

1 [Reimburse Expenditures - Development of the Mission Rock Project, with Tax-Exempt Debt]

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3 **Resolution declaring official intent to reimburse expenditures related to development**
4 **of the Mission Rock Project from the proceeds of bonds and other debt; and making**
5 **findings under the California Environmental Quality Act.**

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

12 WHEREAS, Seawall Lot 337 Associates, LLC, a Delaware limited liability company
13 (“Master Developer”) and the City, acting by and through the Port, are parties to a Disposition
14 and Development Agreement (“DDA”), including a Financing Plan (“Financing Plan”), that
15 governs the disposition and development of certain parcels in the jurisdiction of the Port,
16 including Seawall Lot 337, 3.53 acres of Terry A. Francois Boulevard from Third Street to
17 Mission Rock Street, China Basin Park and ½ acre to the east of Terry A. Francois Boulevard
18 between Pier 48 and Pier 50 (“Project Site”), and also provides for development of Pier 48,
19 which DDA was approved by the Board of Supervisors by Resolution No. 42-18, adopted on
20 February 13, 2018, signed by the Mayor on February 23, 2018, and a copy of which is in
21 Board File No. 180092; and

22 WHEREAS, The Port collaborated with the State Lands Commission and California
23 legislators to amend the Burton Act to lift or suspend its statutory trust use restrictions that
24 impede the Port’s ability to realize the development potential of Port lands; under Senate Bill
25 815 (Stats. 2007, ch. 660, as amended by Stats. 2016, ch. 529) (“SB 815”), the Port is

1 authorized to lease certain seawall lots south of Market Street, including the Project Site, for
2 nontrust purposes, providing revenues for rehabilitation of historic wharves and piers and
3 other trust uses; SB 815 allows long-term nontrust uses that are not permissible under the
4 Burton Act as a primary mechanism to generate Port revenues for trust purposes, including
5 the construction of infrastructure needed for development; and

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

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

19 WHEREAS, Under the DDA, (i) the Developer is responsible for master development of
20 the Project Site, including construction of public infrastructure, (ii) the Port and Developer will
21 enter into a master lease for all of the Project Site, (iii) the Port will convey development
22 parcels to vertical developers and those parcels will be released from the master lease and
23 (iv) the Port may enter into a separate lease with the Developer (or an affiliate) for
24 development of Pier 48; and

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1 WHEREAS, The City anticipates that, in addition to the public infrastructure and private
2 development described above, future improvements will be necessary to ensure that the
3 shoreline, public facilities, and public access improvements will be protected should sea level
4 rise in the vicinity of the Project Site (“Resilience Improvements”); and

5 WHEREAS, This Board of Supervisors has taken certain actions and intends to take
6 further actions to provide financing for the infrastructure and Resilience Improvements
7 described above; and

8 WHEREAS, Under California Government Code, Sections 53395 et seq. (“IFD Law”),
9 the Board of Supervisors is authorized to establish an infrastructure financing district and to
10 act as the legislative body for such an infrastructure financing district; more specifically, the
11 Board of Supervisors is authorized to establish “waterfront districts” under IFD Law, Section
12 53395.8; and

13 WHEREAS, By Ordinance No. 27-16, which the Board of Supervisors adopted on
14 February 23, 2016, and which was signed by the Mayor on March 11, 2016 (“Ordinance
15 Establishing IFD”), the Board of Supervisors, among other things, declared “City and County
16 of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)” (IFD) to be
17 fully formed and established, approved an infrastructure financing plan (the “IFD Infrastructure
18 Financing Plan”) and designated initial proposed project areas within the IFD; and

19 WHEREAS, By Ordinance No. 34-18, which the Board of Supervisors adopted on
20 February 27, 2018, and which was signed by the Mayor on March 6, 2018 (“Ordinance
21 Establishing Project Area I and Sub-Project Areas I-1 through I-13”), the Board of
22 Supervisors, among other things, declared the following project area (“Project Area I”) and
23 sub-project areas (collectively, “Sub-Project Areas”) within the Project Site to be fully formed
24 and established and approved Appendix I to the IFD Infrastructure Financing Plan: (i) “Project
25 Area I (Mission Rock),” (ii) “Sub-Project Area I-1 (Mission Rock),” (iii) “Sub-Project Area I-2

