

MEMORANDUM

November 8, 2017

TO: MEMBERS, Capital Planning Committee

FROM: Rebecca Benassini, Asst. Deputy Director Waterfront Development

SUBJECT: Approval of a Resolution of Intent to Form Project Area I and Sub-Project Areas I-1 through I-13, of the existing Port-wide Infrastructure Financing District (IFD) and Issue Bonds for Sub-Project Areas I-1 through I-13, which encompass the Mission Rock Special Use District (Action Item)

EXECUTIVE SUMMARY

Staff requests approval of the following Resolutions of Intent (ROIs) to: (1) form Project Area I and Sub-Project Areas I-1 through I-13 of the existing Port-wide Infrastructure Financing District (IFD) and (2) issue bonds based upon tax increment from these Sub-Project Areas. Tax increment will be used to provide public financing of eligible expenses incurred in the development of the Mission Rock Special Use District (SUD) area and elsewhere within the Port IFD area.

The requested actions are approval of the following two resolutions:

1. Attachment 1: Resolution of Intention to establish Project Area I (Mission Rock), and Sub-Project Areas I-1 through I-13 therein, of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco); and
2. Attachment 2: Resolution of Intention to Issue Bonds for Project Area I of City and County of San Francisco Infrastructure Financing District No. 2. (Port of San Francisco).

These ROIs were introduced on October 17, 2017 and are calendared to be heard by the Government Audit and Oversight Committee on November 15, 2017. If approved by the full Board of Supervisors and signed by the Mayor, staff will return to the Board of Supervisors to seek approval of: (1) an ordinance to form Project Area I and Sub-Project Areas I-1 through I-13 and (2) a resolution authorizing issuance of bonds for Project Area I. This is anticipated to occur in January 2018.

PROJECT BACKGROUND

In 2013, the Port Commission and the Board of Supervisors each unanimously endorsed the Term Sheet for Mission Rock, a roughly 28-acre site along San Francisco's Central Waterfront area. The Term Sheet outlined the proposed land plan and transaction terms for future development of Mission Rock.

In the general election held in the City and County of San Francisco (the "City") on November 3, 2015, an initiative entitled the "City of San Francisco Mission Rock Development Initiative" ("Proposition D"), was approved by the voters in the City. Pursuant to Proposition D, the voters permitted a range of height increases on the site up to 240 feet and adopted open space, housing affordability, historic rehabilitation, commercial and urban design policies. In particular, Proposition D encourages development of Mission Rock provided that eight acres of parks and open space and housing, of which at least 33% is affordable for low- and middle-income households, is provided through the development. Seawall Lot 337 Associates, LLC ("Developer") later committed to 40% of residential units onsite provided to households making up to 150% of Area Median Income ("AMI").

On October 5, 2017, the Planning Commission adopted California Environmental Quality Act findings, recommended zoning and planning code amendments to establish the Mission Rock SUD, and took other related actions to implement the project. No appeals of these actions were submitted prior to the deadline for such protests.

After years of planning and completion of entitlements, the City, acting by and through the Port Commission, and SWL 337 Associates anticipate entering into a Disposition and Development Agreement (the "DDA"), and certain other agreements related thereto, including a Financing Plan that will govern the disposition and development of Mission Rock and provide for the financing of certain capital facilities and public services related to the proposed project.

The project contemplated under the DDA and related agreements will include redevelopment of a surface parking lot ("Lot A", today generally used for AT&T Park events) and rehabilitation of a Pier 48. The site in total is roughly 28-acres including both Lot A and Pier 48. When redeveloped, the site is anticipated to include a total of 2.7 to 2.8 million gross square feet (gsf) of new and rehabilitation space including 1.1 to 1.6 million gsf of residential space (about 1,000 to 1,600 units, 40% of which will be income-restricted, below market rate), 972,000-1.4 million gsf of office, 240,000 gsf of retail, and 240,000 gsf of industrial and active uses in Pier 48.

FINANCING DISTRICTS BACKGROUND

State law authorizes the City to form Infrastructure Financing Districts ("IFDs") across waterfront districts to pay for public improvements, historic rehabilitation, and shoreline restoration, among other uses. These improvements are authorized to be funded by property tax revenue growth.

The IFD Law (codified at Government Code Section 53395 et seq.) operates in much the same way as former redevelopment law: when approved by the Board of Supervisors, each district may be formed and a base year established, after which growth in property or possessory interest¹ taxes (“Tax Increment”) may be captured, either annually (“pay-go”) or through the issuance of bonds, to fund facilities of “communitywide significance” as part of an approved Infrastructure Financing Plan. Section 53395.8 of the IFD Law (the “Port IFD Law”) permits an IFD formed thereunder to capture Tax Increment for periods of up to 45 years; establishing different project areas allows the Port to set different 45-year “clocks” for each project area.

The Port’s 10-Year Capital Plan has included projected proceeds from a Port-wide infrastructure financing district to fund major capital improvements since 2007. On February 23, 2016, the Board of Supervisors established the Port IFD project area covering all Port property, adopted an Infrastructure Financing Plan (“IFP”) and reserved the right to establish IFPs in the future specific to other project areas and sub-project areas within the IFD.

LEGISLATIVE PROCESS

On October 17, 2017, Mayor Edwin M. Lee and Supervisor Jane Kim co-sponsored two resolutions to initiate the process to form Sub-Project Areas I-1 through I-13 within the existing Port IFD. These resolutions included:

1. Resolution of Intention to establish Project Area I (Mission Rock), and Sub-Project Areas I-1 through I-13 therein, of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (File No. 171117); and
2. Resolution of Intention to Issue Bonds for Project Area I of City and County of San Francisco Infrastructure Financing District No. 2. (Port of San Francisco) (File No. 171118).

These items were assigned to the Government Audit and Oversight Committee and have been calendared for November 15, 2017. Once heard, the legislation will provide the public with notice of the City’s intent to form Sub-Project Areas I-1 through I-13 within the existing Port IFD and to issue bonds repaid with Tax Increment from the Sub-Project Areas. Additionally, the legislation directs City staff to prepare infrastructure financing plans for Sub-Project Areas I-1 through I-13 including a detailed expenditure plan for available Tax Increment.

¹ Possessory interest taxes are property tax levied against leasehold interests. Port tenants are responsible for paying possessory interest taxes to the City.

PROJECT FINANCING OVERVIEW

Overview of Financing Plan Major Goals

The DDA will include a Financing Plan to establish the framework for financing new publicly-owned infrastructure, streets, and parks (“Horizontal Development”) in the Project as well as significant new public benefits. The Financing Plan’s primary goals include:

1. Construct horizontal improvements in coordination with vertical improvements to minimize financing costs;
2. Use public financing sources to maximize Port’s land value, and reduce Project risk;
3. Provide the Developer with an opportunity to achieve a market-rate return on its capital investment (in Horizontal Development costs);
4. Provide the Port with an opportunity, but not the obligation, to invest Port capital in the Project and, if the Port elects to do so, to achieve a market-rate return on its capital investments in Horizontal Development costs;
5. Meet or exceed affordable housing goals established by San Francisco voters;
6. Provide the Port with fair market value for the development parcels at Mission Rock consistent and repay the Port’s investment in infrastructure with interest;
7. Use lower cost debt to the extent available to reduce reliance on Developer Capital and the associated return;
8. Provide a funding source for the Project’s ongoing maintenance costs;
9. Provide a funding source to assist the Port in adapting to rising sea levels after full build-out of the Project; and
10. Implement sound and prudent municipal fiscal policies that protect the City’s and Port’s funding streams, respective financial standings, and fiduciary obligations.

