

FILED
San Francisco County Superior Court

OCT 17 2019

CLERK OF THE COURT

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CITY AND COUNTY OF SAN FRANCISCO,
13 CITY AND COUNTY OF SAN FRANCISCO INFRASTRUCTURE
FINANCING DISTRICT NO. 2 (PORT OF SAN FRANCISCO)

14 SUPERIOR COURT OF THE STATE OF CALIFORNIA
15 COUNTY OF SAN FRANCISCO
16 UNLIMITED JURISDICTION

17 CITY AND COUNTY OF SAN
18 FRANCISCO, CITY AND COUNTY OF
SAN FRANCISCO INFRASTRUCTURE
19 FINANCING DISTRICT NO. 2 (PORT OF
SAN FRANCISCO),

20 Plaintiffs,
21 vs.
22

23 ALL PERSONS INTERESTED IN THE
MATTER OF PROJECT AREA I (MISSION
ROCK), AND SUB-PROJECT AREAS I-1
24 THROUGH I-13 THEREIN, OF CITY AND
COUNTY OF SAN FRANCISCO
25 INFRASTRUCTURE FINANCING
DISTRICT NO. 2 (PORT OF SAN
26 FRANCISCO), AND APPENDIX I TO AN
EXISTING INFRASTRUCTURE
27 FINANCING PLAN AND AMENDMENTS
THEREOF, RELATED TO PROJECT AREA
28 I (MISSION ROCK), AND SUB-PROJECT

Case No. CGC-18-565561

~~PROPOSED~~ JUDGMENT

Hearing Date:
Hearing Judge:
Time: 9:00 AM
Department: Dept. 514

Date Action Filed: April 5, 2018

1 AREAS I-1 THROUGH I-13 THEREIN,
2 PURSUANT TO WHICH TAX INCREMENT
3 WILL BE ALLOCATED TO
4 INFRASTRUCTURE FINANCING
5 DISTRICT NO. 2 (PORT OF SAN
6 FRANCISCO) FROM SUB-PROJECT
7 AREAS I-1 THROUGH I-13 IN PROJECT
8 AREA I, INCLUDING THE ADOPTION OF
9 RESOLUTIONS AND AN ORDINANCE
10 AND THE AUTHORIZATION OF THE
11 MATTERS THEREIN, AND ALL BONDS,
12 DEBT, CONTRACTS AND OTHER
13 MATTERS AND PROCEEDINGS
14 RELATED THERETO,

15 Defendants.

16 Plaintiffs City and County of San Francisco (“City”) and City and County of San
17 Francisco Infrastructure Financing District No. 2 (Port of San Francisco) (“IFD No. 2” and together with
18 the City, “Plaintiffs”) came properly before the Court for review and determination. The Court having
19 reviewed the application, the supporting papers, the other papers and pleadings on file in this action, and
20 good cause appearing, hereby ORDERS, ADJUDGES AND DECREES as follows:

- 21 1. Jurisdiction over all interested persons was obtained by:
- 22 a. publishing the summons pursuant to Code of Civil Procedure Section 861
23 and Government Code Section 6063 in The San Francisco Examiner;
 - 24 b. within five days of the entry of the order, posting a copy of the summons
25 in one public location in City Hall prior to completion of publication;
 - 26 c. within five days of the entry of the order, mailing the Summons and the
27 Complaint to the California Attorney General and the Treasurer; and
 - 28 d. mailing copies of the summons and complaint to those persons, if any, or
their attorneys of record, who, not later than ten days after publication of summons is complete, or such
other time as the Court may order, have notified in writing Plaintiffs’ attorneys of record of their interest
in this matter or have filed a responsive pleading challenging the validity of the proceedings.

2. The notice procedures were in accordance with the Validation Statute, and the
notice provided by the Plaintiffs in this action, provide due and proper notice to all persons interested in

1 the subject matter of this action, and pursuant to such notice, this Court has jurisdiction over all persons
2 and the subject matter of this action.

3 3. On the First Cause of Action, the Court hereby determines that:

4 (a) This action is properly brought under Government Code Section 53511,
5 Sections 53395.6 and 53395.7 of the IFD Law and the Validation Statute.

6 (b) All proceedings by and for the City and IFD No. 2 in connection with
7 Appendix I, including without limitation the Resolutions, Project Area I Bonds, Project Area I Debt,
8 Bond Contracts, Port Advance and MOU, and all other matters authorized therein, were, are and will be
9 in conformity with the applicable provisions of all laws and enactments at any time in force or
10 controlling upon such proceedings, whether imposed by law, constitution, statute, charter or ordinance,
11 and whether federal, state or municipal, and were, are and will be in conformity with all applicable
12 requirements of regulatory bodies, agencies or officials having or asserting authority over said
13 proceedings or any part thereof.

14 (c) The waiver by the Master Developer and each Vertical Developer, as an
15 inducement for the issuance of bonds payable from tax increment generated in the Sub-Project Areas,
16 of their respective rights to appeal the assessed value of any Taxable Parcel in the Project Site, as
17 provided in the DDA, each Vertical DDA, the Pier 48 Lease or other similar agreement, will be a valid,
18 legal and binding obligation of the Master Developer and each Vertical Developer in accordance with
19 its terms.

