

Resolutions of Intention to Establish Treasure Island Community Facilities District and Infrastructure and Revitalization Financing District

SUMMARY OF PROPOSED ACTION

The following staff report requests approval of the following resolutions necessary to initiate the formation of financing districts required to provide public financing of eligible expenses incurred in the development of the former Naval Station Treasure Island (the “Project Site”):

Resolution of Intention to establish City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and project areas therein to finance the construction and/or acquisition of facilities on Treasure Island and Yerba Buena Island; to provide for annexation; to call a public hearing on the formation of the district and project areas therein and to provide public notice thereof; and determining other matters in connection therewith.

Resolution authorizing and directing the Director of the Office of Public Finance, or designee thereof, to prepare an infrastructure financing plan for City and County of San Francisco Infrastructure Financing District No. 1 (Treasure Island) and project areas therein and determining other matters in connection therewith.

Resolution of intention to issue bonds for City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and determining other matters in connection therewith.

Resolution of Intention to establish City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), Improvement Area No. 1 and a Future Annexation Area, and determining other matters in connection therewith.

Resolution of intention to incur bonded indebtedness and other debt in an amount not to exceed \$5.0 Billion for the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) and determining other matters in connection therewith.

BACKGROUND

On April 21, 2011, in a joint session with the San Francisco Planning Commission, the Treasure Island Development Authority (“TIDA”) Board of Directors adopted a series of resolutions to approve numerous entitlement and transaction documents relating to the Treasure Island/Yerba Buena Island Development Project (collectively, the “Transaction and Entitlement Documents”), including a Development Agreement (“DA”) and a Disposition and Development Agreement

(“DDA”) with the Treasure Island Community Development (“TICD”), and adopting environmental findings pursuant to the California Environmental Quality Act (“CEQA”). On June 7, 2011, the Board of Supervisors approved these same Transaction and Entitlement Documents.

The Transaction and Entitlement Documents contemplate a project (the “Project”) under which TIDA acquires the Project Site from the Navy and conveys portions of the Project Site to TICD for redevelopment. The Project includes the development of 8,000 new homes (including 2,173 affordable units), 300 acres of parks and open space, roughly 550,000 square feet of commercial and retail space, and up to 500 hotel rooms. To facilitate the development, TICD is required to deliver a wide range of public improvements, including geotechnically stabilizing the Project Site; constructing new roadways, utilities, and other public infrastructure to support the Project; and constructing new ferry facilities, a new police/fire public safety building, and other community facilities.

Included as an Exhibit to both the DDA and DA was a Financing Plan (Treasure Island/Yerba Buena Island) (the “Financing Plan”) which governs the disposition and development of the Project Site. The Financing Plan identifies certain financial goals for the Project and established the contractual framework for cooperation between TIDA, the City, and TICD in achieving those goals and implementing the Project.

The full text of the DA, DDA, Financing Plan and other entitlement and transaction documents for the Project can be found at:

<http://sftreasureisland.org/approved-plans-and-documents>

On May 29, 2015, TIDA accepted the first land transfer from the Navy comprising the northern half of Yerba Buena Island and approximately 60% of the Project Site on Treasure Island. In February 2016, development parcels in the initial subphase areas on Yerba Buena Island and the southwestern corner of Treasure Island were transferred to TICD, and in March 2016, TICD began demolition of existing structures on Yerba Buena Island. That demolition is now complete and demolition on Treasure Island has begun.

TICD has taken bids for the initial infrastructure contracts on Yerba Buena Island – for new water storage reservoirs and for new roadways and utility infrastructure – and those contractors will be mobilizing to begin construction in the coming weeks. Before the end of the calendar year, TICD anticipates bidding and awarding contracts for the soil stabilization and utility infrastructure in the initial subphase area on Treasure Island. TICD is also mobilizing consultants to begin the detailed design of infrastructure in the next subphase area.

DISCUSSION

Among other things, the Financing Plan calls for TIDA and the City to provide funding for certain public improvements by:

- (i) Forming requested Infrastructure and Revitalization Financing District(s) (“IRFD” or “IRFDs”) and take related actions under applicable provisions of the

- Government Code of the State of California (the “IRFD Law”) to pay for Qualified Project Costs;
- (ii) Forming requested Community Facilities District(s) (“CFD” or “CFDs”) and take related actions under the Mello-Roos Community Facilities Act of 1982 (the “Mello-Roos Act”) to pay for Qualified Project Costs, Ongoing Park Maintenance and Additional Community Facilities (including sea level rise adaptations); and
 - (iii) Issuing bonds and other debt for the IRFD(s) and CFD(s) and other public financing instruments described in the Financing Plan (“Public Financing”).

The Financing Plan provided that the City and TIDA, following consultation with TICD, would select consultants necessary to implement their respective portions of the Financing Plan, including the formation of any IRFD and CFD, and that the City and TIDA’s reasonable out-of-pocket costs that are not contingent upon the completion of a Public Financing will be advanced by TICD. In May 2015, the City and TICD entered into a deposit agreement under which TICD has advanced funding for City consultants to assist in the formation process.

Pursuant to the Financing Plan and deposit agreement, the City engaged Jones Hall, A Professional Law Corporation (bond counsel), Public Financial Management (municipal advisor), Goodwin Consulting Group (special tax consultant) and Keyser Marston Associates, Inc. (costs of services analysis, tax increment consultant) to assist in preparing the formation documents, and over the past year, TIDA, the Office of Public Finance and the City Attorney’s Office have worked with TICD to complete the analyses necessary to initiate the process of forming the IRFD and CFD.

The City, TIDA and TICD now wish to commence the formation of an initial IRFD and CFD in conjunction with the start of development activities in the first subphase areas. The proposed initial boundaries of the IRFD are shown in Exhibit F, and the proposed initial boundaries of the proposed CFD are shown in Exhibit G. Both districts will be subject to expansion through future annexations as the project progresses.

INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT (IRFD)

The proposed Resolution of Intention to establish the IRFD declares the Board’s intention to establish not only the CFD, but also project areas in the IRFD. The purpose of the project areas is to establish the time limits required by the IRFD Law in a manner that will align the IRFD’s ability to leverage tax increment with the development cycle of specific portions of the Project. The proposed Resolution of Intention also establishes the terms under which property on Treasure Island may annex into the IRFD.

Under the terms set forth in the Financing Plan, the City will commit a portion of the incremental property tax revenues derived in the project area to the IRFD for the reimbursement of eligible project costs consistent with the terms and limitations of IRFD Law. The City receives 64.69% of the 1% Ad Valorem property tax; the remaining 35.31% of property tax revenues are directed to the State and special districts.

In the Financing Plan the City has committed 56.69% of the tax increment (the “Net Available Increment”) to the financing of the Project with 82.5% of those committed revenues being available to TICD for the reimbursement of eligible project expenses and 17.5% of the revenues being reserved for the use of TIDA and the City in financing affordable housing. The remaining 8% of City tax increment (the “Conditional City Increment”) is not dedicated to the Public Financing, but is subordinated to the debt service of bonds issued under the IRFD should insufficient increment be generated to meet the IRFD’s debt service obligation.

Over the life of the IRFD, the initial Project Areas are anticipated to generate up to \$1.53 billion in Net Available Increment and bonds with an aggregate principal amount of not more than \$780 million may be secured against the increment generated in these initial project areas (both figures are in nominal dollars).

COMMUNITY FACILITIES DISTRICT (CFD)

The proposed Resolution of Intention to establish the CFD declares the Board’s intention to establish not only the CFD, but also Improvement Area No. 1 within the CFD (Improvement Area No. 1 will include all the property that will be initially included in the CFD) and a Future Annexation Area for the CFD (to identify property that may be annexed into the CFD in the future). The purpose of establishing improvement areas within the CFD is to give the City and the developer of the Project the flexibility to establish different special tax rates to reflect market conditions as property is transferred from the Navy for development. The proposed Resolution of Intention also establishes the terms under which property on Treasure Island may annex into the IRFD.

The CFD would impose a Special Tax in addition to the general 1% Ad Valorem property tax on properties within the CFD. The CFD may pay for a broader range of eligible project costs than an IRFD and may also pay for services, but (unlike an IRFD) revenues cannot be used to finance affordable housing development.

Under the terms of the Financing Plan and DDA, the bulk of the special tax revenues from the CFD in the initial 42 years following its formation will be committed to reimbursing TICD for eligible capital expenditures and project costs consistent with the terms and limitations of the Mello-Roos Act.

Over its life, including this initial period, the CFD will also provide an on-going revenue stream for TIDA to maintain the parks and open spaces on Treasure Island and Yerba Buena Island and the operation and maintenance of other TIDA owned facilities. Beyond the initial 42-year period, the CFD is intended to fund sea level rise adaptations and to generate a capital reserve of up to \$250,000,000 (2016\$) upon which TIDA may draw to implement future sea level rise adaptations, and to establish a permanent source of funds for these maintenance activities.

After sufficient capital reserves have been established, but no later than FY 2117, the CFD is intended to generate up to \$13,000,000 (2016\$) annually only for operation and maintenance of TIDA facilities including the 300 acres of parks and open to be developed on Treasure Island and Yerba Buena Island as part of the Project.

SUMMARY OF ACTIONS

The formation of the CFD (including Improvement Area No. 1 and the Future Annexation Area) and IRFD (including the Project Areas described in the Resolution of Intention) and authorization to levy special taxes and incur bonded and other indebtedness will require a number of legislative hearings and actions by the Board of Supervisors. The first step in the formation process is adoption by the Board of Supervisors of the resolutions listed on the first page and attached to this report. The IRFD and CFD would then each be the subject of a public hearing and special elections of the qualified electors within each district. In these initial formations, the qualified electors would be the property owners – TIDA and TICD. Following the public hearing and vote, further Board of Supervisors actions would be required to formally establish each district.

It is proposed that the public hearings, election, and consideration of subsequent formation actions be calendared at a single meeting of the Board of Supervisors to the maximum extent possible. Below is a summary of key required legislative actions:

| <u>IRFD</u> | <u>CFD</u> |
|--|--|
| <ul style="list-style-type: none"> • <i>Resolution of Intention to Establish IRFD</i> • <i>Resolution Authorizing Preparation of an Infrastructure Financing Plan (IFP)</i> • <i>Resolution of Intention to Issue Bonds</i> • Prepare IFP (by Director of the Office of Public Finance) • Resolution Approving the IFP • Public Hearing • Resolution Proposing Formation of IRFD • Resolution Calling for Special Election • Election • Resolution Confirming Election Results • Ordinance Adopting IFP • Resolution Authorizing Bond Issuance | <ul style="list-style-type: none"> • <i>Resolution of Intention to Establish CFD</i> • <i>Resolution of Intention to Incur Bonded Indebtedness</i> • Prepare CFD Report (by Director of the Office of Public Finance) • Public Hearing • Resolution of Formation of the CFD and Future Annexation Area • Resolution of Necessity to Incur Bonded Indebtedness • Resolution Calling Special Election • Election • Resolution Confirming Election Results • Ordinance Ordering Levy of Special Taxes • Resolution Authorizing Bond Issuance |
| <p><u>Notes:</u></p> <ul style="list-style-type: none"> - Currently proposed resolutions listed in <i>italics</i>. - Additional legislative matters relating to the formation of either district and precedent to or following the Public Hearing, including the Elections, may be considered at the same meeting as the Public Hearing - At the conclusion of the formation process, TIDA intends to seek a Judicial Validation of the districts | |

SUMMARY OF DRAFT DOCUMENTS

Resolution of Intention to Establish Infrastructure and Revitalization Financing District (Exhibit A)

The Resolution of Intention to Establish an Infrastructure and Revitalization Financing District is the first step in the formation of the IRFD, and describes, among other things, the boundaries of the IRFD, the Project Areas included in the initial formation area, the parcels included in the initial Project Areas and the process for annexing properties into the IRFD. Included as an Exhibit to the Resolution of Intention is a list of the facilities and project costs that may be financed by the IRFD. The Resolution of Intention also makes CEQA findings and calls for a public hearing.

Resolution Authorizing Director of the Office of Public Finance to Prepare an Infrastructure Financing Plan related to an IRFD (Exhibit B)

The Infrastructure Financing Plan (the “IFP”) is the key document intended to guide the function and administration of the IRFD. IRFD Law requires a resolution be adopted authorizing preparation of the IFP and further requires that the IFP be distributed to each land owner within the proposed district and each affected taxing agency at least 60 days prior to the public hearing on the proposed IRFD. In order to expedite the process of forming the IRFD and because much of the information contained in the IFP was required to inform the Resolution of Intention to Establish the IRFD (Exhibit A) and the Resolution of Intention to Issue Bonds (Exhibit C), the IFP has already been prepared and is included as Exhibit H to this report.

Resolution of Intention to Issue Bonds Related to IRFD (Exhibit C)

Resolution of Intention to Issue Bonds is the first step in the authorization of bonded indebtedness under the IRFD. This resolution establishes a not-to-exceed principal amount of \$780 million in debt from the initial Project Areas and calls for a special election of qualified electors (landowners) within the IRFD.

Resolution of Intention to Establish Community Facilities District (Exhibit D)

The Resolution of Intention to Establish the Community Facilities District is the first step in the formation of the CFD (including Improvement Area No. 1), and describes, among other things, the boundaries of the CFD and Improvement Area No. 1, the parcels included in the initial formation area (all of which are in Improvement Area No. 1), and the boundaries of the Future Annexation Area. The Rate and Method of Apportionment of Special Tax (the “Rate and Method”) for the proposed CFD is an Exhibit to the proposed resolution. The Rate and Method identifies the Land Use Categories within the proposed district, the Special Tax that would be assessed on each type of development, and other terms for the administration of the CFD, including its eventual transition from using the Special Tax for facilities to services. Also included as an Exhibit to the Resolution of Intention is a list of the facilities and services that may be financed by the CFD, including initial improvements to be constructed by TICD, on-going operation and maintenance of open spaces by TIDA, and future sea level rise adaptations. The Resolution of Intention stipulates that the levy of the special tax will be subject to the approval of qualified electors (landowners) in the initial formation areas and calls for a public hearing.

Resolution of Intention to Incur Bonded Indebtedness (Exhibit E)

The Resolution of Intention to Incur Bonded Indebtedness for the CFD is the first step in the authorization of bonded indebtedness and other debt for the CFD. Based on an estimate of residential and non-residential development in the Project Site, including the Future Annexation Area, approximately \$55 million in special tax revenue (2016\$) will be generated on an annual basis at build-out. This resolution establishes a not-to-exceed principal amount of \$5 billion (nominal dollars) in debt over the maximum 99 year life as a Facilities CFD and calls for a public hearing.

Map of IRFD Boundaries (Exhibit F)

The proposed boundary map depicts the Project Areas to be initially included in the IRFD and the parcels within those Project Areas. The initial formation areas includes five Project Areas in the initial areas of development on Yerba Buena Island and the southwestern corner of Treasure Island.

Map of CFD Boundaries (Exhibit G)

The proposed boundary map includes the parcels to be initially included in the CFD, Improvement Area No. 1 and the Future Annexation Area. The parcels initially included in the CFD include all development parcels on Yerba Buena Island. The Future Annexation Area includes the entire Project Site to allow for a more efficient annexation process under the Mello-Roos Act. No parcel in the Future Annexation Area will annex into the CFD until the owner of the parcel votes in favor of annexation to the CFD, but it is intended that parcels will be annexed as development progresses and before parcels are transferred out of TICD ownership.

Infrastructure Financing Plan (Exhibit H)

IRFD Law requires that the IFP be distributed to each land owner within the proposed district and each affected taxing agency at least 60 days prior to the public hearing on the proposed IRFD. The IFP must also be approved by resolution prior to the public hearing and adopted by ordinance following the IRFD special election. In order to expedite the process of establishing the IRFD and to move the formation of the IRFD and the CFD forward on a common schedule, the IFP has been prepared and will be distributed to the land owners within the proposed district – TICD and TIDA – and to each taxing agency. Although only the City and County of San Francisco will be committing tax increment to the IRFD (i.e., be an “affected taxing agency”) the IFP will be distributed to all taxing agencies sharing in property tax revenues from the IRFD.

RECOMMENDATION

Staff recommends approval of the following initial resolutions for formation of the IRFD and CFD and required to provide for the public financing of eligible facilities and services related to the development of the Project Site:

- i. Resolution of Intention to establish City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and project areas therein to finance the construction and/or acquisition of facilities on Treasure Island and Yerba Buena Island; to provide for annexation; to call a public hearing on the

- formation of the district and project areas therein and to provide public notice thereof; and determining other matters in connection therewith.
- ii. Resolution authorizing and directing the Director of the Office of Public Finance, or designee thereof, to prepare an infrastructure financing plan for City and County of San Francisco Infrastructure Financing District No. 1 (Treasure Island) and project areas therein and determining other matters in connection therewith.
 - iii. Resolution of intention to issue bonds for City and County of San Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and determining other matters in connection therewith.
 - iv. Resolution of Intention to establish City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island), Improvement Area No. 1 and a Future Annexation Area, and determining other matters in connection therewith.
 - v. Resolution of intention to incur bonded indebtedness and other debt in an amount not to exceed \$5.0 Billion for the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) and determining other matters in connection therewith.

EXHIBITS

- A. Resolution of Intention to Establish an Infrastructure and Revitalization Financing District
- B. Resolution Authorizing Director of the Office of Public Finance to Prepare an Infrastructure Financing Plan Related to an Infrastructure and Revitalization Financing District
- C. Resolution of Intention to Issue Bonds Related to Infrastructure and Revitalization Financing District No. 1 (Treasure Island)
- D. Resolution of Intention to Establish Community Facilities District No. 2016-1 (Treasure Island)
- E. Resolution of Intention to Incur Bonded Indebtedness---Communities Facilities District No. 2016-1 (Treasure Island)
- F. Map of Infrastructure and Revitalization Financing District Boundaries
- G. Map of Community Facilities District Boundaries
- H. Infrastructure Financing Plan – Infrastructure and Revitalization Financing District No. 1 (Treasure Island)

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Exhibit A

**Resolution of Intention to Establish an
Infrastructure and Revitalization Financing District**

1 [Resolution of Intention to Establish an Infrastructure and Revitalization Financing District
2 No.1 (Treasure Island)]

3 **Resolution of Intention to establish City and County of San Francisco Infrastructure**
4 **and Revitalization Financing District No. 1 (Treasure Island) and project areas therein**
5 **to finance the construction and/or acquisition of facilities on Treasure Island and Yerba**
6 **Buena Island; to provide for annexation; to call a public hearing on the formation of the**
7 **district and project areas therein and to provide public notice thereof; and determining**
8 **other matters in connection therewith.**

9
10
11 WHEREAS, Naval Station Treasure Island (“NSTI”) is a former United States Navy
12 base located in the City and County of San Francisco (the “City”) that consists of two islands
13 connected by a causeway: (1) Treasure Island, and (2) an approximately 90-acre portion of
14 Yerba Buena Island; and

15 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
16 California Health and Safety Code Section 33492.5 and added Section 2.1 to Chapter 1333 of
17 the Statutes of 1968, the California Legislature: (i) designated the Treasure Island
18 Development Authority, a California non-profit public benefit corporation (“TIDA”) as a
19 redevelopment agency under California redevelopment law with authority over NSTI upon
20 approval of the City’s Board of Supervisors, and (ii) with respect to those portions of NSTI
21 which are subject to Tidelands Trust, vested in TIDA the authority to administer the public
22 trust for commerce, navigation and fisheries as to such property; and

23 WHEREAS, The Board of Supervisors approved the designation of TIDA as a
24 redevelopment agency for NSTI in 1997; and

1 WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of
2 TIDA as the redevelopment agency for Treasure Island under California Community
3 Redevelopment Law in Resolution No. 11-12; and such rescission does not affect TIDA's
4 status as the Local Reuse Authority for NSTI or the Tidelands Trust trustee for the portions of
5 NSTI subject to the Tidelands Trust, or any of the other powers or authority; and

6 WHEREAS, The United States of America, acting by and through the Department of
7 the Navy ("Navy"), and TIDA entered into an Economic Conveyance Memorandum of
8 Agreement (as amended and supplemented from time to time, the "Conveyance Agreement")
9 that governs the terms and conditions for the transfer of NSTI from the Navy to TIDA; and
10 under the Conveyance Agreement, the Navy has and will convey NSTI to TIDA in phases
11 after the Navy has completed environmental remediation and issued a Finding of Suitability to
12 Transfer (as defined in the Conveyance Agreement) for specified parcels of NSTI or portions
13 thereof; and,

14 WHEREAS, Treasure Island Community Development, LLC ("Developer") and TIDA
15 have previously entered into a Disposition and Development Agreement (Treasure
16 Island/Yerba Buena Island) dated June 28, 2011 (the "DDA"), including a Financing Plan
17 (Treasure Island/Yerba Buena Island) (the "Financing Plan"), which governs the disposition
18 and development of a portion of NSTI (the "Project Site") after the Navy's transfer of NSTI to
19 TIDA in accordance with the Conveyance Agreement; and

20 WHEREAS, The DDA contemplates a project (the "Project") under which TIDA
21 acquires the Project Site from the Navy and conveys portions of the Project Site to Developer
22 for the purposes of: (i) alleviating blight in the Project Site through development of certain
23 improvements, (ii) geotechnically stabilizing the Project Site, (iii) constructing public
24 infrastructure to support the Project and other proposed uses on NSTI, (iv) constructing and
25 improving certain public parks and open spaces, (v) remediating certain existing hazardous

1 substances, and (vi) selling and ground leasing lots to vertical developers who will construct
2 residential units and commercial and public facilities; and

3 WHEREAS, On April 21, 2011, the Planning Commission by Motion No. 18325 and the
4 Board of Directors of TIDA, by Resolution No. 11-14-04/21, as co-lead agencies, certified the
5 completion of the Final Environmental Impact Report for the Project, and unanimously
6 approved a series of entitlement and transaction documents relating to the Project, including
7 certain environmental findings under the California Environmental Quality Act (“CEQA”), a
8 mitigation and monitoring and reporting program (the “MMRP”), and the DDA and other
9 transaction documents; and

10 WHEREAS, On June 7, 2011, in Motion No. M11-0092, the Board of Supervisors
11 unanimously affirmed certification of the Final Environmental Impact Report. On that same
12 date, the Board of Supervisors, in Resolution No. 246-11, adopted CEQA findings and the
13 MMRP, and made certain environmental findings under CEQA (collectively, the “FEIR”). Also
14 on that date, the Board of Supervisors, in Ordinance No. 95-11, approved the DDA and other
15 transaction documents, including the Transportation Plan and Infrastructure Plan; and

16 WHEREAS, TIDA and the Developer have been working diligently since then to
17 implement the Project consistent with the DDA, the MMRP and other documents; and,

18 WHEREAS, No additional environmental review is required because there are no
19 substantial changes to the project analyzed in the FEIR, no change in circumstances under
20 which the project is being undertaken, and no new information of substantial importance
21 indicating that new significant impacts would occur, that the impacts identified in the FEIR as
22 significant impacts would be substantially more severe, or that mitigation or alternatives
23 previously found infeasible are now feasible; and

24 WHEREAS, Developer and the City previously entered into a Development Agreement
25 related to the Project Site to eliminate uncertainty in the City’s land use planning for the

1 Project Site and secure orderly development of the Project consistent with the DDA and other
2 applicable requirements, and the Financing Plan is also an exhibit to the Development
3 Agreement; and

4 WHEREAS, The Financing Plan identifies certain financial goals for the Project and the
5 contractual framework for cooperation between TIDA, the City, and Developer in achieving
6 those goals and implementing the Project; and,

