVID-19 pandemic have slowed the pace of delivery of improvements in the Project Area; and historic changes to work patterns, demographics, funding sources, grant requirements, and political priorities over this extended period have complicated the assembly of required capital for the Project. These facts warrant an extension of the term of the Original Pledge Agreement to include twenty-five (25) additional years to allow completion of the Project.

M. To implement AB 2308, the Board of Supervisors approved an amendment to the Transbay Redevelopment Plan by Ordinance No. _____, adopted , 20_ (the "**Transbay Redevelopment Plan Amendment,**" which together with the Transbay Redevelopment Plan, constitutes the "**Amended Transbay Redevelopment Plan**").

N. As authorized by AB 2308, this First Amendment provides a limited extension, by twenty-five (25) years, of the City's and the Agency's pledge of certain tax increment funds from the Project Area to finance the Project, which is infrastructure required by the Implementation Agreement.

O. This First Amendment is consistent with and in furtherance of the Enforceable Obligations that existed prior to June 28, 2011, and is in the best interests of the taxing entities. This First Amendment will, by making tax increment financing available for the anticipated buildout horizon of the Project, enable completion of the Project and the winding down of the affairs of the Agency.

P. This First Amendment is in furtherance of Proposition H, and its mandate that City officials take all necessary actions to extend Caltrain to a new downtown station and take all appropriate actions to generate the revenue to finance the downtown extension and transit station.

Q. This First Amendment is a critical component of the plan to complete the Project, which is expected to improve or alleviate the physical and economic conditions of the remaining blight in the Project Area; effectuate the public purposes and policies described in the Community Redevelopment Law; promote the public peace, health, safety, and welfare of the community; promote the stimulation and revitalization of the Project Area; offer significant opportunities for skilled construction jobs; reduce climate change impacts by reducing greenhouse gas emissions; connect transit systems with shorter travel times; and provide Bay Area residents with better access to jobs, housing and economic opportunities.

AGREEMENT

ACCORDINGLY, in consideration of the matters described in the foregoing recitals, the covenants contained in this First Amendment and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, and as contemplated by Section 11.2 of the Original Pledge Agreement, the City, the Agency, and the Authority agree as follows:

1. Amendment to Section 2. Section 2 of the Original Pledge Agreement is hereby deleted and replaced with the following:

> "**2. Pledge of Net Tax Increment For Use of Transbay Joint Powers Authority.**
>
> (a) Pursuant to Article XVI, Section 16 of the California Constitution and Sections 33445, 33670, 33671, and 33675 of the Community Redevelopment Law, and Section 34177.7(a)(1)(B) of the Health and Safety Code, the Agency and City agree that all property tax increment revenues attributable to parcels or portions thereof acquired by the City or the Authority from the State of California pursuant to the Cooperative Agreement ("Net Tax Increment"), and any interest thereon, are hereby irrevocably pledged to the Authority for costs associated with construction and design of the Transbay Terminal Project, and further agree that such revenues shall not be subject to any other indebtedness from the Transbay Redevelopment Plan or any other City or Agency obligations. However, all property tax increment revenues not considered Net Tax Increment may not be used for the Transbay Terminal Project.
>
> (b) Initial Period Pledge. Unless terminated as set forth in this Agreement, the

City and Agency agree that their irrevocable pledge of Net Tax Increment shall remain in effect for forty-five (45) years after the effective date of the ordinance adopting the Transbay Redevelopment Plan (the "**Initial Period**"). During the Initial Period, the term "Net Tax Increment" means all property tax increment revenues attributable to the State-Owned Parcels, allocated to and received by Agency and pledged hereunder as indebtedness to Authority, but specifically excluding therefrom the following: (i) charges for County administrative charges, fees, or costs; (ii) the portion of the tax increment revenues that Agency is required by law to set-aside in Agency's Affordable Housing Fund, pursuant to the Community Redevelopment Law; (iii) a portion of the tax increment revenues equal to the percentage of such revenue that Agency is required to pay to all governmental entities as required by the Community Redevelopment Law; (iv) the portion of the tax increment revenues equal to the percentage of such revenues that the State may mandate Agency to pay from time to time in the future, including, for example, any payments which Agency may be required to pay to the Education Revenue Augmentation Fund pursuant to Section 33681 et seq. of the Community Redevelopment Law.