Sources of Funding for the Project

It will be costly to build the infrastructure to support a new neighborhood at Mission Rock. The Financing Plan will describe how the Developer will supply Developer Capital and be repaid from Project-generated sources to develop the new public infrastructure and provide public benefits to support the new neighborhood at Mission Rock.

Primary Funding Sources Detailed in the Financing Plan

FUNDING SOURCE	DESCRIPTION
Community Facilities District (“CFD”)	Special Taxes that will be levied to fund capital improvements and provide services, (upon approval of a CFD)
Infrastructure Financing District	Tax Increment from Project Area I that will be used to pay for public improvements and historic rehabilitation
Developer Capital	Funds advanced to the Project by the Developer (18% annual return)
Port Capital	Funds advanced to the Project by the Port from the Harbor Fund (10% annual return)
Land Proceeds	Revenues generated from the lease of Port land

Infrastructure Financing District

Under the terms to be set forth in the Financing Plan and other implementing documents including a Tax Allocation Memorandum of Understanding (between the Port, the Controller, the Treasurer Tax Collector, and the Assessor-Recorder), the City will commit its share of the Tax Increment generated in Project Area I for the reimbursement of eligible project costs. The City receives and will commit 64.69% of the 1% Ad Valorem property tax.

Over the life of the IFD, Project Area I is anticipated to generate: (1) up to \$3.8 billion in net available Tax Increment and (2) bonds with an aggregate principal amount of not more than \$1.3 billion which may be secured against the Tax Increment generated (both figures are in nominal dollars).

Community Facilities District

The financing strategy for the CFD in the anticipated Financing Plan would impose Special Taxes in addition to the standard 1% Ad Valorem property tax on properties within the district. The CFD may pay for a broader range of eligible costs than the IFD and may also pay for services. Staff intend to recommend three types of CFD Special Taxes for the Mission Rock district including: (1) facilities special tax to be credited by Tax Increment, (2) additive facilities special tax for Mission Rock project costs and transitioning to support shoreline and resiliency projects Port-wide; and (3) additive maintenance special taxes to provide resources for streets, parks, and open space maintenance in the district.

The Mission Rock CFD will be brought to the Board of Supervisors in a subsequent action.

Inter-City Agency Coordination

The implementation of this project will require participation from several departments Citywide. To facilitate understanding of each department’s roles and responsibilities, the project approval action is anticipated to include the

- Interagency Cooperation Agreement (ICA). The ICA is an inter-agency agreement between the Port and other City departments that sets forth procedures for submittal of improvement plans, including public right-of-ways, utility infrastructure and parks and open space, by the applicable Developer and a schedule and procedure for City and/or Port approval and issuance of relevant construction permits. The ICA requires approval and consent of the Port Commission, SFMTA Commission and SFPUC Commission. It must also be approved by the Board of Supervisors and signed by the Mayor, Clerk of the Board of Supervisors, Public Works Director, City Administrator and Controller, on behalf of affected City departments.
- Memorandum of Understanding, Port, Treasurer and Tax Collector, Assessor-Recorder and Controller (Tax Allocation MOU). The Port is proposing MOU among the Port, Treasurer and Tax Collector, Assessor-Recorder and Controller to ensure communication and cooperation among the City's departments in connection with implementation of the Financing Plan, most notably the levy, collection and expenditure of tax increment generated in the Sub-Project Areas and special taxes from the CFDs.

Recommendation and Next Steps

Staff recommends approval of the attached resolutions, triggering a Capital Planning recommendation to the Board of Supervisors to approve these actions. In preparation for approval of these transaction documents, the Port of San Francisco seeks approval from the City's Capital Planning Committee of resolutions of intent to:

1. Establish Sub-Project Areas I-1 through I-13 of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco); and
2. Issue Bonds for Sub-Project Areas I-1 through I-13 (which collectively encompass the Mission Rock Special Use District).

Attachments:

Attachment 1: Resolution of Intention to establish Project Area I (Mission Rock), and Sub-Project Areas I-1 through I-13 therein, of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (File No. 171117).

Attachment 2: Resolution of Intention to Issue Bonds for Project Area I of City and County of San Francisco Infrastructure Financing District No. 2. (Port of San Francisco) (File No. 171118).

Attachment 3: Map of Project Area I and Sub-Project Areas I-1 through I-13.

Attachment 1: Resolution of Intention to establish Project Area I (Mission Rock), and Sub-Project Areas I-1 through I-13 therein, of City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (File No. 171117).

1 [Resolution of Intention to Form Project Area I (Mission Rock), and Sub-Project Areas I-1
2 Through I-13 Therein, of Infrastructure Financing District No. 2 (Port of San Francisco)]

3 **Resolution of Intention to establish Project Area I (Mission Rock), and Sub-Project**
4 **Areas I-1 through I-13 therein, of City and County of San Francisco Infrastructure**
5 **Financing District No. 2 (Port of San Francisco); establishing the time and date for a**
6 **public hearing; and determining other matters in connection therewith.**

7
8 WHEREAS, California Statutes of 1968, Chapter 1333 (Burton Act) and the San
9 Francisco Charter, Sections 4.114 and B3.581 empower the City and County of San
10 Francisco, acting through the San Francisco Port Commission, with the power and duty to
11 use, conduct, operate, maintain, manage, regulate and control the lands within Port
12 Commission jurisdiction; and

13 WHEREAS, Under Government Code, Section 53395 et seq. (IFD Law), this Board of
14 Supervisors is authorized to establish an infrastructure financing district and to act as the
15 legislative body for an infrastructure financing district; and

16 WHEREAS, Pursuant to Section 53395.8 of the IFD Law, a waterfront district may be
17 divided into project areas; and

18 WHEREAS, On March 27, 2012, by Resolution No. 110-12 (Original Resolution of
19 Intention to Establish IFD), this Board of Supervisors declared its intention to establish a
20 waterfront district to be known as "City and County of San Francisco Infrastructure Financing
21 District No. 2 (Port of San Francisco)" (IFD), and designated initial proposed project areas
22 within the IFD; and

23 WHEREAS, On June 12, 2012, by Resolution No. 227-12 (First Amending Resolution),
24 this Board of Supervisors amended the Original Resolution of Intention to propose, among
25 other things, an amended list of project areas, including Project Area G (Pier 70); and

1 WHEREAS, On November 17, 2015, by Resolution 421-15 (Second Amending
2 Resolution, and together with the Original Resolution of Intention to Establish IFD and the
3 First Amending Resolution, the Resolution of Intention to Establish IFD), this Board of
4 Supervisors amended the Original Resolution of Intention, as amended by the First Amended
5 Resolution, to propose, among other things, a further amended list of project areas, including
6 Project Area G (Pier 70), as a Pier 70 district, and Sub-Project Area G-1 (Pier 70 – Historic
7 Core), as a Pier 70 district; and