7 WHEREAS, The Financing Plan, among other things, obligates TIDA and the City to
8 take all actions reasonably necessary for, and obligates Developer to cooperate reasonably
9 with the efforts of, (i) the City to form requested community facilities districts (each, a “CFD”;
10 together, the “CFDs”) and take related actions under the Mello-Roos Community Facilities Act
11 of 1982 (the “Mello-Roos Act”) to pay for Qualified Project Costs, Ongoing Park Maintenance
12 and Additional Community Facilities (as those terms are defined in the Financing Plan), (ii) the
13 City to form requested infrastructure financing districts and take related actions under
14 applicable provisions of the Government Code of the State of California to pay for Qualified
15 Project Costs (although the Financing Plan refers to a different infrastructure financing act
16 than the IRFD Law (as defined below) because the IRFD Law had not been created at the
17 time, the City finds that the provisions of the Financing Plan discussing infrastructure financing
18 districts shall apply to the IRFD (as defined herein) and the IRFD Law) and (iii) the City to
19 issue bonds and other debt for the CFDs and the infrastructure financing districts and other
20 public financing instruments described in the Financing Plan (defined in the Financing Plan as
21 “Public Financing”); and

22 WHEREAS, Under Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California
23 Government Code, commencing with Section 53369 (the “IRFD Law”), this Board of
24 Supervisors is authorized to establish an infrastructure and revitalization financing district and
25 to act as the legislative body for an infrastructure and revitalization financing district; and,

1 WHEREAS, Pursuant to IRFD Law Section 53369.5, an infrastructure and revitalization
2 financing district may be divided into project areas; and,

3 WHEREAS, Pursuant to the Financing Plan and the IRFD Law, the Board of
4 Supervisors wishes to establish an infrastructure and revitalization financing district and
5 project areas therein to finance certain facilities; and,

6 WHEREAS, The IRFD Law provides that the legislative body of an infrastructure and
7 revitalization financing district may, at any time, add territory to a district or amend the
8 infrastructure financing plan for the district by conducting the same procedures for the
9 formation of a district or approval of bonds as provided in the IRFD Law, and the Board of
10 Supervisors wishes to establish the procedure for future annexation of property on Yerba
11 Buena Island and Treasure Island into the proposed infrastructure district; and,

12 WHEREAS, IRFD Law Section 53369.14(d)(5) provides that the legislative body of a
13 proposed infrastructure and revitalization financing district may specify, by ordinance, the date
14 on which the allocation of tax increment will begin and IRFD Law Section 53369.5(b) provides
15 that project areas within a district may be subject to distinct limitations established under the
16 IRFD Law, and the Board of Supervisors accordingly wishes to specify the date on which the
17 allocation of tax increment will begin for the proposed infrastructure district on a project area-
18 by-project area basis; now, therefore, be it

19 RESOLVED, That this Board of Supervisors proposes to conduct proceedings to
20 establish an infrastructure and revitalization financing district pursuant to the IRFD Law, which
21 district shall include project areas as identified by this Board of Supervisors from time to time;
22 and, be it

23 FURTHER RESOLVED, That the name proposed for the infrastructure and
24 revitalization financing district is “City and County of San Francisco Infrastructure and
25 Revitalization Financing District No. 1 (Treasure Island)” (the “IRFD”); and, be it

1 FURTHER RESOLVED, That pursuant to IRFD Law Section 53369.5, the territory to
2 be initially included in the IRFD (as show on the map described below) is hereby designated
3 to include the following initial project areas (collectively, the “Initial Project Areas,” and
4 together with any future project areas that may be established in the IRFD, the “Project
5 Areas”):

6 a. Project Area A of the City and County of San Francisco Infrastructure and
7 Revitalization Financing District No. 1 (Treasure Island) (“Project Area A”);

8 b. Project Area B of the City and County of San Francisco Infrastructure and
9 Revitalization Financing District No. 1 (Treasure Island) (“Project Area B”);

10 c. Project Area C of the City and County of San Francisco Infrastructure
11 and Revitalization Financing District No. 1 (Treasure Island) (“Project Area C”);

12 d. Project Area D of the City and County of San Francisco Infrastructure and
13 Revitalization Financing District No. 1 (Treasure Island) (“Project Area D”);

14 e. Project Area E of the City and County of San Francisco Infrastructure and
15 Revitalization Financing District No. 1 (Treasure Island) (“Project Area E”); and be it

16 FURTHER RESOLVED, That the proposed boundaries of the IRFD and each of the
17 Initial Project Areas are as shown on the map of the IRFD and the Initial Project Areas on file
18 with the Clerk of the Board of Supervisors, which boundaries are hereby preliminarily
19 approved and to which map reference is hereby made for further particulars; and, be it

20 FURTHER RESOLVED, That the type of facilities proposed to be financed by the IRFD
21 and the Project Areas pursuant to the IRFD Law shall consist of those listed as facilities on
22 Exhibit A hereto and hereby incorporated herein (the “Facilities”), and the Facilities are
23 authorized to be financed by the IRFD by IRFD Law Sections 53369.2 and 53369.3, and the
24 Board of Supervisors hereby finds each of the following: that the Facilities (i) are of
25 communitywide significance, (ii) will be constructed on a former military base and are

1 consistent with the authority reuse plan and have been or will be approved by TIDA (the
2 military base reuse authority), if applicable, (iii) will not supplant facilities already available
3 within the proposed boundaries of the IRFD, except for those that are essentially
4 nonfunctional, obsolete, hazardous, or in need of upgrading or rehabilitation, and (iv) will
5 supplement existing facilities as needed to serve new developments, and the Board of
6 Supervisors acknowledges and agrees that the Acquisition and Reimbursement Agreement
7 (Treasure Island/Yerba Buena Island) dated as of March 8, 2016, by and among the City and
8 County of San Francisco, TIDA, and the Developer (the "Acquisition Agreement") governs the
9 process for the City to acquire the Facilities using the proceeds of the IRFD; and, be it

10 FURTHER RESOLVED, That the Board of Supervisors hereby declares that, pursuant
11 to the IRFD Law, incremental property tax revenue from the City to finance the Facilities, but
12 no tax increment revenues from the other affected taxing entities (as defined in the IRFD Law)
13 within the IRFD, if any, will be used by the IRFD to finance the Facilities, and the incremental
14 property tax financing will be described in an infrastructure financing plan (the "Infrastructure
15 Financing Plan") to be prepared for this Board of Supervisors under the IRFD Law; and, be it

16 FURTHER RESOLVED, That in accordance with IRFD Law Sections 53369.5(b) and
17 53369.14(d)(5), the Board of Supervisors shall establish, by ordinance, the date on which the
18 allocation of tax increment shall begin for the IRFD, which date shall be determined on a
19 Project Area-by-Project Area basis (each such date, the "Commencement Date"), and each
20 Project Area may accordingly have a different Commencement Date, with each
21 Commencement Date being the first day of the fiscal year following the fiscal year in which the
22 applicable Project Area has generated and the City has received (i) with respect to Project
23 Areas A, B and E, at least \$150,000 of tax increment, (ii) with respect to Project Areas C and
24 D, at least \$300,000 of tax increment, and (iii) with respect to all other Project Areas, the
25

1 amount of tax increment specified in the ordinance annexing such Project Area to the IRFD;
2 and, be it

3 FURTHER RESOLVED, That future annexations of property on Yerba Buena Island
4 and Treasure Island into the IRFD may occur at any time after formation of the IRFD, but only
5 if the Board of Supervisors has completed the procedures set forth in the Infrastructure
6 Financing Plan, which shall be based on the following: (i) this Board of Supervisors adopts a
7 resolution of intention to annex property (the “annexation territory”) into the IRFD and
8 describes whether the annexation territory will be included in one of the then-existing Project
9 Areas or in a new Project Area and to issue Bonds, (ii) the resolution of intention is mailed to
10 each owner of land in the annexation territory and each affected taxing entity in the
11 annexation territory, if any, in substantial compliance with IRFD Law Sections 53369.11 and
12 53369.12, (iii) this Board of Supervisors designates TIDA to prepare an amendment to the
13 Infrastructure Financing Plan, if necessary, and the designated official prepares any such
14 amendment, in substantial compliance with IRFD Law Sections 53369.13 and 53369.14, (iv)
15 any amendment to the Infrastructure Financing Plan is sent to each owner of land and each
16 affected taxing entity (if any) within the annexation territory, in substantial compliance with
17 IRFD Law Sections 53369.15 and 53369.16, (v) this Board of Supervisors notices and holds a
18 public hearing on the proposed annexation, in substantial compliance with IRFD Law Sections
19 53369.17 and 53369.18, (vi) this Board of Supervisors adopts a resolution proposing the
20 adoption of any amendment to the Infrastructure Financing Plan and annexation of the
21 annexation territory to the IRFD, and submits the proposed annexation to the qualified
22 electors in the annexation territory, in substantial compliance with IRFD Law Sections
23 53369.20-53369.22, with the ballot measure to include the question of the proposed
24 annexation of the annexation territory into the IRFD, approval of the appropriations limit for the
25 IRFD and approval of the issuance of bonds for the IRFD, and (vii) after canvass of returns of

1 any election, and if two-thirds of the votes cast upon the question are in favor of the ballot
2 measure, this Board may, by ordinance, adopt the amendment to the Infrastructure Financing
3 Plan, if any, and approve the annexation of the annexation territory to the IRFD, in substantial
4 compliance with IRFD Law Section 53369.23; and, be it

5 FURTHER RESOLVED, That _____, _____, 2016 at __:00 p.m. or as soon as
6 possible thereafter, in the Board of Supervisors Chambers, 1 Dr. Carlton B. Goodlett Place,
7 City Hall, San Francisco, California, be, and the same are hereby appointed and fixed as the
8 time and place when and where this Board of Supervisors, as legislative body for the IRFD,
9 will conduct a public hearing on the proposed establishment of the IRFD and the Initial Project
10 Areas and the proposed future annexation of territory to the IRFD in the manner described in
11 this Resolution; and, be it

12 FURTHER RESOLVED, That the Clerk of the Board of Supervisors is hereby directed
13 to mail a copy of this Resolution to each owner of land (as defined in the IRFD Law) within the
14 IRFD (but not to any affected taxing entities because there are none as of the date of this
15 Resolution), and in addition, in accordance with IRFD Law Section 53369.17, the Clerk of the
16 Board of Supervisors is hereby directed to cause notice of the public hearing to be published
17 not less than once a week for four successive weeks in a newspaper of general circulation
18 published in the City, and the notice shall state that the IRFD will be used to finance public
19 works, briefly describe the Facilities, briefly describe the proposed financial arrangements,
20 including the proposed commitment of incremental tax revenue, describe the boundaries of
21 the proposed IRFD and the Initial Project Areas, reference the process for future annexation,
22 and state the day, hour, and place when and where any persons having any objections to the
23 proposed Infrastructure Financing Plan, or the regularity of any of the prior proceedings, may
24 appear before this Board of Supervisors and object to the adoption of the proposed
25

1 Infrastructure Financing Plan for the IRFD and the Initial Project Areas or process for future
2 annexation to the IRFD by the Board of Supervisors; and, be it

3 FURTHER RESOLVED, That this Resolution shall in no way obligate the Board of
4 Supervisors to establish the IRFD or the Project Areas, and the establishment of the IRFD
5 and the Project Areas shall be subject to the approval of this Board of Supervisors by
6 resolution following the holding of the public hearing referred to above and a vote of the
7 qualified electors in the IRFD; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors has reviewed and considered
9 the FEIR and finds that the FEIR is adequate for its use for the actions taken by this resolution
10 and incorporates the FEIR and the CEQA findings contained in Board of Supervisors
11 Resolution No.246-11 by this reference; and, be it

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

20 FURTHER RESOLVED, That the Mayor, the Controller, the Director of the Office of
21 Public Finance, the Clerk of the Board of Supervisors and any and all other officers of the City
22 are hereby authorized, for and in the name of and on behalf of the City, to do any and all
23 things and take any and all actions, including execution and delivery of any and all
24 documents, assignments, certificates, requisitions, agreements, notices, consents,
25 instruments of conveyance, warrants and documents, which they, or any of them, may deem

1 necessary or advisable in order to effectuate the purposes of this Resolution; provided
2 however that any such actions be solely intended to further the purposes of this Resolution,
3 and are subject in all respects to the terms of the Resolution; and, be it

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

7 FURTHER RESOLVED, That this Resolution shall take effect upon its enactment.
8 Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution
9 unsigned or does not sign the resolution within ten days of receiving it, or the Board of
10 Supervisors overrides the Mayor's veto of the resolution.

11

12 APPROVED AS TO FORM:

13 DENNIS J. HERRERA
14 City Attorney

15 By: _____
16 MARK D. BLAKE
17 Deputy City Attorney
18 n:\spec\as2016\0600537\01136468.docx

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EXHIBIT A

CITY AND COUNTY OF SAN FRANCISCO
Infrastructure and Revitalization Financing District No. 1
(Treasure Island)

DESCRIPTION OF FACILITIES TO BE FINANCED BY THE IRFD

FACILITIES

It is intended that the IRFD (and its Project Areas, in existence or as created by future annexations) will be authorized to finance all or a portion of the costs of the acquisition, construction and improvement of any facilities authorized by Section 53369.3 of the IRFD Law, including, but not limited to, the following types of facilities:

- A. Facilities Acquired from Third Parties
 - 1. Acquisition - includes acquisition of land for public improvements.
 - 2. Abatement - includes abatement of hazardous materials and disposal of waste.
 - 3. Demolition - removal of below-grade, at-grade, and above-grade facilities, and recycling or disposal of waste.
 - 4. Supplemental Fire Water Supply System - including, but not limited to, main pipe, laterals, valves, fire hydrants, cathodic protection, manifolds, air-gap back flow preventer, wharf fire hydrants, portable water pumper, and tie-ins for onsite water supply network that is unique to San Francisco intended for fire suppression.
 - 5. Low Pressure Water - including, but not limited to, main pipe, pressure reducing stations, laterals, water meters, water meter boxes, back flow preventers, gate valves,

1 air valves, blowoffs, fire hydrants, cathodic protection, and tie-ins for onsite and offsite
2 low pressure water supply network intended for domestic use.

3 6. Water Tank Facilities – including, but not limited to, storage tanks, pumps, and
4 other facilities associated with water storage.

5 7. Recycled Water - including, but not limited to, main pipe, laterals, water meters,
6 water meter boxes, back flow preventers, gate valves, air valves, blowoffs, cathodic
7 protection, and tie-ins for recycled water supply network intended to provide
8 treated wastewater for use in irrigation of parks and landscaping as well as graywater
9 uses within buildings.

10 8. Storm Drainage System – including, but not limited to, main pipe, laterals,
11 manholes, catch basins, air vents, stormwater treatment facilities, connections to
12 existing systems, headwalls, outfalls, and lift stations for a network intended to convey
13 onsite and offsite separated storm water.

14 9. Separated Sanitary Sewer – including, but not limited to, main pipe, laterals,
15 manholes, traps, air vents, connections to existing systems, force main pipe and
16 associated valves and cleanouts, and pump and lift stations for a network intended to
17 convey separated sanitary sewage.

18 10. Joint Trench – including, but not limited to, the electrical substation, installation
19 of primary and secondary conduits, overhead poles, pull boxes, vaults, subsurface
20 enclosures, and anodes, for dry utilities including but not limited to electrical and
21 information systems.

22 11. Earthwork – including, but not limited to, importation of clean fill materials,
23 clearing and grubbing, slope stabilization, ground improvement, installation of geogrid,
24 surcharging, wick drains, excavation, rock fragmentation, placement of fill, compaction,
25 grading, erosion control, deep vibratory soil compaction, cement deep soil mix (CDSM)

1 columns and panels, stone columns, and post-construction stabilization such as
2 hydroseeding.

3 12. Retaining Walls – including, but not limited to, excavation, foundations,
4 construction of retaining walls, subdrainage, and backfilling.

5 13. Highway Ramps, Roadways, Pathways, Curb, and Gutter – including, but not
6 limited to, road subgrade preparation, aggregate base, concrete roadway base, asphalt
7 wearing surface, concrete curb, concrete gutter, medians, colored asphalt and
8 concrete, speed tables, class 1 and 2 bike facilities (e.g., cycle tracks), sawcutting,
9 grinding, conform paving, resurfacing, for onsite and offsite roadways.

10 14. Traffic – including, but not limited to, transit stops, transit facilities, transit buses
11 and ferries, bridge structures, permanent pavement marking and striping, traffic control
12 signage, traffic light signals, pedestrian traffic lighting, and contributions for offsite
13 traffic improvements.

14 15. Streetscape – including, but not limited to, subgrade preparation, aggregate
15 base, sidewalks, pavers, ADA curb ramps with detectable tiles, streetlights, light pole
16 foundations, landscaping, irrigation, street furniture, waste receptacles, newspaper
17 stands, and public art.

18 16. Shoreline Improvements – including, but not limited to, demolition, excavation,
19 installation of revetment, structural improvements of shoreline and revetment, and
20 structural repair for replacement or retrofit of shoreline structures.

21 17. Parks – including, but not limited to, ground improvement, subgrade preparation,
22 landscaping and trees, aggregate base, sidewalks, pavers, decomposed granite,
23 lighting, irrigation, furniture, decks, fountains, and restrooms.

1 18. Ferry Terminal – including, but not limited to, foundations, ferry shelter building,
2 signs, electronic toll collection system, breakwaters, pier, gangway, float, restroom,
3 bike storage

4 19. Hazardous Soil Removal – removal and disposal of contaminated soil.

5 20. Community Facilities – including, but not limited to, costs of police station, fire
6 station, community center spaces for uses including reading room/library, senior/adult
7 services, teen/youth center, outdoor performance and gathering spaces, community
8 gardens, public school, childcare centers, public recreational facilities including
9 ballfields, playing fields and sports centers, and publicly-owned parking garages.

10 21. Any other amounts specifically identified in the DDA as a Qualified Project Cost.

11 22. Hard Costs, Soft Costs and Pre-Development Costs, as defined in the
12 Conveyance Agreement, associated with the design, procurement, development and
13 construction of all Facilities listed herein.

14
15 B. Authorized Payments

16 1. Contribution to the City and other public agencies for open space improvements,
17 transportation and transit facilities, affordable housing design and construction, and
18 design and construction of ramps and access roads.

19
20 NOTE: The category of facilities labeled “Acquired from Third Parties” reflects current
21 assumptions of the City and TIDA. The IRFD shall be authorized to finance the listed
22 facilities whether they are acquired from third parties or constructed by the City or
23 TIDA.

Exhibit B

**Resolution Authorizing
Director of the Office of Public Finance to Prepare an
Infrastructure Financing Plan Related to an
Infrastructure and Revitalization Financing District**

1 [Resolution Authorizing Director of the Office of Public Finance to Prepare an Infrastructure
2 Financing Plan Related to an Infrastructure and Revitalization Financing District]

3 **Resolution authorizing and directing the Director of the Office of Public Finance, or**
4 **designee thereof, to prepare an infrastructure financing plan for City and County of San**
5 **Francisco Infrastructure Financing District No. 1 (Treasure Island) and project areas**
6 **therein and determining other matters in connection therewith.**

7

8

9 WHEREAS, Naval Station Treasure Island (“NSTI”) is a former United States Navy
10 base located in the City and County of San Francisco (the “City”) that consists of two islands
11 connected by a causeway: (1) Treasure Island, and (2) an approximately 90-acre portion of
12 Yerba Buena Island; and

13 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
14 California Health and Safety Code Section 33492.5 and added Section 2.1 to Chapter 1333 of
15 the Statutes of 1968, the California Legislature: (i) designated the Treasure Island
16 Development Authority, a California non-profit public benefit corporation (“TIDA”), as a
17 redevelopment agency under California redevelopment law with authority over NSTI upon
18 approval of the City’s Board of Supervisors, and (ii) with respect to those portions of NSTI
19 which are subject to Tidelands Trust, vested in TIDA the authority to administer the public
20 trust for commerce, navigation and fisheries as to such property; and

21 WHEREAS, The Board of Supervisors approved the designation of TIDA as the
22 redevelopment agency for NSTI in 1997; and

23 WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of
24 TIDA as the redevelopment agency for Treasure Island under California Community
25 Redevelopment Law in Resolution No. 11-12; but such rescission did not affect TIDA’s status

1 as the Local Reuse Authority for NSTI or the Tidelands Trust trustee for the portions of NSTI
2 subject to the Tidelands Trust, or any of the other powers or authority; and

3 WHEREAS, The United States of America, acting by and through the Department of
4 the Navy (“Navy”), and TIDA entered into an Economic Conveyance Memorandum of
5 Agreement (as amended and supplemented from time to time, the “Conveyance Agreement”)
6 that governs the terms and conditions for the transfer of NSTI from the Navy to TIDA; under
7 the Conveyance Agreement, the Navy has and will convey NSTI to TIDA in phases after the
8 Navy has completed environmental remediation and issued a Finding of Suitability to Transfer
9 (as defined in the Conveyance Agreement) for specified parcels of NSTI or portions thereof;
10 and

11 WHEREAS, Treasure Island Community Development, LLC (“Developer”) and TIDA
12 previously entered into a Disposition and Development Agreement (Treasure Island/Yerba
13 Buena Island) dated June 28, 2011 (the “DDA”), including a Financing Plan (Treasure
14 Island/Yerba Buena Island) (the “Financing Plan”), which governs the disposition and
15 development of a portion of NSTI (the “Project Site”) after the Navy’s transfer of NSTI to TIDA
16 in accordance with the Conveyance Agreement; and

17 WHEREAS, The DDA contemplates a project (the “Project”) under which TIDA
18 acquires the Project Site from the Navy and conveys portions of the Project Site to Developer
19 for the purposes of: (i) alleviating blight in the Project Site through development of certain
20 improvements, (ii) geotechnically stabilizing the Project Site, (iii) constructing public
21 infrastructure to support the Project and other proposed uses on NSTI, (iv) constructing and
22 improving certain public parks and open spaces, (v) remediating certain existing hazardous
23 substances, and (vi) selling and ground leasing lots to vertical developers who will construct
24 residential units and commercial and public facilities; and

1 WHEREAS, Developer and the City previously entered into a Development Agreement
2 related to the Project Site to eliminate uncertainty in the City’s land use planning for the
3 Project Site and secure orderly development of the Project consistent with the DDA and other
4 applicable requirements, and the Financing Plan is also an exhibit to the Development
5 Agreement; and

6 WHEREAS, The Financing Plan identifies certain financial goals for the Project and the
7 contractual framework for cooperation between TIDA, the City, and Developer in achieving
8 those goals and implementing the Project; and

9 WHEREAS, The Financing Plan, among other things, obligates TIDA and the City to
10 take all actions reasonably necessary for, and obligates Developer to cooperate reasonably
11 with the efforts of, (i) the City to form requested community facilities districts (each, a “CFD”;
12 together, the “CFDs”) and take related actions under the Mello-Roos Community Facilities Act
13 of 1982 (the “Mello-Roos Act”) to pay for Qualified Project Costs, Ongoing Park Maintenance
14 and Additional Community Facilities (as those terms are defined in the Financing Plan), (ii) the
15 City to form requested infrastructure financing districts and take related actions under
16 applicable provisions of the Government Code of the State of California to pay for Qualified
17 Project Costs and (iii) the City to issue bonds and other debt for the CFDs and the
18 infrastructure financing districts and other public financing instruments described in the
19 Financing Plan (defined in the Financing Plan as “Public Financing”); and,

20 WHEREAS, Under Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California
21 Government Code, commencing with Section 53369 (the “IRFD Law”), this Board of
22 Supervisors is authorized to establish an infrastructure and revitalization financing district and
23 to act as the legislative body for an infrastructure and revitalization financing district; and,

24 WHEREAS, Pursuant to IRFD Law Section 53369.5, an infrastructure and revitalization
25 financing district may be divided into project areas; and,

1 WHEREAS, IRFD Law Section 53369.14(d)(5) provides that the legislative body of a
2 proposed infrastructure and revitalization financing district may specify, by ordinance, the date
3 on which the allocation of tax increment will begin and IRFD Law Section 53369.5(b) provides
4 that project areas within a district may be subject to distinct limitations established under the
5 IRFD Law, and the Board of Supervisors accordingly wishes to specify the date on which the
6 allocation of tax increment will begin for the proposed infrastructure district on a project area-
7 by-project area basis; and,

8 WHEREAS, On the date hereof, pursuant to the Financing Plan, the IRFD Law and a
9 resolution entitled “Resolution of Intention to establish City and County of San Francisco
10 Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and project areas
11 therein to finance the construction and/or acquisition of facilities on Treasure Island and Yerba
12 Buena Island; to provide for future annexation; to call a public hearing on the formation of the
13 district and project areas therein and to provide public notice thereof; and determining other
14 matters in connection therewith” (the “Resolution of Intention”), this Board of Supervisors
15 declared its intention to conduct proceedings to establish (i) the “City and County of San
16 Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island)” (the
17 “IRFD”), (ii) “Project Area A of the City and County of San Francisco Infrastructure and
18 Revitalization Financing District No. 1 (Treasure Island)” (“Project Area A”) as a project area
19 within the IRFD, (iii) “Project Area B of the City and County of San Francisco Infrastructure
20 and Revitalization Financing District No. 1 (Treasure Island)” (“Project Area B”) as a project
21 area within the IRFD, (iv) “Project Area C of the City and County of San Francisco
22 Infrastructure and Revitalization Financing District No. 1 (Treasure Island)” (“Project Area C”),
23 (v) “Project Area D of the City and County of San Francisco Infrastructure and Revitalization
24 Financing District No. 1 (Treasure Island)” (“Project Area D”), (vi) “Project Area E of the City
25 and County of San Francisco Infrastructure and Revitalization Financing District No. 1

1 (Treasure Island)” (“Project Area E” and, together with Project Area A, Project Area B, Project
2 Area C and Project Area D, the “Initial Project Areas” and together with any future project
3 areas that may be established in the IRFD, the “Project Areas”) as a project area within the
4 IRFD, pursuant to the IRFD Law; and,

5 WHEREAS, The IRFD Law requires this Board of Supervisors, after adopting the
6 Resolution of Intention, to designate and direct the City engineer or other appropriate official
7 to prepare an infrastructure plan; and,

8 WHEREAS, in the Resolution of Intention, this Board of Supervisors made certain
9 findings under the California Environmental Quality Act (“CEQA”) about the Final
10 Environmental Impact Report (“FEIR”) for the disposition and development of a portion of
11 Naval Station Treasure Island, and those findings are incorporated in this Resolution as if set
12 forth in their entirety herein; now, therefore, be it

13 RESOLVED, That the Director of the Office of Public Finance, or the designee of the
14 Director of the Office of Public Finance, is hereby authorized and directed to prepare, or
15 cause to be prepared, a report in writing for the IRFD and the Project Areas (the
16 “Infrastructure Financing Plan”), which is consistent with the general plan of the City and
17 includes all of the following:

18 (a) A map and legal description of the proposed IRFD and each of the Project
19 Areas.

