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

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

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

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

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

WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of TIDA as the redevelopment agency for Treasure Island under California Community Redevelopment Law in Resolution No. 11-12; but such rescission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

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

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

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

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

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

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

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

WHEREAS, The City anticipates that future improvements will be necessary to
ensure that the shoreline, public facilities, and public access improvements will be
protected should sea level rise at the perimeter of the Project Site, and the Board of
Supervisors desires to provide a mechanism to pay directly for such improvements
and/or establish a capital reserve fund to finance such improvements; and

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

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

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

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

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

FURTHER RESOLVED, That pursuant to Section 53350 of the Mello-Roos Act, the territory to be initially included in the CFD (as shown on the map described below) is hereby designated to include the following Improvement Area: "Improvement Area No. 1 of the City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island)" ("Improvement Area No. 1"); and, be it

FURTHER RESOLVED, That the name proposed for the territory proposed to be annexed into the CFD in the future is "City and County of San Francisco Community Facilities District No. 2016-1 (Treasure Island) (Future Annexation Area)" ("Future Annexation Area"). In connection with the annexation of all or a portion of the Future

Page 4
Annexation Area, this Board of Supervisors shall follow the Annexation Approval Procedures described herein, which may include a designation that the area to be annexed shall be annexed as a separate improvement area; and, be it

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

FURTHER RESOLVED, That, from time to time, parcels within the Future Annexation Area shall be annexed to the CFD only with the unanimous approval (each, a “Unanimous Approval”) of the owner or owners of each parcel or parcels at the time that such parcel(s) are annexed, and in accordance with the Annexation Approval Procedures described herein. The Board of Supervisors hereby determines that any property for which the owner or owners execute a Unanimous Approval that is annexed into the CFD in accordance with the Annexation Approval Procedures shall be added to the CFD and the City Clerk shall record (i) an amendment to the notice of special tax lien for the CFD pursuant to Section 3117.5 of the Streets & Highways Code if the property is annexed to an existing improvement area or (ii) a notice of special tax lien for the CFD pursuant to Section 3117.5 of the Streets & Highways Code if the property annexed is designated as a new improvement area; provided, however, the designation of property as Future Annexation Area and the ability to annex property to the CFD based on a Unanimous Approval shall not limit, in any way, the annexation of property in the Future Annexation Area to the CFD pursuant to other provisions of the Mello-Roos Act; and, be it
FURTHER RESOLVED, That the type of public facilities proposed to be financed by the CFD, Improvement Area No. 1 and the Future Annexation Area (including any area therein designated to be annexed as a separate improvement area) pursuant to the Mello-Roos Act shall consist of those listed as facilities on Exhibit A hereto and hereby incorporated herein (“Facilities”). This Board of Supervisors hereby determines that the Facilities are necessary to meet increased demands placed upon local agencies as the result of development occurring within the CFD, Improvement Area No. 1 and the Future Annexation Area. This Board of Supervisors hereby finds and determines that the public interest will not be served by allowing the property owners in the CFD to enter into a contract in accordance with Section 53329.5(a) of the Mello-Roos Act. Notwithstanding the foregoing, this Board of Supervisors, on behalf of the CFD, may enter into one or more contracts directly with any of the property owners with respect to the construction and/or acquisition of any portion of the Facilities; and, be it

FURTHER RESOLVED, That the Director of the Office of Public Finance is hereby authorized and directed to enter into joint community facilities agreements with any entity that will own or operate any of the Facilities, as may be necessary to comply with the provisions of Section 53316.2(a) and (b) of the Mello-Roos Act. This Board of Supervisors’ approval of a joint community facilities agreement shall be conclusively evidenced by the execution and delivery thereof by the Director of the Office of Public Finance. This Board of Supervisors hereby declares that such joint agreements will be beneficial to owners of property in the area of the CFD; and, be it

FURTHER RESOLVED, That the type of services proposed to be financed by the CFD, Improvement Area No. 1 and the Future Annexation Area (including any area therein designated to be annexed as a separate improvement area) pursuant to the Mello-Roos Act shall consist of those listed in Exhibit A hereto and hereby incorporated herein (“Services”). This Board of Supervisors hereby determines that the Services are
necessary to meet increased demands for such services placed upon local agencies as the result of development occurring within the area of the CFD, Improvement Area No. 1 and the Future Annexation Area. The Services are in addition to those provided in the territory of the CFD, Improvement Area No. 1 and the Future Annexation Area as of the date hereof and will not supplant services already available within the territory of the CFD, Improvement Area No. 1 and the Future Annexation Area as of the date hereof.