8 WHEREAS, In the Resolution of Intention to Establish IFD, this Board of Supervisors
9 directed the Executive Director of the Port of San Francisco (Executive Director) to prepare an
10 infrastructure financing plan for the IFD (Infrastructure Financing Plan) that would comply with
11 the IFD Law, and reserved the right to establish infrastructure financing plans in the future
12 specific to other project areas and sub-project areas within the IFD; and

13 WHEREAS, In accordance with the IFD Law, at the direction of this Board of Directors,
14 the Executive Director prepared the Infrastructure Financing Plan; and

15 WHEREAS, On February 23, 2016, by Ordinance No. 27-16 (Ordinance Establishing
16 IFD), this Board of Supervisors, among other things, declared the IFD to be fully formed and
17 established with full force and effect of law and adopted the Infrastructure Financing Plan; and

18 WHEREAS, On _____, 2017, by Resolution No. _____, the Board of Supervisors
19 declared its intention to establish three additional sub-project areas within Project Area G
20 (Pier 70) of the IFD designated Sub-Project Area G-2 (Pier 70 - Waterfront Site), Sub-Project
21 Area G-3 (Pier 70 - Waterfront Site) and Sub-Project Area G-4 (Pier 70 - Waterfront Site)
22 (Resolution of Intention to Establish Sub-Project Areas G-2, G-3 and G-4); and

23 WHEREAS, At its hearing on October 5, 2017, and prior to recommending the
24 proposed Planning Code amendments for approval, by Motion No. M-20017, the Planning
25 Commission certified a Final Environmental Impact Report (FEIR) for the Seawall 337 and

1 Pier 48 Mixed-Use Project (Project) pursuant to the California Environmental Quality Act
2 (CEQA) (California Public Resources Code, Section 21000 et seq.), the CEQA Guidelines (14
3 Cal. Code Reg., Section 15000 et seq.), and Administrative Code, Chapter 31; and

4 WHEREAS, A copy of said Motion is on file with the Clerk of the Board of Supervisors
5 in File No. 171117, and, is incorporated herein by reference; and

6 WHEREAS, In accordance with the actions contemplated herein, this Board of
7 Supervisors has reviewed the FEIR, concurs with its conclusions, affirms the Planning
8 Commission’s certification of the FEIR, and finds that the actions contemplated herein are
9 within the scope of the Project described and analyzed in the FEIR; and

10 WHEREAS, In recommending the proposed Planning Code Amendments for approval
11 by this Board of Supervisors at its hearing on October 5, 2017, by Motion No. M-20018, the
12 Planning Commission also adopted findings under CEQA, including a statement of overriding
13 consideration, and a Mitigation Monitoring and Reporting Program (MMRP); and

14 WHEREAS, A copy of said Motion and MMRP are on file with the Clerk of the Board of
15 Supervisors in File No. 171117, and is incorporated herein by reference; and

16 WHEREAS, This Board of Supervisors hereby adopts and incorporates by reference as
17 though fully set forth herein the Planning Commission’s CEQA approval findings, including the
18 statement of overriding considerations; and

19 WHEREAS, This Board of Supervisors also adopts and incorporates by reference as
20 though fully set forth herein the Project’s MMRP; and

21 WHEREAS, In connection with the Project, this Board of Supervisors wishes to further
22 declare its intention to establish Project Area I (Mission Rock) and Sub-Project Areas I-1
23 through I-13 thereof, as more particularly described below; now, therefore, be it

24 RESOLVED, By the Board of Supervisors as follows:
25

1 1. Authority. This Board of Supervisors proposes to conduct proceedings to
2 establish Project Area I (Mission Rock) of the IFD and thirteen sub-project areas within Project
3 Area I (Mission Rock) pursuant to the IFD Law.

4 2. Name of Project Area and Sub-Project Areas. The names of the proposed
5 project area and sub-project areas therein (collectively referred to herein as, the Sub-Project
6 Areas of Project Area I) are as follows:

7 a. Project Area I (Mission Rock). Project Area I (Mission Rock) shall be a
8 waterfront district.

9 b. Sub-Project Area I-1 (Mission Rock). Sub-Project Area I-1 (Mission Rock) shall
10 be a waterfront district.

11 c. Sub-Project Area I-2 (Mission Rock). Sub-Project Area I-2 (Mission Rock) shall
12 be a waterfront district.

13 d. Sub-Project Area I-3 (Mission Rock). Sub-Project Area I-3 (Mission Rock) shall
14 be a waterfront district.

15 e. Sub-Project Area I-4 (Mission Rock). Sub-Project Area I-4 (Mission Rock) shall
16 be a waterfront district.

17 f. Sub-Project Area I-5 (Mission Rock). Sub-Project Area I-5 (Mission Rock) shall
18 be a waterfront district.

19 g. Sub-Project Area I-6 (Mission Rock). Sub-Project Area I-6 (Mission Rock) shall
20 be a waterfront district.

21 h. Sub-Project Area I-7 (Mission Rock). Sub-Project Area I-7 (Mission Rock) shall
22 be a waterfront district.

23 i. Sub-Project Area I-8 (Mission Rock). Sub-Project Area I-8 (Mission Rock) shall
24 be a waterfront district.

1 j. Sub-Project Area I-9 (Mission Rock). Sub-Project Area I-9 (Mission Rock) shall
2 be a waterfront district.

3 k. Sub-Project Area I-10 (Mission Rock). Sub-Project Area I-10 (Mission Rock)
4 shall be a waterfront district.

5 l. Sub-Project Area I-11 (Mission Rock). Sub-Project Area I-11 (Mission Rock)
6 shall be a waterfront district.

7 m. Sub-Project Area I-12 (Mission Rock). Sub-Project Area I-12 (Mission Rock)
8 shall be a waterfront district.

9 n. Sub-Project Area I-13 (Mission Rock). Sub-Project Area I-13 (Mission Rock)
10 shall be a waterfront district.

11 3. Amended Boundaries Described. The proposed amended boundaries of the
12 IFD, which are amended to include Project Area I (Mission Rock) and each of the Sub-Project
13 Areas of Project Area I, are as shown on the amended map of the IFD on file with the Clerk of
14 the Board of Supervisors, which boundaries are hereby preliminarily approved and to which
15 map reference is hereby made for further particulars.

16 4. Facilities. The type of public facilities proposed to be financed by Project Area I
17 (Mission Rock) and each of the Sub-Project Areas of Project Area I consist of those listed on
18 Exhibit A to the Original Resolution of Intention to Establish IFD, and are particularly
19 described in Appendix I to the Infrastructure Financing Plan described below. Exhibit A to the
20 Original Resolution of Intention to Establish IFD, which lists the type of public facilities
21 proposed to be financed by the IFD, including, without limitation, Project Area I (Mission Rock)
22 and each of the Sub-Project Areas of Project Area I, is attached hereto and incorporated
23 herein.

24 5. Incremental Property Tax Revenue. This Board of Supervisors hereby declares
25 that, pursuant to the IFD Law, Project Area I (Mission Rock) and each of the Sub-Project

1 Areas of Project Area I will use incremental property tax revenue from the City but none of the
2 other affected taxing entities within Project Area I (Mission Rock) and each of the Sub-Project
3 Areas of Project Area I (in each case except to the extent permitted by Section 53395.8(h) of
4 the IFD Law) to finance the Facilities.

