

File No. 180782

Committee Item No. _____

Board Item No. 45

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: _____

Date: _____

Board of Supervisors Meeting

Date: October 16, 2018

Cmte Board

- | | | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement |
| <input type="checkbox"/> | <input type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER

- | | | |
|--------------------------|-------------------------------------|---------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | BOS Reso No. 234-18 |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Prepared by: Lisa Lew

Date: October 11, 2018

Prepared by: _____

Date: _____

1 [Authorizing Issuance of Bonds Related to Infrastructure and Revitalization Financing District
2 No. 2 (Hoedown Yard, Pier 70) - Not to Exceed \$91,900,000]

3 **Resolution authorizing issuance of bonds for City and County of San Francisco**
4 **Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard, Pier 70)**
5 **therein in an aggregate principal amount not to exceed \$91,900,000; affirming the**
6 **Planning Department's determination, and making findings under the California**
7 **Environmental Quality Act; and approving other matters in connection therewith.**

8
9 WHEREAS, Under Chapter 2.6 of Part 1 of Division 2 of Title 5 of the California
10 Government Code commencing with Section 53369 ("IRFD Law"), the Board of Supervisors is
11 authorized to establish an infrastructure and revitalization financing district and to act as the
12 legislative body for an infrastructure and revitalization financing district; and

13 WHEREAS, The Board of Supervisors has conducted proceedings under and pursuant
14 to the IRFD Law, to (a) form "City and County of San Francisco Infrastructure and
15 Revitalization Financing District No. 2 (Hoedown Yard)" ("IRFD"), pursuant to the IRFD Law,
16 (b) approve an infrastructure financing plan for the IRFD ("Infrastructure Financing Plan"), (c)
17 provide a process for the future annexation of territory to the IRFD, (d) establish an annual
18 appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California
19 Constitution, for the IRFD, and (e) authorize issuance from time to time of bonds or other debt
20 in one or more series for the IRFD for the purpose of financing certain facilities ("Facilities") in
21 the maximum aggregate principal amount of (i) \$91,900,000 (in 2017 dollars) plus (ii) the
22 principal amount of Bonds approved by the Board of Supervisors and the qualified electors of
23 the annexation territory in connection with the annexation of the annexation territory to the
24 IRFD, so long as the Board makes the finding specified in IRFD Law, Section 53369.41(f), all
25 as described in those proceedings; and

1 WHEREAS, The Board of Supervisors now wishes to provide for the issuance of one or
2 more series of bonds to finance the Facilities; and

3 WHEREAS, All conditions, things and acts required to exist, to have happened and to
4 have been performed precedent to and in the issuance of the bonds as contemplated by this
5 resolution, have happened and have been performed in due time, form and manner as
6 required by the laws of the State of California, including the IRFD Law; now, therefore, be it

7 RESOLVED, That pursuant to the IRFD Law and this resolution, the bonds entitled
8 "City and County of San Francisco Infrastructure and Revitalization Financing District No. 2
9 (Hoedown Yard) Tax Increment Revenue Bonds" ("Bonds") are hereby authorized to be
10 issued by the IRFD or by the City on behalf of the IRFD in one or more series, with a series
11 designation (such as "Series 20__ A") to be appended to the designation thereof in an
12 aggregate principal amount not to exceed \$91,900,000 (in 2017 dollars); provided, that (i) the
13 aggregate principal amount does not include the principal amount of (A) any bonds or other
14 debt issued or incurred for the sole purpose of refunding the Bonds, funding a reserve fund for
15 such refunding bonds and paying related costs of issuance and (B) any bonds or other debt
16 issued or incurred for the sole purpose of refunding such refunding bonds, funding a reserve
17 fund and paying related costs of issuance, (ii) the Board of Supervisors may increase the
18 maximum aggregate principal amount described above by adopting a resolution modifying this
19 Resolution, (iii) the Bonds may be issued by IRFD or by the City on behalf of the IRFD; and,
20 be it

21 FURTHER RESOLVED, That the terms of the Bonds shall be as follows: (i) each Bond
22 shall be dated its date of issuance, (ii) the maturity date of each Bond shall be a date not to
23 exceed 30 years from the date of its issuance or such later date as is permitted by the IRFD
24 Law and approved by the Director of the Office of Public Finance ("Director"), (iii) the Bonds
25 shall be issued in denominations of \$5,000 or any integral multiple of \$5,000 or such other

1 denomination determined by Director, (iv) the form of the Bonds shall be substantially the form
2 attached hereto as Appendix A, (v) the Bonds shall be executed by the Director, (vi) the
3 principal of and interest on the Bonds shall be payable in lawful money of the United States of
4 America, (vii) the Bonds shall be registered with the trustee or fiscal agent for the Bonds
5 identified by the Director and shall be payable at the principal office of or by check or wire of
6 the trustee or fiscal agent for the Bonds and (viii) the Bonds shall be subject to redemption
7 prior to maturity at the times and subject to the premiums approved by the Director; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors hereby approves the sale of
9 one or more series of Bonds, provided, however, that the Bonds shall not be issued until such
10 time as (i) the Board of Supervisors has approved the terms of the sale to the investor(s) and
11 (ii) an Authorized Officer (as defined below) has caused the legal documents relating to the
12 Bonds and any related disclosure document describing the Bonds and the security for the
13 Bonds to be prepared and caused such documents to be submitted to the Board of
14 Supervisors for its approval; and, be it

15 FURTHER RESOLVED, That all actions heretofore taken by the officers and agents of
16 the City (including, but not limited to, the Mayor, the Controller, the Director of the Office of
17 Public Finance, the City Attorney, or such other official of the City as may be designated by
18 such officer (each, an Authorized Officer)) with respect to the establishment of the IRFD and
19 the sale and issuance of the Bonds are hereby approved, confirmed and ratified, and the
20 appropriate officers of the City are hereby authorized and directed to do any and all things and
21 take any and all actions and execute any and all certificates, agreements and other
22 documents, which they, or any of them, may deem necessary or advisable in order to
23 consummate the transactions described in this Resolution; and all actions to be taken by an
24 Authorized Officer, as defined herein, may be taken by such Authorized Officer or any
25 designee, with the same force and effect as if taken by the Authorized Officer; and, be it

1 FURTHER RESOLVED, That the Director and the City Attorney are hereby authorized
2 and directed to initiate a judicial validation action with respect to the IRFD and the Bonds
3 pursuant to Code of Civil Procedure, Section 860 *et seq.*; and be it

4 FURTHER RESOLVED, That in the "Resolution of Intention to establish City and
5 County of San Francisco Infrastructure and Revitalization Financing District No. 2 (Hoedown
6 Yard, Pier 70) on land within the City and County of San Francisco commonly known as the
7 Hoedown Yard to finance the construction of affordable housing within Pier 70 and Parcel K
8 South; to provide for future annexation; to call a public hearing on September 11, 2018, on the
9 formation of the district and to provide public notice thereof; determining other matters in
10 connection therewith; and affirming the Planning Department's determination, and making
11 findings under the California Environmental Quality Act," the Board of Supervisors made
12 certain findings under the California Environmental Quality Act about the Final Environmental
13 Impact Report for the Pier 70 Mixed-Use District Project, and those findings are incorporated
14 in this Resolution as if set forth in their entirety herein; 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, the
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 each of the Authorized Officers and any and all other
24 officers of the City are hereby authorized, for and in the name of and on behalf of the City, to
25 do any and all things and take any and all actions, including execution and delivery of any and

1 do any and all things and take any and all actions, including execution and delivery of any and
2 all 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 the Board of Supervisors; and, be it

10 FURTHER RESOLVED, That this resolution shall take effect from and after its
11 adoption. The provisions of any previous resolutions in any way inconsistent with the
12 provisions hereof in and for the issuance of the Bonds as herein described are hereby
13 repealed.

