

1 [Annexation of Property - Community Facilities District No. 2016-1 (Treasure Island) as
2 Improvement Area No. 2]

3 **Resolution confirming that property is annexed to the City and County of San**
4 **Francisco Community Facilities District No. 2016-1 (Treasure Island) as Improvement**
5 **Area No. 2 of the City and County of San Francisco Community Facilities District No.**
6 **2016-1 (Treasure Island); and determining other matters in connection therewith, as**
7 **defined herein.**

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9 WHEREAS, On January 24, 2017, pursuant to the Mello-Roos Community Facilities
10 Act of 1982, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of
11 the California Government Code ("Mello-Roos Act"), this Board of Supervisors ("Board of
12 Supervisors") adopted its Resolution No. 8-17 ("Resolution of Formation"), which (a)
13 established the "City and County of San Francisco Community Facilities District No. 2016-1
14 (Treasure Island)" ("CFD"), "Improvement Area No. 1 of the City and County of San Francisco
15 Community Facilities District No. 2016-1 (Treasure Island)" ("Improvement Area No. 1") and
16 the "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure
17 Island) (Future Annexation Area)" ("Future Annexation Area"), (b) authorized the levy of a
18 special tax on property within Improvement Area No. 1 and (c) preliminarily established an
19 appropriations limit for Improvement Area No. 1; and

20 WHEREAS, The boundaries of the CFD, Improvement Area No. 1 and the Future
21 Annexation Area are set forth in the boundary map recorded on December 20, 2016, at 1:53
22 p.m., as Document No. 2016-K377867-00 in Book 001 at Page 14 of the Book of Maps of
23 Assessment and Community Facilities Districts in the Office of the Assessor-Recorder; and

24 WHEREAS, In the Resolution of Formation, this Board of Supervisors resolved that
25 parcels within the Future Annexation Area shall be annexed to the CFD only with the

1 unanimous approval (each, a “Unanimous Approval”) of the owner or owners of each parcel or
2 parcels at the time that parcel or those parcels are annexed in accordance with certain
3 “Annexation Approval Procedures” specified in the Resolution of Formation; and

4 WHEREAS, Section 53329.6 of the Mello-Roos Act provides that a Unanimous
5 Approval constitutes the vote of the qualified elector in favor of the matters addressed in the
6 Unanimous Approval for purposes of the California Constitution, including, but not limited to,
7 Articles XIII A and XIII C; and

8 WHEREAS, Section 53350(b) of the Mello-Roos Act provides that, (a) in connection
9 with the annexation by Unanimous Approval to a community facilities district of a parcel that
10 was included in territory proposed for annexation in the future to the community facilities
11 district, the local agency may designate a parcel or parcels as an improvement area within the
12 community facilities district, (b) the designation of a parcel or parcels as an improvement area
13 shall be specified and approved by the Unanimous Approval of the owner or owners of each
14 parcel or parcels at the time that the parcel or parcels are annexed to the community facilities
15 district, (c) no additional hearings or procedures are required and (d) after the designation of a
16 parcel or parcels as an improvement area, all proceedings for approval of the appropriations
17 limit, the rate and method of apportionment and manner of collection of special taxes, and the
18 authorization to incur bonded indebtedness for the parcel or parcels shall apply only to the
19 improvement area; and

20 WHEREAS, In the Resolution of Formation, this Board of Supervisors provided that
21 property within the Future Annexation Area may be annexed into the CFD as its own
22 improvement area (a “Future Improvement Area”) or to an existing improvement area; and

23 WHEREAS, In the Resolution of Formation, this Board of Supervisors further provided
24 that the designation of any territory annexing to the CFD as a Future Improvement Area, the
25 maximum amount of bonded indebtedness and other debt for such Future Improvement Area,

1 the rate and method of apportionment of special tax for such Future Improvement Area and
2 the appropriations limit for such Future Improvement Area shall be identified and approved in
3 the Unanimous Approval executed by property owners in connection with their annexation to
4 the CFD, and that the annexation and related matters described in the Unanimous Approval
5 shall be implemented and completed without the need for the approval of either the Board of
6 Directors of the Treasure Island Development Authority or this Board of Supervisors as long
7 as the following conditions are met (capitalized terms have the meaning given them in the
8 Resolution of Formation):

9 (a) The rate and method of apportionment of special tax for the Future Improvement
10 Area is prepared by a special tax consultant retained by the City and paid for by the property
11 owners submitting the Unanimous Approval.

