[Resolution of Intention to Issue Bonds Related to Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard)]

Resolution of intention to issue bonds for City and County of San Francisco Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard) and determining other matters in connection therewith.

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

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

WHEREAS, Pursuant to Proposition F, the voters in the City approved a policy of the City, that the City encourage the timely development of the Project Site with a development project that includes certain major uses, including without limitation, new below market-rate homes affordable to middle- and low-income families and individuals, representing 30 percent of all new housing units (Affordable Housing); and,

WHEREAS, Forest City and the City anticipate that Forest City will undertake pursuant to the DDA an obligation to construct Affordable Housing on the Project Site and an area of land in the vicinity of the Project Site and within Pier 70 commonly known as Parcel K South (Parcel K South) to satisfy the requirements for Affordable Housing under Proposition F; 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 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. 2 (Hoedown Yard) on land within the City and County of San Francisco commonly known as the Hoedown Yard to finance the construction of affordable housing within Pier 70 and Parcel K South; to call a public hearing on October 24, 2017 on the formation of the district 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. 2 (Hoedown Yard)” (IRFD) pursuant to the IRFD Law, for the purpose of financing Affordable Housing within the Project Site and Parcel K South to satisfy the requirements for Affordable Housing under Proposition F as further provided in the Resolution of Intention to Establish IRFD (the Facilities); 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 construction of the Facilities within the Project Site and Parcel K South, 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 Executive Director of the Port of San Francisco, or designee of the Executive Director of the Port of San Francisco, to prepare an infrastructure financing plan for the City and County of San Francisco Infrastructure and Revitalization Financing District
No. 2 (Hoedown Yard) and determining other matters in connection therewith,” ordering preparation of an infrastructure financing plan for the IRFD (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,

WHEREAS, Pursuant to IRFD Law Section 53369.40, 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 IRFD Law Section 53369.14, 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 Board of Directors, on behalf of 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 Board of Supervisors 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; and, be it

FURTHER RESOLVED, That the Board of Supervisors hereby estimates that the cost
of the Facilities will be $315.8 million (in 2017 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 $91.9 million, and 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, and 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, 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 $315.8 million, and in accordance with IRFD Law Section 53369.41(f), the Board of
Supervisors hereby finds that the amount necessary to pay principal of and interest on the
maximum principal amount of Bonds specified in the preceding paragraph is less than or
equal to the incremental property tax revenues that are expected to be available to the IRFD
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 October 24, 2017, 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 approval of the proposed Infrastructure Financing Plan and appropriations limit for
the IRFD to be held on October 24, 2017. The Director of Elections is hereby designated as
the official to conduct the election in the IRFD and to receive all ballots until __:00 p.m. on
October 24, 2017, and pursuant to IRFD Law Section 53369.20, the election shall be
carried out 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 to authorize the issuance of bonds for
the IRFD, and 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
at least six days a week, or at least once a week for two successive weeks in a newspaper
published in the City less than six days a week, and if there are no newspapers meeting the
foregoing criteria, this resolution shall posted in three public places within the territory of the
IRFD 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 Resolution No. ____ of this
Board of Supervisors; 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