(c) Extended Period Pledge. As contemplated by AB 2308, and unless terminated as set forth in this Agreement, the City and Agency agree that their irrevocable pledge of Net Tax Increment shall remain in effect, with further limitations as described below, for an additional twenty-five (25) years after the end of the Initial Period (the "**Extension Period**"). During the Extension Period, the term "Net Tax Increment" means all property tax increment revenues attributable to the State-Owned Parcels, allocated to and received by Agency and pledged hereunder as indebtedness to Authority, but specifically excluding therefrom the following: (i) administrative charges, fees, or costs for the City; (ii) the portion of the tax increment revenues that the Agency is required by law to set aside in the Agency's Affordable Housing Fund pursuant to law; (iii) a portion of the net tax increment revenues equal to the percentage of the revenue that the Agency is required to pay to all governmental entities as required by law; (iv) the portion of the tax increment revenues equal to the percentage of the revenues that the State of California may mandate the Agency to pay from time to time in the future, including any payments which the Agency may be required to pay to the Education Revenue Augmentation Fund pursuant to law; and (v) the portion of the tax increment revenues equal to the percentage of the revenues that the Agency would otherwise pay to school entities, including the Education Revenue Augmentation Fund, pursuant to paragraph (4) of subdivision (a) of Health & Safety Code Section 34183 after the effective term of the existing pledge of net tax increment.

(d) Notwithstanding the foregoing, all Net Tax Increment shall revert to the City's General Fund for distribution in accordance with the Community Redevelopment Law, if the Transbay Terminal Project is terminated."

2. Amendment to Section 7. Section 7 of the Original Pledge Agreement is hereby deleted and replaced with the following:

"**7. Term.** The term of this Agreement shall begin on the Effective Date and shall end upon the expiration of the Extension Period (as defined in Section 2(c))."

3. Amendment to Section 11.1. The Authority's address in Section 11.1 of the Original Pledge Agreement is hereby amended to read as follows:

"(iii) In the case of a notice or communication to the Authority:

Office of the Executive Director
Transbay Joint Powers Authority
425 Mission Street, Suite 250
San Francisco, California 94105
Telefacsimile: (415) 554-4722

with copy to:

Shute, Mihaly & Weinberger LLP
550 California Street, Suite 1200
San Francisco, CA 94104
Attn: Deborah Miller"

4. Relation to Original Pledge Agreement. Except as modified by this First Amendment, the Original Pledge Agreement shall remain in full force and effect in accordance with the terms and provisions thereof. Capitalized terms used but not otherwise defined in this First Amendment shall have the meanings for such terms set forth in the Original Pledge Agreement.

5. Authorities. Each Party confirms, represents, and warrants to the other Party: (a) that the execution and delivery of this First Amendment has been fully authorized by all necessary action of its governing body; (b) that the person signing this First Amendment has the requisite authority to do so and the authority and power to bind the entity on whose behalf they have signed; and (c) that this First Amendment is valid, binding and legally enforceable in accordance with its terms.

6. Successors and Assigns. This First Amendment shall inure to the benefit of and bind the respective successors and assigns of the City and the Agency. The Authority, including any transferee or assignee of the Authority, is an intended third party beneficiary of this First Amendment. Except as provided above with respect to the Authority and its permitted transferees and assignees, this Agreement is for the exclusive benefit of the Parties hereto and not for the benefit of any other person and shall not be deemed to have conferred any rights express or implied upon any other person.

7. Governing Law. This First Amendment is governed by and must be construed in accordance with the laws of the State of California.

8. Counterparts. This First Amendment may be executed in counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

9. Effective Date. This First Amendment shall become effective on the latest to occur of (the "**First Amendment Effective Date**") (i) the date that it is duly executed and delivered by the parties hereto, (ii) the effective date of a resolution adopted by the Oversight Board approving this First Amendment, (iii) the date on which Transbay Redevelopment Plan Amendment becomes effective, and (iv) January 1, 2027, the date on which AB 2308 takes effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have each caused this First Amendment to be duly executed on its behalf as of the First Amendment Effective Date.

CITY AND COUNTY OF SAN FRANCISCO,
a charter city and county

By: _____
Mayor

By: _____
Clerk of the Board of Supervisors

By: _____
Controller

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Deputy City Attorney

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE
CITY AND COUNTY OF SAN FRANCISCO,
a public body, corporate and politic

By: _____
Thurston Kaslofsky
Executive Director

APPROVED AS TO FORM:

By: _____
James B. Morales
General Counsel

TRANSBAY JOINT POWERS AUTHORITY,
a joint powers authority duly created and organized
under California Government Code Sections 6500 et seq.

