



OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
ChiaYu Ma
Deputy Controller

MEMORANDUM

TO: Mayor Daniel Lurie and Honorable Board of Supervisors

DATE: February 24, 2025

SUBJECT: **Resolution Accepting Payment of Delinquent Special Taxes in Improvement Area No. 1 of City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) from AMB Pier One, LLC, and Approving Settlement Agreement and Release of Claims**

Recommended Action:

We respectfully request that the Board of Supervisors (the "Board") consider and approve the resolution ("Resolution") accepting payment of delinquent special taxes from AMB Pier One, LLC ("Lessee") for Improvement Area No. 1 of City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing), and approving the associated settlement agreement and release of claims. This Resolution will allow for the repayment of monies advanced by the City for the payment of debt service for Improvement Area No. 1 of the City and County of San Francisco Special Tax District No. 2009-1 (San Francisco Sustainable Financing) Special Tax Bonds, Series A ("Bonds"), which Bonds were secured by payments of special taxes levied on Lessee's leasehold interest in Pier 1.

In connection with this request, the Resolution and related supporting documents are expected to be introduced at the Board of Supervisors meeting on Tuesday, March 4, 2025. We request that the items be heard at the Budget and Finance Committee meeting scheduled for March 19, 2025.

Background:

On October 15, 2012, the City and County of San Francisco ("City") issued \$1,400,000 of Bonds to finance eligible energy efficiency and renewable energy capital improvements at Pier 1, which Bonds were secured by payments of special taxes levied on Lessee's leasehold interest in Pier 1. Twice-yearly special tax payments related to the Bonds began being collected in December 2012, and will continue to be collected by the City through the final maturity of the Bonds, which is currently anticipated in September 2032.

On October 21, 2013, the Special Tax Administrator for Improvement Area No. 1 sent a bill to the Lessee for the first installment of the fiscal year 2013-14 special tax levy, due by December 10, 2013, in the amount of \$47,184.16 ("December 2013 Installment"). However, the Lessee did not pay the December 2013 Installment, which the Lessee has informed City staff was a result of an administrative oversight. The City, in anticipation of the receipt of the special tax payment from the Lessee, advanced moneys for the payment of debt service on the Bonds to ensure there was no default in payment of debt service on the Bonds. To date, the Lessee has made all subsequent special tax payments in a timely manner.

Since the recognition of the missed payment, the Controller's Office, City Attorney and the Lessee have tentatively agreed on a settlement (the "Settlement Agreement"), requiring the Lessee to submit payment (the "Settlement Amount") to the City, subject to the approval of the Resolution by the Board, in order to make the City whole for its advance of the funds and related collection costs. The Settlement Amount of \$68,895.72 will also reimburse the City for the foregone interest earnings the City would otherwise have earned in the Treasurer's Pool from the original payment due date through the date the Lessee was notified of the missed payment. Upon receipt of the Settlement Amount by the City, the Settlement Agreement releases the Lessee from further claims relating to the missed payment. The proposed Resolution accepts the payment from the Lessee and approves the form of Settlement Agreement for final execution by officers of the City.

Your consideration of this matter is greatly appreciated. If you have any questions, please contact Anna Van Degna (anna.vandegna@sfgov.org), Vishal Trivedi (vishal.trivedi@sfgov.org), or Bridget Katz (bridget.katz@sfgov.org).

Sincerely,



Greg Wagner, Controller

cc: Angela Calvillo, Clerk of the Board of Supervisors
Sophia Kittler, Mayor's Budget Director
Tyrone Jue, Department of the Environment
Nicolas Menard, Budget Analyst
Dan Goncher, Budget Analyst
Fred Brousseau, Budget Analyst
Mark Blake, Deputy City Attorney
Kenneth Roux, Deputy City Attorney