The City intends to provide the Services on an equal basis in the original territory of the CFD and Improvement Area No. 1 and, when it has been annexed to the CFD, the Future Annexation Area (including any area therein designated to be annexed as a separate improvement area); and, be it

FURTHER RESOLVED, That except to the extent that funds are otherwise available, the City will levy a special tax (the “Special Tax”) to pay directly for the Facilities, including out of a capital reserve established for the payment of Facilities, to pay the principal and interest on bonds and other debt (as defined in the Mello-Roos Act) of the City issued for Improvement Area No. 1 to finance the Facilities and to pay for the Services. The Special Tax will be secured by recordation of a continuing lien against all non-exempt real property in the CFD and Improvement Area No. 1, will be levied annually within the CFD and Improvement Area No. 1, and collected in the same manner as ordinary ad valorem property taxes, or in such other manner as this Board of Supervisors or its designee shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the Special Tax among the parcels of real property within Improvement Area No. 1, in sufficient detail to allow each landowner within Improvement Area No. 1 to estimate the maximum amount such owner will have to pay, is described in Exhibit B attached hereto and hereby incorporated herein (“Rate and Method”); and, be it

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

FURTHER RESOLVED, That a special tax to finance Facilities shall not be levied in one or more future improvement areas formed to include territory that annexes into the CFD from the Future Annexation Area (each, a “Future Improvement Area”) after the fiscal year established therefor in the rate and method for the Future Improvement Area, and the special tax shall only be levied to finance Services thereafter, except that a special tax that was lawfully levied in or before the final tax year and that remains delinquent may be collected in subsequent years. Under no circumstances shall the special tax for financing Facilities levied against any parcel in the Future Improvement Area in any fiscal year used for private residential purposes be increased in that fiscal year as a consequence of delinquency or default by the owner of any other parcel or parcels within the Future Improvement Area by more than 10 percent; and, be it

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

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

(A) The annexation and related matters described in the Unanimous Approval
shall be implemented and completed without the need for the approval of either the
Board of Directors of TIDA ("TIDA Board") or this Board of Supervisors as long as the
following conditions are met:

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

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

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

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

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

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

(v) The rate and method of apportionment of special tax for the new
improvement area contains the same terms for “Collection of Special Tax”
(including with respect to the term of the special tax) and for application of
Remainder Special Taxes (as defined in the Rate and Method) with respect to
park maintenance costs as the Rate and Method.

If the foregoing conditions ((1) or (2), as applicable), are satisfied, as determined
by the Director of the Office of Public Finance, the Unanimous Approval shall be
deemed accepted by the City and the City Clerk shall record an amendment to the
notice of special tax lien or a new notice of special tax lien for the CFD pursuant to
Section 3117.5 of the Streets & Highways Code.

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

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

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

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

Fourth, if the TIDA Board adopts a resolution rejecting the Unanimous Approval, the owner(s) of property to be annexed into the CFD may revise the Unanimous Approval and resubmit it to the Treasure Island Director, who shall endeavor to submit the revised Unanimous Approval to the TIDA Board, accompanied by a written staff report as outlined above under Second, at the next available meeting of the TIDA Board, and the TIDA Board shall consider the revised Unanimous Approval and either (i) adopt a resolution accepting the revised Unanimous Approval or (ii) adopt a resolution rejecting the revised Unanimous Approval, with the sole basis for rejection being a detailed conclusion that the revised Unanimous Approval is not consistent with the Financing Plan, in which event the owner(s) may further revise the Unanimous Approval and repeat the process described in this clause Fourth. In lieu of submitting a revised Unanimous Approval to the Treasure Island Director, the owner(s) of property to
be annexed into the CFD may appeal the TIDA Board’s decision to reject the
Unanimous Approval to this Board of Supervisors, with the sole basis for appeal being
that the Unanimous Approval should not have been rejected because the Unanimous
Approval is consistent with the Financing Plan.