By: _____
Adam Van de Water
Executive Director

APPROVED AS TO FORM:

By: _____
Deborah Miller
General Counsel

Transbay Joint Powers Authority
Board of Directors
Resolution No. _____
Adopted: _____
Attest:

_____
Secretary, TJPA Board

TRANSBAY REDEVELOPMENT PROJECT
TAX INCREMENT ALLOCATION
AND
SALES PROCEEDS
PLEDGE AGREEMENT

THIS TRANSBAY REDEVELOPMENT PROJECT TAX INCREMENT ALLOCATION AND SALES PROCEEDS PLEDGE AGREEMENT (this "Agreement") dated as of January 31, 2008 is between the CITY AND COUNTY OF SAN FRANCISCO, a charter city (the "City"), and the REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, corporate and politic of the State of California (the "Agency"), and the TRANSBAY JOINT POWERS AUTHORITY (the "Authority") a joint powers authority duly created and organized under California Government Code Sections 6500 *et seq.* Unless otherwise defined in this Agreement, all initially capitalized terms used in this Agreement shall have the meanings given them in the Transbay Redevelopment Plan (as described in Paragraph A of the Recitals, below).

THIS AGREEMENT is made with reference to the following facts and circumstances:

A. In accordance with the Community Redevelopment Law of California (Health & Safety Code Section 33000 *et seq.*), the City, acting through its Board of Supervisors, has approved a Redevelopment Plan for the Transbay Redevelopment Project by Ordinance No. 124-05, adopted by the Board on June 21, 2005 and approved by the Mayor on June 23, 2005 and by Ordinance No. 99-06, adopted by the Board on May 9, 2006 and approved by the Mayor on May 19, 2006. The Redevelopment Plan, as it may be amended, is referred to as the "Transbay Redevelopment Plan."

B. The Transbay Redevelopment Plan provides for the redevelopment, rehabilitation and revitalization of the area generally bounded by Mission, Main, Second and Folsom Streets in downtown San Francisco, and containing approximately forty (40) acres of land, as more particularly described in such plan (the "Project Area"). The Transbay Redevelopment Plan envisions the Project Area as a mixed-use transit-oriented neighborhood comprised of approximately seven million six hundred thousand (7.6 million) square feet of residential, office, retail, hotel and public space. This development scenario includes up to three thousand four hundred (3,400) units of housing on publicly owned land, including approximately twelve-hundred (1,200) units which would be affordable to very low, low and moderate income households.

C. The Project Area is characterized by ten (10) acres of blighted and underutilized publicly owned land (the "State-Owned Parcels"), that resulted from demolition of highway ramps damaged in the 1989 Loma Prieta earthquake. Most of this land, is vacant and used for parking. The State-Owned Parcels also include the sixty-five (65) year old Transbay Terminal building and its bus access ramps. The Transbay Terminal is obsolete, and underutilized. The Agency has determined that the Transbay Terminal building and ramps are in a blighted physical condition and in need of substantial upgrades or replacement to meet seismic and safety codes. Because these structures occupy several acres of land centrally located in the Project Area, they have a primary impact on physical and economic blighting conditions in the surrounding area. Redevelopment of the Project Area in accordance with the Transbay Redevelopment Plan will require development of the State-Owned Parcels, replacement of the Transbay Terminal building, and revitalization and improvement of existing buildings, public facilities and infrastructure.

D. The Transbay Redevelopment Plan will provide numerous public benefits for the City and its residents. These public benefits include revitalization of the Project Area, which is currently blighted, the provision of substantial new affordable housing, economic development opportunities, and a variety of infrastructure, public facility, and open space improvements.

E. A major goal of the Transbay Redevelopment Plan is to stimulate private investment in the Project Area through elimination of blight, improvement of public facilities and infrastructure, and the establishment of a positive climate for private participation. The Agency intends to finance these improvements using tax increment financing and a range of other potential financing sources, including the potential establishment of a Mello-Roos Community Facilities District on the State-Owned Parcels.

F. The Authority, the City, and the State of California entered into an agreement dated July 11, 2003 (the "Cooperative Agreement"), in which the State agreed to transfer the State-Owned Parcels to the City and Authority, subject to certain restrictions. The State-Owned Parcels are identified in Exhibit A to the Cooperative Agreement.

