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

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

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, the California Legislature (i) designated the Treasure Island Development Authority, a California non-profit public benefit corporation ("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WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of TIDA as the redevelopment agency for Treasure Island under California Community Redevelopment Law in Resolution No. 11-12; but such rescission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 has and 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, Developer and the City previously entered into a Development Agreement related to the Project Site to eliminate uncertainty in the City’s land use planning for the Project Site and secure orderly development of the Project consistent with the DDA and other applicable requirements, and the Financing Plan is also an exhibit to the Development Agreement; and

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

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

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

WHEREAS, Pursuant to Section 53369.5 of the IRFD Law, an infrastructure and revitalization financing district may be divided into project areas; and
WHEREAS, Pursuant to the Financing Plan and the IRFD Law, this Board of
Supervisors has adopted its “Resolution of intention to establish City and County of San
Francisco Infrastructure and Revitalization Financing District No. 1 (Treasure Island) and
project areas therein to finance the construction and/or acquisition of facilities on Treasure
Island and Yerba Buena Island; to provide for annexation; to call a public hearing on the
formation of the district and project areas therein and to provide public notice thereof; and
determining other matters in connection therewith” (“Resolution of Intention to Establish
IRFD”), stating its intention to form (i) the “City and County of San Francisco Infrastructure
and Revitalization Financing District No. 1 (Treasure Island)” (“IRFD”) pursuant to the IRFD
Law, (ii) “Project Area A of the City and County of San Francisco Infrastructure and
Revitalization Financing District No. 1 (Treasure Island)” (“Project Area A”) as a project area
within the IRFD, (iii) “Project Area B of the City and County of San Francisco Infrastructure
and Revitalization Financing District No. 1 (Treasure Island)” (“Project Area B”) as a project
area within the IRFD, (iv) “Project Area C of the City and County of San Francisco
Infrastructure and Revitalization Financing District No. 1 (Treasure Island)” (“Project Area C”),
(v) “Project Area D of the City and County of San Francisco Infrastructure and Revitalization
Financing District No. 1 (Treasure Island)” (“Project Area D”), (vi) “Project Area E of the City
and County of San Francisco Infrastructure and Revitalization Financing District No. 1
(Treasure Island)” (“Project Area E” and, together with Project Area A, Project Area B, Project
Area C and Project Area D, the “Initial Project Areas” and together with any future project
areas that may be established in the IRFD, the “Project Areas”) as a project area within the
IRFD, for the purpose of financing certain facilities (“Facilities”) as further provided in the
Resolution of Intention to Establish IRFD; and

WHEREAS, In the Resolution of Intention to Establish IRFD, this Board of Supervisors
declared its intent to provide for future annexations of property on Yerba Buena Island and
Treasure Island into the IRFD any time after formation of the IRFD, but only if the Board of Supervisors has completed the procedures set forth in the Infrastructure Financing Plan, which shall be based on the following: (i) this Board of Supervisors adopts a resolution of intention to annex property (the “annexation territory”) into the IRFD and describes whether the annexation territory will be included in one of the then-existing Project Areas or in a new Project Area and to issue bonds, (ii) the resolution of intention is mailed to each owner of land in the annexation territory and each affected taxing entity in the annexation territory, in substantial compliance with Sections 53369.11 and 53369.12 of the IRFD Law, (iii) this Board of Supervisors designates TIDA to prepare an amendment to the Infrastructure Financing Plan, if necessary, and the designated official prepares any such amendment, in substantial compliance with Sections 53369.13 and 53369.14 of the IRFD Law, (iv) any amendment to the Infrastructure Financing Plan is sent to each owner of land and each affected taxing entity (if any) within the annexation territory, in substantial compliance with Sections 53369.15 and 53369.16 of the IRFD Law, (v) this Board of Supervisors notices and holds a public hearing on the proposed annexation, in substantial compliance with Sections 53369.17 and 53369.18 of the IRFD Law, (vi) this Board of Supervisors adopts a resolution proposing the adoption of any amendment to the Infrastructure Financing Plan and annexation of the annexation territory to the IRFD, and submits the proposed annexation to the qualified electors in the annexation territory, in substantial compliance with Sections 53369.20-53369.22 of the IRFD Law, with the ballot measure to include the question of the proposed annexation of the annexation territory into the IRFD, approval of the appropriations limit for the IRFD and approval of the issuance of bonds and other debt for the IRFD, and (vii) after canvass of returns of any election, and if two-thirds of the votes cast upon the question are in favor of the ballot measure, this Board may, by ordinance, adopt the amendment to the Infrastructure
Financing Plan, if any, and approve the annexation of the annexation territory to the IRFD, in substantial compliance with Section 53369.23 of the IRFD Law; and

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

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

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

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

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

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

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

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

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

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

FURTHER RESOLVED, That this Board of Supervisors intends to authorize the issuance and sale of the Bonds in one or more series for the IRFD in the maximum aggregate principal amount of (i) $780 million plus (ii) the principal amount of Bonds approved by this Board of Supervisors and the qualified electors of the annexation territory in connection with the annexation of the annexation territory to the IRFD, so long as the Board makes the finding specified in Section 53369.41(f). The Bonds shall 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 the
Bonds. The maximum underwriter’s discount of the Bonds shall be 2.0% of the par amount of
the Bonds; and be it

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

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

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

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

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