

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 63 - 2015

AUTHORIZING THE ISSUANCE OF TAX ALLOCATION REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$125,000,000, AND APPROVING AND DIRECTING THE EXECUTION OF AN INDENTURE OF TRUST, A BOND PURCHASE CONTRACT AND REDEMPTION AGREEMENTS, AND APPROVAL OF OTHER RELATED DOCUMENTS AND ACTIONS; MISSION BAY NORTH PROJECT AREA

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 Redevelopment Agency of the City and County of San Francisco (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) of 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 bonds for certain refunding purposes (Section 34177.5(a)(1) of the Code), 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 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 (as defined herein) 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, Prior to the dissolution of the Former Redevelopment Agency, the Former Redevelopment Agency entered into the following loan agreements (collectively, the Existing Loan Agreements") to finance and refinance redevelopment activities with respect to its Mission Bay North Redevelopment Project Area:

(i) Loan Agreement dated as of July 1, 2005 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the City and County of San Francisco Redevelopment Financing Authority (the "Authority");

(ii) Loan Agreement dated as of August 1, 2006 among the Former Redevelopment Agency, The Bank of New York Trust Company, N.A., as trustee, and the Authority;

(iii) Loan Agreement dated as of September 1, 2009 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority; and

(iv) Loan Agreement dated as of March 1, 2011 among the Former Redevelopment Agency, U.S. Bank National Association, as trustee, and the Authority; and,

WHEREAS, In connection with the execution and delivery of the Existing Loan Agreements, the Authority issued the following bonds (collectively, the "Prior Bonds"):

(i) \$16,230,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2005 Series D Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project);

(ii) \$34,510,000 principal amount of City and County of San Francisco Redevelopment Financing Authority 2006 Series B Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project – Infrastructure);

(iii) \$25,715,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2009 Series C Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project); and

(iv) \$27,335,000 aggregate principal amount of City and County of San Francisco Redevelopment Financing Authority 2011 Series C Tax Allocation Revenue Bonds (Mission Bay North Redevelopment Project); and,

WHEREAS, Section 34177.5(a)(1) of the Code 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 refund the bonds or other indebtedness of its former redevelopment agency to provide savings to the successor agency, provided that the conditions set forth in that section (the “Savings Parameters”) are met; and,

WHEREAS, Section 34177.5(b) of the Code authorizes a successor agency to issue such refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Refunding Law”); and,

WHEREAS, In order to refinance the Existing Loan Agreements and the Prior Bonds under the authority of Section 34177.5(a)(1) of the Code and the Refunding Law, the Successor Agency has determined, subject to the approval of the Oversight Board and the California Department of Finance, to issue its refunding bonds (the “2016 Series A Bonds”) captioned “2016 Series A Tax Allocation Refunding Bonds (Mission Bay North Redevelopment Project)”;

WHEREAS, The 2016 Series A Bonds will be payable from “Tax Revenues” (as defined in the Indenture) on a parity to the Successor Agency’s repayment obligations under the Existing Loan Agreements, if any, that will remain outstanding after the issuance of the 2016 Series A Bonds; and,

WHEREAS, To determine that the issuance of the 2016 Series A Bonds, the refinancing of the Existing Loan Agreements and the resulting refunding of the Prior Bonds comply with the Savings Parameters, the Successor Agency has caused its financial advisor, Public Financial Management, Inc.(the “Financial Advisor”), to prepare an analysis of the potential savings that will accrue to the Successor Agency and to applicable taxing entities as a result of the use of the proceeds of the 2016

Series A Bonds to prepay the Existing Loan Agreements and, thereby, to refund the Prior Bonds (the “Debt Service Savings Analysis”); and,

WHEREAS, The sale of the 2016 Series A Bonds will comply with the provisions of the Successor Agency’s debt policy (the “Debt Policy”), adopted by Resolution 72-2014 of the Successor Agency Commission on August 19, 2014, unless such compliance is waived in accordance with the Debt Policy; and,

WHEREAS, The Financial Advisor has had input into the staff report submitted in connection with this Resolution, which addresses matters described in Section 34177.5(h) of the Code with respect to the 2016 Series A Bonds; and,

WHEREAS, The Successor Agency has determined, subject to the approval of the Oversight Board and the California Department of Finance, to sell the 2016 Series A Bonds to Citigroup Global Markets Inc., Backstrom McCarley Berry & Company, LLC, and Stinson Securities, LLC (collectively, the “Underwriters”) pursuant to a Bond Purchase Contract (the “Purchase Contract”) between the Successor Agency and the Underwriters; and,

