File No. 151183 Committee Item No. 24
Board Item No. 27

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Budget and Finance **Date** December 9, 2015

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Completed by: Victor Young **Date** December 4, 2015
Completed by: Victor Young **Date** 12/10/15

AMENDED IN COMMITTEE
12/9/15

FILE NO. 151183 RESOLUTION NO.

[Office of Community Investment and Infrastructure, Operating as Successor Agency to the San Francisco Redevelopment Agency - Budget and Bonds Amendment - Mission Bay South Project Area - Not to Exceed $135,000,000 - FY2015-2016]

Resolution approving an amendment to the FY2015-2016 budget of the Office of Community Investment and Infrastructure, operating as the Successor Agency to the San Francisco Redevelopment Agency, by increasing the Successor Agency's bond proceeds by $135,000,000, authorizing expenditures in an amount not to exceed $135,000,000, and approving the issuance of bonds in an additional principal amount not to exceed $135,000,000 to finance enforceable obligations in the Mission Bay South Project Area.

WHEREAS, The Successor Agency to the Redevelopment Agency of the City and County of San Francisco, commonly known as the Office of Community Investment and Infrastructure, ("Successor Agency" or "OCII"), is implementing enforceable obligations and surviving redevelopment projects of the former Redevelopment Agency in accordance with the Community Redevelopment Law, Cal. Health & Safety Code §§ 33000 et seq., as amended by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq. (the "Law"), and with Ordinance No. 215-12 (Oct. 4, 2012); and

WHEREAS, OCII is a legal entity separate from the City and County of San Francisco ("City"), but is subject to the Board of Supervisors' authority over OCII's annual budget in accordance with Cal. Health and Safety Code § 33606; and

WHEREAS, OCII is a legal entity separate from the City and County of San Francisco, but is subject to the Board of Supervisor's authority over the proposed indebtedness to be incurred by the agency, which includes the amount but not the terms of the proposed indebtedness, in accordance with Cal. Health and Safety Code § 33606; and

WHEREAS, The Board of Supervisors approved, by Resolution No. 278-15 (July 30, 2015), OCII's budget for the FY 2015-2016 (the "Budget") and its issuance of bonds in the principal amount of not to exceed $51 million for the purpose of financing a portion of the Budget; and

WHEREAS, The Law and Ordinance No. 215-12 authorize the Successor Agency Commission (also known as the Commission on Community Investment and Infrastructure "CCII") to issue, subject to approval by the Oversight Board and DOF, bonds to carry out enforceable obligations that satisfy the statutory criteria under Cal. Health and Safety Code § 34177.5; and

WHEREAS, OCII has an enforceable obligation under the Mission Bay South Owner Participation Agreement ("OPA") to reimburse the costs of public infrastructure that has been constructed and accepted by the City, the Owner, under the OPA, has made expenditures on public infrastructure in the Mission Bay South Redevelopment Project Area ("Project Area"), and has requested that OCII issue bonds to fund the costs of reimbursement; and

WHEREAS, OCII seeks to finance, in FY2015-2016, a portion of its enforceable obligations to reimburse public infrastructure costs in the in Project Area. The financing program may require OCII to enter into loans and/or to issue and to refund, as necessary, or to cause to be loaned and/or issued and/or refunded on its behalf by a public finance authority, bonds, notes, or other evidence of indebtedness (such loans, bonds, notes or other evidence of indebtedness being referred to as the "Bonds") in an aggregate principal amount not to exceed $135,000,000 for the purpose of financing a portion of the Budget and related costs of issuance, which will be repaid from and secured by the taxes allocated to and paid to OCII pursuant to the Law (and in particular but not limited to Sections 33670 - 33674) and to Section 16 of Article XVI of the California Constitution; and

WHEREAS, On October 20, 2015, OCII approved (i) Resolution 62-2015 authorizing the Executive Director to submit to the Mayor's Office and the Board of Supervisors a request to increase by $135,000,000 the Bond Proceeds to be received by the Successor Agency and to increase Successor Agency expenditure authority by $135,000,000; and (ii) Resolution Nos. 64-2015 and 65-2015 authorizing, subject to approval by the Oversight Board and DOF, issuance of $45,000,000 and $90,000,000, respectively, in new money tax allocation bonds for the Project Area; and

WHEREAS, OCII hereby requests that the Board of Supervisors approve (i) an amendment to the OCII Budget for the FY 2015-2016 to permit the receipt and expenditure of additional bond proceeds in the amount of $135,000,000 for the purpose of fulfilling its enforceable obligations; and (ii) subject to approval of the Oversight Board and the DOF, the issuance of Bonds in the amount of $135,000,000; now, therefore, be it

RESOLVED, By the Board of Supervisors that it does hereby approve an increase in the Successor Agency's FY 2015-2016 Budget by $135,000,000 in bond proceeds and approves an increase in the Successor Agency's expenditure authority by $135,000,000 to fulfill its enforceable obligations under the OPA; and, be it

FURTHER RESOLVED, The Board of Supervisors conditionally approves the issuance of Bonds by OCII in the principal amount not to exceed $135,000,000 for the purpose of financing a portion of its Budget and related costs of issuance, and the application of a portion of the proceeds of which to reimburse the OCII for amounts spent under its Budget prior to the issuance of the Bonds; provided, however, that the Oversight Board and DOF subsequently approve the issuance of the Bonds; and, be it

FURTHER RESOLVED, The Board of Supervisors requests that the Executive Director explore alternative financing or timing structures to the planned subordinate private placement should market conditions or the property rolls change prior to issuance; and, be it

FURTHER RESOLVED, The Board of Supervisors requests that the Executive Director refund all outstanding Series 2015D bonds in conformance with OCII's debt policy.

Item 24 **File 15-1183**	**Department:** Office of Community Investment and Infrastructure (OCII)

EXECUTIVE SUMMARY

Legislative Objectives

The proposed resolution would (a) amend Office of Community Investment and Infrastructure (OCII) FY 2015-16 budget to increase the budget by $135 million in bond proceeds; (b) authorize $135 million in bond proceeds expenditures; and (c) approve the issuance of bonds in an additional principal amount not to exceed $135 million to finance the enforceable obligations in the Mission Bay South Project Area. Under California Community Redevelopment Law the Board of Supervisors approves OCII's budget and authorizes OCII to issue debt.

Key Points

- Under the Mission Bay North and South Owner Participation Agreements (OPA) between OCII, and the master developer (FOCIL-MB, LLC), the master developer is to construct public infrastructure and be reimbursed by OCII for the costs. OCII proposes selling two new bond series for the Mission Bay South Project Area, Series 2015C and 2015D, with an aggregate principal amount not to exceed $135 million to fund OCII's reimbursements to FOCIL.
- Existing property tax increment generated by the Mission Bay South Project Area will be used to pay debt service on the Series 2015C bonds. These bonds are considered "parity" bonds in that OCII's obligation to pay debt service on these bonds is equal to the obligation to pay debt service on other outstanding bonds.

Fiscal Impact

- FOCIL has already incurred $61,168,298 in expenses for public infrastructure and is projected to incur $69,851,352 in expenses for infrastructure in the next one to eighteen months, totaling $131,019,650.
- Total estimated debt service over the 30-year term of the Series 2015C bonds is estimated to be $79,183,882, which includes $45,000,000 in principal and $34,183,882 in interest.
- Total estimated debt service over the 30-year term of the Series 2015D bonds is estimated to be $161,343,626, which includes $90,000,000 in principal and $71,343,626 in interest.
- Series 2015D bonds are "subordinate bonds". The new development in the Mission Bay South Project Area that will generate the property tax increment to be used to pay debt service on the Series 2015D Bonds has not yet been fully enrolled by the Assessor in the property tax rolls. As subordinate bonds, the debt service on the Series 2015D bonds will only be paid after debt service on the parity bonds has been paid. Therefore, these are considered higher risk bonds than the Series 2015C Bonds

Policy Consideration

- According to Ms. Mawhorter, OCII plans to sell the Series 2015D bonds in FY 2015-16, before construction of the Mission Bay South developments has been completed and before the new developments are fully enrolled by the Assessor in the property tax rolls, because OCII is obligated to reimburse FOCIL in FY 2015-16 and FY 2016-17 for FOCIL's expenses to construct new public infrastructure.
- According to Ms. Mawhorter, of the $90,000,000 in Series 2015D bonds, 33% of the estimated bond amount would be secured by tax increment from properties that are completed but not fully enrolled. Given the status of development and the quality of the San Francisco real estate credit, some opportunity may exist for alternate financing structures or timing that would be less costly than the planned subordinate private placement debt.

Recommendations

- Amend the proposed resolution to request the OCII Executive Director to explore alternative financing or timing structures to the planned subordinate private placement.
- Amend the proposed resolution to request the OCII Executive Director to refund all outstanding Series 2015D bonds as the new Mission Bay South Project Area development is enrolled.
- Amend the proposed resolution to request the OCII Executive Director to provide an update on the status of the Series 2015C and Series 2015D during the annual budget review.
- Approve the proposed resolution as amended.

MANDATE STATEMENT

The Successor Agency to the Redevelopment Agency of the City and County of San Francisco, the Office of Community Investment and Infrastructure (OCII) is a separate legal entity from the City and County of San Francisco and is responsible for implementing the enforceable obligations and surviving redevelopment projects of the former Redevelopment Agency, in accordance with California Community Redevelopment Law (Cal. Health & Safety Code §§ 33000 et seq., as amended by the Redevelopment Dissolution Law, Cal. Health & Safety Code §§ 34170 et seq.) and Ordinance No. 215-12, approved by the Board of Supervisors on October 4, 2012. In accordance with State law, the Board of Supervisors has authority over OCII's annual budget.

BACKGROUND

Specific enforceable obligations were previously established under the Mission Bay North and South Owner Participation Agreements (OPA) between the former San Francisco Redevelopment Agency, now the Office of Community Investment and Infrastructure (OCII), and FOCIL-MB, LLC (FOCIL), the master developer. Under the OPA, FOCIL is to construct public infrastructure and be reimbursed by OCII for the costs of public infrastructure construction.

OCII proposes to issue bonds and use bond proceeds to reimburse FOCIL for their expense of constructing public infrastructure in the Mission Bay South Project Area. Debt service on these bonds will be paid by property tax increment[1] generated by development in the Mission Bay South Project Area.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (a) amend OCII's FY 2015-16 budget to increase the budget by $135 million in bond proceeds; (b) authorize $135 million in bond proceeds expenditures; and (c) approve the issuance of bonds in an additional principal amount not to exceed $135 million to finance the enforceable obligations in the Mission Bay South Project Area.

Under California Community Redevelopment Law the Board of Supervisors approves OCII's budget and authorizes OCII to issue debt.

Series 2015C and 2015D Bonds

OCII proposes selling two new bond series for Mission Bay South Project Area, Series 2015C and 2015D, with an aggregate principal amount not to exceed $135 million. These bonds would fund OCII's reimbursements to FOCIL for public infrastructure improvements in the Mission Bay South Project Area. OCII proposes selling these bonds in two series:

(1) Series 2015 C, Tax Allocation Revenue Bonds, Mission Bay South in aggregate principal amounts not to exceed $45 million and

[1] Under California Community Redevelopment Law, incremental property tax ("tax increment") that results from development in the redevelopment project area can be allocated to finance economic development, including public improvements.

(2) Series 2015D, Subordinate Tax Allocation Revenue Bonds, Mission Bay South in aggregate principal amounts not to exceed $90 million.

Series 2015C Bonds

Existing property tax increment generated by the Mission Bay South Project Area will be used to pay debt service on the Series 2015C bonds. These bonds are considered "parity" bonds in that OCII's obligation to pay debt service on these bonds is equal to the obligation to pay debt service on other outstanding bonds.[2]

Series 2015D Bonds

Series 2015D bonds are "subordinate bonds". The new development in the Mission Bay South Project Area that will generate the property tax increment to be used to pay debt service on the Series 2015D Bonds has not yet been fully enrolled by the Assessor in the property tax rolls. The new development in the Mission Bay South Project Area that will generate the property tax increment is currently in the pipeline (completed but not yet fully enrolled by the Assessor in the property tax rolls, under construction, or planned). As subordinate bonds, the debt service on the Series 2015D bonds will only be paid after debt service on the parity bonds has been paid. Therefore, these are considered higher risk bonds than the Series 2015C Bonds.

Proposed Series 2015C and Series 2015D Bond Sales

The Series 2015C bonds will be sold competitively on the open market. The Series 2015D bonds will be sold as a competitively bid private placement open to all institutional investors, including pension funds (such as CalPERS), banks, insurance companies, or mutual funds. If insufficient bids from institutional investors are received, the project developer, FOCIL, would purchase the bonds as the buyer of last resort.

FISCAL IMPACT

FOCIL has already incurred $61,168,298 in expenses for public infrastructure and is projected to incur $69,851,352 in expenses for infrastructure in the next one to eighteen months, totaling $131,019,650, as shown in Table 1 below. Under the Mission Bay North and South Project Area OPA, OCII will reimburse FOCIL for these expenses, using bond proceeds.

[2] In order to issue parity bonds, the available tax increment from the existing tax rolls must cover 125 percent of the debt service on all outstanding bonds plus the new 2015C bonds.

Table 1: Public Infrastructure Expenses

Mission Bay South Public Infrastructure	Expenditures Already Incurred	Projected Expenditures	Total
Streets and Utilities	$40,925,035	$28,776,144	$69,701,179
Pump Stations	7,530,455	7,336,808	14,867,263
Parks	4,939,302	13,320,001	18,259,303
Public Safety Building	6,238,024	0	6,238,024
Insurance, Interest and Financing, Project Administration, Other	1,535,482	20,418,399	21,953,881
Total	**$61,168,298**	**$69,851,352**	**$131,019,650**

Source: OCII

Under the Mission Bay North and South Project Area OPA, OCII is required to reimburse FOCIL for FOCIL's expenses to construct public infrastructure at FOCIL's request. According to Ms. Bree Mawhorter, OCII Deputy Director for Finance and Administration, OCII will reimburse FOCIL up to $57,222,233 in FY 2015-16, depending on the pace of development, and up to $73,797,417 in FY 2016-17, depending on the pace of development for a total of $131,019,650 over the next two fiscal years.

Series 2015C Bonds

OCII expects to sell $45,000,000 in Series 2015C bonds through a competitive process in Spring 2016. According to Ms. Mawhorter, OCII expects to sell the bonds at a fixed interest rate. Net bond proceeds are estimated to be $43,670,000, as shown in Table 2 below.

Table 2: Sale of Series 2015 C Bonds

Par Amount	$45,000,000
Surety Policy and Insurance Premium	$870,000
Underwriter Discount	260,000
Other Costs of Issuance	200,000
Net Bond Proceeds	**$43,670,000**

According to Ms. Mawhorter, annual debt service is estimated to be approximately $2,639,463 at an estimated interest rate of 4.53 percent. Total estimated debt service over the 30-year term of the Series 2015C bonds is estimated to be $79,183,882, which includes $45,000,000 in principal and $34,183,882 in interest. Final results will depend upon market conditions at the time of sale.

Series 2015D Bonds

OCII expects to sell $90,000,000 in Series 2016D bonds through a competitively bid private placement in Spring 2016. According to Ms. Mawhorter, OCII expects to sell the bonds at a fixed interest rate. Net bond proceeds are estimated to be $87,410,000, as shown in Table 3 below.

Table 3: Sale of Series 2015 D Bonds

Par Amount	$90,000,000
Surety Policy and Insurance Premium	$1,760,000
Underwriter Discount	530,000
Other Costs of Issuance	300,000
Net Bond Proceeds	**$87,410,000**

According to Ms. Mawhorter, annual debt service is estimated to be $5,378,121 at an estimated interest rate of 5.0 percent. Total estimated debt service over the 30-year term of the Series 2015D bonds is estimated to be $161,343,626, which includes $90,000,000 in principal and $71,343,626 in interest. Final results will depend upon market conditions at the time of sale.

POLICY CONSIDERATION

According to Ms. Mawhorter, OCII plans to sell the Series 2015D bonds in FY 2015-16, before construction of the Mission Bay South developments has been completed and before the new developments are fully enrolled by the Assessor in the property tax rolls, because OCII is obligated to reimburse FOCIL in FY 2015-16 and FY 2016-17 for FOCIL's expenses to construct new public infrastructure. As noted above, because the new developments that will generate the property tax increment that will be used to pay debt service on the Series 2015D bonds have not yet been completed or fully enrolled by the Assessor in the property tax rolls, OCII will sell the Series 2015D bonds as subordinate bonds. Because these bonds are subordinate debt, and debt service will be paid to the bond purchasers only after debt service has been paid on OCII's parity bonds, these bonds carry a higher interest rate and will result in higher debt service costs to OCII.

According to Ms. Mawhorter, of the $90,000,000 in Series 2015D bonds, 33% of the estimated bond amount would be secured by tax increment from properties that are completed but not fully enrolled. Given the status of development and the quality of the San Francisco real estate credit, some opportunity may exist for alternate financing structures or timing that would be less costly than the planned subordinate private placement debt.

Table 4: Estimated Principal Bond Amount Based on Properties Newly Developed or Under Development in Mission Bay South Project Area

Status of Development	Estimated Principal Bond Amount	Percent
Completed Properties and Enrolled	$28,336,950	30%
Completed but Not Fully Enrolled	2,603,300	3%
Construction Nearly Completed	42,249,543	45%
Construction Started	20,188,323	22%
Total	**$93,378,116**	**100%**

Source: OCII

Because there may be alternative financing or timing structures that would be less costly than a subordinate private placement, the Board of Supervisors should request the OCII Executive Director to explore alternative financing or timing structures.

Also, once the new Mission Bay South Project Area development has been enrolled by the Assessor in the property tax rolls, the property tax increment will be fully available to pay debt service on the Series 2015D bonds. Therefore, the Board of Supervisors should request the OCII Executive Director to refund all outstanding Series 2015D bonds as the new Mission Bay South Project Area development is enrolled.

The Board of Supervisors should also request an annual update on the status of the Series 2015C and Series 2015D during the annual budget review.

RECOMMENDATIONS

1. Amend the proposed resolution to request the OCII Executive Director to explore alternative financing or timing structures to the planned subordinate private placement.
2. Amend the proposed resolution to request the OCII Executive Director to refund all outstanding Series 2015D bonds as the new Mission Bay South Project Area development is enrolled.
3. Amend the proposed resolution to request the OCII Executive Director to provide an update on the status of the Series 2015C and Series 2015D during the annual budget review.
4. Approve the proposed resolution as amended.

107-0632015-002

Agenda Item Nos. 5(c), 5(d), 5(e) & 5(f)
Meeting of October 20, 2015

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Tiffany Bohee, Executive Director

SUBJECT: Approving an Amended Budget for the period July 1, 2015 through June 30, 2016, to increase, by an amount not to exceed $135,000,000, Bond Proceeds to be received by the Successor Agency and to Increase its expenditure Authority by $135,000,000 and Authorizing the Executive Director to submit the Budget to the Mayor's Office and the Board of Supervisors (Resolution 62-2015)

Authorizing the Issuance of Tax Allocation Refunding Bonds in an Aggregate Principal Amount Not to Exceed $125,000,000, and Approving and Directing the Execution of an Indenture of Trust, a Bond Purchase Contract and Redemption Agreements, and Approval of Other Related Documents and Actions; Mission Bay North Project Area (Resolution 63-2015)

Authorizing the Issuance of New Money and Refunding Tax Allocation Bonds for the Mission Bay South Redevelopment Project Area in Aggregate Principal Amounts Not to Exceed $45,000,000 and $115,000,000, Respectively, and Approving and Directing the Execution of a First Supplemental Indenture of Trust; A Bond Purchase Contract and Redemption Agreements, and Approval of Other Related Documents and Actions; Mission Bay South Redevelopment Project Area (Resolution 64-2015)

Authorizing the Issuance of Tax Allocation Bonds for the Mission Bay South Redevelopment Project Area in an Aggregate Principal Amount Not to Exceed $90,000,000, and Approving and Directing the Execution of an Indenture of Trust and a Bond Purchase Contract, and Approval of Other Related Documents and Actions; Mission Bay South Redevelopment Project Area (Resolution 65-2015)

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure (OCII) proposes several bond issuances: two refunding bonds to lower the interest cost of existing Mission Bay debt and two new money bonds to fund infrastructure in the Mission Bay South project area. Issuing the new money bonds requires an amendment of the existing FY 15-16 OCII budget.

OCII proposes issuing two refunding bond series: 2015 Series A Tax Allocation Refunding Bonds for Mission Bay North (2015A) and 2015 Series B Tax Allocation Refunding Bonds (2015B) for Mission Bay South. Issuing these bonds would refinance six outstanding Mission Bay tax allocation bonds, four in Mission Bay North (MBN) and two in Mission Bay South (MBS), reducing the anticipated cost of debt service by a net present value of over $13.5 million, assuming current or reasonably foreseeable market conditions.

OCII also proposes issuing two new money bond series for Mission Bay South, Series 2015C & 2015D, with an aggregate principal amount not to exceed $135 million. These bonds would fund infrastructure reimbursements in MBS, enabling the pace of development to continue. The OCII would issue these bonds in two series: up to $45 million in Series 2015C, a parity bond, and up to $90 million in Series 2015D, a subordinate bond.

Issuing the proposed bonds requires the Commission on Community Investment and Infrastructure to approve three bond resolutions. These resolutions approve in form several critical bond documents for each series, which consist of the Bond Indenture, the Bond Purchase Agreement, and, in the case of the refunding issues, the Redemption Agreements, all of which are required to seek Oversight Board and Department of Finance (DOF) approval for the bond sale. The bond resolutions also approve the bond underwriter selections. Finally, the resolutions authorize and direct OCII staff to take all actions necessary to complete the proposed transactions, request the Oversight Board to make certain determinations, direct OCII to proceed with the transaction, and set forth the not to exceed limits for the principal amount of the bonds, the interest rate, and the underwriter's discount. For the 2015D subordinate bonds, the resolution authorizes up to $90 million in bond issuance over a series of issuances, but requires that the Executive Director approve the amount of each issuance.

Issuing the proposed new money bond series requires a budget resolution to amend the FY 15-16 budget to increase OCII's expenditure authority to include the $135 million in bond proceeds from the proposed Series 2015C and 2015D bonds. The budget resolution also authorizes the Executive Director to submit the amended budget to the Mayor and Board of Supervisors.

The proposed bond issuance is being planned under the provisions of OCII's Debt Policy, which was last updated on August 19, 2014. Following DOF approval, or non-objection to the bond issuance, Commission action will be required to approve the Preliminary Official Statement before the proposed transactions can be completed.

Staff recommends approval of the four proposed resolutions authorizing bonding authority and increasing budgetary expenditure authority so that the bond transactions can proceed.

DISCUSSION

Resolutions #63-2015 #64-2015, and #65-2015 would authorize OCII to issue four bonds, two refunding bonds and two new money bonds:

Refunding Bonds

- 2015 Series A Tax Allocation Refunding Revenue Bonds, Mission Bay North
- 2015 Series B Tax Allocation Refunding Revenue Bonds, Mission Bay South

New Money Bonds

- 2015 Series C, Tax Allocation Revenue Bonds, Mission Bay South
- 2015 Series D, Subordinate Tax Allocation Revenue Bonds, Mission Bay South

The enforceable obligation, structure and limits of the proposed bonds are described below.

Enforceable Obligation: Mission Bay North and South Owner Participation Agreements

The bonds described above will be issued pursuant to obligations established under the Mission Bay North and South Owner Participation Agreements "OPAs" between the former San Francisco Redevelopment Agency now OCII, and FOCIL-MB, LLC, ("Master Developer"). These obligations contain protocols for financing infrastructure improvements in the Mission Bay Project Areas, including the sale of bonds. The OPAs are enforceable obligations consistent with Redevelopment Dissolution Law: Cal. Health & Safety Code 34170 et. seq. and have been included on all Recognized Obligation Payment Schedules ("ROPS") to date, including ROPS 15-16A for the period of July to December 2015.

Refunding Bonds: Mission Bay North and South Bonds, Series 2015 A & B

OCII proposes issuing two refunding bonds, Series 2015A and Series 2015B, to refund existing Mission Bay debt and lower the cost of borrowing. Series 2015A would refund Mission Bay North Bonds 2005D, 2006B, 2009C, and 2011C. Series 2015B bonds would refund Mission Bay South Bonds 2009D and 2011D. At current or reasonably foreseeable market interest rates, the proposed refundings would generate gross debt savings of approximately $17.5 million and net present value savings of about $13.5 million. The savings numbers are illustrative and based on current market conditions. Final results will depend upon market conditions at the time the refunding is priced.