12 (b) The rate and method of apportionment of special tax for the Future Improvement
13 Area is consistent with the Financing Plan.

14 (c) The rate and method of apportionment of special tax for the Future Improvement
15 Area does not establish a maximum special tax rate for the initial fiscal year in which the
16 special tax may be levied for any category of property subject to the special tax that is greater
17 than 120% of the maximum special tax rate established for the same category of property
18 subject to the special tax for the same fiscal year calculated pursuant to the rate and method
19 of apportionment of special tax for Improvement Area No. 1.

20 (d) The rate and method of apportionment of special tax for the Future Improvement
21 Area does not contain a type of special tax that was not included in the rate and method of
22 apportionment of special tax for Improvement Area No. 1 (for example, a one-time special
23 tax).

24 (e) The rate and method of apportionment of special tax for the Future Improvement
25 Area contains the same terms for "Collection of Special Tax" (including with respect to the

1 term of the special tax) and for application of Remainder Special Taxes with respect to park
2 maintenance costs as the rate and method of apportionment of special tax for Improvement
3 Area No. 1.

4 (f) If the rate and method of apportionment of special tax for the Future
5 Improvement Area includes a provision allowing prepayment of the special tax, in whole or in
6 part, the Director of the Office of Public Finance, after consulting with the special tax
7 consultant retained by the City and the City Attorney, shall be satisfied that such prepayment
8 provision will not adversely impact the financing of authorized Facilities and Services;
9 provided, that if the prepayment formula set forth in such rate and method of apportionment
10 has previously been approved by this Board, then such prepayment formula may be
11 replicated in the rate and method of apportionment for such Future Improvement Area without
12 meeting such test; and

13 WHEREAS, In the Resolution of Formation, this Board of Supervisors further provided
14 that if the foregoing conditions were satisfied, as determined by the Director of the Office of
15 Public Finance and set forth in a written acceptance by the Director of the Office of Public
16 Finance delivered to the property owner(s) that executed the Unanimous Approval and the
17 Clerk of the Board of Supervisors, the Unanimous Approval shall be deemed accepted by the
18 City and the Clerk of the Board of Supervisors shall record an amendment to the notice of
19 special tax lien or a new notice of special tax lien for the CFD pursuant to Streets & Highways
20 Code, Section 3117.5; and

21 WHEREAS, On January 24, 2017, this Board of Supervisors also adopted its
22 Resolution No. 9-17 ("Resolution of Necessity"), determining the necessity to incur bonded
23 indebtedness and other debt (as defined in the Mello-Roos Act) (i) in the maximum aggregate
24 principal amount of \$250,000,000 upon the security of the special tax to be levied within
25 Improvement Area No. 1 pursuant to the Mello-Roos Act and (ii) in the aggregate principal

1 amount of \$4,750,000,000 with respect to those portions of the CFD that are not included in
2 Improvement Area No. 1 (“Non-Improvement Area No. 1 Indebtedness Limit”); and

3 WHEREAS, In the Resolution of Necessity, this Board of Supervisors further provided
4 that in the event all or a portion of the Future Annexation Area is annexed as one or more
5 Future Improvement Areas, the maximum indebtedness of each such Future Improvement
6 Area shall be identified and approved in the Unanimous Approval of the property owners of
7 the property to be annexed at the time of the annexation, and the amount of the maximum
8 indebtedness for the Future Improvement Area shall be subtracted from the Non-Improvement
9 Area No. 1 Indebtedness Limit; and

