Mission Rock Special Tax District No. 2020-1
2023 Special Tax Bonds

Capital Planning Committee Presentation

October 16, 2023
Agenda

- Phase 1 Background and Update
- Project Financial Structure
- Mission Rock Special Tax District
- Third Bond Issuance
- Plan of Finance – 2023 Bonds
- Next Steps
Mission Rock Phase 1

- Housing (2 buildings)
  - 537 units total, 199 affordable
- Commercial Office (2 buildings)
  - 550,000 gross square feet
- Ground Floor Retail
  - 65,000 square feet
- China Basin Park (5 Acres)
Mission Rock: Development Milestones

2019
• Port Commission Approval of Phase 1 (Phase Submittal and Phase Budget)
• Phase 1 Street Improvement Permit (SIP) Initial Submittal

2020
• Horizontal Site Preparation and Ground Improvements Commence
• Phase 1 Final Map Approved
• LCC Approved
• Secured Bond Financing for District Utilities
• SIP issued
• Phase 1 Vertical Parcel Leases signed
• Port issues Notice to Proceed and SIP Work Commences
• Vertical Construction Commences on Parcels G and A

2021
• Horizontal Work Continues to Progress
• Vertical Construction Commences on Parcel B
• Approval of new streets names for Dr. Maya Angelou Way and Toni Stone Crossing
• Initial Bonds Issuance resulting in proceeds of nearly $44M to Project
Mission Rock: Development Milestones

2021
- August 9, 2021: Phase 1 Revised Budget Approval
- Commenced Construction of China Basin Park
- Initial Bonds Issuance Resulting in Proceeds of nearly $56M to Project

2022
- Commenced Parcel F Construction
- Submitted Phase 2 Basis of Design (“BOD”) to City Agencies
- Submitted Phase 2 Application and Garage Report

2023
- Received TCO’s for Buildings A (residential), B (commercial) and G (Visa Global HW)
- Completion of District Energy and Blackwater Recycling Plants
- Occupancy of Building A (283 Residential Units, including 102 BMR Units)
- Approval of Recycled Water Services Agreement
Phase 1: Parcel G (TCO January 2023)

- 13 Stories
- 300,000 Square Foot Commercial Office Building
- Leased in its entirety to Visa as its new Global Headquarters
- Tenant Improvements Under Construction
- Ground Floor Retail fronting on China Basin Park and Dr. Maya Angelou Way Paseo including Proper Food
- Occupancy in Early 2024
Phase 1: Parcel A (TCO May 2023)

- 24 Story, 370,000 Square Foot Residential Building
- 283 Apartment Units
  - 181 Market Rate Units
  - 102 Affordable Units
- Welcomed first residents in June 2023
- Includes 49,000 Square Feet of Office Space and Ground Floor Retail
- Includes Neighborhood Serving District Energy System Infrastructure
Phase 1: Parcel B (TCO June 2023)

- 8 Stories
- 274,000 Square Foot Commercial/Life Science Building
- Ground Floor Retail including:
  - Ike's Love & Sandwiches
  - Blades Co. Barbershop
  - LuxFit Gym
- Includes Neighborhood Serving Blackwater Recycling Infrastructure
- Leasing in Progress
Phase 1: Parcel F (TCO est. June 2024)

- 23 Story, 310,000 Square Foot Residential Building
- Includes 25,000 Square Feet of Office Space and Ground Floor Retail
- Ground Floor Retail will include Ariscault Bakery
- 254 Residential Apartment Units
  - 157 Market Rate Units
  - 97 Affordable Units
- Building Topped Out in 2023
- Currently Under Construction
Phase 1: China Basin Park (est. completion early 2024)

- 5 Acre Public Open Space
  - Inland Portion
  - Great Lawn for Passive Recreation and Special Events
  - Public Restrooms
  - Dog Play Area

- Currently Under Construction

- Waterside Improvements in Subsequent Project Phase

- Lease to manage Park currently being negotiated
Project Financial Structure

Strategies to limit Developer Capital and Return:

- Use CFD/IFD sources when possible
- Maximize public financing
- Use tax-exempt debt
- Use Port Capital
Mission Rock Special Tax District

The Mission Rock CFD was formed in April 2020 and levies four distinct Special Taxes:

