

1 [Pledge Agreement Related Documents - CCSF Infrastructure Financing District No. 2 (Port of
2 San Francisco), Sub-Project Areas I-1 through I-13 - Special Tax Bonds - CCSF Special Tax
3 District No. 2020-1 (Mission Rock Facilities and Services)]

4 **Resolution approving certain documents and actions related to a Pledge Agreement by**
5 **City and County of San Francisco Infrastructure Financing District No. 2 (Port of**
6 **San Francisco) and Development Special Tax Bonds for City and County of**
7 **San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services);**
8 **and determining other matters in connection therewith, as defined herein.**

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

15 WHEREAS, Seawall Lot 337 Associates, LLC, a Delaware limited liability company
16 (“Master Developer”) and the City, acting by and through the Port, are parties to a Disposition
17 and Development Agreement (as amended from time to time, “DDA”), including a Financing
18 Plan (as amended from time to time, “Financing Plan”), that governs the disposition and
19 development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337, 3.53
20 acres located at Terry A. Francois Boulevard from Third Street to Mission Rock Street, China
21 Basin Park and one-half (½) acre to the east of Terry A. Francois Boulevard between Pier 48
22 and Pier 50 (“Project Site”), and also provides for development of Pier 48, which DDA was
23 approved by the Board of Supervisors of the City (“Board of Supervisors” or “Board”) by
24 Resolution No. 42-18, adopted on February 13, 2018, signed by the Mayor on February 23,
25

1 2018, and a copy of which is in Board File No. 180092 (“Mission Rock Project Resolution”);
2 and

3 WHEREAS, The Port collaborated with the State Lands Commission and the
4 Legislature to amend the Burton Act to lift or suspend certain statutory trust use restrictions
5 that impeded the Port’s ability to realize the development potential of Port lands; and under
6 Senate Bill 815 (Stats. 2007, ch. 660, as amended by Stats. 2016, ch. 529) (“SB 815”), the
7 Port is authorized to lease certain seawall lots south of Market Street, including the Project
8 Site, for nontrust purposes, providing revenues for rehabilitation of historic wharves and piers
9 and other trust uses; SB 815 allows long-term nontrust uses that are otherwise not
10 permissible under the Burton Act as a primary mechanism to generate Port revenues for trust
11 purposes, including the construction of infrastructure needed for development; and

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

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

25 WHEREAS, Under the DDA, (i) the Master Developer is responsible for master

1 development of the Project Site, including construction of public infrastructure, (ii) the Port and
2 Master Developer will enter into a master lease for all of the Project Site, (iii) the Port will
3 convey development parcels to vertical developers and those parcels will be released from
4 the master lease, and (iv) the Port may enter into a separate lease with the Master Developer
5 (or an affiliate of Master Developer) for development of Pier 48; and

6 WHEREAS, The City anticipates that, in addition to the infrastructure and private
7 development described above, future improvements will be necessary to ensure that the
8 shoreline, public facilities, and public access improvements will be protected should sea levels
9 rise in the vicinity of the Project Site; and

10 WHEREAS, At its hearing on October 5, 2017, and prior to recommending proposed
11 Planning Code amendments for approval, by Motion No. M-20017, the Planning Commission
12 certified a Final Environmental Impact Report (“FEIR”) for the Project pursuant to the
13 California Environmental Quality Act (“CEQA”) (California Public Resources Code, Section
14 21000 et seq.), the CEQA Guidelines (14 Cal. Code Reg., Section 15000 et seq.), and
15 Administrative Code, Chapter 31; a copy of said Motion is on file with the Clerk of the Board in
16 File No. 171117, and is incorporated herein by reference; and

17 WHEREAS, In recommending proposed Planning Code amendments for approval by
18 the Board at its hearing on October 5, 2017, by Motion No. M-20018, the Planning
19 Commission also adopted findings under CEQA, including a statement of overriding
20 consideration, and a Mitigation Monitoring and Reporting Program (“MMRP”), and copies of
21 said Motion and MMRP are on file with the Clerk of the Board in File No. 171117, and are
22 incorporated herein by reference; and

23 **Special Tax District**

24 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (as
25 it may be amended from time to time, “Code”), which Code incorporates by reference the

