

Oversight Board to the Successor Agency of the Redevelopment Agency
of the City and County of San Francisco

RESOLUTION NO. 3-2014

Adopted April 28, 2014

APPROVING, UNDER SECTIONS 34177.5(A)(2) AND 34180(B) OF THE CALIFORNIA HEALTH & SAFETY CODE, THE ISSUANCE OF SPECIAL TAX REFUNDING BONDS IN AN AMOUNT NOT TO EXCEED \$40,000,000 BY THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO FOR THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 7 (HUNTERS POINT SHIPYARD PHASE ONE IMPROVEMENTS) AND RELATED ACTIONS; HUNTERS POINT SHIPYARD PROJECT AREA

WHEREAS, The Commission of the former Redevelopment Agency of the City and County of San Francisco ("SFRA") conducted proceedings under and pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Mello-Roos Act"), to form the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) (the "CFD"), to authorize the levy of special taxes upon the land within the CFD, and to issue bonds secured by said special taxes the proceeds of which are to be used to finance certain public improvements, all as described in those proceedings; and,

WHEREAS, Under the provisions of the Mello-Roos Act, SFRA issued, for and on behalf of the CFD, its \$34,500,000 initial principal amount City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) Variable Rate Demand Special Tax Bonds, 2005 Series A (the "2005 Bonds"); and,

WHEREAS, The 2005 Bonds are currently secured by a letter of credit issued by JPMorgan Chase Bank, N.A. (the "Letter of Credit"), for the benefit of HPS Development Co., LP (the "Developer"), as successor in interest to Lennar-BVHP, LLC, the developer of the real property within the CFD; and,

WHEREAS, The Letter of Credit expires on September 12, 2014; and,

WHEREAS, The 2005 Bonds are subject to mandatory redemption on September 5, 2014 unless the trustee of the 2005 Bonds receives a renewal or extension of or replacement of the Letter of Credit, which renewal or extension of or replacement the Developer does not intend to deliver; and,

WHEREAS, The 2005 Bonds are structured with a balloon maturity of August 1, 2036; and,

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) (“AB 26”) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the “State”), including SFRA, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies; and,

WHEREAS, In June of 2012, the State legislature adopted Assembly Bill 1484 (“AB 1484”) amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities and have the authority, with approval of the applicable oversight board and the State Department of Finance (“DOF”), to issue bonds in certain circumstances, including refunding bonds to finance debt service spikes, including balloon maturities, and the Governor of the State signed the bill and it became effective on June 27, 2012; and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors (the “BOS”) of the City and County of San Francisco (the “City”) , in its capacity as legislative body to the Successor Agency, adopted Ordinance No. 215-12 (the “Implementing Ordinance”), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) is a separate legal entity from the City, (b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in AB 26 as amended by AB 1484, and as it may be further amended from time to time (collectively referred to in the Implementing Ordinance as the “Redevelopment Dissolution Law”), title to all assets, and all rights, obligations and liabilities of SFRA, (c) declared that the name of the Successor Agency is the “Successor Agency to the Redevelopment Agency of the City and County of San Francisco,” (d) established the Commission of the Successor Agency and delegated to the Commission of the Successor Agency the authority (excluding authority as to the transferred “Housing Assets,” as defined in the Implementing Ordinance) to act in place of the Former Commission to, among other matters: (i) implement, modify, enforce and complete SFRA’s enforceable obligations, except with respect to certain enforceable obligations for specified affordable housing purposes, including its Retained Housing obligations as defined in the Implementing Ordinance, (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Commission of the Successor Agency deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the Oversight Board of the Successor Agency established pursuant to the provisions of the Redevelopment

WHEREAS, A copy of the Authorizing Resolution has been submitted to the Administrative Officer and the Auditor-Controller of the City, and DOF, as required by Section 34180(j) of the Code; and,

WHEREAS, This Oversight Board now desires to approve the issuance of the 2014 Bonds by OCII and the other actions of OCII contemplated by the Authorizing Resolution; and,

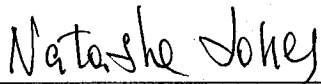
WHEREAS, The sale and issuance of the 2014 Bonds are fiscal activities of OCII that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now, therefore, be it

RESOLVED, That this Oversight Board approves the issuance of the 2014 Bonds by OCII for the purposes of refunding the 2005 Bonds; and, be it, further

RESOLVED, That this Oversight Board approves the other actions and documents of OCII contemplated by the Authorizing Resolution.

