

1 [Pledge Agreement Related Documents - CCSF Infrastructure Financing District No. 2 (Port of
2 San Francisco) Sub-Project Areas I-1 through I-13 - Special Tax Bonds - CCSF Special Tax
3 District No. 2020-1 (Mission Rock Facilities and Services)]

4 **Resolution approving certain documents and actions related to a Pledge Agreement by**
5 **City and County of San Francisco (CCSF) Infrastructure Financing District No. 2 (Port**
6 **of San Francisco) and special tax bonds for City and County of San Francisco Special**
7 **Tax District No. 2020-1 (Mission Rock Facilities and Services); and determining other**
8 **matters in connection therewith, as defined herein.**

9
10 WHEREAS, California Statutes of 1968, Chapter 1333 (“Burton Act”) and San
11 Francisco Charter, Section 4.114 and Appendix B, beginning at Section B3.581, empower the
12 City and County of San Francisco (“City”), acting through the San Francisco Port Commission
13 (“Port” or “Port Commission”), with the power and duty to use, conduct, operate, maintain,
14 manage, regulate, and control the lands within Port jurisdiction; and

15 WHEREAS, Seawall Lot 337 Associates, LLC, a Delaware limited liability company
16 (“Master Developer”) and the City, acting by and through the Port, are parties to a Disposition
17 and Development Agreement (as amended from time to time, “DDA”), including a Financing
18 Plan (as amended from time to time, “Financing Plan”), that governs the disposition and
19 development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337, 3.53
20 acres located at Terry A. Francois Boulevard from Third Street to Mission Rock Street, China
21 Basin Park and ½ acre to the east of Terry A. Francois Boulevard between Pier 48 and Pier
22 50 (“Project Site”), and also provides for development of Pier 48, which DDA was approved by
23 the Board of Supervisors of the City (“Board of Supervisors” or “Board”) by Resolution No. 42-

1 18, adopted on February 13, 2018, signed by the Mayor on February 23, 2018, and a copy of
2 which is in Board File No. 180092 (“Mission Rock Project Resolution”); and

3 WHEREAS, The Port collaborated with the State Lands Commission and the
4 Legislature to amend the Burton Act to lift or suspend certain statutory trust use restrictions
5 that impeded the Port’s ability to realize the development potential of Port lands; and under
6 Senate Bill 815 (Stats. 2007, ch. 660, as amended by Stats. 2016, ch. 529) (“SB 815”), the
7 Port is authorized to lease certain seawall lots south of Market Street, including the Project
8 Site, for nontrust purposes, providing revenues for rehabilitation of historic wharves and piers
9 and other trust uses; SB 815 allows long-term nontrust uses that are otherwise not
10 permissible under the Burton Act as a primary mechanism to generate Port revenues for trust
11 purposes, including the construction of infrastructure needed for development; and

12 WHEREAS, On November 3, 2015, San Francisco voters approved the Mission Rock
13 Affordable Housing, Parks, Jobs and Historic Preservation Initiative (“Proposition D”), which
14 authorized increased height limits on the Project Site, subject to environmental review, and
15 established a City policy to encourage development of the Project Site; Proposition D
16 specifically provides that it is intended to encourage and implement the lease and
17 development of the Project Site as described in SB 815 to support the purposes of the Burton
18 Act, especially the preservation of historic piers and historic structures and construction of
19 waterfront plazas and open space; and

20 WHEREAS, The proposed development of the Project Site, which is commonly
21 referred to as the Mission Rock project (“Project”), will be a new mixed-use neighborhood that
22 is proposed to include a mix of commercial/office, retail, parking, and market rate and
23 affordable residential uses and approximately eight acres of new and expanded parks and
24 shoreline access; and

25 WHEREAS, Under the DDA, (i) the Master Developer is responsible for master

1 development of the Project Site, including construction of public infrastructure, (ii) the Port and
2 Master Developer will enter into a master lease for all of the Project Site, (iii) the Port will
3 convey development parcels to vertical developers and those parcels will be released from
4 the master lease, and (iv) the Port may enter into a separate lease with the Master Developer
5 (or an affiliate of Master Developer) for development of Pier 48; and