G. The Authority intends to demolish the Transbay Terminal building and its associated ramps and construct a modern publicly-owed multimodal terminal on the same site with an underground train connection to existing rail lines terminating at 4th and Townsend Streets in San Francisco (the "Transbay Terminal Project"). Demolition of these existing structures will provide additional vacant land for development consistent with the Transbay Redevelopment Plan. The Transbay Terminal Project will help to revitalize the Project Area and stimulate private investment by serving as a center of transit, retail, entertainment, and community facilities for the new transit oriented neighborhood. The Transbay Terminal Project is a public benefit and a central part of the Transbay Redevelopment Plan.

H. City or Authority title to the State-Owned Parcels under the Cooperative Agreement is subject to a deed restriction requiring that any such parcel may be sold for development provided that the Gross Sales Proceeds, as defined below, are provided to the Authority to finance development of the Transbay Terminal Project. This deed restriction also applies to the Agency if it acquires any of the State-Owned Parcels from the City or the Authority, and is set forth in the Transbay Redevelopment Plan.

I. The Cooperative Agreement further requires that a portion of tax increment revenues attributable to the State-Owned Parcels, the Net Tax Increment, as defined below, must be provided to the Authority to finance development of the Transbay Terminal Project. This requirement is set forth in the Transbay Redevelopment Plan.

J. The Transbay Redevelopment Plan authorizes the Agency to provide financial and other assistance to public entities in the development of land, buildings, facilities, structures and other improvements that benefit the Project Area consistent with the Cooperative Agreement. Investment of Agency revenues in the Transbay Terminal Project, as set forth in the Transbay Redevelopment Plan, will help catalyze the development of underutilized properties such as the State-Owned Parcels, and eliminate their blighting influence on existing buildings in the surrounding area.

K. The City, Agency and Authority have executed an Option Agreement for the Purchase and Sale of Real Property, dated of even date herewith (the "Option

Agreement"), incorporated as though set forth fully herein, authorizing the Agency to take title to certain State-Owned Parcels, subject to limitations of the Cooperative Agreement but with no payment for land value until title is conveyed to a third party. The Option Agreement provides that the Gross Sale Proceeds and all Net Tax Increment (both as defined below) shall be provided to the Authority for the Transbay Terminal Project. The Transbay Redevelopment Project Area Implementation Agreement, between the Authority and Agency and dated as of January 20, 2005 ("Implementation Agreement"), incorporated as though set forth fully herein, provides that the Authority will develop the Transbay Terminal Project in accordance with goals and objectives of the Transbay Redevelopment Plan.

L. The City has made the findings required by Section 33445(a) of the Community Redevelopment Law that the Transbay Terminal Project will benefit the Redevelopment Project Area, that no other means of financing the Transbay Terminal Project is available without Agency funding, and that the Agency's payment of funds will assist in the elimination of blighting conditions.

M. Pursuant to the authority granted under Article XVI, Section 16 of the California Constitution and Sections 33445, 33670, 33671 and 33675 of the Community Redevelopment Law, the parties now wish to provide for the irrevocable pledge of Net Tax Increment to the Authority for development of the Transbay Terminal Project.

ACCORDINGLY, in consideration of the matters described in the foregoing recitals, the covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the City, Authority and Agency agree as follows:

1. Purpose of this Agreement. The purpose of this Agreement is to finance development of the Transbay Terminal Project in accordance with the Transbay Redevelopment Plan, including the Project Area Design for Development, the Cooperative Agreement, the Option Agreement, and the Implementation Agreement (hereafter the "Plan Documents"). The parties agree that the development of the Transbay Terminal Project pursuant to the Plan Documents is in the best interests of the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws. The parties intend that all Net Tax Increment and all Gross Sales Proceeds, both as defined below, shall be irrevocably pledged to the Authority, and that the Authority may bond or pledge those revenues as security, use them as cash, loan repayments, or for any other purpose of the Transbay Terminal Project as set forth in the Cooperative Agreement. The Agency and City acknowledge and agree that this Agreement is entered into for their benefit and for the express benefit of the Authority, that Authority is entitled to rely on this Agreement, receive benefits and revenues conferred by this Agreement and to enforce any provision of this Agreement against any party to this Agreement ; provided, however, neither the Agency nor the City shall be liable to the Authority for damages, except as provided in Section 10.2 below.