Exhibit A: Commission Resolution No. 27- 2014, adopted on April 15, 2014.

I hereby certify that the foregoing resolution was adopted by the Oversight Board at its meeting of April 28, 2014.



Board Secretary

EXHIBIT A

COMMUNITY INVESTMENT AND INFRASTRUCTURE COMMISSION
RESOLUTION NO. 27-2014

Commission on Community Investment and Infrastructure

RESOLUTION NO. 27-2014

Adopted April 15, 2014

APPROVING A RESOLUTION AUTHORIZING THE ISSUANCE OF SPECIAL TAX REFUNDING BONDS FOR REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 7 (HUNTERS POINT SHIPYARD PHASE ONE IMPROVEMENTS) IN AN AMOUNT NOT TO EXCEED \$40,000,000, APPROVING AND DIRECTING THE EXECUTION OF A FISCAL AGENT AGREEMENT, AN ESCROW DEPOSIT AND TRUST AGREEMENT AND A BOND PURCHASE AGREEMENT, AND APPROVING OTHER DOCUMENTS AND ACTIONS PROPERLY RELATING THERETO; HUNTERS POINT SHIPYARD PROJECT AREA

WHEREAS, The former Redevelopment Agency of the City and County of San Francisco (“SFRA”) conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the “Mello-Roos Act”), to form “Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements)” (the “CFD”), to authorize the levy of special taxes upon the land within the CFD, and to issue bonds secured by said special taxes the proceeds of which are to be used to finance certain public improvements, all as described in those proceedings; and,

WHEREAS, Under the provisions of the Mello-Roos Act, SFRA issued, for and on behalf of the CFD, its \$34,500,000 initial principal amount Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) Variable Rate Demand Special Tax Bonds, 2005 Series A (the “2005 Bonds”); and,

WHEREAS, The 2005 Bonds are currently secured by a letter of credit issued by JPMorgan Chase Bank, N.A. (the “Letter of Credit”), for the benefit of HPS Development Co., LP (the “Developer”), as successor in interest to Lennar-BVHP, LLC, the developer of the land within the CFD; and,

WHEREAS, The 2005 Bonds are structured with a balloon maturity of August 1, 2036; and,

WHEREAS, The Letter of Credit expires on September 12, 2014; and,

WHEREAS, The 2005 Bonds are subject to mandatory redemption on September 5, 2014 unless the trustee of the 2005 Bonds receives a renewal or extension of or replacement of the Letter of Credit, which renewal or extension of or replacement the Developer does not intend to deliver; and,

WHEREAS, On July 15, 2008, SFRA adopted local goals and policies for community facilities districts (the “Goals and Policies”); and,

WHEREAS, Under California Assembly Bill No. 1X26 (Chapter 5, Statutes of 2011-12, First Extraordinary Session) (“AB 26”) and the California Supreme Court’s decision in California Redevelopment Association v. Matosantos, No. 5194861, all redevelopment agencies in the State of California (the “State”), including SFRA, were dissolved by operation of law as of February 1, 2012, and their non-affordable housing assets and obligations were transferred to certain designated successor agencies; and,

WHEREAS, In June of 2012, the State legislature adopted Assembly Bill 1484 (“AB 1484”) amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities and have the authority, with approval of the applicable oversight board and the California Department of Finance (“DOF”), to issue bonds in certain circumstances, including refunding bonds to finance debt service spikes, including balloon maturities, and the Governor of the State signed the bill and it became effective on June 27, 2012; and,