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

17
18 By: _____

19 MARK D. BLAKE
20 Deputy City Attorney
21 n:\portlas2018\1100292\01300921.docx

APPENDIX A
FORM OF BOND

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO

CITY AND COUNTY OF SAN FRANCISCO
Infrastructure and Revitalization Financing District No. 2
(Hoedown Yard)
Tax Increment Revenue Bond, Series _____

INTEREST RATE

MATURITY DATE

DATED DATE

_____%

____ 1, _____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

*****DOLLARS

The [City and County of San Francisco (the "City") for and on behalf of the] "City and County of San Francisco Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard)" ("IRFD") for value received, hereby promises to pay solely from the Tax Revenues (as hereinafter defined) to be received by the IRFD or amounts in certain funds and accounts held under the Indenture of Trust (as hereinafter defined), to the registered owner named above, or registered assigns, on the maturity date set forth above, unless redeemed prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount, semiannually on each [September 1] and [March 1] (each an "Interest Payment Date"), commencing as set forth in the Indenture of Trust, at the interest rate set forth above, until the principal amount hereof is paid or made available for payment; provided, however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously

1 been paid or made available for payment.

2 Principal of and interest on the Bonds (including the final interest payment upon
3 maturity or earlier redemption), is payable on the applicable Interest Payment Date by check
4 of the Trustee (defined below) mailed by first class mail to the registered Owner thereof at
5 such registered Owner's address as it appears on the registration books maintained by the
6 Trustee at the close of business on the Record Date preceding the Interest Payment Date, or
7 by wire transfer made on such Interest Payment Date upon written instructions of any Owner
8 of \$1,000,000 or more in aggregate principal amount of Bonds delivered to the Trustee prior
9 to the applicable Record Date. The principal of the Bonds and any premium on the Bonds are
10 payable in lawful money of the United States of America upon surrender of the Bonds at the
11 Principal Office of the Trustee or such other place as designated by the Trustee.

12 This Bond is one of a duly authorized issue of bonds in the aggregate principal amount
13 of \$_____ approved by resolution of the Board of Supervisors of the City, in its capacity
14 as legislative body of the IRFD, on ____, 20__ (the "Resolution"), under Chapter 2.6 of Part 1
15 of Division 2 of Title 5 of the California Government Code commencing with Section 53369
16 (the "IRFD Law") for the purpose of funding certain facilities authorized to be financed by the
17 IRFD and is one of the series of bonds designated "City and County of San Francisco
18 Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard) Tax Increment
19 Revenue Bonds, Series _____" (the "Bonds"). The issuance of the Bonds and the terms and
20 conditions thereof are provided for by an Indenture of Trust, dated as of _____ 1, 20__ (the
21 "Indenture of Trust"), between the City and the _____ (the "Trustee") and this reference
22 incorporates the Indenture of Trust herein, and by acceptance hereof the owner of this Bond
23 assents to said terms and conditions. The Indenture of Trust is authorized under, this Bond is
24 issued under and both are to be construed in accordance with, the laws of the State of
25 California.

1 Pursuant to the IRFD Law, the Resolution and the Indenture of Trust, the principal of
2 and interest on this Bond are payable solely from certain funds held under the Indenture of
3 Trust and the "Tax Revenues," as defined in the Indenture of Trust. Any revenues for the
4 payment hereof shall be limited to the Tax Revenues, except to the extent that provision for
5 payment has been made by the IRFD, as may be permitted by law.

6 The Bonds are not a debt of the City or the State of California or of any of its political
7 subdivisions, other than the IRFD to the limited extent described herein, and none of those
8 entities, other than the IRFD to the limited extent described herein, shall be liable on the
9 Bonds, and the Bonds shall be payable exclusively from the Tax Revenues and the specified
10 funds held under the Indenture of Trust. The Bonds do not constitute an indebtedness within
11 the meaning of any constitutional or statutory debt limitation.

12 Optional Redemption. All of the Bonds are subject to redemption prior to their stated
13 maturities, on any Interest Payment Date, in whole or in part, at a redemption price
14 (expressed as a percentage of the principal amount of the Bonds to be redeemed) as set forth
15 below, together with accrued interest thereon to the date fixed for redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
[to come]	

19 Mandatory Sinking Fund Redemption. The Term Bond maturing on _____ 1, _____ is
20 subject to mandatory redemption in part by lot, from sinking fund payments made by the City
21 from the Bond Fund, at a redemption price equal to the principal amount thereof to be
22 redeemed, without premium, in the aggregate respective principal amounts all as set forth in
23 the following table:

1 established by the Trustee for selection of Bonds for redemption or (ii) with respect to a Bond
2 after such Bond has been selected for redemption.

3 The Indenture of Trust and the rights and obligations of the City thereunder may be
4 modified or amended as set forth therein. The principal of the Bonds is not subject to
5 acceleration upon a default under the Indenture of Trust or any other document.

6 This Bond shall not become valid or obligatory for any purpose until the certificate of
7 authentication and registration hereon endorsed shall have been dated and signed by the
8 Trustee.

9 IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the City on behalf of the
10 IRFD that all acts, conditions and things required by law to exist, happen and be performed
11 precedent to and in the issuance of this Bond have existed, happened and been performed in
12 due time, form and manner as required by law, and that the amount of this Bond, together
13 with all other indebtedness of the IRFD, does not exceed any debt limit prescribed by the laws
14 or Constitution of the State of California.

15 Unless this Bond is presented by an authorized representative of The Depository Trust
16 Company, a New York corporation ("DTC"), to the Trustee for registration of transfer,
17 exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in
18 such other name as is requested by an authorized representative of DTC (and any payment is
19 made to Cede & Co. or to such other entity as is requested by an authorized representative of
20 DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR
21 OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner
22 hereof, Cede & Co., has an interest herein.

1 IN WITNESS WHEREOF, [City and County of San Francisco, for and on behalf of the
2 IRFD,][City and County of San Francisco Infrastructure and Revitalization Financing District
3 No. 2 (Hoedown Yard)] has caused this Bond to be to be signed by the facsimile signature of
4 _____ and countersigned by the facsimile signature of the Clerk of the Board of
5 Supervisors with the seal of the City imprinted hereon.

6
7 [S E A L]
8
9

10 _____
Clerk of the Board of Supervisors

_____ [to come]

11
12 [FORM OF Trustee's CERTIFICATE OF AUTHENTICATION AND REGISTRATION]
13

14 This is one of the Bonds described in the Indenture of Trust which has been
15 authenticated on _____, _____.

16
17 _____,
18 *as Trustee*

19
20
21 By: _____
22 Authorized Signatory
23
24
25

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute and appoint _____, attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

NOTICE: The signature on this assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 (415) 552-9292
 FAX (415) 252-0461

REVISED 9/7/2018

September 7, 2018

TO: Members of the Board of Supervisors
FROM: Budget and Legislative Analyst's Office
SUBJECT: September 11, 2018 Board of Supervisors Meeting

TABLE OF CONTENTS

Item	File		Page
14 & 15	18-0773	Establishing Sub-Project Areas G-2, G-3 and G-4 and Adopting Appendix G-2 to Infrastructure Financing Plan (Port of San Francisco, Pier 70	
	18-0781	Authorizing Issuance of Port Infrastructure Financing District Bonds (Port of San Francisco, Pier 70) - Not to Exceed \$273,900,000, \$196,100,000 and \$323,300,000 for Sub-Project Area G-2, Sub-Project Area G-3, and Sub-Project Area G-4, Respectively	1
17, 18, 21 & 22	18-0779	Proposing Adoption of Infrastructure Financing Plan – Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard, Pier 70	
	18-0780	Approving Infrastructure and Revitalization Financing Plan - Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard, Pier 70)	
	18-0772	Creating Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard, Pier 70) - Adopting an Infrastructure Financing Plan	
	18-0782	Authorizing Issuance of Bonds Related to Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard, Pier 70) - Not to Exceed \$91,900,000	10

