

1 [Project Agreement - PRG-Potrero Properties LLC - Potrero Yard Modernization Project -  
2 2500 Mariposa Street - \$1,396,433,595 - Approving Bond Issuance - \$900,000,000]

3 **Resolution approving Contract No. 1334, Infrastructure Facility Project Agreement**  
4 **(“Project Agreement”), with PRG - Potrero Properties LLC, for the design, construction,**  
5 **and financing of a bus storage and maintenance facility for the Potrero Yard**  
6 **Modernization Project, which Project Agreement provides for 1) a 30-year term**  
7 **commencing after substantial completion, scheduled for 2030, and expected to end in**  
8 **2060, 2) two milestone payments of \$65,000,000 at or around financial close and**  
9 **\$250,000,000 during construction, 3) a \$5,000,000 development fee payable after**  
10 **substantial completion, 4) annual availability payments commencing approximately**  
11 **one year after anticipated substantial completion and continuing through the end of the**  
12 **term, projected to start at approximately \$33,000,000 with an estimated cumulative total**  
13 **of approximately \$980,000,000 5) potential delay event or termination compensation, all**  
14 **as provided in the Project Agreement and for an estimated not to exceed amount of**  
15 **\$1,396,433,595 expressed in nominal dollars and subject to adjustment on the terms of**  
16 **the Project Agreement; affirming the Planning Department’s determination under the**  
17 **California Environmental Quality Act; and approving, for purposes of Section 147(f) of**  
18 **the Internal Revenue Code of 1986, as amended, the issuance by the California**  
19 **Municipal Finance Authority of tax-exempt obligations in an aggregate principal**  
20 **amount not to exceed \$900,000,000 to finance the costs of the Project, and making**  
21 **related findings and determinations related thereto.**

22  
23 WHEREAS, Under Charter, Section 8A.100, the San Francisco Municipal  
24 Transportation Agency (“SFMTA”), an enterprise department of the City and County of San  
25 Francisco (“City”), is responsible for managing the City’s transportation system, including

1 planning, designing, financing, constructing, delivering, and operating and maintaining  
2 transportation infrastructure; and

3 WHEREAS, Under Charter, Section 9.118(b) any contracts or agreements having a  
4 term in excess of 10 years, or requiring anticipated expenditures by the City \$10 million  
5 dollars, or the modification or amendments to such contract or agreement having an impact of  
6 more than \$500,000 shall be subject to approval of the Board of Supervisors (“Board”) by  
7 Resolution; and

8 WHEREAS, The SFMTA owns and operates the Potrero Division bus yard located at  
9 2500 Mariposa Street, San Francisco (Assessor’s Block No. 3971, Lot No. 001) (“Project  
10 Site”), which has been in continuous operation since 1915 but no longer meets the  
11 operational, safety, seismic, or environmental needs of a modern transit system; and

12 WHEREAS, The SFMTA is implementing the Potrero Yard Modernization Project  
13 (“Project”) to replace the existing Potrero Division bus yard with a modern, resilient, and  
14 efficient bus storage and maintenance facility (“Infrastructure Facility”) designed to support the  
15 SFMTA’s transition to a zero-emission fleet and to improve reliability, safety, and efficiency of  
16 transit service; and

17 WHEREAS, The Project contemplates the potential for the joint development of a  
18 housing component adjacent to the Infrastructure Facility at the Project Site, if feasible; and

19 WHEREAS, On March 16, 2021, the Board adopted Ordinance No. 38-21, signed by  
20 the Mayor on March 26, 2021 (“Procurement Ordinance”), authorizing the SFMTA to procure  
21 and contract for all or any combinations of design, construction, financing, operations, asset  
22 management, and related services (collectively, “Joint Development Services”) to deliver the  
23 Project using a joint development procurement delivery method; permitting best-value  
24 selection of a developer team; and exempting agreements for such services from certain  
25 provisions of San Francisco Administrative Code, Chapters 6, 14B, and 21, while requiring

