

File No. 200121

Committee Item No. \_\_\_\_\_

Board Item No. 17

## COMMITTEE/BOARD OF SUPERVISORS

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Committee: \_\_\_\_\_

Date: \_\_\_\_\_

Board of Supervisors Meeting

Date: April 14, 2020

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Prepared by: Lisa Lew

Date: April 3, 2020

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

1 [Determining Necessity to Incur Bonded Indebtedness and Other Debt - Special Tax District  
2 No. 2020-1 (Mission Rock Facilities and Services) - Not to Exceed \$3,700,000,000]

3 **Resolution determining the necessity to incur bonded indebtedness and other debt in**  
4 **an aggregate principal amount not to exceed \$3,700,000,000 for the City and County of**  
5 **San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services);**  
6 **and determining other matters in connection therewith, as defined herein.**

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

13 WHEREAS, Seawall Lot 337 Associates, LLC, a Delaware limited liability company  
14 (“Master Developer”) and the City, acting by and through the Port, are parties to a Disposition  
15 and Development Agreement (as amended from time to time, “DDA”), including a Financing  
16 Plan (as amended from time to time, “Financing Plan”), that governs the disposition and  
17 development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337, 3.53  
18 acres located at Terry A. Francois Boulevard from Third Street to Mission Rock Street, China  
19 Basin Park and 1/2 acre to the east of Terry A. Francois Boulevard between Pier 48 and Pier  
20 50 (“Project Site”), and also provides for development of Pier 48, which DDA was approved by  
21 the Board of Supervisors of the City (“Board of Supervisors” or “Board”) by Resolution No. 42-  
22 18, adopted on February 13, 2018, signed by the Mayor on February 23, 2018, and a copy of  
23 which is in Board File No. 180092 (“Mission Rock Project Resolution”); and

24 WHEREAS, The Port collaborated with the State Lands Commission and the  
25 Legislature, resulting in an amendment of the Burton Act to lift or suspend its statutory trust

1 use restrictions that impede the Port’s ability to realize the development potential of Port  
2 lands. Under Senate Bill 815 (Stats. 2007, ch. 660, as amended by Stats. 2016, ch. 529) (“SB  
3 815”), the Port is authorized to lease certain seawall lots south of Market Street, including the  
4 Project Site, for nontrust purposes, providing revenues for rehabilitation of historic wharves  
5 and piers and other trust uses; SB 815 allows long-term nontrust uses that are otherwise not  
6 permissible under the Burton Act as a primary mechanism to generate Port revenues for trust  
7 purposes, including the construction of infrastructure needed for development; and

8 WHEREAS, On November 3, 2015, San Francisco voters approved the Mission Rock  
9 Affordable Housing, Parks, Jobs and Historic Preservation Initiative (“Proposition D”), which  
10 authorized increased height limits on the Project Site, subject to environmental review, and  
11 established a City policy to encourage development of the Project Site; Proposition D  
12 specifically provides that it is intended to encourage and implement the lease and  
13 development of the Project Site as described in SB 815 to support the purposes of the Burton  
14 Act, especially the preservation of historic piers and historic structures and construction of  
15 waterfront plazas and open space; and

16 WHEREAS, The proposed development of the Project Site, which is commonly  
17 referred to as the Mission Rock project (“Project”), will be a new mixed-use neighborhood that  
18 is proposed to include a mix of commercial/office, retail, parking, and market rate and  
19 affordable residential uses and approximately eight acres of new and expanded parks and  
20 shoreline access; and

21 WHEREAS, Under the DDA, (i) the Master Developer is responsible for master  
22 development of the Project Site, including construction of public infrastructure, (ii) the Port and  
23 Master Developer will enter into a master lease for all of the Project Site, (iii) the Port will  
24 convey development parcels to vertical developers and those parcels will be released from  
25 the master lease, and (iv) the Port may enter into a separate lease with the Master Developer

1 (or an affiliate of Master Developer) for development of Pier 48; and

2 WHEREAS, The City anticipates that, in addition to the infrastructure and private  
3 development described above, future improvements will be necessary to ensure that the  
4 shoreline, public facilities, and public access improvements will be protected should sea level  
5 rise in the vicinity of the Project Site, and the Board of Supervisors desires to provide a  
6 mechanism to pay for the costs of such improvements; and