Items 14 and 15 Files 18-0773 and 18-0781	Department: Port
EXECUTIVE SUMMARY	
Legislative Objectives	
<ul style="list-style-type: none"> • File 18-0773 is an ordinance establishing three subproject areas - Subproject Area G-2, Subproject Area G-3, and Subproject Area G-4 - in Port Infrastructure Financing District (IFD) No. 2; and approving Appendix G-2 to the Infrastructure Financing Plan. ▪ File 18-0781 is a resolution approving the issuance of Port Infrastructure Financing District Bonds, and the Indentures of Trust and Pledge Agreements. The Port Infrastructure Financing District Bonds would be paid by incremental property tax revenue allocated to the IFD and generated within each of the subproject areas in amounts not-to-exceed (a) \$273,900,000 for Subproject Area G-2; (b) \$196,100,000 for Subproject Area G-3; and (d) \$323,300,000 for Subproject Area G-4. <p>The proposed resolution approves the sale of bonds in one or more series, but the bonds shall not be issued until the Board of Supervisors has approved the terms of the sale, and has approved the associated documents.</p>	
Key Points	
<ul style="list-style-type: none"> • The Port's IFD No. 2 provides for incremental property tax revenues generated by development on Port property (including bonds secured by these revenues) to be used for construction of public improvements. The Board of Supervisors formed Port IFD No. 2 in February 2016, and approved the agreement between the Port and Forest City to develop the Pier 70 Waterfront Site in October 2017. The three proposed IFD subproject areas – G-2, G-3, and G-4 – are for phase 1, 2, and 3 respectively of the development of the Pier 70 Waterfront Site. Property tax increment will be allocated to public improvements within the three subproject areas, as well as to Pier 70-wide improvements. • 100 percent of the City and the Educational Revenue Augmentation Fund (ERAF) share of property tax increment will be allocated to the subproject areas. The total limit on the property tax increment that can be allocated to the IFD from the subproject areas over their 45-year terms is \$3.0 billion. 20 percent of the property tax increment must be set-aside for shoreline restoration, removal of bay fill, public access to the waterfront, and/or environmental remediation of the waterfront. 	
Fiscal Impact	
<ul style="list-style-type: none"> • The proposed resolution (File 18-0781) authorizes the issuance of bonds in a not-to-exceed amount of \$793.3 million, which is 3x the anticipated bond issuance of \$216 million. According to the Port, this authorization accounts for property assessments that exceed projections, lower interest rates, and new waterfront projects. According to the Port's bond counsel, the proposed resolution limits the use of bonds to pay for the costs of public improvements described in the Infrastructure Financing Plan. 	
Recommendation	
<ul style="list-style-type: none"> • Approve the proposed ordinance and resolution. 	

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

California Government Code Section 53395.8 authorizes the establishment of an Infrastructure Financing District (IFD) on Port property. Section 53395.8(c)(3) designates the Board of Supervisors as the legislative body for the Port IFD.

Port IFD No. 2 and Pier 70

Pier 70 is an approximately 69-acre site on the Port's Central and Southern Waterfront, bounded by Mariposa, Illinois, and 22nd Streets. In 2014, Pier 70 was listed as the Union Iron Works Historic District on the National Register of Historic Places. Pier 70 includes the Ship Repair Facility¹, the Historic Core², Crane Cove Park³, Irish Hill⁴, and the Waterfront Site for mixed use development. On October 31, 2017, the Board of Supervisors approved several pieces of legislation to establish the Pier 70 Mixed-Use District Project, and provide for the development of the 28-acre Waterfront Site within Pier 70.

The Board of Supervisors formed the Port IFD No. 2 in February 2016 and adopted the Infrastructure Financing Plan (Ordinance 27-16).⁵ IFD No. 2 provides for project areas, including Project Area G on Pier 70. Project Area G currently has one subproject area – Subproject Area G-1 – covering the Pier 70 Historic Core. At that time, the Board of Supervisors approved the issuance of up to \$25.1 million in bonds to be repaid by the City's share of incremental property tax generated by development with the Pier 70 Historic Core (or Subproject Area G-1) to pay for street and sidewalk improvements, electrical improvements to Building 102, and improvements to Crane Cove Park. The Infrastructure Financing Plan provided for issuance of the bonds in FY 2021-22.

DETAILS OF PROPOSED LEGISLATION

File 18-0773: The proposed ordinance establishes three subproject areas - Subproject Area G-2, Subproject Area G-3, and Subproject Area G-4 - in Port Infrastructure Financing District No. 2; and approves Appendix G-2 to the Infrastructure Financing Plan.

File 18-0781: The proposed resolution approves the issuance of Port Infrastructure Financing District Bonds, and the Indentures of Trust and Pledge Agreements. The Port Infrastructure

¹ The Port issued a Request for Proposals in July 2017 to select a new operator for the ship repair facility.

² The Historic Core of the Union Iron Works Historic District consists of the Bethlehem Steel Main Office Building and Powerhouse, the Union Iron Works Administration building, and the Union Iron Works Machine Shop and Foundry. The Board of Supervisors approved a 66 year lease with Orton Development, Inc., in 2014 to rehabilitate the five buildings. Rehabilitation of these historic buildings (except for the Powerhouse) is anticipated to be completed and the buildings ready for occupancy between fall 2017 and late 2018.

³ Crane Cove Park is a 9-acre waterfront park; construction of phase 1 of the park, which is partially funded by 2008 Clean and Safe Neighborhood General Obligation Bonds, is expected to be completed in March 2018.

⁴ Irish Hill Park is a 1.5 acre site adjacent to Illinois Street planned for open space. Irish Hill is a contributing resource to the Historic District.

⁵ Infrastructure Financing District No. 1 was Rincon Hill Area, authorized by the Board of Supervisors in 2011.

Financing District Bonds would be paid by incremental property tax revenue allocated to the IFD and generated within each of the subproject areas in amounts not-to-exceed:

- \$273,900,000 for Subproject Area G-2;
- \$196,100,000 for Subproject Area G-3; and
- \$323,300,000 for Subproject Area G-4.

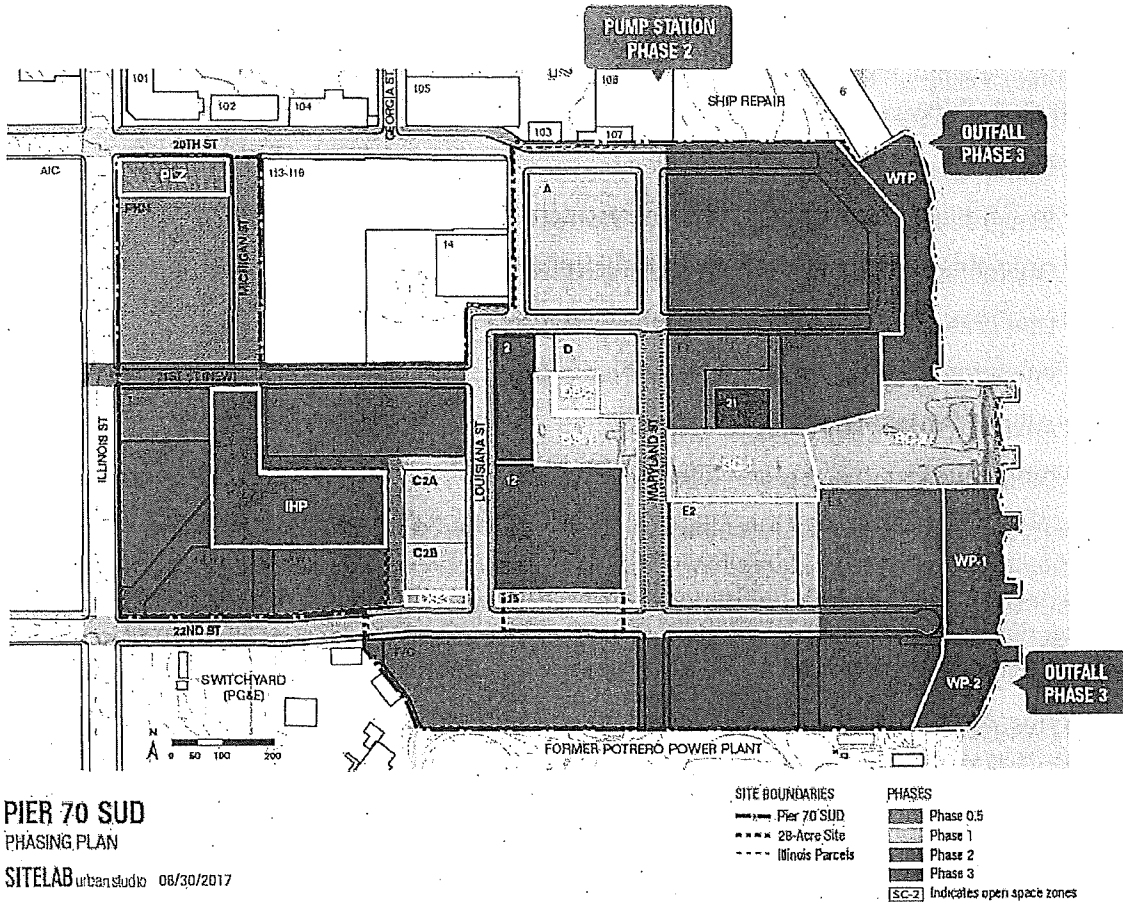
According to the proposed resolution, the Board of Supervisors may increase the maximum amount of the bonds by adopting a resolution. The bonds may be issued on behalf of the IFD or may be issued on behalf of a special tax district to be established at a later date.

