

**CITY AND COUNTY OF SAN FRANCISCO
SPECIAL TAX DISTRICT NO. 2019-2
(PIER 70 LEASED PROPERTIES)**

PUBLIC AGENCY STATEMENT AND CONSENT

_____, 2019

Board of Supervisors of the
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Members of the Board of Supervisors:

The Board of Supervisors of the City and County of San Francisco (the "City") has initiated formation of City and County of San Francisco Special Tax District No. 2019-2 (Pier 70 Leased Properties) (the "Special Tax District") under Chapter 43, Article X of the San Francisco Administrative Code (as it may be amended from time to time, the "Code"), which Code incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"). This Public Agency Statement and Consent (this "Statement") is submitted in connection with the formation of the Special Tax District pursuant to Sections 53317(f)(1), 53317(f)(3) and 53326(a) of the Mello-Roos Act.

1. Property Owner. This Statement is submitted by the entity identified below (the "Property Owner"), which is the owner of the fee simple title of the parcels of land identified by the Assessor Parcel Numbers listed on Exhibit B attached hereto and incorporated herein by reference (the "Property"). The undersigned warrants to the City with respect to the Property that it is authorized to execute this Statement and that the submission of this Statement and participation in the proceedings to form the Special Tax District will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of the State of California or the United States of America, or under any applicable court or administrative decree or order, or under any loan agreement, note, resolution, indenture, fiscal agent agreement, contract, agreement or other instrument to which the Property Owner is a party or is otherwise subject or bound.

2. Consent to Proceedings. The Property Owner hereby consents to proceedings under the Code to create the Special Tax District. The Property Owner acknowledges that a two-thirds vote of the qualified electors in the Special Tax District that vote on the issues is required for (i) the levy of special taxes in the Special Tax District pursuant to the Rate and Method of Apportionment of Special Tax (the "Rate and Method") to be prepared by the City, (ii) the issuance of special tax bonds and the incurrence of other debt (as defined in the Mello-Roos Act) for the Special Tax District in an amount to be determined during the formation proceedings and (iii) the establishment of an appropriations limit for the Special Tax District in an amount to be determined during the formation proceedings.

The Property Owner hereby declares that it is a "landowner" (as defined in Section 53317(f) of the Mello-Roos Act) for purposes of the formation proceedings for the Special Tax District because the Property either will be (a) transferred by conveyance of the fee interest to private ownership for the construction of improvements, in which case the Property Owner hereby agrees that the Property will be subject to the special tax on the same basis as private property within the Special Tax District and affirmatively waives any defense based on the fact of public ownership to any action to foreclose on the Property in the event of nonpayment of the special tax or (b) leased to a nonexempt person or entity and, pursuant to Section 53340.1 of the Mello-Roos Act, the special tax will be levied on the leasehold interest and payable by the owner of the leasehold interest.

3. Boundaries of CFD. The Property Owner hereby consents to the Property being included within the boundaries of the Special Tax District.

4. Purpose of CFD. The Property Owner acknowledges that the Special Tax District will be created for the purpose of financing the facilities, public services and other costs described in Exhibit A attached hereto and incorporated herein by reference.

5. Elections. The Property Owner hereby consents to a special election being held under the Code to authorize the special taxes and the issuance of the bonds and other debt and to establish an appropriations limit for the Special Tax District, to the consolidation of the matters into a single election and to the election being conducted by the City and its officials, using mailed or hand-delivered ballots, with such ballots being opened and canvassed and the results certified at the same meeting of the Board of Supervisors as the public hearings on the Special Tax District under the Code or as soon thereafter as possible.

6. Waivers. To expedite the completion of the proceedings for the Special Tax District, all notices of hearings and all notices of election, applicable waiting periods under the Code for the election and all ballot analyses and arguments for the election are hereby waived. The Property Owner also waives any requirement as to the specific form of the ballot to be used for the election, whether under the Code, the California Elections Code or otherwise.

This Statement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

By executing this Statement, the Property Owner agrees to all of the above.

CITY AND COUNTY OF SAN FRANCISCO,
ACTING BY AND THROUGH THE SAN
FRANCISCO PORT COMMISSION

By: 
Elaine Forbes
Executive Director
San Francisco Port Commission

EXHIBIT A

**PROPOSED DESCRIPTION OF FACILITIES, SERVICES AND OTHER COSTS TO BE
FINANCED BY THE SPECIAL TAX DISTRICT**

EXHIBIT A

City and County of San Francisco Special Tax District No. 2019-2 (Pier 70 Leased Properties) (as originally configured and as expanded through annexation of property in the future, the “STD”), is authorized to finance the Facilities, Services and Incidental Costs described in this Exhibit A. Capitalized terms used in this Exhibit A but not defined herein have the meaning given them in the Appendix to Transaction Documents for the Pier 70 28-Acre Site Project, attached as an appendix to the Disposition and Development Agreement (“DDA”), dated as of May 2, 2018, by and between the Port and the Developer, including all exhibits and attachments, as may be amended from time to time. When used in this Exhibit A, “including” has the meaning given to it in the DDA.