2. Pledge of Net Tax Increment For Use Of Transbay Joint Powers Authority. Pursuant to Article XVI, Section 16 of the California Constitution and Sections 33445, 33670, 33671 and 33675 of the Community Redevelopment Law, the Agency and City agree that all property tax increment revenues attributable to parcels or portions thereof acquired by the City or the Authority from the State of California pursuant to the Cooperative Agreement ("Net Tax Increment"), and any interest thereon, are hereby irrevocably pledged to the Authority for costs associated with construction and design of the Transbay Terminal Project, and further agree that such revenues shall not be

subject to any other indebtedness whether from the Transbay Redevelopment Plan or any other City or Agency obligation. However, all property tax increment revenues not considered Net Tax Increment may not be used for the Transbay Terminal Project. As used in this Agreement, the term "Net Tax Increment" means all property tax increment revenues attributable to the State-Owned Parcels, allocated to and received by Agency and pledged hereunder as indebtedness to Authority, but specifically excluding therefrom the following: (i) charges for County administrative charges, fees, or costs; (ii) the portion of the tax increment revenues that Agency is required by law to set-aside in Agency's Affordable Housing Fund, pursuant to the Community Redevelopment Law; (iii) a portion of the tax increment revenues equal to the percentage of such revenue that Agency is required to pay to all governmental entities as required by the Community Redevelopment Law; (iv) the portion of the tax increment revenues equal to the percentage of such revenues that the State may mandate Agency to pay from time to time in the future, including, for example, any payments which Agency may be required to pay to the Education Revenue Augmentation Fund pursuant to Section 33681 *et seq.* of the Community Redevelopment Law. Unless terminated as set forth in this Agreement, the City and Agency agree that their irrevocable pledge of Net Tax Increment shall remain in effect for forty-five years (45) years after the effective date of the ordinance adopting the Transbay Redevelopment Plan, provided, however, that all Net Tax Increment will revert to the City's General Fund for distribution in accordance with the Community Redevelopment Law, if the Transbay Terminal Project is terminated.

3. Pledge of Gross Sales Proceeds for Use of Transbay Joint Powers Authority. Pursuant to Article XVI, Section 16 of the California Constitution and Sections 33445, 33670, 33671 and 33675 of the Community Redevelopment Law, the Agency agrees that all Gross Sales Proceeds, and any interest thereon, are hereby irrevocably pledged to the Authority to defray costs associated with construction of the Transbay Terminal Project, and further agrees that such revenues shall not be subject to any other indebtedness whether from the Transbay Redevelopment Plan or any other City or Agency obligation. The Agency's pledge of Gross Sales Proceeds shall survive expiration or termination of the Plan Documents. As used in this Agreement, the term "Gross Sales Proceeds" means proceeds from the conveyance of all or a portion of any State-Owned Parcel listed in the Cooperative Agreement from the Agency to a third party, which proceeds are the result of Agency's good faith effort to obtain the fair market value from such third party for such State-Owned Parcel or portion thereof, in light of applicable laws.

3.1. The Agency shall deposit the Gross Sales Proceeds into the Authority Trust Account as set forth in Section III.G.1. of the Cooperative Agreement.

3.2 The Agency's pledge of Gross Sales Proceeds shall survive termination of the Cooperative Agreement. If the Cooperative Agreement has been terminated for any reason at the close of escrow, the Agency shall deposit the Gross Sales Proceeds into escrow to the order of the Authority as set forth in Section 6.1 of the Option Agreement and Section 2.1 of the Implementation Agreement.

4. Statement of Indebtedness; Covenant to Appropriate. As provided in the Community Redevelopment Law, the Agency shall submit to the City Controller a Statement of Indebtedness on an annual basis showing, among other things, the projected amount of Net Tax Increment as the Agency's indebtedness for the Transbay Redevelopment Plan for the ensuing fiscal year. Pursuant to Article XVI, Section 16 of the California Constitution and the Community Redevelopment Law, the Board of Supervisors of the City covenants to take such actions as are necessary to appropriate such legally available funds as are required to pay the Agency's indebtedness secured by the pledges described in Sections 2 and 3 of this Agreement, based on the Agency's

submission of statements of the Agency's indebtedness as provided above. Furthermore, the City shall comply with the provisions of the Community Redevelopment Law, pursuant to Health and Safety Code Section 33670 et seq., that generally entitle the Agency to all of the property tax revenues realized from growth in property values since the inception of the Transbay Redevelopment Plan to the extent that the Agency has incurred debt approved in accordance with the Community Redevelopment Law for the implementation of the Transbay Redevelopment Plan.