The proposed resolution approves the sale of bonds in one or more series, but the bonds shall not be issued until the Board of Supervisors has approved the terms of the sale, and has approved the associated documents.

Subproject Areas

The Board of Supervisors approved the intent to establish the three IFD Subproject Areas G-2, G-3, and G-4 in July 2018. The three subproject areas encompass the 28-acre Waterfront Site project within the Union Iron Works Historic District, bounded by Illinois Street on the west, the Bay on the east, 20th Street on the north, and 22nd Street and the former Potrero Power Plant on the south, as shown in Exhibit 1 below.

Exhibit 1: Proposed Waterfront Site Project



The project is divided into three phases.

- Subproject Area G-2 incorporates phase 1 development. Phase 1 extends from approximately 2018 to 2021.
- Subproject Area G-3 incorporates phase 2 development from approximately 2022 to 2024.
- Subproject Area G-4 incorporates phase 3 development from approximately 2025 to 2028.

Public Improvements and Facilities to be Funded by the IFD Subproject Areas

Forest City is responsible to develop (or cause to be developed) horizontal infrastructure for the 28-acre Waterfront Site, subject to reimbursement with IFD tax increment and proposed Community Facilities Districts (CFD) assessments, including bonds issued against the IFD tax increment and CFD assessments. Horizontal infrastructure work consists of:

- Demolition and abatement
- Site grading, drainage, and utility infrastructure
- Geotechnical improvements for seismic stability
- Low pressure water system and non-potable water system
- Pedestrian, bicycle, and transportation access
- Auxiliary Water Supply System (AWSS)
- Combined sewer and storm water system

Infrastructure work in each of the phases consists of the following improvements within the respective subproject areas: demolition and abatement of existing structures; earthwork, soil disposal, and retaining walls; work on AWSS, low pressure water, reclaimed water, and combined sewer/storm water systems; street, park and open space improvements; and historical building rehabilitation.

Phase I (Subproject Area G-2) is from approximately 2018 to 2021. Phase II (Subproject Area G-3) is from 2022 to 2024. Phase III (Subproject Area G-4) is from 2025 to 2028.

Additional Pier 70-wide work to be funded by the proposed IFD subproject areas, subject to Board of Supervisors approval, include improvements to Irish Hill Park, rehabilitation of Buildings 106 and 111, shipyard electrical work and improvements, improvements to Crane Cove Park not funded by general obligation bonds, and public realm improvements.

Port IFD Guidelines

The Board of Supervisors approved guidelines in 2013 for establishment of the Port IFD (File 13-0264). These guidelines include (among other provisions):

- The Infrastructure Financing Plan to be developed by the Port must include a projection of revenues to the City's General Fund that will be generated by the project area.
- If the State's IFD law allows allocation of the State share of property tax increment to a waterfront district, then the City must allocate to the waterfront district the share of City property tax increment that maximizes the State allocation.
- Property tax increment allocated to public improvements should be sufficient to attract developer equity and market rate development in the project area.
- Property tax increment in excess of the allocation to public improvement in the project area will be allocated to the City's General Fund.

- Annual property tax increment will be allocated to maintain public infrastructure and improvements only if other sources are not available or sufficient.

Proposed Infrastructure Financing Plan Provisions

Approval of the proposed ordinance (File 18-0773) approves Appendix G-2 of the Infrastructure Financing Plan for Subproject Areas G-2, G-3, and G-4, which includes:

- The property tax increment would be allocated to the IFD from each subproject area for 45 years beginning in the fiscal year in which the property tax increment generated by the subproject area equals at least \$100,000.
- The amount of the property tax increment in each year would be the difference between the assessed taxable property value in FY 2015-16 and the assessed taxable property value in the tax year.
- The entire City and the Educational Revenue Augmentation Fund (ERAF) share of property tax increment generated in the subproject areas will be allocated to the subproject areas.
- The total limit on the property tax increment that can be allocated to the IFD from the subproject areas over their 45-year terms is \$3.0 billion, of which \$845 million is the limit on the ERAF share and \$2.15 billion is the limit on the City's share, as shown below. These limits reflect projected total property tax increment plus a contingency factor of approximately 90 percent to account for variables such as higher assessed values of taxable property due to resales.

Subproject Area	City Share	ERAF	Total
G-2	\$747,000,000	\$293,000,000	\$1,040,000,000
G-3	553,500,000	217,000,000	770,500,000
G-4	855,000,000	335,000,000	1,190,000,000
Total	\$2,155,500,000	\$845,000,000	\$3,000,500,000

- 20 percent of the property tax increment must be set-aside for shoreline restoration, removal of bay fill, public access to the waterfront, and/or environmental remediation of the waterfront in accordance with California Government Code. The 20 percent allocation requirement applies to IFD Project Area G as a whole. Because the Infrastructure Financing Plan for IFD Subproject Area G-1 (covering the Historic Core of the Union Iron Works Historic District), approved by the Board of Supervisors in February 2016, allocates 64 percent of the property tax increment to Crane Park and other waterfront projects, the Port may allocate less than 20 percent of property tax increment generated by Subproject Areas G-2, G-3, and G-4.

- Bonds issued by the IFD and secured by the City's share of the property tax increment must be repaid within 45 years. The IFD cannot issue new bonds secured by the ERAF share of the property tax increment after 20 years.

FISCAL IMPACT

Sources and Uses of Funds

Estimated sources and uses of funds are \$1.0 billion (2017 dollars), as shown in Exhibit 2 below.

Exhibit 2: Sources and Uses of Funds

	2017 Dollars
Sources	
Annual Tax Increment	\$596,720,000
Bond Proceeds	137,429,000
Developer Capital	133,832,000
Advances of Land Proceeds	164,931,000
Total Sources	\$1,032,912,000
Uses	
Bond Debt Service	\$253,893,000
Interest on Advanced Funds	22,975,000
Repayment Developer Capital	121,166,000
Repayment Advances of Land Proceeds	101,663,000
Subproject Areas Public Improvements	287,909,000
Pier 70 Wide Public Improvements	53,041,000
Sea Level Rise Protection	130,379,000
Educational Revenue Augmentation Fund ⁶	61,886,000
Total Uses	\$1,032,912,000

Source: Infrastructure Financing Plan

Timing of Sources and Uses

The developer, Forest City, will contribute capital to pay for project costs, prior to property tax increment and other project funds becoming available. The Infrastructure Financing Plan assumes that the developer will contribute \$133.8 million in developer capital through FY 2028-29.

Beginning in FY 2018-19, the Infrastructure Financing Plan assumes that proceeds from the sale of land or prepayment of ground leases will become available to begin paying for project costs, including repayment of the developer capital.

⁶ The \$61.9 million allocation to ERAF is the estimated amount of ERAF tax increment that is not needed to pay ERAF-secured debt.

Beginning in FY 2019-20, the Infrastructure Financing Plan assumes that the Port will begin issuing bonds, secured by property tax increment generated by Subproject Area G-2. Bond proceeds will be a source of funds to pay for public project costs.

Estimates of Annual Property Tax Increment Generated by Subproject Areas G-2, G-3, G-4

Incremental property taxes generated by development of Subproject Areas G-2, G-3, and G-4 depend on the assessed value of this development. A report prepared by Berkson Associates for the Port in August 2017 estimates that development in Subproject Areas G-2, G-3, and G-4 will have an assessed value of \$1.7 billion (2017 dollars), resulting in annual property tax increment of \$17 million (based on 1.0 percent property tax rate), of which 90 percent⁷ equals \$15.6 million (2017 dollars). The actual assessed value and associated property taxes will depend on the mix of residential and commercial properties, and when each of these properties is completed and enrolled in the City's tax rolls.