AUTHORIZED FACILITIES

The STD is authorized to finance the purchase, construction, reconstruction, expansion, improvement, or rehabilitation of all or any portion of the facilities authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov’t Code Section 53311 et seq.), including:

1. Land Acquisition – includes, but is not limited to, acquisition of land for public improvements or for other requirements under the DDA.
2. Demolition and Abatement – includes, but is not limited to, Site Preparation costs, including abatement of hazardous materials, removal of below-grade, at-grade, and above-grade facilities, and recycling or disposal of waste, including demolition and abatement within future vertical sites that is necessary for Horizontal Improvements.
3. Auxiliary Water Supply System - includes, but is not limited to, main pipe, laterals, valves, fire hydrants, cathodic protection, tie-ins, and any other components required for onsite and offsite high pressure water supply network intended for fire suppression.
4. Low Pressure Water - includes, but is not limited to, main pipe, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blow-offs, fire hydrants, cathodic protection, tie-ins, and any other components required for onsite and offsite low pressure water supply network intended for domestic use.
5. Non-Potable Water - includes, but is not limited to, main pipe, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blow-offs, cathodic protection, tie-ins, blackwater treatment facility (whether publicly or privately owned), and any other components required for non-potable water supply network intended to provide treated

wastewater for use in, among other things, irrigation of parks, landscaping, and non-potable uses within buildings.

6. Combined Sanitary Sewer and Stormwater Management– includes, but is not limited to, retrofit of existing combined sewer facilities, new gravity main pipe, force main pipe and associated valves, laterals, manholes, catch basins, traps, air vents, pump stations, outfalls, lift stations, connections to existing systems, stormwater treatment BMPs such as detention vaults, and any other components required for a network intended to convey storm water and sanitary sewage, including components, such as ejector pumps, associated with vertical buildings to meet design criteria for the Horizontal Improvements.
7. Joint Trench & Dry Utilities – includes, but is not limited to, installation of primary and secondary conduits, overhead poles, pull boxes, vaults, subsurface enclosures, gas main, and anodes for dry utilities including electrical, gas, telephone, cable, internet, and information systems.
8. Earthwork and Retaining Walls – includes, but is not limited to, Site Preparation activities including importation of clean fill materials, clearing and grubbing, slope stabilization, ground improvement, installation of geogrid, surcharging, wick drains, excavation, rock fragmentation, grading, placement of fill, compaction, retaining walls, subdrainage, erosion control, temporary fencing, and post-construction stabilization such as hydroseeding. Also, includes, but is not limited to, excavation of future vertical development sites if the excavated soils is used on site for purposes of raising Horizontal Improvements.
9. Roadways – includes, but is not limited to, Public ROWs, road subgrade preparation, aggregate base, concrete roadway base, asphalt wearing surface, concrete curb, concrete gutter, medians, colored asphalt and concrete, pavers, speed bumps, sawcutting, grinding, conform paving, resurfacing, any other components required for onsite and offsite roadways, transit stops, bus facilities, permanent pavement marking and striping, traffic control signage, traffic light signals, offsite traffic improvements, and any other components or appurtenant features as required in the approved Improvement Plan details and specifications. through the permitting process.
10. Streetscape – includes, but is not limited to, subgrade preparation, aggregate base, sidewalks, pavers, ADA curb ramps with detectable tiles, streetlights, light pole foundations, signage, emergency services infrastructure, landscaping (including trees and silva cells and/or structural soil), irrigation, street furniture, waste receptacles, bike racks, shared bike parking facilities (whether publicly or privately owned), newspaper stands, any other components or appurtenant features as required in the approved Improvement Plan details and specifications through the permitting process, and interpretative signage and facilities.
11. Parks and Public Space – includes, but is not limited to, fine grading, storm drainage and treatment, sanitary sewer, low pressure water, park lighting, community wifi, security infrastructure, low-voltage electrical, various hardscaping, irrigation, landscaping, various

concrete structures, site furnishings, public art, viewing platforms, retrofit of shoreline structures and slopes (including demolition, excavation, installation of revetment, structural repair, and any other components, e.g., Shoreline Improvements), and any other associated work in publicly accessible spaces such as parks, open spaces, plazas, and mid-block passages, including publicly-accessible parks, plazas, mid-block passages and open space that is located on private property, but identified as public open space, mid-block passages, streets or streetscapes in the DDA or Design for Development.