5 6. Infrastructure Financing Plan. The Executive Director is hereby directed to
6 prepare an infrastructure financing plan for Project Area I (Mission Rock) and each of the Sub-
7 Project Areas of Project Area I as an appendix to the Infrastructure Financing Plan, to be
8 designated Appendix I that complies with the requirements of the IFD Law. The Executive
9 Director shall cause the Infrastructure Financing Plan to be amended to include Appendix I,
10 and, to the extent required by the IFD Law, for the Infrastructure Financing Plan as so
11 amended to be sent to the San Francisco Planning Department and to this Board of
12 Supervisors.

13 7. Public Hearing. This Board of Supervisors will conduct a public hearing on the
14 proposed establishment of Project Area I (Mission Rock) and each of the Sub-Project Areas of
15 Project Area I, in the Board of Supervisors Chamber, 1 Dr. Carlton B. Goodlett Place, City
16 Hall, San Francisco, California, on _____, 2017 at 3:00 pm.

17 8. Notice of Public Hearing. The Clerk of the Board of Supervisors is hereby
18 directed to cause notice of the public hearing to be published not less than once a week for
19 four successive weeks in a newspaper designated by this Board of Supervisors for the
20 publication of official notices in the City. The notice shall state that Project Area I (Mission
21 Rock) and each of the Sub-Project Areas of Project Area I will be used to finance Facilities,
22 briefly describe the Facilities and the proposed financial arrangements, including the proposed
23 commitment of incremental tax revenue, describe the boundaries of the proposed Project
24 Area I (Mission Rock) and each of the Sub-Project Areas of Project Area, state the day, hour
25

1 and place when and where any persons having any objections to the proposed Appendix I to
2 the Infrastructure Financing Plan, or the regularity of any of the prior proceedings, may appear
3 before this Board of Supervisors and object to the adoption of the proposed Appendix I to the
4 Infrastructure Financing Plan by this Board of Supervisors.

5 9. Further Action. The Clerk of the Board of Supervisors and all other officers and
6 agents of the City are hereby authorized and directed to take all actions necessary or
7 advisable to give effect to the transactions contemplated by this Resolution.

8 10. No Obligation. This Resolution shall in no way obligate the Board of
9 Supervisors to establish Project Area I (Mission Rock) or any of the Sub-Project Areas of
10 Project Area I within the IFD. The establishment of Project Area I (Mission Rock) and of the
11 Sub-Project Areas of Project Area I within the IFD, shall be subject to the approval of this
12 Board of Supervisors by ordinance following the holding of the public hearing referred to
13 above. The proposal to include property in the boundaries of Project Area I (Mission Rock)
14 and the Sub-Project Areas of Project Area I within the IFD does not constitute an approval of
15 any specific land uses on such property.

16
17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA
19 City Attorney

20
21 By: _____
22 MARK D. BLAKE
23 Deputy City Attorney
24
25

Attachment 2: Resolution of Intention to Issue Bonds for Project Area I of City and County of San Francisco Infrastructure Financing District No. 2. (Port of San Francisco) (File No. 171118).

1 [Resolution of Intention to Issue Bonds Related to Project Area I of Port Infrastructure
2 Financing District No. 2 (Port of San Francisco)]

3 **Resolution of Intention to Issue Bonds for Project Area I of City and County of San**
4 **Francisco Infrastructure Financing District No. 2. (Port of San Francisco).**

5
6 WHEREAS, California Statutes of 1968, Chapter 1333 (Burton Act) and the San
7 Francisco Charter, Sections 4.114 and B3.581 empower the City and County of San
8 Francisco (City), acting through the San Francisco Port Commission, to use, conduct,
9 operate, maintain, manage, regulate and control the lands within Port Commission jurisdiction;
10 and

11 WHEREAS, Under Government Code, Section 53395 et seq. (IFD Law), this Board of
12 Supervisors is authorized to establish an infrastructure financing district and to act as the
13 legislative body for an infrastructure financing district; and

14 WHEREAS, Pursuant to Section 53395.8 of the IFD Law, a waterfront district may be
15 divided into project areas; and

16 WHEREAS, On March 27, 2012, by Resolution No. 110-12 (Original Resolution of
17 Intention to Establish IFD), this Board of Supervisors declared its intention to establish a
18 waterfront district to be known as “City and County of San Francisco Infrastructure Financing
19 District No. 2 (Port of San Francisco)” (IFD), and designated initial proposed project areas
20 within the IFD, including Project Area G (Pier 70); and

21 WHEREAS, On June 12, 2012, by Resolution No. 227-12 (First Amending Resolution),
22 this Board of Supervisors amended the Original Resolution of Intention to propose, among
23 other things, an amended list of project areas; and

24 WHEREAS, On November 17, 2015, by Resolution 421-15 (Second Amending
25 Resolution, and together with the Original Resolution of Intention to Establish IFD and the

1 First Amending Resolution, the Resolution of Intention to Establish IFD), this Board of
2 Supervisors amended the Original Resolution of Intention, as amended by the First Amended
3 Resolution, to propose, among other things, a further amended list of project areas; and

4 WHEREAS, In the Resolution of Intention to Establish IFD, this Board of Supervisors
5 directed the Executive Director of the Port of San Francisco (Executive Director) to prepare an
6 infrastructure financing plan for the IFD (Infrastructure Financing Plan) that would comply with
7 the IFD Law, and reserved the right to establish infrastructure financing plans in the future
8 specific to other project areas and sub-project areas within the IFD; and

9 WHEREAS, In accordance with the IFD Law, at the direction of this Board of Directors,
10 the Executive Director prepared the Infrastructure Financing Plan; and

11 WHEREAS, On February 23, 2016, by Ordinance No. 27-16 (Ordinance Establishing
12 IFD), this Board of Supervisors, among other things, declared the IFD to be fully formed and
13 established with full force and effect of law and adopted the Infrastructure Financing Plan; and

14 WHEREAS, On _____, 2017, by Resolution No. ____ (Resolution of Intention to
15 Establish Sub-Project Areas G-2, G-3 and G-4), this Board of Supervisors declared its
16 intention to establish Sub-Project Area G-2 (Pier 70 - 28-Acre Site), Sub-Project Area G-3
17 (Pier 70 - 28-Acre Site) and Sub-Project Area G-4 (Pier 70 - 28-Acre Site), each a Pier 70
18 district and a sub-project area within Project Area G (Pier 70); and

19 WHEREAS, Pursuant to the Resolution of Intention to Establish Sub-Project Areas
20 G-2, G-3 and G-4), this Board of Supervisors directed the Executive Director of the Port
21 (Executive Director) to prepare Appendix G-2 to the IFP, relating to Sub-Project Area G-2
22 (Pier 70 - 28-Acre Site), Sub-Project Area G-3 (Pier 70 - 28-Acre Site) and Sub-Project Area
23 G-4 (Pier 70 - 28-Acre Site), consistent with the requirements of the IFD Law; and

24 WHEREAS, At its hearing on October 5, 2017, and prior to recommending the
25 proposed Planning Code amendments for approval, by Motion No. M-20017, the Planning

1 Commission certified a Final Environmental Impact Report (FEIR) for the Seawall 337 and
2 Pier 48 Mixed-Use Project (Project) pursuant to the California Environmental Quality Act
3 (CEQA) (California Public Resources Code, Section 21000 et seq.), the CEQA Guidelines (14
4 Cal. Code Reg., Section 15000 et seq.), and Administrative Code, Chapter 31; and