The Infrastructure Financing Plan⁸ estimates that Subproject Areas G-2, G-3, and G-4 would begin to generate incremental property taxes (which would be allocated to the IFD) in FY 2023-24, FY 2028-29, and FY 2029-20 respectively. However, according to the plan, the actual commencement date for when property tax increment would be allocated to the IFD would depend on the fiscal year in which each subproject area generated property tax increment of \$100,000 or more.⁹

Bond Issuance

The proposed resolution (File 17-0879) provides for the intent to issue bonds, secured by property tax increment. The bond authorization would be for up to \$793.3 million, including

- \$273.9 million for Subproject Area G-2;
- \$196.1 million for Subproject Area G-3; and
- \$323.3 million for Subproject Area G-4.

According to the Infrastructure Financing Plan, the Port anticipates issuing IFD bonds for Subproject Areas G-2, G-3, and G-4 of up to \$216 million¹⁰. The Port is requesting bond authorization of up to \$793.3 million, or more than 3x the anticipated bond issuance; to account for (a) property assessments that exceed projections, (b) issuance of additional bonds to pay for sea level rise and other projects, and (c) interest rates that are lower than the underwritten level. According to the Port, the Port is requesting a higher bonding cap to allow for flexibility should the project generate more incremental property tax revenues or the cost of funds is lower than projected.

⁷Based on approximately 65 percent City share and 25 percent ERAF share

⁸ The Infrastructure Financing Plan for Subproject Areas G-2, G-3, and G-4 was prepared by the Port's consultant, Century Urban, and submitted to the Port in October 2017.

⁹ The Berkson report estimated annual property tax increment of \$15.6 million (2017 dollars).

¹⁰ The Infrastructure Financing Plan assumes an interest rate of 7 percent, a term of 30 years, issuance costs/reserves of 13 percent, and an annual debt service cover ratio of 1:1 to 1:3. Estimated net loan proceeds to be applied to projects is \$169.6 million. The amount of \$216 million is included on Table 4; page 37 of the Infrastructure Financing Plan.

According to the Port's bond counsel, the proposed resolution limits the use of bonds to pay for the costs of public improvements described in the Infrastructure Financing Plan, as noted below:

- Bond authorization for Subproject Area G-2 is 273.9 million and the estimated cost of facilities in Appendix G-2 for Subproject Area G-2 is \$141.3 million;
- Bond authorization for Subproject Area G-3 is \$196.1 million and the estimated cost of facilities in Appendix G-3 for Subproject Area G-3 is \$72.97 million; and
- Bond authorization for Subproject Area G-4 is \$323.3 million and the estimated cost of facilities in Appendix G-3 for Subproject Area G-3 is \$46.3 million.

The bond authorization under the proposed resolution may also be applied to Pier 70-wide projects, in addition to the projects in the three subproject areas, subject to future Board of Supervisors approval.

POLICY CONSIDERATION

According to the Infrastructure Financing Plan, bonds may be issued by the IFD or by CFDs formed within the Pier 70 IFD Subproject Areas G-2, G-3, and G-4. While the proposed legislation states the City's intention to issue IFD bonds, the Infrastructure Financing Plan assumes that IFD or CFD bonds may be issued, and that property tax increment will be used to repay the bonds. The type of bond to be issued will be determined based on market conditions at the time of issuance. The Infrastructure Financing Plan provides for bonds to be issued in FY 2019-20, although Subproject Area G-2 may not generate property tax increment until FY 2023-24 to secure the bonds. Legislation to approve formation of CFDs within the three Pier 70 subproject areas has not been introduced.

RECOMMENDATION

Approve the proposed ordinance and resolution.

<p>Items 17, 18, 21 and 22 Files 18-0779, 18-0780, 18-0772 and 18-0782</p>	<p>Department: Port</p>
<p>EXECUTIVE SUMMARY</p>	
<p style="text-align: center;">Legislative Objectives</p>	
<p>File 18-0779 is a resolution (a) proposing adoption of the Infrastructure Financing Plan and formation of the City and County of San Francisco Infrastructure and Revitalization Financing District (IRFD) No. 2 (Hoedown Yard); (b) providing for the future annexation of property into the Infrastructure and Revitalization District subject to conditions set forth in the Infrastructure Financing Plan; (c) providing for the Board of Supervisors to establish by ordinance the date on which the allocation of tax increment shall begin; (d) setting the annual appropriations limit at \$91.9 million, which will be submitted to the qualified electors; and (e) providing for the proposition to establish the IRFD, the proposition to approve the Infrastructure Financing Plan, and the appropriations limit to be submitted to the qualified voters</p>	
<p>File 18-0780 is a resolution approving the Infrastructure Financing Plan for the Infrastructure and Revitalization Financing District No. 2.</p>	
<p>File 18-0772 is an ordinance creating the City and County of San Francisco Infrastructure and Revitalization Financing District (IRFD) No. 2 (Hoedown Yard) to finance the construction of affordable housing within Pier 70 and Parcel K South.</p>	
<p>File 18-0782 is a resolution authorizing issuance of IRFD bonds, paid by incremental property tax revenue allocated to the City and generated within the Hoedown Yard, in amounts not-to-exceed \$91,900,000. The proposed resolution approves the sale of bonds in one or more series, but the bonds shall not be issued until the Board of Supervisors has approved the terms of the sale, and has approved the associated documents.</p>	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> • The City has an option to purchase the Hoedown Yard, adjacent to Pier 70 and owned by PG&E, or sell the option to purchase to a third party, but the City has not exercised that option. In order for the proposed IRFD to be formed on the Hoedown Yard, PG&E will need to vote in favor of the IRFD. • The Infrastructure Financing Plan assumes that the Hoedown Yard will be developed with condominium units, which will generate property tax increment revenue to fund affordable housing development. According to the Plan, 323 housing units would be developed, affordable to households with income at 60 percent of the Area Median Income. • The Board of Supervisors approved legislation establishing the Board's intent to form an Infrastructure and Revitalization Financing District (IRFD) and issue bonds in July 2018. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> ▪ The requested authorization of \$91.9 million is more than four times the anticipated bond issuance of \$22.2 million. The Port is requesting a higher bonding cap to allow for flexibility if the project generates more incremental property tax revenues or the cost of funds is lower than projected. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> ▪ Approve the proposed ordinance and resolutions. 	

MANDATE STATEMENT

California Government Code Section 53369 authorizes the Board of Supervisors to establish an Infrastructure and Revitalization Financing District (IRFD) on Port property and to act as the legislative body for the IRFD.

BACKGROUND

The Hoedown Yard comprises two parcels owned by the Pacific Gas and Electric Company (PG&E) totaling approximately 3 acres adjacent to the 28-acre Pier 70 Waterfront Site. The Board of Supervisors approved an option agreement between the City and PG&E in 2014 (File 14-0750) in which the City could exercise the option for approximately \$8,283,726, or sell the option through a competitive sale to a third party. The sale of the Hoedown Yard option to a third party is subject to future Board of Supervisors approval.

The Board of Supervisors approved several pieces of legislation to establish the Pier 70 Special Use District Project, which includes the Hoedown Yard, in October 2017.

DETAILS OF PROPOSED LEGISLATION

File 18-0779 is a resolution (a) proposing adoption of the Infrastructure Financing Plan and formation of the City and County of San Francisco Infrastructure and Revitalization Financing District (IRFD) No. 2 (Hoedown Yard); (b) providing for the future annexation of property into the Infrastructure and Revitalization District subject to conditions set forth in the Infrastructure Financing Plan; (c) providing for the Board of Supervisors to establish by ordinance the date on which the allocation of tax increment shall begin; (d) setting the annual appropriations limit at \$91.9 million, which will be submitted to the qualified electors; and (e) providing for the proposition to establish the IRFD, the proposition to approve the Infrastructure Financing Plan, and the appropriations limit to be submitted to the qualified voters.

File 18-0780 is a resolution approving the Infrastructure Financing Plan for the Infrastructure and Revitalization Financing District No. 2.

File 18-0772 is an ordinance creating the City and County of San Francisco Infrastructure and Revitalization Financing District (IRFD) No. 2 (Hoedown Yard) to finance the construction of affordable housing within Pier 70 and Parcel K South.

File 18-0782 is a resolution authorizing issuance of IRFD bonds, paid by incremental property tax revenue allocated to the City and generated within the Hoedown Yard, in amounts not-to-exceed \$91,900,000.

According to the proposed resolution, the Board of Supervisors may increase the maximum amount of the bonds by adopting a resolution. The bonds may be issued on behalf of the IFD or may be issued on behalf of a special tax district to be established at a later date.

