

1 [Reimburse Expenditures - Development of Pier 70, Including Affordable Housing Costs, with
2 Tax-Exempt Debt]

3 **Resolution declaring official intent to reimburse expenditures related to development**
4 **of Pier 70, including affordable housing costs, from the proceeds of bonds and other**
5 **debt; and making findings under the California Environmental Quality Act.**

6
7 WHEREAS, California Statutes of 1968, Chapter 1333 ("Burton Act") and San
8 Francisco Charter, Section 4.114 and Appendix B, beginning at Section B3.581, empower the
9 City and County of San Francisco ("City"), acting through the Port Commission ("Port" or "Port
10 Commission"), with the power and duty to use, conduct, operate, maintain, manage, regulate,
11 and control the lands within Port jurisdiction; and

12 WHEREAS, FC Pier 70, LLC, a Delaware limited liability company ("Master
13 Developer") and the City, acting by and through the Port, are parties to a Disposition and
14 Development Agreement ("DDA"), including a Financing Plan ("Financing Plan"), that governs
15 the disposition and development of approximately 28 acres of land in the waterfront area of
16 the City known as Pier 70 ("Project Site"), which DDA was approved by the Board of
17 Supervisors by Resolution No. 401-17, adopted on October 31, 2017, signed by the Mayor on
18 November 9, 2017, and a copy of which is in Board File No. 170986; and

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

22 WHEREAS, The DDA contemplates a project ("Project") under which the Port would
23 initially lease the Project Site to the Developer for infrastructure development, and, ultimately,
24 lease and sell parcels in the Project Site to vertical developers, for development of a mixed-
25 use project described in the DDA; and

1 WHEREAS, The City anticipates that, in addition to the public infrastructure and private
2 development described above, future improvements will be necessary to ensure that the
3 shoreline, public facilities, and public access improvements will be protected should sea level
4 rise in the vicinity of the Project Site (“Resilience Improvements”); and

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

10 WHEREAS, Pursuant to the DDA, Master Developer is obligated to construct
11 Affordable Housing on the Project Site and an area of land in the vicinity of the Project Site
12 and within Pier 70 commonly known as Parcel K South (“Parcel K South”) to satisfy the
13 requirements for Affordable Housing under Proposition F; and

14 WHEREAS, This Board of Supervisors has taken certain actions and intends to take
15 further actions to provide financing for the infrastructure, Resilience Improvements and
16 Affordable Housing described above; and

17 WHEREAS, Under California Government Code, Sections 53395 et seq. (“IFD Law”),
18 the Board of Supervisors is authorized to establish an infrastructure financing district and to
19 act as the legislative body for such an infrastructure financing district; more specifically, the
20 Board of Supervisors is authorized to establish “waterfront districts” under IFD Law, Section
21 53395.8, including a waterfront district for approximately 65 acres of waterfront land in the
22 area known as Pier 70, and approve “Pier 70 enhanced financing plans”; and

23 WHEREAS, By Ordinance No. 27-16, which the Board of Supervisors adopted on
24 February 23, 2016, and which was signed by the Mayor on March 11, 2016 (“Ordinance
25 Establishing IFD”), the Board of Supervisors, among other things, declared “City and County

1 of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)” (IFD) to be
2 fully formed and established, approved an infrastructure financing plan (the “IFD Infrastructure
3 Financing Plan”) and designated initial proposed project areas within the IFD; and

4 WHEREAS, By Ordinance No. 220-18, which the Board of Supervisors adopted on
5 September 18, 2018, and which was signed by the Mayor on September 28, 2018
6 (“Ordinance Establishing Sub-Project Areas G-2 through G-4”), the Board of Supervisors,
7 among other things, declared the following sub-project areas (collectively, “Sub-Project
8 Areas”) within the Project Site to be fully formed and established and approved Appendix G-2
9 to the IFD Infrastructure Financing Plan as a Pier 70 enhanced financing plan for the IFD:
10 Sub-Project Area G-2 (Pier 70 - 28-Acre Site), Sub-Project Area G-3 (Pier 70 - 28-Acre Site)
11 and Sub-Project Area G-4 (Pier 70 - 28-Acre Site); and

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

16 WHEREAS, By Ordinance No. 248-18, which the Board of Supervisors adopted on
17 October 23, 2018, and which was signed by the Mayor on November 2, 2018 (“Ordinance
18 Establishing IRFD”), the Board of Supervisors, among other things, declared “City and County
19 of San Francisco Infrastructure and Revitalization Financing District No. 2 (Hoedown Yard)”
20 (“IRFD”) to be fully formed and approved an infrastructure financing plan for the IRFD to
21 provide financing for Affordable Housing; and

22 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code
23 (“Code”), which Code incorporates by reference the Mello-Roos Community Facilities Act of
24 1982, as amended (“Mello-Roos Act”), this Board of Supervisors is authorized to establish a
25 special tax district and to act as the legislative body for a special tax district; and