6 WHEREAS, The City anticipates that, in addition to the infrastructure and private
7 development described above, future improvements will be necessary to ensure that the
8 shoreline, public facilities, and public access improvements will be protected should sea level
9 rise in the vicinity of the Project Site, and the Board of Supervisors desires to provide a
10 mechanism to pay for the costs of such improvements; and

11 WHEREAS, At its hearing on October 5, 2017, and prior to recommending proposed
12 Planning Code amendments for approval, by Motion No. M-20017, the Planning Commission
13 certified a Final Environmental Impact Report (“FEIR”) for the Project pursuant to the
14 California Environmental Quality Act (“CEQA”) (California Public Resources Code, Section
15 21000 et seq.), the CEQA Guidelines (14 Cal. Code Reg., Section 15000 et seq.), and
16 Administrative Code, Chapter 31; a copy of said Motion is on file with the Clerk of the Board in
17 File No. 171117, and is incorporated herein by reference; and

18 WHEREAS, In recommending proposed Planning Code amendments for approval by
19 the Board at its hearing on October 5, 2017, by Motion No. M-20018, the Planning
20 Commission also adopted findings under CEQA, including a statement of overriding
21 consideration, and a Mitigation Monitoring and Reporting Program (“MMRP”), and copies of
22 said Motion and MMRP are on file with the Clerk of the Board in File No. 171117, and are
23 incorporated herein by reference; and

24 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (as
25 it may be amended from time to time, “Code”), which Code incorporates by reference the

1 Mello-Roos Community Facilities Act of 1982, as amended (“Mello-Roos Act”), the Board is
2 authorized to establish a special tax district and to act as the legislative body for a special tax
3 district; and

4 WHEREAS, The Board has conducted proceedings under and pursuant to the Code to
5 form “City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock
6 Facilities and Services)” (“Special Tax District”), to authorize the levy of special taxes upon the
7 land within the Special Tax District and to authorize the issuance of bonds and other debt (as
8 defined in the Mello-Roos Act) secured by said special taxes for the purpose of financing
9 certain improvements (“Authorized Facilities”) and incidental expenses (“incidental
10 expenses”), all as described in those proceedings; and

11 WHEREAS, Pursuant to Resolution No. 196-20, which was adopted on May 5, 2020,
12 and signed by Mayor London Breed on May 15, 2020 (“Original Special Tax Bond
13 Resolution”), the Board of Supervisors authorized the issuance of up to \$3,700,000,000 of
14 bonded indebtedness and other debt on behalf of the Special Tax District and directed staff to
15 prepare documentation for such bonded indebtedness and other debt and return to the Board
16 of Supervisors for approval of such documentation; and

17 WHEREAS, Section 43.10.15.2 of the Code authorizes the City, on behalf of the
18 Special Tax District, to enter into an agreement with any third party that pledges to the Special
19 Tax District funds that will be used to pay for facilities or services that the Special Tax District
20 is authorized to finance or to pay debt service on bonds or debt issued by or for the Special
21 Tax District; and

22 WHEREAS, Under California Government Code, Sections 53395 et seq. (“IFD Law”),
23 the Board of Supervisors is authorized to establish an infrastructure financing district and to
24 act as the legislative body for such an infrastructure financing district; more specifically, the
25

1 Board of Supervisors is authorized to establish “waterfront districts” under IFD Law Section
2 53395.8, including one or more waterfront districts; and

3 WHEREAS, By Ordinance No. 27-16, which the Board of Supervisors adopted on
4 March 1, 2016, and which was signed by Mayor Edwin Lee on March 11, 2016 (“Ordinance
5 Establishing IFD”), the Board of Supervisors, among other things, declared “City and County
6 of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)” (“IFD”) to be
7 fully formed and established, approved an infrastructure financing plan for the IFD (“IFD
8 Infrastructure Financing Plan”), and designated initial proposed project areas within the IFD;
9 and