5 WHEREAS, A copy of said Motion is on file with the Clerk of the Board of Supervisors
6 in File No. 171118, and, is incorporated herein by reference; and

7 WHEREAS, In accordance with the actions contemplated herein, this Board of
8 Supervisors has reviewed the FEIR, concurs with its conclusions, affirms the Planning
9 Commission’s certification of the FEIR, and finds that the actions contemplated herein are
10 within the scope of the Project described and analyzed in the FEIR; and

11 WHEREAS, In recommending the proposed Planning Code Amendments for approval
12 by this Board of Supervisors at its hearing on October 5, 2017, by Motion No. M-20018, the
13 Planning Commission also adopted findings under CEQA, including a statement of overriding
14 consideration, and a Mitigation Monitoring and Reporting Program (MMRP); and

15 WHEREAS, A copy of said Motion and MMRP are on file with the Clerk of the Board of
16 Supervisors in File No. 171118, and is incorporated herein by reference; and

17 WHEREAS, This Board of Supervisors hereby adopts and incorporates by reference as
18 though fully set forth herein the Planning Commission’s CEQA approval findings, including the
19 statement of overriding considerations; and

20 WHEREAS, This Board of Supervisors also adopts and incorporates by reference as
21 though fully set forth herein the Project’s MMRP; and

22 WHEREAS, On _____, 2017, by Resolution No. ____ (Resolution of Intention to
23 Establish Project Area I and Sub-Project Areas of Project Area I), in connection with the
24 Project, this Board of Supervisors further declared its intention to establish (i) “Project Area I
25 (Mission Rock),” (ii) “Sub-Project Area I-1 (Mission Rock),” (iii) “Sub-Project Area I-2 (Mission

1 Rock),” (iv) “Sub-Project Area I-3 (Mission Rock),” (v) “Sub-Project Area I-4 (Mission Rock),”
2 (vi) “Sub-Project Area I-5 (Mission Rock),” (vii) “Sub-Project Area I-6 (Mission Rock),” (viii)
3 “Sub-Project Area I-7 (Mission Rock),” (ix) “Sub-Project Area I-8 (Mission Rock),” (x) “Sub-
4 Project Area I-9 (Mission Rock),” (xi) “Sub-Project Area I-10 (Mission Rock),” (xii) “Sub-Project
5 Area I-11 (Mission Rock),” (xiii) “Sub-Project Area I-12 (Mission Rock),” and (xiv) “Sub-Project
6 Area I-13 (Mission Rock)” (such sub-project areas collectively referred to herein as, the Sub-
7 Project Areas of Project Area I), each a waterfront district; and

8 WHEREAS, Pursuant to Resolution of Intention to Establish Project Area I and Sub-
9 Project Areas of Project Area I, this Board of Supervisors directed the Executive Director of
10 the Port (Executive Director) to prepare Appendix I to the IFP, relating to Project Area I
11 (Mission Rock) and the Sub-Project Areas of Project Area I, consistent with the requirements
12 of the IFD Law; and

13 WHEREAS, Pursuant to Section 53397.1 of the IFD Law, this Board of Supervisors
14 may initiate proceedings to issue bonds pursuant to the IFD Law by adopting a resolution by
15 majority vote stating its intention to issue the bonds; and

16 WHEREAS, United States Income Tax Regulations, Section 1.150-2 generally requires
17 this Board of Supervisors to declare its official intent to reimburse with proceeds of tax-exempt
18 debt expenditures made by the City prior to the date of issuance of such debt; and

19 WHEREAS, It is in the public interest and for the public benefit that the City declares its
20 official intent to reimburse the expenditures referenced herein; now, therefore, be it

21 RESOLVED, By the Board of Supervisors as follows:

- 22 1. Purposes of Bonds. This Board of Supervisors proposes that the IFD issue one
23 or more series of bonds of the IFD payable from and secured by a pledge of available tax
24 increment allocated to the IFD with respect to Project Area I (Mission Rock) and the Sub-
25 Project Areas of Project Area I (Bonds), and other sources identified by this Board of

1 Supervisors. This Board of Supervisors proposes that such Bonds be issued for the purpose
2 of financing the costs of the facilities specified in Appendix I to be financed with available tax
3 increment allocated to the IFD with respect to Project Area I (Mission Rock) and the Sub-
4 Project Areas of Project Area I (Facilities), including acquisition and improvement costs and all
5 costs incidental to or connected with the accomplishment of said purposes and of the
6 financing thereof. The Bonds will be paid from property tax revenues allocated to the IFD
7 from Project Area I (Mission Rock) and all of the Sub-Project Areas of Project Area I.

8 This Board of Supervisors hereby declares that it reasonably expects to pay certain
9 costs of the Facilities prior to the date of issuance of the Bonds and to use a portion of the
10 proceeds of the Bonds for reimbursement of expenditures for the Facilities that are paid
11 before the date of issuance of the Bonds.

12 2. Estimated Cost. This Board of Supervisors hereby estimates that the cost of the
13 Facilities will be approximately \$355,100,000 (2017 dollars), and that the estimated costs of
14 preparing and issuing each series of the Bonds (not including underwriter's discount) will be
15 equal to approximately 2% of the principal amount of such series of Bonds. Prior to the
16 issuance of any Bonds authorized hereby, this Board of Supervisors will approve the payment
17 of the actual costs of preparing and issuing each series of Bonds, including the underwriter's
18 discount.

19 3. Terms of Bonds. This Board of Supervisors intends to authorize the issuance
20 and sale of Bonds in one or more series in the maximum aggregate principal amount of not to
21 exceed \$1,378,000,000; provided however, that such maximum aggregate principal amounts
22 do not include the principal amount of (i) any bonds issued for the sole purpose of refinancing
23 the Bonds, funding a reserve fund for such refunding bonds and paying related costs of
24 issuance and (ii) any bonds issued for the sole purpose of refunding such refunding bonds,
25 funding a reserve fund and paying related costs of issuance. The Bonds will bear interest

1 payable semi-annually or in such other manner as this Board of Supervisors shall determine,
2 at a rate not to exceed the maximum rate of interest as may be authorized by applicable law
3 at the time of sale of the Bonds. The maximum underwriter's discount for each series of the
4 Bonds (excluding original issue discount) shall be 2%. As permitted by Section 53397.71 of
5 the IFD Law, this Board of Supervisors may increase the maximum aggregate principal
6 amount described above by adopting a resolution and complying with the publication
7 requirements specified in the IFD Law.

8 4. Available Tax Revenues. This Board of Supervisors estimates, based on the
9 analysis set forth in Appendix I, that the incremental property tax revenues that will be
10 available to the IFD from Project Area I (Mission Rock) and the Sub-Project Areas of Project
11 Area I, collectively, are approximately \$3,858,500,000. This Board of Supervisors hereby finds
12 that the amount necessary to pay principal of and interest on the Bonds is less than or equal
13 to the incremental property tax revenues that will be available to the IFD from Bonds.

14 5. Election. Pursuant to Section 53397.71 of the IFD Law, no election is required
15 prior to issuance of the Bonds.