5. Payment of Net Tax Increment. The Agency shall provide Net Tax Increment and interest thereon, as shown on the Agency's Statement of Indebtedness, to the Authority, into such accounts as the Authority may direct, within ten (10) days of receipt from the City, without setoff or counterclaim.

5.1. In the event that the parties agree in writing to the Agency's issuance of bonded indebtedness on anticipated Net Tax Increment, proceeds from the sales of the bonds and interest thereon shall be deposited into a separate trust account and such trust account shall be segregated from all other accounts and funds of the Agency, and separate records shall be kept of all transactions associated with the segregated account. Distribution to the Authority of such proceeds and interest shall occur in whatever manner the parties may agree which is in compliance with the Internal Revenue Service codes governing tax-exempt financing.

5.2. The Agency shall make a separate determination of Net Tax Increment amounts due under this Agreement from any State-Owned Parcels that are consolidated with adjacent land, and shall submit the determination to the Authority and City for advance written approval. At a minimum, the Authority shall be accorded that portion of increment from the consolidated parcel which represents the Net Tax Increment from the original State-owned Parcel on a square foot basis. If the City or Authority make a claim that a square footage apportionment does not fairly represent the value of Net Tax Increment due in accordance with their obligations under the Cooperative Agreement, the Agency's determination shall be treated as a breach of this Agreement under Section 10 below.

6. Effective Date. This Agreement shall become effective after approval evidenced by resolution of the Authority as of the date (the "Effective Date") which is the latest of (i) the date upon which the Transbay Redevelopment Plan becomes effective, (ii) the date upon which the Board of Supervisors ordinance authorizing and approving this Agreement becomes effective, and (iii) the date on which the City and Agency authorize, execute and deliver this Agreement.

7. Term. The term of this Agreement shall begin on the Effective Date and shall end forty-five years (45) years after the effective date of the ordinance adopting the Transbay Redevelopment Plan.

8. No General Fund Commitment. The pledge of revenue under this Agreement shall be limited solely to revenues payable from Net Tax Increment and any interest earnings thereon, on the terms set forth above. Notwithstanding anything to the contrary contained herein, this Agreement is not intended to, and shall not, create any commitment or obligation of the City to satisfy all or any portion of such indebtedness out of its General Fund, nor shall this Agreement be construed in any manner that would violate the debt limitations under Article XVI, Section 18 of the State Constitution or of the City's Charter, including Section 3.105 of the Charter.

9. Increment from Other Project Areas. The parties recognize and agree that this Agreement shall not require that revenue from tax increment or tax allocation bonds be made available to the Authority for the Transbay Terminal Project beyond the Net Tax Increment generated from within the Project Area; provided that, nothing in this Agreement shall prohibit the Agency and City, in their sole and absolute discretion, from making such revenue from outside the Project Area available to the Authority for purposes of the Transbay Terminal Project.

10. Remedies.

10.1 General.

(a) In the event of any default in or breach of this Agreement (each a "default"), the Option Agreement, or the Implementation Agreement or any of its terms, the non-defaulting party may deliver a written notice of default to the other regarding such default. The notice of default shall state with reasonable specificity the nature of the alleged default, the provisions under which the default is claimed to arise, and the manner in which the failure of performance may be satisfactorily cured. Upon receipt of such notice of default, either the City or the Agency, as applicable, shall commence within a reasonable time not to exceed sixty (60) days to cure or remedy such default, and shall thereafter pursue such cure or remedy to completion.

(b) Upon delivery of a notice of default, the City and the Agency, together with the Authority, shall promptly meet to discuss the default and the manner in which the defaulting party can cure or remedy the same so as to satisfy the aggrieved party's concerns. The City, Agency and the Authority shall continue meeting regularly, discussing, investigating and considering alternatives for a period of sixty (60) days from the delivery of the notice of default. If, at the end of the meet and confer period, the aggrieved party no longer holds the view that the other party is in default, such party shall issue a written acknowledgment of the other party's cure or remedy of the matter which was the subject of the notice of default.