1 compliance with prevailing wage, local business enterprise participation, and local hire  
2 policies; and

3 WHEREAS, The Procurement Ordinance further authorizes the SFMTA to enter into  
4 one or more agreements for Joint Development Services with the selected respondent, and  
5 any ancillary agreements appropriate to deliver the Project, without restriction on the form of  
6 agreement, but subject to any approval of the Board required under Charter, Section 9.118;  
7 and;

8 WHEREAS, Under the Procurement Ordinance, the SFMTA conducted a full and open  
9 competition and selected Potrero Neighborhood Collective LLC (“Lead Developer”), with  
10 Plenary Americas US Holdings Inc., a Delaware corporation (“Plenary”), as its lead equity  
11 member, as the preferred proposer and entered into a predevelopment agreement dated  
12 November 2, 2022, to advance design development, environmental review, regulatory  
13 approvals, financial analysis, and negotiation of agreements to deliver the Project  
14 (“Predevelopment Agreement”); and

15 WHEREAS, Based on financial and delivery analysis conducted under the  
16 Predevelopment Agreement, SFMTA staff determined that a design-build-finance structure for  
17 the Infrastructure Facility, without long-term operations and maintenance services, provides  
18 the best overall value to the SFMTA by reducing Project costs, largely preserving the  
19 SFMTA’s preferred risk allocation for design and construction, while retaining public control  
20 over operations and maintenance; and

21 WHEREAS, To optimize the Infrastructure Facility’s financing and delivery under this  
22 design-build-finance structure, the SFMTA and Lead Developer determined to incorporate a  
23 non-profit conduit borrower structure to facilitate tax-exempt financing for the Infrastructure  
24 Facility, with such entity serving as conduit borrower and counterparty to the SFMTA under  
25 the design-build-finance agreement, while the Lead Developer retains responsibility for

1 substantially all obligations and risks associated with the design and construction of the  
2 Infrastructure Facility, pursuant to a project implementation agreement with the non-profit  
3 entity; and the Board finds that this financing and contractual structure is authorized by and  
4 consistent with the Procurement Ordinance; and

5 WHEREAS, Given current market conditions, it is financially infeasible to develop  
6 housing above the Infrastructure Facility, but SFMTA staff and the Lead Developer have  
7 retained the option of developing a housing project with approximately 104 affordable  
8 residential units and two units of ground-level commercial space, collectively comprised of  
9 approximately 2,800 square feet adjacent to the Infrastructure Facility (“Housing Project”); and

10 WHEREAS, The SFMTA now proposes to enter (a) an Infrastructure Facility Project  
11 Agreement (“Project Agreement”) for the design, construction, and financing of the  
12 Infrastructure Facility pursuant to a design-build-finance structure, and (b) a lease disposition  
13 and development agreement (“LDDA”) to continue predevelopment work on the Housing  
14 Project, provided that neither the LDDA nor the Housing Project is approved by this  
15 Resolution; and

16 WHEREAS, Under the Project Agreement, the contract term would commence upon its  
17 execution by both parties (“Commercial Close”) and continue until 30 years after substantial  
18 completion of the Infrastructure Facility (“Substantial Completion”), which is schedule for  
19 2030, resulting in an expected end date of 2060; and

20 WHEREAS, During the design and construction period, the SFMTA’s payment  
21 obligations under the Project Agreement will include (a) two milestone payments (“Milestone  
22 Payments”) of \$65,000,000, payable on or around the close of the Infrastructure Facility  
23 financing (“Financial Close”) as partial compensation for predevelopment, planning, and  
24 design work, and \$250,000,000, payable during construction as partial payment and  
25 compensation for design and construction of the Infrastructure Facility; (b) a Substantial

1 Completion Development Fee payment of \$5,000,000 as compensation for Lead Developer’s  
2 successful completion of construction, payable after Substantial Completion; and (c) amounts  
3 payable for termination or delay events, if applicable, all in accordance with provisions of the  
4 Project Agreement; and