OCII debt policy establishes a guideline that, when refunding a bond, present value savings for each refunded bond should be three (3) percent of outstanding bond principal. The present value savings as a percent of refunded principal for each of the proposed refundings ranges from about six (6) percent to nine (9) percent, which exceeds the OCII debt policy guideline. Assuming current market conditions, the proposed refundings would require a combined refunding bond issuance of approximately $200 million. Final results will depend upon market conditions at the time the refunding is priced.

OCII debt policy allows flexibility in the guideline described above. Should market conditions change such that the above metric drops below three (3) percent, staff would support refunding all bonds with positive savings for four reasons. One, as current interest rates are extremely low, it is unlikely greater savings could be realized by waiting for better market conditions. Two, the large size of the proposed transaction makes the marginal issuance cost of each additional bond very small. Three, consolidating the debt portfolio and eliminating individual loans and bonds simplifies state and secondary market reporting and administration. Four, refunding savings will create additional debt capacity, which will allow for additional new money bonds to be issued, advancing the completion of Mission Bay development.

New Money Bonds: Mission Bay South Bonds, Series 2015C & 2015D

OCII proposes issuing two new money bonds, Series 2015C and 2015D to fund infrastructure development in Mission Bay South. New money bonds are required because existing infrastructure funding in Mission Bay South is nearly fully expended. The proceeds of the $56.3 million Series 2014A Mission Bay South bonds, sold in March of 2014, are expected to be spent by calendar year end. Issuing the proposed Series 2015C and 2015D bonds is anticipated to raise up to $125 million in additional infrastructure funding (after costs of issuance and funding bond reserve).

Series 2015C

The proposed 2015C bonds will be issued against existing tax increment and will be issued at parity with the Series 2015B refunding bonds described above. This means the obligation to pay the debt service on the Series 2015C bonds is equal to that of the Series 2015B bonds and any parity bonds. In order to issue parity bonds, the proposed bonds must pass a "parity bonds test," which requires that the available tax increment from current tax rolls cover 125% of the debt service of the outstanding bonds plus the new bonds. The proposed Series 2015C bonds pass this test, will be sized to the maximum amount subject to this test, and will use all the parity debt capacity. As the Series 2015C bonds will be issued at parity with the proposed Series 2015B refunding bonds, OCII is requesting Commission approval to issue both bonds in a single Resolution #64-2015.

Series 2015D

The Series 2015D bonds will be issued against the expected future assessed valuation currently in the pipeline (buildings completed, under construction, or planned) but not yet on the tax rolls. As the parity test does not allow any consideration of future additions to the assessed value, the Series 2015D bonds cannot be structured as a parity bond and must be structured as a subordinate bond. This means that debt service on the Series 2015D bonds will be paid only after debt service is paid on the senior bonds (e.g. 2015B & 2015C and any parity bonds).

The structure of the Series 2015D bonds has certain inherent risks that have been considered and mitigated by OCII. First, because Series 2015D bonds depend on additions to the current tax rolls to pay debt service and such additional revenue may be delayed, repayment is less certain. To account for this uncertainty, the bonds will be structured such that only minimal debt service will be due in the first five years. Second, because investors assume more risk with subordinate bonds, they will require higher interest rates. To mitigate this increased cost, OCII will structure the bonds to accommodate an early call. Given sufficient growth in the tax rolls, an early call will allow the subordinate bonds to be refunded at a future date with lower cost parity bonds, subject to statutory constraints. Third, because the Series 2015D bonds depend on expected assessed valuation to achieve the required debt service coverage, OCII has requested authority to issue $90 million, which would leverage the full expected assessed valuation in Mission Bay South. However, OCII may initially issue only a portion of the $90 million, and issue the remainder of the $90 million authorized amount at a later time. As described in Resolution #65-2015, the amount of each issuance shall be determined by the Executive Director.

As the market has less appetite for subordinate bonds, the Series 2015D bonds will not be offered to the general public but rather, will be sold in a private placement transaction. In a private placement transaction, any investor buying the bonds must be a Qualified Institutional Investor, as defined in the subordinate Bond Indenture, which is generally defined as a "qualified institutional investor" or certain types of "accredited investors" as defined by Securities Exchange Commission (SEC) regulations. In both instances, the intent is to limit the sale of the subordinate bonds to an investor or investors with "sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of the prospective investment" (SEC Investor Bulletin 9/23/2013). This requirement ensures that only investors with sufficient knowledge to understand the transaction's inherent risks can acquire the bonds. To ensure the bonds are not sold or distributed to small investors, they will be sold only in large quantities. The placement agent will market the bonds to multiple potential accredited investors. However, to ensure that the total financing package described above can be implemented successfully, an affiliate of the master developer has agreed to be the buyer of last resort if there is insufficient market interest.

Bond Structure & Limits

OCII proposes the following "not-to-exceed" limits for the four proposed bond series as detailed below.

Bond Series		**"Not-to-Exceed" Limits in Resolutions**		
		Principal Amount	True Interest Cost	Underwriter's Discount*
MBN 2015A	(Refunding)	$125	5.50%	0.70%
MBS 2015B	(Refunding)	$115	5.50%	0.70%
MBS 2015C	(New Parity Bonds)	$45	5.50%	0.70%
MBS 2015D	(New Subordinate Bonds)	$90	9.00%	0.06%

* For 2015D this will be a placement fee, not an underwriters discount. The Limit set in the Resolution is $50,000 which would round to .06% of $90 million.

The true interest cost listed above is the real cost of taking on the proposed additional debt. As the true interest cost includes all ancillary fees and costs, the true interest cost may be higher than the market interest rate. The underwriter's discount is the difference the price the underwriter pays the issuer and the price at which it sells the offering to the public and reflects the underwriter's fee for issuing the bonds. The Underwriter's discount was established on the advice of OCII's Financial Advisor, based on current industry practice and to accommodate a reasonable range of market conditions.

Underwriter Selection

The resolutions under consideration authorize the selection of the underwriter for Series 2015A, 2015B and 2015C and the selection of the placement agent for Series 2015D. Series 2015A, 2015B, and 2015C utilize an underwriter because the bonds will be publically offered. Series 2015D utilizes a placement agent because the bonds will be offered as a private placement. OCII's recommended selections were made based on a competitive selection process that was administered according to Section IX.C.5 of the OCII Purchasing Policy, which authorizes OCII staff to select a Contractor from a City and County of San Francisco (CCSF) panel established using the City's competitive selection process. This process is described below.

OCII staff directed Public Financial Managers (PFM), the financial advisor for the proposed transactions, to issue a Request for Proposals (RFP) for bond underwriting services. On July 7th, 2015, PFM issued the RFP and sent it to the members of the City's underwriter panel, giving the panel members ten (10) days to respond. PFM received eight (8) responses. These responses were reviewed by a panel that included Bob Gamble of PFM, Jamie Querubin of the CCSF Controller's Office of Public Finance, and John Daigle, OCII Senior Financial Analyst. The review panel evaluated the proposals on the following criteria: experience in selling California tax allocation bonds, especially since January 1, 2012 (i.e. post dissolution); the number and size of financings in which the firm and the primary service providers participated; the relevance of that experience to the proposed transactions; the depth and quality of the discussion of the structure, credit and marketing of the proposed transactions; and the proposed underwriter's discount. The panel also considered OCII's Local Business Enterprise and Small Business Enterprise contracting goals.

Based on the position of Stifel Nicolaus & Co. ("Stifel") as the leader in post dissolution bond issuance and their sound discussion of the proposed transactions, the panelists ranked Stifel first. Due to the complexity of the MBS credit analysis, the panel recommends assigning Stifel as managing underwriter to the 2015B and 2015C issuances.

The panelists ranked Citigroup Global Markets Inc. ("Citi") second. Although OCII has not used Citi for tax allocation bond underwriting in recent years, because the MBN transaction refunds existing bonds in a project area that is built out, project area specific knowledge is less important to the credit analysis. The panel recommends assigning Citi as the managing underwriter to the 2015A bonds. Using Citi for the 2015A bonds allows OCII to both procure high quality services and diversify its stable of underwriters.

The panelists ranked Backstrom McCarley Berry, LLC ("Backstrom") third. Backstrom has worked with OCII on many financings in recent years, including, as lead underwriter, the Series 2014C bonds and, as co-manager, the 2014A MBS bonds. This experience and knowledge was reflected in Backstrom's proposal. The panel recommends making Backstrom the co-manager for the 2015A, 2015B, and 2015C issuances.

Pursuant to OCII's SBE and LBE policy goals, the panel recommends Blaylock Beal Van as co-manager for the 2015 B and 2015C bonds and Stinson Securities as co-manager for the 2015A bonds. Both firms have provided OCII satisfactory service in co-managers in the past year and, of firms in the SBE category, were ranked highest by the panel.

Based on their demonstrated experience as a private placement agent and their least cost fee structure, the panel recommends Citi as the placement agent for the 2015D issuance.

In Summary, the panel made the following recommendations:

- For the Series 2015A Bonds, Citigroup Global Markets Inc., as managing underwriter and Backstrom, McCarley Berry & Co, LLC and Stinson Securities, LLC as co-managers.
- For the Series 2015B&C Bonds, Stifel, Nicolaus & Company, Inc., as managing underwriter and Backstrom, McCarley Berry & Co, LLC and Blaylock, Beal Van, LLC as co-managers.

- For the Series 2015D Bonds, Citigroup Global Markets, as placement agent.

Budget Amendment

Resolution #62-2015 approves a budget amendment necessary to authorize the expenditure of the $135 million in infrastructure dollars expected to be raised by the issuance of the Series 2015C and 2015D bonds. Currently, the FY15-16 Budget does not include this authority. Although the Series 2015C and 2015D bonds were under consideration at the time the FY15-16 Budget was prepared and submitted to the Commission, because the size of the bond issuance is dependent upon the tax rolls, which were incomplete at the time, the size of the proposed bonds could not be reasonably estimated and therefore could not be included in the budget. As the information necessary to size the bonds is now available, OCII is requesting that the Commission approve a budget amendment to increase the OCII's expenditure authority to include expenditure of the $135 million in anticipated bond proceeds. OCII is also requesting the Commission authorize the Executive Director to submit the amended budget to the Mayor and Board of Supervisors.

Proposed Board Action

Resolution #62-2015	Approving an amended budget to include $135,000,000 expenditure authority for the proceeds of MBS 2015C and MBS 2015D new money bonds and authorizing the OCII Director to submit the amended budget to the Mayor and Board of Supervisors for approval.
Resolution #63-2015	Authorizing the issuance of the $125,000,000 MBN 2015A refunding bonds and approving certain related documents and actions.
Resolution #64-2015	Authorizing the issuance of the $115,000,000 MBS 2015B refunding bonds and the $45,000,000 MBS 2015C parity new money bonds and approving certain related documents and actions.
Resolution #65-2015	Authorizing the issuance of the $90,000,000 MBS 2015D subordinate new money bonds and approving certain related documents and actions.

Next Steps

The estimated timing of next steps is described below:

November 9	Consideration by Oversight Board. Pending approval, distribution of documents to DOF
November 17	Consideration by Commission of Fiscal Consultant contract
December 15	Consideration by Commission of issuance, related staff action and transaction documents, including preliminary offering statements
December 15	Financing Authority consideration of bond related actions.
Early January	Pending approval, Bond Pricing
Late January	Pending approval, Bond Closing

Enabling Law

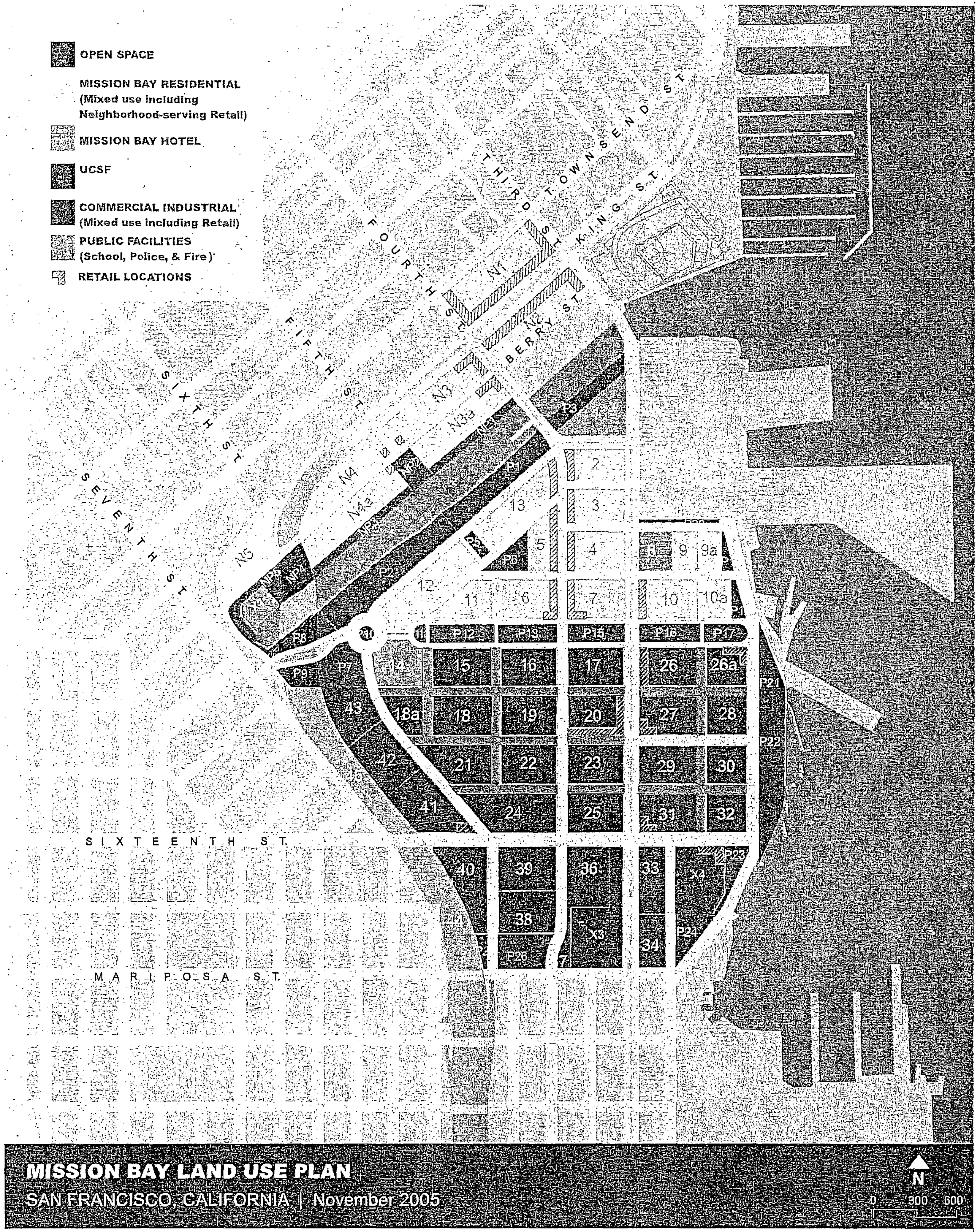
Redevelopment Dissolution Law grants Successor Agencies the authority to issue bonds, subject to review and approval by the Oversight Board and the Department of Finance, for the purpose of creating savings in the use of tax increment to service debt, to smooth debt service spikes, and to fulfill enforceable obligations including irrevocable pledge of property tax increment and requiring the issuance of bonds secured by this pledge. California Health and Safety Code Section 34177.5(a)(1).

California Environmental Quality Act

The issuance of refunding bonds is not a "project," as defined by the California Environmental Quality Act ("CEQA") in CEQA Guidelines Section 15378(b) (5), because the action will not result in a physical change in the environment and therefore is not subject to environmental review under CEQA.

(Originated by John Daigle, Sr. Financial Analyst)

Tiffany Bohee
Executive Director



MISSION BAY LAND USE PLAN

SAN FRANCISCO, CALIFORNIA | November 2005

MISSION BAY SOUTH PROPOSED NEW MONEY BONDS

Proposed Bonding Authority		$135,000,000
Typical Reserves and Issuance Costs	8.0%	($10,800,000)
Net Bond Proceeds		**$124,200,000**

MISSION BAY SOUTH PUBLIC INFRASTRUCTURE

	Already Expended and Reimbursable*	Projected Expended and Reimbursable* Next 12-18 mo.	Total
Streets and Utilities			
Block 1	$579,740	$3,884,245	$4,463,984
Blocks 2-7, 13, Phase 1	$6,058,514	$1,833,520	$7,892,034
Blocks 2-7, 13, Phase 2	$7,441,500	$0	$7,441,500
Blocks 11,12	$3,467,864	$9,586,187	$13,054,051
MB Drive and Circle	$1,257,149	$99,144	$1,356,294
Blocks 8,9,9a	$4,083,868	$5,068,062	$9,151,931
Blocks 36-39/X3	$12,658,703	$1,359,818	$14,018,520
Block 40	$4,398,731	$4,300,660	$8,699,392
I-280 Ramp / Mariposa / Owens	$978,966	$2,644,507	$3,623,473
Total Streets and Utilities	**$40,925,035**	**$28,776,144**	**$69,701,178**
Pump Stations			
PS#6	$15,104	$1,792,602	$1,807,706
SDPS#5	$7,515,351	$5,544,206	$13,059,556
Total Pump Stations	**$7,530,455**	**$7,336,808**	**$14,867,262**
Parks			
P6	$660,858	$628,371	$1,289,229
P10,11,11a	$420,551	$1,673,777	$2,094,328
P16	$660,058	$51,955	$712,013
P19	$168,813	$1,213,602	$1,382,415
P23,24	$857,556	$9,096,478	$9,954,035
P26	$2,171,466	$655,817	$2,827,283
Total Parks	**$4,939,302**	**$13,320,001**	**$18,259,303**
Other			
Warranty and Close Out	$857,829	$1,293,565	$2,151,394
Insurance	$677,653	$910,974	$1,588,627
Soil, Environmental and Water Quality	$0	$3,643,997	$3,643,997
Project Administration	$0	$7,703,995	$7,703,995
Interest and Financing Costs	$0	$6,865,868	$6,865,868
Total Other	**$1,535,482**	**$20,418,399**	**$21,953,881**
TOTAL	**$54,930,273**	**$69,851,351**	**$124,781,624**

*** NOTE: All costs are estimates; only actual costs of public infrastructure are eligible for reimbursement, and actual costs may be significantly higher or lower than estimates.**

Attachment A

Office of Community Investment & Infrastructure

Successor to the San Francisco Redevelopment Agency

FY 2015-16 Budget

Amended October 20, 2015

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OFFICE OF COMMUNITY INVESTMENT & INFRASTRUCTURE
FY 2015-16 Proposed Budget

1. Background

The Office of Community Investment & Infrastructure is the Successor OCII to the San Francisco Redevelopment Agency. On February 1, 2012 the San Francisco Redevelopment Agency ("SFRA"), along with all 400 redevelopment agencies in California, was dissolved pursuant to Assembly Bill 26 ("AB 26") and by order of the California State Supreme Court. In June of 2012, Assembly Bill 1484 was passed to further clarify certain aspects of the dissolution of redevelopment agencies, and together the two assembly bills are known as the "Dissolution Law". Pursuant to the Dissolution Law and to Board of Supervisors Ordinance 215-12, the Office of Community Investment and Infrastructure ("OCII") is the Successor OCII to the San Francisco Redevelopment Agency. As Successor Agency, OCII succeeds to the organizational status of SFRA but without any legal authority to participate in redevelopment activities except to complete work related to approved enforceable obligations.

Those enforceable obligations are related to: (1) the Major Approved Development Projects (defined as the Hunters Point Shipyard / Candlestick Point Redevelopment Project, the Mission Bay North and South Redevelopment Project, and the Transbay Redevelopment Project); (2) the asset management of SFRA assets such as Yerba Buena Gardens, existing economic development agreements such as loans, grants, or owner participation agreements, and other real property and assets of SFRA that must be wound down under the Dissolution Law; and (3) OCII's Retained Housing Obligations which include ensuring the development of affordable housing in the Major Approved Development Projects.

OCII's obligations are a key part of the Mayor's plan to create 30,000 units by 2020, with one-third, or 10,000, of them as permanently affordable. In fact OCII's Retained Housing Obligations will result in over 3,300 affordable units by 2020 through both stand-alone projects funded with OCII subsidy as well as inclusionary affordable units provided through private development. This includes several OCII sponsored projects that received completion permits just before the close of 2013, and opened their doors to welcome new residents in 253 affordable units in early 2014. The 1180 4th Street project delivered another 150 units later in 2014. Below is a summary of OCII's contribution to the Mayor's plan to create this vitally important resource for San Francisco.

Mayor's Plan for 10,000 Affordable Units by 2020:
OCII Pipeline

Project Status	Affordable Stand-Alone Units	Affordable Inclusionary Units	*Totals*
Completed & Occupied	400		**400**
In Construction	543	102	**645**
In Predevelopment	754	272	**1,026**
In Preliminary Planning	936	359	**1,011**
Totals	***2,633***	***733***	***3,366***

Governance

The Commission on Community Investment and Infrastructure, which was established by the City through Ordinance 215-12, is the main governing body of OCII and is responsible for implementing and completing the enforceable obligations of the former redevelopment projects, including exercising land use and design approval authority for the Major Approved Development Projects. The Commission is comprised of five members appointed by the Mayor and confirmed by the Board of Supervisors, with two of the seats held by residents of the two supervisorial districts with the largest amounts of the Major Approved Development Projects.

The Dissolution Law requires that there be an additional governing body known as an Oversight Board to oversee certain functions of OCII as the Successor OCII, and which has a fiduciary duty to the holders of enforceable obligations with the former Redevelopment Agency and to the taxing entities that are entitled to an allocation of property taxes. The Oversight Board of the City and County of San Francisco reviews and approves OCII's expenditures and use of tax increment through semi-annual Recognized Obligation Payment Schedules ("ROPS"), as well as approving the issuance of any bonds, transfers of property, and other matters related to the dissolution of SFRA. The Mayor appoints four of the seven members of the Oversight Board, subject to confirmation by the Board of Supervisors. One of those four members must represent the largest group of former OCII employees. The remaining three members are representatives of affected taxing entities: the Bay Area Rapid Transit District, the San Francisco Unified School District, and the San Francisco Community College.

The Dissolution Law requires that OCII be a separate legal entity from the City and County of San Francisco, just as SFRA was. However, OCII is still subject to the governance of the City acting through its legislative capacity. Accordingly, the OCII's budget must be approved first by the Commission and subsequently approved by the Mayor and Board of Supervisors.

2. Budget Summary

As shown in Table 1, the Fiscal Year ("FY") 2015-16 proposed budget of $629 million represents an increase of $251.7 million compared to the prior year, largely due to:

- The anticipated receipt of $257 million in proceeds from the sale of publicly-owned land in the Transbay area, of which $243 million represents land sales proceeds from Zone 1 which will be provided to the Transbay Joint Powers Authority to help finance construction of the Transit Center, and the remaining $12 million will help to subsidize affordable housing development.

- The anticipated issuance and use of $45 million in new taxable bond proceeds to finance affordable housing in the Mission Bay South and Hunters Point Shipyard/Candlestick Point project areas.

- $111 million reduction in one-time developer payments and $28 million reduction in prior year fund balances included in the FY 2014-15 budget and designated for affordable housing.

- $10 million reduction in anticipated Property Tax – Mission Bay revenues due to a one-time correction resulting in additional property tax allocated to Mission Bay in FY 2014-15.

- $7 million reduction in hotel tax revenues for debt service due to the final payment made during FY 2014-15 on 1992 hotel tax bonds for the Moscone Convention Center, leaving only one remaining series of hotel tax-funded bonds.

- The anticipated issuance and use of $135 million in new tax-exempt bond proceeds to finance the reimbursement of infrastructure costs in Mission Bay South.

Table 2 shows the OCII FY 2015-16 budget by high-level categories of spending and funding source. These show that excluding debt service and pass-throughs to the Transbay Joint Powers Authority, 36% ($98 million) of the budget is for Affordable Housing, 53% for infrastructure, 7% for asset management (including Yerba Buena Gardens programming and maintenance), and 4% for project management and administration.