10 WHEREAS, In accordance with the DDA, by Ordinance No. 34-18, which the Board of
11 Supervisors adopted on February 27, 2018, and which was signed by the Mayor on March 6,
12 2018 (“Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13”), the
13 Board of Supervisors, among other things, declared the following project area (“Project Area
14 I”) and sub-project areas (collectively, “Sub-Project Areas”) within the Project Site to be fully
15 formed and established and approved Appendix I to the IFD Infrastructure Financing Plan: (i)
16 “Project Area I (Mission Rock),” (ii) “Sub-Project Area I-1 (Mission Rock),” (iii) “Sub-Project
17 Area I-2 (Mission Rock),” (iv) “Sub-Project Area I-3 (Mission Rock),” (v) “Sub-Project Area I-4
18 (Mission Rock),” (vi) “Sub-Project Area I-5 (Mission Rock),” (vii) “Sub-Project Area I-6 (Mission
19 Rock),” (viii) “Sub-Project Area I-7 (Mission Rock),” (ix) “Sub-Project Area I-8 (Mission Rock),”
20 (x) “Sub-Project Area I-9 (Mission Rock),” (xi) “Sub-Project Area I-10 (Mission Rock),” (xii)
21 “Sub-Project Area I-11 (Mission Rock),” (xiii) “Sub-Project Area I-12 (Mission Rock),” and (xiv)
22 “Sub-Project Area I-13 (Mission Rock)”; and

23 WHEREAS, Under Section 53395.2 of the IFD Law, the IFD is authorized to pledge
24 revenues available from the Sub-Project Areas and allocated to it pursuant to Article 3 of the
25 IFD Law (commencing with Section 53396) to pay the principal of, and interest on, bonds

1 issued pursuant to the Mello-Roos Act, the proceeds of which have been or will be used
2 entirely for allowable purposes of the IFD; and

3 WHEREAS, By Resolution No. 37-18, which the Board of Supervisors adopted on
4 February 13, 2018, and which was signed by Mayor Mark Farrell on February 23, 2018
5 (“Original Pledge Agreement Resolution”), the Board of Supervisors, acting as the legislative
6 body of the IFD, authorized execution of one or more pledge agreements by the IFD that
7 provides, among other things, for the pledge of tax increment revenues allocated to the IFD
8 with respect to all or any of the Sub-Project Areas (“Tax Increment”), as applicable, to bonds
9 issued for a special tax district that is formed by the Board of Supervisors to finance all or any
10 of the facilities that can be financed by the IFD with Tax Increment; and

11 WHEREAS, A default judgment was entered on October 17, 2019, by the Superior
12 Court of the County of San Francisco in a judicial validation action related to, among other
13 things, the IFD, the Sub-Project Areas and such pledge agreements (Case No. CGC-18-
14 565561) (“Validation Judgment”); and

15 WHEREAS, Pursuant to Resolution No. 565-20, which was approved by the Board of
16 Supervisors on December 8, 2020 and signed by the Mayor on December 18, 2020 (“First
17 Supplemental Resolution of Issuance”), the Board of Supervisors previously authorized the
18 issuance of special tax bonds on behalf of the Special Tax District denominated City and
19 County of San Francisco Community Facilities District No. 2020-1 (Mission Rock Facilities
20 and Services) Development Special Tax Bonds, Series 2021A (“2021A Bonds”) pursuant to a
21 Fiscal Agent Agreement (“Master Fiscal Agent Agreement”), by and between the City and
22 Zions Bancorporation, National Association, as fiscal agent (“Fiscal Agent”); and

23 WHEREAS, Pursuant to Resolution No. 569-20, which was approved by the Board of
24 Supervisors on December 8, 2020 and signed by the Mayor on December 18, 2020 (“First
25 Supplemental Pledge Agreement Resolution”) the Board of Supervisors, acting as the