WHEREAS, The following documents and instruments have been made available to the Successor Agency and the public and are on file with the Secretary of the Successor Agency: an Indenture of Trust (the “Indenture”) between the Successor Agency and U.S. Bank National Association, as trustee (the “Trustee”), providing for the issuance of the 2016 Series A Bonds; a Redemption Agreement for each of the Prior Bonds and the related Existing Loan Agreements (each a “Redemption Agreement”) providing for the refinancing of the Existing Loan Agreements, and the refunding and defeasance of the Prior Bonds; and the Purchase Contract to be used in connection with the sale of the 2016 Series A Bonds (the “Purchase Contract”); and,

WHEREAS, The Successor Agency is now requesting that the Oversight Board direct the Successor Agency to undertake the refunding proceedings and to approve the issuance of the 2016 Series A Bonds pursuant to this Resolution and the Indenture; and,

WHEREAS, The Successor Agency further requests that the Oversight Board make certain determinations described below on which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Series A Bonds; and,

WHEREAS, Following approval by the Oversight Board of the issuance of the 2016 Series A Bonds by the Successor Agency and upon submission of the Oversight Board Resolution to the California Department of Finance, the Successor Agency will, with the assistance of the Financial Advisor, bond counsel to the Successor Agency (“Bond Counsel”), disclosure counsel to the Successor Agency (“Disclosure Counsel”), and the fiscal consultant to the Successor Agency (the “Fiscal Consultant”), cause to be prepared a form of Official Statement describing the 2016 Series A Bonds and containing material information relating to the Successor Agency and the 2016 Series A Bonds, the preliminary form of which

will be submitted to the Successor Agency (but not the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2016 Series A Bonds; and,

WHEREAS, The sale and issuance of the 2016 Series A 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)(1) of the Code to issue the 2016 Series A Bonds and to refinance the Existing Loan Agreements and the Prior Bonds, 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 A Bonds, when executed by the Successor Agency, authenticated and delivered by 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, The Successor Agency Commission has determined that there are significant potential savings available to the Successor Agency and to applicable taxing entities in compliance with the Savings Parameters by the issuance by the Successor Agency of the 2016 Series A Bonds to provide funds to refund, discharge and defease the Existing Loan Agreements and the Prior Bonds, all as evidenced by the Debt Service Savings Analysis on file with the Successor Agency, which is hereby approved; and, be it further

RESOLVED, Pursuant to this Resolution, the Indenture, Section 34177.5(b) of the Code, and the Refunding Law, the 2016 Series A Bonds are hereby authorized to be issued, subject to the approval of the Oversight Board and the California Department of Finance, provided that the aggregate initial amount of the 2016 Series A Bonds shall not exceed \$125,000,000 and that the 2016 Series A Bonds shall be in compliance with the Savings Parameters at the time of their issuance and delivery. The 2016 Series A Bonds shall be executed in the form set forth in and otherwise as provided in the Indenture. Notwithstanding the foregoing, the Successor Agency may issue more than one series of refunding bonds at different times if the Authorized Officers determine it is in the best interests of the Successor Agency to do so, provided that the maximum combined principal amount of all refunding bonds shall not exceed \$125,000,000; and, be it further

RESOLVED, It is the intent of the Successor Agency to sell and deliver the 2016 Series A Bonds in whole, provided that there is compliance with the Savings Parameters. However, the Successor Agency will initially authorize the sale and delivery of the 2016 Series A Bonds in whole or, if such Savings Parameters cannot be met

with respect to the whole, then in part; provided that the 2016 Series A Bonds so sold and delivered in part are in compliance with the Savings Parameters. The sale and delivery of the 2016 Series A Bonds in part will in each instance provide sufficient funds only for the refunding of that portion of the 2016 Series A Bonds that meet the Savings Parameters. If the 2016 Series A Bonds are initially sold in part, the Successor Agency intends to sell and deliver additional parts of the 2016 Series A Bonds without the further approval of the Oversight Board provided that in each such instance the 2016 Series A Bonds so sold and delivered in part are in compliance with the Savings Parameters; 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 A Bonds shall be as provided in the Indenture as finally executed. Each Authorized Officer is hereby authorized and directed to select one or more banking corporations, trust companies or national banking associations to serve as trustee under the Indenture; and, be it further

RESOLVED, The Redemption Agreements are hereby approved in the forms lodged with the Successor Agency's Secretary. Each Authorized Officer, acting alone, is 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 Redemption Agreements in said forms, 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 Redemption Agreements by an Authorized Officer; and, be it further

RESOLVED, The Successor Agency hereby approves the selection of the Underwriters. The Purchase Contract 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 Underwriters to purchase the 2016 Series A Bonds, provided that the following conditions are met: (a) the aggregate initial amount of the 2016 Series A Bonds may not exceed \$125,000,000, the true interest cost of the 2016 Series A Bonds may not exceed 5.5% per annum, and the Underwriters' discount for the 2016 Series A Bonds, without regard to any original issue discount, may not exceed 0.70% of the aggregate initial amount of the 2016