Looking at budget sources for current operations, proposed new bond proceeds make up 64% of the budget, while property tax, developer payments, and fund balances constitute approximately 10% each. Rents and garage revenues make up 6%, with less than 1% attributed to various other revenues.

Table 3 shows the proposed FY 2015-16 budget by project.

Table 1. FY 2015-16 Proposed Budget, *$ Thousands*

Sources	**FY 15 Budget**	**FY 16 Adopted**	**Diff FY 15 vs FY 16**	**FY 16 Proposed Amended**
Property Tax Increment - Debt Service	$ 97,583	98,234	$ 651	$ 98,234
Property Tax Increment - Mission Bay	17,120	6,300	$ (10,820)	6,300
Property Tax Increment - Admin Allowance	2,910	3,301	$ 391	3,301
Property Tax Increment - Other	13,695	22,480	$ 8,785	22,480
Subtotal Property Tax Increment	**131,309**	**130,315**	**(994)**	**130,315**
Land Sale Proceeds	19,000	257,240	$ 238,240	257,240
New Bond Proceeds	300	44,679	$ 44,379	179,679
Developer Payments	123,724	12,226	$(111,498)	12,226
Rent, Lease & Garage Revenues	22,873	16,009	$ (6,864)	16,009
US Navy Cooperative Agreement	290	350	$ 60	350
Loan Repayments	106	50	$ (56)	50
City Reimbursements for OCII Staff	536	303	$ (233)	303
Hotel Tax/Moscone Revs for Debt Service	11,805	5,024	$ (6,782)	5,024
Subtotal Current Revenues	**309,943**	**466,196**	**156,253**	**601,196**
Fund Balance - Housing	49,829	21,432	$ (28,398)	21,432
Fund Balance - Other	17,695	6,338	(11,357)	6,338
Total Sources	**377,467**	**493,966**	**116,499**	**628,966**
Uses - Operations				
Salaries and Benefits	8,414	7,616	$ (797)	7,616
Affordable Housing Services	619	827	$ 208	827
Rent	441	454	$ 13	454
Retiree Health and Pension UAAL Contribution	1,040	1,577	$ 537	1,577
Auditing & Accounting Services	210	545	$ 335	545
Legal Services	1,395	2,215	$ 820	2,215
Planning & Infrastructure Rvw	2,815	2,415	$ (400)	2,415
Asset Management	6,879	6,770	$ (109)	6,770
Workforce Development Svcs	189	250	$ 61	250
Other Professional Services	7,322	4,058	$ (3,265)	4,058
Grants to Community-Based Organizations	5,312	4,005	$ (1,307)	4,005
Payments to other Public Agencies	4,456	4,177	$ (278)	4,177
Other Current Expenses	4,010	2,002	$ (2,007)	2,002
Subtotal Operations	**43,102**	**36,911**	**(6,191)**	**36,911**
Affordable Housing Loans	103,172	96,500	$ (6,672)	96,500
Affordable Housing Reserve	69,098	-	$ (69,098)	-
Development Infrastructure	24,283	5,860	$ (18,423)	140,860
YBG Capital Reserve	3,167	-	$ (3,167)	-
Community Grants Reserve	1,496	-	$ (1,496)	-
Pass-through to TJPA	3,000	245,700	$ 242,700	245,700
Public Art	1,378	-	$ (1,378)	-
Other Use of Bond Proceeds	9,217	-	$ (9,217)	-
Debt Service	119,555	108,995	(10,560)	108,995
Total Uses	**$ 377,467**	**$ 493,966**	**$ 116,499**	**$ 628,966**

Note: Salaries and Benefits includes OCII staff and City Administrator staff assigned to OCII.

Table 2. FY 2015-16 Budget Summary by Sources and Uses, *$ Thousands*

Uses - Current Operations	Developer Pmts	Property Tax	Bond Proceeds	Fund Balances	Property Rents and Garage Revs	Other	Total by Use	Subtotal Use %
Affordable Housing	$ 14,740	$ 17,818	44,679	$ 21,085	$ -	$ -	$ 98,323	36%
Infrastructure	8,128	2,050	135,000	-	536	130	145,844	53%
Asset Management	250	947	-	3,960	14,766	50	19,973	7%
Project Mgmt & Admin	3,848	5,966	-	1,347	-	694	11,855	4%
Subtotal by Source	**$ 26,966**	**$ 26,781**	**$ 179,679**	**$ 26,392**	**$ 15,302**	**$ 874**	**$ 275,994**	100%
Subtotal Source %	10%	10%	65%	10%	6%	0%	100%	
Debt Service	-	100,334	-	1,378	536	5,024	107,272	
Pass-through to TJPA	242,500	3,200	-	-	-	-	245,700	
Total Budget	**$ 269,466**	**$ 130,315**	**$ 179,680**	**$ 27,770**	**$ 15,838**	**$ 5,898**	**$ 628,966**	

Table 3. Proposed FY 2015-16 Budget by Project Area/Cost Center, *$ Thousands*

Sources	Admin	Debt Service	HPS/CP	MBN	MBS	TBY	YBC	YBG	SBH	Other	Total FY 15-16
Property Tax Increment - Debt Service	-	98,234	-	-	-	-	-	-	-	-	98,234
Property Tax Increment - Admin Allowance	1,066	-	1,525	308	-	402	-	-	-	-	3,301
Property Tax Increment - Other	1,577	50	-	2,050	4,250	18,134	-	-	-	2,720	28,780
Land Sale Proceeds	-	-	-	-	-	257,240	-	-	-	-	257,240
New Bond Proceeds	-	-	7,500	-	168,179	4,000	-	-	-	-	179,679
Developer Payments	150	-	9,701	178	1,413	475	309	-	-	-	12,226
Rent, Lease & Garage Revenues	-	536	316	-	-	168	4,330	8,198	1,738	723	16,009
US Navy Cooperative Agreement	-	-	350	-	-	-	-	-	-	-	350
Loan Repayments	-	-	-	-	-	-	-	-	-	50	50
City Reimbursements for OCII Staff	-	-	-	-	-	-	-	-	-	303	303
Hotel Tax/Moscone Revs for Debt Service	-	5,024	-	-	-	-	-	-	-	-	5,024
Fund Balance - Housing	-	-	94	-	-	21,085	-	-	-	253	21,432
Fund Balance - Other	-	1,378	-	-	-	1,000	-	3,960	-	-	6,338
Total Sources	**2,793**	**105,222**	**19,486**	**2,536**	**173,843**	**302,504**	**4,639**	**12,158**	**1,738**	**4,048**	**628,966**
Uses - Operations											
Allocated Staff & Operating Expenses	(9,062)	-	4,077	426	1,578	2,144	69	213	-	555	-
Salaries and Benefits	7,616	-	-	-	-	-	-	-	-	-	7,616
Affordable Housing Services	827	-	-	-	-	-	-	-	-	-	827
Rent	454	-	-	-	-	-	-	-	-	-	454
Retiree Health and Pension UAAL Contribution	1,577	-	-	-	-	-	-	-	-	-	1,577
Auditing & Accounting Services	185	-	-	60	300	-	-	-	-	-	545
Legal Services	265	-	1,585	-	-	275	-	40	-	50	2,215
Planning & Infrastructure Rvw	-	-	2,315	-	50	50	-	-	-	-	2,415
Asset Management	-	-	-	-	-	-	1,320	3,780	-	1,670	6,770
Workforce Development Svcs	-	-	200	-	-	50	-	-	-	-	250
Other Professional Services	275	50	3,433	-	-	300	-	-	-	-	4,058
Grants to Community-Based Organizations	-	-	-	-	-	-	-	4,005	-	-	4,005
Payments to other Public Agencies	-	-	316	-	-	-	3,250	90	521	-	4,177
Other Current Expenses	656	-	60	-	-	-	-	70	1,217	-	2,002
Subtotal Uses - Operations	**2,793**	**50**	**11,986**	**486**	**1,928**	**2,819**	**4,639**	**8,198**	**1,738**	**2,275**	**36,911**
Other Uses											
Affordable Housing Loans	-	-	7,500	-	35,915	53,085	-	-	-	-	96,500
Development Infrastructure	-	-	-	-	136,000	900	-	3,960	-	-	140,860
Pass-through to TJPA	-	-	-	-	-	245,700	-	-	-	-	245,700
Debt Service	-	105,172	-	2,050	-	-	-	-	-	1,773	108,995
Total Uses	**2,793**	**105,222**	**19,486**	**2,536**	**173,843**	**302,504**	**4,639**	**12,158**	**1,738**	**4,048**	**628,966**

OCII also administers six Community Facilities Districts ("CFDs") created under California's Mello-Roos Act which support infrastructure and maintenance activities in project areas with funds from dedicated parcel taxes. Although the CFD activities are not included in OCII's budget, their spending plans, annual levies and outstanding debt as of June 30, 2015 are provided for informational purposes in Appendix 1.

In addition to authorizing expenditure of amounts specified in the FY 2015-16 budget, the enabling resolution accompanying the budget would:

- Allow OCII to transfer budgeted appropriations within the projects shown on Table 3 and to transfer appropriations for allocated staffing and overhead costs between projects.

- Direct that the expenditure authority funded by proposed tax allocation bonds shall be reserved and subject to release after receipt by OCII of such bond funds or substitute financing.

- Authorize OCII to expend the interest earned on bond proceeds for purposes consistent with the bond indentures, subject to consistency with an approved ROPS, and provided that OCII has determined that such interest is not subject to Internal Revenue Service arbitrage restrictions.

- Authorize OCII to accept and expend any pledged property tax revenues in the Mission Bay North and South, Rincon Point South Beach and Transbay project areas, and Transbay revenues from sale of formerly state-owned properties, for their pledged purposes, subject to consistency with an approved ROPS.

- Authorize the Executive Director to expend funds appropriated in prior years in reserve accounts designated for affordable housing projects, community benefits grants and Yerba Buena Gardens capital account for their designated purposes; subject to the availability of funds and consistency with an approved ROPS.

3. Administration Expenses and Budgeted Positions

Table 4 provides a summary of OCII's proposed $11.9 million FY 2015-16 administrative budget, representing a $40 thousand decrease from the prior year.

Table 4. Proposed FY 2015-16 Administrative Budget, *$ Thousands*

Sources	FY 14-15 Bgt	FY 15-16 Adopted	Diff
Property Tax Increment - Administrative Allowance	$ 2,910	$ 3,301	$ 391
Property Tax Increment - Retiree Health and UAAL	1,040	1,577	537
Developer Payments	150	150	-
Staff & Operating Expenses Allocated to Projects	7,795	6,827	(968)
Total Sources	**$ 11,895**	**$ 11,855**	**$ (40)**

Uses	FY 14-15 Bgt	FY 15-16 Adopted	Diff
Salaries and Benefits	$ 8,414	$ 7,616	$ (798)
Affordable Housing Services	619	827	$ 208
Rent	441	454	$ 13
Retiree Health and Pension UAAL Contribution	1,040	1,577	$ 537
Auditing & Accounting Services	210	185	$ (25)
Legal Services	285	265	$ (20)
Other Professional Services	275	275	$ -
Other Current Expenses	611	656	$ 45
Total Uses	**$ 11,895**	**$ 11,855**	**$ (40)**

The $7.8 million budget for staff salaries and benefits includes both OCII staff and City Administrator staff assigned to OCII. This budget represents a $798,000 decrease from the approved FY 2014-15 budget, despite the provision of cost-of-living increases to OCII staff that match those received by City of San Francisco staff. The decrease is primarily due to:

- Transfer of 9.6 FTE South Beach Harbor staff to the Port of San Francisco due to the assumption by the Port of responsibility for operation of South Beach Harbor and transfer of 2 FTE OCII staff to the Mayor's Office of Housing and Community Development to continue work on former SFRA housing programs transferred to the City after redevelopment dissolution. Savings from these transfers is partially offset by:

- Proposed addition of full time equivalent ("FTE") positions to help OCII accelerate affordable housing production and other horizontal and vertical development in FY 2015-16, as described in the "Budgeted Positions" section below.

- Decrease in the CalPERS employer share contribution as a percentage of payroll from 18.19% in FY 2014-15 to 9.52% in FY 2015-16, with the "unfunded accrued actuarial liability ("UAAL") billed separately as a lump sum and included in the budget separately. The employer contribution is further offset by the supplemental employee contribution of 1% salary, rising to 2.25% in October 2015 in accordance with recently negotiated labor agreements.

Other items of note include:

- **Affordable Housing Services:** The $827,000 budget represents $687,000 in staffing support provided by the Mayor's Office of Housing and Community Development and $140,000 for OCII's contribution towards the software development costs of MOHCD's new online Affordable Housing Data Portal (SF DAHLIA). OCII's contribution is 10% of the overall software cost, based on an estimate of OCII projects' usage of the system.

- **Retiree Health and Pension Uufunded Accrued Actuarial Liability ("UAAL") contribution:** This includes $1,040,000 budgeted for retiree health insurance obligations, and a further $536,660 budgeted for OCII's contribution to its pension liability, as calculated under a new billing formula and procedure established by the California Public Employees Retirement System ("CalPERS") starting in FY 2015-16. Under the existing system, agencies such as OCII were billed by CalPERS a percentage of their active employee payroll to cover both the pension benefit being earned by their employees each year (also known as the "normal cost") and an additional percentage for the UAAL—an estimated amount needed to catch up for unfunded liabilities in the system as a result of the pension system not meeting expectations in prior years or a s a result of new demographic assumptions, such as the realization that retirees are living longer and the system will need to pay out more funds as a result. Under the new formula, the CalPERS bills for the UAAL portion as a fixed dollar amount each year rather than as a percentage of payroll.

- **Legal Services:** The $265,000 budget includes:

  - $125,000 budget for City Attorney's Office general legal support of OCII.
  - $140,000 budget for other legal support that may be required by OCII.

  Note that project-specific budgets include an additional $1.1 million for City Attorney's Office and $0.85 million for other legal assistance.

- **Other Professional Services:** The $275,000 budget includes $100,000 for public communications support, $20,000 for records management support, $15,000 for Office of Labor Standards Enforcement investigations support and $140,000 contingency budget for unforeseen requirements that may come up during the year, unchanged from the FY 2014-15 budgeted amounts.

- **Other Current Expenses:** The $662,000 budget includes:

  - $270,000 for insurance premiums and allowance for deductibles;
  - $105,000 for software licensing fees
  - $ 96,000 for mail, e-mail, internet, server hosting, telephone, copy machine and records storage
  - $ 60,000 for office supplies and employee training and field expenses
  - $ 60,000 for Commission and Oversight Board meeting expenses, including audiovisual recording of Commission meetings by SFGOV TV.
  - $ 30,000 for information technology supplies.
  - $ 41,000 for other expenses.

FY 2015-16 Budgeted Positions

Budgeted positions and salary ranges are shown in Table 5. Salary ranges shown are as of May 2015 and are subject to change based on negotiated labor agreements. Salary ranges are for information only-- should there be any discrepancy between the salary ranges shown here and negotiated labor agreements, the negotiated labor agreement amount would be determinative. In special circumstances, and in accord with OCII's Personnel Policy, individuals may receive higher salaries than the ranges shown below to reflect acting assignments or unusual recruitment conditions.

In February 2015, OCII employees were offered positions within the City and County of San Francisco at comparable salaries that would allow them to continue working on OCII projects through a contractual arrangement between OCII and the City. At that time, 21 employees accepted the offer, including all nine employees working at South Beach Harbor, who will continue working at the Harbor after the ownership of the facility transfers to the Port of San Francisco, and two employees working on City housing programs that were assumed by the Mayor's Office of Housing and Community Development following redevelopment dissolution. The FY 2015-16 budgeted positions listed in Table 5 reflect the remaining OCII employees plus those former OCII employees who transferred to the City and are continuing to work on OCII work under contract to OCII.

The FY 2015-16 budget includes a net addition of six full time equivalent positions ("FTEs"), reflecting the increased workload based on the anticipated timing of development in the Major Approved Development Projects, along with a proposed accelerated work schedule for affordable housing projects, including up to 6 new Requests for Proposals ("RFPs") for affordable housing projects. The proposed new positions and position changes are:

- Addition of a Deputy General Counsel to support the OCII General Counsel with the increasing volume of legal review work. The cost of this position is partially offset by a reduction in the work order with the City Attorney's office from FY 2014-15 budgeted levels to reflect the actual level of support anticipated to be provided by that office.

- Addition of a Human Resources and Administrative Services manager position to bring in house services that were provided by the City Administrator's Office.

- Addition of one Project Manager, two Senior Development Specialists and one Management Assistant II to assist with the volume of development work proposed for FY 2015-16.

Table 5. FY 15-16 Proposed FTE, Compared to Prior Year

Class	Class Title	Biweekly Salary Range	FY 14/15 Adj Bgt	FY 15/16 Proposed
500	Executive Director	$6,968 - $8,470	1	1
520	General Counsel	$6,542 - $7,952	1	1
1060	Deputy Director, Finance and Admin	$6,099 - $7,413	1	1
1060	Deputy Director	$6,099 - $7,413	1	1
560	Human Resources/Admin Svcs Mngr	$3,897 - $4,737	0	1
525	Deputy General Counsel	$5,268 - $6,403	0	1
565	Senior Civil Engineer	$4,935 - $5,999	1	1
535	Development Services Manager	$4,630 - $5,628	1	1
550	Senior Project Manager	$4,575 - $5,561	1	1
590	Project Manager	$3,952 - $4,804	3	4
990	Assistant Project Manager	$3,718 - $4,519	2	2
540	Housing Program Manager	$4,629 - $5,627	1	1
595	Senior Development Specialist	$3,999 - $4,861	1	3
615	Development Specialist	$3,718 - $4,519	8	8
705	Assistant Development Specialist	$3,212 - $3,904	1	1
930	Staff Associate V	$3,952 - $4,804	1	1
585	Contract Compliance Supervisor	$4,316 - $5,246	1	1
1065	Contract Compliance Specialist III	$4,087 - $4,968	1	1
640	Contract Compliance Specialist II	$3,121 - $3,794	1	1
970	Accounting Supervisor	$4,316 - $5,246	1	1
670	Financial Systems Accountant	$3,575 - $4,345	1	1
695	Accountant III	$3,088 - $3,753	1	1
775	Accountant II	$2,554 - $3,104	1	1
630	Senior Financial Analyst	$4,070 - $4,947	1	1
720	Senior Programmer Analyst	$3,203 - $3,893	1	1
1030	Management Assistant III	$2,905 - $3,531	3	3
1035	Management Assistant II	$2,534 - $3,080	2	3
855	Records Specialst II	$1,985 - $2,413	1	1
860	Senior Office Assistant	$1,985 - $2,413	1	1
	Subtotal without South Beach Harbor		**40**	**46**
	OCII Positions transferred to City for City Housing Work effective FY 15/16		2	0
	South Beach Harbor Positions (to Port of SF in FY 15-16)		8.6	0
	Total including work transferred to City		**50.6**	**46**
	Additional Temporary Staff Budget (rounded)		$300,000	$370,000

4. Debt Service

Table 6 provides a summary of OCII's proposed $105 million FY 2015-16 debt service budget, representing a decrease of $6.7 million from the prior year:

Table 6. FY 2015-16 Debt Service Budget, *$ Thousands*

Sources	FY 14-15 Bgt	FY 15-16 Proposed	Diff
Property Tax Increment - Tax Allocation Bonds	$ 97,283	$ 97,934	$ 651
Property Tax Increment - Debt Mgmt Services	144	50	(94)
Property Tax Increment - South Beach Harbor	300	300	-
South Beach Harbor Revs for Debt Service	1,615	1,914	299
Hotel Tax/Moscone Revs for Debt Service	11,805	5,024	(6,781)
Refunding Bond Cost of Issuance Reimbursement	300	-	(300)
Total Sources	**$ 111,448**	**$ 105,222**	**$ (6,226)**
Uses	**FY 14-15 Bgt**	**FY 15-16 Proposed**	**Diff**
Other Professional Services	444	50	(394)
Debt Service	111,004	105,172	(5,832)
Total Uses	**$ 111,448**	**$ 105,222**	**$ (6,226)**

Highlights of the debt service budget include:

- **Property Tax Increment for Tax Allocation Bonds:** $97.9 million for debt service payments scheduled for August 2014 and February 2015.

- **Property Tax Increment for Debt Management Services:** The $50,000 budget is for bond trustee expenses, unchanged from prior year. The FY 2014-15 budget also included an additional $94,000 for OCII staffing costs, and $300,000 for cost of issuance for refunding debt. Staffing costs are not included in the FY 2015-16 budget because those costs are being accommodated within OCII's administrative cost allowance. Cost of issuance is not included in the budget because the amounts are uncertain and authorization to pay any such approved issuance costs from the proceeds of new debt is being included in the accompanying FY 2015-16 budget resolution.

- **Property Tax Increment for South Beach Harbor:** The $300,000 budget is the estimated amount of property tax derived from boats and improvements at South Beach Harbor which is pledged toward repayment of a South Beach Harbor revenue bond.

- **South Beach Harbor Revenue for Debt Service:** The $1.9 million budget represents the $1.4 million additional amount of South Beach Harbor revenues anticipated to be needed to supplement Harbor property tax increment in order to cover debt service related to the Harbor, plus $535,000 for debt service for a CalBoating loan.

- **Hotel Tax/Moscone Revenues for Debt Service:** The $5.0 million budget is for City and County of San Francisco Hotel Taxes and Moscone Center revenues pledged for repayment of revenue bonds issued by the former San Francisco Redevelopment Agency. The debt service is reduced by $6.4 million as a result of the final payoff in FY 2014-15 of a 1992 series of bonds used to construct the Moscone center.

- **Mission Bay South, Series 2016C & 2016D Bonds:** The $135 million budget is for the expenditure of bond proceeds for reimbursement of Mission Bay South developer infrastructure costs, funding of debt service reserves, and paying the costs of issuing the bonds.

5. Hunters Point Shipyard/Candlestick Point

Project Description & Status

The Hunters Point Shipyard (the "Shipyard") and Candlestick Point (together "HPS/CP") form approximately 780 acres along the southeastern waterfront of San Francisco. The San Francisco Board of Supervisors originally adopted the Shipyard Redevelopment Plan in 1997 and amended it in 2010, along with the Bayview Hunters Point Redevelopment Plan, to provide for the integrated planning and development of the Shipyard and the Candlestick Point portion of the Bayview Hunters Point Redevelopment Project Area. The Shipyard land property is divided into Parcels A through G. Transfer of property to OCII and development occur in phases, after environmental remediation from the U.S. Department of the Navy (the "Navy"). Candlestick Point is subject to State and local land transfer agreements that allow for the re-use of the stadium site and adjacent underutilized parklands.

Pursuant to a Disposition and Development Agreement ("DDA") with OCII, a master developer is completing the infrastructure for the first phase of the Shipyard's redevelopment ("Phase 1"), which will ultimately include up to 1,600 homes, 32 percent of which will be affordable, miles of new utilities, and 26 acres of open space. OCII has not yet funded any stand-alone affordable housing, but in the future, will be seeking development teams and providing financing for a minimum of 218 units on designated stand-alone affordable housing sites in Phase 1. Phase 1 is divided into two areas, the Hilltop and Hillside.

On the Hilltop, construction has started on 309 units of housing, of which 84 are Below Market Rate ("BMR"), at Blocks 49, 50, 51, 53, and 54. Block 49 is a 60 unit BMR multi-family development for low-income families earning up to 50% Area Median Income ("AMI") that is sponsored by the master developer and fulfills the Phase 1 50% AMI Inclusionary housing requirement. Block 49 will complete construction in early 2016. Blocks 50 and 51 will receive their certificate of occupancy for 88 units of housing by the end of FY 2014-15, when the first residents will move onto the Shipyard. Blocks 50 and 51 contained nine for-sale BMR Inclusionary units, for low-income families earning up to 80% AMI. All nine BMR units are under contract for sale. The future residents include an Ellis Act Housing Preference Holder and a rent burdened household. San Francisco residents will be owners of the remaining seven BMR units. Blocks 53 and 54 contain 159 condominium flats and townhomes, of which 16 are BMR Inclusionary units for low-income families earning up to 80% AMI. Blocks 53 and 54 will receive their occupancy permits by the end of calendar year 2015.