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

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

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

FURTHER RESOLVED, That except as may otherwise be provided by law or by the Rate and Method, all lands owned by any public entity, including the United States, the State of California and/or the City, or any departments or political subdivisions thereof, shall be omitted from the levy of the Special Tax to be made to cover the costs and expenses of the Facilities, the Services, the CFD or Improvement Area No. 1. In the event that a portion of the property within Improvement Area No. 1 shall become for any reason exempt, wholly or in part, from the levy of the Special Tax, this Board of Supervisors will, on behalf of the CFD, increase the levy to the extent necessary upon the remaining property within Improvement Area No. 1 which is not exempt in order to
yield the required debt service payments and other annual expenses of Improvement
Area No. 1, if any, subject to the provisions of the Rate and Method; and, be it

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

FURTHER RESOLVED, That the levy of the Improvement Area No. 1 Special
Tax shall be subject to the approval of the qualified electors of Improvement Area No. 1
at a special election. The proposed voting procedure shall be by mailed or hand-
delivered ballot among the landowners in the proposed Improvement Area No. 1, with
each owner having one vote for each acre or portion of an acre such owner owns in
Improvement Area No. 1 not exempt from the Improvement Area No. 1 Special Tax;
and, be it

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

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

FURTHER RESOLVED, That it is the intention of this Board of Supervisors, acting as the legislative body of the CFD, to cause bonds of the City and other debt (as defined in the Mello-Roos Act) to be issued for that portion of the CFD that is not included in Improvement Area No. 1 to finance in whole or in part the construction and/or acquisition of the Facilities. The bonds and other debt shall be in the aggregate principal amount of not to exceed $4.75 billion (“Non-Improvement Area No. 1 Indebtedness Limit”), shall be issued in such series and bear interest payable semi-annually or in such other manner as this Board of Supervisors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of each series of bonds and other debt, and shall mature not to exceed 40 years from the date of the issuance thereof; and, be it

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

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

FURTHER RESOLVED, That the City’s Director of the Office of Public Finance,
as the officer having charge and control of the Facilities and the Services in and for the
CFD, Improvement Area No. 1 and the Future Annexation Area, is hereby directed to
study said proposed Facilities and Services and to make, or cause to be made, and file
with the Clerk of the Board of Supervisors a report in writing (“CFD Report”) presenting
the following:

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

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

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

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

FURTHER RESOLVED, That the Clerk of the Board of Supervisors is hereby directed to cause notice of the public hearing to be given by publication one time in a newspaper published in the area of the CFD and the Future Annexation Area. The publication shall be completed at least seven days before the date of the public hearing specified above. The notice shall be substantially in the form specified in Section 53322 of the Mello-Roos Act, with the form summarizing the provisions hereof hereby specifically approved; and, be it

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

FURTHER RESOLVED, That section 53314.9 of the Mello-Roos Act provides that, either before or after formation of the CFD, the City may accept work in-kind from any source, including, but not limited to, private persons or private entities, may provide, by resolution, for the use of that work in-kind for any authorized purpose and this Board of Supervisors may enter into an agreement, by resolution, with the person or entity advancing the work in-kind, to reimburse the person or entity for the value, or cost, whichever is less, of the work in-kind, as determined by this Board of Supervisors, with or without interest, under the conditions specified in the Mello-Roos Act. Any work in-kind must be performed or constructed as if the work had been performed or constructed under the direction and supervision, or under the authority of, the City and, in furtherance of Section 53314.9, the Board of Supervisors previously approved the execution and delivery of an Acquisition and Reimbursement Agreement among the City, TIDA and the Developer; and, be it