20 (b) A description of the facilities required to serve the development proposed in the
21 area of the IRFD including those to be provided by the private sector, those to be provided by
22 governmental entities without assistance under the IRFD Law, those improvements and
23 facilities to be financed with assistance from the proposed IRFD and the Project Areas, and
24 those to be provided jointly (the “Facilities”). The description shall include the proposed
25 location, timing, and costs of the Facilities.

1 (c) A finding that the Facilities are of communitywide significance, will not supplant
2 facilities already available within the boundaries of the IRFD (except for those that are
3 essentially nonfunctional, obsolete, hazardous, or in need of upgrading or rehabilitation) and
4 will supplement existing facilities as needed to serve new developments.

5 (d) A financing section, which shall contain all of the following information:

6 (1) A specification of the maximum portion of the incremental tax revenue of the
7 City and of each affected taxing entity (as defined in the IRFD Law) proposed to be committed
8 to the each of the Project Areas for each year during which each Project Area will receive
9 incremental tax revenue; provided however such portion of incremental tax revenue need not
10 be the same for all affected taxing entities, and such portion may change over time.

11 (2) A projection of the amount of tax revenues expected to be received by the IRFD
12 in each of the Project Areas in each year during which the IRFD will receive tax revenues in
13 each Project Area, including an estimate of the amount of tax revenues attributable to each
14 affected taxing entity proposed to be committed to the IRFD for each year. If applicable, the
15 plan shall also include a specification of the maximum portion of the net available revenue of
16 the City proposed to be committed to the IRFD for each year during which the IRFD will
17 receive revenue, which portion may vary over time.

18 (3) A plan for financing the Facilities, including a detailed description of any
19 intention to incur debt.

20 (4) A limit on the total number of dollars of taxes that may be allocated to the IRFD
21 in each Project Area pursuant to the plan.

22 (5) A date on which the IRFD and each Project Area will cease to exist, by which
23 time all tax allocation to the IRFD in each Project Area will end. The date shall not be more
24 than 40 years from the date on which the ordinance forming the IRFD or the applicable
25

1 Project Area is adopted, or a later date, if specified by the ordinance, on which the allocation
2 of tax increment will begin.

3 (6) An analysis of the costs to the City of providing facilities and services to each
4 Project Area while the area within each Project Area is being developed and after the area
5 within each Project Area is developed. The plan shall also include an analysis of the tax, fee,
6 charge, and other revenues expected to be received by the City as a result of expected
7 development in the area of each Project Area.

8 (7) An analysis of the projected fiscal impact of each Project Area and the
9 associated development upon each affected taxing entity that is proposed to participate in
10 financing the IRFD.

11 (8) A plan for financing any potential costs that may be incurred by reimbursing a
12 developer of a project that is both located entirely within the boundaries of the IRFD and
13 qualifies for the Transit Priority Project Program, pursuant to Government Code Section
14 65470, including any permit and affordable housing expenses related to the project.

15 (9) If any dwelling units occupied by persons or families of low or moderate income
16 are proposed to be removed or destroyed in the course of private development or facilities
17 construction within the area of the IFD, a plan providing for replacement of those units and
18 relocation of those persons or families consistent with the requirements of Section 53369.6 of
19 the IRFD Law.

20 This Board of Supervisors reserves the right to approve supplements or amendments
21 to financing plans in the future with respect to any other Project Areas to be identified and
22 established by this Board of Supervisors within the IRFD in accordance with the IRFD Law;
23 and, be it

24 FURTHER RESOLVED, That the Infrastructure Financing Plan may provide for future
25 amendments of the plan in connection with the future annexation of territory on Yerba Buena

1 Island and Treasure Island into the IRFD, as described in the Resolution of Intention; and, be
2 it

3 FURTHER RESOLVED, That the Director of Public Finance, or the designee of the
4 Director of Public Finance, shall send the Infrastructure Financing Plan to (i) the planning
5 commission of the City, (ii) this Board of Supervisors, (iii) each owner of land within the
6 proposed IRFD and (iv) each affected taxing entity (if any); and, be it

7

8 FURTHER RESOLVED, The Director of the Public Finance, or designee thereof, shall
9 also send to the owners of land within the proposed IRFD and the affected taxing entities (if
10 any) any report required by the California Environmental Quality Act (Division 13
11 (commencing with Section 21000) of the Public Resources Code) that pertains to the
12 proposed Facilities or the proposed development project for which the Facilities are needed;
13 and, be it

14 FURTHER RESOLVED, That the Clerk of the Board of Supervisors shall make the
15 Infrastructure Financing Plan available for public inspection; and, be it

16 FURTHER RESOLVED, That the Director of Public Finance, or designee thereof, shall
17 consult with each affected taxing entity, and, at the request of any affected taxing entity, shall
18 meet with representatives of the affected taxing entity; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors has reviewed and considered
20 the FEIR and finds that the FEIR is adequate for its use for the actions taken by this resolution
21 and incorporates the FEIR and the CEQA findings contained in Board of Supervisors
22 Resolution No. 246-11 by this reference; and, be it

23 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
24 word of this resolution, or any application thereof to any person or circumstance, is held to be
25 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision

1 shall not affect the validity of the remaining portions or applications of this resolution, this
2 Board of Supervisors hereby declaring that it would have passed this resolution and each and
3 every section, subsection, sentence, clause, phrase, and word not declared invalid or
4 unconstitutional without regard to whether any other portion of this resolution or application
5 thereof would be subsequently declared invalid or unconstitutional; and, be it

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

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

18 FURTHER RESOLVED, That this Resolution shall take effect upon its enactment.
19 Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution
20 unsigned or does not sign the resolution within ten days of receiving it, or the Board of
21 Supervisors overrides the Mayor's veto of the resolution.

22
23 APPROVED AS TO FORM:
24 DENNIS J. HERRERA
25 City Attorney

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By: _____
MARK D. BLAKE
Deputy City Attorney
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Exhibit C

**Resolution of Intention to Issue Bonds
Related to Infrastructure and Revitalization
Financing District No. 1 (Treasure Island)**

1 [Resolution of Intention to Issue Bonds Related to Infrastructure and Revitalization Financing
2 District No. 1 (Treasure Island)]

2

3 **Resolution of intention to issue bonds for City and County of San Francisco**
4 **Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and**
5 **determining other matters in connection therewith.**

6

7

8 WHEREAS, Naval Station Treasure Island (“NSTI”) is a former United States Navy
9 base located in the City and County of San Francisco (“City”) that consists of two islands
10 connected by a causeway: (1) Treasure Island, and (2) an approximately 90-acre portion of
11 Yerba Buena Island; and

12 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
13 California Health and Safety Code Section 33492.5 and added Section 2.1 to Chapter 1333 of
14 the Statutes of 1968, the California Legislature: (i) designated the Treasure Island
15 Development Authority, a California non-profit public benefit corporation (“TIDA”) as a
16 redevelopment agency under California redevelopment law with authority over NSTI upon
17 approval of the City’s Board of Supervisors, and (ii) with respect to those portions of NSTI
18 which are subject to Tidelands Trust, vested in TIDA the authority to administer the public
19 trust for commerce, navigation and fisheries as to such property; and

20 WHEREAS, The Board of Supervisors approved the designation of TIDA as the
21 redevelopment agency for NSTI in 1997; and

22 WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of
23 TIDA as the redevelopment agency for Treasure Island under California Community
24 Redevelopment Law in Resolution No. 11-12; but such rescission did not affect TIDA’s status

25

1 as the Local Reuse Authority for NSTI or the Tidelands Trust trustee for the portions of NSTI
2 subject to the Tidelands Trust, or any of the other powers or authority; and

3 WHEREAS, The United States of America, acting by and through the Department of
4 the Navy (“Navy”), and TIDA entered into an Economic Conveyance Memorandum of
5 Agreement (as amended and supplemented from time to time, the “Conveyance Agreement”)
6 that governs the terms and conditions for the transfer of NSTI from the Navy to TIDA; under
7 the Conveyance Agreement, the Navy has and will convey NSTI to TIDA in phases after the
8 Navy has completed environmental remediation and issued a Finding of Suitability to Transfer
9 (as defined in the Conveyance Agreement) for specified parcels of NSTI or portions thereof;
10 and

11 WHEREAS, Treasure Island Community Development, LLC (“Developer”) and TIDA
12 previously entered into a Disposition and Development Agreement (Treasure Island/Yerba
13 Buena Island) dated June 28, 2011 (“DDA”), including a Financing Plan (Treasure
14 Island/Yerba Buena Island) (“Financing Plan”), which governs the disposition and
15 development of a portion of NSTI (“Project Site”) after the Navy’s transfer of NSTI to TIDA in
16 accordance with the Conveyance Agreement; and

17 WHEREAS, The DDA contemplates a project (“Project”) under which TIDA acquires
18 the Project Site from the Navy and conveys portions of the Project Site to Developer for the
19 purposes of: (i) alleviating blight in the Project Site through development of certain
20 improvements, (ii) geotechnically stabilizing the Project Site, (iii) constructing public
21 infrastructure to support the Project and other proposed uses on NSTI, (iv) constructing and
22 improving certain public parks and open spaces, (v) remediating certain existing hazardous
23 substances, and (vi) selling and ground leasing lots to vertical developers who will construct
24 residential units and commercial and public facilities; and

1 WHEREAS, Developer and the City previously entered into a Development Agreement
2 related to the Project Site to eliminate uncertainty in the City's land use planning for the
3 Project Site and secure orderly development of the Project consistent with the DDA and other
4 applicable requirements, and the Financing Plan is also an exhibit to the Development
5 Agreement; and

6 WHEREAS, The Financing Plan identifies certain financial goals for the Project and the
7 contractual framework for cooperation between TIDA, the City, and Developer in achieving
8 those goals and implementing the Project; and,

9 WHEREAS, The Financing Plan, among other things, obligates TIDA and the City to
10 take all actions reasonably necessary for, and obligates Developer to cooperate reasonably
11 with the efforts of: (i) the City to form requested community facilities districts (each, a "CFD";
12 together, the "CFDs") and take related actions under the Mello-Roos Community Facilities Act
13 of 1982 ("Mello-Roos Act") to pay for Qualified Project Costs, Ongoing Park Maintenance and
14 Additional Community Facilities (as those terms are defined in the Financing Plan), (ii) the City
15 to form requested infrastructure financing districts and take related actions under applicable
16 provisions of the Government Code of the State of California to pay for Qualified Project Costs
17 and (iii) the City to issue bonds and other debt for the CFDs and the infrastructure financing
18 districts and other public financing instruments described in the Financing Plan (defined in the
19 Financing Plan as "Public Financing"); and

20 WHEREAS, Under Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California,
21 commencing with Government Code Section 53369 ("IRFD Law"), this Board of Supervisors is
22 authorized to establish an infrastructure and revitalization financing district and to act as the
23 legislative body for an infrastructure and revitalization financing district; and,

24 WHEREAS, Pursuant to IRFD Law Section 53369.5, an infrastructure and revitalization
25 financing district may be divided into project areas; and

1 WHEREAS, Pursuant to the Financing Plan and the IRFD Law, this Board of
2 Supervisors has adopted its “Resolution of intention to establish City and County of San
3 Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and
4 project areas therein to finance the construction and/or acquisition of facilities on Treasure
5 Island and Yerba Buena Island; to provide for annexation; to call a public hearing on the
6 formation of the district and project areas therein and to provide public notice thereof; and
7 determining other matters in connection therewith” (“Resolution of Intention to Establish
8 IRFD”), stating its intention to form (i) the “City and County of San Francisco Infrastructure
9 and Revitalization Financing District No. 1 (Treasure Island)” (“IRFD”) pursuant to the IRFD
10 Law, (ii) “Project Area A of the City and County of San Francisco Infrastructure and
11 Revitalization Financing District No. 1 (Treasure Island)” (“Project Area A”) as a project area
12 within the IRFD, (iii) “Project Area B of the City and County of San Francisco Infrastructure
13 and Revitalization Financing District No. 1 (Treasure Island)” (“Project Area B”) as a project
14 area within the IRFD, (iv) “Project Area C of the City and County of San Francisco
15 Infrastructure and Revitalization Financing District No. 1 (Treasure Island)” (“Project Area C”),
16 (v) “Project Area D of the City and County of San Francisco Infrastructure and Revitalization
17 Financing District No. 1 (Treasure Island)” (“Project Area D”), (vi) “Project Area E of the City
18 and County of San Francisco Infrastructure and Revitalization Financing District No. 1
19 (Treasure Island)” (“Project Area E” and, together with Project Area A, Project Area B, Project
20 Area C and Project Area D, the “Initial Project Areas” and together with any future project
21 areas that may be established in the IRFD, the “Project Areas”) as a project area within the
22 IRFD, for the purpose of financing certain facilities (“Facilities”) as further provided in the
23 Resolution of Intention to Establish IRFD; and

24 WHEREAS, In the Resolution of Intention to Establish IRFD, this Board of Supervisors
25 declared its intent to provide for future annexations of property on Yerba Buena Island and

1 Treasure Island into the IRFD any time after formation of the IRFD, but only if the Board of
2 Supervisors has completed the procedures set forth in the Infrastructure Financing Plan,
3 which shall be based on the following: (i) this Board of Supervisors adopts a resolution of
4 intention to annex property (the “annexation territory”) into the IRFD and describes whether
5 the annexation territory will be included in one of the then-existing Project Areas or in a new
6 Project Area and to issue bonds, (ii) the resolution of intention is mailed to each owner of land
7 in the annexation territory and each affected taxing entity in the annexation territory, in
8 substantial compliance with IRFD Law Sections 53369.11 and 53369.12, (iii) this Board of
9 Supervisors designates TIDA to prepare an amendment to the Infrastructure Financing Plan, if
10 necessary, and the designated official prepares any such amendment, in substantial
11 compliance with IRFD Law Sections 53369.13 and 53369.14, (iv) any amendment to the
12 Infrastructure Financing Plan is sent to each owner of land and each affected taxing entity (if
13 any) within the annexation territory, in substantial compliance with IRFD Law Sections
14 53369.15 and 53369.16, (v) this Board of Supervisors notices and holds a public hearing on
15 the proposed annexation, in substantial compliance with IRFD Law Sections 53369.17 and
16 53369.18, (vi) this Board of Supervisors adopts a resolution proposing the adoption of any
17 amendment to the Infrastructure Financing Plan and annexation of the annexation territory to
18 the IRFD, and submits the proposed annexation to the qualified electors in the annexation
19 territory, in substantial compliance with IRFD Law Sections 53369.20-53369.22, with the ballot
20 measure to include the question of the proposed annexation of the annexation territory into
21 the IRFD, approval of the appropriations limit for the IRFD and approval of the issuance of
22 bonds and other debt for the IRFD, and (vii) after canvass of returns of any election, and if
23 two-thirds of the votes cast upon the question are in favor of the ballot measure, this Board
24 may, by ordinance, adopt the amendment to the Infrastructure Financing Plan, if any, and
25

1 approve the annexation of the annexation territory to the IRFD, in substantial compliance with
2 IRFD Law Section 53369.23; and

3 WHEREAS, In the Resolution of Intention to Establish IRFD, this Board of Supervisors
4 made certain findings under the California Environmental Quality Act (“CEQA”) about the Final
5 Environmental Impact Report (“FEIR”) for the disposition and development of a portion of
6 Naval Station Treasure Island, and those findings are incorporated in this Resolution as if set
7 forth in their entirety herein; and

8 WHEREAS, In addition, this Board of Supervisors has adopted its “Resolution
9 authorizing and directing the Director of the Office of Public Finance, or designee of the
10 Director of the Office of Public Finance, to prepare an infrastructure financing plan for the City
11 and County of San Francisco Infrastructure and Revitalization Financing District No. 1
12 (Treasure Island) and project areas therein; and determining other matters in connection
13 therewith,” ordering preparation of an infrastructure financing plan for the IRFD and the
14 Project Areas (the “Infrastructure Financing Plan”) consistent with the requirements of the
15 IRFD Law; and,

16 WHEREAS, The Infrastructure Financing Plan includes a list of Facilities to be financed
17 by the IRFD and the Project Areas; and

18 WHEREAS, Pursuant to IRFD Law Section 53369.40, the Board of Supervisors may,
19 by majority vote, initiate proceedings to issue bonds pursuant to the IRFD Law by adopting a
20 resolution stating its intent to issue the bonds, and pursuant to IRFD Law Section 53369.14,
21 the Infrastructure Financing Plan must contain a detailed description of any intention to incur
22 debt for financing facilities for the IRFD; and

23 WHEREAS, United States Income Tax Regulations section 1.150-2 provides generally
24 that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are
25 used for reimbursement of expenditures made prior to the date of issuance of such debt

1 unless certain procedures are followed, one of which is a requirement that (with certain
2 exceptions), prior to the payment of any such expenditure, the issuer declares an intention to
3 reimburse such expenditure; and

4 WHEREAS, It is in the public interest and for the public benefit that the City declares its
5 official intent to reimburse the expenditures referenced herein; now, therefore, be it

6 RESOLVED, That the Board of Supervisors proposes issuing one or more series of
7 bonds or other debt ("Bonds") for the purpose of financing the costs of the Facilities, including
8 acquisition and improvement costs and all costs incidental to or connected with the
9 accomplishment of said purposes and of the financing thereof.

10 The Board of Supervisors hereby declares that it reasonably expects (i) to pay certain
11 costs of the Facilities prior to the date of issuance of the Bonds and (ii) to use a portion of the
12 proceeds of the Bonds for reimbursement of expenditures for the Facilities that are paid
13 before the date of issuance of the Bonds; and be it

14 FURTHER RESOLVED, That the Bonds will be paid from property tax revenues
15 allocated to the IRFD, including all of the Initial Project Areas; and be it

16 FURTHER RESOLVED, That the Board of Supervisors hereby estimates that the cost
17 of the Facilities will be \$3.12 billion (in 2016 dollars), and that the estimated costs of preparing
18 and issuing the Bonds will be equal to up to 10.0% of the par amount of the Bonds; and be it

19 FURTHER RESOLVED, That this Board of Supervisors intends to authorize the
20 issuance and sale of the Bonds in one or more series for the IRFD in the maximum aggregate
21 principal amount of (i) \$780 million plus (ii) the principal amount of Bonds approved by this
22 Board of Supervisors and the qualified electors of the annexation territory in connection with
23 the annexation of the annexation territory to the IRFD, so long as the Board makes the finding
24 specified in IRFD Law Section 53369.41(f), and the Bonds shall bear interest payable semi-
25 annually or in such other manner as this Board of Supervisors shall determine, at a rate not to

1 exceed the maximum rate of interest as may be authorized by applicable law at the time of
2 sale of the Bonds, and the maximum underwriter's discount of the Bonds shall be 2.0% of the
3 par amount of the Bonds; and be it

4 FURTHER RESOLVED, That the Board of Supervisors estimates, based on the
5 analysis set forth in the Infrastructure Financing Plan with respect to the Initial Project Areas,
6 that the incremental property tax revenues that are expected to be available to the IRFD from
7 the Initial Project Areas to pay principal of and interest on the Bonds is \$1.08 billion, and in
8 accordance with IRFD Law Section 53369.41(f), the Board of Supervisors hereby finds that
9 the amount necessary to pay principal of and interest on the initial maximum principal amount
10 of Bonds specified in clause (i) of the preceding paragraph is less than or equal to the
11 incremental property tax revenues that are expected to be available to the IRFD from the
12 Initial Project Areas to pay principal of and interest on the Bonds; and be it

13 FURTHER RESOLVED, That the Board of Supervisors will call a special landowner
14 election for _____, 2016, to consider the proposed authorization to issue Bonds. The
15 election will be consolidated with the election on the issue of the proposed formation of the
16 IRFD and the Initial Project Areas and approval of the proposed Infrastructure Financing Plan
17 and appropriations limit for each of the Initial Project Areas to be held on _____, 2016. The
18 Clerk of the Board of Supervisors is hereby designated as the official to conduct the election
19 in the IRFD and to receive all ballots until _:00 p.m. on _____, 2016, and pursuant to IRFD
20 Law Section 53369.20, the election shall be conducted by personal service or mail-delivered
21 ballot; and be it

22 FURTHER RESOLVED, That all references in this Resolution to Bonds shall be
23 deemed to include a reference to debt (as defined in the IRFD Law), to the extent applicable;
24 and be it

1 FURTHER RESOLVED, That this Resolution shall in no way obligate the Board of
2 Supervisors to propose establishment of the IRFD or the Project Areas or to authorize the
3 issuance of bonds for the IRFD, and the authorization to issue bonds shall be subject to the
4 approval of this Board of Supervisors by resolution following the elections of the qualified
5 electors described above; and be it