WHEREAS, Subsequent to the adoption of AB 1484, on October 2, 2012 the Board of Supervisors of the City and County of San Francisco (the “City”) adopted Ordinance No. 215-12 (the “Implementing Ordinance”), which Implementing Ordinance was signed by the Mayor on October 4, 2012, and which, among other matters: (a) acknowledged and confirmed that, as of the effective date of AB 1484, the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) is a separate legal entity from the City, (b) acknowledged and confirmed that the Successor Agency holds, subject to the applicable rights and restrictions set forth in AB 26 as amended by AB 1484, and as it may be further amended from time to time (collectively referred to in the Implementing Ordinance as the “Redevelopment Dissolution Law”), title to all assets, and all rights, obligations and liabilities of SFRA, (c) declared that the name of the Successor Agency is the “Successor Agency to the Redevelopment Agency of the City and County of San Francisco,” (d) established the Commission of the Successor Agency and delegated to the Commission of the Successor Agency the authority (excluding authority as to the transferred “Housing Assets,” as defined in the Implementing Ordinance) to act in place of the former Commission of SFRA to, among other matters: (i) implement, modify, enforce and complete SFRA’s enforceable obligations, including its Retained Housing obligations as defined in the Implementing Ordinance, (ii) approve all contracts and actions related to the assets transferred to or returned by the Successor Agency, consistent with applicable enforceable obligations, and (iii) take any action that the Redevelopment Dissolution Law requires or authorizes on behalf of the Successor Agency and any other action that the Commission of the Successor Agency deems appropriate consistent with the Redevelopment Dissolution Law to comply with such obligations, including, without limitation, authorizing additional obligations in furtherance of enforceable obligations, and approving the issuance of bonds to carry out the enforceable obligations, subject to any approval of the Oversight Board of the Successor Agency (the “Oversight Board”) established pursuant to the provisions of the Redevelopment Dissolution

Law, (e) designated the means by which the five members of the Commission of the Successor Agency would be determined, and (f) provided for an Executive Director of, and the authority to retain legal counsel to, the Successor Agency; and,

WHEREAS, The Successor Agency is also known as the Office of Community Investment and Infrastructure (and hereinafter is referred to as "OCII") and its commission is known as the Commission on Community Investment and Infrastructure (and hereinafter is referred to as this "Commission"); and,

WHEREAS, Section 34177.5(a)(2) of the Redevelopment Dissolution Law authorizes OCII to issue bonds to finance debt service spikes, including balloon maturities, provided that (A) the existing indebtedness is not accelerated, except to the extent necessary to achieve substantially level debt service, and (B) the principal amount of the refunding bonds will not exceed the amount required to finance the debt service spikes, including customary debt service reserves and paying related costs of issuance; and,

WHEREAS, OCII now wishes to refinance the outstanding principal amount of the 2005 Bonds and proposes to issue new bonds (defined below as the 2014 Bonds) pursuant to Section 34177.5(a)(2) of the Redevelopment Dissolution Law for that purpose, and the 2014 Bonds will be structured so that the existing indebtedness represented by the 2005 Bonds is not accelerated, except to the extent necessary to achieve substantially level debt service, and the principal amount of the 2014 Bonds will not exceed the amount required to finance the debt service spikes, including establishing a customary debt service reserve and paying related costs of issuance; and,

WHEREAS, The 2014 Bonds will be payable only from special taxes levied in the CFD, and will not be secured by or payable from property tax revenues deposited into the Redevelopment Property Tax Trust Fund established pursuant to the Redevelopment Dissolution Law; and,

WHEREAS, The proposed refunding of the 2005 Bonds with the issuance of the 2014 Bonds is anticipated to occur on or before the mandatory redemption date described above as a result of the non-renewal of the Letter of Credit (the "Refunding Date"); and,