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

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

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

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

FURTHER RESOLVED, That the Mayor, the Controller, the Director of the Office
of Public Finance, the Clerk of the Board of Supervisors and any and all other officers of
the City are hereby authorized, for and in the name of and on behalf of the City, to do
any and all things and take any and all actions, including execution and delivery of any
and all documents, assignments, certificates, requisitions, agreements, notices,
consents, instruments of conveyance, warrants and documents, which they, or any of
them, may deem necessary or advisable in order to effectuate the purposes of this
Resolution; provided however that any such actions be solely intended to further the
purposes of this Resolution, and are subject in all respects to the terms of the
Resolution; and, be it
FURTHER RESOLVED, That all actions authorized and directed by this Resolution, consistent with any documents presented herein, and heretofore taken are hereby ratified, approved and confirmed by this Board of Supervisors; and, be it

FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.
APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: ________________________________
    Mark D. Blake
    Deputy City Attorney
EXHIBIT A

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

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

FACILITIES

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

A. Acquisition Facilities

1. Acquisition - includes acquisition of land for public improvements.

2. Abatement - includes abatement of hazardous materials and disposal of waste.

3. Demolition - removal of below-grade, at-grade, and above-grade facilities, and recycling or disposal of waste.

4. Supplemental Fire Water Supply System - including, but not limited to, main pipe, laterals, valves, fire hydrants, cathodic protection, manifolds, air-gap back flow preventer, wharf fire hydrants, portable water pumper, and tie-ins for onsite water supply network that is unique to San Francisco intended for fire suppression.

5. Low Pressure Water - including, but not limited to, main pipe, pressure reducing stations, laterals, water meters, water meter boxes, back flow preventers, gate valves, air valves, blowoffs, fire hydrants, cathodic protection,
and tie-ins for onsite and offsite low pressure water supply network intended for
domestic use.

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

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

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

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

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

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

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

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

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

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

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

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

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

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


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

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

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

B. Authorized Payments

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

C. Public Sector Provided Facilities

1. Sea Level Rise Adaptations – including, but not limited to, demolition, excavation, and installation of revetment; structural improvements of shoreline and revetment; construction, improvement or relocation of shoreline structures, seawalls, stormwater pump stations and outfalls; earthwork, grading and landscaping; and the development of intertidal zones or wetlands.

Exhibit A
2. Facility Capital Improvements – upgrade, reconstruction, or replacement of publicly-owned assets on Treasure Island and Yerba Buena Island, including, but not limited to, buildings, hangars, school facilities, living quarters, parks, improvements for sea-level rise, piers, and the Acquisition Facilities described in Section A of this Exhibit A.
Special taxes collected in the CFD, Improvement Area No. 1, and each Future Improvement Area will finance, in whole or in part, the following services (“services” shall have the meaning given that term in the Mello-Roos Community Facilities Act of 1982):

- The costs of operating and maintaining Improvements constructed pursuant to the Parks and Open Space Plan within the Project Site, including installing landscaping, all personnel or third-party maintenance costs, costs of maintaining irrigation systems and other equipment directly related to maintenance, maintenance or replacement as needed of landscape areas, water features, bathrooms, trash receptacles, park benches, planting containers, picnic tables, and other equipment or fixtures installed in areas to be maintained, insurance costs, and any other related overhead costs, along with TIDA personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance. The terms used in this paragraph have the meaning given them in the Financing Plan.

- Operating and maintaining TIDA owned structures and facilities within the Project Site, including but not limited to Building 1, Hangers 2 & 3, Pier 1, the Historic Officers’ Quarters, Quarters 10 & 62, the Torpedo Building, Chapel, gymnasium, roadways, paths and walkways. Costs include but are not limited to all personnel or third-party maintenance costs, costs of maintaining systems and other equipment directly related to maintenance, as needed, of building systems, roofs, building envelope, and interiors, insurance costs, and any other related overhead costs, along with TIDA personnel, administrative, and overhead costs related to maintenance or to contracting for and managing third-party maintenance. The terms used in this paragraph have the meaning given them in the Financing Plan.
The CFD, Improvement Area No. 1, and each Future Improvement Area may also finance any of the following:

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

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

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

4. Funding a capital reserve fund to finance the Facilities described in C (Public Sector Provided Facilities) above.
EXHIBIT B

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

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX FOR
IMPROVEMENT AREA NO. 1