6 FURTHER RESOLVED, That the Clerk of the Board of Supervisors shall publish this
7 resolution once a day for at least seven successive days in a newspaper published in the City
8 and County of San Francisco at least six days a week, or at least once a week for two
9 successive weeks in a newspaper published in the City and County of San Francisco less
10 than six days a week, and if there are no newspapers meeting the foregoing criteria, this
11 resolution shall posted in three public places within the territory of the IRFD and the Project
12 Areas for two succeeding weeks; and be it

13 FURTHER RESOLVED, That the Board of Supervisors has reviewed and considered
14 the FEIR and finds that the FEIR is adequate for its use for the actions taken by this resolution
15 and incorporates the FEIR and the CEQA findings contained in Board of Supervisors
16 Resolution No. 246-11 by this reference; 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, this
21 Board of Supervisors hereby declaring that it would have passed this resolution and each and
22 every section, subsection, sentence, clause, phrase, and word not declared invalid or
23 unconstitutional without regard to whether any other portion of this resolution or application
24 thereof would be subsequently declared invalid or unconstitutional; and, be it

1 FURTHER RESOLVED, That the Mayor, the Controller, the Director of the Office of
2 Public Finance, the Clerk of the Board of Supervisors and any and all other officers of the City
3 are hereby authorized, for and in the name of and on behalf of the City, to do any and all
4 things and take any and all actions, including execution and delivery of any and all
5 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 this Board of Supervisors; and, be it

13 FURTHER RESOLVED, That this Resolution shall take effect upon its enactment.
14 Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution
15 unsigned or does not sign the resolution within ten days of receiving it, or the Board of
16 Supervisors overrides the Mayor's veto of the resolution

17 APPROVED AS TO FORM:
18 DENNIS J. HERRERA
19 City Attorney

20
21 By: _____
22 MARK D. BLAKE
23 Deputy City Attorney
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25

Exhibit D

**Resolution of Intention to Establish
Community Facilities District No. 2016-1 (Treasure Island)**

1 [Resolution of Intention to Establish Community Facilities District No. 2016-1 (Treasure
2 Island)]

2

3 **Resolution of Intention to establish City and County of San Francisco Community**
4 **Facilities District No. 2016-1 (Treasure Island), Improvement Area No. 1 and a Future**
5 **Annexation Area, and determining other matters in connection therewith.**

6

7

8 WHEREAS, Naval Station Treasure Island (“NSTI”) is a former United States Navy
9 base located in the City and County of San Francisco (“City”) that consists of two islands
10 connected by a causeway: (1) Treasure Island, and (2) an approximately 90-acre portion of
11 Yerba Buena Island; and

12 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
13 California Health and Safety Code Section 33492.5 and added Section 2.1 to Chapter 1333 of
14 the Statutes of 1968 (“Act”), the California Legislature: (i) designated the Treasure Island
15 Development Authority (“TIDA”), as a redevelopment agency under California redevelopment
16 law with authority over NSTI upon approval of the City’s Board of Supervisors, and (ii) with
17 respect to those portions of NSTI which are subject to Tidelands Trust, vested in TIDA the
18 authority to administer the public trust for commerce, navigation and fisheries as to such
19 property; and

20 WHEREAS, The Board of Supervisors approved the designation of TIDA as the
21 redevelopment agency for NSTI in 1997; and

22 WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of
23 TIDA as the redevelopment agency for Treasure Island under California Community
24 Redevelopment Law in Resolution No. 11-12; but such rescission did not affect TIDA’s status

25

1 as the Local Reuse Authority for NSTI or the Tidelands Trust trustee for the portions of NSTI
2 subject to the Tidelands Trust, or any of the other powers or authority; and

3 WHEREAS, The United States of America, acting by and through the Department of
4 the Navy (“Navy”), and TIDA entered into an Economic Conveyance Memorandum of
5 Agreement (as amended and supplemented from time to time, the “Conveyance Agreement”)
6 that governs the terms and conditions for the transfer of NSTI from the Navy to TIDA; and
7 under the Conveyance Agreement, the Navy will convey NSTI to TIDA in phases after the
8 Navy has completed environmental remediation and issued a Finding of Suitability to Transfer
9 (as defined in the Conveyance Agreement) for specified parcels of NSTI or portions thereof;
10 and

11 WHEREAS, Treasure Island Community Development, LLC (“Developer”) and TIDA
12 previously entered into a Disposition and Development Agreement (Treasure Island/Yerba
13 Buena Island), dated June 28, 2011 (“DDA”), including a Financing Plan (Treasure
14 Island/Yerba Buena Island) (“Financing Plan”), which governs the disposition and
15 development of a portion of NSTI (“Project Site”) after the Navy’s transfer of NSTI to TIDA in
16 accordance with the Conveyance Agreement; and

17 WHEREAS, The DDA contemplates a project (“Project”) under which TIDA acquires
18 the Project Site from the Navy and conveys portions of the Project Site to Developer for the
19 purposes of: (i) alleviating blight in the Project Site through development of certain
20 improvements, (ii) geotechnically stabilizing the Project Site, (iii) constructing public
21 infrastructure to support the Project and other proposed uses on NSTI, (iv) constructing and
22 improving certain public parks and open spaces, (v) remediating certain existing hazardous
23 substances, and (vi) selling and ground leasing lots to vertical developers who will construct
24 residential units and commercial and public facilities; and

1 WHEREAS, On April 21, 2011, the Planning Commission by Motion No. 18325 and the
2 Board of Directors of TIDA, by Resolution No. 11-14-04/21, as co-lead agencies, certified the
3 completion of the Final Environmental Impact Report for the Project, and unanimously
4 approved a series of entitlement and transaction documents relating to the Project, including
5 certain environmental findings under the California Environmental Quality Act (“CEQA”), a
6 mitigation and monitoring and reporting program (“MMRP”), and the DDA and other
7 transaction documents; and

8 WHEREAS, On June 7, 2011, in Motion No. M11-0092, the Board of Supervisors
9 unanimously affirmed certification of the Final Environmental Impact Report, and on that same
10 date, the Board of Supervisors, in Resolution No. 246-11, adopted CEQA findings and the
11 MMRP, and made certain environmental findings under CEQA (collectively, “FEIR”), and also
12 on that date, the Board of Supervisors, in Ordinance No. 95-11, approved the DDA and other
13 transaction documents, including the Transportation Plan and Infrastructure Plan; and

14 WHEREAS, TIDA and the Developer have been working diligently since then to
15 implement the Project consistent with the DDA, the MMRP and other documents; and

16 WHEREAS, No additional environmental review is required because there are no
17 substantial changes to the project analyzed in the FEIR, no change in circumstances under
18 which the project is being undertaken, and no new information of substantial importance
19 indicating that new significant impacts would occur, that the impacts identified in the FEIR as
20 significant impacts would be substantially more severe, or that mitigation or alternatives
21 previously found infeasible are now feasible; and

22 WHEREAS, The City anticipates that future improvements will be necessary to ensure
23 that the shoreline, public facilities, and public access improvements will be protected should
24 sea level rise at the perimeter of the Project Site, and the Board of Supervisors desires to
25

1 provide a mechanism to pay directly for such improvements and/or establish a capital reserve
2 fund to finance such improvements; and

3 WHEREAS, Under the Mello-Roos Community Facilities Act of 1982, as amended,
4 constituting Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with California
5 Government Code Section 53311 (“Mello-Roos Act”), this Board of Supervisors is authorized
6 to establish a community facilities district and to act as the legislative body for a community
7 facilities district; and

8 WHEREAS, This Board of Supervisors now desires to proceed with the establishment
9 of a community facilities district in order to finance costs of public infrastructure and certain
10 public services necessary or incident to development within the proposed boundaries of the
11 proposed community facilities district, including, without limitation, future improvements
12 necessitated by sea level rise; and

13 WHEREAS, Pursuant to Mello-Roos Act Section 53339.2, this Board of Supervisors
14 further desires to undertake proceedings to provide for future annexation of territory to the
15 proposed community facilities district; now, therefore, be it

16 RESOLVED, That this Board of Supervisors proposes to conduct proceedings to
17 establish a community facilities district pursuant to the Mello-Roos Act, and hereby
18 determines that public convenience and necessity require that a future annexation area be
19 established pursuant to the Mello-Roos Act; and, be it

20 FURTHER RESOLVED, That the name proposed for the community facilities district is
21 “City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island)”
22 (“CFD”); and, be it

23 FURTHER RESOLVED, That pursuant to Mello-Roos Act Section 53350, the territory
24 to be initially included in the CFD (as shown on the map described below) is hereby
25 designated to include the following Improvement Area: “Improvement Area No. 1 of the City

1 and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island)”
2 (“Improvement Area No. 1”); and, be it

3 FURTHER RESOLVED, That the name proposed for the territory proposed to be
4 annexed into the CFD in the future is “City and County of San Francisco Community Facilities
5 District No. 2016-1 (Treasure Island) (Future Annexation Area)” (“Future Annexation Area”),
6 and in connection with the annexation of all or a portion of the Future Annexation Area, this
7 Board of Supervisors shall follow the Annexation Approval Procedures described herein,
8 which may include a designation that the area to be annexed shall be annexed as a separate
9 improvement area; and, be it

10 FURTHER RESOLVED, That the proposed boundaries of the CFD, Improvement Area
11 No. 1 and the Future Annexation Area are as shown on the map of them on file with the Clerk
12 of the Board of Supervisors, which boundaries are hereby preliminarily approved and to which
13 map reference is hereby made for further particulars, and the Clerk of the Board of
14 Supervisors is hereby directed to record, or cause to be recorded, the map of the boundaries
15 of the CFD, Improvement Area No. 1 and the Future Annexation Area in the office of the
16 Assessor-Recorder for the City and County of San Francisco within 15 days of the date of
17 adoption of this Resolution; and, be it

18 FURTHER RESOLVED, That, from time to time, parcels within the Future Annexation
19 Area shall be annexed to the CFD only with the unanimous approval (each, a “Unanimous
20 Approval”) of the owner or owners of each parcel or parcels at the time that such parcel(s) are
21 annexed, and in accordance with the Annexation Approval Procedures described herein, and
22 the Board of Supervisors hereby determines that any property for which the owner or owners
23 execute a Unanimous Approval that is annexed into the CFD in accordance with the
24 Annexation Approval Procedures shall be added to the CFD and the Clerk of the Board of
25 Supervisors shall record (i) an amendment to the notice of special tax lien for the CFD

1 pursuant to Streets & Highways Code Section 3117.5 if the property is annexed to an existing
2 improvement area or (ii) a notice of special tax lien for the CFD pursuant to Streets &
3 Highways Code Section 3117.5 if the property annexed is designated as a new improvement
4 area; provided, however, the designation of property as Future Annexation Area and the
5 ability to annex property to the CFD based on a Unanimous Approval shall not limit, in any
6 way, the annexation of property in the Future Annexation Area to the CFD pursuant to other
7 provisions of the Mello-Roos Act; and, be it

8 FURTHER RESOLVED, That the type of public facilities proposed to be financed by
9 the CFD, Improvement Area No. 1 and the Future Annexation Area (including any area
10 therein designated to be annexed as a separate improvement area) pursuant to the Mello-
11 Roos Act shall consist of those listed as facilities on Exhibit A hereto and hereby incorporated
12 herein ("Facilities"), and this Board of Supervisors hereby determines that the Facilities are
13 necessary to meet increased demands placed upon local agencies as the result of
14 development occurring within the CFD, Improvement Area No. 1 and the Future Annexation
15 Area, and this Board of Supervisors hereby finds and determines that the public interest will
16 not be served by allowing the property owners in the CFD to enter into a contract in
17 accordance with Mello-Roos Act Section 53329.5(a), and notwithstanding the foregoing, this
18 Board of Supervisors, on behalf of the CFD, may enter into one or more contracts directly with
19 any of the property owners with respect to the construction and/or acquisition of the any
20 portion of the Facilities; and, be it

21 FURTHER RESOLVED, That the Director of the Office of Public Finance is hereby
22 authorized and directed to enter into joint community facilities agreements with any entity that
23 will own or operate any of the Facilities, as may be necessary to comply with the provisions of
24 Mello-Roos Act Sections 53316.2(a) and (b), and this Board of Supervisors' approval of a joint
25 community facilities agreement shall be conclusively evidenced by the execution and delivery

1 thereof by the Director of the Office of Public Finance, and this Board of Supervisors hereby
2 declares that such joint agreements will be beneficial to owners of property in the area of the
3 CFD; and, be it

4 FURTHER RESOLVED, That the type of services proposed to be financed by the CFD,
5 Improvement Area No. 1 and the Future Annexation Area (including any area therein
6 designated to be annexed as a separate improvement area) pursuant to the Mello-Roos Act
7 shall consist of those listed in Exhibit A hereto and hereby incorporated herein (“Services”).
8 This Board of Supervisors hereby determines that the Services are necessary to meet
9 increased demands for such services placed upon local agencies as the result of
10 development occurring within the area of the CFD, Improvement Area No. 1 and the Future
11 Annexation Area; and, be it

12 FURTHER RESOLVED, That the Services are in addition to those provided in the
13 territory of the CFD, Improvement Area No. 1 and the Future Annexation Area as of the date
14 hereof and will not supplant services already available within the territory of the CFD,
15 Improvement Area No. 1 and the Future Annexation Area as of the date hereof, and the City
16 intends to provide the Services on an equal basis in the original territory of the CFD and
17 Improvement Area No. 1 and, when it has been annexed to the CFD, the Future Annexation
18 Area (including any area therein designated to be annexed as a separate improvement area);
19 and, be it

20 FURTHER RESOLVED, That except to the extent that funds are otherwise available,
21 the City will levy a special tax (the “Special Tax”) to pay directly for the Facilities, including out
22 of a special-tax funded capital reserve established for the payment of Facilities, to pay the
23 principal and interest on bonds and other debt (as defined in the Mello-Roos Act) of the City
24 issued for Improvement Area No. 1 to finance the Facilities and to pay for the Services, and
25 the Special Tax will be secured by recordation of a continuing lien against all non-exempt real

1 property in the CFD and Improvement Area No. 1, will be levied annually within the CFD and
2 Improvement Area No. 1, and collected in the same manner as ordinary ad valorem property
3 taxes, or in such other manner as this Board of Supervisors or its designee shall determine,
4 including direct billing of the affected property owners; and, be it

5

6 FURTHER RESOLVED, That the proposed rate and method of apportionment of the
7 Special Tax among the parcels of real property within Improvement Area No. 1, in sufficient
8 detail to allow each landowner within Improvement Area No. 1 to estimate the maximum
9 amount such owner will have to pay, is described in Exhibit B attached hereto and hereby
10 incorporated herein (“Rate and Method”); and, be it

11 FURTHER RESOLVED, That the Special Tax to be levied in Improvement Area No. 1
12 (the “Improvement Area No. 1 Special Tax”) shall not be levied in Improvement Area No. 1 to
13 finance Facilities after the fiscal year established therefor in the Rate and Method, and the
14 Improvement Area No. 1 Special Tax shall only be levied to finance Services thereafter,
15 except that an Improvement Area No. 1 Special Tax that was lawfully levied in or before the
16 final tax year and that remains delinquent may be collected in subsequent years. Under no
17 circumstances shall the Improvement Area No. 1 Special Tax levied against any parcel in
18 Improvement Area No. 1 to finance Facilities in any fiscal year used for private residential
19 purposes be increased in that fiscal year as a consequence of delinquency or default by the
20 owner of any other parcel or parcels within Improvement Area No. 1 by more than 10 percent;
21 and, be it

22 FURTHER RESOLVED, That a special tax to finance Facilities shall not be levied in
23 one or more future improvement areas formed to include territory that annexes into the CFD
24 from the Future Annexation Area (each, a “Future Improvement Area”) after the fiscal year
25 established therefor in the rate and method for the Future Improvement Area, and the special

1 tax shall only be levied to finance Services thereafter, except that a special tax that was
2 lawfully levied in or before the final tax year and that remains delinquent may be collected in
3 subsequent years. Under no circumstances shall the special tax for financing Facilities levied
4 against any parcel in the Future Improvement Area in any fiscal year used for private
5 residential purposes be increased in that fiscal year as a consequence of delinquency or
6 default by the owner of any other parcel or parcels within the Future Improvement Area by
7 more than 10 percent; and, be it

8 FURTHER RESOLVED, That for Future Improvement Areas, a different rate and
9 method may be adopted for annexed territory if the annexed territory is designated as a
10 separate improvement area. No supplements to the Rate and Method for any of the Future
11 Improvement Areas and no new rate and method shall cause the maximum tax rate in the
12 then-existing territory of the CFD (including Improvement Area No. 1) to increase, and the
13 designation as an improvement area of any territory annexing to the CFD, the maximum
14 amount of bonded indebtedness and other debt for such improvement area, the rate and
15 method of apportionment of special tax for such improvement area (including the conditions
16 under which the obligation to pay the special tax may be prepaid and permanently satisfied, if
17 any), and the appropriations limit for such improvement area shall be identified and approved
18 in the Unanimous Approval executed by property owner(s) in connection with its annexation to
19 the CFD in accordance with the Annexation Approval Procedures described herein; and, be it

20 FURTHER RESOLVED, That the “Annexation Approval Procedures” governing
21 annexations of parcels in the Future Annexation Area into the CFD shall consist of the
22 following sets of procedures (specified in (A) and (B) that follow):

23 (A) The annexation and related matters described in the Unanimous Approval shall be
24 implemented and completed without the need for the approval of either the Board of Directors
25

1 of TIDA (“TIDA Board”) or this Board of Supervisors as long as the following conditions are
2 met:

3 (1) The annexation is to an existing improvement area and the property proposed to
4 be annexed shall be subject to the same rate and method of apportionment of special tax and
5 the same bonded indebtedness limits as such existing improvement area; or

6 (2) The annexation is to a new improvement area and the following conditions
7 apply:

8 (i) The rate and method of apportionment of special tax for the new
9 improvement area is prepared by a special tax consultant retained by the City and paid
10 for by the property owners submitting the Unanimous Approval.

11 (ii) The rate and method of apportionment of special tax for the new
12 improvement area is consistent with the Financing Plan.

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

20 (iv) The rate and method of apportionment of special tax for the new
21 improvement area does not contain a type of special tax that was not included in the
22 Rate and Method (for example, a one-time special tax).

23 (v) The rate and method of apportionment of special tax for the new
24 improvement area contains the same terms for “Collection of Special Tax” (including
25 with respect to the term of the special tax) and for application of Remainder Special

1 Taxes (as defined in the Rate and Method) with respect to park maintenance costs as
2 the Rate and Method.

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

12 If the foregoing conditions ((1) or (2), as applicable), are satisfied, as determined by the
13 Director of the Office of Public Finance and set forth in a written acceptance by the Director of
14 the Office of Public Finance delivered to the property owner(s) that executed the Unanimous
15 Approval and the Clerk of the Board of Supervisors, the Unanimous Approval shall be
16 deemed accepted by the City and the Clerk of the Board of Supervisors shall record an
17 amendment to the notice of special tax lien or a new notice of special tax lien for the CFD
18 pursuant to Streets & Highways Code Section 3117.5.

19 (B) For any annexation and related matters described in the Unanimous Approval that
20 does not meet the requirements of Section (A) above, the following procedures shall apply
21 (provided, however, that nothing in the following procedures shall prevent the property owners
22 of property to be annexed into the CFD from a Future Annexation Area from annexing
23 property to the CFD (including into a new improvement area) pursuant to Section (A) above
24 and then instituting change proceedings pursuant to Article 3 of the Mello-Roos Act to make
25 additional changes to the rate and method or other authorized purposes):

1 *First*, the owners(s) of property to be annexed into the CFD shall submit a Unanimous
2 Approval for each parcel or parcels to be annexed into the CFD to the Treasure Island
3 Director of TIDA, together with a statement as to whether the Unanimous Approval is
4 consistent with the Financing Plan and, if not, the reasons for such inconsistency.

5 *Second*, the Treasure Island Director shall have 30 days to either (a) submit the
6 Unanimous Approval to the TIDA Board, accompanied by a written staff report that includes a
7 statement from the Treasure Island Director as to whether the Unanimous Approval is
8 consistent with the Financing Plan and, if not, a description of the inconsistencies, the reasons
9 for such inconsistencies given by the Developer and the Treasure Island Director's
10 recommendation as to such inconsistencies or (b) notify the Developer that the Treasure
11 Island Director shall not submit the Unanimous Approval to the TIDA Board due to
12 inconsistencies with the Financing Plan.

13 *Third*, the TIDA Board shall, within 60 days of the receipt of any Unanimous Approval
14 by the Treasure Island Director pursuant to *Second* above, either (i) adopt a resolution
15 accepting the Unanimous Approval or (ii) adopt a resolution rejecting the Unanimous
16 Approval, with the sole basis for rejection being a detailed conclusion that the Unanimous
17 Approval is not consistent with the Financing Plan.

18 *Fourth*, if the TIDA Board adopts a resolution rejecting the Unanimous Approval, the
19 owner(s) of property to be annexed into the CFD may revise the Unanimous Approval and
20 resubmit it to the Treasure Island Director, who shall endeavor to submit the revised
21 Unanimous Approval to the TIDA Board, accompanied by a written staff report as outlined
22 above under *Second*, at the next available meeting of the TIDA Board, and the TIDA Board
23 shall consider the revised Unanimous Approval and either (i) adopt a resolution accepting the
24 revised Unanimous Approval or (ii) adopt a resolution rejecting the revised Unanimous
25 Approval, with the sole basis for rejection being a detailed conclusion that the revised

1 Unanimous Approval is not consistent with the Financing Plan, in which event the owner(s)
2 may further revise the Unanimous Approval and repeat the process described in this clause
3 *Fourth.* In lieu of submitting a revised Unanimous Approval to the Treasure Island Director,
4 the owner(s) of property to be annexed into the CFD may appeal the TIDA Board's decision to
5 reject the Unanimous Approval to this Board of Supervisors, with the sole basis for appeal
6 being that the Unanimous Approval should not have been rejected because the Unanimous
7 Approval is consistent with the Financing Plan.