1. **Development Special Tax** – funds horizontal infrastructure on the site; 45-year life
   - Offset by tax increment from IFD No. 2 (Project Areas I-1 to I-13)
   - Series 2021A ($43.3M) and 2021B ($54.28M) & 2021C ($10M) secured by Development Special Taxes

2. **Office Special Tax** – funds horizontal infrastructure on the site; 120-year life

3. **Shoreline Special Tax** – a source for ongoing shoreline protection studies and facilities; Shoreline Taxes from Phase I fund horizontal infrastructure on the site; 120-year life

4. **Contingent Services Special Tax** – funds ongoing maintenance and services of the area if the Master Association does not provide these services
   - Not currently levied
Considerations for a Third Bond Issuance

Amount of bonds sold limited by two factors:

1. **Appraised or assessed value of the CFD.** The City has a policy of issuing CFD debt with a minimum aggregate 3:1 value-to-lien (VTL) ratio
   - Appraised value (9/15/25 effective date): $698,880,000
   - Net of outstanding principal ($106,230,000), the CFD could issue an additional ~$127,000,000 and maintain a 3:1 VTL

2. **Tax Revenues (limiting constraint).** Ongoing tax capacity less administrative expenses must be 110% of the debt service requirement on any CFD special tax bonds
   - Property becoming Developed Property (per the RMA) has increased available taxes beginning FY2023-24
   - Recommend issuing up to $58,335,000 bonds with separate series secured by Development Special Tax (with a pledge of tax increment), Office Special Tax, and Shoreline (Zone 1) Special Tax
Plan of Finance – 2023 Bonds

- Proceeds expected to reimburse horizontal infrastructure expenses and developer return
- The 2023 Bonds will be sold without a rating ("Non-Rated")
- Estimated Financing Terms
  - Final maturity:
    - 9/1/2050 Development Special Tax Bonds
    - 9/1/2053 Office and Shorelines Special Tax Bonds
  - Estimated True Interest Cost: 5.86%
  - Estimated Bond Proceeds: $39.5M
  - Estimated Financing Costs: $1.7M
  - Estimated Total Debt Service: $101.8M

<table>
<thead>
<tr>
<th>Sources</th>
<th>Development Tax</th>
<th>Office Tax</th>
<th>Shoreline (Tax Zone 1) Tax</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Bond Proceeds</td>
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<tr>
<td>Par Amount</td>
<td>$9,120,000</td>
<td>$19,520,000</td>
<td>$18,405,000</td>
<td>$47,045,000</td>
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<td>OID</td>
<td>(262,844)</td>
<td>(643,700)</td>
<td>(607,165)</td>
<td>(1,513,709)</td>
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<tr>
<td><strong>Total Sources</strong></td>
<td><strong>8,857,156</strong></td>
<td><strong>18,876,300</strong></td>
<td><strong>17,797,836</strong></td>
<td><strong>45,531,291</strong></td>
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<th>Uses</th>
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<tbody>
<tr>
<td>Project Fund</td>
<td>7,656,763</td>
<td>16,370,586</td>
<td>15,435,022</td>
<td>39,462,371</td>
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<td>Debt Service Reserve Fund</td>
<td>869,736</td>
<td>1,797,992</td>
<td>1,695,517</td>
<td>4,363,246</td>
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**Delivery Date Expenses:**
- Cost of Issuance: 193,857
- Underwriter’s Discount: 136,800

**Total Uses:** $8,857,156 $18,876,300 $17,797,836 $45,531,291

Source: Stifel; Market conditions as of September 5, 2023
Next Steps

Request positive recommendation of:

- Resolution Authorizing the Issuance of Special Tax Bonds for City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) in the aggregate principal amount not to exceed $58,335,000

- Resolution Approving Certain Documents 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)

<table>
<thead>
<tr>
<th>Item</th>
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<tr>
<td>Port Commission Approval of Bond Resolution</td>
<td>September 12, 2023</td>
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<td>Introduction of Resolutions to Board of Supervisors</td>
<td>October 3, 2023</td>
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<td>Port Commission Consideration of Phase 1 Budget Amendment</td>
<td>October 10, 2023</td>
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<td>Capital Planning Committee</td>
<td>October 16, 2023</td>
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<td>Budget &amp; Finance Committee</td>
<td>October 25, 2023</td>
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<td>Board Consideration of Resolutions</td>
<td>October 31, 2023</td>
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<td>Sale and Closing of Bonds</td>
<td>November/December 2023</td>
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Thank you.

Questions?