1 (Mission Rock),” (iv) “Sub-Project Area I-3 (Mission Rock),” (v) “Sub-Project Area I-4 (Mission
2 Rock),” (vi) “Sub-Project Area I-5 (Mission Rock),” (vii) “Sub-Project Area I-6 (Mission Rock),”
3 (viii) “Sub-Project Area I-7 (Mission Rock),” (ix) “Sub-Project Area I-8 (Mission Rock),” (x)
4 “Sub-Project Area I-9 (Mission Rock),” (xi) “Sub-Project Area I-10 (Mission Rock),” (xii) “Sub-
5 Project Area I-11 (Mission Rock),” (xiii) “Sub-Project Area I-12 (Mission Rock),” and (xiv)
6 “Sub-Project Area I-13 (Mission Rock)”; and

7 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code
8 (“Code”), which Code incorporates by reference the Mello-Roos Community Facilities Act of
9 1982, as amended (“Mello-Roos Act”), this Board of Supervisors is authorized to establish a
10 special tax district and to act as the legislative body for a special tax district; and

11 WHEREAS, The Financing Plan contemplates the formation of one or more special tax
12 districts (“Special Tax Districts”) under the Code to finance the costs of public infrastructure
13 and other authorized facilities and certain public services necessary or incident to
14 development of the Project Site; and

15 WHEREAS, United States Income Tax Regulations, Section 1.150-2 provides generally
16 that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are
17 used for reimbursement of expenditures made prior to the date of issuance of such debt
18 unless certain procedures are followed, one of which is a requirement that (with certain
19 exceptions), prior to the payment of any such expenditure, the issuer declares an intention to
20 reimburse such expenditure; and

21 WHEREAS, In connection with formation of Project Area I and the Sub-Project Areas,
22 this Board of Supervisors declared in Resolution No. 427-17 its intent to reimburse
23 expenditures made prior to the date of issuance of bonds and other debt for Project Area I
24 and the Sub-Project Areas, which Resolution was adopted on November 28, 2017, and
25 signed by the Mayor on November 30, 2017; and

1 WHEREAS, This Board wishes to ratify and supplement its declaration of intent to
2 issue bonds and incur other debt (“Bonds”) for the IFD and to declare its intent to issue Bonds
3 for the Special Tax Districts for the purpose of reimbursing expenditures on public
4 infrastructure related to the Project and Resilience Improvements (“Reimbursable
5 Expenditures”) that are made prior to the date of issuance of such Bonds; now, therefore, be it

6 RESOLVED, That the recitals herein are true and correct; and, be it

7 FURTHER RESOLVED, That this Board of Supervisors intends to issue Bonds for the
8 IFD and Special Tax Districts for the purpose of paying the Reimbursable Expenditures; and,
9 be it

10 FURTHER RESOLVED, That this Board of Supervisors declares that it reasonably
11 expects (i) to pay certain Reimbursable Expenditures prior to the date of issuance of the
12 Bonds and (ii) to use a portion of the proceeds of the Bonds for reimbursement of
13 Reimbursable Expenditures that are made prior to the date of issuance of the Bonds; and, be
14 it

15 FURTHER RESOLVED, That this Board of Supervisors declares that the maximum
16 principal amount of the Bonds is \$2,190,000,000; and, be it

17 FURTHER RESOLVED, That in the Ordinance Establishing Project Area I and Sub-
18 Project Areas I-1 through I-13, this Board of Supervisors made certain findings under the
19 California Environmental Quality Act about the Project, Project Area I and the Sub-Project
20 Areas, and the Board of Supervisors hereby adopts and incorporates those findings by
21 reference as though fully set forth herein; and, be it

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

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