Schematic Designs for an additional 272 units, including 26 BMR Inclusionary units, have been approved for Blocks 52, 55, 56 and57. Block 52 is on the Hilltop and is approved for the development of 74 units, of which 8 are BMR Inclusionary units for low-income families earning up to 80% AMI. Block 52 is scheduled to start construction in 2015 and will be completed by Fall 2016. Block 55 is a Hilltop parcel approved for the development of 66 units of housing, of which 3 are BMR Inclusionary for low-income families earning up to 80% AMI.

Blocks 56 and 57 is a Hilltop parcel approved for the development of 132 units, of which 15 are BMR Inclusionary units for low-income families earning up to 80% AMI. Blocks 56 and 57 will break ground in Spring 2015 and will be completed by Fall 2016.

OCII has 3 stand-alone affordable housing sites on Hilltop Blocks 52, 54 and 56. The FY 2015-16 budget includes funding for predevelopment on each of these sites. These 3 stand-alone sites will accommodate 119 BMR units.

On the Hillside, the Basic Concept Design for Block 48 has been approved, which will include 404 market rate units, 56 of which will be inclusionary affordable ownership units serving low-income families earning between 80-120% AMI. Schematic Designs for Phase 1A, the first phase of development on Block 48 have also been approved. Phase 1A will include 57 units of housing, including 5 inclusionary ownership units serving low-income families earning up to 80% AMI. Phase 1A is scheduled to start construction in August 2015 and will be complete in May 2017.

OCII has 2 stand-alone affordable housing sites on Hillside. The FY 2015-16 budget includes funding for predevelopment one of these sites, which accommodates 40 units.

A master developer that is separate but affiliated with the Phase 1 developer will complete the remaining portion of infrastructure in the Shipyard and Candlestick Point area as one project under a separate DDA ("Phase 2"). The agreement for the Phase 2 development program provides for an additional 10,500 housing units, 32% of which will be below market rate, including the rebuilding of the Alice Griffith public housing development consistent with the City's HOPE SF program. Of the 32% below market rate housing units, the OCII sponsored affordable housing development consists of 504 public housing replacement and new affordable units through five phases of the Alice Griffith project, plus an additional 1,140 units on 10 stand-alone sites. In March 2015, the first two phases of the Alice Griffith public housing project development broke ground. These first two phases of development include 184 units of replacement and new affordable housing. Both phases are scheduled to be completed by August 2016. The third phase of the Alice Griffith project will receive OCII funding in Spring 2015 and could start construction in FY 2015-16. The fourth phase of Alice Griffith will also receive funding in FY 2015-16 for predevelopment.

In January 2014, the Commission approved the first Major Phase of development for Phase 2. The first vertical development began construction with CP-01, which includes the Alice Griffith project described above. In FY 2015-16 OCII will complete review of the next three sub-phases of development on Candlestick, CP-02, 03, and 04. CP-02 contains a 575,000 square foot regional retail center, 472 units of housing, including a 210 unit senior tower, 45,000 square foot performance hall, and 220 room hotel. CP-03 and 04 are mixed-use development with 45,000 square feet of ground floor neighborhood commercial with 1,057 housing units above. CP-03 and 04 each contain a stand-alone agency affordable lot which will accommodate 230 BMR units predevelopment for these parcels will be funded in FY 2015-16. Of the 1,529 units in these three sub-phases, 118 will be BMR Inclusionary units.

The Phase 2 plan also includes approximately 3 million square feet of research and development and office uses as a hub for emerging technologies on the Shipyard, over 300 acres of parks and open space including a complete renovation of the Candlestick Point State Recreation area. Also the Phase 2 plan will include an investment of more than $2.7 billion in infrastructure and transportation improvements to the project site.

In total, Phase 1 and Phase 2 will generate more than 12,000 permanent jobs, hundreds of new construction jobs each year and an additional $86 million in other community benefits including, investment in homeowner assistance, workforce development and job training, scholarship and educational improvement, community builders and the South East Health Center.

Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor's Office of Housing and Community Development ("MOHCD"), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will also work to ensure compliance with OCII's equal opportunity programs for workforce and contracting on all the projects under the DDAs. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and the payment of prevailing wages. Staff will work closely with contractors themselves, as well as with the Citybuild program and other community based organizations, to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

On December 14, 2012, the California State Department of Finance issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Phase 1 and 2 DDAs are enforceable obligations that survived the dissolution of the Redevelopment Agency. To implement these obligations, OCII must, among other things, receive and administer grants, execute leases, accept property, approve and amend consulting and construction contracts, and dispose of property. The work and major milestones that are anticipated to be completed in furtherance of these obligations over the course of the budget year summarized below.

FY 2015-16 Workplan

1. **Hilltop Vertical Construction:** Monitor construction progress, developer's compliance with applicable workforce and contracting requirements and other obligations and provide inspection and approval as required by the Department of Building Inspection for 388 market for-sale rate and 103 BMR units of housing serving low-income families earning between 50-80% AMI on Blocks 52, 53, 54, 55, 56, 57 and Block 49. Utilize MOHCD services to review, approve and monitor implementation of marketing plans of affordable units.

2. **Major Phase Approval for Block 1:** Renew and approve a schematic design for residential projects on Block 1, for a total of 204 market rate for-rent units and 21 for-rent BMR inclusionary units serving low-income families earning up to 80% AMI. Review and approval of design development and construction documents would occur in the second half of FY 2015-16, with construction commencing in 2016.

3. **Design and Construction of the Hilltop Parks & Open Space:** Complete construction for nearly half of the 26 acres of parks & open space on Parcel A. With the Department of Public Works ("DPW"), monitor construction progress and developer's schedule of performance as well as developer's compliance with applicable workforce and contracting requirements. Park construction will progress concurrent with vertical development. The last art pieces commissioned by OCII will be installed in the parks in Fall 2015.

4. **Design Review and Construction of Block 48 Phases 1A, 2A and 1B:** Complete review of construction documents allowing construction to begin for residential projects on Block 48, Phases 1A. Complete review of schematic design development and construction documents for Phases 2A and 1B. Phases 1A, 2A and 1B include a total of six blocks with 261 market rate for sale units and 38 ownership BMR inclusionary units serving low-income families earning between 80-120% AMI. Construction on Phase 1A is scheduled to start August 2015. Phases 2A and 1B will start construction in Spring 2016.

5. **Construction of New Artist Studios and a Commercial Kitchen:** Construction of a commercial kitchen will be completed in August 2015 to relocate commercial kitchen tenants in Building 110, which will be demolished. Construction on a new artist building for existing Shipyard tenants will start in November of 2015.

6. **Development of Building 813:** Building 813 is an existing four-story, 275,000 square foot building on the Shipyard that may be retained to spur economic development on the Shipyard. OCII will work with the Office of Economic and Workforce Development ("OEWD") to develop a program for future uses.

7. **Community Facilities Parcels and Community Facilities Space:** The master developer is required to provide eight Community Facilities Parcels to OCII to be used for public uses or otherwise to benefit the community. CP-03 contains one, one-acre Community Facilities Parcel; the remaining seven parcels are on future phases of development. OCII will work with City departments, including OEWD, San Francisco Fire Department, San Francisco Police Department, and San Francisco Public Library, as well as the San Francisco Unified School District, to program development for the Community Facilities Parcels on Candlestick Point and Hunters Point Shipyard. The master developer is also required to provide up to 65,000 square feet of Community Facilities Space within new retail development to OCII rent-free. It is anticipated that a significant portion of the Community Facilities Space will be within the regional retail center and neighborhood serving retail proposed in CP-02, -03, and -04. The Phase 2 DDA requires the Community Facilities Space to include an International African Marketplace, Library Reading Rooms and a Candlestick Point State Recreation Area Welcome Center. Additional uses for the Community Facilities Space include social services, education, the arts and other community services including public safety facilities such as police and fire stations and facilities for the benefit of senior citizens.

8. **Strategic Planning for the Legacy Foundation for Bayview Hunters Point:** Continue working with the Legacy Foundation's Interim Board to expend developer funds pledged for community uses ("Community Benefit Fund"). The Community Benefit Fund is funded under the Phase 1 and Phase 2 DDA for programs to benefit the Bayview Hunters Point area as a whole. No additional funds for the Community Benefit Fund are anticipated in FY 2015-

16. To date, the developer has provided $1 million in funding required under the Phase 1 DDA. The Phase 2 Community Benefits Plan obligates each vertical developer to contribute 0.5% of the sales price of the initial sale of each market rate unit to the Community Benefits Fund. The earliest Phase 2 market rate units will complete construction is 2018.

9. **Revitalization of Alice Griffith Public Housing**: The Alice Griffith Project is the recipient of a $30.5 million grant from the U.S. Department of Housing and Urban Development ("HUD") through its Choice Neighborhoods Initiative ("CNI Grant"). OCII's total funding for Phases 1 and 2 was provided by the end of FY 2013-14 along with predevelopment funding for Phase 3. Phases 1 and 2 construction started in March 2015. OCII will provide construction funding for Phase 3 in FY 2014-15; and schematic design for Phase 3 will reviewed and presented to the Commission in FY 2014-15. In FY 2015-16, OCII will provide predevelopment funding for Phase 4.

10. **Navy Parcel Transfer:** The Commission will be asked to accept the transfer of Navy Parcels B-1, B-2, D-1, G, IR17/18 and UC-3 (together approximately 157 acres) in furtherance of the Shipyard Phase 2 development. As permitted by the Navy access agreements, additional work may include pre-development activities such as building and land surveys, as well as lead and asbestos abatement of Navy buildings slated for removal.

11. **State Lands Trust Lands Exchange and California State Parks Properties:** Transfer of portions of the Candlestick site that are currently owned by State Parks or the State Lands Commission to OCII for development under the Phase 2 DDA for development of Harney Way offsite improvements and future housing development. The first exchange occurred in FY 2014-15. The second exchange, which covers 14.5 acres, will occur in FY 2015-16.

12. **Hunters Point Shipyard Major Phase Application:** The first Major Phase application for Hunters Point Shipyard will be reviewed and presented to Commission for approval. The Major Phase application will confirm the locations for infrastructure, parks, and affordable housing as well as lay out the sub-phasing schedule for construction, the types and amounts of community benefits that will be paid out according to the Phase 2 DDA, and confirm any mitigation measures that are to be put in place as required under the California Environmental Quality Act ("CEQA").

13. **Candlestick Point Center Schematic Design Review:** Complete review of schematic design, design development and construction documents allowing construction to begin for the CP Retail Center, sub-phase CP-02, which includes 635,000 gross square feet of regional retail, performance venue, and up to 472 units of housing of which 43 will be BMR Inclusionary units.

14. **Candlestick Point Neighborhood Design Review:** Complete review of schematic design, design development and construction documents allowing construction to begin for mixed used development on CP-03 and CP-04, which includes 8 blocks with up to 1,057 units of housing, of which 268 will be BMR Inclusionary units and 230 will BMR units in OCII stand-alone parcels, 90,000 gross square feet of neighborhood retail, and community facilities space.

    Candlestick Open Space Design Review: Sub-phases CP-02, -03, and -04 will contain 7.4 acres of new and revitalized parks and open space including:

- **Wedge Park Plaza (.77acres).** On Harney Way and Ingerson Avenue, the Wedge Park Plaza will be an urban plaza that provides a "respite" from the activities generated by the retail center, Bus Rapid Transit, and cycle route.
- **Jamestown Walker Slope (3.88 acres).** Located between Jamestown Avenue and Arelious Walker Drive, the Jamestown Walker Slope will be planted with native species to promote habitat restoration.
- **Bayview Hillside Open Space (2.85 acres).** West of Jamestown Avenue, this open space will follow the recommendations of the Bayview Hill natural Areas Plan, and be enhanced with new native planting to promote habitat restoration.

15. **Candlestick Point Blocks 10a & 11a RFP & Predevelopment Funding:** Issue an RFP, select a development teams, and provide predevelopment funding for the affordable housing projects on Blocks 10a and 11a, which are located adjacent to the proposed new Candlestick Retail Center, to develop the site into approximately 230 units of affordable rental housing.

16. **Hilltop Block 54 RFP & Predevelopment Funding:** Issue an RFP, selected a development team, and provide predevelopment funding for the affordable housing project on Block 54, located on the Hilltop portion of Phase 1 of the Shipyard. The site could accommodate approximately 40 units of affordable rental housing.

17. **Off-Site Transportation Improvements Planning:** Staff will coordinate circulation improvements to be constructed by the master developer which are required per the Phase 2 DDA's Schedule of Performance in connection with the Project's phased development to mitigate traffic impact and improve existing Bayview neighborhood streets to the new development:

    - **Harney Way:** The Project will improve and reconfigure auto, transit and bike access between Candlestick Point and US 101. In FY 2015-16, OCII will complete review of design development and construction documents for Harney Way from Ingerson Avenue to Executive Park Boulevard.
    - **Gilman Avenue:** Enhance streetscape improvements such as street trees, sidewalk plantings, furnishing and paving treatments to enhance pedestrian safety and to visually connect Bayview neighborhood to the new development.
    - **Innes:** Streetscape improvements including new sidewalks, striping, and lighting to create an attractive gateway into the Project site.

18. **Oversee Developer Construction of Infrastructure:** Within the CP-01, CP-02, CP-03, and CP-04 sub-phases, Lennar will construct new streets, sewers, electricity and gas lines, and storm drains to support new development. Staff will work with DPW, PUC, SFMTA, and other city agencies as appropriate, to ensure that the new infrastructure meets City standards and is in conformance with the plan documents. New infrastructure development includes development of new, sustainable infrastructure including a recycled water system, automated waste collection system, and Best Management Practice measures for storm water treatment including flow-through planters, soil cells, and bio-retention basins.

6. Mission Bay North and South Major Approved Development Projects

A. Project Description & Status

The Mission Bay North and South Redevelopment Project Areas were established in 1998 to create a vibrant, transit oriented, mixed-use community that will result in 6,400 residential units (29% of which will be affordable), 3.4 million square feet of office and biotechnology space, 425,000 square feet of retail uses, a new University of California, San Francisco research campus and medical center, 250-room hotel, 49 acres of open space, library, school, police headquarters, and local police and fire department. Completion of the Mission Bay project is anticipated to occur over 25 to 30 years and result in construction of more than $700 million of new infrastructure, development of over $8 billion in private vertical development, and creation of 31,000 permanent jobs.

Mission Bay is currently undergoing a massive construction boom. By mid-2015, Mission Bay will see the majority of the remaining market-rate residential units completed, including the newest affordable housing site, the OCII-sponsored 1180 4th Street project, which opened its doors to house 150 low income households, including formerly homeless families. The remaining market-rate housing (about 350 units) and the next 200-affordable housing project on Block 7 West are anticipated to be under construction by mid-2015. The first phase of the new UCSF medical center opened in February 2015, providing 289-new hospital beds. The 4th Street commercial corridor will be almost complete and filled with new, local serving commercial uses. The Public Safety Building is opening in April 2015, providing additional security to the neighborhood with a local fire and police station, in addition to the San Francisco Police Headquarters. Planning for the next wave of commercial office space is underway with two new commercial buildings anticipated to start construction in 2015 with over 1 million square feet of office space. Planning is also underway for the relocation of the Golden State Warriors to Mission Bay, with project approval anticipated in Fall 2015, with construction to start soon after. To serve all this new development, almost all of the remaining streets and underground utilities will be finished by early 2016, and there will be several new parks, including the new children's park, Mariposa Park and new parks along the bayfront.

Implementation of the Mission Bay project occurs through the Mission Bay North and South Redevelopment Plans and the Mission Bay existing obligations. The Mission Bay North and South Owner Participation Agreements, and several related or attached documents including the Infrastructure Plans, Financing Plans, and the Tax Increment Allocation Pledge Agreements, are enforceable obligations and outline the public/private partnership between OCII and the Mission Bay Master Developer, FOCIL-MB, LLC. On January 24, 2014, OCII received a Final and Conclusive Determination on the Mission Bay enforceable obligations from the State Department of Finance ("DOF").

OCII also is responsible for the management of the 41-acre planned Mission Bay Open Space System until 2043. Currently there are over 15 acres that are completed and operated by OCII. OCII has entered into a contract with MJM Management Group ("MJM") to do the day-to-day management of the parks. The costs for park management are paid with special taxes collected through Community Facilities District #5 (CFD#5), which OCII administers. The calendar year 2015 budget for CFD#5 and the park management is included in the OCII budget for informational purposes only.

Key responsibilities of OCII, and its Commission, related to the implementation of Mission Bay include financing of infrastructure, land use review and approvals provide financing for the development of affordable housing on land donated by the Master Developer, maintenance of the 41-acre Mission Bay open space system, creation and implementation of a Mission Bay Art Program, and staffing of the Mission Bay Citizens Advisory Committee. Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor's Office of Housing and Community Development ("MOHCD"), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will also work to ensure compliance with OCII's equal opportunity programs for workforce and contracting on all projects in the Project Area. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and the payment of prevailing wages. Staff will work closely with contractors themselves, as well as with the Citybuild program and other community based organizations, to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

B. FY 2015-16 Workplan

1. **Block 6 East Affordable Housing Schematic Design & Construction Funding:** Approve schematic design, provide construction funding, and complete financial closing for construction funds needed for the development on Block 6 East of approximately 143 units of rental housing for very low-income families, which will also include a set-aside of 20 percent of the units for formerly homeless families referred by the Human Services Agency.

2. **Block 3 East Affordable Housing Developer Selection, Predevelopment, and Construction Funding Commitment:** Select a development team based on a FY 2014-15 RFP, and provide predevelopment funding for the affordable housing projects on Block 3 East to develop the site into approximately 101 units of supportive rental housing for veterans, including formerly homeless veterans. Construction funding is budgeted for FY 2015-16.

3. **Block 7 West Affordable Housing Construction & Marketing Plan Review:** Begin construction of 200 units of affordable rental housing for low-income families on Block 7 West. A marketing plan will be submitted by the developer for OCII and MOHCD review within a month after construction starts, which is anticipated to occur in early summer 2015.

4. **Block 6 West Affordable Housing RFP & Predevelopment Funding:** Subject to the availability of future funding, OCII may issue an RFP to select a development team and provide predevelopment funding for Block 6 West, which could accommodate approximately 105 affordable rental units.

5. **Block N4P3 Marketing Plan:** This 129 unit project, which includes 26 affordable inclusionary rental units at 90% AMI, will start construction in spring 2015. Utilizing MOHCD services, OCII will review, approve and monitor implementation of marketing plans of inclusionary affordable units within the Block N3P4 residential project in Mission Bay North.

6. **Mission Bay Public Art Program:** Develop a public art program for art within Mission Bay open spaces, which may include utilizing expertise within the art community, such as the San Francisco Arts Commission or consultants to be hired by OCII. The current budget has almost $1 million in funds, which would be expended over multiple budget years.

7. **Golden State Warriors Arena Project Design & Environmental Approvals & Construction Start:** Continue to work with the Golden State Warriors to design Blocks 29 to 32 for an arena/office/retail project and complete an environmental impact report, major phase, and schematic designs for the site. Start construction in the second half of the fiscal year.

8. **Blocks 26/27 Schematic Design Approval:** If not approved in spring 2015, approve schematic designs for the new Uber headquarters on Blocks 26/27 for approximately 423,000 gross square feet of office space.

9. **Block 40 Design Reviews:** Continue to process the design development and construction drawings for Block 40, a 667,500-gross square foot office building with 15,000 gross square feet of retail space.

10. **UCSF Blocks 33/34 Design Reviews:** Work with UCSF on the design of Blocks 33/34 on the first phase of the 500,000 gross square foot office project pursuant to the Memorandum of Understanding between OCII and UCSF.

11. **Block 1 Residential and Hotel Projects Design Reviews:** Continue to process the design development and construction drawings for 350 for-sale residential units and a 250-room hotel on Block 1, a 2.7-acre triangular parcel that fronts Mission Creek and the future Park P3. The 350 market-rate, for-sale units will pay an affordable housing in-lieu fee to be used for the funding of OCII-sponsored affordable housing in Mission Bay.

12. **Park P3 Construction Start:** Complete construction drawings and start construction on the 1.17-acre Park P3, which forms an esplanade along the southern bank of Mission Creek and is directly adjacent to Block 1.

13. **Park P6 Children's Park Opening:** Hold the grand opening of an 1.12-acre new children's park on Park P6 that utilized a $1.37 million Catalyst Grant from the California Department of Housing and Community Development ("HCD"). Park P6 will provide structured play equipment for toddlers and older children, as well as informal areas for creative play.

14. **Park P19 Completion:** Complete construction on the 0.55-acre Park P19 along Terry Francois Boulevard. Park P19 is designed for passive recreation and stormwater

treatment, as well as providing a buffer between the neighboring residential building, an OCII-sponsored affordable housing site, and Terry Francois Boulevard.

15. **Bayfront Park P22 Design:** Work with the Mission Bay community to design the future Bayfront Park P22, a 5-acre waterfront park along the San Francisco Bay. Park P22 will provide flexible open space, similar to Chrissy Fields, to allow for local and regional activities. With its location adjacent to the future Golden State Warriors site, it will also provide opportunities for coordinated events with the Golden State Warriors Event Center.

16. **Parks P23 and P24 Completion:** Complete construction on Parks P23 and P24, which combined make up 1.89 acres of parkland, in the southern part of Mission Bay along Terry Francois Boulevard. Parks P23 and P24 will contain plazas, half basketball court, picnic facilities, lawn areas, and stormwater treatment facilities.

17. **Mariposa Park P26 and P27 Completion:** Complete construction on Mariposa Park (P26) and P27, which combined equal 2.38 acres in size, in the southern part of Mission Bay. Park P26 will include a large multi-use lawn in the middle, a plaza area, and a children's play area on the side closest to the UCSF children's hospital, while Park P27 creates a visual entry to the southern part of Mission Bay along Owens Street.

18. **Mission Creek Park P2 Parking Completion, Construction Drawings, & Maintenance Agreements:** Complete the construction of the replacement parking for the Mission Creek Harbor Association ("MCHA") as part of Park P2, which will ultimately be 1.5 acres in size; complete the construction drawings for the entire park; and finalize the maintenance agreements with MCHA for the community garden and parking area. P2 is located on the southern boundary of Mission Creek and will contain a community garden and will be one of the final links for the Mission Creek park loop.

19. **Future Park Management Strategy:** Continue working with City/Port/Public Utilities Commission, the current owners of Mission Bay Parks, on future park management strategy once the Property Management Plan is approved by the Department of Finance.

20. **Street Improvements:** Continue construction of the remaining Mission Bay roadway improvements, which will be funded in part by a TIGER IV federal grant and HCD Prop 1C Transit Oriented Development grant. As part of this, all of the streets in the southern portion of Mission Bay will either be under construction or in the final planning stages in FY 15-16. These improvements include the surface roadway and sidewalk improvements, as well as the underground utilities. Completion of the street grid system will significantly improve the local connectivity of Mission Bay.

7. Transbay Major Approved Development Project

A. Project Description and Status

The Transbay Redevelopment Project Area ("Project Area") was adopted in 2005 and consists of approximately 40 acres in downtown San Francisco surrounding the new Transbay Transit Center ("TTC"), which is currently under construction by the Transbay Joint Powers Authority ("TJPA"). The Project Area goals include the development of: 1) the new, multi-modal TTC and related public infrastructure; 2) a new, transit-oriented neighborhood on approximately 10 acres of publicly-owned property, most of which was formerly owned by the State of California ("State"); and 3) approximately 1,400 affordable housing units, or 35 percent of the new residential units constructed in the Project Area. OCII acts as the master developer for most of the formerly State-owned parcels in the Project Area, issuing requests for proposals and selecting developers to construct the improvements, as specified in the Redevelopment Plan for the Transbay Redevelopment Project Area ("Redevelopment Plan") and related documents.

The new, transit-oriented neighborhood that will be developed by OCII on the 10-acres of formerly State-owned property in the Project Area will consist of more than 3,500 new housing units, including approximately 1,400 affordable units, nearly 2 million square feet of new commercial space, and approximately 4 acres of new public open space. In addition, the new Transbay Transit Center site will include a 5.5-acre rooftop park and a 1.35-million-square-foot office tower. The development program for the Project Area embodies a balanced approach to density, with office and residential towers spaced apart to protect views and sunlight, and retail and townhouses to maintain visual interest at the ground level. The program includes significant widening and improvement of sidewalks, conversion of Folsom Street to two-way traffic, and reconfiguration of an Interstate 80 off-ramp, all with the goal of creating a safe and attractive pedestrian environment.