5 WHEREAS, Commencing approximately one year after anticipated Substantial  
6 Completion and continuing through the end of the contract term, the SFMTA will make annual  
7 availability payments payable on a quarterly basis (“Availability Payments”) for purposes of  
8 repayment of the Project’s debt financing and ongoing Project administrative costs; these  
9 Availability Payments are currently projected to start at approximately \$33 million, with an  
10 estimated cumulative amount of \$980 million; and

11 WHEREAS, These Availability Payments are subject to upward or downward  
12 adjustment between the amounts reflected in the Project Agreement at Commercial Close and  
13 those that will be incorporated as part of a subsequent amendment to the Project Agreement  
14 at Financial Close to account for interest rate and credit spread movements between the two  
15 dates, which will affect the portion of the Availability Payments used to service Project debt, a  
16 limited portion of the Availability Payments (\$426,613 in Fiscal Year 2032) used to pay certain  
17 Project administration costs following Substantial Completion will be linked to inflation; and

18 WHEREAS, The Project Agreement includes negotiated affordability protections,  
19 including defined limits and mechanisms intended to ensure that Availability Payments remain  
20 within agreed parameters until Financial Close, and establishes an “Affordability Event” to  
21 identify circumstances at Financial Close under which changes to Availability Payments, such  
22 as adjustments resulting from interest rate or credit spread movements, would require  
23 additional SFMTA Board of Directors consideration, all as set forth in the Project Agreement;  
24 and

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1           WHEREAS, All payments due from the SFMTA under the Project Agreement, including  
2 any termination compensation, will be paid solely from available monies of the SFMTA in the  
3 applicable fiscal year, and no SFMTA payment obligation shall constitute a debt of the City or  
4 a pledge of its credit or taxing power or any other resources or properties of the City beyond  
5 the fiscal year for which funds have been appropriated for the benefit of the SFMTA and  
6 certified by the Controller for the benefit of the SFMTA; and

7           WHEREAS, Provident Resources Group Inc. (“Provident”) is a Georgia nonprofit  
8 corporation exempt from federal income tax under Section 501(a) of the Internal Revenue  
9 Code of 1986, as amended (“Code”), organized under Section 501(c)(3) of the Code; and

10           WHEREAS, One of Provident’s charitable purposes is to lessen the burdens of  
11 government and foster economic development, which may be accomplished through various  
12 means, including, without limitation, the development, construction, acquisition, ownership,  
13 management, maintenance, operation, and disposition of public facilities, public buildings,  
14 public works, essential housing, and infrastructure of various types that serve governmental  
15 purposes, as well as the provision of services and financial assistance that enable state and  
16 local governments to carry out their functions and responsibilities; and

17           WHEREAS, In furtherance of its charitable mission, Provident has been asked and is  
18 willing to partner with the SFMTA to facilitate the financing and delivery of the Infrastructure  
19 Facility for the exclusive public benefit of the SFMTA; and participation by Provident is  
20 intended solely to support the financing and delivery of the Infrastructure Facility for the  
21 exclusive benefit of the public, and not for any private or proprietary purpose; and

22           WHEREAS, To accomplish this purpose, Provident has formed a wholly-owned  
23 subsidiary, PRG – Potrero Properties LLC, a Delaware limited liability company (“Non-Profit  
24 Entity”), which for federal income tax purposes is treated as part of Provident rather than a  
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1 separate entity (a “disregarded” entity), and whose activities are deemed nonprofit activities of  
2 Provident; and

3 WHEREAS, Under the Project Agreement, the Non-Profit Entity will serve as the  
4 counterparty to the SFMTA primarily to facilitate the issuance of tax-exempt bonds as conduit  
5 borrower, while substantially all obligations and risks associated with the design and  
6 construction of the Infrastructure Facility will be borne by the Lead Developer (“Principal  
7 Project Company”), in accordance with that certain Project Implementation Agreement (as  
8 described below) between the Non-Profit Entity and the Principal Project Company; and