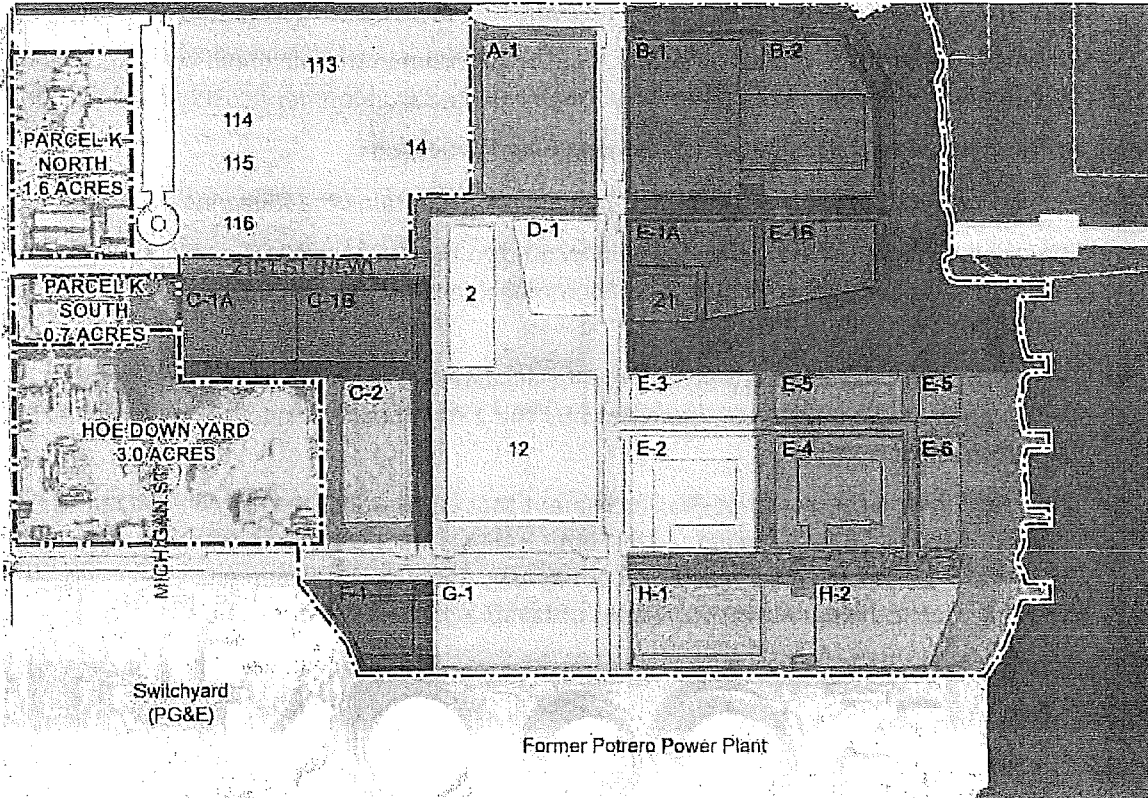
The proposed resolution approves the sale of bonds in one or more series, but the bonds shall not be issued until the Board of Supervisors has approved the terms of the sale, and has approved the associated documents.

The Board of Supervisors approved legislation establishing the Board's intent to form an Infrastructure and Revitalization Financing District (IRFD) and issue bonds in July 2018.

Hoedown Yard

The Hoedown Yard is bounded by Illinois Street on the west, 22nd Street on the south, Irish Hill and Parcel K South on the north, and the Waterfront Site on the east, as shown in Exhibit 1 below.

Exhibit 1: Hoedown Yard Site



The Infrastructure Financing Plan assumes that the Hoedown Yard will be developed with 330 condominium units, within 349,353 gross building square feet, which will generate property tax increment revenue under the IRFD to fund affordable housing development on the Waterfront Site and Parcel K South. Because affordable housing will not be developed on the Hoedown Yard site, the condominiums will also be assessed a 28 percent in-lieu fee payable to the Mayor's Office and Housing and Community Development (MOHCD) for development of affordable housing outside of the Pier 70 Special Use District.

Affordable Housing to be Funded by the IRFD

According to the Infrastructure Financing Plan, 323 affordable housing units would be developed as follows:

- 105 below market rate units on a portion of Parcel C-2 (Parcel C2A), affordable to households with income at 60 percent of the area median income. The projected development costs are \$32 million to \$33 million.
- 138 below market rate units on Parcel C1B, affordable to households with income at 60 percent of the area median income. The projected development costs are \$43 million.
- 80 below market rate units on Parcel K South, affordable to households with income at 60 percent of the area median income. The projected development costs are \$25 million.

Proposed Hoedown Yard Infrastructure Financing Plan Provisions

The proposed Hoedown Yard Infrastructure Financing Plan contains the following provisions:

- The property tax increment would be allocated to the IRFD for 40 years beginning in the fiscal year in which the property tax increment generated by Hoedown Yard equals at least \$100,000.
- The amount of the property tax increment allocated to the IRFD in each year would be 64.59 percent of the revenue generated by the 1.0 percent tax rate on the incremental assessed property value.
- The total limit on the property tax increment that can be allocated to the IRFD over the 40-year term is \$315.8 million. This limit reflects the projected total allocated tax increment of \$157.9 million plus a contingency factor of 100 percent to account for variables such as higher assessed values of taxable property due to resales.

FISCAL IMPACT**Sources and Uses of Funds**

Estimated sources and uses of IRFD funds are approximately \$88 million (2017 dollars), as shown in Exhibit 2 below.

Exhibit 2: Sources and Uses of Funds

	2017 Dollars
Sources	
Annual Tax Increment	\$70,170,000
Bond Proceeds	18,263,000
Total Sources	\$88,433,000
Uses	
Bond Debt Service	\$33,158,000
Affordable Housing	18,969,000
General Fund ^a	36,306,000
Total Uses	\$88,433,000

^a Excess tax increment is allocated to the General Fund
 Source: Infrastructure Financing Plan

Timing of Sources and Uses

Beginning in FY 2023-24, the Infrastructure Financing Plan assumes that the Port will begin issuing IRFD bonds, secured by property tax increment generated by Hoedown Yard development, as discussed further below. Bond proceeds will be a source of funds to pay for affordable housing and related facilities and to re-pay bond debt. Excess tax increment revenue would be allocated to the City's General Fund.

Estimates of Annual Property Tax Increment Generated by Hoedown Yard

Incremental property taxes generated by development of Hoedown Yard depend on the assessed value of the development. A report prepared by Berkson Associates for the Port in August 2017 estimates that development of Hoedown Yard will result in total assessed value of \$225 million (2017 dollars), resulting in annual property tax increment of \$2.25 million (based on 1.0 percent property tax rate), of which 65 percent¹ equals \$1.46 million (2017 dollars). The actual assessed value and associated property taxes will depend on the number of residential properties and when each of these properties is completed and enrolled in the City's tax rolls.

The Infrastructure Financing Plan² estimates that Hoedown Yard would begin to generate incremental property taxes (which would be allocated to the IRFD) in FY 2024-25 and FY 2026-27, to coincide with the expected completion of two phases of development. However, according to the plan, the actual commencement date for when property tax increment would be allocated to the IRFD would depend on the fiscal year in which Hoedown Yard generated property tax increment of \$100,000 or more.

¹ Based on approximately 64.59 percent City allocation share.

² The Infrastructure Financing Plan for Hoedown Yard was prepared by the Port's consultant, Century Urban, and submitted to the Port in October 2017.

Bond Issuance

The proposed resolution (File 18-0782) authorizes the issuance bonds, secured by property tax increment, up to \$91,900,000. According to the Infrastructure Financing Plan, the Port anticipates issuing IRFD bonds for Hoedown Yard of up to \$22.2 million³. The requested bond authorization of up to \$91.9 million is more than four times the anticipated bond issuance to account for (a) property assessments that exceed projections and (b) interest rates that are lower than the underwritten level. According to the Port, the Port is requesting a higher bonding cap to allow for flexibility should the project generate more incremental property tax revenues or the cost of funds is lower than projected.

According to the Port's bond counsel, the proposed resolution limits the use of bonds to pay for the costs of authorized facilities, including acquisition, improvements, and associated costs.