10 WHEREAS, Under the provisions of the Resolution of Formation and the Resolution of
11 Necessity and pursuant to Resolution No. 10-17 adopted by this Board of Supervisors on
12 January 24, 2017, the propositions of the levy of the special tax, the establishment of the
13 appropriations limit, and the incurring of bonded indebtedness and other debt were submitted
14 to the qualified electors of Improvement Area No. 1 as required by the provisions of the Mello-
15 Roos Act and more than two-thirds of the votes cast at the election were in favor of the
16 propositions; and

17 WHEREAS, Section 53340 of the Mello-Roos Act provides that (a) after a community
18 facilities district has been created and authorized to levy specified special taxes, the
19 legislative body may, by ordinance, levy the special taxes at the rate and apportion them in
20 the manner specified in the resolution of formation for the community facilities district and (b)
21 after creation of a community facilities district that includes a future annexation area, the
22 legislative body may, by ordinance, provide for the levy of special taxes on parcels that will be
23 annexed to the community facilities district at the rate or rates to be approved unanimously by
24 the owner or owners of each parcel or parcels to be annexed to the community facilities
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1 district and for apportionment and collection of the special taxes in the manner specified in the
2 resolution of formation; and

3 WHEREAS, In Ordinance No. 22-17 adopted by this Board of Supervisors on January
4 31, 2017 (“Special Tax Ordinance”), the Board of Supervisors authorized and levied special
5 taxes (a) within Improvement Area No. 1 at the rate and in accordance with the formula set
6 forth in the Resolution of Formation and (b) on parcels in the Future Annexation Area that are
7 annexed into the CFD (whether as part of a then-existing improvement area or as a newly-
8 designated improvement area) at the rate or rates approved in the applicable Unanimous
9 Approval and in accordance with the Annexation Approval Procedures described in the
10 Resolution of Formation; and

11 WHEREAS, This Board of Supervisors has been provided with a Unanimous Approval
12 executed by Treasure Island Series 1, LLC, a Delaware limited liability company, the owner of
13 certain property in the Future Annexation Area, namely Assessor’s Parcel Number(s) 8901-
14 003, 8901-004, 8903-004, 8904-004, 8904-005, 8906-005, 8906-006 (“Annexation Property”),
15 the Unanimous Approval identifies, specifies and approves the annexation of the Annexation
16 Property to the CFD as a separate improvement area to be known as “Improvement Area No.
17 2 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure
18 Island),” and other related matters, and this Board of Supervisors has received a letter from
19 the Director of the Office of Public Finance accepting the annexation described in the
20 Unanimous Approval and determining that the Annexation Approval Procedures set forth in
21 the Resolution of Formation have been met; and

22 WHEREAS, Section 53339.8 of the Mello-Roos Act provides that upon a determination
23 by the legislative body that the area proposed to be annexed is added to the existing
24 community facilities district, the clerk of the legislative body shall record notice of the
25 annexation pursuant to Section 3114.5 of the Streets and Highways Code; and

1 WHEREAS, In the Resolution of Formation, this Board of Supervisors determined that
2 any property for which the owner or owners execute a Unanimous Approval in accordance
3 with the Annexation Approval Procedures specified above shall be added to the CFD as a
4 new improvement area and the Clerk of the Board of Supervisors shall record a notice of
5 special tax lien for the CFD pursuant to Section 3117.5 of the Streets & Highways Code; and

6 WHEREAS, This Board of Supervisors wishes to confirm that the Annexation Property is
7 added to the CFD and to confirm, order and direct other related matters; now, therefore, be it

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

9 FURTHER RESOLVED, That this Board of Supervisors has received the Unanimous
10 Approval specifying and approving the annexation of the Annexation Property as a separate
11 improvement area and approving other related matters; and, be it

12 FURTHER RESOLVED, That in furtherance of the Resolution of Formation, and in
13 conformance with the Mello-Roos Act, this Board of Supervisors hereby confirms that the
14 Annexation Property has been added to the CFD as a Future Improvement Area and is
15 designated "Improvement Area No. 2 of the City and County of San Francisco Community
16 Facilities District No. 2016-1 (Treasure Island)" ("Improvement Area No. 2"); and, be it