9 WHEREAS, The Non-Profit Entity will enter into a Project Implementation Agreement  
10 with the Principal Project Company that requires the Principal Project Company to deliver the  
11 Infrastructure Facility and assume responsibility and be accountable for performance of the  
12 design and construction obligations, consistent with the risk allocation negotiated under the  
13 Project Agreement; and

14 WHEREAS, Under the Project Agreement, the Non-Profit Entity will remain responsible  
15 for its obligations that are not assumed by the Principal Project Company, for enforcing its  
16 rights against Principal Project Company under the Project Implementation Agreement, and  
17 for complying with its obligations and reporting requirements under the Infrastructure Facility  
18 financing documents, with the SFMTA responsible for any possessory interest taxes assessed  
19 on the Non-Profit Entity’s interest under the Project Agreement; and

20 WHEREAS, Non-Profit Entity has requested that the California Municipal Finance  
21 Authority (“CMFA”) provide for the issuance on its behalf of one or more series of revenue  
22 bonds from time to time, pursuant to a plan of finance, in an aggregate principal amount not to  
23 exceed \$900,000,000 (“Bonds”); and

24 WHEREAS, A portion of proceeds of the Bonds will be used to finance a portion of the  
25 costs of/or reimbursement for the design and construction of the Infrastructure Facility; and

1           WHEREAS, Pursuant to Section 147(f) of the Code, the issuance of the Bonds by the  
2 CMFA must be approved by the City and County of San Francisco because the Infrastructure  
3 Facility is located within the territorial limits of the City; and

4           WHEREAS, The Board is the elected legislative body of the City and is the applicable  
5 elected representative under Section 147(f) of the Code; and

6           WHEREAS, CMFA has requested that the Board approve the issuance of the Bonds by  
7 CMFA in order to satisfy the public approval requirement of Section 147(f) of the Code and  
8 the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the  
9 California Municipal Finance Authority, dated as of January 1, 2004 (“JPA Agreement”),  
10 among certain local agencies, including the City; and

11           WHEREAS, Pursuant to Section 147(f) of the Code, the Board has, through the  
12 Controller’s Office of Public Finance, following notice duly given, held a public hearing  
13 regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds  
14 by CMFA; and

15           WHEREAS, On February 17, 2026, the City caused a notice to appear on its website  
16 stating that a public hearing with respect to the issuance of the Bonds would be held by the  
17 Office of Public Finance on February 24, 2026, at 11:00 a.m.; and

18           WHEREAS, The Office of Public Finance held the public hearing described above on  
19 February 24, 2026, at 11:00 a.m., and an opportunity was provided for persons to comment  
20 on the issuance and sale of the Bonds and the plan of financing; and

21           WHEREAS, The Board understands that its actions in holding this public hearing and in  
22 approving this Resolution do not obligate the City in any manner or under any circumstances  
23 for payment of the principal, interest, fees or any other costs associated with the issuance of  
24 the Bonds, and said Board expressly conditions its approval of this Resolution with that  
25 understanding; and

1           WHEREAS, The Potrero Yard Modernization Project was described and analyzed in a  
2 Final Environmental Impact Report (“Final EIR”) that the San Francisco Planning Commission  
3 certified as adequate, accurate, and complete by Motion No. 21482 on January 11, 2024, by  
4 Motion No. 21483, the Planning Commission, based on substantial evidence in the entire  
5 recording of proceedings, also made certain findings regarding the environmental impacts of  
6 the Potrero Yard Modernization Project, rejected alternatives as infeasible, adopted the  
7 proposed mitigation monitoring and reporting program (“MMRP”), and set forth a “Statement  
8 of Overriding Considerations” explaining why the benefits of the Project outweigh the  
9 unavoidable adverse environmental effects identified in the Final EIR and that those adverse  
10 environmental effects are therefore acceptable; and