(c) If (i) action is not diligently taken or pursued, or the default shall not be cured or remedied within a reasonable time or (ii) either the City or the Agency, which is alleged to be responsible for the default, shall refuse to meet and discuss as described above, then the aggrieved party may institute such proceedings (except as otherwise limited by this Agreement, and in particular, Section 10.2) as may be necessary or desirable in its opinion to cure and remedy such default, including, without limitation, proceedings to compel specific performance by the party in default of its obligations. Nothing in this Section shall require a party to postpone instituting any injunctive proceeding if it believes in good faith that such postponement will cause irreparable harm to such party. The parties acknowledge that termination is a remedy only in the event that the Authority formally resolves to abandon the Transbay Terminal Project as described in the Cooperative Agreement.

10.2 No Monetary Damages. The parties have determined that monetary damages are generally inappropriate and that it would be extremely difficult and impractical to fix or determine the actual damages to a party as a result of a breach or default under this Agreement and that equitable remedies and remedies at law not including damages are the appropriate remedies for enforcement of this Agreement. The parties would not have entered into this Agreement if either of them were liable to the other or to the Authority, including any Transferee of the Authority, for damages under or with respect to this Agreement. Consequently, the parties have agreed that neither party shall be liable in damages to the other, or to the Authority, including any transferee or

assignee, or to any other person, and each covenants not to sue for or claim any monetary damages and expressly waives its right to do so (A) for any breach of, or which arises out of, this Agreement or (B) arising out of or connected with any dispute, controversy or issue regarding the application, interpretation or effect of the provisions of this Agreement, except that injunctive relief to be allowed.

10.3 Attorneys' Fees. In the event of any dispute or any legal action or other dispute resolution mechanism to enforce or interpret any provision of this Agreement, the prevailing party shall not be entitled to attorneys' fees.

11. General Provisions

11.1 Notices. A notice or communication under this Agreement by either party to the other shall be sufficiently given or delivered if dispatched by hand or by registered or certified mail, postage prepaid, addressed as follows:

(i) In the case of a notice or communication to the Agency:

San Francisco Redevelopment Agency
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: Executive Director
Reference: Transbay Redevelopment Project
Telefacsimile: (415) 749-2565

With a copy to:

San Francisco Redevelopment Agency
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Attn: General Counsel
Reference: Transbay Redevelopment Project
Telefacsimile: (415) 749-2575

(ii) In the case of a notice or communication to the City:

Mayor's Office of Economic and Workforce Development
City and County of San Francisco
Third Floor, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Rich Hillis
Reference: Transbay Redevelopment Project
Telefacsimile: (415) 554-6474

With a copy to:

Office of the Controller
City and County of San Francisco
875 Stevenson Street, Room 235
San Francisco, California 94103
Attn: Controller
Reference: Transbay Redevelopment Project
Telefacsimile: (415) 554-7466

And to:

Office of the City Attorney
Room 234, City Hall
San Francisco, CA 94102
Attn: Real Estate & Finance Team
Reference: Transbay Redevelopment Project
Telefacsimile: (415) 554-4722

(iii) In the case of a notice or communication to the Authority:
Office of the Executive Director
Transbay Joint Powers Authority
201 Mission Street, Suite 1960
San Francisco, CA 94105
Telefacsimile: (415) 597-4615

For the convenience of the parties, copies of notice may also be given by telefacsimile.

Every notice given to a party hereto, pursuant to the terms of this Agreement, must state (or must be accompanied by a cover letter that states) substantially the following:

(a) the Section of this Agreement pursuant to which the notice is given and the action or response required, if any;

(b) if applicable, the period of time within which the recipient of the notice must respond thereto;

(c) if approval is being requested, shall be clearly marked "Request for Approval under the Transbay Redevelopment Project Tax Allocation Pledge Agreement"; and

(d) if a notice of a disapproval or an objection which requires reasonableness, shall specify with particularity the reasons therefor.

Any mailing address or telefacsimile number may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt. A party may not give official or binding notice by telefacsimile. The effective time of a notice shall not be affected by the receipt, prior to receipt of the original, of a telefacsimile copy of the notice.

11.2 Amendments. Except as otherwise provided in this Agreement, this Agreement may be amended or modified only by a written instrument executed by City, Authority and Agency. The Agency and the City shall not amend the Transbay Redevelopment Plan or the Plan Documents in any manner that would decrease the pledge of Net Tax Increment as provided herein, without in each case obtaining the prior written consent of the Authority, which may be given or withheld by its Board of Directors in its sole reasonable discretion. The Mayor and the Controller of the City (or any successor City officer as designated by law), the Executive Director of the Authority,

and the Executive Director of the Agency shall have the authority to consent to any non-material amendments or other modifications to this Agreement. For purposes hereof, "non-material change" shall mean any change which does not decrease the pledge of Net Tax Increment which is the subject of this Agreement. Material amendments to this Agreement shall require the approval of the Board of Supervisors, by resolution.