1 WHEREAS, The Financing Plan contemplates the formation of one or more special tax
2 districts (“Special Tax Districts”) under the Code to finance the costs of public infrastructure
3 and other authorized facilities and certain public services necessary or incident to
4 development of the Project Site; and

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

11 WHEREAS, In connection with formation of the Sub-Project Areas, this Board of
12 Supervisors declared in Resolution No. 233-18 its intent to reimburse expenditures made prior
13 to the date of issuance of bonds and other debt for the Sub-Project Areas, which Resolution
14 was adopted on July 24, 2018, and signed by the Mayor on July 26, 2018; and

15 WHEREAS, In connection with formation of the IRFD, this Board of Supervisors
16 declared in Resolution No. 236-18 its intent to reimburse expenditures made prior to the date
17 of issuance of bonds and other debt for the IRFD, which Resolution was adopted on July 24,
18 2018, and signed by the Mayor on July 26, 2018; and

19 WHEREAS, This Board wishes to ratify and supplement its declaration of intent to
20 issue bonds and incur other debt (“Bonds”) for the IRFD and the IFD and to declare its intent
21 to issue Bonds for the Special Tax Districts for the purpose of reimbursing expenditures on
22 public infrastructure related to the Project, Resilience Improvements and Affordable Housing
23 (“Reimbursable Expenditures”) that are made prior to the date of issuance of such Bonds; and

24 WHEREAS, At its hearing on August 24, 2017, and prior to recommending proposed
25 Planning Code amendments for approval, by Motion No. 19976, the Planning Commission

1 certified a Final Environmental Impact Report ("FEIR") for the Project (Case No. 2014-
2 001272ENV) pursuant to the California Environmental Quality Act (CEQA) (California Public
3 Resources Code, Section 21000 et seq.), the CEQA Guidelines (14 Cal. Code Reg. Section
4 15000 et seq.), and Chapter 31 of the Administrative Code; a copy of said Motion is on file
5 with the Clerk of the Board of Supervisors ("Board of Supervisors") in File No. 170930, and, is
6 incorporated herein by reference; and

7 WHEREAS, In recommending proposed Planning Code Amendments for approval by
8 this Board of Supervisors at its hearing on August 24, 2017, by Motion No. 19977, the
9 Planning Commission also adopted findings under CEQA, including a statement of overriding
10 consideration, and a Mitigation Monitoring and Reporting Program ("MMRP"); a copy of said
11 Motion and MMRP are on file with the Clerk of the Board of Supervisors in File No. 170930,
12 and is incorporated herein by reference; now, therefore, be it

13 RESOLVED, That the recitals herein are true and correct; and, be it

14 FURTHER RESOLVED, That this Board of Supervisors intends to issue Bonds for the
15 IFD, IRFD and Special Tax Districts for the purpose of paying the Reimbursable Expenditures;
16 and, be it

17 FURTHER RESOLVED, That this Board of Supervisors declares that it reasonably
18 expects (i) to pay certain Reimbursable Expenditures prior to the date of issuance of the
19 Bonds and (ii) to use a portion of the proceeds of the Bonds for reimbursement of
20 Reimbursable Expenditures that are made prior to the date of issuance of the Bonds; and, be
21 it

22 FURTHER RESOLVED, That this Board of Supervisors declares that the maximum
23 principal amount of the Bonds is \$2,600,000,000; and, be it

24 FURTHER RESOLVED, That in accordance with the actions contemplated herein, this
25 Board of Supervisors has reviewed the FEIR, concurs with its conclusions, affirms the

1 Planning Commission's certification of the FEIR, and finds that the actions contemplated
2 herein are within the scope of the Project described and analyzed in the FEIR; and, be it

3 FURTHER RESOLVED, That this Board of Supervisors hereby adopts and
4 incorporates by reference as though fully set forth herein the Planning Commission's CEQA
5 approval findings in the MMRP, including the statement of overriding considerations, and
6 adopts and incorporates by reference as though fully set forth herein the Project's MMRP;
7 and, be it

8 FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.
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City and County of San Francisco

Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 190294

Date Passed: April 09, 2019

Resolution declaring official intent to reimburse expenditures related to development of Pier 70, including affordable housing costs, from the proceeds of bonds and other debt; and making findings under the California Environmental Quality Act.


April 03, 2019 Budget and Finance Sub-Committee - RECOMMENDED


April 09, 2019 Board of Supervisors - ADOPTED

Ayes: 11 - Brown, Fewer, Haney, Mandelman, Mar, Peskin, Ronen, Safai, Stefani, Walton and Yee

File No. 190294

I hereby certify that the foregoing Resolution was ADOPTED on 4/9/2019 by the Board of Supervisors of the City and County of San Francisco.


Angela Calvillo
Clerk of the Board


London N. Breed
Mayor

4/12/19
Date Approved