7 WHEREAS, At its hearing on October 5, 2017, and prior to recommending proposed  
8 Planning Code amendments for approval, by Motion No. M-20017, the Planning Commission  
9 certified a Final Environmental Impact Report (“FEIR”) for the Project pursuant to the  
10 California Environmental Quality Act (“CEQA”) (California Public Resources Code, Section  
11 21000 et seq.), the CEQA Guidelines (14 Cal. Code Reg., Section 15000 et seq.), and  
12 Administrative Code, Chapter 31; a copy of said Motion is on file with the Clerk of the Board of  
13 Supervisors in File No. 171117, and is incorporated herein by reference; and

14 WHEREAS, In recommending proposed Planning Code Amendments for approval by  
15 the Board at its hearing on October 5, 2017, by Motion No. M-20018, the Planning  
16 Commission also adopted findings under CEQA, including a statement of overriding  
17 consideration, and a Mitigation Monitoring and Reporting Program (“MMRP”), and copies of  
18 said Motion and MMRP are on file with the Clerk of the Board in File No. 171117, and are  
19 incorporated herein by reference; and

20 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (as  
21 it may be amended from time to time, “Code”), which Code incorporates by reference the  
22 Mello-Roos Community Facilities Act of 1982, as amended (“Mello-Roos Act”), the Board is  
23 authorized to establish a special tax district and to act as the legislative body for a special tax  
24 district; and

25

1           WHEREAS, On February 25, 2020, the Board adopted Resolution No. 84-20 entitled  
2           “Resolution declaring the intention to establish the City and County of San Francisco Special  
3           Tax District No. 2020-1 (Mission Rock Facilities and Services) and a future annexation area;  
4           ordering and setting a time and place for a public hearing of the Board, sitting as a Committee  
5           of the Whole, on April 7, 2020, at 3:00 p.m.; determining other matters in connection  
6           therewith, as defined herein; and making findings under the California Environmental Quality  
7           Act” (“Resolution of Intention to Establish”), which Resolution of Intention to Establish was  
8           signed by the Mayor on March 6, 2020, stating its intention to form (i) "City and County of San  
9           Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)" (“Special  
10          Tax District”) and (ii) a "City and County of San Francisco Special Tax District No. 2020-1  
11          (Mission Rock Facilities and Services) (Future Annexation Area)" ("Future Annexation Area"),  
12          pursuant to the Code, and which Resolution of Intention to Establish is on file with the Clerk of  
13          the Board in File No. 200117; and

14          WHEREAS, On February 25, 2020, the Board also adopted Resolution No. 85-20  
15          entitled “Resolution declaring the intention to incur bonded indebtedness and other debt in an  
16          aggregate principal amount not to exceed \$3,700,000,000 for the City and County of San  
17          Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services); ordering  
18          and setting a time and place for a public hearing of the Board, sitting as a Committee of the  
19          Whole, on April 7, 2020, at 3:00 p.m.; and determining other matters in connection therewith,  
20          as defined herein” (“Resolution of Intention to Incur Indebtedness”), which Resolution of  
21          Intention to Incur Indebtedness, was signed by the Mayor on March 6, 2020, 2020, stating its  
22          intention to incur bonded indebtedness and other debt (as defined in the Mello-Roos Act)  
23          within the boundaries of the Special Tax District for the purpose of financing the costs of  
24          certain facilities and incidental expenses specified in the Resolution of Intention to Establish,  
25

1 and which Resolution of Intention to Incur Indebtedness is on file with the Clerk of the Board  
2 in File No. 200118; and

3 WHEREAS, In the Resolution of Intention, the Board determined that such debt may  
4 include an agreement by the Special Tax District (or the City on behalf of the Special Tax  
5 District) to repay the City, acting by and through the Port Commission, for one or more  
6 advances of land proceeds and other sources of Port funding to pay the costs of the Facilities  
7 and incidental expenses (“Advances”), which repayment obligation (“Repayment Obligation”)  
8 may be evidenced by a promissory note ratified or executed by the Special Tax District (or the  
9 City on behalf of the Special Tax District) in favor of the Port Commission; and

10 WHEREAS, The Board held a noticed public hearing as required by the Mello-Roos Act  
11 about the determination to proceed with the formation of the Special Tax District, including a  
12 future annexation area, the provision of certain facilities, services and incidental expenses by  
13 the Special Tax District and the rate and method of apportionment of the special taxes to be  
14 levied within the Special Tax District to pay for the costs of the authorized facilities, services  
15 and incidental expenses, including the principal and interest on the proposed bonded  
16 indebtedness and other debt in the Special Tax District and the administrative costs of the  
17 City relative to the Special Tax District; and