The TJPA is responsible for planning, constructing and eventually operating the new TTC. OCII is charged with implementing the Redevelopment Plan pursuant to its enforceable obligations, including: 1) the 2008 Tax Increment and Sales Proceeds Pledge Agreement between OCII, the City and County of San Francisco ("City") and the TJPA ("Pledge Agreement"), which irrevocably commits land sale and tax increment revenue from formerly State-owned parcels for the TTC; 2) the 2006 Transbay Redevelopment Project Implementation Agreement between OCII and the TJPA ("Implementation Agreement"), which requires OCII to prepare and sell, with TJPA reimbursement of staff costs, the formerly State-owned parcels and to construct and fund new infrastructure improvements (such as parks and streetscapes) and affordable housing obligations; and 3) AB 812 (codified in Section 5027.1 of the California Public Resources Code), which mandates that 25 percent of the residential units developed in the Project Area shall be available to low-income households and an additional 10 percent shall be available to moderate-income households. On April 15, 2013, the California State Department of Finance issued a Final and Conclusive Determination under California Health and Safety Code § 34177.5 (i), that the Pledge Agreement, the Implementation Agreement, and the AB 812, are enforceable obligations are enforceable obligations of OCII.

Phase 1 of the TTC, including the above-ground bus station and the box for the below-ground train station, is under construction and is scheduled to be completed in 2017. The City has approved a Mello-Roos community facilities district that will provide funding for the TTC and other infrastructure costs.

Regarding the publicly owned parcels over which OCII has jurisdiction, one is fully complete and seven of the publicly-owned parcels in the Project Area are in various stages of development and pre-development:

- **Block 11A:** The portion of Block 11 along Folsom Street known as "Block 11A" is a 120-unit supportive housing project that was funded by OCII and completed construction and lease-up in FY 2013-14 and, as with all completed affordable housing assets, will be transferred, upon final permanent financing by the State, to the Mayor's Office of Housing and Community Development ("MOHCD") as Housing Successor pursuant to Dissolution Law.

- **Parcel T:** The TJPA sold Parcel T to Hines in FY 2012-13 to develop a 1,070-foot high-rise office tower. Because Parcel T is in Zone 2 of the Project Area and under the jurisdiction of the City, it was reviewed and approved by the San Francisco Planning Commission and started construction in April 2013 with expected completion in 2017.

- **Blocks 6/7:** OCII selected Golub Real Estate Corp. ("Golub") and Mercy Housing California ("Mercy") for a market-rate and affordable housing development on Blocks 6/7 in December 2011. The site was sold to Golub in October 2013 and Block 6 is currently under construction. The affordable building, funded by OCII, will complete construction in Summer 2015. Staff will seek final construction funding and approval of a long-term air-rights lease with Mercy for Block 7, an additional affordable housing portion of the project, by the end of FY 2014-15.

- **Block 9:** OCII selected a team comprised of TMG, Essex Property Trust, and BRIDGE Housing for a market-rate and inclusionary affordable housing development on Block 9, and the Disposition and Development Agreement was approved in December 2014 and the land sale closed in February 2015.

- **Block 8:** OCII selected Related California ("Related") and Tenderloin Neighborhood Development Corporation ("TNDC") for a market rate and affordable housing development (comprised of both inclusionary and OCII funded units) on Block 8 and expects to execute a Disposition and Development Agreement ("DDA") by Spring 2015 and close escrow on the land by Fall 2015.

- **Block 5:** OCII selected the development team of Golub and John Buck Company for an office project on Block 5, and intends to execute an Owner Participation/Disposition and Development Agreement ("OP/DDA") in Spring 2015 and close escrow on the land in Fall 2015.

- **Block 1:** OCII intends to execute an Owner Participation/Disposition and Development Agreement with Tishman Speyer for a market rate and affordable housing development (comprised of both inclusionary and OCII funded affordable units) on Block 1 in Spring/Summer 2015 and close escrow on the land in late 2015.

Per the Implementation Agreement, OCII is also developing infrastructure plans for the new neighborhood, including new streetscape improvements on Folsom Street and two major new public parks within the Project Area, and the current reconfiguration of the Folsom Street freeway off-ramp is expected to be complete by Summer 2015.

Selection of development teams and review of financial and other long-term agreements for the affordable housing sites will be coordinated with the Mayor's Office of Housing and Community Development ("MOHCD"), since affordable housing assets will be transferred to MOHCD after the project is completed and occupied. MOHCD will also assist in monitoring of construction, marketing, and financial disbursements, consistent with OCII's 2014 Memorandum of Understanding with MOHCD.

Staff will also work to ensure compliance with OCII's equal opportunity programs for workforce and contracting on all projects in the Project Area. Specifically, contract compliance staff will monitor all phases of construction, including hiring of local workers and the payment of prevailing wages. Staff will work closely with contractors themselves, as well as with the Citybuild program and other community based organizations, to foster job creation for local workers and to improve the opportunities for local, small, minority, and women owned businesses to participate on OCII projects.

Pursuant to the Implementation Agreement, the TJPA funds all of OCII's staff and consultant costs related to the development of the State-owned parcels in the Project Area up through the selection of a development team. After selection, the developer provides funding for staff and consultant costs.. The staffing and construction costs for all infrastructure projects described in the tasks below are financed with tax increment.

B. FY 2015-16 Proposed Workplan

1. **Block 6 Construction and Marketing:** Land sale closed in October 2013 and construction on the residential project, comprised of 409 market rate units and 70 OCII funded affordable units in a 300-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking, is underway. Construction on the affordable units is expected to complete in Summer 2015. Using MOHCD's services, staff will review, approve and monitor the implementation of the marketing and lease-up of all affordable units (at 50% of AMI). MOHCD is currently reviewing the marketing plan and will oversee the lottery for the affordable units. The market rate units are expected to be complete in April, 2017.

2. **Block 7 Financial Closing, Construction Start and Marketing Plan Review:** The financial closing and construction start of the affordable residential development on Block 7, consisting of approximately 120 affordable rental units (at 50% of AMI), funded by OCII, in two podium buildings and adjacent townhouses, including a ground-floor child care facility and open space, is expected to occur in Fall 2015. A marketing plan will be submitted for OCII and MOHCD staff review within a month after construction start.

3. **Block 9 Construction Start and Marketing Plan Review:** Construction of approximately 436 market-rate units and 109 inclusionary affordable rental units (at 50%

of AMI) in a 400-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking, is expected to begin in FY 2015-2016 and a marketing plan would be submitted for OCII and MOHCD staff review within a month of construction start. OCII will also coordinate and assist with MOHCD's issuance of tax exempt mortgage revenue bonds for the inclusionary affordable units.

4. **Block 5 Land Sale Closing and Construction Start:** The sale of the land for Block 5, for an approximately 800,000-sf commercial office project in a 550-foot tower, is expected to occur in Fall 2015, with construction starting within FY 2015-2016.

5. **Block 8 Land Sale Closing, Construction Start, OCII Loan & Air Rights Lease Approvals, Marketing Plan Review:** The sale of the land for Block 8 for a residential project, consisting of approximately 440 market-rate units and 163 affordable rental units (at 50% of AMI), a portion of which will be OCII funded, in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking, is expected to occur in Fall 2015. An OCII affordable housing loan and air rights lease governing the affordable podium project will presented for consideration FY 2015-2016, with construction starting by the end of the fiscal year. A marketing plan for the affordable units will be submitted for OCII and MOHCD staff review within a month of construction start.

6. **Block 1 OP/DDA and Financing:** An Owner Participation/Disposition and Development Agreement (OP/DDA) with the current owner of the three private parcels adjacent to OCII's parcel (Block 3720, Lot 027) is expected to occur in late Spring/early Summer 2015. The Block 1 condominium project includes 216 market rate units and 116 affordable units if the tower is built at 300 feet; the unit count will increase to 258 market rate units and 141 affordable units if the project is built at 400 feet. OCII will provide funding for the affordable homeownership units in the podium building during FY 2015-2016.

7. **Block 2 Affordable Housing:** Subject to the availability of future funding, OCII may issue an RFP to select a development teams and provide predevelopment funding for Block 2, which could accommodate approximately 286 affordable rental units, and would be developed in multiple buildings across the block. Currently the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed upon the opening of the TTC in 2017.

8. **Folsom Street Off-Ramp Reconfiguration Completion:** Complete construction of a reconfiguration of the existing Folsom Street Off-Ramp on Block 8 in order to create a better pedestrian environment and increase the value of the parcel. OCII has a letter agreement with the San Francisco County Transportation Authority, the City's congestion-management agency, to provide technical services for this task.

9. **Folsom Streetscape Improvements Bid Process & Construction Start:** Complete construction documents for a set of streetscape improvements on Folsom Street. Issue request for bids through letter agreement with DPW. Select contractor and begin construction.

10. **Under-Ramp Park Design Approvals:** Complete schematic design and design development documents for a 2.4-acre park under the Interstate 80 off-ramp and TTC bus ramps between Folsom and Howard Streets in the Project Area. Complete negotiations with TJPA and Caltrans.

11. **Rincon-Hill/Transbay CBD Formation:** Work with an outside consultant and a steering committee composed of neighborhood property owners to create a community benefit district to provide funding for future maintenance of the new public parks and street improvements to be constructed by OCII within the Project Area.

12. **TJPA Support:** Assist the TJPA with various financial and market analyses, as required by the TJPA's funding partners and the TJPA Board of Directors.

13. **Transbay CAC:** Provide staff support to the Transbay Citizens Advisory Committee, which provides advice and recommendations to the Commission on all major activities of OCII in the Project Area.

8. Affordable Housing Obligations

Affordable Housing Obligations Summary

OCII has retained Affordable Housing Obligations integrally related to the three critical redevelopment projects referred to as the "Major Approved Development Projects" that OCII, as successor agency to SFRA, must continue to implement under enforceable obligations consistent with the Dissolution Law.

OCII manages these affordable housing obligations through direct oversight along with services procured from the Mayor's Office of Housing and Community Development ("MOHCD") through a 2014 Memorandum of Understanding. In general, OCII is responsible for directly managing the affordable housing projects through completion, and procures services from MOHCD staff for construction monitoring, review and monitoring of marketing for both inclusionary and OCII funded projects (including implementation of the Certificate of Preference program), and assisting with the fiscal management and disbursement of OCII's funds pursuant to the relevant project's financing agreements, and other ancillary tasks as needed.

Commitment to the Mayor's Plan for 10,000 Affordable Units by 2020

OCII's obligations are a key part of the Mayor's plan to create 30,000 units by 2020, with one-third, or 10,000, of them as permanently affordable. In fact OCII's affordable housing projects will result in over 3,300 affordable units by 2020 through both stand-alone projects funded with OCII subsidy as well as inclusionary affordable units provided through private development. This includes several OCII sponsored projects that received completion permits just before the close of 2013, and opened their doors to welcome new residents in 251 affordable units in early 2014. The 1180 4th Street project delivered another 150 units later in 2014. Below is a summary of OCII's contribution to the Mayor's plan to create this vitally important resource for San Francisco. In order to achieve this goal, the FY 2015-2016 Budget includes authority for funding to advance 6 new sites (in addition to the 8 sites already underway in predevelopment or master planning), subject to the availability of funding.

Mayor's Plan for 10,000 Affordable Units by 2020:
OCII Pipeline

Project Status	Affordable Stand-Alone Units	Affordable Inclusionary Units	*Totals*
Completed & Occupied	400		**400**
In Construction	543	102	**645**
In Predevelopment	754	272	**1,026**
In Preliminary Planning	936	359	**1,011**
Totals	***2,633***	***733***	***3,366***

FY 2015-16 Workplan – Major Approved Development Projects

The Affordable Housing Projects within the Major Approved Development Projects are more fully described within the specific Project Area section of the budget. Currently over 5,300 affordable units remain to be completed through OCII sponsorship, through either direct subsidy on stand-alone affordable sites or through inclusionary housing requirements, for the remaining Retained Housing Obligations. Those obligations break down as follows:

	TOTAL AFFORD. UNITS	Shipyard & Candlestick	Mission Bay	Transbay	Other*
	OCII Sponsored & Funded Units				
Production Obligation	**4,933**	1,843	1,622	939	529
Completed Prior FY13-14/14-15	**407**	-	407	-	-
Completed FY13-14/14-15	**506**	**-**	**149**	**120**	**237**
In Construction	**543**	182	-	69	292
Predev & Prelim Planning	**1,690**	585	545	560	-
Future Sites	**1,783**	1,076	517	190	-
Remaining Obligation subtotal	***4,016***	*1,843*	*1,062*	*819*	*292*
	OCII Sponsored Inclusionary Units				
Production Obligation	**1,775**	**1,001**	**291**	**467**	**16**
Completed Prior FY13-14/14-15	**265**	**-**	**265**	**-**	
Completed FY13-14/14-15	**-**	**-**	**-**	**-**	**-**
In Construction	**102**	86	-	-	16
Predev & Prelim Planning	**631**	390	26	215	-
Future Sites**	**777**	525	-	252	-
Remaining Obligation Subtotal	***1,510***	*2,002*	*26*	*467*	*16*
REMAINING OBLIGATION TOTALS	***5,526***	***3,736***	***1,088***	***1,286***	***308***

***** Projects in Bayview Hunters Point, Rincon Point-South Beach, South of Market, or Western Addition A-2*

Below is a summary of those workplan activities for OCII in FY 2015-16:

A. Hunters Point Shipyard / Candlestick Point

a. **Alice Griffith Project:** The Alice Griffith Project is the recipient of a $30.5 million grant from the U.S. Department of Housing and Urban Development ("HUD") through its Choice Neighborhoods Initiative ("CNI Grant"). OCII's total funding for Phases 1 and 2 was provided by the end of FY 2013-14 along with predevelopment funding for Phase 3. Phases 1 and 2 construction started in March 2015. Schematic design approval on construction funding for Phase 3, comprised of 95 public housing replacement units and 46 new affordable units (at 50% AMI), is expected to be provided by OCII by the end of FY 2014-15. The start of construction and the submission of marketing plan will therefore occur in FY 2015-16. Also during FY 2015-16, OCII will provide predevelopment funding for Phase 4, comprised of 47 new public housing replacement units. Subject to the availability of future funding, OCII may also begin predevelopment on Phase 5, consisting of approximately 132 new affordable units.

b. **HPSY Phase II/Candlestick Point Blocks 10a & 11a:** Issue an RFP, select a development teams, and provide predevelopment funding for the affordable housing projects on Blocks 10a and 11a, which are located adjacent to the proposed new Candlestick Park Retail Center, to develop the site into approximately 230 units of affordable rental housing.

c. **HPSY Phase 1/Block 54:** Issue an RFP, select a development team, and provide predevelopment funding for the affordable housing project on Block 54, located on the Hilltop portion of Phase 1 of the Shipyard. The site could accommodate approximately 40 units of affordable rental housing.

d. **Marketing of Phase 1 Inclusionary Units:** Now that Hunters Point Shipyard Phase 1 has begun vertical development on the privately developed parcels, the marketing and sales of the inclusionary units to first-time homebuyers will be underway for Blocks 50, 51, 53, and 54 in FY 2014-15. Block 49 in HPSY Phase 1 will also market its inclusionary rental units during FY 2015-16. OCII is engaging the services of the Below Market Housing team at MOHCD to help monitor and implement the marketing and sales or leasing of these units.

B. Mission Bay

a. **1300 4th Street (Block 6 East) Affordable Housing:** The developer team led by TNDC is proceeding with predevelopment activities for the affordable housing project at 1300 4th Street to develop the site into approximately 143 units of rental housing for very low-income families, which will also include a set-aside of 20 percent of the units for formerly homeless families referred by the Human Services Agency. TNDC is pursuing Affordable Housing and Sustainable Communities (AHSC) through the state Housing and Community Development (HCD) office, also known as "cap and trade" funds in order to maximize the leverage of OCII subsidy. In FY 2015-16, staff will seek approval of schematic designs and construction funding.

b. **Block 3 East Affordable Housing:** Issuance of an RFP is planned for late Spring 2015 to select a development team. In FY 2015-16, staff will seek approval of the development team and predevelopment funding for affordable housing on Block 3 East. The project will include approximately 101 units of supportive rental housing for veterans, including formerly homeless veterans, and low-income veterans and their families to be referred by the Human Services Agency. Construction funding is budgeted to occur in FY 2015-16.

c. **588 Mission Bay Boulevard North (Block 7 West) Affordable Housing:** OCII committed gap funding in FY 2014-15, and staff will seek approval of the OCII ground lease prior to the schedule construction start in May 2015. The development will include 198 units of affordable rental housing for low-income families, plus 2 managers' units, and ground floor retail space, and a marketing plan will be submitted by the developer for OCII and MOHCD review within a month after construction start.

d. **Block N4P3 Inclusionary Housing:** This 129 unit project, which includes 26 affordable inclusionary rental units at 90% AMI, will start construction in spring 2015. Utilizing MOHCD services, OCII will review, approve and monitor implementation of marketing plans of inclusionary affordable units within the Block N3P4 residential project in Mission Bay North.

e. **Block 6 West Affordable Housing:** Subject to the availability of future funding, OCII may issue an RFP to select a development team and provide predevelopment funding for Block 6 West, which could accommodate approximately 105 affordable rental units.

C. Transbay

a. **Block 6 Affordable Housing:** OCII approval construction funding and a long-term air rights lease in FY 2013-14. Construction completion is scheduled for summer 2015. MOHCD is currently reviewing the marketing plan and will oversee the lottery for the affordable units. Block 6 consists of 409 market-rate units and 69 affordable rental units (at 50% of AMI), plus 1 manager's unit, in a 300-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. Using MOHCD's services, review, approve and monitor the implementation of the marketing and lease-up of all affordable units.

b. **Block 7 Affordable Housing:** Approval of construction funding and a long-term air rights lease with the selected development team for an affordable residential development on Block 7 is scheduled for FY 2014-15. Due to innovative construction methods and improved economies of scale, the affordable unit count of the project has increased from 77 rental units to 120 units (at 50% of AMI) including 1 manager's unit, in two podium buildings and adjacent townhouses, including a ground-floor child care facility and open space. The increase in the number of units helps OCII meet the mandate that 35% of the residential units in Transbay be affordable. Construction is scheduled to begin in Fall 2015, and a marketing plan will be submitted for OCII and MOHCD staff review one month later.

c. **Block 9 Affordable Housing:** The Block 9 land sale closed in February 2015, subsequent to the execution of a disposition and development agreement. The project Block 9 for a residential project consists of 436 market-rate rental units and 109 affordable inclusionary rental units (at 50% of AMI), including 1 manager's unit, in a 400-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. In FY 2015-16, OCII will coordinate with MOHCD for the tax exempt housing bond issuance for the inclusionary component of the project.

d. **Block 8 Affordable Housing:** Execute a DDA in Spring 2015 with the selected developer of Block 8 for a residential project consisting of approximately 440 market-rate units and 163 affordable rental units (at 50% of AMI), including 1 manager's unit, in a 550-foot tower and adjacent podium and townhouse buildings, including ground-floor retail, open space and underground parking. Commitment of permanent gap financing and approval of air rights lease for the standalone affordable podium building will occur in FY 2015-16. Construction is expected to begin during FY 2015-16, and a marketing plan for the affordable units will be submitted for OCII and MOHCD staff review within one month.

e. **Block 1 Affordable Homeownership Housing:** Execute an owner participation/disposition and development agreement (OP/DDA) with the current owner of the three private parcels adjacent to OCII's parcel (Block 3720, Lot 027). The Block 1 condominium project includes 216 market rate units and 116 affordable units if the tower is built at 300 feet; the unit count will increase to 258 market rate units and 141 affordable units if the project is built at 400 feet. Commitment of permanent gap financing for the standalone affordable podium building will occur in FY 2015-16.

f. **Block 2 Affordable Housing:** Subject to the availability of future funding, OCII may issue an RFP to select a development teams and provide predevelopment funding for Block 2, which could accommodate approximately 286 affordable rental units, and would be developed in multiple buildings across the block. Currently the site is occupied by the Transbay Temporary Bus Terminal, which is slated to be removed after the opening of the Transbay Transit Center in 2017.

D. **Hunters View Public Housing Revitalization – Phase II Construction Monitoring:** The Hunters View Public Housing Revitalization Project is not within one of the Major Approved Development Projects, but is an enforceable obligation since the former SFRA Commission authorized a loan to provide funding for Phases II and III of this HOPE SF project in April of 2011. OCII approved the disbursement of the funds needed for Phase II in FY 2013-14, which includes 106 public housing replacement and new affordable units, and vertical construction commenced in January 2015. OCII staff is utilizing services from MOHCD to monitor that construction.

SERAF Loan Repayment to Low-Moderate Income Housing Asset Fund

In FY 2009-10, the former SFRA borrowed $16.483 million from the LMIHF Low and Moderate Income Housing Fund (LMIHF) to pay its SERAF assessment. Under Dissolution Law, the Mayor's Office of Housing and Community Development may receive repayments of the LMIHF loan into the City's Low and Moderate Income Housing Asset Fund. OCII made an initial repayment of $2.96 million in FY 2014-15. This budget includes a second repayment in FY 2015-16 of $1.77 million, the maximum allowed under DOF formulas.

Affordable Housing Data Portal (SF DAHLIA)

The Mayor's Office of Housing and Community Development (MOHCD) is launching an Affordable Housing Data Portal, called as "SF DAHLIA", which will be an online multi-lingual one stop resource for information on all San Francisco housing programs. The system will provide one place for applicants to see and apply for affordable housing in San Francisco, and will include property listings for MOHCD's inclusionary and below market rate homeownership and multifamily rental programs, along with all OCII funded and inclusionary affordable units. Information will be available in English, Spanish, Chinese, and Tagalog. The website will also include tools to help applicants determine eligibility for available units, and once an applicant enters their information it will be saved and available for applications to other properties. Applicants will receive email confirmations and alerts throughout the application process, including status in any lotteries.

Phase 1 of the program, which will focus on below market rate homeownership housing, is expected to launch later this Spring. Phase 2, which will include all rental programs, is expected to launch in Fall 2015. The development cost of the software program is approximately $1.4 million. MOHCD has asked OCII to budget 10% of the software development cost, or $140,000, to represent OCII's projects' share of housing units on the site. This amount has been added to the overall Administrative Cost Allowance budget and would be paid through the existing Memorandum of Understanding with MOHCD.

9. Asset Management Outside Major Approved Project Areas

In addition to the Major Approved Project Areas, OCII has significant asset management responsibilities in several active and expired redevelopment project areas. These asset management responsibilities include: (1) property management of physical land and buildings, (2) lease management, (3) loan management and administration, (4) oversight of public parking garages, (5) landlord and creditor responsibilities in bankruptcies, (6) managing and monitoring development agreements, (7) managing a community facilities district, (8) general asset management and problem-solving, and (9) implementing OCII's Long-Range Property Management Plan, which is a plan for disposition of all real property assets and is required under Redevelopment Dissolution Law (the "PMP").

The PMP was approved by OCII's Commission and the Oversight Board and submitted to the State Department of Finance ("DOF") in November 2013. DOF is still reviewing the PMP. Successor Agency staff are hopeful DOF will approve the PMP during calendar year 2015, which would allow staff to begin implementing the PMP. This work would include, among other things, title and escrow work, drafting transactional documents related to property sales or transfers, lease assignments, and shepherding properties through the approvals process. The budget includes $200,000 in tax increment and other available revenues for these purposes.

The following briefly describes OCII's asset management responsibilities in several active and expired redevelopment project areas.

Yerba Buena Center (Expired Project Area)

Project Description & Status

The Yerba Buena Center ("YBC") Redevelopment Plan was adopted by the Board of Supervisors in 1966 and expired on January 1, 2011[1]. YBC is an 87-acre area south of Market Street that formerly consisted of dilapidated hotels and commercial and industrial buildings. The redevelopment of YBC was a highly successful effort, and the area has been central to the economic growth and vitality of San Francisco over the past two decades.

Major commercial developments included (1) the expansion of Westfield's Shopping Centre onto the site of the former historic Emporium department store on Market Street and development of a new Bloomingdales fronting Mission Street as part of that project, and (2)

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[1] The Redevelopment Plan for the Emporium Site (the redeveloped Bloomingdales/Westfield Mall expansion) remains in place and tax increment funds from this site are directed to affordable housing projects.

development of new hotels including the Marriott Hotel, the Four Seasons, the W Hotel, the Westin San Francisco Market Street, and the St. Regis Hotel, totaling over 2,500 new hotel rooms in YBC. Major YBC residential development projects included the Paramount Apartments, the St. Regis and Four Seasons condominiums, and over 1,400 senior affordable units throughout YBC. Altogether about 3,100 new residential units were created.