8 *Fifth,* within 30 days of the adoption by the TIDA Board of a resolution accepting a
9 Unanimous Approval or an appeal of the TIDA Board's decision to reject a Unanimous
10 Approval, the Director of the Office of Public Finance shall submit said Unanimous Approval
11 as an information item to the Clerk of the Board of Supervisors, and, unless within 30 days of
12 the receipt of the Unanimous Approval by the Clerk, one of the members of this Board of
13 Supervisors asks for it to be placed on an agenda for consideration by the Board of
14 Supervisors (which consideration shall be limited to whether the Unanimous Approval is
15 consistent with the Financing Plan), the Unanimous Approval shall be deemed accepted by
16 the City and the Clerk of the Board of Supervisors shall record an amendment to the notice of
17 special tax lien for the CFD pursuant to Streets & Highways Code Section 3117.5 or a new
18 notice of special tax lien for the CFD pursuant to Streets & Highways Code Section 3117.5;
19 and, be it

20 FURTHER RESOLVED, That this Board of Supervisors hereby finds that the provisions
21 of Mello-Roos Act Sections 53313.6, 53313.7 and 53313.9 (relating to adjustments to *ad*
22 *valorem* property taxes and schools financed by a community facilities district) are
23 inapplicable to the proposed CFD, Improvement Area No. 1 and the Future Annexation Area;
24 and, be it

25

1 FURTHER RESOLVED, That as required by Mello-Roos Act Section 53339.3(d), this
2 Board of Supervisors hereby determines that the Special Tax proposed to pay for the
3 Facilities to be supplied within the Future Annexation Area financed with bonds that have
4 already been issued and that are secured by previously-existing areas of the CFD will be
5 equal to the Special Taxes levied to pay for the same Facilities in previously-existing areas of
6 the CFD and Improvement Area No. 1, except that (i) a higher Special Tax may be levied
7 within the Future Annexation Area to pay for the same Facilities to compensate for the interest
8 and principal previously paid from Special Taxes in the original area of the CFD and
9 Improvement Area No. 1, less any depreciation allocable to the financed Facilities and (ii) a
10 higher Special Tax may be levied in the Future Annexation Area to pay for new or additional
11 Facilities, with or without bond financing, and as required by Mello-Roos Act Section
12 53339.3(d), this Board of Supervisors hereby further determines that the Special Tax
13 proposed to pay for Services to be supplied within the Future Annexation Area shall be equal
14 to any Special Tax levied to pay for the same Services in the existing CFD and Improvement
15 Area No. 1, except that a higher or lower tax may be levied within the Future Annexation Area
16 to the extent that the actual cost of providing the Services in the Future Annexation Area is
17 higher or lower than the cost of providing those Services in the existing CFD and
18 Improvement Area No. 1. In so finding, this Board of Supervisors does not intend to limit its
19 ability to levy a Special Tax within the Future Annexation Area to provide new or additional
20 services beyond those supplied within the existing CFD and Improvement Area No. 1 or its
21 ability to implement changes pursuant to Article 3 of the Mello-Roos Act within one or more
22 improvement areas; and, be it

23 FURTHER RESOLVED, That except as may otherwise be provided by law or by the
24 Rate and Method, all lands owned by any public entity, including the United States, the State
25 of California and/or the City, or any departments or political subdivisions thereof, shall be

1 omitted from the levy of the Special Tax to be made to cover the costs and expenses of the
2 Facilities, the Services, the CFD or Improvement Area No. 1. In the event that a portion of the
3 property within Improvement Area No. 1 shall become for any reason exempt, wholly or in
4 part, from the levy of the Special Tax, this Board of Supervisors will, on behalf of the CFD,
5 increase the levy to the extent necessary upon the remaining property within Improvement
6 Area No. 1 which is not exempt in order to yield the required debt service payments and other
7 annual expenses of Improvement Area No. 1, if any, subject to the provisions of the Rate and
8 Method; and, be it

9 FURTHER RESOLVED, That except as may otherwise be provided by law or by the
10 rate and method of apportionment for a Future Improvement Area, all lands owned by any
11 public entity, including the United States, the State of California and/or the City, or any
12 departments or political subdivisions thereof, shall be omitted from the levy of the special tax
13 to be made to cover the costs and expenses of the Facilities, the Services and the Future
14 Improvement Area. In the event that a portion of the property within the Future Improvement
15 Area shall become for any reason exempt, wholly or in part, from the levy of the special tax,
16 this Board of Supervisors will, on behalf of the CFD, increase the levy to the extent necessary
17 upon the remaining property within the Future Improvement Area which is not exempt in order
18 to yield the required debt service payments and other annual expenses of the Future
19 Improvement Area, if any, subject to the provisions of the rate and method of apportionment
20 of the special tax; and, be it

21 FURTHER RESOLVED, That the levy of the Improvement Area No. 1 Special Tax shall
22 be subject to the approval of the qualified electors of Improvement Area No. 1 at a special
23 election, and the proposed voting procedure shall be by mailed or hand-delivered ballot
24 among the landowners in the proposed Improvement Area No. 1, with each owner having one
25

1 vote for each acre or portion of an acre such owner owns in Improvement Area No. 1 not
2 exempt from the Improvement Area No. 1 Special Tax; and, be it

3 FURTHER RESOLVED, That a special tax shall be levied in the Future Annexation
4 Area only with the Unanimous Approval of the owner or owners of each parcel or parcels at
5 the time that parcel or those parcels are annexed into the CFD and in accordance with the
6 Annexation Approval Procedures; and, be it

7 FURTHER RESOLVED, That it is the intention of this Board of Supervisors, acting as
8 the legislative body of the CFD, to cause bonds of the City and other debt (as defined in the
9 Mello-Roos Act) to be issued for Improvement Area No. 1 pursuant to the Mello-Roos Act to
10 finance in whole or in part the construction and/or acquisition of the Facilities, and the bonds
11 and other debt shall be in the aggregate principal amount of not to exceed \$250 million
12 (“Improvement Area No. 1 Indebtedness Limit”), shall be issued in such series and bear
13 interest payable semi-annually or in such other manner as this Board of Supervisors shall
14 determine, at a rate not to exceed the maximum rate of interest as may be authorized by
15 applicable law at the time of sale of each series of bonds and other debt, and shall mature not
16 to exceed 40 years from the date of the issuance thereof; and, be it

17 FURTHER RESOLVED, That it is the intention of this Board of Supervisors, acting as
18 the legislative body of the CFD, to cause bonds of the City and other debt (as defined in the
19 Mello-Roos Act) to be issued for that portion of the CFD that is not included in Improvement
20 Area No. 1 to finance in whole or in part the construction and/or acquisition of the Facilities,
21 and the bonds and other debt shall be in the aggregate principal amount of not to exceed
22 \$4.75 billion (“Non-Improvement Area No. 1 Indebtedness Limit”), shall be issued in such
23 series and bear interest payable semi-annually or in such other manner as this Board of
24 Supervisors shall determine, at a rate not to exceed the maximum rate of interest as may be
25

1 authorized by applicable law at the time of sale of each series of bonds and other debt, and
2 shall mature not to exceed 40 years from the date of the issuance thereof; and, be it

3 FURTHER RESOLVED, That in the event all or a portion of the Future Annexation
4 Area is annexed as one or more Future Improvement Areas, the designation as an
5 improvement area of any territory annexing to the CFD, the maximum amount of bonded
6 indebtedness and other debt for such improvement area, the rate and method of
7 apportionment of special tax for such improvement area and the appropriations limit for such
8 improvement area shall be identified and approved in the Unanimous Approval executed by
9 property owners in connection with their annexation to the CFD in accordance with the
10 Annexation Approval Procedures. In that event, the amount of the maximum indebtedness for
11 the Future Improvement Area shall be subtracted from the Non-Improvement Area No. 1
12 Indebtedness Limit, which shall result in a reduction in the Non-Improvement Area No. 1
13 Indebtedness Limit; and, be it

14 FURTHER RESOLVED, That it is the intention of this Board of Supervisors, acting as
15 the legislative body for the CFD, to cause bonds and other debt of the City to be issued for the
16 Future Improvement Areas pursuant to the Mello-Roos Act to finance in whole or in part the
17 construction and/or acquisition of the Facilities, and the bonds and other debt shall be in the
18 aggregate principal amount designated at the time of annexation, shall be issued in such
19 series and bear interest payable semi-annually or in such other manner as this Board of
20 Supervisors shall determine, at a rate not to exceed the maximum rate of interest as may be
21 authorized by applicable law at the time of sale of each series of bonds and other debt, and
22 shall mature not to exceed 40 years from the date of the issuance thereof; and, be it

23 FURTHER RESOLVED, That the City's Director of the Office of Public Finance, as the
24 officer having charge and control of the Facilities and the Services in and for the CFD,
25 Improvement Area No. 1 and the Future Annexation Area, is hereby directed to study said

1 proposed Facilities and Services and to make, or cause to be made, and file with the Clerk of
2 the Board of Supervisors a report in writing (“CFD Report”) presenting the following:

3
4 (a) A description of the Facilities and the Services by type which will be
5 required to adequately meet the needs of the CFD (which is proposed to consist initially
6 of Improvement Area No. 1) and the Future Annexation Area.

7 (b) An estimate of the fair and reasonable cost of the Facilities including the
8 cost of acquisition of lands, rights-of-way and easements, any physical facilities required
9 in conjunction therewith and incidental expenses in connection therewith, including the
10 costs of the proposed bond financing and other debt and all other related costs as
11 provided in Mello-Roos Act Section 53345.3.

12 (c) An estimate of the fair and reasonable cost of the Services and incidental
13 expenses in connection therewith, and all other related costs.

14 The CFD Report shall be made a part of the record of the public hearing specified below; and,
15 be it

16 FURTHER RESOLVED, _____, _____ 20__ at _:00 p.m. or as soon as possible
17 thereafter, in the Board of Supervisors Chambers, 1 Dr. Carlton B. Goodlett Place, San
18 Francisco, California, be, and the same are hereby appointed and fixed as the time and place
19 when and where this Board of Supervisors, as legislative body for the CFD, will conduct a
20 public hearing on the establishment of the CFD, Improvement Area No. 1 and the Future
21 Annexation Area and consider and finally determine whether the public interest, convenience
22 and necessity require the formation of the CFD, Improvement Area No. 1, the Future
23 Annexation Area and the levy of the Special Tax, including the Improvement Area No. 1
24 Special Tax; and, be it

25 FURTHER RESOLVED, That the Clerk of the Board of Supervisors is hereby directed
to cause notice of the public hearing to be given by publication one time in a newspaper
published in the area of the CFD and the Future Annexation Area. The publication shall be

1 completed at least seven days before the date of the public hearing specified above. The
2 notice shall be substantially in the form specified in Mello-Roos Act Section 53322, with the
3 form summarizing the provisions hereof hereby specifically approved; and, be it

4 FURTHER RESOLVED, That Mello-Roos Act Section 53314.9 provides that, either
5 before or after formation of the CFD, the City may accept advances of funds and may provide,
6 by resolution, for the use of those funds, including but not limited to pay any cost incurred by
7 the local agency in creating the CFD, and may agree to reimburse the advances under all of
8 the following conditions: (A) the proposal to repay the advances is included both in the
9 resolution of intention and the resolution of formation to establish the CFD; and (B) any
10 proposed special tax is approved by the qualified electors of the CFD and, if the qualified
11 electors of the CFD do not approve the proposed special tax, the City shall return any funds
12 which have not been committed for any authorized purpose by the time of the election and, in
13 furtherance of Mello-Roos Act Section 53314.9, the Board of Supervisors previously approved
14 the execution and delivery of a Deposit and Reimbursement Agreement (“Deposit
15 Agreement”) among the City, TIDA and the Developer; and, be it

16 FURTHER RESOLVED, That Mello-Roos Act Section 53314.9 provides that, either
17 before or after formation of the CFD, the City may accept work in-kind from any source,
18 including, but not limited to, private persons or private entities, may provide, by resolution, for
19 the use of that work in-kind for any authorized purpose and this Board of Supervisors may
20 enter into an agreement, by resolution, with the person or entity advancing the work in-kind, to
21 reimburse the person or entity for the value, or cost, whichever is less, of the work in-kind, as
22 determined by this Board of Supervisors, with or without interest, under the conditions
23 specified in the Mello-Roos Act. Any work in-kind must be performed or constructed as if the
24 work had been performed or constructed under the direction and supervision, or under the
25 authority of, the City and, in furtherance of Mello-Roos Act Section 53314.9, the Board of

1 Supervisors previously approved the execution and delivery of an Acquisition and
2 Reimbursement Agreement among the City, TIDA and the Developer; and, be it

3 FURTHER RESOLVED, That this Board of Supervisors reserves to itself the right and
4 authority set forth in Mello-Roos Act Section 53344.1, subject to any limitations set forth in any
5 bond resolution or trust indenture related to the issuance of bonds; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors has reviewed and considered
7 the FEIR and finds that the FEIR is adequate for its use for the actions taken by this resolution
8 and incorporates the FEIR and the CEQA findings contained in Board of Supervisors
9 Resolution No.246-11 by this reference; and, be it

10 FURTHER RESOLVED, That this Resolution shall in no way obligate this Board of
11 Supervisors of the City to form the CFD, Improvement Area No. 1 or the Future Annexation
12 Area. The formation of the CFD, Improvement Area No. 1 and the Future Annexation Area
13 shall be subject to the approval of this Board of Supervisors by resolution following the holding
14 of the public hearing referred to above; and, be it

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

23 FURTHER RESOLVED, That the Mayor, the Controller, the Director of the Office of
24 Public Finance, the Clerk of the Board of Supervisors and any and all other officers of the City
25 are hereby authorized, for and in the name of and on behalf of the City, to do any and all

1 things and take any and all actions, including execution and delivery of any and all
2 documents, assignments, certificates, requisitions, agreements, notices, consents,
3 instruments of conveyance, warrants and documents, which they, or any of them, may deem
4 necessary or advisable in order to effectuate the purposes of this Resolution; provided
5 however that any such actions be solely intended to further the purposes of this Resolution,
6 and are subject in all respects to the terms of the Resolution; and, be it

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

10 FURTHER RESOLVED, That this Resolution shall take effect upon its enactment.
11 Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution
12 unsigned or does not sign the resolution within ten days of receiving it, or the Board of
13 Supervisors overrides the Mayor's veto of the resolution.

14

15 APPROVED AS TO FORM:
16 DENNIS J. HERRERA, City Attorney

17

18 By: _____
19 Mark D. Blake
20 Deputy City Attorney
21 n:\spec\as2016\0600537\01133165.docx

22

23

24

25

EXHIBIT A

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

DESCRIPTION OF FACILITIES AND SERVICES TO BE FINANCED BY
THE CFD AND EACH IMPROVEMENT AREA THEREIN

FACILITIES

It is intended that the CFD, Improvement Area No. 1, and each Future Improvement Area will be authorized to finance all or a portion of the costs of the acquisition, construction and improvement of any of the following types of facilities:

- A. Facilities Acquired from Third Parties
 1. Acquisition - includes acquisition of land for public improvements.
 2. Abatement - includes abatement of hazardous materials and disposal of waste.
 3. Demolition - removal of below-grade, at-grade, and above-grade facilities, and recycling or disposal of waste.
 4. Supplemental Fire Water Supply System - including, but not limited to, main pipe, laterals, valves, fire hydrants, cathodic protection, manifolds, air-gap back flow preventer, wharf fire hydrants, portable water pumper, and tie-ins for onsite water supply network that is unique to San Francisco intended for fire suppression.
 5. Low Pressure Water - including, but not limited to, main pipe, pressure reducing stations, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blowoffs, fire hydrants, cathodic protection,

and tie-ins for onsite and offsite low pressure water supply network intended for domestic use.

1
2 6. Water Tank Facilities – including, but not limited to, storage tanks, pumps,
3 and other facilities associated with water storage.

4 7. Recycled Water - including, but not limited to, main pipe, laterals, water
5 meters, water meter boxes, back flow preventers, gate valves, air valves,
6 blowoffs, cathodic protection, and tie-ins for recycled water supply network
7 intended to provide treated wastewater for use in irrigation of parks and
8 landscaping as well as graywater uses within buildings.

9 8. Storm Drainage System – including, but not limited to, main pipe, laterals,
10 manholes, catch basins, air vents, stormwater treatment facilities, connections to
11 existing systems, headwalls, outfalls, and lift stations for a network intended to
12 convey onsite and offsite separated storm water.

13 9. Separated Sanitary Sewer – including, but not limited to, main pipe,
14 laterals, manholes, traps, air vents, connections to existing systems, force main
15 pipe and associated valves and cleanouts, and pump and lift stations for a
16 network intended to convey separated sanitary sewage.

17 10. Joint Trench – including, but not limited to, the electrical substation,
18 installation of primary and secondary conduits, overhead poles, pull boxes,
19 vaults, subsurface enclosures, and anodes, for dry utilities including but not
20 limited to electrical and information systems.

21 11. Earthwork – including, but not limited to, importation of clean fill materials,
22 clearing and grubbing, slope stabilization, ground improvement, installation of
23 geogrid, surcharging, wick drains, excavation, rock fragmentation, placement of
24 fill, compaction, grading, erosion control, deep vibratory soil compaction, cement
25

1 deep soil mix (CDSM) columns and panels, stone columns, and post-
2 construction stabilization such as hydroseeding.

3 12. Retaining Walls – including, but not limited to, excavation, foundations,
4 construction of retaining walls, subdrainage, and backfilling.

5 13. Highway Ramps, Roadways, Pathways, Curb, and Gutter – including, but
6 not limited to, road subgrade preparation, aggregate base, concrete roadway
7 base, asphalt wearing surface, concrete curb, concrete gutter, medians, colored
8 asphalt and concrete, speed tables, class 1 and 2 bike facilities (e.g., cycle
9 tracks), sawcutting, grinding, conform paving, resurfacing, for onsite and offsite
10 roadways.

11 14. Traffic – including, but not limited to, transit stops, transit facilities, transit
12 buses and ferries, bridge structures, permanent pavement marking and striping,
13 traffic control signage, traffic light signals, pedestrian traffic lighting, and
14 contributions for offsite traffic improvements.

15 15. Streetscape – including, but not limited to, subgrade preparation,
16 aggregate base, sidewalks, pavers, ADA curb ramps with detectable tiles,
17 streetlights, light pole foundations, landscaping, irrigation, street furniture, waste
18 receptacles, newspaper stands, and public art.

19 16. Shoreline Improvements – including, but not limited to, demolition,
20 excavation, installation of revetment, structural improvements of shoreline and
21 revetment, and structural repair for replacement or retrofit of shoreline structures.

22 17. Parks – including, but not limited to, ground improvement, subgrade
23 preparation, landscaping and trees, aggregate base, sidewalks, pavers,
24 decomposed granite, lighting, irrigation, furniture, decks, fountains, and
25 restrooms.

18. Ferry Terminal – including, but not limited to, foundations, ferry shelter building, signs, electronic toll collection system, breakwaters, pier, gangway, float, restroom, bike storage

19. Hazardous Soil Removal – removal and disposal of contaminated soil.

20. Community Facilities – including, but not limited to, costs of police station, fire station, community center spaces for uses including reading room/library, senior/adult services, teen/youth center, outdoor performance and gathering spaces, community gardens, public school, childcare centers, public recreational facilities including ballfields, playing fields and sports centers, and publicly-owned parking garages.

21. Any other amounts specifically identified in the DDA as a Qualified Project Cost.

22. Hard Costs, Soft Costs and Pre-Development Costs, as defined in the Conveyance Agreement, associated with the design, procurement, development and construction of all Facilities listed herein.

B. Authorized Payments

1. Contribution to the City and other public agencies for costs related to open space improvements, transportation and transit facilities, and design and construction of ramps and access roads.

C. Facilities Constructed by the City or TIDA

1. Sea Level Rise Adaptations – including, but not limited to, demolition, excavation, and installation of revetment; structural improvements of shoreline and revetment; construction, improvement or relocation of shoreline structures,

seawalls, stormwater pump stations and outfalls; earthwork, grading and landscaping; and the development of intertidal zones or wetlands.

2. Facility Capital Improvements – upgrade, reconstruction, or replacement of publicly-owned assets on Treasure Island and Yerba Buena Island, including, but not limited to, buildings, hangars, school facilities, living quarters, parks, improvements for sea-level rise, piers, and the Acquisition Facilities described in Section A of this Exhibit A.

NOTE: The categories of facilities labeled “Facilities Acquired from Third Parties” and “Facilities Constructed by the City or TIDA” reflect current assumptions of the City and TIDA. The CFD shall be authorized to finance the listed facilities whether they are acquired from third parties or constructed by the City or TIDA.

SERVICES

1
2 Special taxes collected in the CFD, Improvement Area No. 1, and each Future
3 Improvement Area will finance, in whole or in part, the following services (“services”
4 shall have the meaning given that term in the Mello-Roos Community Facilities Act of
5 1982):

- 6
7 • The costs of operating and maintaining Improvements constructed pursuant
8 to the Parks and Open Space Plan within the Project Site, including
9 installing landscaping, all personnel or third-party maintenance costs, costs
10 of maintaining irrigation systems and other equipment directly related to
11 maintenance, maintenance or replacement as needed of landscape areas,
12 water features, bathrooms, trash receptacles, park benches, planting
13 containers, picnic tables, and other equipment or fixtures installed in areas
14 to be maintained, insurance costs, and any other related overhead costs,
15 along with TIDA personnel, administrative, and overhead costs related to
16 maintenance or to contracting for and managing third-party maintenance.
17 The terms used in this paragraph have the meaning given them in the
18 Financing Plan.
- 19 • Operating and maintaining TIDA owned structures and facilities within the
20 Project Site, including but not limited to Building 1, Hangers 2 & 3, Pier 1,
21 the Historic Officers’ Quarters, Quarters 10 & 62, the Torpedo Building,
22 Chapel, gymnasium, roadways, paths and walkways. Costs include but are
23 not limited to all personnel or third-party maintenance costs, costs of
24 maintaining systems and other equipment directly related to maintenance,
25 as needed, of building systems, roofs, building envelope, and interiors,
insurance costs, and any other related overhead costs, along with TIDA
personnel, administrative, and overhead costs related to maintenance or to
contracting for and managing third-party maintenance. The terms used in
this paragraph have the meaning given them in the Financing Plan.

OTHER

1 The CFD, Improvement Area No. 1, and each Future Improvement Area may also
2 finance any of the following:

3
4 1. Bond related expenses, including underwriters discount, reserve fund,
5 capitalized interest, letter of credit fees and expenses, bond and disclosure counsel fees
6 and expenses, bond remarketing costs, and all other incidental expenses.

7
8 2. Administrative fees of the City and the bond trustee or fiscal agent related to
9 the CFD, Improvement Area No. 1, and each Future Improvement Area and the Bonds.

10
11 3. Reimbursement of costs related to the formation of the CFD, Improvement
12 Area No. 1, and each Future Improvement Area advanced by the City, the landowner(s)
13 in the CFD, Improvement Area No. 1, and each Future Improvement Area, or any party
14 related to any of the foregoing, as well as reimbursement of any costs advanced by the
15 City, the landowner(s) in the CFD, Improvement Area No. 1, and each Future
16 Improvement Area or any party related to any of the foregoing, for facilities, fees or
17 other purposes or costs of the CFD, Improvement Area No. 1, and each Future
18 Improvement Area.

19
20 4. Funding a capital reserve fund to finance the Facilities described in this
21 Exhibit.

EXHIBIT B

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. 1

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EXHIBIT B

IMPROVEMENT AREA NO. 1 OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 2016-1 (TREASURE ISLAND)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Taxable Parcel in Improvement Area No. 1 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) shall be levied and collected according to the tax liability determined by the Administrator through the application of the appropriate amount or rate for Taxable Parcels, as described below. All Taxable Parcels in Improvement Area No. 1 shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to Improvement Area No. 1.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Accessory Square Footage” means, within a non-residential building on a Taxable Parcel, any square footage within the building that is not used directly as part of the business or hotel operations, including, but not limited to, walkways, elevator shafts, mezzanines, corridors, and stairwells.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

“Administrative Expenses” means any or all of the following: the fees and expenses of any fiscal agent or trustee (including any fees or expenses of its counsel) employed in connection with any Bonds, and the expenses of the City and TIDA carrying out duties with respect to the CFD and the Bonds, including, but not limited to, levying and collecting the Special Tax, the fees and expenses of legal counsel, charges levied by the City Controller’s Office and/or the City Treasurer and Tax Collector’s Office, costs related to property owner inquiries regarding the Special Tax, costs associated with appeals or requests for interpretation associated with the Special Tax and this RMA, amounts needed to pay rebate to the federal government with respect to the Bonds, costs associated with complying with any continuing disclosure requirements for the City and any major property owner, costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of the City and TIDA in any way related to the establishment or administration of the CFD.

“Administrator” means the Director of the Office of Public Finance or his/her designee who shall be responsible for administering the Special Tax according to this RMA.

“Airspace Parcel” means a parcel with an assigned Assessor’s Parcel number that constitutes vertical space of an underlying land parcel.

“Assessor’s Parcel” or **“Parcel”** means a lot or parcel, including an Airspace Parcel, shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating Parcels by Assessor’s Parcel number.

“Association Property” means any property within the boundaries of Improvement Area No. 1 that is owned in fee or by easement by a homeowners association or property owners association and does not fall within a Land Use Category, not including any such property that is located directly under a residential structure.

“Authority Housing Lot” means the lots identified as owned or expected to be owned by TIDA, as originally shown in the Housing Plan, and as may be amended in the Development Approval Documents. Authority Housing Lots expected within Improvement Area No. 1 at the time of CFD Formation are identified in Attachment 3 hereto.

“Authority Housing Unit” means a Residential Unit developed on an Authority Housing Lot.