16 6. Debt. This Board of Supervisors also proposes to incur debt (as defined in the
17 IFD Law) other than the Bonds as set forth in Appendix I, as Appendix I may be amended
18 from time to time. The limitations on Bonds set forth in this Resolution, including, but not
19 limited to, the respective maximum aggregate principal amounts specified in Section 3, shall
20 apply only to the Bonds and not to other debt (as defined in the IFD Law) payable from
21 available tax increment allocated to the IFD from Project Area I and the Sub-Project Areas of
22 Project Area I pursuant to Appendix I, including, without limitation, any bonds issued by the
23 City for and on behalf of a community facilities district related to the territory in Project Area I
24 and the Sub-Project Areas of Project Area I secured, in whole or in part, by available tax
25

1 increment allocated to the IFD with respect to Project Area I and the Sub-Project Areas of
2 Project Area I.

3 7. No Obligation. This Resolution shall in no way obligate this Board of Supervisors
4 to issue Bonds for the IFD with respect to Project Area I or any of the Sub-Project Areas of
5 Project Area I. Issuance of the Bonds shall be subject to the approval of this Board of
6 Supervisors.

7

8 APPROVED AS TO FORM:
9 DENNIS J. HERRERA
City Attorney

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12 By: _____
13 MARK D. BLAKE
Deputy City Attorney

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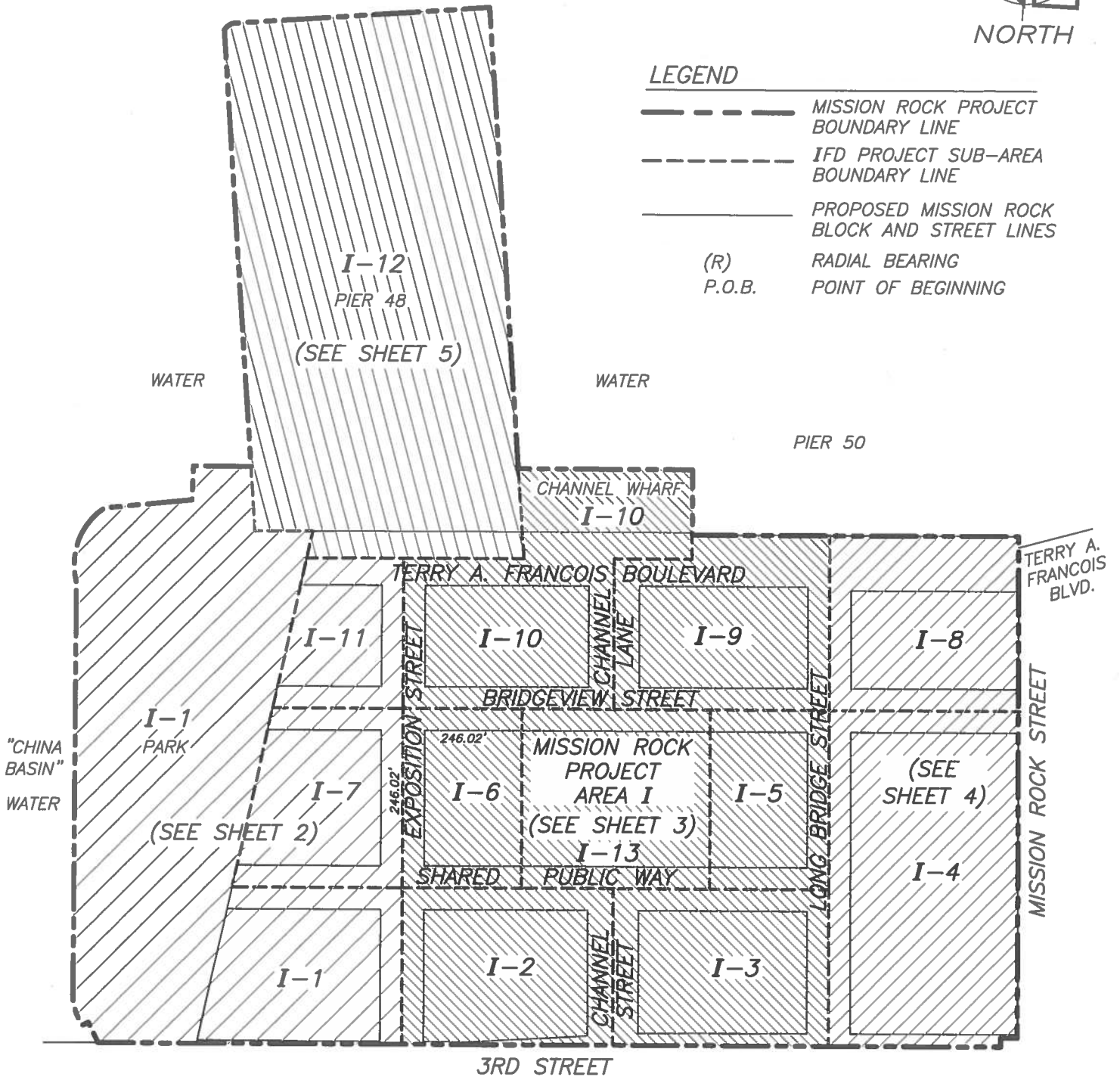
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Attachment 3: Map of Project Area I and Sub-Project Areas I-1 through I-13.



LEGEND

- MISSION ROCK PROJECT BOUNDARY LINE
- IFD PROJECT SUB-AREA BOUNDARY LINE
- PROPOSED MISSION ROCK BLOCK AND STREET LINES
- (R) RADIAL BEARING
- P.O.B. POINT OF BEGINNING