Today, YBC is one of San Francisco's major cultural and convention/visitor districts. Major cultural facilities -- such as the San Francisco Museum of Modern Art, the Museum of the African Diaspora, the Contemporary Jewish Museum, Yerba Buena Center for the Arts, the Mexican Museum (still in planning) -- were developed by or in partnership with the SFRA. The Moscone Convention Center was developed in partnership with the City, when the SFRA issued lease revenue bonds to finance the construction of the convention center.

In 2009, in anticipation of the expiration of the Yerba Buena Center Redevelopment Plan (the "YBC Plan"), the YBC Plan was amended pursuant to SB 2113. Adoption of this amendment lifted the "cap" on the aggregate amount of tax increment which can be collected from the YBC project area and extended the period for repayment of debt. As required by SB 2113, all new tax increment funds are used only for affordable housing development.

Since January 1, 2011, no new development could be initiated in YBC and OCII moved into an asset management role for its numerous real property assets in YBC. The assets include the last developable parcel of land in the Yerba Buena neighborhood (the future Mexican Museum site), Jessie Square Garage and Plaza, Yerba Buena Lane and adjacent commercial parcels, open space, recreational spaces, museums, and other land and buildings comprising the three-block area known as Yerba Buena Gardens.

FY 2015-16 Workplan

a. **706 Mission Street/Mexican Museum Project/Jessie Square Garage**: OCII, Millennium Partners, and the Mexican Museum have formed a public-private partnership to build a residential tower at 706 Mission Street that would include a new museum space in the tower's base. OCII entered into a purchase and sale agreement with Millennium Partners in June 2013 to sell land and the Jessie Square Garage to the developer as part of the development of the 706 Mission Street/Mexican Museum project. OCII also has an exclusive negotiation agreement and grant agreement with the museum. It is anticipated that that tile to the land and garage will be transferred to Millennium Partners in FY 2015-16. Work will include drafting transaction and escrow documents, and assisting with project approvals. Staff time will be reimbursed by the developer.

b. **Paramount Apartments:** Staff negotiated a lease buy-out deal with Paramount's tenant that includes repayment of the developer's land discount. The budget reflects the second of four $250,000 payments from the developer pursuant to the lease buy-out deal. This money is Community Development Block Grant program income to be transferred to the Mayor's Office of Housing and Community Development. Any work not funded by the project sponsor will be covered by OCII's administrative cost allowance.

Yerba Buena Gardens Asset Management: Yerba Buena Gardens ("YBG") includes cafes, fountains – including the Martin Luther King Jr. Memorial Fountain – performance venues, children's play areas, a child development center, a historic carousel, recreational venues such as an ice skating center and a bowling center, public artwork, and many other attractions. YBG is owned and operated by OCII, which supports the operations, capital expenditures, and programming of the YBG open spaces, cultural facilities and children's play areas using funds generated from existing short- and long-term commercial and ground leases, operating leases, and an annual development fee from the St. Regis Hotel. This fiscal year, OCII is projecting about $12 million of revenue for YBG, which comes from leases, a developer contribution (from the St. Regis Hotel), and YBG reserves. This money will be spent on (1) property management expenses ($3.78 million), (2) programmed events in YBG's open space area ($75,000); (3) operating subsidies for Yerba Buena Center for the Arts ($3.3 million); (4) operating subsidies for the Children's Creativity Museum ($600,000); (5) Yerba Buena Community Business District assessments ($90,000); (6) legal and risk management services ($100,000); (7) staffing costs ($219,000); and (8) $3.96 million in capital improvements.

Capital improvements planned for this fiscal year include (1) irrigation and soil replacement, turf renovation, repair/replacement of pavers, refurbishment of YBG signage and movable furnishings all in the public open spaces; (2) replacement of specialized equipment and floor refinishing at the bowling center; (3) elevator overhaul, replacement of the ice making equipment and ice resurfacer at the ice skating center; (4) HVAC and electrical work, some new seating, and replacement of mechanical shades at Yerba Buena Center for the Arts; (5) installation of updated security fencing and lighting at the Children's Creativity Museum; (6) ceiling replacement at B Restaurant; and (7) continuation of expansion joint waterproofing work at the Children's Creativity Museum and elsewhere at YBG.

Work done by OCII staff this fiscal year includes a wide range of asset management responsibilities and planning work related to the transfer of Yerba Buena Gardens to the City (pending DOF approval of OCII's PMP).

Rincon Point – South Beach (Active Project Area)

Project Description & Status

The Redevelopment Plan for this project area does not expire until January 5, 2021; however, the former redevelopment agency's ("SFRA's") work program has been largely completed, and therefore its activities are of an asset management nature.[2] Since 1981, the area has been transformed into a new mixed-use neighborhood. The majority of the private development was developed under owner participation agreements, or OPAs, which are considered existing enforceable obligations. Only one OPA in this project area is still active, and that is for the development of 74 condominiums over a rehabilitated historic warehouse at 72 Townsend Street, which should be completed during FY 15-16. OCII also manages a community facilities district that pays for additional landscaping and property maintenance on some of the project area's open spaces.

FY 2015-16 Workplan

[2] The Board of Supervisors for the City and County of San Francisco (the "Board of Supervisors") and the SFRA authorized the use of new tax increment financing from the Rincon Point-South Beach Redevelopment Project Area exclusively for affordable housing to fulfill the SFRA's replacement housing obligations.

a. **Port-Owned Property, including South Beach Harbor:** OCII and the Port have negotiated a Memorandum of Agreement ("MOA") that would terminate all OCII leases of Port property and transfer the associated improvements to the Port of San Francisco. This MOA was approved by the Commission on March 3, 2015 and the Oversight Board on March 27, 2015 and submitted to the Department of Finance for concurrence. The MOA is also conditional upon approval by the State Lands Commission. Staff anticipates those leases will be terminated in the first half of FY 2015-16, however since the exact timing is not known at the time of the budget approval, the budget includes the full fiscal year amounts consistent with the FY 2014-15 budget.

   Even after OCII terminates the underlying ground leases with the Port and transfers the properties back to the Port, OCII will still have the responsibility to (1) pay off the outstanding bonds associated with the construction of the harbor facilities. The source of funds for this payment will be tax increment from the Harbor, fund balance remaining in the South Beach Harbor account at the time of lease termination, and if necessary, Harbor revenues transferred to OCII by the Port pursuant to the terms of the MOA. The bonds will be fully paid off in December 2016.

b. **72 Townsend Street Development Agreement**: Development is nearing completion under an owner participation agreement to build 74 condominiums over a rehabilitated warehouse at 72 Townsend Street. Agency work on this project includes ensuring agreed-upon affordable housing requirements and contract compliance. The project sponsor will pay for staff time.

c. **Community Facility District #1:** Staff manages a community facilities district that taxes property owners to maintain streetscape improvements in the South Beach neighborhood. The streetscape improvements include landscaping (i.e., street trees, lawns, ground cover, shrubs, flowers, etc.), irrigation and lighting systems, and street improvements (i.e., benches, plazas, and a stairway). Work includes managing the contract with a landscape maintenance firm that does the work and managing the maintenance funds paid by the property owners.

<u>Western Addition A-2 (Expired Project Area)</u>

Project Description & Status

The Redevelopment Plan for the former Western Addition A-2 Redevelopment Project Area (the "Western Addition") expired on January 1, 2009.[3] The former San Francisco Redevelopment Agency (the "SFRA") implemented a development program for the Western Addition that included thousands of units of new and rehabilitated housing, the revitalization of the Nihonmachi and Fillmore business districts, public infrastructure improvements, small business assistance, job training, and workforce development. Since January 1, 2009, no new economic development programs could be initiated and the SFRA moved into an asset management role for both its real property assets as well as other contractual obligations, such as owner

[3] The Board of Supervisors and the SFRA authorized the use of new tax increment financing from the Western Addition A-2 Redevelopment Project Area exclusively for affordable housing to fulfill the SFRA's replacement housing obligations.

participation agreements for unfinished private development, disposition and development agreements, and economic development loan agreements.

FY 2015-16 Workplan

a. **Fillmore Heritage Center Garage:** The Fillmore Heritage Center is a mixed-use project the SFRA helped finance over 10 years ago to stimulate economic development along the lower Fillmore Street commercial corridor. The project includes 80 condominiums, ground-floor commercial space (which currently houses a music venue/restaurant and a second restaurant), and a 112-space public parking garage. The SFRA built the garage primarily to serve the two commercial tenants, and OCII continues to own this asset. Pacific Park Management operates the garage for OCII under a garage management agreement that runs until June 30, 2015 (Staff will be bringing an extension of this agreement to the Commission for its consideration prior to its expiration).

   The proposed budget for FY 2015-16 includes $1.0 million in expenses related to the garage. These expenses, which are paid with garage revenues and some new property tax revenue received this FY, include: 1) $415,000 for operating expenses and 2) $600,000 for operating deficits, which are expected to increase given the closure of the project's largest commercial tenant (as explained below), and capital reserves These amounts assume that OCII continues to own the garage this FY, and that the current contract is extended until the PMP is approved by DOF. Work includes general asset management duties and implementing the disposition plan. Staff time will be paid out of OCII's administrative cost allowance.

b. **Fillmore Heritage Center Commercial Parcel**: OCII also owns the commercial space within the Fillmore Heritage Center. The commercial space is leased to a master tenant ("FDC"), who subleased it to Yoshi's jazz club/restaurant (subsequently renamed "The Addition"), and another restaurant, "1300." The Addition closed in January 2015. The commercial space pays common area maintenance ("CAM") charges to the homeowners' association, which manages the entire building and the common areas. Pursuant to the ground lease, FDC is responsible for paying the CAM charges on the commercial parcel. If FDC fails to make these payments, for whatever reason, OCII, as owner of the commercial parcel, is responsible for paying any outstanding CAM charges. To be prudent, OCII is assuming that it will be responsible for paying all of the CAM charges for the commercial parcel, which run about $15,000 per month.. Therefore, the budget includes $180,000 to cover this expense for 12 months, if necessary. Work includes managing the master tenant and subtenants, resolving problems with the homeowners' association, dealing with property management issues of the common areas, conducting analyses associated with a tenant's bankruptcy, and other asset management duties. Work also will include implementing the disposition plan. Staff time is paid from OCII's administrative cost allowance.

c. **1450 Franklin and 1210 Scott Street Development Agreements**: Staff monitors two development agreements in this project area. Development is proceeding on an owner participation agreement to build new condominium units at 1450 Franklin Street. Agency work on this project includes reviewing construction documents, design review and contract compliance. Staff also monitors a disposition and development agreement for a school gymnasium and classroom space at 1210 Scott Street. Any work not funded by the project sponsors will be covered by the administrative cost allowance.

d. **Tenant Improvement Loan Agreements**: OCII is currently the party to several tenant improvement loan agreements with businesses along Fillmore Street. Work includes loan administration and monitoring. Any loan payments received (budgeted at $50,000) will pay for staff time and legal expenses associated with the Fillmore Heritage Center.

Other Active and Expired Redevelopment Project Areas

a. **South of Market (Active Project Area):** The Redevelopment Plan for this project area does not expire until 2020, but Redevelopment Dissolution Law severely curtailed the SFRA's work program for this project area. Several planned projects and economic development programs have either been cancelled or not renewed, and the ongoing alleyway improvement project was transferred to the City to complete. OCII has very few enforceable obligations left in this project area.

   There are still several active façade and tenant improvement loan agreements that were executed under OCII's "Six on Sixth" Loan Program. These loan agreements require some staff time until they are forgiven pursuant to their terms. Work includes processing subordination requests, monitoring the schedules for forgiving the loans, processing deeds of reconveyance, and consulting with legal counsel. This work is paid through OCII's administrative cost allowance.

b. **Hunters Point (Expired Project Area):** The Redevelopment Plan for this project area expired in 2009 and the SFRA's redevelopment program for this project area was complete. The redevelopment program focused on creating a new residential community for low- to moderate-income residents with supporting commercial, educational and recreational uses. OCII continues to own several min-parks in this project area, and one larger park known as Shoreview Park.

   OCII pays property management expenses for one property it owns in this project area (Shoreview Park). The other mini-parks OCII owns in this project area are maintained by either the City or adjacent property owners. This FY, staff expects to spend about $17,000 on property management for Shoreview Park. Work includes managing the property management contract with a property management firm and implementing a disposition strategy, once approved by DOF. Staff time and property management costs are paid from OCII's administrative cost allowance.

   In addition, OCII is carrying forward $1.3 million in prior year budget authority and budgeting a further $308,000 for capital improvements and deferred maintenance at Shoreview Park. The source of funds is Community Development Block Grant ("CDBG") program income mostly generated from a parcel of land OCII owns at 345 Williams Avenue. OCII anticipates transferring Shoreview Park to the City pursuant to the PMP, and may transfer any remaining maintenance and capital improvement funds at the same time.

c. **Bayview Industrial Triangle (Active Project Area):** The Redevelopment Plan for this project area doesn't expire until 2020 but the SFRA's redevelopment program for this project area (i.e., to create a new industrial park) was largely complete. OCII occasionally receives requests for land use approvals in this project area. Development is proceeding on a mixed-use building containing approximately 40 new residential units and ground-floor commercial space on a vacant, privately-owned lot at 4101 Third Street. Work includes design review, zoning checks, and shepherding entitlement approvals through the Commission. Staff time will be reimbursed by the project sponsor.

Appendix 1. Community Facilities Districts

Community Facilities Districts ("CFDs") are special taxing districts formed under the California Mello-Roos Act. The revenues supporting the activities and/or bond obligations of these districts come solely from special taxes, voted by electors within the district at the time of its formation. The OCII acts only as administrator of the CFDs and has no financial obligation. Disbursements from these CFDs are not part of the OCII budget and are included here for informational purposes only.

Table A1: Community Facilities District Annual Tax Levies and Bond Balances

District Number	District Name	FY 2016 Tax Levy	FY 15-16 Exps - Debt Svc	F Y15-16 Exps - Operation	Bonds Outstanding 6/30/15	Final Bond Maturity	Purpose
CFD#1[1]	South Beach Harbor	0.0	0.0	0.2	0.0	N/A	Park Maintenance
CFD#4[2]	Mission Bay North	0.0	0.0	0.0	19.6	8/1/2031	Infrastructure
CFD#5	Mission Bay North and South	1.6	0.0	2.4	N/A	N/A	Park Maintenance
CFD#6	Mission Bay South	10.1	7.9	0.0	138.0	8/1/2043	Infrastructure
CFD#7	Hunter's Point Shipyard	0.0	1.9	0.0	34.5	8/1/2036	Infrastructure
CFD#8	Hunter's Point Shipyard	0.0	0.0	1.7	N/A	N/A	Park Maintenance

1. Tax Levy will resume in 2015. FY2014 expense cover by bond surplus.
2. Debt Service for CFD#4 is paid from tax increment pledged under the Financing Plan of the Mission Bay North Owner Participation Agreement (11/16/98).

Evans, Derek

From: Stephanie Hummingbird <drsissy@gmail.com>
Sent: Wednesday, December 02, 2015 4:52 PM
To: Evans, Derek
Subject: Re: Cannabis State Legalization Task Force - Hearing - 12/10/15 - 10AM

Thank you for your email. My job situation has changed and my new hours will conflict with this committee. Please withdraw my application.

Thank you for your time.

Sincerely,
Stephanie Nuttman

On Wed, Dec 2, 2015 at 12:31 PM, Evans, Derek <derek.evans@sfgov.org> wrote:

Dear Applicant,

Your application to the **Cannabis State Legalization Task Force** will be considered by the Board of Supervisors Rules Committee at the following meeting:

Thursday, December 10, 2015

10:00 a.m.

City Hall, Legislative Chamber, Room 250

1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102

Please confirm you will be in attendance by replying to this e-mail or calling me directly at the number listed below. If you cannot attend, please notify our office.

You will be expected to attend the hearing, speak on your qualifications, and answer any questions from the Supervisors. Supervisors have been provided your application, resume, and letters of support—please expect that they have reviewed them—however, in preparing your remarks, do provide a brief background and your qualifications.

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 62 - 2015

APPROVING AN AMENDED BUDGET FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30, 2016, TO INCREASE, BY AN AMOUNT NOT TO EXCEED $135,000,000, BOND PROCEEDS TO BE RECEIVED BY THE SUCCESSOR AGENCY AND TO INCREASE ITS EXPENDITURE AUTHORITY BY $135,000,000 AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SUBMIT THE BUDGET TO THE MAYOR'S OFFICE AND THE BOARD OF SUPERVISORS

BASIS FOR RESOLUTION

WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the "Former Redevelopment Agency") and FOCIL-MB, LLC (the "Master Developer"), as assignee of Catellus Development Corporation, are parties to a Mission Bay South Owner Participation Agreement executed November 16, 1998, and amended three times (as further amended, the "OPA"), which includes the "Mission Bay South Financing Plan" (the "Financing Plan") and which provides, among other things, that tax increment financing will be used to reimburse the Master Developer's expenditures for public infrastructure; and,

WHEREAS, As part of the OPA, the Former Redevelopment Agency entered into a series of binding agreements, including the Mission Bay South Tax Increment Allocation Pledge Agreement executed November 16, 1998, by and between the City and County of San Francisco and the Former Redevelopment Agency (the "Pledge Agreement"), to which the Master Developer is an express third-party beneficiary; and,

WHEREAS, On February 1, 2012, state law dissolved the Former Redevelopment Agency and required the transfer of certain of its assets and obligations to the Successor Agency to the Former Redevelopment Agency, commonly known as the Office of Community Investment and Infrastructure ("Successor Agency" or "OCII"), Cal. Health & Safety Code §§ 34170 et seq. ("Redevelopment Dissolution Law"); and,

WHEREAS, The California Department of Finance has finally and conclusively determined that the OPA and Pledge Agreement are enforceable obligations that survived the dissolution of the Former Redevelopment Agency and that became the responsibility of the Successor Agency; and,

WHEREAS, The OPA, including the Financing Plan and the Pledge Agreement, contain an irrevocable pledge of property tax increment (formerly tax increment revenues) to the payment of Mission Bay South Redevelopment Project Area Infrastructure Costs, as defined in the Financing Plan, ("Infrastructure Costs") and the Successor Agency is obligated, under the OPA, including the Financing Plan and the Pledge

Agreement, to issue bonds or incur other indebtedness secured by an irrevocable pledge of tax increment revenues to pay such Infrastructure Costs; and,

WHEREAS, The Master Developer has submitted a written request to the Successor Agency, Letter, November 14, 2014, and the Successor Agency staff, its consultants and bond counsel, and the Master Developer have met and conferred, over several months, and have determined that, pursuant to the Financing Plan and the Pledge Agreement, but subject to the approval of the Oversight Board and the California Department of Finance, the Successor Agency will issue additional Tax Allocation Debt to reimburse the Master Developer for Infrastructure Costs; and,

WHEREAS, Section 34177.5(a)(4) provides that a successor agency may, subject to the approval of the oversight board and the California Department of Finance, issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge; and,

WHEREAS, Under Redevelopment Dissolution Law, Cal. Health & Safety Code Section 34173, and San Francisco Ordinance No. 215-12 (Oct. 4, 2012), the OCII is a separate legal entity from the City and is subject to the governance of the Board of Supervisors of the City and County of San Francisco ("Board of Supervisor"), acting in its legislative capacity. Under Section 33606 of the California Health and Safety Code, the Board of Supervisors must approve the Successor Agency's annual budget, which is required to include proposed revenues, expenditures, and indebtedness, and must also approve budget amendments; and,

WHEREAS, On May 5, 2015, this Commission approved, by Resolution 25-2015, a budget for FY 2015-16; subsequently, the Board of Supervisors approved, by Resolution No.278-15 (July 30, 2015), the Successor Agency budget for FY 2015-16 and authorized the issuance of bonds not to exceed $51,000,000; and,

WHEREAS, Subsequent to the final approval of the Successor Agency's FY 2015-16 budget, the Successor Agency has determined that the issuance of additional tax allocation debt is necessary and appropriate to fulfill its obligations under the OPA. The proposed issuance includes two series of tax allocation revenue bonds for Mission Bay South Redevelopment Project Area in an aggregate principal amount not to exceed $135 million and increases budgetary expenditure by $135 million ("Additional Tax Allocation Debt"); and,

WHEREAS, The proceeds of the bonds will, as required by the OPA, be used for the reimbursement of Infrastructure Costs and costs associated with the issuance of those bonds; and,

WHEREAS, The bonds will likely issue in two series: Series 2015C in a principal amount not to exceed $45 million will be a "parity bond" issued on the same terms as the currently outstanding Mission Bay South Redevelopment Project Area tax-exempt tax allocation bonds; and Series 2015D subordinate bond in a principal amount not to exceed $90 million, the debt service on which will be payable only after the debt service on the parity bonds has been paid; and,

WHEREAS, Issuance of the Additional Tax Allocation Debt will require an amendment to the Successor Agency's budget for FY 2015-16 to receive and expend an additional $135 million and will also require Board of Supervisors' authorization of the additional debt; and,

WHEREAS, Approval of the FY 2015-16 Budget is not a "Project," as defined by the California Environmental Quality Act ("CEQA") Guidelines Sections 15378(b)(4) and 15378(b)(5). The budget will provide administrative, technical assistance support, and funding for activities authorized under Redevelopment Dissolution Law. Actions related to the approval of the budget will not independently result in a physical change in the environment are not subject to environmental review under CEQA; now, therefore, be it

RESOLVED, That the Successor Agency approves amendments to its fiscal year budget for the period July 1, 2015 through June 30, 2016 ("FY 2015-16 Budget"), attached to this Resolution as Attachment A, to (1) increase the amount of bond proceeds to be received by the Successor Agency in an additional principal amount not to exceed $135 million and (2) increase expenditure authority by $135 million; and furthermore authorizes the Executive Director to transmit the FY 2015-16 Amended Budget to the Mayor's Office and the Board of Supervisors and to make any nonmaterial changes that may be proposed during review by the Mayor or Board of Supervisors, provided that the Executive Director shall seek Commission approval for any material changes to the budget.

Attachment A: OCII FY 2015-16 Budget, as amended

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of October 20, 2015.