18 WHEREAS, Subsequent to the public hearing, the Board adopted a resolution entitled  
19 “Resolution of formation of the City and County of San Francisco Special Tax District No.  
20 2020-1 (Mission Rock Facilities and Services) and a future annexation area; determining other  
21 matters in connection therewith, as defined herein; and making findings under the California  
22 Environmental Quality Act” (“Resolution of Formation”), which Resolution of Formation, was  
23 signed by the Mayor on \_\_\_\_\_, 2020; and

1           WHEREAS, In the Resolution of Formation, the Board made certain findings under  
2 CEQA about the FEIR for the disposition and development of the Project Site, and those  
3 findings are incorporated in this Resolution as if set forth in their entirety herein; and

4           WHEREAS, The Clerk of the Board published notice of a public hearing relative to the  
5 matters material to the questions set forth in the Resolution of Intention to Incur Indebtedness  
6 pursuant to Section 53346 of the Mello-Roos Act; and

7           WHEREAS, The Board has held a noticed public hearing as required by the Code  
8 relative to the matters material to the questions set forth in the Resolution of Intention to Incur  
9 Indebtedness; and

10           WHEREAS, No written protests with respect to the matters material to the questions  
11 set forth in the Resolution of Intention to Incur Indebtedness have been filed with the Clerk of  
12 the Board; now, therefore, be it

13           RESOLVED, That the foregoing recitals are true and correct; and, be it

14           FURTHER RESOLVED, That the Board deems it necessary to incur bonded  
15 indebtedness and other debt (as defined in the Mello-Roos Act) in one or more series in the  
16 maximum aggregate principal amount of \$3,700,000,000 (“Limit”) for the purpose of financing  
17 the costs of all or a portion of the facilities defined in the Resolution of Formation (“Facilities”)  
18 and the incidental expenses defined in the Resolution of Formation (“incidental expenses”),  
19 including, but not limited to, the costs of issuing and selling bonds and such other debt to  
20 finance all or a portion of the Facilities, all or a portion of the incidental expenses and the  
21 costs of the City in establishing and administering the Special Tax District; and, be it

22           FURTHER RESOLVED, That because the City expects to repay the Repayment  
23 Obligation with, among other sources, special taxes levied in the Special Tax District and  
24 proceeds of bonded indebtedness and other debt incurred by or on behalf of the Special Tax  
25 District, the Board hereby determines that (i) the Repayment Obligation shall be included in

1 the calculation of the Limit and (ii) any such bonded indebtedness or other debt (as defined in  
2 the Mello-Roos Act) incurred by or on behalf of the Special Tax District to repay the  
3 Repayment Obligation (and the related costs of issuance and costs of funding a debt service  
4 reserve fund) shall not be included in the calculation of the Limit; and, be it

5 FURTHER RESOLVED, That the Board hereby approves and ratifies the appointment  
6 of the Port as the CFD Agent (as defined in the DDA) for the Special Tax District and  
7 approves and ratifies all actions taken prior to the date hereof by the Port in its capacity as  
8 CFD Agent, including, but not limited to, execution or ratification of one or more promissory  
9 notes to evidence the Repayment Obligation and execution of one more pledge agreements  
10 with an infrastructure financing district to receive property tax revenues to repay the  
11 Repayment Obligation; and, be it

12 FURTHER RESOLVED, That the whole of the Special Tax District shall pay for the  
13 bonded indebtedness and such other debt through the levy of certain special taxes; the tax is  
14 to be apportioned in accordance with the formula set forth in Exhibit "B" to the Resolution of  
15 Formation; and, be it

16 FURTHER RESOLVED, That bonds and other debt (as defined in the Mello-Roos Act)  
17 in an aggregate maximum amount not exceeding the Limit (such Limit to be calculated in  
18 accordance with the Code and the third preceding paragraph) are hereby authorized subject  
19 to voter approval; the bonds and such other debt may be issued in one or more series and  
20 mature and bear interest at such rate or rates, payable semiannually or in such other manner,  
21 all as the Board or its designee shall determine, at the time or times of sale of such bonds and  
22 such other debt; provided, however, that the interest rate or rates shall not exceed the  
23 maximum interest rate permitted by applicable law at the time of sale of the bonds and such  
24 other debt and the bonds and such other debt or any series thereof shall have a maximum  
25 term of not to exceed forty (40) years; and, be it