POLICY CONSIDERATION

As noted above, Hoedown Yard is currently owned by PG&E and the City has an option to purchase the property or sell the option to purchase to a third party, but the City has not exercised that option as of September 2018. In order for the proposed IRFD to be formed on the Hoedown Yard, PG&E will need to vote in favor of the IRFD.

RECOMMENDATION

Approve the proposed ordinance and resolutions.

³ The Infrastructure Financing Plan assumes an interest rate of 7 percent, a term of 30 years, issuance costs/reserves of 13 percent, and an annual debt service cover ratio of 1.1:1 to 1.3:1. Estimated bond proceeds to be applied to affordable housing and debt service totals \$22.2 million.

1 [Resolution of Intention to Establish Infrastructure and Revitalization Financing District No. 2
2 (Hoedown Yard, Pier 70)]

3 Resolution of Intention to establish City and County of San Francisco Infrastructure
4 and Revitalization Financing District No. 2 (Hoedown Yard, Pier 70) on land within the
5 City and County of San Francisco commonly known as the Hoedown Yard to finance
6 the construction of affordable housing within Pier 70 and Parcel K South; to provide for
7 future annexation; to call a public hearing on September 11, 2018, on the formation of
8 the district and to provide public notice thereof; determining other matters in
9 connection therewith; and affirming the Planning Department's determination, and
10 making findings under the California Environmental Quality Act.

11
12 NOTE: Additions are *single-underline italics Times New Roman*;
13 deletions are ~~*strike-through italics Times New Roman*~~.
14 Board amendment additions are double-underlined;
Board amendment deletions are ~~strikethrough normal~~.

15 WHEREAS, FC Pier 70, LLC (Forest City) and the City and County of San Francisco
16 (the City), acting by and through the San Francisco Port Commission, anticipate entering into
17 a Disposition and Development Agreement (the DDA), which will govern the disposition and
18 development of approximately 28 acres of land in the waterfront area of the City known as
19 Pier 70 (the Project Site); and

20 WHEREAS, In the general election held on November 4, 2014, an initiative entitled, the
21 "Union Iron Works Historic District Housing, Waterfront Parks, Jobs and Preservation
22 Initiative" (Proposition F), was approved by the voters in the City; and

23 WHEREAS, Pursuant to Proposition F, the voters in the City approved a policy of the
24 City, that the City encourage the timely development of the Project Site with a development
25 project that includes certain major uses, including without limitation, new below market-rate

1 homes affordable to middle- and low-income families and individuals, representing 30 percent
2 of all new housing units (Affordable Housing); and

3 WHEREAS, Forest City and the City anticipate that Forest City will undertake pursuant
4 to the DDA an obligation to construct Affordable Housing on the Project Site and an area of
5 land in the vicinity of the Project Site and within Pier 70 commonly known as Parcel K South
6 (Parcel K South) to satisfy the requirements for Affordable Housing under Proposition F; and

7 WHEREAS, At its hearing on August 24, 2017, and prior to recommending the
8 proposed Planning Code amendments for approval, by Motion No. 19976, the Planning
9 Commission certified a Final Environmental Impact Report (FEIR) for the Pier 70 Mixed-Use
10 District Project (Project) pursuant to the California Environmental Quality Act (CEQA)
11 (California Public Resources Code Section 21000 et seq.), the CEQA Guidelines (14 Cal.
12 Code Reg. Section 15000 et seq.), and Chapter 31 of the Administrative Code. A copy of said
13 Motion is on file with the Clerk of the Board of Supervisors in File No. 170930, and, is
14 incorporated herein by reference. In accordance with the actions contemplated herein, this
15 Board of Supervisors has reviewed the FEIR, concurs with its conclusions, affirms the
16 Planning Commission's certification of the FEIR, and finds that the actions contemplated
17 herein are within the scope of the Project described and analyzed in the FEIR; and

18 WHEREAS, In recommending the proposed Planning Code Amendments for approval
19 by this Board of Supervisors at its hearing on August 24, 2017, by Motion No. 19977, the
20 Planning Commission also adopted findings under CEQA, including a statement of overriding
21 consideration, and a Mitigation Monitoring and Reporting Program (MMRP). A copy of said
22 Motion and MMRP are on file with the Clerk of the Board of Supervisors in File No. 170930,
23 and is incorporated herein by reference. This Board of Supervisors hereby adopts and
24 incorporates by reference as though fully set forth herein the Planning Commission's CEQA
25 approval findings, including the statement of overriding considerations. This Board of

1 Supervisors also adopts and incorporates by reference as though fully set forth herein the
2 Project's MMRP; and

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

7 WHEREAS, Pursuant to the Financing Plan and the IRFD Law, the Board of
8 Supervisors wishes to establish an infrastructure and revitalization financing district on a
9 portion of land within the City commonly known as the Hoedown Yard to finance the
10 construction of Affordable Housing on the Project Site and Parcel K South to satisfy the
11 requirements for Affordable Housing under Proposition F; and

12 WHEREAS, The IRFD Law provides that the legislative body of an infrastructure and
13 revitalization financing district may, at any time, add territory to a district or amend the
14 infrastructure financing plan for the district by conducting the same procedures for the
15 formation of a district or approval of bonds as provided in the IRFD Law, and the Board of
16 Supervisors wishes to establish the procedure for future annexation of certain additional land
17 within the City, specifically certain land that is currently owned by the City that is used as a
18 public; and

19 WHEREAS, IRFD Law Section 53369.14(d)(5) provides that the legislative body of a
20 proposed infrastructure and revitalization financing district may specify, by ordinance, the date
21 on which the allocation of tax increment will begin, and the Board of Supervisors accordingly
22 wishes to specify the date on which the allocation of tax increment will begin for the proposed
23 infrastructure district; now, therefore, be it

1 RESOLVED, That this Board of Supervisors proposes to conduct proceedings to
2 establish an infrastructure and revitalization financing district pursuant to the IRFD Law; and,
3 be it

4 FURTHER RESOLVED, That the name proposed for the infrastructure and
5 revitalization financing district is "City and County of San Francisco Infrastructure and
6 Revitalization Financing District No. 2 (Hoedown Yard)" (the IRFD); and, be it

7 FURTHER RESOLVED, That the proposed boundaries of the IRFD are as shown on
8 the map of the IRFD on file with the Clerk of the Board of Supervisors in File No. 170880,
9 which boundaries are hereby preliminarily approved and to which map reference is hereby
10 made for further particulars; and, be it

11 FURTHER RESOLVED, That the type of facilities proposed to be financed by the IRFD
12 pursuant to the IRFD Law shall consist of Affordable Housing and related facilities to be
13 located within the Project Site and Parcel K South, as more particularly described on Exhibit A
14 hereto and hereby incorporated herein (the Facilities), and the Facilities are authorized to be
15 financed by the IRFD by IRFD Law Sections 53369.2 and 53369.3, and the Board of
16 Supervisors hereby finds each of the following: that the Facilities (i) are of communitywide
17 significance, (ii) will not supplant facilities already available within the proposed boundaries of
18 the IRFD, except for those that are essentially nonfunctional, obsolete, hazardous, or in need
19 of upgrading or rehabilitation, and (iii) will supplement existing facilities as needed to serve
20 new developments; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors hereby declares that, pursuant
22 to the IRFD Law, incremental property tax revenue from the City to finance the Facilities, but
23 no tax increment revenues from the other affected taxing entities (as defined in the IRFD Law)
24 within the IRFD, if any, will be used by the IRFD to finance the Facilities, and the incremental
25

1 property tax financing will be described in an infrastructure financing plan (the Infrastructure
2 Financing Plan) to be prepared for this Board of Supervisors under the IRFD Law; and, be it

3 FURTHER RESOLVED, That in accordance with IRFD Law Sections 53369.5(b) and
4 53369.14(d)(5), the Board of Supervisors shall establish, by ordinance, the date on which the
5 allocation of tax increment shall begin for the IRFD (the Commencement Date), with the
6 Commencement Date being the first day of the fiscal year following the fiscal year in which the
7 IRFD has generated and the City has received at least \$100,000 of tax increment; and, be it

