

1 [Reimburse Expenditures - Development of the Mission Rock Project, with Tax-Exempt Debt]

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3 **Resolution declaring official intent to reimburse expenditures related to development**  
4 **of the Mission Rock Project from the proceeds of bonds and other debt; and making**  
5 **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, Seawall Lot 337 Associates, LLC, a Delaware limited liability company  
13 ("Master Developer") and the City, acting by and through the Port, are parties to a Disposition  
14 and Development Agreement ("DDA"), including a Financing Plan ("Financing Plan"), that  
15 governs the disposition and development of certain parcels in the jurisdiction of the Port,  
16 including Seawall Lot 337, 3.53 acres of Terry A. Francois Boulevard from Third Street to  
17 Mission Rock Street, China Basin Park and ½ acre to the east of Terry A. Francois Boulevard  
18 between Pier 48 and Pier 50 ("Project Site"), and also provides for development of Pier 48,  
19 which DDA was approved by the Board of Supervisors by Resolution No. 42-18, adopted on  
20 February 13, 2018, signed by the Mayor on February 23, 2018, and a copy of which is in  
21 Board File No. 180092; and

22 WHEREAS, The Port collaborated with the State Lands Commission and California  
23 legislators to amend the Burton Act to lift or suspend its statutory trust use restrictions that  
24 impede the Port's ability to realize the development potential of Port lands; under Senate Bill  
25 815 (Stats. 2007, ch. 660, as amended by Stats. 2016, ch. 529) ("SB 815"), the Port is

1 authorized to lease certain seawall lots south of Market Street, including the Project Site, for  
2 nontrust purposes, providing revenues for rehabilitation of historic wharves and piers and  
3 other trust uses; SB 815 allows long-term nontrust uses that are not permissible under the  
4 Burton Act as a primary mechanism to generate Port revenues for trust purposes, including  
5 the construction of infrastructure needed for development; and

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

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

19 WHEREAS, Under the DDA, (i) the Developer is responsible for master development of  
20 the Project Site, including construction of public infrastructure, (ii) the Port and Developer will  
21 enter into a master lease for all of the Project Site, (iii) the Port will convey development  
22 parcels to vertical developers and those parcels will be released from the master lease and  
23 (iv) the Port may enter into a separate lease with the Developer (or an affiliate) for  
24 development of Pier 48; and  
25

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, This Board of Supervisors has taken certain actions and intends to take  
6 further actions to provide financing for the infrastructure and Resilience Improvements  
7 described above; and

8           WHEREAS, Under California Government Code, Sections 53395 et seq. (“IFD Law”),  
9 the Board of Supervisors is authorized to establish an infrastructure financing district and to  
10 act as the legislative body for such an infrastructure financing district; more specifically, the  
11 Board of Supervisors is authorized to establish “waterfront districts” under IFD Law, Section  
12 53395.8; and

13           WHEREAS, By Ordinance No. 27-16, which the Board of Supervisors adopted on  
14 February 23, 2016, and which was signed by the Mayor on March 11, 2016 (“Ordinance  
15 Establishing IFD”), the Board of Supervisors, among other things, declared “City and County  
16 of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)” (IFD) to be  
17 fully formed and established, approved an infrastructure financing plan (the “IFD Infrastructure  
18 Financing Plan”) and designated initial proposed project areas within the IFD; and

19           WHEREAS, By Ordinance No. 34-18, which the Board of Supervisors adopted on  
20 February 27, 2018, and which was signed by the Mayor on March 6, 2018 (“Ordinance  
21 Establishing Project Area I and Sub-Project Areas I-1 through I-13”), the Board of  
22 Supervisors, among other things, declared the following project area (“Project Area I”) and  
23 sub-project areas (collectively, “Sub-Project Areas”) within the Project Site to be fully formed  
24 and established and approved Appendix I to the IFD Infrastructure Financing Plan: (i) “Project  
25 Area I (Mission Rock),” (ii) “Sub-Project Area I-1 (Mission Rock),” (iii) “Sub-Project Area I-2

1 (Mission Rock),” (iv) “Sub-Project Area I-3 (Mission Rock),” (v) “Sub-Project Area I-4 (Mission  
2 Rock),” (vi) “Sub-Project Area I-5 (Mission Rock),” (vii) “Sub-Project Area I-6 (Mission Rock),”  
3 (viii) “Sub-Project Area I-7 (Mission Rock),” (ix) “Sub-Project Area I-8 (Mission Rock),” (x)  
4 “Sub-Project Area I-9 (Mission Rock),” (xi) “Sub-Project Area I-10 (Mission Rock),” (xii) “Sub-  
5 Project Area I-11 (Mission Rock),” (xiii) “Sub-Project Area I-12 (Mission Rock),” and (xiv)  
6 “Sub-Project Area I-13 (Mission Rock)”; and

7 WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code  
8 (“Code”), which Code incorporates by reference the Mello-Roos Community Facilities Act of  
9 1982, as amended (“Mello-Roos Act”), this Board of Supervisors is authorized to establish a  
10 special tax district and to act as the legislative body for a special tax district; and

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

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

21 WHEREAS, In connection with formation of Project Area I and the Sub-Project Areas,  
22 this Board of Supervisors declared in Resolution No. 427-17 its intent to reimburse  
23 expenditures made prior to the date of issuance of bonds and other debt for Project Area I  
24 and the Sub-Project Areas, which Resolution was adopted on November 28, 2017, and  
25 signed by the Mayor on November 30, 2017; and

1           WHEREAS, This Board wishes to ratify and supplement its declaration of intent to  
2 issue bonds and incur other debt ("Bonds") for the IFD and to declare its intent to issue Bonds  
3 for the Special Tax Districts for the purpose of reimbursing expenditures on public  
4 infrastructure related to the Project and Resilience Improvements ("Reimbursable  
5 Expenditures") that are made prior to the date of issuance of such Bonds; now, therefore, be it

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

7           FURTHER RESOLVED, That this Board of Supervisors intends to issue Bonds for the  
8 IFD and Special Tax Districts for the purpose of paying the Reimbursable Expenditures; and,  
9 be it

10          FURTHER RESOLVED, That this Board of Supervisors declares that it reasonably  
11 expects (i) to pay certain Reimbursable Expenditures prior to the date of issuance of the  
12 Bonds and (ii) to use a portion of the proceeds of the Bonds for reimbursement of  
13 Reimbursable Expenditures that are made prior to the date of issuance of the Bonds; and, be  
14 it

15          FURTHER RESOLVED, That this Board of Supervisors declares that the maximum  
16 principal amount of the Bonds is \$2,190,000,000; and, be it

17          FURTHER RESOLVED, That in the Ordinance Establishing Project Area I and Sub-  
18 Project Areas I-1 through I-13, this Board of Supervisors made certain findings under the  
19 California Environmental Quality Act about the Project, Project Area I and the Sub-Project  
20 Areas, and the Board of Supervisors hereby adopts and incorporates those findings by  
21 reference as though fully set forth herein; and, be it

22          FURTHER RESOLVED, That this Resolution shall take effect upon its adoption.  
23  
24  
25



City and County of San Francisco

Tails  
Resolution

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

File Number: 190293

Date Passed: April 09, 2019

Resolution declaring official intent to reimburse expenditures related to development of the Mission Rock Project 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. 190293

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

Date Approved