1           FURTHER RESOLVED, That the proposition of incurring the bonded indebtedness and  
2 other debt (as defined in the Mello-Roos Act) herein authorized shall be submitted to the  
3 qualified electors of the Special Tax District and shall be consolidated with elections on the  
4 proposition of levying special taxes within the Special Tax District and the establishment of an  
5 appropriations limit for the Special Tax District pursuant to Mello-Roos Act, Section 53353.5;  
6 the time, place and further particulars and conditions of such election shall be as specified by  
7 separate resolution of the Board; and, be it

8           FURTHER RESOLVED, That the Director, Department of Elections (or its designee) is  
9 hereby directed to publish this Resolution in a newspaper of general circulation circulating  
10 within the Special Tax District, to the extent required by the Code; and, be it

11           FURTHER RESOLVED, That the Board hereby waives any provisions of the Amended  
12 and Restated Local Goals and Policies for Community Facilities Districts and Special Tax  
13 Districts (“Goals and Policies”) adopted by the Board by Resolution No. 414-13 to the extent  
14 the Goals and Policies are inconsistent with the provisions hereof or the DDA; and, be it

15           FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or  
16 word of this Resolution, or any application thereof to any person or circumstance, is held to be  
17 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision  
18 shall not affect the validity of the remaining portions or applications of this Resolution, the  
19 Board hereby declaring that it would have passed this Resolution and each and every section,  
20 subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional  
21 without regard to whether any other portion of this Resolution or application thereof would be  
22 subsequently declared invalid or unconstitutional; and, be it

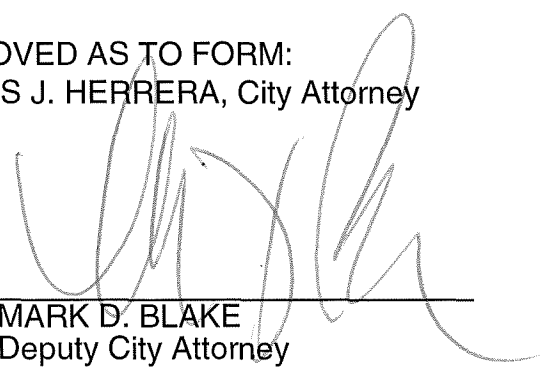
23           FURTHER RESOLVED, That the Mayor, the Controller, the Director, Department of  
24 Elections, Director of the Office of Public Finance, the Clerk of the Board and any and all other  
25 officers of the City are hereby authorized, for and in the name of and on behalf of the City, to

1 do any and all things and take any and all actions, including execution and delivery of any and  
2 all documents, assignments, certificates, requisitions, agreements, notices, consents,  
3 instruments of conveyance, warrants and documents, which they, or any of them, may deem  
4 necessary or advisable in order to effectuate the purposes of this Resolution; provided  
5 however that any such actions be solely intended to further the purposes of this Resolution,  
6 and are subject in all respects to the terms of the Resolution; and, be it

7 FURTHER RESOLVED, That all actions authorized and directed by this Resolution,  
8 consistent with any documents presented herein, and heretofore taken are hereby ratified,  
9 approved and confirmed by the Board; and, be it

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

11  
12 APPROVED AS TO FORM:  
13 DENNIS J. HERRERA, City Attorney



14  
15  
16 By: \_\_\_\_\_  
17 MARK D. BLAKE  
18 Deputy City Attorney  
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**NOTICE OF PUBLIC HEARING**  
To Incur Bonded Indebtedness and Other Debt

**CITY AND COUNTY OF SAN FRANCISCO**  
**Special Tax District No. 2020-1**  
**(Mission Rock Facilities and Services)**

On February 25, 2020, the Board of Supervisors (the "Board of Supervisors") of the City and County of San Francisco (the "City"), State of California, adopted its "Resolution declaring the intention to incur bonded indebtedness and other debt in an aggregate principal amount not to exceed \$3,700,000,000 for the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services); ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on April 7, 2020, at 3:00 p.m.; and determining other matters in connection therewith, as defined herein" (the "Resolution of Intention-Debt") for the "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)" (the "Special Tax District") under Chapter 43, Article X of the San Francisco Administrative Code (as it may be amended from time to time, "Code"), which Code incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended ("Mello-Roos Act"). The Resolution was signed by the Mayor of the City on \_\_\_\_\_. Under the Code and the Resolution, the Board of Supervisors gives notice as follows:

