

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.

Commission Secretary