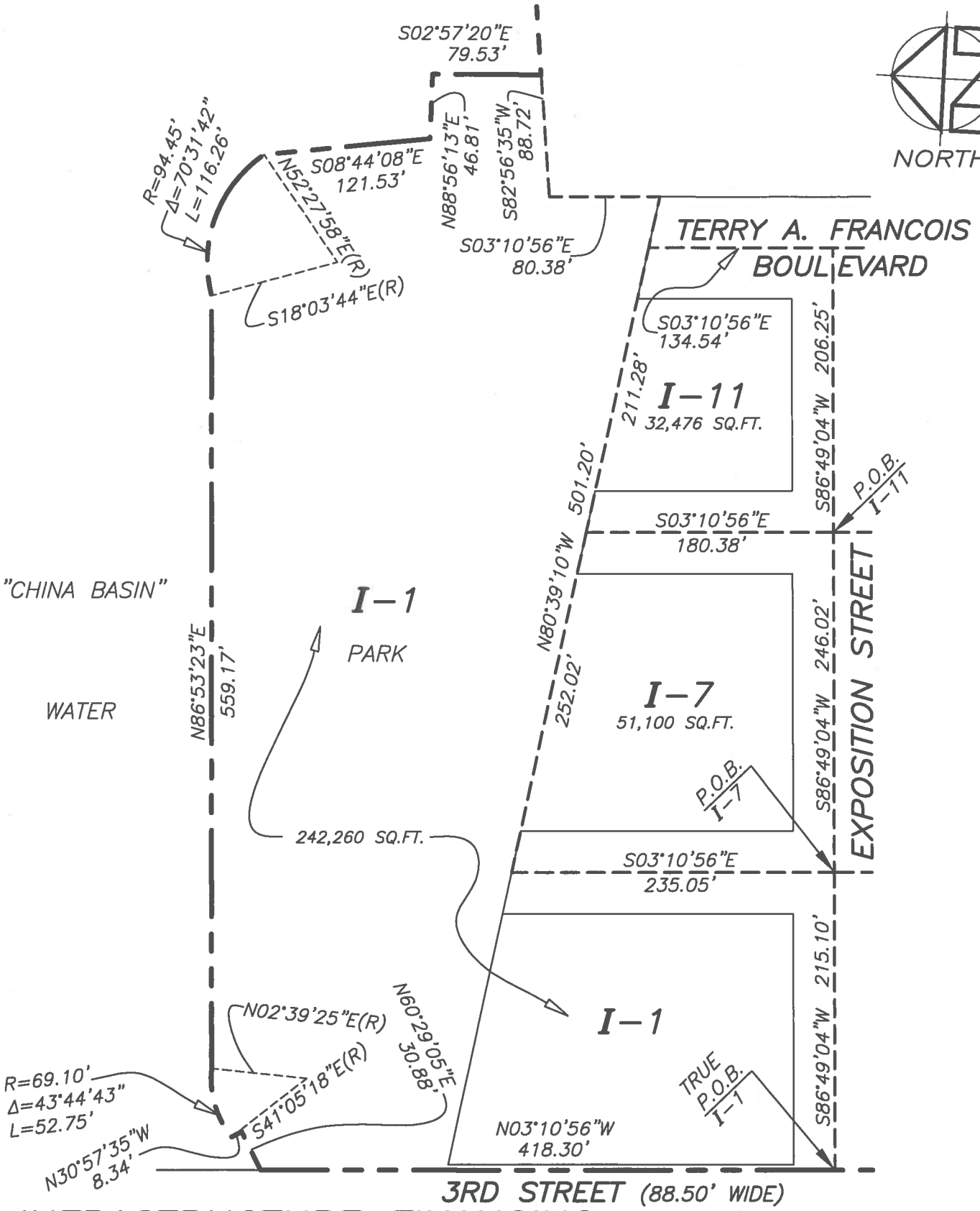
**INFRASTRUCTURE FINANCING
DISTRICT I (MISSION ROCK—PORT OF SAN FRANCISCO)**

CITY AND COUNTY
OF SAN FRANCISCO,
STATE OF CALIFORNIA

BY JP CHKD. BR DATE 11-3-17 SCALE NONE SHEET 1 OF 5 JOB NO. S-9229

MARTIN M. RON ASSOCIATES, INC.
LAND SURVEYORS

859 HARRISON STREET
SAN FRANCISCO, CA. 94107
(415) 543-4500
S-9229 LEGAL DESCRIPTION
PLATS OF IFD I AREAS.dwg



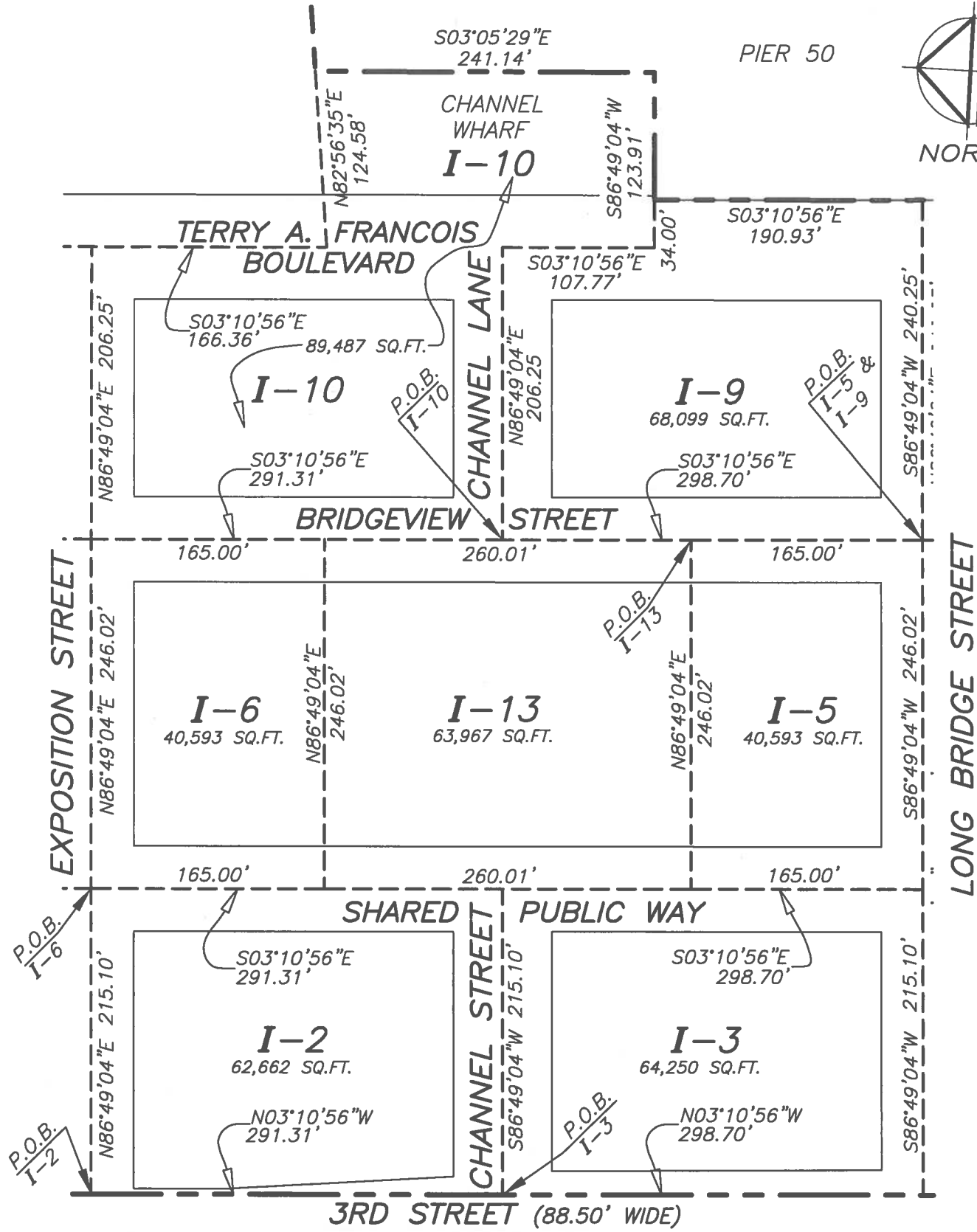