____
Commission Secretary

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 63 - 2015

AUTHORIZING THE ISSUANCE OF TAX ALLOCATION REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $125,000,000, AND APPROVING AND DIRECTING THE EXECUTION OF AN INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND REDEMPTION AGREEMENTS, AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY NORTH PROJECT AREA

WHEREAS, Under California Assembly Bill No. 1X26 (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. 5194861, all redevelopment agencies in the State of California (the "State"), including the Redevelopment Agency of the City and County of San Francisco (the "Former 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; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 ("AB 1484") amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities (Section 34173 (g) of the California Health and Safety Code (the "Code")), and have the authority, with approval of the oversight board and the California Department of Finance, to issue bonds for certain refunding purposes (Section 34177.5(a)(1) of the Code), and the Governor of the State signed the bill and it became effective on June 27, 2012; and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency (as defined herein) is a separate legal entity from the City, (b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in AB 26 as amended by AB 1484, and as it may be further amended from time to time (collectively referred to in the Implementing Ordinance as the "Redevelopment Dissolution Law"), title to all assets, and all rights, obligations and liabilities of the Former Redevelopment Agency, (c) declared that the name of the Successor Agency is the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (d) established the Successor Agency Commission (the "Successor Agency Commission") and delegated to the Successor Agency Commission the authority (excluding authority as to the "Housing Assets," as defined in the Implementing Ordinance) to act in place of the Former

Redevelopment Agency Commission to, among other matters: (i) implement, modify, enforce and complete the Former Redevelopment Agency's enforceable obligations, except with respect to certain enforceable obligations for specified affordable housing purposes, (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the oversight board of the Successor Agency established pursuant to the provisions of the Redevelopment Dissolution Law (the "Oversight Board"), (e) designated the means by which the five members of the Successor Agency Commission would be determined, and (f) provided for an Executive Director of, and legal counsel to, the Successor Agency; and,

WHEREAS, The Successor Agency is also known as the Office of Community Investment and Infrastructure ("OCII") and its commission is known as the Commission on Community Investment and Infrastructure; and,

WHEREAS, Prior to the dissolution of the Former Redevelopment Agency, the Former Redevelopment Agency entered into the following loan agreements (collectively, the Existing Loan Agreements") to finance and refinance redevelopment activities with respect to its Mission Bay North Redevelopment Project Area:

(i) Loan Agreement dated as of July 1, 2005 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the City and County of San Francisco Redevelopment Financing Authority (the "Authority");

(ii) Loan Agreement dated as of August 1, 2006 among the Former Redevelopment Agency, The Bank of New York Trust Company, N.A., as trustee, and the Authority;

(iii) Loan Agreement dated as of September 1, 2009 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority; and

(iv) Loan Agreement dated as of March 1, 2011 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority; and,

WHEREAS, In connection with the execution and delivery of the Existing Loan Agreements, the Authority issued the following bonds (collectively, the "Prior Bonds"):

(i) $16,230,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2005 Series D Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project);

(ii) $34,510,000 principal amount of City and County of San Francisco Redevelopment Financing Authority 2006 Series B Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project – Infrastructure);

(iii) $25,715,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2009 Series C Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project); and

(iv) $27,335,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2011 Series C Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project); and,

WHEREAS, Section 34177.5(a)(1) of the Code provides that a successor agency may, subject to the approval of the oversight board and the California Department of Finance, issue bonds or incur other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency to provide savings to the successor agency, provided that the conditions set forth in that section (the "Savings Parameters") are met; and,

WHEREAS, Section 34177.5(b) of the Code authorizes a successor agency to issue such refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law"); and,

WHEREAS, In order to refinance the Existing Loan Agreements and the Prior Bonds under the authority of Section 34177.5(a)(1) of the Code and the Refunding Law, the Successor Agency has determined, subject to the approval of the Oversight Board and the California Department of Finance, to issue its refunding bonds (the "2016 Series A Bonds") captioned "2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project)"; and,

WHEREAS, The 2016 Series A Bonds will be payable from "Tax Revenues" (as defined in the Indenture) on a parity to the Successor Agency's repayment obligations under the Existing Loan Agreements, if any, that will remain outstanding after the issuance of the 2016 Series A Bonds; and,

WHEREAS, To determine that the issuance of the 2016 Series A Bonds, the refinancing of the Existing Loan Agreements and the resulting refunding of the Prior Bonds comply with the Savings Parameters, the Successor Agency has caused its financial advisor, Public Financial Management, Inc.(the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the 2016

Series A Bonds to prepay the Existing Loan Agreements and, thereby, to refund the Prior Bonds (the "Debt Service Savings Analysis"); and,

WHEREAS, The sale of the 2016 Series A Bonds will comply with the provisions of the Successor Agency's debt policy (the "Debt Policy"), adopted by Resolution 72-2014 of the Successor Agency Commission on August 19, 2014, unless such compliance is waived in accordance with the Debt Policy; and,

WHEREAS, The Financial Advisor has had input into the staff report submitted in connection with this Resolution, which addresses matters described in Section 34177.5(h) of the Code with respect to the 2016 Series A Bonds; and,

WHEREAS, The Successor Agency has determined, subject to the approval of the Oversight Board and the California Department of Finance, to sell the 2016 Series A Bonds to Citigroup Global Markets Inc., Backstrom McCarley Berry & Company, LLC, and Stinson Securities, LLC (collectively, the "Underwriters") pursuant to a Bond Purchase Contract (the "Purchase Contract") between the Successor Agency and the Underwriters; and,

WHEREAS, The following documents and instruments have been made available to the Successor Agency and the public and are on file with the Secretary of the Successor Agency: an Indenture of Trust (the "Indenture") between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"), providing for the issuance of the 2016 Series A Bonds; a Redemption Agreement for each of the Prior Bonds and the related Existing Loan Agreements (each a "Redemption Agreement") providing for the refinancing of the Existing Loan Agreements, and the refunding and defeasance of the Prior Bonds; and the Purchase Contract to be used in connection with the sale of the 2016 Series A Bonds (the "Purchase Contract"); and,

WHEREAS, The Successor Agency is now requesting that the Oversight Board direct the Successor Agency to undertake the refunding proceedings and to approve the issuance of the 2016 Series A Bonds pursuant to this Resolution and the Indenture; and,

WHEREAS, The Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Series A Bonds; and,

WHEREAS, Following approval by the Oversight Board of the issuance of the 2016 Series A Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of the Financial Advisor, bond counsel to the Successor Agency ("Bond Counsel"), disclosure counsel to the Successor Agency ("Disclosure Counsel"), and the fiscal consultant to the Successor Agency (the "Fiscal Consultant"), cause to be prepared a form of Official Statement describing the 2016 Series A Bonds and containing material information relating to the Successor Agency and the 2016 Series A Bonds, the preliminary form of which will be submitted to the Successor Agency (but not the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2016 Series A Bonds; and,

WHEREAS, The sale and issuance of the 2016 Series A Bonds are Successor Agency fiscal activities that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now therefore, be it

RESOLVED, The Successor Agency Commission finds that:

The Successor Agency has full authority under Section 34177.5(a)(1) of the Code to issue the 2016 Series A Bonds and to refinance the Existing Loan Agreements and the Prior Bonds, and upon the Oversight Board's approval and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, all acts and proceedings required by law necessary to make the 2016 Series A Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Successor Agency, and to constitute the Indenture a valid and binding agreement for the uses and purposes therein set forth, in accordance with its terms, will have been done or taken and the execution and delivery of the Indenture will have been in all respects duly authorized; and, be it further

RESOLVED, The Successor Agency Commission has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the 2016 Series A Bonds to provide funds to refund, discharge and defease the Existing Loan Agreements and the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency, which is hereby approved; and, be it further

RESOLVED, Pursuant to this Resolution, the Indenture, Section 34177.5(b) of the Code, and the Refunding Law, the 2016 Series A Bonds are hereby authorized to be issued, subject to the approval of the Oversight Board and the California Department of Finance, provided that the aggregate initial amount of the 2016 Series A Bonds shall not exceed $125,000,000 and that the 2016 Series A Bonds shall be in compliance with the Savings Parameters at the time of their issuance and delivery. The 2016 Series A Bonds shall be executed in the form set forth in and otherwise as provided in the Indenture. Notwithstanding the foregoing, the Successor Agency may issue more than one series of refunding bonds at different times if the Authorized Officers determine it is in the best interests of the Successor Agency to do so, provided that the maximum combined principal amount of all refunding bonds shall not exceed $125,000,000; and, be it further

RESOLVED, It is the intent of the Successor Agency to sell and deliver the 2016 Series A Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the 2016 Series A Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the 2016 Series A Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the 2016 Series A Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the 2016 Series A Bonds that meet the Savings Parameters. If the 2016 Series A Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the 2016 Series A Bonds without the further approval of the Oversight Board provided that in each such instance the 2016 Series A Bonds so sold and delivered in part are in compliance with the Savings Parameters; and, be it further

RESOLVED, The Indenture is hereby approved in the form lodged with the Successor Agency's Secretary. The Executive Director and the Deputy Executive Director, Finance and Administration (each being hereinafter referred to as an "Authorized Officer"), each acting alone, are hereby authorized and directed, subject to the Oversight Board's approval and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Indenture in said form, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Officer. The date, manner of payment, interest rate or rates, interest payment dates. denominations, form, registration, privileges, manner of execution, place of payment terms of redemption and other terms of the 2016 Series A Bonds shall be as provided in the Indenture as finally executed. Each Authorized Officer is hereby authorized and directed to select one or more banking corporations, trust companies or national banking associations to serve as trustee under the Indenture; and, be it further

RESOLVED, The Redemption Agreements are hereby approved in the forms lodged with the Successor Agency's Secretary. Each Authorized Officer, acting alone, is hereby authorized and directed, subject to the Oversight Board's approval, and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Redemption Agreements in said forms, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Redemption Agreements by an Authorized Officer; and, be it further

RESOLVED, The Successor Agency hereby approves the selection of the Underwriters. The Purchase Contract is hereby approved in the form lodged with the Successor Agency's Secretary. An Authorized Officer is hereby authorized and directed to accept the offer of the Underwriters to purchase the 2016 Series A Bonds, provided that the following conditions are met: (a) the aggregate initial amount of the 2016 Series A Bonds may not exceed $125,000,000, the true interest cost of the 2016 Series A Bonds may not exceed 5.5% per annum, and the Underwriters' discount for the 2016 Series A Bonds, without regard to any original issue discount, may not exceed 0.70% of the aggregate initial amount of the 2016

Series A Bonds; (b) the net present value savings obtained by issuing the 2016 Series A Bonds, based on the debt service of the Prior Bonds being refunded, is not less than 3% of the principal amount of the Prior Bonds being refunded (provided, however, that, in accordance with the Debt Policy of the Successor Agency, this criterion may be waived in order to take advantage of the current historically low interest rate environment and the economic efficiency of including multiple loans in the current refinancing); and (c) the issuance of the 2016 Series A Bonds and the refunding of the Existing Loan Agreements and the Prior Bonds comply with the Savings Parameters. Subject to the Oversight Board's approval, and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, an Authorized Officer is hereby authorized and directed to execute and deliver each Purchase Contract in said form, with such additions thereto or changes therein as are recommended or approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of each Purchase Contract by an Authorized Officer; and, be it further

RESOLVED, Following approval by the Oversight Board of the issuance of the 2016 Series A Bonds by the Successor Agency and upon approval by the California Department of Finance of such approval by the Oversight Board, the Successor Agency will, with the assistance of Disclosure Counsel, Bond Counsel, the Fiscal Consultant and the Financial Advisor, cause to be prepared a form of Official Statement describing the 2016 Series A Bonds and containing material information relating to the Successor Agency and the 2016 Series A Bonds, the preliminary form of which will be submitted to the Successor Agency (but not to the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2016 Series A Bonds; and, be it further

RESOLVED, The 2016 Series A Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the 2016 Series A Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the 2016 Series A Bonds, when duly executed and authenticated, to the Underwriters in accordance with written instructions executed on behalf of the Successor Agency by an Authorized Officer, which instructions such officer is hereby authorized and directed to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the 2016 Series A Bonds to the Underwriters upon payment of the purchase price therefor; and, be it further

RESOLVED, The Successor Agency hereby requests the Oversight Board, as authorized by Section 34177.5(f) of the Code, to direct the Successor Agency to undertake the refunding proceedings and as authorized by Sections 34177.5(f) and 34180 of the Code to approve the issuance of the 2016 Series A Bonds pursuant to Section 34177.5(a)(1) of the Code, this Resolution and the Indenture; and, be it further

RESOLVED, The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Series A Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f) of the Code, to recover its costs related to the issuance of the 2016 Series A Bonds from the proceeds of the 2016 Series A Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the 2016 Series A Bonds.

(b) The application of proceeds of the 2016 Series A Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds and the refinancing of the Existing Loan Agreements, as well as the payment by the Successor Agency of costs of issuance of the 2016 Series A Bonds, as provided in Section 34177.5(a) of the Code, shall be implemented by the Successor Agency promptly upon sale and delivery of the 2016 Series A Bonds, notwithstanding Section 34177.3 of the Code or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, or any other person or entity other than the Successor Agency.

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) of the Code without any deductions with respect to continuing post-issuance compliance and administration costs related to the 2016 Series A Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183 of the Code. In addition and as provided by Section 34177.5(f) of the Code, if the Successor Agency is unable to complete the issuance of the 2016 Series A Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings of the 2016 Series A Bonds from such property tax revenues pursuant to Section 34183 of the Code without reduction in its Administrative Cost Allowance; and, be it further

RESOLVED The Successor Agency is hereby authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) of the Code, with the California Department of Finance, the Administrative Officer and Auditor-Controller of the City and County of San Francisco; and, be it further

RESOLVED, The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy and/or reserve account surety bond, or both, for the 2016 Series A Bonds, or any portion thereof, from a municipal bond insurance company if it is determined, upon consultation with the Financial Advisor and the Underwriters, that such municipal bond insurance policy and/or surety bond will reduce the true interest costs with respect to the 2016 Series A Bonds; and, be it further

RESOLVED, That, subject to the preparation and approval of the Official Statement, as described above, this Commission authorizes all actions heretofore taken by the officers and agents of the Successor Agency with respect to the sale and issuance of the 2016 Series A Bonds herein authorized, the expenditure of the proceeds of the 2016 Series A Bonds is hereby approved, confirmed and ratified, and the proper officers of the Successor Agency are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2016 Series A Bonds in accordance with this Resolution and any certificate, agreement and other document described in the documents herein approved.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of October 20, 2015.

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Commission Secretary

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 64 - 2015

AUTHORIZING THE ISSUANCE OF NEW MONEY AND REFUNDING TAX ALLOCATION BONDS FOR THE MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA IN AGGREGATE PRINCIPAL AMOUNTS NOT TO EXCEED $45,000,000 AND $115,000,000, RESPECTIVELY, AND APPROVING AND DIRECTING THE EXECUTION OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND REDEMPTION AGREEMENTS, AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the "Former Redevelopment Agency") and FOCIL-MB, LLC (the "Master Developer"), as assignee of Catellus Development Corporation, are parties to a Mission Bay South Owner Participation Agreement executed November 16, 1998, as amended by the First Amendment, dated February 17, 2004, by the Second Amendment, dated November 1, 2005, and by the Third Amendment, dated May 21, 2013 (as further amended, the "OPA"), which includes Attachment E thereto, entitled "Mission Bay South Financing Plan" (the "Financing Plan"); and,

WHEREAS, In connection with the execution of the OPA, and as part of the OPA, the Former Redevelopment Agency entered into a series of binding agreements regarding the public and private project to be financed through the OPA, including the Mission Bay South Tax Increment Allocation Pledge Agreement executed November 16, 1998, by and between the City and County of San Francisco and the Former Redevelopment Agency (the "Pledge Agreement"), to which the Master Developer is an express third-party beneficiary; and,

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) ("AB 26") and the California Supreme Court's decision in <u>California Redevelopment Association v. Matosantos, No. 5194861</u>, all redevelopment agencies in the State of California (the "State"), including the Former 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; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 ("AB 1484") amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities, Section 34173 (g) the California Health and Safety Code (the "Code"), and have the authority, with approval of the oversight board and the California Department of Finance, to issue certain bonds, Section 34177.5(a)(4) of the Code ("Section 34177.5(a)(4)"), and the Governor of the State signed the bill and it became effective on June 27, 2012; and, WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency is a separate legal entity from the City, (b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in AB 26 as amended by AB 1484, and as it may be further amended from time to time (collectively referred to in the Implementing Ordinance as the "Redevelopment Dissolution Law"), title to all assets, and all rights, obligations and liabilities of the Former Redevelopment Agency, (c) declared that the name of the Successor Agency is the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (d) established the Successor Agency Commission (the "Successor Agency Commission") and delegated to the Successor Agency Commission the authority (excluding authority as to the "Housing Assets," as defined in the Implementing Ordinance) to act in place of the Former Redevelopment Agency Commission to, among other matters: (i) implement, modify, enforce and complete the Former Redevelopment Agency's enforceable obligations, except with respect to certain enforceable obligations for specified affordable housing purposes, (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the oversight board of the Successor Agency established pursuant to the provisions of the Redevelopment Dissolution Law (the "Oversight Board"), (e) designated the means by which the five members of the Successor Agency Commission would be determined, and (f) provided for an Executive Director of, and legal counsel to, the Successor Agency; and,

WHEREAS, The Successor Agency is also known as the Office of Community Investment and Infrastructure ("OCII") and its commission is known as the Commission on Community Investment and Infrastructure; and,

WHEREAS, The Financing Plan and the Pledge Agreement pledge tax increment generated from the Mission Bay South Redevelopment Project Area to the Master Developer to reimburse the Master Developer for Infrastructure Costs (as defined in the Financing Plan), which includes using such tax increment revenues to pay debt service on Tax Allocation Debt (as such term is defined in the Financing Plan); and,

WHEREAS, Pursuant to the Financing Plan, the Successor Agency is obligated to issue Tax Allocation Debt so long as any of the Infrastructure (as defined in the Financing Plan) has not been completed or the Infrastructure Costs have not been reimbursed to the Master Developer from the proceeds of Net Available Increment (as such term is defined in the Financing Plan) or Tax Allocation Debt, the Master Developer has submitted a written request to the Successor Agency, as successor to the Former Redevelopment Agency, requesting the Successor Agency to issue CFD debt or Tax Allocation Debt (as such terms are defined in the Financing Plan), and the staff of the Successor Agency and appropriate Successor Agency consultants have met and conferred with the Master Developer as to the amount and timing of the proposed bond issue, Sections 6.A. of Financing Plan at p. 13-14; and,

WHEREAS, The Master Developer has submitted a written request to the Successor Agency, Letter, November 14, 2014, and the staff of the Successor Agency, appropriate Successor Agency consultants and the Master Developer have met and conferred and have determined that, pursuant to the Financing Plan and the Pledge Agreement but subject to the approval of the Oversight Board and the California Department of Finance, the Successor Agency will issue additional Tax Allocation Debt to reimburse the Master Developer for Infrastructure Costs; and,

WHEREAS, Section 34177.5(a)(4) provides that a successor agency may, subject to the approval of the oversight board and the California Department of Finance, issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge; and,

WHEREAS, The OPA, including the Financing Plan and the Pledge Agreement, contain an irrevocable pledge of property tax increment, formerly tax increment revenues, to the payment of Infrastructure Costs, and the Successor Agency is obligated, under the OPA, including the Financing Plan and the Pledge Agreement, to issue bonds or incur other indebtedness secured by an irrevocable pledge of tax increment revenues to pay such Infrastructure Costs; and,

WHEREAS, Inasmuch as the requirements of Section 34177.5(a)(4) have been met, in response to the November 14, 2014 request of the Master Developer, the Successor Agency has determined to issue, subject to the approval of the Oversight Board and the California Department of Finance, pursuant to the authority set forth in Section 34177.5(a)(4), its 2016 Series B Bonds (as defined below); and,

WHEREAS, The 2016 Series B Bonds will also be from Tax Revenues on a parity with the Successor Agency's $56,245,000 initial aggregate principal amount of 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "2014 Bonds") and, to the extent not prepaid in full as set forth below, the Existing Loan Agreements (as defined below); and,

WHEREAS, Prior to the dissolution of the Former Redevelopment Agency, the Former Redevelopment Agency entered into the following loan agreements (collectively, the Existing Loan Agreements") to finance and refinance redevelopment activities with respect to its Mission Bay South Redevelopment Project Area:

(i) the Loan Agreement dated as of September 1, 2009 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the City and County of San Francisco Redevelopment Financing Authority (the "Authority"); and,

(ii) the Loan Agreement dated as of March 1, 2011 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority; and,

WHEREAS In connection with the execution and delivery of the Existing Loan Agreements, the Authority issued the following bonds (collectively, the "Prior Bonds"):

(i) $49,810,000 initial principal amount of City and County of San Francisco Redevelopment Financing Authority 2009 Series D Tax Allocation Revenue Bonds (Mission Bay South Redevelopment Project); and,

(ii) $36,485,000 initial principal amount of City and County of San Francisco Redevelopment Financing Authority 2011 Series D Tax Allocation Revenue Bonds (Mission Bay South Redevelopment Project); and,

WHEREAS, Section 34177.5(a)(1) of the Code provides that a successor agency may issue bonds or incur other indebtedness to refund the bonds or other indebtedness of its former redevelopment agency to provide savings to the successor agency, provided that the conditions set forth in that section (the "Savings Parameters") are met; and,

WHEREAS, Section 34177.5(b) of the Code authorizes a successor agency to issue such refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law"); and,

WHEREAS, In order to refinance all or a portion of the Existing Loan Agreements and the related Prior Bonds, under the authority of Section 34177.5(a)(1) of the Code and the Refunding Law, the Successor Agency has determined, subject to the approval of the Oversight Board and the California Department of Finance, to issue its refunding bonds (the "2016 Series C Bonds") captioned "2016 Series C Tax Allocation Refunding Bonds (Mission Bay South Redevelopment Project)" (as defined below) and payable from Tax Revenues on a parity with the 2014 Bonds and the 2016 Series B Bonds and the Existing Loan Agreements that are not refunded in full; and,

WHEREAS, To determine that the issuance of the 2016 Series C Bonds, the refunding of the Prior Bonds and the refinancing of the Existing Agreements comply with the Savings Parameters, the Successor Agency has caused its financial advisor, Public Financial Management, Inc. (the "Financial Advisor"), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the 2016 Series C Bonds to prepay the Existing Loan Agreements and, thereby, to refund the Existing Loan Agreements and the Prior Bonds (the "Debt Service Savings Analysis"); and,

WHEREAS, The sale of the 2016 Series C Bonds will comply with the provisions of the Successor Agency's debt policy (the "Debt Policy"), adopted by Resolution 72-2014 of the Successor Agency Commission on August 19, 2014, unless such compliance is waived in accordance with the Debt Policy; and,

WHEREAS The Financial Advisor has had input into the staff report for this Resolution, which staff report addresses matters described in Section 34177.5(h) of the Code with respect to both the 2016 Series B Bonds and the 2016 Series C Bonds; and,

WHEREAS, The Successor Agency has determined, subject to the approval of the Oversight Board and the California Department of Finance, to sell the 2016 Series B Bonds and the 2016 Series C Bonds to Stifel, Nicolaus & Company, Incorporated, Backstrom McCarley Berry & Company, LLC, and Blaylock Beal Van, LLC (collectively, the "Underwriters") pursuant to a Bond Purchase Contract (the "Purchase Contract") among the Successor Agency, the Authority and the Underwriters; and,

WHEREAS, The following documents and instruments have been made available to the Successor Agency and the public, are on file with the Secretary of the Successor Agency: the 2014 Indenture, a First Supplemental Indenture of Trust (the "First Supplement") between the Successor Agency and the Trustee providing for the issuance of the 2016 Series B Bonds and the 2016 Series C Bonds, a Redemption Agreement relating to each of the Prior Bonds and the Existing Loan Agreements (each, a "Redemption Agreement") providing for the refinancing of the Existing Loan Agreements, and the refunding and defeasance of the Prior Bonds, and the Purchase Contract to be used in connection with the sale of the 2016 Series B Bonds and the 2016 Series C Bonds; and,

WHEREAS, The Successor Agency is now requesting that the Oversight Board direct the Successor Agency to undertake the refunding proceedings relating to the 2016 Series C Bonds and to approve the issuance of both the 2016 Series B Bonds and the 2016 Series C Bonds pursuant to this Resolution and the Indenture; and,

WHEREAS, The Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Series B Bonds and the 2016 Series C Bonds; and,

WHEREAS, Following approval by the Oversight Board of the issuance of the 2016 Series B Bonds and the 2016 Series C Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of the Financial Advisor, bond counsel to the Successor Agency ("Bond Counsel"), disclosure counsel to the Successor Agency ("Disclosure Counsel"), and the fiscal consultant to the Successor Agency (the "Fiscal Consultant"), cause to be prepared a form of Official Statement describing the 2016 Series B Bonds and the 2016 Series C

Bonds and containing material information relating to the Successor Agency and the 2016 Series B Bonds and the 2016 Series C Bonds, the preliminary form of which will be submitted to the Successor Agency (but not the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2016 Series B Bonds and the 2016 Series C; and,

WHEREAS, The sale and issuance of the 2016 Series B Bonds and the 2016 Series C Bonds are Successor Agency fiscal activities that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now therefore, be it

RESOLVED, The Successor Agency Commission finds that:

The Successor Agency has full authority under Section 34177.5(a)(4) of the Code to issue the 2016 Series B Bonds to reimburse the Master Developer for Infrastructure Costs, as required by the OPA, and upon the Oversight Board's approval and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, all acts and proceedings required by law necessary to make the 2016 Series B Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Successor Agency, and to constitute the First Supplement valid and binding agreements for the uses and purposes therein set forth, in accordance with its terms, will have been done or taken and the execution and delivery of the First Supplement will have been in all respects duly authorized; and, be it further

RESOLVED, Pursuant to this Resolution, the Indenture, and Section 34177.5(a)(4) of the Code, tax increment bonds of the Successor Agency are hereby authorized to be issued, subject to the approval of the Oversight Board and the California Department of Finance, designated as "Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series B Tax Allocation Bonds (Mission Bay South Redevelopment Project)" (the "2016 Series B Bonds"). The aggregate initial amount of the 2016 Series B Bonds shall not exceed $45,000,000. The 2016 Series B Bonds shall be executed in the form set forth in and otherwise as provided in the First Supplement; and, be it further