“Authorized Expenditures” means those public facilities and public services authorized to be funded by the CFD as set forth in the documents adopted by the Board at CFD Formation, as may be amended from time to time.

“Base Facilities Special Tax” means, for any Land Use Category, the per-square foot Facilities Special Tax for square footage within such Land Use Category, as identified in Section C.2a below.

“Base Services Special Tax” means, for any Land Use Category, the per-square foot Services Special Tax for square footage within such Land Use Category, as identified in Section C.2b below.

“Base Special Tax” means, collectively, the Base Facilities Special Tax and Base Services Special Tax.

“Board” means the Board of Supervisors of the City, acting as the legislative body of CFD No. 2016-1.

“Bonds” means bonds or other debt (as defined in the Act), whether in one or more series, that are issued or assumed by or for Improvement Area No. 1 to finance Authorized Expenditures and are secured by the Facilities Special Tax.

“Building Height” means the proposed height, as defined in the D4D, of a residential, non-residential, or mixed-use structure, as set forth on the Building Permit issued for the building, or if the height is not clearly indicated on the Building Permit, the height determined by reference to the Sub-Phase Application, Vertical DDA, condominium plan, or architectural drawings for the building. If there is any question as to the Building Height of any building in the CFD, the

Administrator shall coordinate with the Review Authority to make the determination, and such determination shall be conclusive and binding.

“Building Permit” means a permit that allows for vertical construction of a building or buildings, which shall not include a separate permit issued for construction of the foundation thereof.

“Capital Reserve Requirement” means, for the Project as a whole, the target amount of capital reserves to be established for Sea Level Rise Improvements, which shall be \$250 million in Fiscal Year 2016-17 dollars, escalating, on July 1, 2017 and on each July 1 thereafter, by the Escalator.

“Capitalized Interest” means funds in any capitalized interest account available to pay debt service on Bonds.

“CFD” or **“CFD No. 2016-1”** means the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island).

“CFD Formation” means the date on which the Board approved documents to form the CFD.

“City” means the City and County of San Francisco, California.

“Commercial/Retail Square Footage” means the net saleable or net leasable square footage within a building that is or is expected to be square footage of a commercial establishment that sells general merchandise, hard goods, food and beverage, personal services, and other items directly to consumers, including but not limited to, museums, restaurants, bars, entertainment venues, health clubs, spas, laundromats, dry cleaners, repair shops, storage facilities, and parcel delivery shops. In addition, any other square footage in a building that is used for commercial, office, or industrial business operations and is not Accessory Square Footage or Association Property shall be taxed as Commercial/Retail Square Footage. Commercial/Retail Square Footage shall be determined based on reference to the condominium plan, site plan, Building Permit, or Development Approval Documents, or as provided by the Developer or the City. The Administrator, in conjunction with the Review Authority, shall make the final determination as to the amount of Commercial/Retail Square Footage on any Parcel within Improvement Area No. 1, and such determination shall be conclusive and binding. Commercial/Retail Square Foot means a single square-foot unit of Commercial/Retail Square Footage. Incidental retail or commercial uses in an otherwise exempt building (e.g., a snack bar in a recreation center on Association Property) shall not constitute Commercial/Retail Square Footage.

“County” means the City and County of San Francisco, California.

“D4D” means the Treasure Island and Yerba Buena Island Design for Development, approved by the Planning Commission and TIDA, and dated June 28, 2011, and as amended from time to time.

“DA” means the Development Agreement Relative to Treasure Island/Yerba Buena Island, including all exhibits and attachments, executed by the City and TICD, dated June 28, 2011, and as amended from time to time.

“**DDA**” means the Disposition and Development Agreement (Treasure Island/Yerba Buena Island), including all exhibits and attachments, executed by TIDA and TICD, dated June 28, 2011, and as amended from time to time.

“**Developed Property**” means, in any Fiscal Year, all Taxable Parcels for which a Building Permit was issued prior to June 30 of the preceding Fiscal Year, but not prior to January 1, 2015.

“**Developer**” means the developer of a Major Phase or Sub-Phase located in Improvement Area No. 1, which shall not include a Vertical Developer that has entered into a Vertical DDA.

“**Developer Maintenance Payment**” means a payment that TIDA requires to be made by the Developer to pay for Ongoing Park Maintenance as described in and pursuant to Section 2.7 of the Financing Plan.

“**Development Approval Documents**” means, collectively, any Major Phase Application, Sub-Phase Application, Vertical DDA, tentative subdivision map, Final Map, Review Authority approval, or other such approved or recorded document or plan that identifies the type of structure(s), acreage, square footage, and/or number of Residential Units approved for development on Taxable Parcels.

“**Development Project**” means a residential, non-residential, or mixed-use development that includes one or more buildings that are planned and entitled in a single application to the City.

“**Escalator**” means the lesser of the following: (i) the increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose region (base years 1982-1984=100) published by the Bureau of Labor Statistics of the United States Department of Labor, or, if such index is no longer published, a similar escalator that is determined by TIDA and the City to be appropriate, and (ii) five percent (5%).

“**Estimated Base Facilities Special Tax Revenues**” means, at any point in time, the amount calculated by the Administrator by multiplying the Base Facilities Special Tax by square footage within each Land Use Category proposed for development on a Parcel or within a Sub-Block.

“**Expected Land Uses**” means the total square footage in each Land Use Category expected within each Sub-Block in Improvement Area No. 1. The Expected Land Uses at the time of CFD Formation are identified in Attachment 2 and may be revised pursuant to Sections B, C, D, and E below.

“**Expected Maximum Facilities Special Tax Revenues**” means the aggregate Facilities Special Tax that can be levied based on application of the Base Facilities Special Tax to the Expected Land Uses. The Expected Maximum Facilities Special Tax Revenues for each Sub-Block at the time of CFD Formation are shown in Attachment 2 and may be revised pursuant to Sections B, C, D, and E below.

“**Expected Taxable Property**” means any Parcel within Improvement Area No. 1 that: (i) pursuant to the Development Approval Documents, was expected to be a Taxable Parcel, (ii) based on the Expected Land Uses and as determined by the Administrator, was assigned Expected

Maximum Facilities Special Tax Revenues, and (iii) subsequently falls within one or more of the categories that would otherwise be exempt from the Special Tax as set forth in Section H below.

“Facilities Special Tax” means a special tax levied in any Fiscal Year to pay the Facilities Special Tax Requirement.

“Facilities Special Tax Requirement” means the amount necessary in any Fiscal Year to: (i) pay principal and interest on Bonds that are due in the calendar year that begins in such Fiscal Year; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments on the Bonds, (iii) replenish reserve funds created for the Bonds under the Indenture to the extent such replenishment has not been included in the computation of the Facilities Special Tax Requirement in a previous Fiscal Year; (iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses; and (vi) pay directly for Authorized Expenditures, including park maintenance, Sea Level Rise Improvements, and capital reserves, in the priority set forth in the Financing Plan, so long as such levy under this clause (vi) does not increase the Facilities Special Tax levied on Undeveloped Property. Notwithstanding the foregoing, in any Fiscal Year in which any portion of a Developer Maintenance Payment is delinquent, the Maximum Facilities Special Tax shall be levied on Undeveloped Property until the amount collected from Undeveloped Property that is used to pay for park maintenance is equal to the aggregate amount of delinquent Developer Maintenance Payments. The amounts referred to in clauses (i) and (ii) of the definition of Facilities Special Tax Requirement may be reduced in any Fiscal Year by: (a) interest earnings on or surplus balances in funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against such costs pursuant to the Indenture; (b) in the sole and absolute discretion of the City, proceeds received by the CFD from the collection of penalties associated with delinquent Facilities Special Taxes; and (c) any other revenues available to pay such costs, each as determined in the sole discretion of the Administrator.

“Final Map” means a final map, or portion thereof, recorded by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots on which Building Permits for new construction may be issued without further subdivision.

“Financing Plan” means the Financing Plan attached as Exhibit D to the DA and Exhibit EE to the DDA, as such plan may be amended or supplemented from time to time in accordance with the terms of the DA and DDA.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Future Annexation Area” means that geographic area that, at the time of CFD Formation, was considered potential annexation area for the CFD and which was, therefore, identified as “future annexation area” on the recorded CFD boundary map. Such designation does not mean that any or all of the Future Annexation Area will annex into Improvement Area No. 1, but should property designated as Future Annexation Area choose to annex, the annexation may be processed pursuant to the annexation procedures in the Act for territory included in a future annexation area, as well as the procedures established by the Board.

“Hotel” means a structure or portion of a structure that constitutes a place of lodging, providing

temporary sleeping accommodations for travelers, which structure may include one or more of the following: spa services, restaurants, gift shops, meeting and convention facilities. Residential Units that are offered for rent to travelers (e.g., units offered through Airbnb) shall not be categorized as Hotel.

“Hotel Condominium” means a Residential Unit within a Hotel Project.

“Hotel Project” means a Development Project within which a building proposed to be constructed is either a Hotel or a residential or mixed-use building being developed in conjunction with a Hotel that will share common area and amenities with the Hotel. Notwithstanding the foregoing, if a Development Project includes multiple buildings, one of which is a Hotel, and one or more other buildings in the Development Project do not share common area or amenities with the Hotel and are not otherwise affiliated with the Hotel, such other building(s) shall be considered a separate Development Project for purposes of this RMA and shall be categorized as a Low-Rise Project, Mid-Rise Project, Tower Project, or Townhome Project based on the definitions set forth herein. If a Hotel Project is constructed on a Parcel that is owned by TIDA, such Parcel shall be treated as a Hotel Project, not Public Property, for purposes of this RMA.

“Hotel Square Footage” means the usable square footage within a building that is, or is expected to be, a Hotel, as reflected on a condominium plan, site plan, or Building Permit, as provided by the Developer or the City, or as expected pursuant to Development Approval Documents. All square footage that is not Residential Square Footage or Accessory Square Footage and shares an Assessor’s Parcel number within such a structure, including square footage of restaurants, meeting and convention facilities, gift shops, spas, offices, and other related uses, shall be categorized as Hotel Square Footage. Upon assignment of Assessor’s Parcel numbers to the Airspace Parcels for any Hotel Condominiums, the Hotel Condominiums shall be assigned a Maximum Special Tax based on application of the appropriate Base Special Tax for Hotel Condominiums, as set forth in Section C below. If there are separate Assessor’s Parcel numbers for the retail uses associated with the Hotel, the Base Special Tax for Commercial/Retail Square Footage shall be used to determine the Maximum Special Tax for such Parcels, and the Base Special Tax for Hotel Square Footage shall be used to determine the Maximum Special Tax for Parcels on which uses in the building other than Hotel Condominiums and retail uses are located, including office space associated with Hotel operations. The Administrator, in conjunction with the Review Authority, shall make the final determination as to the amount of Hotel Square Footage within a building, and such determination shall be conclusive and binding. Hotel Square Foot means a single square-foot unit of Hotel Square Footage.

“Housing Plan” means Exhibit E to the DDA, which sets forth the plan for development of Market Rate Units, Inclusionary Units, and Authority Housing Units on Treasure Island and Yerba Buena Island.

“Improvement Area No. 1” means Improvement Area No. 1 of the CFD, as it exists at CFD Formation and as expanded with future annexations to Improvement Area No. 1 (if any).

“Inclusionary Unit” means a Residential Unit that is, pursuant to the Housing Plan, subject to restrictions related to the affordability of the Residential Unit or income restrictions for its occupants, and is not an Authority Housing Unit.

“Indenture” means any indenture, fiscal agent agreement, resolution, or other instrument pursuant to which Bonds are issued, as modified, amended, and/or supplemented from time to time, and any instrument replacing or supplementing the same.

“Land Use Category” means, individually, Low-Rise Units, Mid-Rise Units, Tower Units, Treasure Island Townhome Units, Yerba Buena Island Townhome Units, Hotel Condominiums, Hotel Square Footage, or Commercial/Retail Square Footage.

“Land Use Change” means a change to the Expected Land Uses within Improvement Area No. 1 after CFD Formation.

“LDDA” means a Disposition and Development Agreement between TIDA and a Vertical Developer that has a leasehold interest in property that is subject to the Public Trust, as defined in the DDA.

“Low-Rise Project” means a Development Project that meets either of the following criteria: (i) the highest residential or mixed-use building proposed within the Development Project has a Building Height that is greater than 50 feet and less than or equal to 70 feet, or (ii) the highest residential or mixed-use building proposed within the Development Project has a Building Height that is less than or equal to 50 feet and one or more of the ground floor Residential Units within such building do not have a main entry door that is directly accessible from a public street, private street, or courtyard instead of from a common corridor.

All Residential Units within a Low-Rise Project, regardless of the height of each individual building within the Development Project, shall be categorized as Low-Rise Units for purposes of this RMA. For example, if a Development Project includes three separate buildings, the highest building is proposed to be 50 feet tall, and one or more of the ground floor Residential Units within the 50-foot tall building will not have a main entry door that is directly accessible from a street or courtyard, then the Residential Units in all three buildings in the Development Project will be taxed as Low-Rise Units. If a Development Project includes two buildings that have the same proposed Building Height, both buildings are less than 50 feet tall, and only one of the two buildings has ground floor Residential Units, all of which have main entry doors that will be directly accessible from a street or courtyard, the Residential Units within the Development Project will be categorized as Low-Rise Units and not Treasure Island Townhome Units or Yerba Buena Townhome Units.

“Low-Rise Unit” means a Residential Unit within a Low-Rise Project.

“Major Phase” is defined in the DDA.

“Major Phase Application” means the application and associated documents required to be submitted for each Major Phase Approval, as defined in the DDA.

“Market Rate Unit” means a Residential Unit that is not an Authority Housing Unit or Inclusionary Unit.

“Maximum Facilities Special Tax” means the greatest amount of Facilities Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Maximum IA1 Revenues” means, at any point in time, the aggregate Maximum Facilities Special Tax that can be levied on all Taxable Parcels.

“Maximum Services Special Tax” means the greatest amount of Services Special Tax that can be levied on an Assessor’s Parcel in any Fiscal Year determined in accordance with Sections C, D, and E below.

“Maximum Special Tax” means, prior to the Transition Year, the Maximum Facilities Special Tax and, in the Transition Year and each Fiscal Year thereafter, the Maximum Services Special Tax. Notwithstanding the foregoing, if there are any delinquent Facilities Special Taxes to be collected from a Parcel in or after the Transition Year, such delinquent Facilities Special Taxes shall continue to be levied against the Parcel and shall, in addition to the Services Special Tax, be part of the Maximum Special Tax for the Parcel until paid.

“Mid-Rise Project” means a Development Project within which the highest residential or mixed-use building that includes Residential Units proposed for development has a Building Height that is greater than 70 feet but less than or equal to 125 feet. All Residential Units within a Mid-Rise Project, regardless of the height of each individual building within the Development Project, shall be categorized as Mid-Rise Units for purposes of this RMA. For example, if a Development Project proposes three buildings that are 90 feet, 60 feet, and 40 feet, respectively, all Residential Units within all three buildings will be categorized as Mid-Rise Units.

“Mid-Rise Unit” means a Residential Unit within a Mid-Rise Project.

“Planning Code” means the Planning Code of the City and County of San Francisco, as it may be amended from time to time.

“Project” is defined in the DDA.

“Proportionately” means, for Developed Property, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all Parcels of Developed Property. For Vertical DDA Property, “Proportionately” means that the ratio of the actual Special Tax levied to the Maximum Special Tax authorized to be levied is equal for all Parcels of Vertical DDA Property. For Undeveloped Property, “Proportionately” means that the ratio of the actual Special Tax levied to the Maximum Special Tax is equal for all Parcels of Undeveloped Property. For Expected Taxable Property, “Proportionately” means that the ratio of the actual Special Tax levied to the Maximum Special Tax is equal for all Parcels of Expected Taxable Property.

“Public Property” means any property within the boundaries of Improvement Area No. 1 that is owned by the federal government, the State of California, TIDA, the City, or other public agency. Notwithstanding the foregoing, any property subject to an LDDA with a term of twenty (20) years

or more shall not, during the lease term, be considered Public Property and shall be taxed and classified according to the use on the Parcel(s) unless such Parcel is an Authority Housing Lot.

“Qualified Project Costs” has the meaning set forth in the Financing Plan and refers to the Project as a whole.

“Remainder Special Taxes” means, as calculated between September 1st and December 31st of any Fiscal Year, any Facilities Special Tax revenues that were collected in the prior Fiscal Year and were not needed to: (i) pay debt service on the Bonds that was due in the calendar year in which the Remainder Special Taxes are being calculated; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement, liquidity support and rebate payments on the Bonds; (iii) replenish reserve funds created for the Bonds under the Indenture; (iv) cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year; (v) pay Administrative Expenses that have been incurred, or are expected to be incurred, by the City prior to the receipt of additional Facilities Special Tax proceeds, or (vi) apply towards park maintenance costs that are not fully funded because of delinquent Developer Maintenance Payments.

“Required Coverage” means the amount by which the Maximum IA1 Revenues must exceed the Bond debt service and priority Administrative Expenses (if any), as set forth in the Indenture, Certificate of Special Tax Consultant, or other formation or bond document that sets forth the minimum required debt service coverage.

“Residential Product Type” means a Low-Rise Unit, Mid-Rise Unit, Tower Unit, Treasure Island Townhome Unit, Yerba Buena Townhome Unit, or Hotel Condominium. If there is any confusion as to the Residential Product Type that applies to Residential Units within a Development Project, the Administrator shall coordinate with the Review Authority to make the determination, which shall be conclusive and binding.

“Residential Property” means, in any Fiscal Year, all Taxable Parcels for which Building Permits have been issued, or based on Development Approval Documents, are expected to be issued for construction of a structure that includes one or more Residential Units.

“Residential Square Footage” means the square footage of a Residential Unit or residential structure reflected on a condominium plan, site plan, or Building Permit, provided by the Developer or the City, or expected pursuant to Development Approval Documents. The Administrator, in conjunction with the Review Authority, shall make the final determination as to the amount of Residential Square Footage on a Taxable Parcel, and such determination shall be conclusive and binding. Residential Square Foot means a single square-foot unit of Residential Square Footage.

“Residential Unit” means a room or suite of two or more rooms that is designed for residential occupancy for 32 consecutive days or more, including provisions for sleeping, eating and sanitation. “Residential Unit” will include, but not be limited to, an individual townhome, condominium, flat, apartment, or loft unit, and individual units within a senior or assisted living facility.

“Review Authority” means, for Parcels within the Tidelands Trust Overlay Zone, the Executive Director of TIDA, and for Parcels outside the Tidelands Trust Overlay Zone, the City Planning Director, or an alternate designee from TIDA or the City who is responsible for approvals and entitlements of a Development Project.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“Sea Level Rise Improvements” means public improvements necessary to ensure that shoreline, public facilities, and public access improvements will be protected due to sea level rise at the perimeters of Treasure Island and Yerba Buena Island.

“Services Special Tax” means a special tax levied in any Fiscal Year to pay the Services Special Tax Requirement.

“Services Special Tax Requirement” means the amount necessary in any Fiscal Year to: (i) pay the costs of operations and maintenance or other public services that are included as Authorized Expenditures; (ii) cure delinquencies in the payment of Services Special Taxes in the prior Fiscal Year; and (iii) pay Administrative Expenses.

“Special Tax” means, prior to the Transition Year, the Facilities Special Tax and, in and after the Transition Year, the Services Special Tax.

“Special Tax Requirement” means, prior to the Transition Year, the Facilities Special Tax Requirement and, in and after the Transition Year, the Services Special Tax Requirement. Notwithstanding the foregoing, if there are any delinquent Facilities Special Taxes to be collected from a Parcel in or after the Transition Year, such delinquent Facilities Special Taxes shall continue to be levied against the Parcel in addition to the Services Special Tax Requirement for that Fiscal Year.

“Special Use District” means the Treasure Island/Yerba Buena Island Special Use District, included as Section 249.52 of the Planning Code.

“Sub-Block” means a specific geographic area within Improvement Area No. 1 for which Expected Land Uses have been identified. Sub-Blocks and Expected Land Uses within Improvement Area No. 1 at the time of CFD Formation are identified in Attachments 1 and 2 of this RMA and may be revised pursuant to Sections B, C, D, and E below.

“Sub-Phase” is defined in the DDA.

“Sub-Phase Application” means the application and associated documents required to be submitted for each Sub-Phase Approval, as defined and set forth in the DDA.

“Taxable Parcel” means any Parcel within Improvement Area No. 1 that is not exempt from the Special Tax pursuant to law or Section H below.

“TICD” means Treasure Island Community Development, LLC, a California limited liability company, and its successors and permitted assigns under the DDA.

“TIDA” means the Treasure Island Development Authority, a California non-profit public benefit corporation, or any successor public agency designated by or under law, which may include the City or the San Francisco Port Commission.

“Tidelands Trust Overlay Zone” means the areas on Treasure Island and Yerba Buena Island that are subject to the Tidelands Trust after completion of all Tidelands Trust exchanges, as identified in figures set forth in the Special Use District.

“Tower Project” means a Development Project within which the highest residential or mixed-use building that includes Residential Units proposed for development has a Building Height that is greater than 125 feet. All Residential Units within a Tower Project, regardless of the height of each individual building within the Development Project, will be categorized as Tower Units for purposes of this RMA. For example, if a Development Project proposes three buildings that are 140 feet, 90 feet, and 40 feet, respectively, all Residential Units within all three buildings will be categorized as Tower Units.

“Tower Unit” means a Residential Unit within a Tower Project.

“Townhome Project” means a Development Project that meets both of the following criteria: (i) the highest residential or mixed-use building proposed for development has a Building Height that is less than or equal to 50 feet, and (ii) the main entry doors for all ground floor Residential Units within such building will be directly accessible from a public street, private street, or courtyard instead of from a common corridor. All Residential Units within a Townhome Project will be categorized as Treasure Island Townhome Units or Yerba Buena Townhome Units for purposes of this RMA.

“Transition Event” shall be deemed to have occurred when the Administrator determines that either of the following events have occurred: (i) all Bonds secured by the levy and collection of Facilities Special Taxes in the CFD have been fully repaid, all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the City, and the Capital Reserve Requirement has been fully funded, or (ii) all Bonds secured by the levy and collection of Facilities Special Taxes in the CFD have been fully repaid, all Administrative Expenses from prior Fiscal Years have been paid or reimbursed to the City, and the Facilities Special Tax has been levied within Improvement Area No. 1 for one hundred (100) Fiscal Years.

“Transition Year” means the first Fiscal Year in which the Administrator determines that the Transition Event occurred in the prior Fiscal Year.

“Treasure Island Townhome Unit” means a Residential Unit within a Townhome Project proposed for development on Treasure Island.

“Undeveloped Property” means, in any Fiscal Year, all Taxable Parcels that are not Developed Property, Vertical DDA Property, or Expected Taxable Property.

“Vertical DDA” means a Vertical DDA or a Vertical LDDA, as defined in the DDA, for a Taxable Parcel.

“Vertical DDA Property” means, in any Fiscal Year, any Parcel that is not yet Developed Property against which a Vertical DDA has been recorded, and for which the Developer or the Vertical Developer has, by June 30 of the prior Fiscal Year, notified the Administrator of such recording.

“Vertical Developer” means a developer that has entered into a Vertical DDA for construction of vertical improvements on a Taxable Parcel.

“Yerba Buena Townhome Unit” means a Residential Unit within a Townhome Project proposed for development on Yerba Buena Island.

B. DATA FOR CFD ADMINISTRATION

On or about July 1 of each Fiscal Year, the Administrator shall identify the current Assessor’s Parcel numbers for all Taxable Parcels. The Administrator shall also determine: (i) whether each Taxable Parcel is Developed Property, Vertical DDA Property, Undeveloped Property, or Expected Taxable Property, (ii) within which Sub-Block each Assessor’s Parcel is located, (iii) for Developed Property, the Residential Square Footage, Commercial/Retail Square Footage, and/or Hotel Square Footage on each Parcel, (iv) for Residential Property, the Residential Product Type and number of Market Rate Units and Inclusionary Units, (v) whether there are any delinquent Developer Maintenance Payments, and (vi) the Special Tax Requirement for the Fiscal Year.