20 (d) All conditions, things and acts required by law to exist, happen or be
21 performed precedent to the adoption of the Resolutions, and the terms and conditions thereof, including
22 the authorization for the execution, delivery and performance of Appendix I, the Resolutions, Project
23 Area I Bonds, Project Area I Debt, Bond Contracts, Port Advance and MOU, and all other matters
24 authorized therein, including the division of taxes described in Appendix I, have existed, happened and
25 been performed in the time, form and manner required by law.

26 (e) The exercise by the City of the State Legislature's Constitutional authority
27 to apportion property tax revenue to districts, which the State Legislature delegated to the City in the SF
28

1 Port IFD Law and which the City exercised by approving Appendix I, does not violate the Constitutional
2 Debt Limit.

3 (f) Upon issuance, levy, or execution and delivery thereof, as applicable,
4 Appendix I, Resolutions, Project Area I Bonds, Project Area I Debt, Bond Contracts, Port Advance and
5 MOU, and all other matters authorized therein, will be and are valid, legal and binding obligations of
6 the parties thereto in accordance with their terms.

7 (g) Because the SF Port IFD Law authorizes IFD No. 2 to issue the Project
8 Area I Bonds and incur the Project Area I Debt, the Project Area I Bonds and the Project Area I Debt
9 will be payable from a special fund established pursuant to the SF Port IFD Law and IFD No. 2 is not
10 subject to the Constitutional Debt Limit, the issuance by IFD No. 2 of the Project Area I Bonds and the
11 incurrence by IFD No. 2 of the Project Area I Debt without a two-thirds vote of the qualified electors in
12 the City does not violate the Constitutional Debt Limit.

13 (h) IFD No. 2 is not required to adopt an appropriations limit under the SF
14 Port IFD Law or Article XIII B of the California Constitution because the allocation by the City to IFD
15 No. 2 of tax increment revenues generated in the Sub-Project Areas is not the receipt by IFD No. 2 of
16 proceeds of taxes levied by or on behalf of IFD No. 2 within the meaning or for the purposes of Article
17 XIII B of the California Constitution.

18 (i) Appendix I complies with the "set-aside" provisions of the SF Port IFD
19 Law with respect to property tax revenues allocated to IFD No. 2 from the Sub-Project Areas.

20 (j) IFD No. 2 is authorized to use property tax revenues allocated to IFD No.
21 2 from the Sub-Project Areas to pay the costs of administering IFD No. 2.

22 (k) The allocation to IFD No. 2 by the Board of Supervisors of specific
23 percentages of incremental property tax revenues from the Sub-Project Areas as set forth in Appendix I
24 will be and is valid, legal, binding and irrevocable from and after the effective date of the Ordinance
25 Establishing Project Area I and the Sub-Project Areas.

26 (l) The Board of Supervisors has the legal authority to approve by ordinance
27 pursuant to the procedures set forth in Appendix I certain amendments of Appendix I described in
28 Appendix I and summarized above and any other amendments of Appendix I consistent with the SF Port

1 IFD Law, and Appendix I, as amended by any such amendment, is legal, valid and binding, and all
2 actions of the City, IFD No. 2 and Port in accordance with Appendix I, as amended, shall be valid, legal
3 and binding obligations of the City, IFD No. 2 and the Port, respectively.

4 (m) Under Section 53395.8(i)(7) of the SF Port IFD Law and Revenue &
5 Taxation Code 96.1, the applicable county auditor or officer will transfer the Allocated Tax Increment
6 generated in the Sub-Project Areas to IFD No. 2 at the same time or times as the payment of taxes into
7 the funds of the respective taxing agencies of the county and, as a result, the City will not receive the
8 Allocated Tax Increment for deposit into the City and County General Fund.(n) Each Sub-Project
9 Area constitutes a "project area" for purposes of the SF Port IFD Law.

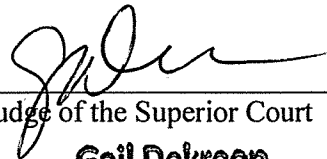
10 4. That the Court permanently enjoin and restrain all persons from the institution of
11 any action or proceeding challenging, *inter alia*, the validity of Project Area I and the Sub-Project Areas,
12 Appendix I, the Resolutions, Project Area I Bonds, Project Area I Debt, Bond Contracts, Port Advance
13 and MOU and any other related contracts or agreements or actions authorized by the City, the Port
14 Commission or IFD No. 2 in connection with the financing program described in Appendix I, or any
15 matters herein adjudicated or which at this time could have been adjudicated against the Plaintiffs and
16 against all other persons.

17 5. For costs of suit incurred herein; and

18 6. For such other and further relief as the Court may deem just and proper.

19 All capitalized terms used but not defined herein have the meanings given to such terms in
20 Plaintiff's Complaint for Validation.

21
22 Dated: Oct 17, 2019

23 
24 _____
25 Judge of the Superior Court
26 **Gail Dekreon**