1 legislative body of the IFD, authorized the execution and delivery of a Pledge Agreement, by
2 and among the City, for and on behalf of the Special Tax District, the IFD and the Fiscal
3 Agent, and such Pledge Agreement is expected to be executed and delivered upon the
4 issuance of the 2021A Bonds; and

5 WHEREAS, The Board of Supervisors is concurrently considering a resolution
6 supplementing the Original Special Tax Bond Resolution to provide for the issuance of one or
7 more additional series of special tax bonds (the “2021B Bonds”), which will be payable from
8 Revenues (as defined in the Master Fiscal Agent Agreement) on a parity basis with the 2021A
9 Bonds, to finance a portion of the Facilities and related costs and expenses; and

10 WHEREAS, The Revenues include (a) revenue from the Development Special Tax
11 levied under the Rate and Method, and not from other special taxes that may be levied under
12 the Rate and Method and (b) certain payments made by the IFD under the Pledge
13 Agreement; and

14 WHEREAS, On March 23, 2021, Port staff provided an update to the Port Commission
15 on the Project and plan of finance, including the proposed issuance of the 2021B Bonds, and
16 by Resolution No. 21-11, the Port Commission recommended that the Board of Supervisors,
17 as the legislative body of the IFD, approve certain documents and actions related to the
18 2021B Bonds; and

19 WHEREAS, A copy of Port Commission Resolution No. 21-11 is in Board File No.
20 210386, and is incorporated in this resolution by reference; and

21 WHEREAS, In the Ordinance Establishing Project Area I and Sub-Project Areas I-1
22 through I-13, the Board of Supervisors appointed the Port Commission to act as the agent of
23 the IFD with respect to Project Area I and the Sub-Project Areas (which is referred to as the
24 IFD Agent in the DDA), which under the DDA includes the authority to determine in
25 collaboration with the Office of Public Finance whether and in what amounts the IFD will issue

1 or incur indebtedness for the purposes specified in Appendix I to the Infrastructure Financing
2 Plan and enter into agreements related to such indebtedness; and

3 WHEREAS, In its capacity as legislative body of the IFD, the Board of Supervisors now
4 wishes to approve certain documents and actions in connection with the issuance of the
5 2021B Bonds; and

6 WHEREAS, All conditions, things and acts required to exist, to have happened and to
7 have been performed precedent to the execution and delivery of such documents and the
8 taking of such actions as contemplated by this Resolution and the documents referred to
9 herein exist, have happened and have been performed in due time, form and manner as
10 required by applicable law, including the IFD Law; now, therefore, be it

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

12 FURTHER RESOLVED, That all actions heretofore taken by the officers and agents of
13 the City (including, but not limited to the IFD Agent in accordance with the DDA and the
14 Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13) with respect to
15 the establishment of the IFD, Project Area I and the Sub-Project Areas, the approval of the
16 IFD Infrastructure Financing Plan and Appendix I, and the execution and delivery of the
17 Pledge Agreement are hereby approved, confirmed and ratified, and the appropriate officers
18 of the City (including, but not limited to the IFD Agent in accordance with the DDA and the
19 Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13) are hereby
20 authorized and directed to do any and all things and take any and all actions and execute any
21 and all certificates, agreements and other documents on behalf of the IFD, which they, or any
22 of them, may deem necessary or advisable in connection with the 2021B Bonds in
23 accordance with this Resolution, including but not limited to any actions required in connection
24 with issuance of ratings or obtaining a municipal bond insurance policy with respect to the
25 2021B Bonds, and any certificate, agreement, and other document described in the

1 documents herein approved; all actions to be taken by the officers and agents of the City may
2 be taken by such officer or agent or any designee, with the same force and effect as if taken
3 by the officer or agent; and, be it

4 FURTHER RESOLVED, That this Resolution shall take effect from and after its
5 adoption and approval.

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7 APPROVED AS TO FORM:

8 DENNIS J. HERRERA
9 City Attorney

10 By: /s/
11 MARK D. BLAKE
Deputy City Attorney

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