The Administrator shall review Development Approval Documents and coordinate with TIDA, the Developer, and Vertical Developers to identify the number of Inclusionary Units within each building. If there are transfers of Inclusionary Units and Market Rate Units, the Administrator shall refer to Section D.2 to determine the Maximum Special Tax for each Parcel after such transfer. If, at any time after issuance of the first series of Bonds, it is determined that an increase in the number of Inclusionary Units will decrease Maximum IA1 Revenues to a point at which Required Coverage cannot be maintained, then some or all of the Inclusionary Units that were not originally part of the Expected Land Uses shall be designated as Expected Taxable Property and shall be subject to the levy of the Facilities Special Tax pursuant to Step 4 in Section F below. In such a case, the Administrator shall determine how many Inclusionary Units must be subject to the Facilities Special Tax in order to maintain Required Coverage, and TIDA and the City shall determine which Inclusionary Units will be Expected Taxable Property, and the Administrator shall update Attachment 2 accordingly.

If TIDA notifies the Administrator of a change in the number or location of Authority Housing Lots, then at the request of TIDA and the owner of any private Parcel(s) affected by the change, the Administrator shall (i) amend and replace Attachment 3 to reflect the then-current location and designation of Authority Housing Lots, and (ii) amend and replace Attachment 2 to reflect the then-current Expected Land Uses on, and the Expected Maximum Facilities Special Tax Revenues for, the Parcel(s) that are affected by the change. If, at any time after issuance of the first series of Bonds, it is determined that an increase in the number of Authority Housing Units will decrease Maximum IA1 Revenues to a point at which Required Coverage cannot be maintained, then some or all of the Authority Housing Lots that were not originally part of the Expected Land Uses shall

be designated as Expected Taxable Property and shall be subject to the levy of the Special Tax pursuant to Step 4 in Section F below. In such a case, the Administrator shall determine how many Authority Housing Units must be subject to the Special Tax in order to maintain Required Coverage, and TIDA shall determine which Authority Housing Lots will be Expected Taxable Property, and the Administrator shall update Attachment 2 accordingly.

If a Building Permit has been issued for development of a structure, and additional structures are anticipated to be built within the Sub-Block as shown in the Development Approval Documents, the Administrator shall, regardless of the definitions set forth herein, categorize the building(s) for which the Building Permit was issued as Developed Property and any remaining buildings for which Building Permits have not yet been issued as Vertical DDA Property for purposes of levying the Special Tax. If the buildings share an Assessor's Parcel, the Administrator shall take the sum of the Special Taxes determined for each building after application of the steps in Section F to determine the Special Tax levy for the Parcel.

In any Fiscal Year, if it is determined that (i) a parcel map or condominium plan was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created parcels into the then current tax roll), (ii) because of the date the map or plan was recorded, the Assessor does not yet recognize the newly-created parcels, and (iii) one or more of the newly-created parcels meets the definition of Developed Property or Vertical DDA Property, the Administrator shall calculate the Special Tax for the property affected by recordation of the map or plan by determining the Special Tax that applies separately to each newly-created parcel, then applying the sum of the individual Special Taxes to the Assessor's Parcel that was subdivided by recordation of the parcel map or condominium plan.

In addition to the tasks set forth above, on an ongoing basis, the Administrator will review the Development Approval Documents for property in Improvement Area No. 1 and communicate with the Developer regarding proposed Land Use Changes. The Administrator will, upon receipt of each recorded Vertical DDA, and upon any proposed Land Use Change that is made known to the Administrator, update Attachment 2 to reflect the then-current Expected Land Uses on, and Expected Maximum Facilities Special Tax Revenues for, each Sub-Block.

C. MAXIMUM SPECIAL TAX

1. Undeveloped Property

1a. Facilities Special Tax

Prior to the Transition Year, the Maximum Facilities Special Tax for Undeveloped Property in Improvement Area No. 1 shall be the Expected Maximum Facilities Special Tax Revenues shown in Attachment 2 of this RMA, as it may be amended as set forth herein. If, in any Fiscal Year, separate Assessor's Parcels have not yet been created for property within each Sub-Block, the Administrator shall sum the Expected Maximum Facilities Special Tax Revenues for all Sub-Blocks within an Assessor's Parcel to determine the Maximum Facilities Special Tax that shall apply to the Parcel in such Fiscal Year.

If an Assessor's Parcel contains a portion of one or more Sub-Blocks, the Maximum Facilities Special Tax shall be determined by allocating the Expected Maximum Facilities Special Tax Revenues for each Sub-Block proportionately among such Assessor's Parcels based on the Expected Land Uses on each Parcel, as determined by the Administrator. The Maximum IA1 Revenues after such allocation shall not be less than the Maximum IA1 Revenues prior to this allocation.

In the Transition Year and each Fiscal Year thereafter, no Facilities Special Tax shall be levied on Undeveloped Property in Improvement Area No. 1, unless there are delinquent Facilities Special Taxes on a Parcel of Undeveloped Property, in which case such delinquent Facilities Special Taxes can continue to be levied against the Parcel until they are collected.

1b. Services Special Tax

Prior to the Transition Year, there shall be no Services Special Tax levied on Undeveloped Property in Improvement Area No. 1. In the Transition Year and each Fiscal Year thereafter, the Maximum Services Special Tax for Undeveloped Property in Improvement Area No. 1 shall be \$65,200 per acre, which amount shall be escalated as set forth in Section D.2 below.

2. Vertical DDA Property

2a. Facilities Special Tax

Prior to the Transition Year, when a Parcel becomes Vertical DDA Property, the Administrator shall review the recorded Vertical DDA and coordinate with the Developer and/or the Vertical Developer to confirm the Expected Land Uses on the Sub-Block(s) covered by the Vertical DDA. Using the Base Facilities Special Taxes shown in Table 1 below, the Administrator shall calculate the Estimated Base Facilities Special Tax Revenues based on the Expected Land Uses reflected in the Vertical DDA and the square footage estimated by the Vertical Developer. Prior to issuance of the first series of Bonds, the Maximum Special Tax for each Parcel shall be the Estimated Base Facilities Special Tax Revenues for the Parcel.

| Table 1 | | |
|------------------------------------|--|--|
| Base Facilities Special Tax | | |
| Land Use Category | Base Facilities Special Tax Before the Transition Year (in Fiscal Year 2016-17 dollars) * | Base Facilities Special Tax In and After the Transition Year (in Fiscal Year 2016-17 dollars) * |
| Low-Rise Units | \$6.13 per square foot | \$0.00 per square foot |
| Mid-Rise Units | \$7.10 per square foot | \$0.00 per square foot |
| Tower Units | \$8.14 per square foot | \$0.00 per square foot |
| Treasure Island Townhome Units | \$5.39 per square foot | \$0.00 per square foot |
| Yerba Buena Townhome Units | \$5.82 per square foot | \$0.00 per square foot |
| Hotel Condominiums | \$5.93 per square foot | \$0.00 per square foot |
| Commercial/Retail Square Footage | \$1.50 per square foot | \$0.00 per square foot |
| Hotel Square Footage | \$3.00 per square foot | \$0.00 per square foot |

*** The Base Facilities Special Taxes shown above shall be escalated as set forth in Section D.1.**

After issuance of the first series of Bonds, for the Sub-Block(s) included in the Vertical DDA, the Administrator shall compare the Estimated Base Facilities Special Tax Revenues to the Expected Maximum Facilities Special Tax Revenues for the Sub-Block as reflected in Attachment 2, and:

- *If the Estimated Base Facilities Special Tax Revenues are greater than or equal to the Expected Maximum Facilities Special Tax Revenues, then the Maximum Facilities Special Tax for the Vertical DDA Property shall be the Estimated Base Facilities Special Tax Revenues. The Administrator shall update Attachment 2 to reflect this amount as the Expected Maximum Facilities Special Tax Revenues for the Sub-Block(s) in the Vertical DDA.*
- *If the Estimated Base Facilities Special Tax Revenues are less than the Expected Maximum Facilities Special Tax Revenues, but the Maximum IA1 Revenues are still sufficient to provide Required Coverage, then the Maximum Facilities Special Tax for the Vertical DDA Property shall be the Estimated Base Facilities Special Tax Revenues. The Administrator shall revise Attachment 2 to reflect the decreased Expected Maximum Facilities Special Tax Revenues for the Sub-Block(s) within the Vertical DDA and the decreased Maximum IA1 Revenues.*
- *If the Estimated Base Facilities Special Tax Revenues are less than the Expected Maximum Facilities Special Tax Revenues, and such reduction causes the Maximum IA1 Revenues to be insufficient to provide Required Coverage, then the Base Facilities Special Taxes applied to each Land Use Category in the Vertical DDA shall be increased proportionately until the amount that can be levied on Expected Land Uses in the Vertical DDA, combined with the Expected Maximum Facilities Special Tax Revenues from other Sub-Blocks in*

Improvement Area No. 1, is sufficient to maintain Required Coverage. The Administrator shall revise Attachment 2 to reflect the new Expected Facilities Maximum Special Tax Revenues for the Sub-Block(s) within the Vertical DDA.

If it is determined that only a portion of a Sub-Block is included within a Vertical DDA, the Administrator shall refer to Attachments 1 and 2 to estimate the Expected Land Uses that should be assigned to the portion of the Sub-Block that is included within the Vertical DDA. The Administrator shall confirm this determination with the Review Authority, the Developer, and the Vertical Developer.

In the Transition Year and each Fiscal Year thereafter, no Facilities Special Tax shall be levied on Vertical DDA Property in Improvement Area No. 1, unless there are delinquent Facilities Special Taxes on a Parcel of Vertical DDA Property, in which case such delinquent Facilities Special Taxes can continue to be levied against the Parcel until they are collected.

2b. Services Special Tax

Prior to the Transition Year, there shall be no Services Special Tax levied on Vertical DDA Property in Improvement Area No. 1. In the Transition Year and each Fiscal Year thereafter, the Maximum Services Special Tax for a Parcel of Vertical DDA Property shall be determined by applying the Base Services Special Taxes identified in Table 2 below by the Expected Land Uses for the Parcel, as determined by the Administrator.

| Table 2 | | |
|----------------------------------|--|--|
| Base Services Special Tax | | |
| Land Use Category | Base Services Special Tax Before the Transition Year (in Fiscal Year 2016-17 dollars) * | Base Services Special Tax In and After the Transition Year (in Fiscal Year 2016-17 dollars) * |
| Low-Rise Units | \$0.00 per square foot | \$1.69 per square foot |
| Mid-Rise Units | \$0.00 per square foot | \$1.96 per square foot |
| Tower Units | \$0.00 per square foot | \$2.26 per square foot |
| Treasure Island Townhome Units | \$0.00 per square foot | \$1.51 per square foot |
| Yerba Buena Townhome Units | \$0.00 per square foot | \$1.62 per square foot |
| Hotel Condominiums | \$0.00 per square foot | \$1.65 per square foot |
| Commercial/Retail Square Footage | \$0.00 per square foot | \$0.41 per square foot |
| Hotel Square Footage | \$0.00 per square foot | \$0.83 per square foot |

* The Base Services Special Taxes shown above shall be escalated as set forth in Section D.2.

3. *Developed Property*

3a. **Facilities Special Tax**

Prior to the Transition Year, when a Building Permit is issued, the Administrator shall apply the following steps to determine the Maximum Facilities Special Tax for each Taxable Parcel that has been or will be created for land uses within the building:

- Step 1.* Review the Building Permit, condominium plan, architectural drawings, information provided by the Developer and/or Vertical Developer, and any other documents that identify the Building Height, number of Residential Units, square footage within each Land Use Category, and expected layout of Airspace Parcels within the building(s) that will be constructed pursuant to the Building Permit. If additional Building Permits will be issued for other buildings that are within the same Development Project, coordinate with the Review Authority, the Developer, and the Vertical Developer to determine the Building Height for buildings that remain to be developed within the Development Project in order to determine the appropriate Residential Product Type for all Residential Units within the Development Project.
- Step 2.* Determine the Residential Square Footage of each Residential Unit that will be constructed pursuant to the Building Permit, as well as the Commercial/Retail Square Footage and Hotel Square Footage within the building(s).
- Step 3.* Identify the number of Inclusionary Units within the building, as well as the Residential Square Footage of each Inclusionary Unit.
- Step 4.* Using the information from the first three steps, the Administrator shall separately calculate the following:
 - For Market Rate Units in the building, multiply the applicable Base Facilities Special Tax from Table 1 for the Residential Product Type that applies to the Development Project by the total aggregate Residential Square Footage of all Market Rate Units expected within the building.
 - Multiply the Base Facilities Special Tax from Table 1 for Commercial/Retail Square Footage by the total Commercial/Retail Square Footage expected in the building.
 - Multiply the Base Facilities Special Tax from Table 1 for Hotel Square Footage by the total Hotel Square Footage expected in the building.
 - If, based on the Expected Land Uses, the Administrator determines that there is Expected Taxable Property within the building, multiply the applicable Base Facilities Special Tax from Table 1 based on what had

been anticipated on the Expected Taxable Property by the square footage of the Expected Land Uses for that property.

Prior to issuance of the first series of Bonds, the Maximum Facilities Special Tax for each Taxable Parcel in the building shall be determined by adding all of the amounts calculated above. Steps 5 and 6 below shall not apply.

After issuance of the first series of Bonds, the Administrator shall apply Steps 5 and 6 to determine the Maximum Facilities Special Tax for each Taxable Parcel.

- Step 5.* Sum the amounts calculated in Step 4 to determine the Estimated Base Facilities Special Tax Revenues for the building(s) for which a Building Permit was issued.
- Step 6.* Compare the Estimated Base Facilities Special Tax Revenues from Step 5 to the Expected Maximum Facilities Special Tax Revenues for the property, and apply one of the following, as applicable:
- *If the Estimated Base Facilities Special Tax Revenues are greater than or equal to the Expected Maximum Facilities Special Tax Revenues*, then the Maximum Facilities Special Tax for each Taxable Parcel that has been or will be created shall be determined by multiplying the applicable Base Facilities Special Tax by the square footage of each Land Use Category expected on each Taxable Parcel within the building(s) for which the Building Permit has been issued. The Administrator shall update Attachment 2 to reflect the adjusted Expected Maximum Facilities Special Tax Revenues for the Sub-Block and the increased Maximum IA1 Revenues.
 - *If the Estimated Base Facilities Special Tax Revenues are less than the Expected Maximum Facilities Special Tax Revenues, but the Maximum IA1 Revenues are still sufficient to provide Required Coverage*, then the Maximum Facilities Special Tax for each Taxable Parcel that has been or will be created shall be determined by multiplying the applicable Base Facilities Special Tax by the square footage of each Land Use Category expected on each Taxable Parcel within the building(s) for which the Building Permit has been issued. The Administrator shall revise Attachment 2 to reflect the decreased Expected Maximum Facilities Special Tax Revenues for the Sub-Block(s) and the decreased Maximum IA1 Revenues.
 - *If the Estimated Base Facilities Special Tax Revenues are less than the Expected Maximum Facilities Special Tax Revenues, and such reduction causes the Maximum IA1 Revenues to be insufficient to provide Required Coverage*, then the Base Facilities Special Taxes that were applied in Step 4 shall be increased proportionately until the amount that can be levied on

Taxable Parcels within the building for which the Building Permit was issued, combined with the Expected Maximum Facilities Special Tax Revenues from other Sub-Blocks in Improvement Area No. 1, is sufficient to maintain Required Coverage.

After proportionately increasing the Base Facilities Special Taxes to an amount that will maintain Required Coverage, the Administrator shall use these adjusted per-square foot rates to calculate the Maximum Facilities Special Tax for each Taxable Parcel that has been, or is expected to be, created within the building(s) for which the Building Permit has been issued. The Administrator shall also revise Attachment 2 to reflect the new Expected Maximum Facilities Special Tax Revenues.

Until individual Assessor's Parcels are created for each Residential Unit and for any Commercial/Retail Square Footage, and/or Hotel Square Footage, within a building, the Administrator shall sum the Facilities Special Tax that, pursuant to Section F below, would be levied on all land uses on a Parcel and levy this aggregate Facilities Special Tax amount on the Parcel.

In the Transition Year and each Fiscal Year thereafter, no Facilities Special Tax shall be levied on Developed Property in Improvement Area No. 1, unless there are delinquent Facilities Special Taxes on a Parcel of Developed Property, in which case such delinquent Facilities Special Taxes can continue to be levied against the Parcel until they are collected.

3b. Services Special Tax

Prior to the Transition Year, there shall be no Services Special Tax levied on Developed Property in Improvement Area No. 1. In the Transition Year, the Maximum Services Special Tax for a Parcel of Developed Property shall be determined by the Administrator as follows:

If the Parcel had been taxed as Developed Property in the Fiscal Year prior to the Transition Year and the Administrator is not aware of any changes to land uses on the Parcel since the Facilities Special Tax was levied, the Administrator shall, based on the information that was used to prepare the prior year's Facilities Special Tax levy, apply the Base Services Special Taxes from Table 2 to the square footage within each Land Use Category on each Parcel to calculate the Maximum Services Special Tax for each Parcel, which amount shall be escalated in future Fiscal Years as set forth in Section D.2 below.

If the Parcel had been taxed as Developed Property in the Fiscal Year prior to the Transition Year and the Administrator is aware of changes to the Land Use Categories or square footage on the Parcel since the Facilities Special Tax was levied, the Administrator shall update the land use information and apply the Base Services Special Taxes from Table 2 to the square footage within each Land Use Category on each Parcel to calculate the Maximum Services Special Tax for each Parcel which amount shall be escalated in future Fiscal Years as set forth in Section D.2 below.

If the Parcel becomes Developed Property after the Transition Year, the Administrator shall update the land use information and apply the Base Services Special Taxes from Table 2 to the square footage within each Land Use Category on each Parcel to calculate the Maximum Services Special Tax for each Parcel, which amount shall be escalated in future Fiscal Years as set forth in Section D.2 below.

4. *Expected Taxable Property*

4a. *Facilities Special Tax*

Prior to the Transition Year, the Maximum Facilities Special Tax assigned to any Parcel of Expected Taxable Property shall be the Expected Maximum Facilities Special Tax Revenues that were assigned to the Parcel (as determined by the Administrator) based on the Expected Land Uses prior to the Administrator determining that such Parcel had become Expected Taxable Property. In the Transition Year and each Fiscal Year thereafter, no Facilities Special Tax shall be levied on Expected Taxable Property.

4b. *Services Special Tax*

Prior to the Transition Year, there shall be no Services Special Tax levied on Expected Taxable Property. In the Transition Year and each Fiscal Year thereafter, the Maximum Services Special Tax assigned to any Parcel of Expected Taxable Property shall be determined by the Administrator by applying the Base Services Special Tax to each Land Use Category that is built on each Parcel of Expected Taxable Property, and such determination shall be conclusive and binding.

D. CHANGES TO THE MAXIMUM SPECIAL TAX

1. *Annual Escalation of Facilities Special Tax*

Beginning July 1, 2017 and each July 1 thereafter, the Base Facilities Special Taxes in Table 1, the Expected Maximum Facilities Special Tax Revenues in Attachment 2, and the Maximum Facilities Special Tax assigned to each Parcel in Improvement Area No. 1 shall be increased by 2% of the amount in effect in the prior Fiscal Year.

2. *Annual Escalation of Services Special Tax*

Beginning July 1, 2017 and each July 1 thereafter until the Transition Year, the Base Services Special Taxes in Table 2 shall be increased by 3.4% of the amount in effect in the prior Fiscal Year. On July 1 of the Transition Year and each July 1 thereafter, the Base Services Special Taxes and the Maximum Services Special Tax assigned to each Parcel in Improvement Area No. 1 shall be escalated by the Escalator.

3. Inclusionary Unit and Market Rate Unit Transfers

If, in any Fiscal Year after issuance of the first series of Bonds, the Administrator determines that a Residential Unit that had previously been designated as an Inclusionary Unit no longer qualifies as such, the Maximum Facilities Special Tax on the Residential Unit shall be increased to the Maximum Facilities Special Tax that would be levied on a Market Rate Unit of the same square footage. If, after issuance of the first series of Bonds, a Market Rate Unit becomes an Inclusionary Unit after it has been taxed in prior Fiscal Years as a Market Rate Unit and, by exempting the Inclusionary Unit, the Administrator determines that Maximum IA1 Revenues will be reduced to a point at which Required Coverage cannot be maintained, then the Inclusionary Unit shall be designated as Expected Taxable Property and shall be subject to the levy of the Facilities Special Tax pursuant to Step 4 in Section F below.

4. Changes in Land Use Category on a Parcel of Developed Property

If the square footage on any Parcel that had been taxed as Developed Property in a prior Fiscal Year is rezoned or otherwise changes Land Use Category, the Administrator shall multiply the applicable Base Special Taxes by the square footage within each of the new Land Use Category(ies); if the first series of Bonds has not yet been issued, this amount shall be the Maximum Special Tax for the Parcel. If the first series of Bonds has been issued, the Administrator shall apply the remainder of this Section D.4.

If the amount determined is greater than the Maximum Facilities Special Tax that applied to the Parcel prior to the Land Use Change, the Administrator shall increase the Maximum Facilities Special Tax for the Parcel to the amount calculated for the new Land Use Category(ies). If the amount determined is less than the Maximum Facilities Special Tax that applied prior to the Land Use Change, there will be no change to the Maximum Facilities Special Tax for the Parcel. Under no circumstances shall the Maximum Facilities Special Tax on any Parcel of Developed Property be reduced, regardless of changes in Land Use Category or square footage on the Parcel, including reductions in square footage that may occur due to demolition, fire, water damage, or acts of God.

5. Reduction in Maximum Facilities Special Taxes Prior to First Bond Sale

As set forth in, and subject to the requirements of, Section 2.3(n) of the Financing Plan, the Maximum Facilities Special Taxes assigned to Taxable Parcels in Improvement Area No. 1 may be proportionately or disproportionately reduced once prior to issuance of the first series of Bonds. Such reduction shall be made without a vote of the qualified CFD electors following: (i) initiation upon written request of TICD, and (ii) consultation with the City and TIDA regarding such request. The reduction shall be codified by recordation of an amended Notice of Special Tax Lien against all Taxable Parcels within Improvement Area No. 1.

E. ANNEXATIONS

If, in any Fiscal Year, a property owner within the Future Annexation Area wants to annex property into Improvement Area No. 1, the Administrator shall apply the following steps as part of the annexation proceedings:

- Step 1.** Working with City staff and the landowner, the Administrator shall determine the Expected Land Uses for the area to be annexed.
- Step 2.** The Administrator shall prepare and keep on file updated Attachments 1, 2, and 3 to reflect the annexed property and identify the revised Expected Land Uses and Maximum IA1 Revenues. After the annexation is complete, the application of Sections C and F of this RMA shall be based on the adjusted Expected Land Uses and Maximum IA1 Revenues including the newly annexed property.
- Step 3.** The Administrator shall ensure that a Notice of Special Tax Lien is recorded against all Parcels that are annexed to the CFD.

F. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Special Tax shall be levied according to the steps outlined below:

- Step 1.* In all Fiscal Years prior to and including the earlier of (i) the Fiscal Year in which the City or TIDA makes a finding that all Qualified Project Costs have been funded pursuant to the Financing Plan, or (ii) 42 years after the first series of Bonds was issued for Improvement Area No. 1, the Maximum Special Tax shall be levied on all Parcels of Developed Property regardless of debt service on Bonds (if any), and any Remainder Special Taxes collected shall be applied as set forth in the Financing Plan.