1 Mello-Roos Community Facilities Act of 1982, as amended (“Mello-Roos Act”), the Board is
2 authorized to establish a special tax district and to act as the legislative body for a special tax
3 district; and

4 WHEREAS, The Board of Supervisors has conducted proceedings under and pursuant
5 to the Code to form “City and County of San Francisco Special Tax District No. 2020-1
6 (Mission Rock Facilities and Services)” (“Special Tax District”), to authorize the levy of special
7 taxes upon the land within the Special Tax District pursuant to a rate and method of
8 apportionment of special tax (“Rate and Method”) and to authorize the issuance of bonds and
9 other debt (as defined in the Mello-Roos Act) secured by said special taxes for the purpose of
10 financing certain improvements (“Facilities”) and incidental expenses (“incidental expenses”),
11 all as described in those proceedings; and

12 WHEREAS, The Rate and Method provides for the levy of separate special taxes
13 within the Special Tax District, including, among others, the Development Special Tax, the
14 Office Special Tax and the Shoreline Special Tax; and

15 WHEREAS, Pursuant to Resolution No. 196-20, which was adopted on May 5, 2020,
16 and signed by the Mayor on May 15, 2020 (“Original Special Tax Bond Resolution”), the
17 Board of Supervisors authorized the issuance of up to \$3,700,000,000 of bonded
18 indebtedness and other debt on behalf of the Special Tax District and directed staff to prepare
19 documentation for such bonded indebtedness and other debt and return to the Board of
20 Supervisors for approval of such documentation; and

21 WHEREAS, Code Section 43.10.15.2 authorizes the City, on behalf of the Special Tax
22 District, to enter into an agreement with any third party that pledges to the Special Tax District
23 funds that will be used to pay for facilities or services that the Special Tax District is
24 authorized to finance or to pay debt service on bonds or debt issued by or for the Special Tax
25 District; and

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Infrastructure Financing District

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

WHEREAS, By Ordinance No. 27-16, which the Board of Supervisors adopted on March 1, 2016 and which was signed by the Mayor on March 11, 2016 (“Ordinance Establishing IFD”), the Board of Supervisors, among other things, declared “City and County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)” (“IFD”) to be fully formed and established, approved an infrastructure financing plan for the IFD (“IFD Infrastructure Financing Plan”), and designated initial proposed project areas within the IFD; and

WHEREAS, In accordance with the DDA, by Ordinance No. 34-18, which the Board of Supervisors adopted on February 27, 2018, and which was signed by the Mayor on March 6, 2018 (“Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13”), the Board of Supervisors, among other things, declared the following project area (“Project Area I”) and sub-project areas (collectively, “Sub-Project Areas”) within the Project Site to be fully formed and established and approved Appendix I to the IFD Infrastructure Financing Plan:

- (i) “Project Area I (Mission Rock),”
- (ii) “Sub-Project Area I-1 (Mission Rock),”
- (iii) “Sub-Project Area I-2 (Mission Rock),”
- (iv) “Sub-Project Area I-3 (Mission Rock),”
- (v) “Sub-Project Area I-4 (Mission Rock),”
- (vi) “Sub-Project Area I-5 (Mission Rock),”
- (vii) “Sub-Project Area I-6 (Mission Rock),”
- (viii) “Sub-Project Area I-7 (Mission Rock),”
- (ix) “Sub-Project Area I-8 (Mission Rock),”
- (x) “Sub-Project Area I-9 (Mission Rock),”
- (xi) “Sub-Project Area I-10 (Mission Rock),”

1 (xii) “Sub-Project Area I-11 (Mission Rock),” (xiii) “Sub-Project Area I-12 (Mission Rock),” and
2 (xiv) “Sub-Project Area I-13 (Mission Rock)”; and

3 WHEREAS, Under Section 53395.2 of the IFD Law, the IFD is authorized to pledge
4 revenues available from the Sub-Project Areas and allocated to it pursuant to Article 3 of the
5 IFD Law (commencing with Section 53396) to pay the principal of, and interest on, bonds
6 issued pursuant to the Mello-Roos Act, the proceeds of which have been or will be used
7 entirely for allowable purposes of the IFD; and