Series A Bonds; (b) the net present value savings obtained by issuing the 2016 Series A Bonds, based on the debt service of the Prior Bonds being refunded, is not less than 3% of the principal amount of the Prior Bonds being refunded (provided, however, that, in accordance with the Debt Policy of the Successor Agency, this criterion may be waived in order to take advantage of the current historically low interest rate environment and the economic efficiency of including multiple loans in the current refinancing); and (c) the issuance of the 2016 Series A Bonds and the refunding of the Existing Loan Agreements and the Prior Bonds comply with the Savings Parameters. Subject to the Oversight Board's approval, and the Department of Finance's non-objection to or approval of the Oversight Board's Resolution, an Authorized Officer is hereby authorized and directed to execute and deliver each 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 each Purchase Contract by an Authorized Officer; and, be it further

RESOLVED, Following approval by the Oversight Board of the issuance of the 2016 Series A Bonds by the Successor Agency and upon approval by the California Department of Finance of such approval by the Oversight Board, the Successor Agency will, with the assistance of Disclosure Counsel, Bond Counsel, the Fiscal Consultant and the Financial Advisor, cause to be prepared a form of Official Statement describing the 2016 Series A Bonds and containing material information relating to the Successor Agency and the 2016 Series A Bonds, the preliminary form of which will be submitted to the Successor Agency (but not to the Oversight Board) for approval for distribution by the Underwriters to persons and institutions interested in purchasing the 2016 Series A Bonds; and, be it further

RESOLVED, The 2016 Series A Bonds, when executed, shall be delivered to the Trustee for authentication. The Trustee is hereby requested and directed to authenticate the 2016 Series A Bonds by executing the Trustee's certificate of authentication and registration appearing thereon, and to deliver the 2016 Series A Bonds, when duly executed and authenticated, to the Underwriters 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 A Bonds to the Underwriters upon payment of the purchase price therefor; and, be it further

RESOLVED, The Successor Agency hereby requests the Oversight Board, as authorized by Section 34177.5(f) of the Code, to direct the Successor Agency to undertake the refunding proceedings and as authorized by Sections 34177.5(f) and 34180 of the Code to approve the issuance of the 2016 Series A Bonds pursuant to Section 34177.5(a)(1) of the Code, this Resolution and the Indenture; and, be it further

RESOLVED, The Successor Agency requests that the Oversight Board make the following determinations upon which the Successor Agency will rely in undertaking the refunding proceedings and the issuance of the 2016 Series A Bonds:

- (a) The Successor Agency is authorized, as provided in Section 34177.5(f) of the Code, to recover its costs related to the issuance of the 2016 Series A Bonds from the proceeds of the 2016 Series A Bonds, including the cost of reimbursing its administrative staff for time spent with respect to the authorization, issuance, sale and delivery of the 2016 Series A Bonds.
- (b) The application of proceeds of the 2016 Series A Bonds by the Successor Agency to the refunding and defeasance of the Prior Bonds and the refinancing of the Existing Loan Agreements, as well as the payment by the Successor Agency of costs of issuance of the 2016 Series A Bonds, as provided in Section 34177.5(a) of the Code, shall be implemented by the Successor Agency promptly upon sale and delivery of the 2016 Series A Bonds, notwithstanding Section 34177.3 of the Code or any other provision of law to the contrary, without the approval of the Oversight Board, the California Department of Finance, or any other person or entity other than the Successor Agency.
- (c) The Successor Agency shall be entitled to receive its full Administrative Cost Allowance under Section 34181(a)(3) of the Code without any deductions with respect to continuing post-issuance compliance and administration costs related to the 2016 Series A Bonds, such as trustee's fees, auditing and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be payable from property tax revenues pursuant to Section 34183 of the Code. In addition and as provided by Section 34177.5(f) of the Code, if the Successor Agency is unable to complete the issuance of the 2016 Series A Bonds for any reason, the Successor Agency shall, nevertheless, be entitled to recover its costs incurred with respect to the refunding proceedings of the 2016 Series A Bonds from such property tax revenues pursuant to Section 34183 of the Code without reduction in its Administrative Cost Allowance; and, be it further

RESOLVED The Successor Agency is hereby authorized and directed to file the Debt Service Savings Analysis, together with 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, The Authorized Officers, each acting alone, are hereby authorized and directed to take all actions necessary to obtain a municipal bond insurance policy and/or reserve account surety bond, or both, for the 2016 Series A Bonds, or any portion thereof, from a municipal bond insurance company if it is determined, upon consultation with the Financial Advisor and the Underwriters, that such municipal

bond insurance policy and/or surety bond will reduce the true interest costs with respect to the 2016 Series A Bonds; and, be it further

RESOLVED, That, subject to the preparation and approval of the Official Statement, as described above, 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 A Bonds herein authorized, the expenditure of the proceeds of the 2016 Series A 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 A 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