In all Fiscal Years after the earlier of: (i) the Fiscal Year in which the City or TIDA makes a finding that all Qualified Project Costs have been funded pursuant to the Financing Plan, or (ii) 42 years after the first series of Bonds was issued for Improvement Area No. 1, the Special Tax shall be levied Proportionately on each Parcel of Developed Property, up to 100% of the Maximum Special Tax for each Parcel of Developed Property until the amount levied is equal to the Special Tax Requirement.
- Step 2.* If additional revenue is needed after Step 1 in order to meet the Special Tax Requirement after Capitalized Interest has been applied to reduce the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Vertical DDA Property, up to 100% of the Maximum Special Tax for each Parcel of Vertical DDA Property for such Fiscal Year.
- Step 3.* If additional revenue is needed after Step 2 in order to meet the Special Tax Requirement after Capitalized Interest has been applied to reduce the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property, up to 100% of the Maximum Special Tax for each Parcel of Undeveloped Property for such Fiscal Year.
- Step 4:* If additional revenue is needed after Step 3 in order to meet the Special Tax Requirement, the Special Tax shall be levied Proportionately on each Parcel of

Expected Taxable Property, up to 100% of the Maximum Special Tax for each Parcel of Expected Taxable Property.

G. COLLECTION OF SPECIAL TAX

Special Taxes shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods. The Special Tax bill for any Parcel subject to a leasehold interest will be sent to the same party that receives the possessory interest tax bill associated with the leasehold.

The Facilities Special Tax shall be levied and collected until the earlier of: (i) the Fiscal Year in which the City determines that all Qualified Project Costs have been funded pursuant to the Financing Plan and all other Authorized Expenditures that will be funded by the CFD have been funded, and (ii) the Transition Year. The Services Special Tax shall be levied and collected in perpetuity beginning in the Transition Year. Pursuant to Section 53321(d) of the Act, the Facilities Special Tax levied against a Parcel used for private residential purposes shall under no circumstances increase more than ten percent (10%) as a consequence of delinquency or default by the owner of any other Parcel or Parcels and shall, in no event, exceed the Maximum Special Tax in effect for the Fiscal Year in which the Special Tax is being levied.

H. EXEMPTIONS

Notwithstanding any other provision of this RMA, no Special Tax shall be levied on: (i) Public Property or Association Property, except Public Property or Association Property that is determined to be Expected Taxable Property or a Hotel Project, (ii) Authority Housing Lots or Inclusionary Units unless any such lots or units have been determined to be Expected Taxable Property, (iii) Parcels that are or are intended to be used as streets, walkways, alleys, rights of way, parks, or open space, and (iv) the Yerba Buena Officers Quarters.

I. INTERPRETATION OF SPECIAL TAX FORMULA

The City may interpret, clarify, and revise this RMA to correct any inconsistency, vagueness, or ambiguity, by resolution and/or ordinance, as long as such interpretation, clarification, or revision does not materially affect the levy and collection of the Special Tax and any security for any Bonds.

J. SPECIAL TAX APPEALS

Any taxpayer who wishes to challenge the accuracy of computation of the Special Tax in any Fiscal Year may file an application with the Administrator. The Administrator, in consultation with the City Attorney, shall promptly review the taxpayer's application. If the Administrator concludes that the computation of the Special Tax was not correct, the Administrator shall correct the Special Tax levy and, if applicable in any case, a refund shall be granted. If the Administrator

concludes that the computation of the Special Tax was correct, then such determination shall be final and conclusive, and the taxpayer shall have no appeal to the Board from the decision of the Administrator.

The filing of an application or an appeal shall not relieve the taxpayer of the obligation to pay the Special Tax when due.



Nothing in this Section J shall be interpreted to allow a taxpayer to bring a claim that would otherwise be barred by applicable statutes of limitation set forth in the Act or elsewhere in applicable law.

ATTACHMENT 1

**IMPROVEMENT AREA NO. 1 OF THE
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(TREASURE ISLAND)**

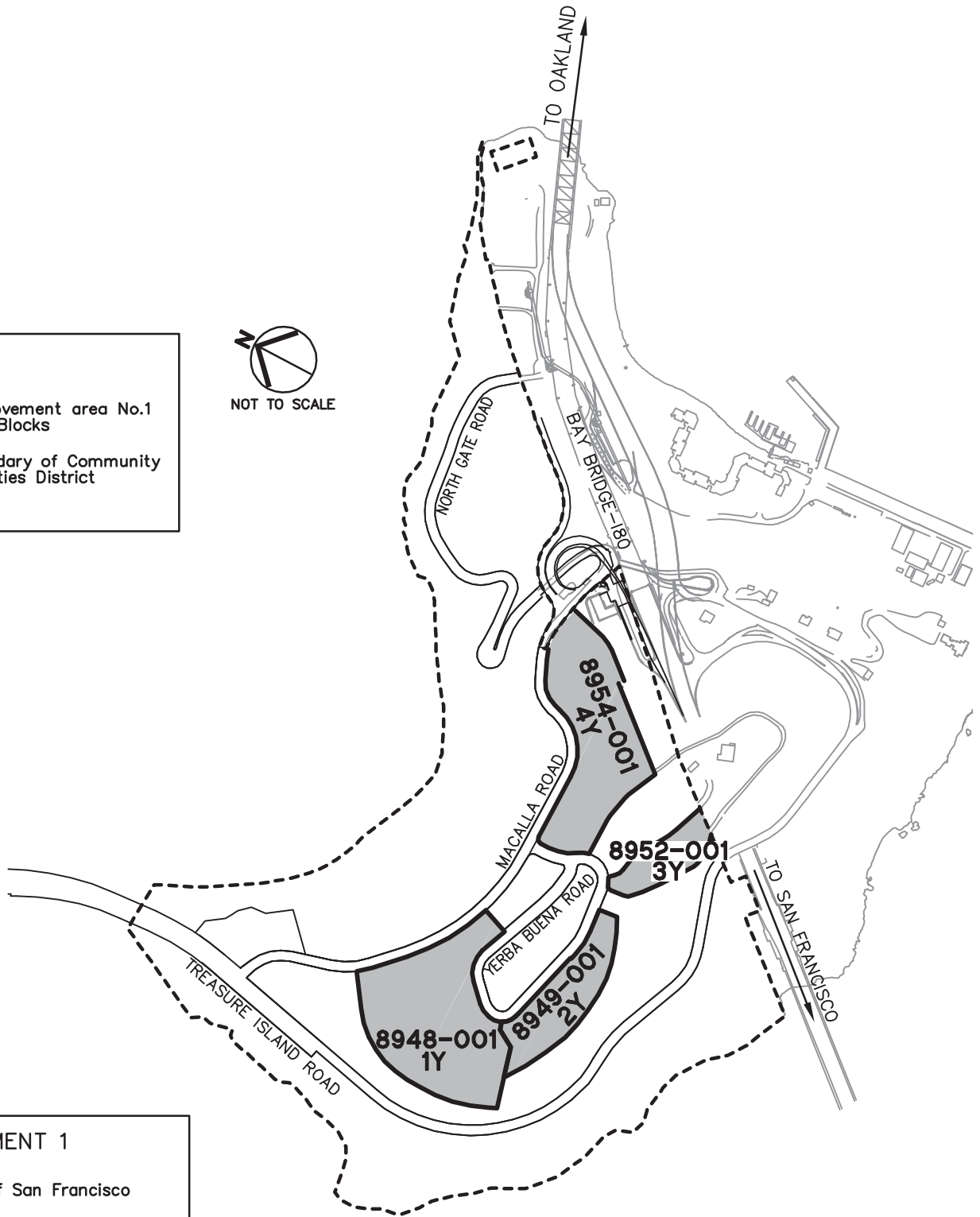
**IDENTIFICATION OF SUB-BLOCKS IN
IMPROVEMENT AREA NO. 1**

Legend

-  Improvement area No.1 sub-Blocks
-  Boundary of Community Facilities District



NOT TO SCALE



ATTACHMENT 1

City and County of San Francisco
 Community Facilities District No. 2016-1
 (Treasure Island)

Identification of Sub-Blocks

ATTACHMENT 2

**IMPROVEMENT AREA NO. 1 OF THE
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(TREASURE ISLAND)**

**EXPECTED LAND USES AND EXPECTED MAXIMUM FACILITIES SPECIAL TAX REVENUES
FOR EACH SUB-BLOCK IN IMPROVEMENT AREA NO. 1**

ATTACHMENT 2

**Improvement Area No. 1 of the
City and County of San Francisco
Community Facilities District No. 2016-1
(Treasure Island)**

Expected Land Uses and Expected Maximum Facilities Special Tax Revenues by Sub-Block

| Sub-Block /1 | Expected Land Use | Expected Number of Residential Units | Expected Square Footage | Base Facilities Special Tax (FY 2016-17) /2 | Expected Maximum Facilities Special Tax Revenues (FY 2016-17) /2 |
|---------------------|-------------------------------|---|--------------------------------|--|---|
| 1Y | Yerba Buena Townhome Project: | | | | |
| | Market Rate Unit | 94 | 223,515 | \$5.82 | \$1,300,857 |
| | Inclusionary Unit | <u>0</u> | 0 | \$0.00 | <u>\$0</u> |
| | Total | 94 | | | \$1,300,857 |
| 2Y | Hotel | <u>N/A</u> | 40,000 | \$3.00 | <u>\$120,000</u> |
| | Total | 0 | | | \$120,000 |
| 3Y | Yerba Buena Townhome Project: | | | | |
| | Market Rate Unit | 10 | 24,220 | \$5.82 | \$140,960 |
| | Inclusionary Unit | <u>0</u> | 0 | \$0.00 | <u>\$0</u> |
| | Total | 10 | | | \$140,960 |
| 4Y | Yerba Buena Townhome Project: | | | | |
| | Market Rate Unit | 58 | 127,158 | \$5.82 | \$740,060 |
| | Inclusionary Unit | 3 | 6,852 | \$0.00 | \$0 |
| | Low-Rise Project | | | | |
| | Market Rate Unit | 101 | 116,950 | \$6.13 | \$716,904 |
| | Inclusionary Unit | <u>11</u> | 13,495 | \$0.00 | <u>\$0</u> |
| | Total | 173 | | | \$1,456,963 |

| | | |
|--|------------|--------------------|
| Maximum IA1 Revenues (Fiscal Year 2016-17 \$) | 277 | \$3,018,781 |
|--|------------|--------------------|

/1 See Attachment 1 for the geographic area associated with each Sub-Block.

/2 Beginning July 1, 2017 and each July 1 thereafter the Base Facilities Special Taxes shall be escalated as set forth in Section D.1.

ATTACHMENT 3

**IMPROVEMENT AREA NO. 1 OF THE
CITY AND COUNTY OF SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2016-1
(TREASURE ISLAND)**

**IDENTIFICATION OF AUTHORITY HOUSING LOTS
IN IMPROVEMENT AREA NO. 1**

[No Authority Housing Lots are expected within Improvement Area No. 1.]

Exhibit E

**Resolution of Intention to Incur Bonded Indebtedness
Communities Facilities District No. 2016-1 (Treasure Island)**

1 [Resolution of Intention to Incur Bonded Indebtedness---Communities Facilities District No.
2016-1 (Treasure Island)]

2

3 **Resolution of intention to incur bonded indebtedness and other debt in an amount not**
4 **to exceed \$5.0 Billion for the City and County of San Francisco Community Facilities**
5 **District No. 2016-1 (Treasure Island) and determining other matters in connection**
6 **therewith.**

7

8

9 WHEREAS, Pursuant to the Mello-Roos Community Facilities Act of 1982, as
10 amended, constituting Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with
11 California Government Code Section 53311 ("Mello-Roos Act"), this Board of Supervisors
12 ("Board of Supervisors") of the City and County of San Francisco ("City"), State of California,
13 has this date adopted its "Resolution of intention to establish City and County of San
14 Francisco Community Facilities District No. 2016-1 (Treasure Island)" ("Resolution of Intention
15 to Establish"), stating its intention to form (i) "City and County of San Francisco Community
16 Facilities District No. 2016-1 (Treasure Island)" ("CFD"), (ii) "Improvement Area No. 1 of the
17 City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island)"
18 ("Improvement Area No. 1") and (iii) a future annexation area for the CFD ("Future Annexation
19 Area") for the purpose of financing certain public improvements ("Facilities") and certain public
20 services, as further provided in the Resolution of Intention to Establish; and

21 WHEREAS, In the Resolution of Intention to Establish, this Board of Supervisors made
22 certain findings under the California Environmental Quality Act ("CEQA") about the Final
23 Environmental Impact Report ("FEIR") for the disposition and development of a portion of
24 Naval Station Treasure Island, and those findings are incorporated in this Resolution as if set
25 forth in their entirety herein; and

1 WHEREAS, In the Resolution of Intention to Establish, this Board of Supervisors
2 determined that it may be necessary to designate additional improvement areas when territory
3 in the Future Annexation Area annexes into the CFD (each, a “Future Improvement Area”);
4 and

5 WHEREAS, This Board of Supervisors estimates the amount required for the financing
6 of the costs of the Facilities in the territory of the CFD and the Future Annexation Area to be
7 the sum of not to exceed \$5.0 billion; and

8 WHEREAS, In order to finance the costs of the Facilities it is necessary to incur
9 bonded indebtedness and other debt (as defined in the Mello-Roos Act) in the amount of not
10 to exceed \$5.0 billion on behalf of the CFD and the improvement areas therein (including
11 Future Improvement Areas); and

12 WHEREAS, It is in the public interest and for the public benefit that the City declares its
13 official intent to reimburse the expenditures referenced herein; now, therefore, be it

14 RESOLVED, That in order to finance the costs of the Facilities, it is necessary for the
15 City to incur bonded indebtedness and other debt (as defined in the Mello-Roos Act) in the
16 following amounts:

17 (i) For Improvement Area No. 1, an amount not to exceed \$250 million
18 (“Improvement Area No. 1 Indebtedness Limit”).

19 (ii) For the portion of the CFD that is not in Improvement Area No. 1, an amount not
20 to exceed \$4.75 billion (“Non-Improvement Area No. 1 Indebtedness Limit”).

21 However, in the event all or a portion of the Future Annexation Area is annexed as one
22 or more Future Improvement Areas, the maximum indebtedness of each such Future
23 Improvement Area shall be identified and approved in the unanimous approval executed by
24 property owners in connection with their annexation to the CFD at the time of the annexation
25 (each, a “Unanimous Approval”) and in accordance with the Annexation Approval Procedures

1 described in the Resolution of Intention to Establish, and the amount of the maximum
2 indebtedness for the Future Improvement Area shall be subtracted from the Non-Improvement
3 Area No. 1 Indebtedness Limit, which shall result in a corresponding reduction in the Non-
4 Improvement Area No. 1 Indebtedness Limit; and, be it

5 FURTHER RESOLVED, That the bonded indebtedness and other debt is proposed to
6 be incurred for the purpose of financing the costs of the Facilities, including acquisition and
7 improvement costs and all costs incidental to or connected with the accomplishment of said
8 purposes and of the financing thereof, as permitted by Mello-Roos Act Section 53345.3; and,
9 be it

10 FURTHER RESOLVED, That this Board of Supervisors, acting as legislative body for
11 the CFD, intends to authorize the issuance and sale of bonds and other debt in one or more
12 series in the maximum aggregate principal amount of not to exceed the sum of the
13 Improvement Area No. 1 Indebtedness Limit bearing interest payable semi-annually or in such
14 other manner as this Board of Supervisors shall determine, at a rate not to exceed the
15 maximum rate of interest as may be authorized by applicable law at the time of sale of such
16 bonds and other debt, and maturing not to exceed 40 years from the date of the issuance of
17 the bonds and other debt; and, be it

18 FURTHER RESOLVED, That this Board of Supervisors, acting as legislative body for
19 the CFD, intends to authorize the issuance and sale of bonds and other debt in one or more
20 series in the maximum aggregate principal amount with respect to the Future Improvement
21 Areas to be determined at the time of annexation (not to exceed the Non-Improvement Area
22 No. 1 Indebtedness Limit in the aggregate), bearing interest payable semi-annually or in such
23 other manner as this Board of Supervisors shall determine, at a rate not to exceed the
24 maximum rate of interest as may be authorized by applicable law at the time of sale of each
25

1 series of bonds and other debt, and maturing not to exceed 40 years from the date of the
2 issuance of the respective series of bonds and other debt; and, be it

3 FURTHER RESOLVED, That [ROF Date] at _:00 p.m. or as soon as possible
4 thereafter, in the Board of Supervisors Chambers, 1 Dr. Carlton B. Goodlett Place, San
5 Francisco, California, be, and the same are hereby appointed and fixed as the time and place
6 when and where this Board of Supervisors, as legislative body for the CFD, will conduct a
7 public hearing on the proposed debt issue and consider and finally determine whether the
8 public interest, convenience and necessity require the issuance of bonds and other debt of the
9 of the City on behalf of Improvement Area No. 1 and the Future Improvement Areas; and, be it

10 FURTHER RESOLVED, That the Clerk of the Board of Supervisors is hereby directed
11 to cause notice of the public hearing to be given by publication one time in a newspaper of
12 general circulation circulated within the CFD, and the publication of the notice shall be
13 completed at least 7 days before the date specified above for the public hearing. The notice
14 shall be substantially in the form specified in Mello-Roos Act Section 53346, with the form
15 summarizing the provisions hereof hereby specifically approved; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors has reviewed and considered
17 the FEIR and finds that the FEIR is adequate for its use for the actions taken by this resolution
18 and incorporates the FEIR and the CEQA findings contained in Board of Supervisors
19 Resolution No. 246-11 by this reference; and, be it

20 FURTHER RESOLVED, That this Resolution shall in no way obligate the Board of
21 Supervisors of the City to form the CFD or to authorize the issuance of bonds or other debt for
22 the CFD. Issuance of the bonds and other debt shall be subject to the approval of this Board
23 of Supervisors by resolution following the holding of the public hearing referred to above; and,
24 be it

1 FURTHER RESOLVED, That if any section, subsection, sentence, clause, phrase, or
2 word of this resolution, or any application thereof to any person or circumstance, is held to be
3 invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision
4 shall not affect the validity of the remaining portions or applications of this resolution, this
5 Board of Supervisors hereby declaring that it would have passed this resolution and each and
6 every section, subsection, sentence, clause, phrase, and word not declared invalid or
7 unconstitutional without regard to whether any other portion of this resolution or application
8 thereof would be subsequently declared invalid or unconstitutional; and, be it

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

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

1 FURTHER RESOLVED, That this Resolution shall take effect upon its enactment.
2 Enactment occurs when the Mayor signs the resolution, the Mayor returns the resolution
3 unsigned or does not sign the resolution within ten days of receiving it, or the Board of
4 Supervisors overrides the Mayor's veto of the resolution.

5

6 APPROVED AS TO FORM:
7 DENNIS J. HERRERA, City Attorney

8

9 By: _____
10 Mark D. Blake
11 Deputy City Attorney
12 n:\spec\as2016\0600537\01133169.docx

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Exhibit F

**Map of Infrastructure and Revitalization
Financing District Boundaries**

PROPOSED BOUNDARIES OF
 CITY AND COUNTY OF SAN FRANCISCO
 INFRASTRUCTURE AND REVITALIZATION FINANCING DISTRICT NO.1
 (TREASURE ISLAND PUBLIC INFRASTRUCTURE)

TREASURE ISLAND

YERBA BUENA ISLAND



LEGEND



| Boundaries of Infrastructure and Revitalization Financing District No. 1 | |
|--|------------------------------|
| | Boundaries of Project Area A |
| | Boundaries of Project Area B |
| | Boundaries of Project Area C |
| | Boundaries of Project Area D |
| | Boundaries of Project Area E |

Prepared by:
 BkF Engineers

Exhibit G

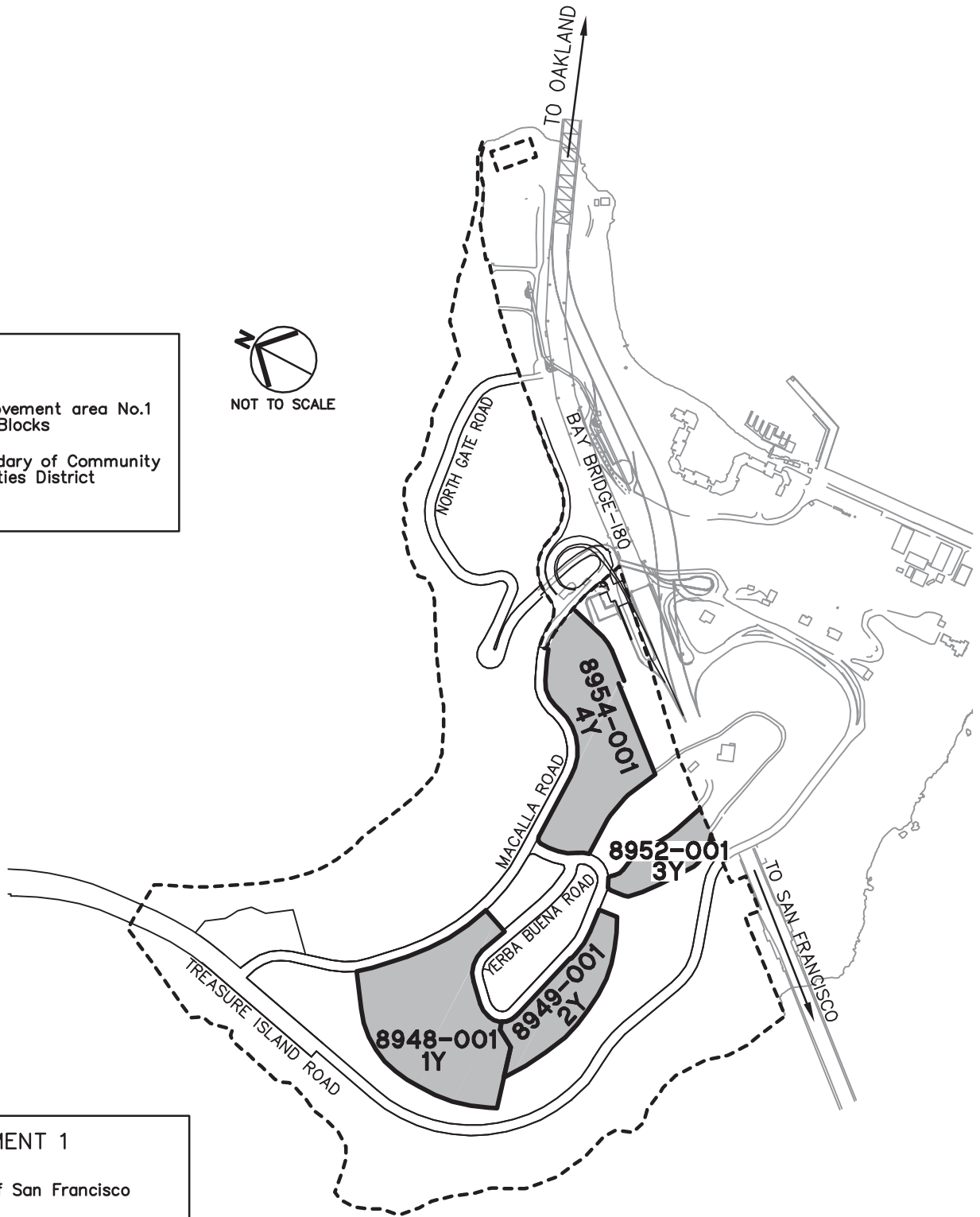
Map of Community Facilities District Boundaries

Legend

-  Improvement area No.1 sub-Blocks
-  Boundary of Community Facilities District



NOT TO SCALE



ATTACHMENT 1

City and County of San Francisco
 Community Facilities District No. 2016-1
 (Treasure Island)

Identification of Sub-Blocks