8 WHEREAS, By Resolution No. 37-18, which the Board of Supervisors adopted on
9 February 13, 2018, and which was signed by the Mayor on February 23, 2018 (“Original
10 Pledge Resolution”), the Board of Supervisors, acting as the legislative body of the IFD,
11 authorized execution of one or more pledge agreements by the IFD that provides, among
12 other things, for the pledge of tax increment revenues allocated to the IFD with respect to all
13 or any of the Sub-Project Areas (“Tax Increment”), as applicable, to bonds issued for a special
14 tax district that is formed by the Board of Supervisors to finance all or any of the facilities that
15 can be financed by the IFD with Tax Increment; and

16 WHEREAS, A default judgment was entered on October 17, 2019, by the Superior
17 Court of the County of San Francisco in a judicial validation action related to, among other
18 things, the IFD, the Sub-Project Areas and such pledge agreements (Case No. CGC-18-
19 565561) (“Validation Judgment”); and

20 **Outstanding Development Special Tax Bonds**

21 WHEREAS, The City previously issued on behalf of the Special Tax District the
22 \$43,300,000 City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock
23 Facilities and Services) Development Special Tax Bonds, Series 2021A (“2021A Development
24 Special Tax Bonds”) pursuant to Resolution No. 565-20, which was approved by the Board of
25 Supervisors on December 8, 2020 and signed by the Mayor on December 18, 2020 (“First

1 Supplemental Development Special Tax Resolution of Issuance”) and a Fiscal Agent
2 Agreement, dated as of May 1, 2021 (“Development Special Tax Master Fiscal Agent
3 Agreement”), by and between the City and Zions Bancorporation, National Association, as
4 fiscal agent (“Fiscal Agent”); and

5 WHEREAS, In connection with the issuance of the 2021A Development Special Tax
6 Bonds, the IFD previously executed and delivered a Pledge Agreement, dated as of May 1,
7 2021 (“Pledge Agreement”), by and among the City, for and on behalf of the Special Tax
8 District, the IFD and the Fiscal Agent, pursuant to Resolution No. 569-20, which was
9 approved by the Board of Supervisors on December 8, 2020, and signed by the Mayor on
10 December 18, 2020 (“First Supplemental Pledge Resolution”); and

11 WHEREAS, The City subsequently issued on behalf of the Special Tax District the
12 \$54,280,000 City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock
13 Facilities and Services) Development Special Tax Bonds, Series 2021B (Federally Taxable)
14 (“2021B Development Special Tax Bonds”) and the \$10,000,000 City and County of
15 San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)
16 Development Special Tax Bonds, Series 2021C (“2021C Development Special Tax Bonds”;
17 together with 2021A Development Special Tax Bonds and 2021B Development Special Tax
18 Bonds, “Outstanding Development Special Tax Bonds”) pursuant to Resolution No. 224-21,
19 which was approved by the Board of Supervisors on May 11, 2021, and signed by the Mayor
20 on May 21, 2021 (“Second Supplemental Development Special Tax Resolution of Issuance”),
21 and a First Supplement to Fiscal Agent Agreement, dated as of November 1, 2021 (“First
22 Supplement to Development Special Tax Fiscal Agent Agreement”), by and between the City
23 and the Fiscal Agent; and

24 WHEREAS, In connection with the issuance of the 2021B Development Special Tax
25 Bonds and the 2021C Development Special Tax Bonds, the Board of Supervisors, in its

1 capacity as legislative body of the IFD, approved certain documents and actions pursuant to
2 Resolution No. 225-21, which was approved by the Board of Supervisors on May 11, 2021,
3 and signed by the Mayor on May 21, 2021 (“Second Supplemental Pledge Resolution”); and

4 WHEREAS, The Outstanding Development Special Tax Bonds are payable from
5 Revenues (as defined in the Master Development Special Tax Fiscal Agent Agreement),
6 which include (a) revenue from the Development Special Tax levied under the Rate and
7 Method, and not from other special taxes that may be levied under the Rate and Method and
8 (b) certain payments made by the IFD under the Pledge Agreement; and

9 **Proposed Development Special Tax Bonds**

10 WHEREAS, The Board of Supervisors is concurrently considering a resolution
11 supplementing the Original Special Tax Bond Resolution to provide for the issuance of one or
12 more additional series of City and County of San Francisco Special Tax District No. 2020-1
13 (Mission Rock Facilities and Services) Development Special Tax Bonds (the “2023
14 Development Special Tax Bonds”), which will be payable from Revenues (as defined in the
15 Master Fiscal Agent Agreement) on a parity basis with the Outstanding Development Special
16 Tax Bonds, to finance a portion of the Facilities and related costs and expenses; and