11.3 Severability. If any provision of this Agreement, or its application to any person or circumstance, is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, and the remaining portions of this Agreement shall continue in full force and effect, unless enforcement of this Agreement as so modified by and in response to such invalidation would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the fundamental purposes of this Agreement. Without limiting the foregoing, in the event that any applicable federal or state law prevents or precludes compliance with any material term of this Agreement, the parties shall promptly modify, amend or suspend this Agreement, or any portion of this Agreement, to the extent necessary to comply with such provisions in a manner which preserves to the greatest extent possible the benefits to each of the parties to this Agreement and to the Owner before such conflict with federal or state law. However, if such amendment, modification or suspension would deprive the City or the Agency of the substantial benefits derived from this Agreement or make performance unreasonably difficult or expensive, then the affected party may terminate this Agreement upon written notice to the other party. In the event of such termination, neither party, nor the Owner, shall have any further rights or obligations under this Agreement.

11.4 Non-Waiver. Any delay or failure by the City or the Agency, or the Authority, to exercise any right under this Agreement shall not be deemed a waiver of that or any other right contained in this Agreement.

11.5 Successors and Assigns; Third Party Beneficiary. This Agreement shall inure to the benefit of and bind the respective successors and assigns of the City and the Agency. The Authority, including any transferee or assignee of the Authority, is an intended third party beneficiary of this Agreement. Except as provided above with respect to the Authority and its permitted transferees and assignees, this Agreement is for the exclusive benefit of the parties hereto and not for the benefit of any other person and shall not be deemed to have conferred any rights, express or implied, upon any other person.

11.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

11.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

11.9 Interpretation of Agreement.

(a) Captions. Whenever a section, article or paragraph is referenced, it refers to this Agreement unless otherwise specifically identified. The captions preceding the articles and sections of this Agreement have been inserted for convenience of reference only. Such captions shall not define or limit the scope or intent of any provision of this Agreement.

(b) Words of Inclusion. The use of the term "including," "such as" or words of similar import when following any general term, statement or matter shall not be construed to limit such term, statement or matter to the specific items or matters, whether or not language of non-limitation is used with reference thereto. Rather, such terms shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such statement, term or matter.

(c) References. Wherever reference is made to any provision, term or matter "in this Agreement," "herein" or "hereof" or words of similar import, the reference shall be deemed to refer to any and all provisions of this Agreement reasonably related thereto in the context of such reference, unless such reference refers solely to a specific numbered or lettered, section or paragraph of this Agreement or any specific subdivision thereof.

(d) Recitals. In the event of any conflict or inconsistency between the recitals and any of the remaining provisions of this Agreement, the remaining provisions of this Agreement shall prevail.

11.10 Entire Agreement. This Agreement contains all the representations and the entire agreement between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this Agreement. No prior drafts of this Agreement or changes from those drafts to the executed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by either party or any other Person and no court or other body shall consider those drafts in interpreting this Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the City, the Authority and the Agency have duly executed and delivered this Agreement as of the date first written above.

CITY AND COUNTY OF SAN FRANCISCO

By _____
Gavin Newsom, Mayor

By _____
Gloria L. Young, Clerk of
the Board of Supervisors

By _____
Edward Harrington, Controller

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By _____
Deputy City Attorney

REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO

By _____
Amy Lee, Deputy Executive Director
Finance and Administration

APPROVED AS TO FORM:

By _____
James B. Morales
Agency General Counsel

[AUTHORITY SIGNATURE ON FOLLOWING PAGE]

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Carol Wong
Deputy City Attorney

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APPROVED AS TO FORM:

By _____
James B. Morales
Agency General Counsel

[AUTHORITY SIGNATURE ON FOLLOWING PAGE]

TRANSBAY JOINT POWERS AUTHORITY

By _____
Maria Ayerdi
Executive Director

APPROVED AS TO FORM:

By _____
Andrew W. Schwartz
Shute, Mihaly & Weinberger

Transbay Joint Powers Authority
Board of Directors
Resolution No. 05-002
Adopted: 1/20/05
Attest: _____
Secretary, TJPA Board