11           WHEREAS, By Ordinance No. 57-24 passed by the Board on March 12, 2024, and  
12 signed by the Mayor on March 22, 2024, the Board, having reviewed the Final EIR, concurred  
13 with the Planning Commission’s conclusions and affirmed the Planning Commission’s  
14 certification of the FEIR; in addition, in Ordinance No. 57-24, the Board adopted and  
15 incorporated by reference the CEQA findings that the Planning Commission adopted in  
16 Motion No. 21483 including the Statement of Overriding Considerations and the MMRP; and

17           WHEREAS, On October 25, 2024, the Planning Department issued a Memorandum to  
18 File, and issued a second Memorandum to File on February 4, 2026, which each reviewed  
19 proposed modifications to the Potrero Yard Modernization Project and found that the modified  
20 Project would not cause new significant impacts or result in a substantial increase in the  
21 severity of the impacts identified in the Final EIR, and no new or revised mitigation measures  
22 would be required; in the Memoranda to File, the Planning Department determined that no  
23 additional environmental review is necessary for the reasons set forth in the Memoranda to  
24 File; and

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1           WHEREAS, Copies of the CEQA determinations, including the Final EIR and  
2 Memoranda to File, as well as the CEQA Findings contained in Motion No. 21482, Motion  
3 No. 21483, the Statement of Overriding Considerations, Ordinance No. 57-24, and the  
4 Memoranda to File, are on file with the Clerk of the Board in File No. [ ] and are  
5 incorporated herein by reference; the Board affirms these determinations; and

6           WHEREAS, The foregoing recitals are incorporated into this Resolution as findings of  
7 the Board; now, therefore, be it

8           RESOLVED, That the Board of Supervisors has reviewed and considered the Final  
9 EIR, the MMRP, the Memoranda to File, and the record as a whole, and by this reference  
10 incorporates and hereby adopts as its own the CEQA Findings contained in Motion  
11 No. 21482, Motion No. 21483, Ordinance No. 57-24, the Statement of Overriding  
12 Considerations, and the Memoranda to File. The Board of Supervisors finds that based on the  
13 record as a whole, including the Final EIR and the Memoranda to File for the Potrero Yard  
14 Modernization Project, the Final EIR reflects the independent judgment and analysis of the  
15 Planning Department and the Board of Supervisors, is adequate and complete, and there is  
16 no substantial evidence that the proposed Infrastructure Facility at the Potrero Yard Project,  
17 given the implementation of the mitigation measures as stated in the Final EIR and the  
18 adoption of the MMRP, could have a significant effect on the environment as shown in the  
19 analysis of the Final EIR, the Board of Supervisors hereby adopts the Final EIR and the  
20 MMRP; and, be it

21           FURTHER RESOLVED, That the Board hereby approves the issuance by CMFA of the  
22 Bonds for the purposes of financing the Project, and that this Resolution shall constitute  
23 approval of (a) the issuance of the Bonds by the CMFA for the purposes of Section 147(f) of  
24 the Code by the applicable elected representative of the governmental unit having jurisdiction  
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1 over the area in which the Project is located, and (b) the issuance of the Bonds for the  
2 purposes of Section 4 of the JPA Agreement; and, be it

3 FURTHER RESOLVED, That the Bonds shall not constitute a debt or obligation of the  
4 City and the City's full faith and credit, taxing power, or other resources are not pledged for  
5 the repayment of the Bonds; the payment of the principal, prepayment premium, if any, and  
6 interest on the Bonds shall be solely the responsibility of the Non-Profit Entity, and the Non-  
7 Profit Entity shall look only to appropriated funds of the SFMTA for repayment of the Bonds in  
8 accordance with the terms of the Project Agreement; and, be it