1. Reference is hereby made to the entire text of the Resolution of Intention-Debt, a complete copy of which is on file with the Clerk of the Board of Supervisors in File No. 200118. The text of the Resolution of Intention-Debt is summarized as follows:

a. The Board of Supervisors has adopted its "Resolution declaring the intention to establish the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) and a future annexation area; ordering and setting a time and place for a public hearing of the Board of Supervisors, sitting as a Committee of the Whole, on April 7, 2020, at 3:00 p.m.; determining other matters in connection therewith, as defined herein; and making findings under the California Environmental Quality Act" (the "Resolution of Intention-Establish"), stating its intention to form the Special Tax District and a future annexation area for the Special Tax District for the purpose of financing, among other things, certain facilities (the "Facilities"), certain services and certain incidental expenses, as further provided in the Resolution of Intention-Establish. The Resolution of Intention-Establish is on file with the Clerk of the Board of Supervisors in File No. 200117.

b. The Board of Supervisors estimates the amount required to finance the costs of the Facilities to be not more than \$3,700,000,000 and, in order to finance such costs, it is necessary to incur bonded indebtedness and other debt (as defined in the Act) in the amount of not more than \$3,700,000,000 (the "Limit").

c. The proposed bonded indebtedness and other debt is to finance the Facilities and incidental expenses, including acquisition and improvement costs and all costs incidental to or connected with the accomplishment of such purposes and of the financing thereof, as permitted by the Code.

d. The Board of Supervisors intends to authorize the issuance and sale of bonds and other debt provided by the Code ("Bonds") in one or more series in the

maximum aggregate principal amount of not to exceed the Limit, bearing interest payable semi-annually or in such other manner as the Board of Supervisors determines, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such Bonds, and maturing not later than 40 years from the date of the issuance of the Bonds.

e. The Bonds may include an agreement by the Special Tax District (or the City on behalf of the Special Tax District) to repay the City for one or more advances of land proceeds and other sources of funding to pay the costs of the Facilities and incidental expenses ("Advances"), which repayment obligation ("Repayment Obligation") may be evidenced by a promissory note ratified or executed by the Special Tax District (or the City on behalf of the Special Tax District) in favor of the City, acting through the San Francisco Port Commission. Because the City expects to repay the Repayment Obligation with, among other sources, special taxes levied in the Special Tax District and proceeds of Bonds incurred by or on behalf of the Special Tax District, (i) the Repayment Obligation shall be included in the calculation of the Limit and (ii) any Bonds incurred by or on behalf of the Special Tax District to repay the Repayment Obligation (and the related costs of issuance and costs of funding a debt service reserve fund) shall not be included in the calculation of the Limit.

2. On Tuesday, April 7, 2020, at 3:00 p.m. or as soon as possible thereafter, in the Board of Supervisors' Chambers, 1 Dr. Carlton B. Goodlett Place, Second Floor, San Francisco, California, the Board of Supervisors will hold a public hearing on the necessity of incurring Bonds for the Special Tax District in an amount not to exceed the Limit (calculated in accordance with the Resolution of Intention-Establish).

3. At the public hearing, the testimony of all interested persons, including voters and/or persons owning property in the area of the proposed Special Tax District, for and against the proposed Bonds, will be heard. Interested persons may submit written protests or comment to the Clerk of the Board of Supervisors, City and County of San Francisco.

Dated as of \_\_\_\_\_

City and County of San Francisco

OFFICE OF THE MAYOR  
SAN FRANCISCO



LONDON N. BREED  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Sophia Kittler  
RE: Resolution to Incur Debt – Mission Rock Special Tax District No. 2020-1  
DATE: Tuesday, March 3, 2020

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2020 MAR -3 PM 4:20  
BY: [Signature]

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**Resolution determining necessity to incur bonded indebtedness and other debt in an aggregate principal amount not to exceed \$3,700,000,000 for the City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services); and determining other matters in connection therewith, as defined herein.**

Should you have any questions, please contact Sophia Kittler at 415-554-6153.