12. Historic Rehabilitation Required for Horizontal Improvements – includes, but is not limited to, eligible cost for relocation, structural retrofit, repair, and rehabilitation of historic buildings associated with horizontal public improvements, such as Building 12 lifting, Building 21 relocation, Building 108 reuse for blackwater treatment, and Building 15 structural frame.
13. Hazardous Soil Removal – includes, but is not limited to, removal and disposal of contaminated soil which cannot be reused on site in accordance with the Pier 70 Risk Management Plan, Pier 70 Master Plan Area, dated July 25, 2013, and associated with Horizontal Improvements.
14. Shoreline Adaptation Studies - includes, but is not limited to, analysis and planning to characterize the preferred Shoreline Protection Project and alternatives, including pre-entitlement planning and design work, environmental review, negotiation, and Regulatory Approvals related to the Shoreline Protection Facilities, conducted in accordance with Pier 70 Financing Plan Section 4.7(f) (Determining Pier 70 Shoreline Protection Facilities).
15. Shoreline Protection Facilities includes, but is not limited to, future waterfront Improvements at the San Francisco shoreline to protect the area from perils associated with seismic events and climate change, including sea level rise and floods, and other public improvements approved by the Port Commission and the Board of Supervisors.
16. Noonan Replacement Space, a space to accommodate the Noonan Space Lease in a new or rehabilitated building that meets the requirements of DDA § 7.13 (Noonan Replacement Space) for which the Port has issued a Temporary Certificate of Occupancy and Noonan moving costs related to relocating Noonan Tenants from the existing Noonan Building to the Noonan Replacement Space.
17. Arts Building, a new building on Parcel E4 with space dedicated and restricted to arts/light industrial uses in accordance with DDA § 7.12 (Arts Building) and the Arts Program, as well as community space that can be funded under the Financing Plan.
18. Historic Building Feasibility Gap as specified in Financing Plan Section 11.1 (Subsidy for Historic Buildings 12 and 21).
19. Deferred Infrastructure.

20. Entitlement costs, including Entitlement Costs and costs to obtain approvals necessary to proceed with development, incurred after the Reference Date to develop improvements authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), such as the cost to comply with the California Environmental Quality Act, negotiate transaction documents, permitting of Horizontal Improvements, subdivision mapping, conduct community outreach, and prepare development design and land use requirements, but not expenses related to any campaign or ballot measure or any other expenses prohibited by law. Entitlement costs may include interim costs as approved from time to time by the Board of Supervisors.
21. Associated Public Benefits.
22. Miscellaneous Horizontal Development Costs - any other Horizontal Development Costs associated with implementing the DDA, including any additional costs that the Parties agree shall be incurred by the Developer for the Project, including workforce liaisons; studies and consultants required to comply with the DDA, such as auditors, inspectors, attorneys and appraisers; replacement and rework costs, including repairs to correct incidental damage that occurs throughout the course of construction and restoration of roadway pavement in areas where there are trenches excavated after the initial roadway is paved, and maintenance prior to acceptance by the City and/or Port.
23. Any other costs authorized to be financed by the STD under the DDA.
24. Soft Costs required to support the construction of the Horizontal Improvements and implementation of the DDA, including developer management costs, construction management Fees, and asset management costs.
25. Developer Mitigation Measures, including the formation of the Transportation Management Association and dust, vibration and asbestos monitoring.
26. Miscellaneous Costs, such as costs associated with implementing the DDA, including any additional costs that the Parties have agreed shall be incurred by the Developer for the Project, such as master planning for each phase, audits, appraisals, workforce development costs (such as a liaison), cash payments and community outreach initiatives.

Any facility authorized to be financed by the STD may be financed through the construction and acquisition of the facility or through the payment of fees for such facility.

The facilities authorized to be financed may be located within or outside the boundaries of the STD.

The facilities to be financed shall include all Hard Costs and Soft Costs associated with the facilities, including the costs of the acquisition of land and rights-of-way, the costs of design, engineering and planning, the costs of any environmental or traffic studies, surveys or other reports, costs related to landscaping and irrigation, soils and other environmental testing and

observation, permits, plan check, and inspection fees, insurance, legal and related overhead costs, bonding, trailer rental, utility bills, site security, coordination and supervision and any other costs or appurtenances related to any of the foregoing as further defined in one or more acquisition agreements with the developer of the property in the STD.