9 FURTHER RESOLVED, That the approval by the Board of the issuance and sale of the  
10 Bonds by CMFA is neither an approval of the underlying credit issues of the Infrastructure  
11 Facility nor an approval of the financial structure of the Bonds, and that the adoption of this  
12 Resolution shall not obligate the City to provide financing to the Non-Profit Entity for the  
13 construction, renovation, improvement, equipping and/or furnishing of the Project, or to issue  
14 the Bonds for purposes of such financing or obligate the City, or any department of the City, to  
15 approve any application or request for, or take any other action in connection with any  
16 environmental, General Plan, zoning or any other permit or other action necessary for the  
17 construction, renovation, improvement, equipping and/or furnishing of the Infrastructure  
18 Facility; and, be it

19 FURTHER RESOLVED, That the Director of Transportation, the Controller, and the  
20 Director of the Office of Public Finance and any other proper officers of the City, acting  
21 individually or collectively, in consultation with the City Attorney, are hereby authorized and  
22 directed to execute such other agreements, documents and certificates, and to perform such  
23 other acts as may be necessary or advisable to effect the purposes of this Resolution; and, be  
24 it

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1           FURTHER RESOLVED, That the Board hereby approves, pursuant to Charter,  
2 Section 9.118(b), Contract No. SFMTA 1334, Infrastructure Facility Project Agreement, with  
3 PRG - Potrero Properties LLC, for the design, construction, and financing of a bus storage  
4 and maintenance facility for the Potrero Yard Modernization Project, such agreement  
5 providing for: (a) a 30-year term commencing after Substantial Completion, scheduled for  
6 2030, and expected to end in 2060; (b) two milestone payments of \$65,000,000 at or around  
7 Financial Close and \$250,000,000 during construction; (c) a \$5,000,000 development fee,  
8 payable after Substantial Completion; annual availability payments commencing  
9 approximately one year after anticipated substantial completion and continuing through the  
10 end of the term, projected to start at approximately \$33 million, with an estimated cumulative  
11 total of approximately \$980 million; and (d) potential delay event or termination compensation,  
12 all as provided in the Project Agreement and for an estimated not-to-exceed amount of  
13 \$1,396,433,595, expressed in nominal dollars and subject to adjustment on the terms of the  
14 Project Agreement; and, be it

15           FURTHER RESOLVED, That Board hereby authorizes the Director of Transportation  
16 (“Director”), at their discretion and in consultation with the City Attorney, to: (a) take all actions  
17 and execute any amendments, agreements, certificates, instruments, understandings, and  
18 documents contemplated by the Project Agreement or that the Director determines are  
19 necessary or appropriate to implement and carry out the transactions and purposes of the  
20 Project Agreement, including but not limited to lender direct agreements, continuing disclosure  
21 agreements, certificates, and other ancillary documents related to the financing and delivery  
22 of the Infrastructure Facility; and (b) execute any additions, amendments, or other  
23 modifications to the Project Agreement that the Director determines are in the best interests of  
24 the City or necessary or appropriate to implement and carry out the purposes and intent of the  
25 Project Agreement and this Resolution, provided that such additions, amendments, or

1 modifications do not materially increase the City’s obligations or materially reduce the rights or  
2 benefits of the City, including materially changing the risk allocation in the Project Agreement  
3 the effect of which would cause the City or the SFMTA to assume materially more risks  
4 related to the Project; provided further that, for clarity, additions, amendments, or  
5 modifications that adjust the amount, timing, or calculation of Availability Payments that do not  
6 constitute an Affordability Event, including adjustments resulting from interest rate  
7 movements, credit spread movements, or other formula-based or risk-allocated mechanisms  
8 contemplated in the Project Agreement, are within the authority delegated to the Director of  
9 Transportation under this Resolution; and, be it

10           FURTHER RESOLVED, That this Resolution shall take effect upon its enactment;  
11 Enactment occurs when the Mayor signs the Resolution, the Mayor returns the Resolution  
12 unsigned or does not sign the Resolution within ten days of receiving it, or the Board of  
13 Supervisors overrides the Mayor's veto of the Resolution.

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