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

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

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

WHEREAS, Seawall Lot 337 Associates, LLC, a Delaware limited liability company (“Master Developer”) and the City, acting by and through the Port, are parties to a Disposition and Development Agreement (as amended from time to time, “DDA”), including a Financing Plan (as amended from time to time, “Financing Plan”), that governs the disposition and development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337, 3.53 acres located at Terry A. Francois Boulevard from Third Street to Mission Rock Street, China Basin Park and one-half (½) acre to the east of Terry A. Francois Boulevard between Pier 48 and Pier 50 (“Project Site”), and also provides for development of Pier 48, which DDA was approved by the Board of Supervisors of the City (“Board of Supervisors” or “Board”) by Resolution No. 42-18, adopted on February 13, 2018, signed by the Mayor on February 23,
2018, and a copy of which is in Board File No. 180092 ("Mission Rock Project Resolution"); and

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

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

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

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

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

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

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

**Special Tax District**

WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (as
it may be amended from time to time, “Code”), which Code incorporates by reference the
Mello-Roos Community Facilities Act of 1982, as amended ("Mello-Roos Act"), the Board is authorized to establish a special tax district and to act as the legislative body for a special tax district; and

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

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

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

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

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

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

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

**Outstanding Development Special Tax Bonds**

WHEREAS, The City previously issued on behalf of the Special Tax District the $43,300,000 City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) Development Special Tax Bonds, Series 2021A (“2021A Development Special Tax Bonds”) pursuant to Resolution No. 565-20, which was approved by the Board of Supervisors on December 8, 2020 and signed by the Mayor on December 18, 2020 (“First
Supplemental Development Special Tax Resolution of Issuance”) and a Fiscal Agent Agreement, dated as of May 1, 2021 (“Development Special Tax Master Fiscal Agent Agreement”), by and between the City and Zions Bancorporation, National Association, as fiscal agent (“Fiscal Agent”); and

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

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

WHEREAS, In connection with the issuance of the 2021B Development Special Tax Bonds and the 2021C Development Special Tax Bonds, the Board of Supervisors, in its
capacity as legislative body of the IFD, approved certain documents and actions pursuant to Resolution No. 225-21, which was approved by the Board of Supervisors on May 11, 2021, and signed by the Mayor on May 21, 2021 (“Second Supplemental Pledge Resolution”); and

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

**Proposed Development Special Tax Bonds**

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

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

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

WHEREAS, In the Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13, the Board of Supervisors appointed the Port Commission to act as the agent of
the IFD with respect to Project Area I and the Sub-Project Areas (which is referred to as the IFD Agent in the DDA), which under the DDA includes the authority to determine in collaboration with the Office of Public Finance whether and in what amounts the IFD will issue or incur indebtedness for the purposes specified in Appendix I to the Infrastructure Financing Plan and enter into agreements related to such indebtedness; and

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

Special Fund Administration Agreement

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

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

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

FURTHER RESOLVED, That the Port, in its capacity as IFD Agent, is hereby authorized and directed to execute and deliver any amendment to the Special Fund Administration Agreement that an appropriate officer of the City determines is necessary to consummate the lawful issuance and delivery of the 2023 Development Special Tax Bonds in accordance with this Resolution; and, be it
FURTHER RESOLVED, That all actions heretofore taken by the officers and agents of
the City (including, but not limited to the IFD Agent in accordance with the DDA and the
Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13) with respect to
the establishment of the IFD, Project Area I and the Sub-Project Areas, the approval of the
IFD Infrastructure Financing Plan and Appendix I, and the execution and delivery of the
Pledge Agreement are hereby approved, confirmed and ratified, and the appropriate officers
of the City (including, but not limited to the IFD Agent in accordance with the DDA and the
Ordinance Establishing Project Area I and Sub-Project Areas I-1 through I-13) are hereby
authorized and directed to do any and all things and take any and all actions and execute any
and all certificates, agreements and other documents on behalf of the IFD, which they, or any
of them, may deem necessary or advisable in connection with the 2023 Development Special
Tax Bonds in accordance with this Resolution, including but not limited to any actions required
in connection with issuance of ratings or obtaining a municipal bond insurance policy with
respect to the 2023 Development Special Tax Bonds, and any certificate, agreement, and
other document described in the documents herein approved; all actions to be taken by the
officers and agents of the City may be taken by such officer or agent or any designee, with the
same force and effect as if taken by the officer or agent; and, be it

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

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

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

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