8 FURTHER RESOLVED, That future annexations of property into the IRFD may occur
9 at any time after formation of the IRFD, but only if the Board of Supervisors has completed the
10 procedures set forth in the Infrastructure Financing Plan, which shall be based on the
11 following: (i) this Board of Supervisors adopts a resolution of intention to annex property (the
12 "annexation territory") into the IRFD and describes the annexation territory to be included in
13 the IRFD, (ii) the resolution of intention is mailed to each owner of land in the annexation
14 territory and each affected taxing entity in the annexation territory, if any, in substantial
15 compliance with Sections 53369.11 and 53369.12 of the IRFD Law, (iii) this Board of
16 Supervisors directs the Executive Director of the Port to prepare an amendment to the
17 Infrastructure Financing Plan, if necessary, and the Executive Director of the Port prepares
18 any such amendment, in substantial compliance with Sections 53369.13 and 53369.14 of the
19 IRFD Law, (iv) any amendment to the Infrastructure Financing Plan is sent to each owner of
20 land and each affected taxing entity (if any) within the annexation territory, in substantial
21 compliance with Sections 53369.15 and 53369.16 of the IRFD Law, (v) this Board of
22 Supervisors notices and holds a public hearing on the proposed annexation, in substantial
23 compliance with Sections 53369.17 and 53369.18 of the IRFD Law, (vi) this Board of
24 Supervisors adopts a resolution proposing the adoption of any amendment to the
25 Infrastructure Financing Plan and annexation of the annexation territory to the IRFD, and

1 submits the proposed annexation to the qualified electors in the annexation territory, in
2 substantial compliance with Sections 53369.20-53369.22 of the IRFD Law, with the ballot
3 measure to include the questions of the proposed annexation of the annexation territory into
4 the IRFD, approval of the appropriations limit for the annexation territory and approval of the
5 issuance of bonds for the annexation territory, and (vii) after canvass of returns of any
6 election, and if two-thirds of the votes cast upon the question are in favor of the ballot
7 measure, this Board may, by ordinance, adopt the amendment to the Infrastructure Financing
8 Plan, if any, and approve the annexation of the annexation territory to the IRFD, in substantial
9 compliance with Section 53369.23 of the IRFD Law; and, be it

10 FURTHER RESOLVED, That Tuesday, September 11, 2018 at 3:00 p.m. or as soon as
11 possible thereafter, in the Board of Supervisors Chamber, 1 Dr. Carlton B. Goodlett Place,
12 City Hall, San Francisco, California, be, and the same are hereby appointed and fixed as the
13 time and place when and where this Board of Supervisors, as legislative body for the IRFD,
14 will conduct a public hearing on the proposed establishment of the IRFD and the proposed
15 future annexation of territory to the IRFD; and, be it

16 FURTHER RESOLVED, That the Clerk of the Board of Supervisors is hereby directed
17 to mail a copy of this Resolution to each owner of land (as defined in the IRFD Law) within the
18 IRFD (but not to any affected taxing entities because there are none as of the date of this
19 Resolution), and in addition, in accordance with IRFD Law Section 53369.17, the Clerk of the
20 Board of Supervisors is hereby directed to cause notice of the public hearing to be published
21 not less than once a week for four successive weeks in a newspaper of general circulation
22 published in the City, and the notice shall state that the IRFD will be used to finance
23 affordable housing within in the City, briefly describe such affordable housing and the other
24 Facilities, briefly describe the proposed financial arrangements, including the proposed
25 commitment of incremental tax revenue, describe the boundaries of the proposed IRFD,

1 reference the process for future annexation and state the day, hour, and place when and
2 where any persons having any objections to the proposed Infrastructure Financing Plan, or
3 the regularity of any of the prior proceedings, may appear before this Board of Supervisors
4 and object to the adoption of the proposed Infrastructure Financing Plan for the IRFD or
5 process for future annexation to the IRFD by the Board of Supervisors; and, be it

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

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

18 FURTHER RESOLVED, That the Mayor, the Controller, the Director of the Office of
19 Public Finance, the Clerk of the Board of Supervisors, the Executive Director of the Port of
20 San Francisco and any and all other officers of the City are hereby authorized, for and in the
21 name of and on behalf of the City, to do any and all things and take any and all actions,
22 including execution and delivery of any and all documents, assignments, certificates,
23 requisitions, agreements, notices, consents, instruments of conveyance, warrants and
24 documents, which they, or any of them, may deem necessary or advisable in order to
25 effectuate the purposes of this Resolution; provided however that any such actions be solely

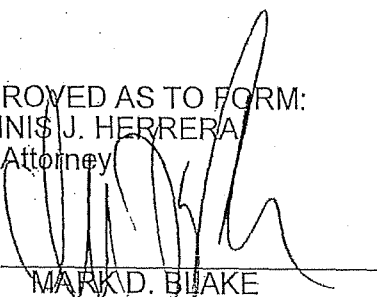
1 intended to further the purposes of this Resolution, and are subject in all respects to the terms
2 of the Resolution; and, be it

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

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

10
11 APPROVED AS TO FORM:
12 DENNIS J. HERRERA
13 City Attorney

14 By:


15 MARK D. BLAKE
Deputy City Attorney

16 n:\port\as2018\1100292\01290495.docx

EXHIBIT A

DESCRIPTION OF FACILITIES

It is intended that the IRFD (including any annexation territory annexed therein 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, affordable housing projects and supporting infrastructure and amenities.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25



City and County of San Francisco

Tails

Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 170880

Date Passed: July 24, 2018

Resolution of Intention to establish City and County of San Francisco Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard, Pier 70) on land within the City and County of San Francisco commonly known as the Hoedown Yard to finance the construction of affordable housing within Pier 70 and Parcel K South; to provide for future annexation; to call a public hearing on September 11, 2018, on the formation of the district and to provide public notice thereof; determining other matters in connection therewith; and affirming the Planning Department's determination, and making findings under the California Environmental Quality Act.

November 09, 2017 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

November 09, 2017 Budget and Finance Committee - RECOMMENDED AS AMENDED

November 28, 2017 Board of Supervisors - CONTINUED

Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee

December 05, 2017 Board of Supervisors - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee

December 05, 2017 Board of Supervisors - RE-REFERRED AS AMENDED

Ayes: 11 - Breed, Cohen, Farrell, Fewer, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee

July 12, 2018 Budget and Finance Sub-Committee - AMENDED

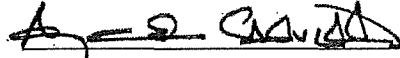
July 12, 2018 Budget and Finance Sub-Committee - RECOMMENDED AS AMENDED

July 24, 2018 Board of Supervisors - ADOPTED

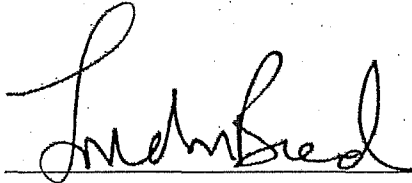
Ayes: 9 - Cohen, Brown, Kim, Mandelman, Peskin, Ronen, Safai, Stefani and Yee
Excused: 2 - Fewer and Tang

File No. 170880

I hereby certify that the foregoing
Resolution was ADOPTED on 7/24/2018 by
the Board of Supervisors of the City and
County of San Francisco.



Angela Calvillo
Clerk of the Board



London N. Breed
Mayor

7/26/18

Date Approved

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor London Breed *LNB*
RE: Substitute (File No. 180782) Resolution Authorizing Issuance of Bonds
Related to Infrastructure and Revitalization Financing District No. 2
(Hoedown Yard, Pier 70)---Not to Exceed \$91.9 Million
DATE: September 4, 2018

Resolution authorizing issuance of bonds for City and County of San Francisco Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard, Pier 70) therein in an aggregate principal amount not to exceed \$91.9 million; affirming the Planning Department's determination and making findings under the California Environmental Quality Act; and approving other matters in connection therewith.


Should you have any questions, please contact Kanishka Karunaratne Cheng 554-6696.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2018 SEP -4 PM 3:12
BY _____

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

TO:  Angela Calvillo, Clerk of the Board of Supervisors
FROM: Mayor London Breed
RE: Resolution Authorizing Issuance of Bonds Related to Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard, Pier 70)---Not to Exceed \$91.9 Million
DATE: July 24, 2018

Resolution authorizing issuance of bonds for City and County of San Francisco Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard, Pier 70) therein in an aggregate principal amount not to exceed \$91.9 million; affirming the Planning Department's determination and making findings under the California Environmental Quality Act; and approving other matters in connection therewith.

Should you have any questions, please contact Andres Power 554-6467.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2018 JUL 24 PM 1:59
BY _____ AK