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CITY AND COUNTY
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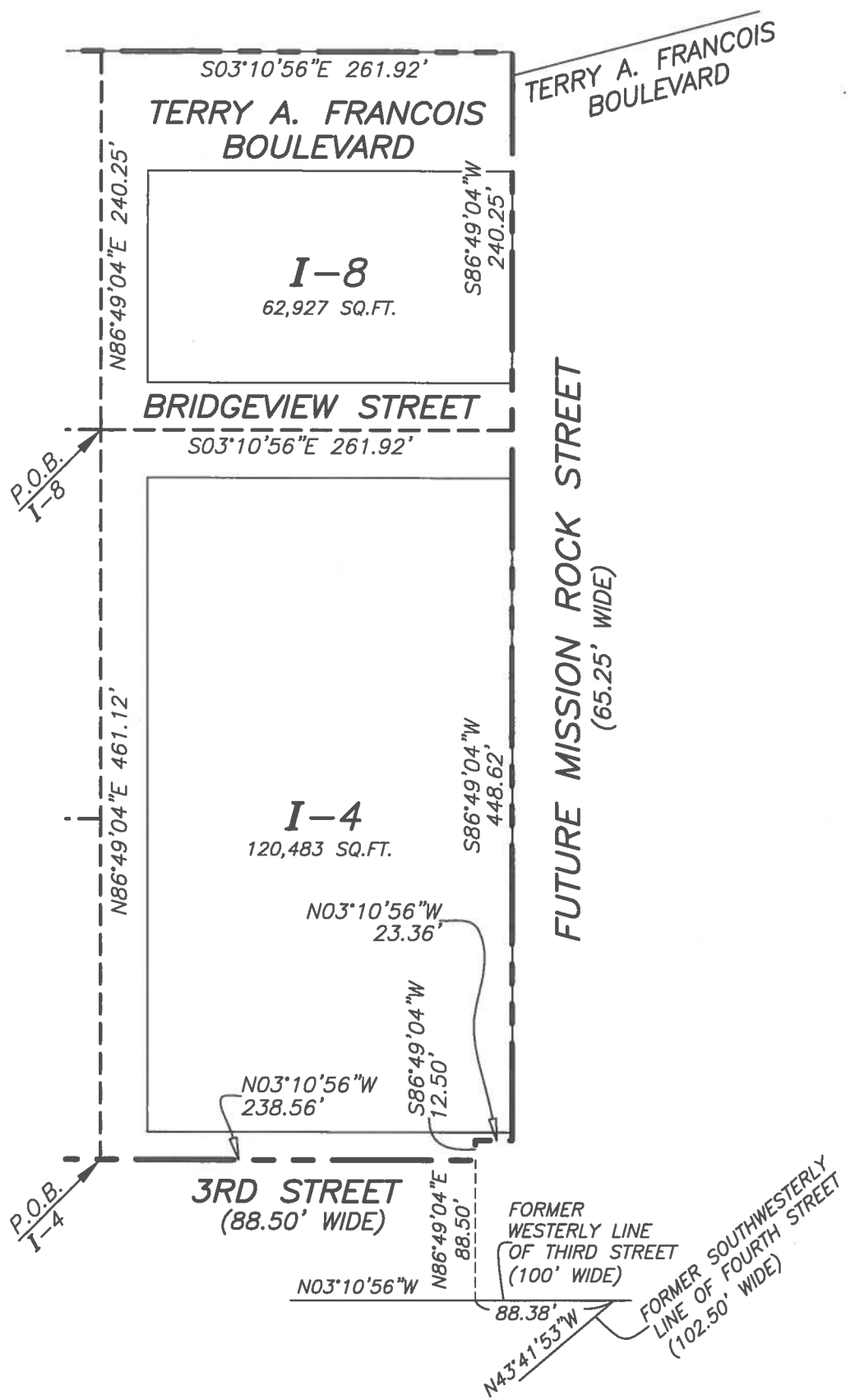
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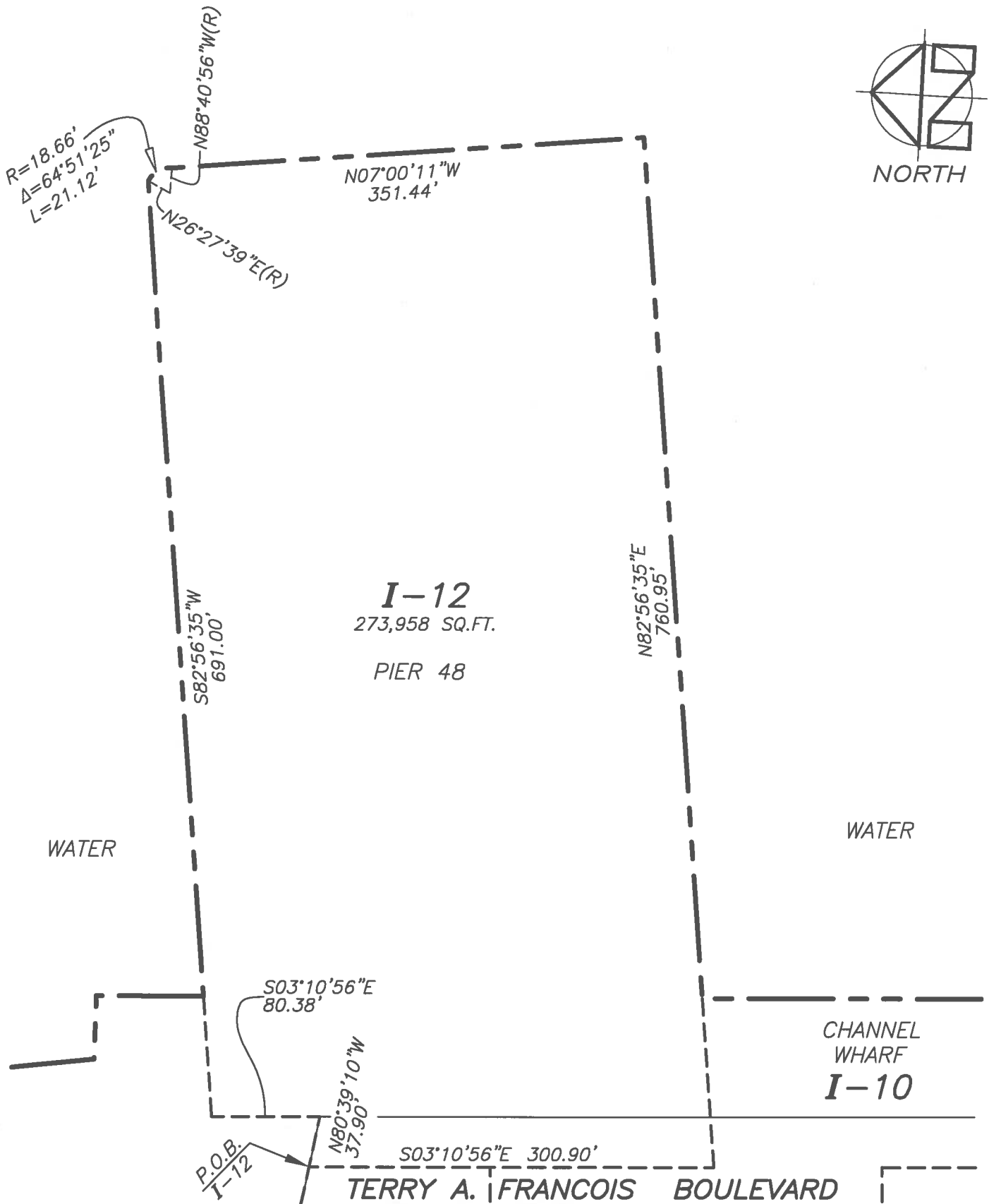
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I-12
 273,958 SQ.FT.
 PIER 48

CHANNEL
 WHARF
I-10

TERRY A. FRANCOIS BOULEVARD

INFRASTRUCTURE FINANCING
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