

1 [Authorizing and Ratifying Issuance of Bonded Indebtedness and Other Debt - Special Tax
2 District No. 2020-1 (Mission Rock Facilities and Services) - Not to Exceed \$3,700,000,000]

3 **Resolution authorizing and ratifying the issuance and sale of bonded indebtedness and**
4 **other debt in an aggregate principal amount not to exceed \$3,700,000,000 for the City**
5 **and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities**
6 **and Services); and determining other matters in connection therewith, as defined**
7 **herein.**

8
9 WHEREAS, California Statutes of 1968, Chapter 1333 (“Burton Act”) and San
10 Francisco Charter, Section 4.114 and Appendix B, beginning at Section B3.581, empower the
11 City and County of San Francisco (“City”), acting through the San Francisco Port Commission
12 (“Port” or “Port Commission”), with the power and duty to use, conduct, operate, maintain,
13 manage, regulate, and control the lands within Port jurisdiction; and

14 WHEREAS, Seawall Lot 337 Associates, LLC, a Delaware limited liability company
15 (“Master Developer”) and the City, acting by and through the Port, are parties to a Disposition
16 and Development Agreement (as amended from time to time, “DDA”), including a Financing
17 Plan (as amended from time to time, “Financing Plan”), that governs the disposition and
18 development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337, 3.53
19 acres located at Terry A. Francois Boulevard from Third Street to Mission Rock Street, China
20 Basin Park and 1/2 acre to the east of Terry A. Francois Boulevard between Pier 48 and Pier
21 50 (“Project Site”), and also provides for development of Pier 48, which DDA was approved by
22 the Board of Supervisors of the City (“Board of Supervisors” or “Board”) by Resolution No. 42-
23 18, adopted on February 13, 2018, signed by the Mayor on February 23, 2018, and a copy of
24 which is in Board File No. 180092 (“Mission Rock Project Resolution”) ; and

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

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

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

23 WHEREAS, Under the DDA, (i) the Master Developer is responsible for master
24 development of the Project Site, including construction of public infrastructure, (ii) the Port and
25 Master Developer will enter into a master lease for all of the Project Site, (iii) the Port will

1 convey development parcels to vertical developers and those parcels will be released from
2 the master lease, and (iv) the Port may enter into a separate lease with the Master Developer
3 (or an affiliate of Master Developer) for development of Pier 48; and

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

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

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

22 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (as
23 it may be amended from time to time, “Code”), which Code incorporates by reference the
24 Mello-Roos Community Facilities Act of 1982, as amended (“Mello-Roos Act”), the Board is
25

1 authorized to establish a special tax district and to act as the legislative body for a special tax
2 district; and

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

10 WHEREAS, The Board has determined that such debt may include an agreement by
11 the Special Tax District (or the City on behalf of the Special Tax District) to repay the City,
12 acting by and through the Port Commission, for one or more advances of land proceeds and
13 other sources of Port funding to pay the costs of the Facilities and incidental expenses
14 (“Advances”), which repayment obligation (“Repayment Obligation”) may be evidenced by one
15 or more promissory notes ratified or executed by the Special Tax District (or the City on behalf
16 of the Special Tax District) in favor of the Port Commission; and

17 WHEREAS, The Board wishes to ratify, among other things, the execution or
18 ratification of one or more promissory notes to evidence the Repayment Obligation; and

19 WHEREAS, The Board further wishes to authorize the issuance of one or more series
20 of special tax bonds to finance the Facilities, the incidental expenses and related costs and
21 expenses, and wishes to direct City staff to prepare and return to the Board for approval of
22 certain documents providing for the issuance and sale of the special tax bonds; now,
23 therefore, be it

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

25

1 FURTHER RESOLVED, That pursuant to the Code and this Resolution, one or more
2 series of special tax bonds designated the “City and County of San Francisco Special Tax
3 District No. 2020-1 (Mission Rock Facilities and Services) Special Tax Bonds” (“Bonds”) in an
4 aggregate principal amount not to exceed \$3,700,000,000 are hereby authorized to be issued
5 from time to time; the Bonds shall be secured by a pledge of and payable from proceeds of
6 the special taxes levied in the Special Tax District; and, be it

7 FURTHER RESOLVED, That City staff is hereby directed to work with the City’s
8 consultants to prepare the documentation required for the issuance and sale of the Bonds and
9 to return to the Board for its approval of such documentation; and, be it

10 FURTHER RESOLVED, That the Board hereby approves and ratifies the appointment
11 of the Port as the CFD Agent (as defined in the DDA) for the Special Tax District and
12 approves and ratifies all actions taken prior to the date hereof by the Port in its capacity as
13 CFD Agent, including, but not limited to, execution or ratification of one or more promissory
14 notes to evidence the Repayment Obligation and execution of one more pledge agreements
15 with an infrastructure financing district to receive property tax revenues to repay the
16 Repayment Obligation; and, be it

17 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
18 word of this Resolution, or any application thereof to any person or circumstance, is held to be
19 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
20 shall not affect the validity of the remaining portions or applications of this Resolution, the
21 Board hereby declaring that it would have passed this Resolution and each and every section,
22 subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional
23 without regard to whether any other portion of this Resolution or application thereof would be
24 subsequently declared invalid or unconstitutional; and, be it

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

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

13 FURTHER RESOLVED, That the Board hereby authorizes and directs the Director of
14 the Office of Public Finance and the City Attorney, in consultation with bond counsel, to initiate
15 a judicial validation action with respect to the Special Tax District and the Bonds pursuant to
16 Code of Civil Procedure Section 860 et seq.; and, be it

17 FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.
18

19 APPROVED AS TO FORM:
20 DENNIS J. HERRERA, City Attorney

21
22 By: _____
23 MARK D. BLAKE
24 Deputy City Attorney
25 n:\legana\as2020\2000156\01431832.docx