17 FURTHER RESOLVED, That this Board of Supervisors hereby ratifies and confirms its
18 direction to the Clerk of the Board of Supervisors set forth in the Resolution of Formation to
19 record notice of the annexation pursuant to Section 3117 of the Streets and Highways Code;
20 and, be it

21 FURTHER RESOLVED, That the owner of the Annexation Property has caused to be
22 prepared a map showing the boundaries of the CFD, Improvement Area No. 1, Improvement
23 Area No. 2 and the Future Annexation Area, and the Board of Supervisors directs the Clerk of
24 the Board of Supervisors to record a consolidated map of the boundaries of the CFD, and to
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1 record additional such maps from time to time as Unanimous Approvals are received from
2 property owners in the Future Annexation Area; and, be it

3 FURTHER RESOLVED, That this Board of Supervisors hereby confirms that the
4 maximum aggregate principal amount of bonds and other debt for Improvement Area No. 2,
5 as specified and approved by a vote of the qualified elector(s) in Improvement Area No. 2
6 pursuant to the Unanimous Approval, shall be \$278,200,000 and that, as a result of
7 subtracting such amount from the Non-Improvement Area No. 1 Indebtedness Limit, the
8 remaining Non-Improvement Area No. 1 Indebtedness Limit shall be \$4,471,800,000; and, be it

9 FURTHER RESOLVED, That this Board of Supervisors hereby confirms that the rate
10 and method of apportionment of the Special Tax among the parcels of real property within
11 Improvement Area No. 2, as specified and approved by a vote of the qualified elector(s) in
12 Improvement Area No. 2 pursuant to the Unanimous Approval, are shown in Exhibit A
13 attached hereto and hereby incorporated herein; and, be it

14 FURTHER RESOLVED, That this Board of Supervisors hereby confirms that the
15 annual appropriations limit of Improvement Area No. 2, as defined by subdivision (h) of
16 Section 8 of Article XIII B of the California Constitution, as specified and approved by a vote of
17 the qualified elector(s) in Improvement Area No. 2 pursuant to the Unanimous Approval, is
18 \$76,000,000; and, be it

19 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
20 word of this Resolution, or any application thereof to any person or circumstance, is held to be
21 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
22 shall not affect the validity of the remaining portions or applications of this Resolution, this
23 Board of Supervisors hereby declaring that it would have passed this Resolution and each
24 and every section, subsection, sentence, clause, phrase, and word not declared invalid or
25

1 unconstitutional without regard to whether any other portion of this Resolution or application
2 thereof would be subsequently declared invalid or unconstitutional; and, be it

3 FURTHER RESOLVED, That the Mayor, the Controller, the Director of the Office of
4 Public Finance, the Clerk of the Board and any and all other officers of the City are hereby
5 authorized, for and in the name of and on behalf of the City, to do any and all things and take
6 any and all actions, including execution and delivery of any and all documents, assignments,
7 certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants
8 and documents, which they, or any of them, may deem necessary or advisable in order to
9 effectuate the purposes of this Resolution; provided however that any such actions be solely
10 intended to further the purposes of this Resolution, and are subject in all respects to the terms
11 of the Resolution; and, be it

12 FURTHER RESOLVED, That all actions authorized and directed by this Resolution,
13 consistent with any documents presented herein, and heretofore taken are hereby ratified,
14 approved and confirmed by this Board of Supervisors; and, be it

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

16
17 APPROVED AS TO FORM:

18 DENNIS J. HERRERA
19 City Attorney

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21 By: /s/ MARK D. BLAKE
22 MARK D. BLAKE
23 Deputy City Attorney

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EXHIBIT A

CITY AND COUNTY OF SAN FRANCISCO
Community Facilities District No. 2016-1
(Treasure Island)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX
FOR IMPROVEMENT AREA NO. 2