17 WHEREAS, On September 12, 2023, Port staff provided an update to the Port
18 Commission on the Project and plan of finance, including the proposed issuance of the 2023
19 Development Special Tax Bonds, and by Resolution No. 23-41, the Port Commission
20 recommended that the Board of Supervisors, as the legislative body of the IFD, approve
21 certain documents and actions related to the 2023 Development Special Tax Bonds; and

22 WHEREAS, A copy of Port Commission Resolution No. 23-41 is in Board File
23 No. 231023, and is incorporated in this Resolution by reference; and

24 WHEREAS, In the Ordinance Establishing Project Area I and Sub-Project Areas I-1
25 through I-13, the Board of Supervisors appointed the Port Commission to act as the agent of

1 the IFD with respect to Project Area I and the Sub-Project Areas (which is referred to as the
2 IFD Agent in the DDA), which under the DDA includes the authority to determine in
3 collaboration with the Office of Public Finance whether and in what amounts the IFD will issue
4 or incur indebtedness for the purposes specified in Appendix I to the Infrastructure Financing
5 Plan and enter into agreements related to such indebtedness; and

6 WHEREAS, In its capacity as legislative body of the IFD, the Board of Supervisors now
7 wishes to approve certain documents and actions in connection with the issuance of the 2023
8 Development Special Tax Bonds; and

9 **Special Fund Administration Agreement**

10 The Port, as CFD Agent and IFD Agent, and in its own proprietary capacity, has
11 entered into a Special Fund Administration Agreement, dated as of May 1, 2021 (“Special
12 Fund Administration Agreement”), with Zions Bancorporation, National Association (“Special
13 Fund Trustee”), for the purpose of facilitating a more orderly administration of the revenues
14 generated by the Special Tax District and the IFD; and

15 WHEREAS, All conditions, things and acts required to exist, to have happened and to
16 have been performed precedent to the execution and delivery of such documents and the
17 taking of such actions as contemplated by this Resolution and the documents referred to
18 herein exist, have happened and have been performed in due time, form and manner as
19 required by applicable law, including the IFD Law; now, therefore, be it

20 RESOLVED, That the foregoing recitals are all true and correct; and, be it

21 FURTHER RESOLVED, That the Port, in its capacity as IFD Agent, is hereby
22 authorized and directed to execute and deliver any amendment to the Special Fund
23 Administration Agreement that an appropriate officer of the City determines is necessary to
24 consummate the lawful issuance and delivery of the 2023 Development Special Tax Bonds in
25 accordance with this Resolution; and, be it

1 FURTHER RESOLVED, That all actions heretofore taken by the officers and agents of
2 the City (including, but not limited to the IFD Agent in accordance with the DDA and the
3 Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13) with respect to
4 the establishment of the IFD, Project Area I and the Sub-Project Areas, the approval of the
5 IFD Infrastructure Financing Plan and Appendix I, and the execution and delivery of the
6 Pledge Agreement are hereby approved, confirmed and ratified, and the appropriate officers
7 of the City (including, but not limited to the IFD Agent in accordance with the DDA and the
8 Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13) are hereby
9 authorized and directed to do any and all things and take any and all actions and execute any
10 and all certificates, agreements and other documents on behalf of the IFD, which they, or any
11 of them, may deem necessary or advisable in connection with the 2023 Development Special
12 Tax Bonds in accordance with this Resolution, including but not limited to any actions required
13 in connection with issuance of ratings or obtaining a municipal bond insurance policy with
14 respect to the 2023 Development Special Tax Bonds, and any certificate, agreement, and
15 other document described in the documents herein approved; all actions to be taken by the
16 officers and agents of the City may be taken by such officer or agent or any designee, with the
17 same force and effect as if taken by the officer or agent; and, be it

18 FURTHER RESOLVED, That this Resolution shall take effect from and after its
19 adoption and approval.

20 APPROVED AS TO FORM:
21 DAVID CHIU, City Attorney

22 By: /s/ Mark D. Blake
23 MARK D. BLAKE
24 Deputy City Attorney

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