The facilities to be financed shall also include all incidental expenses, defined as follows:

- (1) The cost of planning and designing facilities to be financed by the STD, including the cost of environmental evaluations of those facilities.
- (2) The costs associated with the creation of the STD, issuance of bonds, determination of the amount of taxes, collection of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of the STD.
- (3) Any other expenses incidental to the construction, completion, and inspection of the authorized work, including costs for temporary facilities with a useful life of at least 3 years that are required to construct an authorized facility.
- (4) Special taxes levied on a property in the STD and paid by the Master Developer on behalf of a local agency or other landowner prior to the development of the property.

The facilities to be financed also includes the interim cost of the facilities, which shall mean the Developer Return or Port Return, as applicable, and any interest payable on any promissory note payable to the STD.

The STD may also apply bond proceeds and special taxes to repay the Port Commission for advances made to pay for authorized costs, under any promissory note or otherwise.

Special taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund facilities authorized to be financed by the STD.

AUTHORIZED SERVICES

Special taxes collected in the STD may finance, in whole or in part, the services authorized to be financed by the San Francisco Special Tax Financing Law (Admin. Code ch. 43, art. X) and the Mello-Roos Community Facilities Act of 1982 (Cal. Gov't Code Section 53311 et seq.), in and, to the extent permitted by the DDA, outside the FC Project Area, including:

- Maintenance, capital repair, replacement and operation (including public events) of Public Spaces, including facilities for public enjoyment, such as public parks, public recreational facilities, public access, open space, and other public amenities, some of which may be rooftop facilities or located on privately leased property but identified as public open space in the DDA or Design for Development.

- Maintenance, capital repair, replacement and operation of Public Right-of-Ways (ROWs), including public streets, sidewalks, shared public ways, mid-block passages, bicycle lanes, and other paths of travel, associated landscaping and furnishings, retaining walls within the ROWs and related amenities in the FC Project Area, including any portion of the Building 15 structure over 22nd Street, some of which may be located on privately leased property but identified as public open space in the DDA or Design for Development.
- Maintenance, capital repair, replacement and operation of Shoreline Improvements in and adjacent to the FC Project Area that were completed per the DDA, such as shoreline restoration, including installation of stone columns, pilings, secant walls, and other structures to stabilize the seawall or shoreline, removal of bay fill, creation of waterfront public access to or environmental remediation of the San Francisco waterfront.
- Maintenance, capital repair, replacement and operation of landscaping and irrigation systems and other equipment, material, and supplies directly related to maintaining and replacing landscaped areas and water features in Public Spaces and Public ROWs.
- Maintenance, capital repair, replacement and operation as needed of Public Spaces, including street cleaning and paving.
- Maintenance, capital repair, replacement and operation of lighting, rest rooms, trash receptacles, park benches, planting containers, picnic tables, bollards, bicycle racks and corrals and other furniture and fixtures and signage in Public Spaces and Public ROWs.
- Maintenance, capital repair, replacement and operation of utilities in Public Spaces and Public ROWs.
- General liability insurance for any Public ROWs or structures in Public ROWs that Public Works does not submit to the Board of Supervisors for City acceptance for City General Fund liability purposes and other commercially reasonable insurance coverages.
- Port, City, or third party personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance, including rent for storage space needed to support the maintenance activities.
- Any other costs authorized to be financed by the STD under the DDA.

Special taxes may be collected and set-aside in designated funds and collected over several years (i.e., reserves), and used to fund services authorized to be financed by the STD. The term “operation” includes providing security and hosting special events.

INCIDENTAL COSTS

Special taxes collected in the STD will also fund, in whole or in part, the incidental costs associated with the facilities and services authorized to be financed. Incidental costs include, but are not limited to:

1. Administrative expenses and fees including costs incurred to form the STD, to annex territory to the STD, to annually administer the STD, to levy and collect special taxes for the STD, and any other costs incurred in standard administration of the STD by the City or their authorized consultants;
2. Any amounts needed to cure actual or estimated delinquencies in special taxes for the current or previous fiscal years;
3. Bond related expenses, including underwriters discount, reserve fund, capitalized interest, bond, disclosure, and underwriter counsel fees and all other incidental expenses; and
4. Reimbursement of costs related to the formation of the STD advanced by the City and any landowner(s) in the STD, or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City or any landowner(s) in the STD or any party related to any of the foregoing, for facilities, fees or other purposes or costs of the STD.

EXHIBIT B

ASSESSOR PARCEL NUMBERS

<u>Assessor's Parcel Nos.</u>	<u>Names of Property Owners</u>
4111-009	San Francisco Port Commission
4052-008	San Francisco Port Commission
4052-012	San Francisco Port Commission
4114-005	San Francisco Port Commission
4114-006	San Francisco Port Commission
4116-008	San Francisco Port Commission