RESOLVED, The Successor Agency has full authority under Section 34177.5(a)(1) of the Code to issue the 2016 Series C Bonds and to refinance the Existing Loan Agreements and the related Prior Bonds, and upon the Oversight Board's approval and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, all acts and proceedings required by law necessary to make the 2016 Series C Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the Successor Agency; and, be it further

RESOLVED, The Successor Agency Commission has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the 2016 Series C Bonds to provide funds to refund and defease the Existing Loan Agreements and Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency, which is hereby approved; and, be it further

RESOLVED, Pursuant to this Resolution, the Indenture, Section 34177.5(b) of the Code, and the Refunding Law, the 2016 Series C Bonds are hereby authorized to be issued, subject to the approval of the Oversight Board and the California Department of Finance, provided that the aggregate initial amount of the 2016 Series C Bonds shall not exceed $115,000,000, and the 2016 Series C Bonds shall be in compliance with the Savings Parameters at the time of their issuance and delivery. The 2016 Series C Bonds shall be executed in the form set forth in and otherwise as provided in the First Supplement. Notwithstanding the foregoing, the Successor Agency may issue more than one series of refunding bonds at different times if the Authorized Officers (as defined below) determine it is in the best interests of the Successor Agency to do so, provided that the maximum combined principal amount of all refunding bonds shall not exceed $115,000,000; and, be it further

RESOLVED, It is the intent of the Successor Agency to sell and deliver the 2016 Series C Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the 2016 Series C Bonds in whole or, if such Savings Parameters cannot be met with respect to the whole, then in part; provided that the 2016 Series C Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the 2016 Series C Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the Existing Loan Agreements and the Prior Bonds that meet the Savings Parameters. If the 2016 Series C Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the 2016 Series C Bonds without the further approval of the Oversight Board provided that in each such instance the 2016 Series C Bonds so sold and delivered in part are in compliance with the Savings Parameters; and, be it further

RESOLVED, The First Supplement is hereby approved in the form lodged with the Successor Agency's Secretary. The Executive Director and the Deputy Executive Director, Finance and Administration (each being hereinafter referred to as an "Authorized Officer"), each acting alone, are hereby authorized and directed, subject to the Oversight Board's approval, and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Indenture in said form, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Officer. The date, manner of payment, interest rate or rates, interest payment dates. denominations, form, registration, privileges, manner of execution, place of payment terms of redemption and other terms of the 2016

Series B Bonds and the 2016 Series C Bonds shall be as provided in the Indenture as finally executed; and be it further

RESOLVED, The Redemption Agreements are hereby approved in the forms lodged with the Successor Agency's Secretary. Each Authorized Officer, acting alone, is hereby authorized and directed, subject to the Oversight Board's approval, and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Redemption Agreements in said forms, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Redemption Agreements by an Authorized Officer; and, be it further

RESOLVED, The Successor Agency hereby approves the selection of the Underwriters. The Purchase Contract among the Successor Agency, the Authority and the Underwriters is hereby approved in the form lodged with the Successor Agency's Secretary. An Authorized Officer is hereby authorized and directed to accept the offer of the Authority to purchase the 2016 Series B Bonds and the 2016 Series C Bonds from the Successor Agency for resale to the Underwriters (pursuant to Sections 6588 and 6589 of the California Government Code) as set forth in the Purchase Contract; provided that the aggregate initial amount of the 2016 Series B Bonds sold thereby is not in excess of $45,000,000, the aggregate initial amount of the 2016 Series C Bonds sold thereby is not in excess of $115,000,000], the true interest cost of the 2016 Series B Bonds and the 2016 Series C Bonds is not in excess of 5.50% per annum and the Underwriters' discount, without regard to any original issue discount, is not in excess of 0.70% of the aggregate initial amount of the 2016 Series B Bonds and the 2016 Series C Bonds) and, subject to the Oversight Board's approval, and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Purchase Contract in said form, with such additions thereto or changes therein as are recommended or approved by an Authorized Officer upon consultation with the Successor Agency and its Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Purchase Contract by an Authorized Officer. Additionally, the 2016 Series C Bonds shall not be sold, issued and delivered unless the sale of the 2016 Series C Bonds and the refunding of the Existing Loan Agreement and the Prior Bonds meets the Savings Parameters, as provided above, and the net present value savings obtained by issuing the 2016 Series C Bonds, based on the debt service of the Prior Bonds being refunded, is not less than 3% of the principal amount of the Prior Bonds being refunded (provided, however, that, in accordance with the Debt Policy of the Successor Agency, this criterion may be waived in order to take advantage of the current historically low interest rate environment and the economic efficiency of including multiple loans in the current refinancing); and, be it further

RESOLVED, Following approval by the Oversight Board of the issuance of the 2016 Series B Bonds and the 2016 Series C Bonds by the Successor Agency and upon approval by the California Department of Finance of such approval by the Oversight Board, the Successor Agency will, with the assistance of Disclosure Counsel, Bond Counsel, the Fiscal Consultant and the Financial Advisor, cause to be prepared a form of Official Statement describing the 2016 Series B Bonds and the 2016 Series C Bonds and containing material information relating to the 2016 Series B Bonds and the 2016 Series C Bonds, the preliminary form of which will be submitted to the Successor Agency (but not to the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2016 Series B Bonds and the 2016 Series C Bonds; and, be it further

RESOLVED, The 2016 Series B Bonds and the 2016 Series C Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the 2016 Series B Bonds and the 2016 Series C Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the 2016 Series B Bonds and the 2016 Series C Bonds, when duly executed and authenticated, to the Underwriters in accordance with written instructions executed on behalf of the Successor Agency by an Authorized Officer, which instructions such officer is hereby authorized and directed to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the 2016 Series B Bonds and the 2016 Series C Bonds to the Underwriters in accordance with the Purchase Contract, upon payment of the purchase price therefor; and, be it further

RESOLVED The Successor Agency will spend the proceeds of the 2016 Series B Bonds in accordance with the requirements of the Redevelopment Dissolution Law, the OPA, the Pledge Agreement and the Financing Plan, and has and will include such expenditures, prior to their being made, on the Recognized Obligation Payment Schedules in accordance with the Redevelopment Dissolution Law; and, be it further

RESOLVED, The Successor Agency hereby requests the Oversight Board, as authorized by Section 34177.5(f) of the Code, to direct the Successor Agency to undertake the refunding proceedings and as authorized by Sections 34177.5(f) and 34180 of the Code to approve the issuance of the 2016 Series C Bonds pursuant to Section 34177.5(a)(1) of the Code, this Resolution and the Indenture; and, be it further

RESOLVED, The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Series C Bonds:

(a) The Successor Agency is authorized, as provided in Section 34177.5(f) of the Code, to recover its costs related to the issuance of the 2016 Series C Bonds from the proceeds of the 2016 Series C Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the 2016 Series C Bonds.

(b) The application of proceeds of the 2016 Series C Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds and the refinancing of the Existing Loan Agreements, as well as the payment by the Successor Agency of costs of issuance of the 2016 Series C Bonds, as provided in Section 34177.5(a) of the Code, shall be implemented by the Successor Agency promptly upon sale and delivery of the 2016 Series C Bonds, notwithstanding Section 34177.3 of the Code or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, or any other person or entity other than the Successor Agency.

(c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) of the Code without any deductions with respect to continuing post-issuance compliance and administration costs related to the 2016 Series C Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183 of the Code. In addition and as provided by Section 34177.5(f) of the Code, if the Successor Agency is unable to complete the issuance of the 2016 Series C Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings of the 2016 Series C Bonds from such property tax revenues pursuant to Section 34183 of the Code without reduction in its Administrative Cost Allowance; and, be it further

RESOLVED The Successor Agency is hereby authorized and directed to file the Debt Service Savings Analysis, together with a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) of the Code, with the California Department of Finance, the Administrative Officer and Auditor-Controller of the City and County of San Francisco; and, be it further

RESOLVED, The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy and/or reserve account surety bond, or both, for the 2016 Series B Bonds and 2016 Series C Bonds, or any portion thereof, from a municipal bond insurance company if it is determined, upon consultation with the Financial Advisor and the Underwriters, that such municipal bond insurance policy and/or surety bond will reduce the true interest costs with respect to the 2016 Series B Bonds and 2016 Series C Bonds; and, be it further

RESOLVED, That, subject to the preparation and approval of the Official Statement, as described above, this Commission authorizes all actions heretofore taken by the officers and agents of the Successor Agency with respect to the sale and issuance of the 2016 Series B Bonds and the 2016 Series C Bonds herein authorized, the expenditure of the proceeds of the 2016 Series B Bonds and the 2016 Series C Bonds is hereby approved, confirmed and ratified, and the proper officers of the Successor Agency are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2016 Series B Bonds and the 2016 Series C Bonds in accordance with this Resolution and any certificate, agreement and other document described in the documents herein approved.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of October 20, 2015.

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Commission Secretary

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 65 - 2015

AUTHORIZING THE ISSUANCE OF TAX ALLOCATION BONDS FOR THE MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $90,000,000, AND APPROVING AND DIRECTING THE EXECUTION OF AN INDENTURE OF TRUST AND A BOND PURCHASE CONTRACT, AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY SOUTH REDEVELOPMENT PROJECT AREA

WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the "Former Redevelopment Agency") and FOCIL-MB, LLC (the "Master Developer"), as assignee of Catellus Development Corporation, are parties to a Mission Bay South Owner Participation Agreement executed November 16, 1998, as amended by the First Amendment, dated February 17, 2004, by the Second Amendment, dated November 1, 2005, and by the Third Amendment, dated May 21, 2013 (as further amended, the "OPA"), which includes Attachment E thereto, entitled "Mission Bay South Financing Plan" (the "Financing Plan"); and,

WHEREAS, In connection with the execution of the OPA, and as part of the OPA, the Former Redevelopment Agency entered into a series of binding agreements regarding the public and private project to be financed through the OPA, including the Mission Bay South Tax Increment Allocation Pledge Agreement executed November 16, 1998, by and between the City and County of San Francisco and the Former Redevelopment Agency (the "Pledge Agreement"), to which the Master Developer is an express third-party beneficiary; and,

WHEREAS, Under California Assembly Bill No. 1X26 (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. 5194861, all redevelopment agencies in the State of California (the "State"), including the Former 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; and,

WHEREAS, In June of 2012, the California legislature adopted Assembly Bill 1484 ("AB 1484") amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities, Section 34173 (g) the California Health and Safety Code (the "Code"), and have the authority, with approval of the oversight board and the California Department of Finance, to issue certain bonds, Section 34177.5(a)(4) of the Code ("Section 34177.5(a)(4)"), and the Governor of the State signed the bill and it became effective on June 27, 2012; and, WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City adopted Ordinance No. 215-12 (the "Implementing Ordinance"), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency is a separate legal entity from the City, (b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in AB 26 as amended by AB 1484, and as it may be further amended from time to time (collectively referred to in the Implementing Ordinance as the "Redevelopment Dissolution Law"), title to all assets, and all rights, obligations and liabilities of the Former Redevelopment Agency, (c) declared that the name of the Successor Agency is the "Successor Agency to the Redevelopment Agency of the City and County of San Francisco," (d) established the Successor Agency Commission (the "Successor Agency Commission") and delegated to the Successor Agency Commission the authority (excluding authority as to the "Housing Assets," as defined in the Implementing Ordinance) to act in place of the Former Redevelopment Agency Commission to, among other matters: (i) implement, modify, enforce and complete the Former Redevelopment Agency's enforceable obligations, except with respect to certain enforceable obligations for specified affordable housing purposes; (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations; and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Successor Agency Commission deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the oversight board of the Successor Agency established pursuant to the provisions of the Redevelopment Dissolution Law (the "Oversight Board"), (e) designated the means by which the five members of the Successor Agency Commission would be determined, and (f) provided for an Executive Director of, and legal counsel to, the Successor Agency; and,

WHEREAS, The Successor Agency is also known as the Office of Community Investment and Infrastructure ("OCII") and its commission is known as the Commission on Community Investment and Infrastructure; and,

WHEREAS, The Financing Plan and the Pledge Agreement pledge tax increment generated from the Mission Bay South Redevelopment Project Area to the Master Developer to reimburse the Master Developer for Infrastructure Costs (as defined in the Financing Plan), which includes using such tax increment revenues to pay debt service on Tax Allocation Debt (as such term is defined in the Financing Plan); and,

WHEREAS, Pursuant to the Financing Plan, the Successor Agency is obligated to issue Tax Allocation Debt so long as any of the Infrastructure (as defined in the Financing Plan) has not been completed or the Infrastructure Costs have not been reimbursed to the Master Developer from the proceeds of Net Available Increment (as such term is defined in the Financing Plan) or Tax Allocation Debt, the Master Developer has submitted a written request to the Successor Agency, as successor to the Former Redevelopment Agency, requesting the Successor Agency to issue CFD debt or Tax Allocation Debt (as such terms are defined in the Financing Plan), and the staff of the Successor Agency and appropriate Successor Agency consultants have met and conferred with the Master Developer as to the amount and timing of the proposed bond issue, Sections 6.A. of Financing Plan at p. 13-14; and,

WHEREAS, The Master Developer has submitted another written request to the Successor Agency, Letter, November 14, 2014, and the staff of the Successor Agency, appropriate Successor Agency consultants and the Master Developer have met and conferred and have determined that, pursuant to the Financing Plan and the Pledge Agreement but subject to the approval of the Oversight Board and the California Department of Finance, the Successor Agency will issue additional Tax Allocation Debt to reimburse the Master Developer for Infrastructure Costs; and,

WHEREAS, Section 34177.5(a)(4) provides that a successor agency may, subject to the approval of the oversight board and the California Department of Finance, issue bonds or incur other indebtedness to make payments under enforceable obligations when the enforceable obligations include the irrevocable pledge of property tax increment, formerly tax increment revenues, or other funds and the obligation to issue bonds secured by that pledge; and,

WHEREAS, The OPA, including the Financing Plan and the Pledge Agreement, contain an irrevocable pledge of property tax increment, formerly tax increment revenues, to the payment of Infrastructure Costs, and the Successor Agency is obligated, under the OPA, including the Financing Plan and the Pledge Agreement, to issue bonds or incur other indebtedness secured by an irrevocable pledge of tax increment revenues to pay such Infrastructure Costs; and,

WHEREAS, Inasmuch as the requirements of Section 34177.5(a)(4) have been met, in response to the November 14, 2014 request of the Master Developer, the Successor Agency has determined to issue, subject to the approval of the Oversight Board and the California Department of Finance, pursuant to the authority set forth in Section 34177.5(a)(4), its 2016 Series D Bonds (as defined below); and,

WHEREAS, The 2016 Series D will be payable from Tax Revenues, as such termed in defined in the hereinafter mentioned Indenture, on a basis subordinate to the Successor Agency's $56,245,000 initial aggregate principal amount of 2014 Series A Tax Allocation Bonds (Mission Bay South Redevelopment Project) (the "2014 Bonds") and certain other debt of the Successor Agency payable on a parity basis with the 2014 Bonds, all as provide in the hereinafter mentioned Indenture; and,

WHEREAS, The Successor Agency has determined to sell the 2016 Series D Bonds to one or more (but not in excess of 5) Approved Institutional Buyers (collectively, the "Purchaser") pursuant to a Bond Purchase Contract (the "Purchase Contract") among the Successor Agency, the City and County of San Francisco Redevelopment Financing Authority (the "Authority") and the Purchaser; and,

WHEREAS, The following documents and instruments have been made available to the Successor Agency and the public, are on file with the Secretary of the Successor Agency: an Indenture of Trust (the "Indenture") providing for the issuance of the 2016 Series D Bonds, and the Bond Purchase Contract to be used in connection with the sale of the 2016 Series D Bonds (the "Purchase Contract"); and,

WHEREAS, The sale and issuance of the 2016 Series D Bonds are Successor Agency fiscal activities that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now therefore, be it

RESOLVED, The Successor Agency Commission finds that:

The Successor Agency has full authority under Section 34177.5(a)(4) of the California Health and Safety Code to issue the 2016 Series D Bonds to reimburse the Master Developer for Infrastructure Costs, as required by the OPA, and upon the Oversight Board's approval and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, all acts and proceedings required by law necessary to make the 2016 Series D Bonds, when executed by the Successor Agency, authenticated and delivered by the trustee for the 2016 Series D Bonds (the "Trustee") and duly issued, the valid, binding and legal special obligations of the Successor Agency, and to constitute the Indenture a valid and binding agreement for the uses and purposes therein set forth, in accordance with its terms, will have been done or taken and the execution and delivery of the Indenture will have been in all respects duly authorized; and, be it further

RESOLVED, Pursuant to this Resolution, the Indenture, and Section 34177.5(a)(4) of the California Health and Safety Code, tax increment bonds of the Successor Agency are hereby authorized to be issued, subject to the approval of the Oversight Board and the California Department of Finance, designated as "Successor Agency to the Redevelopment Agency of the City and County of San Francisco 2016 Series D Subordinate Tax Allocation Bonds (Mission Bay South Redevelopment Project)" (the "2016 Series D Bonds"). The aggregate initial amount of the 2016 Series D Bonds shall not exceed $90,000,000, and the initial principal amount of each series of the 2016 Series D Bonds shall be as provided in the Purchase Contract, as executed by the Executive Director as further provided herein. The 2016 Series D Bonds shall be executed in the form set forth in and otherwise as provided in the Indenture; and, be it further

RESOLVED, The Indenture is hereby approved in the form lodged with the Successor Agency's Secretary. The Executive Director and the Deputy Executive Director, Finance and Administration (each being hereinafter referred to as an "Authorized Officer"), each acting alone, are hereby authorized and directed, subject to the Oversight Board's approval, and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Indenture in said form, with such additions thereto or changes therein as are approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Indenture by an Authorized Officer. The date, manner of payment, interest rate or rates, interest payment dates. denominations, form, registration, privileges, manner of execution, place of payment terms of redemption and other terms of the 2016 Series D Bonds shall be as provided in the Indenture as finally executed, and be it further

RESOLVED, The Successor Agency hereby approves the sale of the 2016 Series D Bonds to the Purchaser. The Bond Purchase Contract among the Successor Agency, the Authority and the Purchaser is hereby approved in the form lodged with the Successor Agency's Secretary. An Authorized Officer is hereby authorized and directed to accept the offer of the Authority to purchase the 2016 Series D Bonds from the Successor Agency for resale to the Underwriters (pursuant to Sections 6588 and 6589 of the California Government Code) as set forth in the Purchase Contract (provided that the aggregate initial amount of the 2016 Series D Bonds sold thereby is not in excess of $90,000,000, the true interest cost of the 2016 Series D Bonds is not in excess of 9.00% per annum), and, subject to the Oversight Board's approval and the California Department of Finance's non-objection to or approval of the Oversight Board's Resolution, to execute and deliver the Purchase Contract in said form, with such additions thereto or changes therein as are recommended or approved by an Authorized Officer upon consultation with the Successor Agency and Bond Counsel, the approval of such additions or changes to be conclusively evidenced by the execution and delivery of the Purchase Contract by an Authorized Officer; and, be it further

RESOLVED, The Successor Agency hereby approves Citigroup Global Markets Inc. as placement agent with respect to the 2016 Series D Bonds, and enter into an agreement for placement agent services, provided that the fee payable to the placement agent shall not exceed $50,000; and, be it further

RESOLVED, The 2016 Series D Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the 2016 Series D Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the 2016 Series D Bonds, when duly executed and authenticated, to the Purchaser in accordance with written instructions executed on behalf of the Successor Agency by an Authorized Officer, which instructions such officer is hereby authorized and directed to execute and deliver to the Trustee. Such instructions shall provide for the delivery of the 2016 Series D Bonds to the Purchaser in accordance with the Purchase Contract, upon payment of the purchase price therefor; and, be it further

RESOLVED The Successor Agency will spend the proceeds of the 2016 Series D Bonds in accordance with the requirements of the Redevelopment Dissolution Law, the OPA, the Pledge Agreement and the Financing Plan, and has and will include such expenditures, prior to their being made, on the Recognized Obligation Payment Schedules in accordance with the Redevelopment Dissolution Law; and, be it further

RESOLVED The Successor Agency is hereby authorized and directed to file a certified copy of this Resolution, with the Oversight Board, and, as provided in Section 34180(j) of the Code, with the California Department of Finance, the Administrative Officer and Auditor-Controller of the City and County of San Francisco; and, be it further

RESOLVED, That this Commission authorizes all actions heretofore taken by the officers and agents of the Successor Agency with respect to the sale and issuance of the 2016 Series D Bonds herein authorized, the expenditure of the proceeds of the 2016 Series D Bonds is hereby approved, confirmed and ratified, and the proper officers of the Successor Agency are hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2016 Series D Bonds in accordance with this Resolution and any certificate, agreement and other document described in the documents herein approved.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of October 20, 2015.

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Commission Secretary

OFFICE OF THE MAYOR
SAN FRANCISCO

EDWIN M. LEE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor Edwin M. Lee
RE: Successor Agency Budget and Bonds
DATE: November 17, 2015

Attached for introduction to the Board of Supervisors is a resolution approving an amendment to the FY 2015-2016 budget of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco by increasing the Successor Agency's bond proceeds by $135,000,000, authorizing expenditures in an amount not to exceed $135,000,000, and approving the issuance of bonds in an additional principal amount not to exceed $135,000,000 to finance enforceable obligations in the Mission Bay South Project Area.

I respectfully request a waiver of the 30-day hold on this legislation.

Should you have any questions, please contact Nicole Elliott (415) 554-7940.

1 DR. CARLTON B. GOODLETT PLACE, ROOM 200
SAN FRANCISCO, CALIFORNIA 94102-4681
TELEPHONE: (415) 554-6141

Office of Community
Investment & Infrastructure

Approval of OCII Budget Amendment and Bond Issuance

Budget and Finance Committee: December 9, 2015

OCII

BOS Legislative Authority

California Health and Safety Code Section 33606

An agency shall adopt an annual budget containing all of the following specific information, including all activities to be financed by the Low and Moderate Income Housing Fund established pursuant to Section 33334.3:

(a) The proposed expenditures of the agency.
(b) The proposed indebtedness to be incurred by the agency.
(c) The anticipated revenues of the agency.
(d) The work program for the coming year, including goals.
(e) An examination of the previous year's achievements and a comparison of the achievements with the goals of the previous year's work program.

The annual budget may be amended from time to time as determined by the agency. All expenditures and indebtedness of the agency shall be in conformity with the adopted or amended budget. When the legislative body is not the redevelopment agency, the legislative body shall approve the annual budget and amendments of the annual budget of the agency.

Proposed Action

- Increase OCII Budget Authority by $135M in bond proceeds,

- Authorize $135M in bond proceeds expenditure,

- Approve bond issuance in an amount not-to-exceed $135M.

2573

OCII Enforceable Obligations

Property Tax Increment is pledged to reimburse Mission Bay owner

- Tax Increment is pledged after deduction of pass-throughs and affordable housing increment
- Owner may request OCII issue debt against property tax increment for reimbursement
- Use of tax increment to reimburse developer is an Enforceable Contractual Obligations consistent with Cal Health & Safety Code 34170, 34171(d)(1), and 34177.5(i)
  - Mission Bay Owner Participation Agreement (OPA)
  - Mission Bay North Tax Increment Pledge Agreement
  - Mission Bay South Tax Increment Pledge Agreement

2574

Proposed Issuances

	2016C	2016D
Principal Amount	$45M	$90M
Credit	Enrolled Property Tax	Future Property Tax
Credit Priority	Parity	Subordinate
Method of Sale	Competitive Open Market Sale	Competitive Private Placement
Term	30 Yrs	30 Yrs
Total Debt Service	$79M	$161M

2575

Bond Proceeds Expenditure

Bond Proceeds will reimburse infrastructure already approved and permitted

- Expended and reimbursable within the next 1-18 months
- City has inspected and found the infrastructure to be completed in accordance with the previously-approved permits 2576

Mission Bay South Infrastructure	Expenditures Already Incurred	Projected Expenditures	Total
Streets and Utilities	$ 40,925,035	$ 28,776,144	$ 69,701,179
Pump Stations	$ 7,530,455	$ 7,336,808	$ 14,867,263
Parks	$ 4,939,302	$ 13,320,001	$ 18,259,303
Public Safety Building	$ 6,238,024	$ -	$ 6,238,024
Administration	$ 1,535,482	$ 20,418,399	$ 21,953,881
Total	$ 61,168,298	$ 69,851,352	$ 131,019,650

THANK YOU

OCII

2577