WHEREAS, There have been submitted to this Commission certain documents described below providing for the issuance of the 2014 Bonds for the CFD and the use of the proceeds of the 2014 Bonds, and this Commission with the aid of OCII staff, has reviewed the documents and found them to be in proper order; and,

WHEREAS, The sale and issuance of the 2014 Bonds are fiscal activities of OCII that do not constitute a "Project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4), will not independently result in a physical change in the environment, and are not subject to environmental review under CEQA; now therefore, be it

RESOLVED, This Commission finds that:

The 2014 Bonds will be secured and payable from only special taxes levied in the CFD, and will not be secured by or payable from property tax revenues deposited into the Redevelopment Property Tax Trust Fund established pursuant to the Redevelopment Dissolution Law; and, be it further

RESOLVED, OCII has full authority under Section 34177.5(a)(2) of the California Health and Safety Code to issue the 2014 Bonds to refund the 2005 Bonds and, in compliance with Section 34177.5(a)(2), the 2014 Bonds will be structured so that the existing indebtedness represented by the 2005 Bonds is not accelerated, except to the extent necessary to achieve substantially level debt service, and the principal amount of the 2014 Bonds will not exceed the amount required to finance the debt service spikes, including establishing a customary debt service reserve and paying related costs of issuance; and, be it further

RESOLVED, Upon the Oversight Board's approval and DOF's non-objection to or approval of the Oversight Board's approval, all acts and proceedings required by law necessary to make the 2014 Bonds, when executed by OCII and authenticated and delivered by the Fiscal Agent (as defined in this Resolution), the valid, binding and legal special obligations of OCII, and to constitute the Fiscal Agent Agreement (as defined below) and the Escrow Agreement (as defined below) valid and binding agreements for the uses and purposes set forth therein, in accordance with their terms, will have been done or taken and the execution and delivery of the Fiscal Agent Agreement and the Escrow Agreement will have been in all respects duly authorized; and, be it further

RESOLVED, Pursuant to the Mello-Roos Act, Section 34177.5(a)(2) of the California Health and Safety Code, Article 11, commencing with Section 53580, of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, this Resolution and the Fiscal Agent Agreement, bonds designated the "Successor Agency to the Redevelopment Agency for the City and County of San Francisco Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) Special Tax Refunding Bonds, Series 2014" (the "2014 Bonds") in the principal amount not to exceed Forty Million dollars (\$40,000,000) are hereby authorized to be issued. The 2014 Bonds shall be dated, shall bear interest at the rates, shall mature on the dates (provided that the final maturity date of the 2014 Bonds shall not exceed the final maturity date of the 2005 Bonds and existing indebtedness represented by the 2005 Bonds shall not be accelerated, except to the extent necessary to achieve substantially level debt service), shall be issued in the form, shall be subject to redemption, and shall otherwise be issued on the terms and conditions, all as set forth in the Fiscal Agent Agreement and in accordance with this Resolution; provided, however, that the stated average annual interest rate payable with respect to the 2014 Bonds shall not exceed seven and one-quarter percent (7.25%) per annum. The Fiscal Agent, an Authorized Officer (as defined in this Resolution) and other responsible officers of OCII are hereby authorized and directed to take such actions as are required to cause the delivery of the 2014 Bonds upon receipt of the purchase price thereof; and, be it further

RESOLVED, This Commission finds and determines that it would be prudent in the management of OCII's fiscal affairs to issue the 2014 Bonds to refund the 2005 Bonds; and, be it further

RESOLVED, This Commission finds that the issuance of the 2014 Bonds is in compliance with the Mello-Roos Act and applicable provisions of the Goals and Policies. Section 53345.8 of the Mello-Roos Act requires, with certain exceptions, that the value of the real property subject to special taxes levied in the CFD be at least three times the principal amount of the 2014 Bonds and the principal amount of all other bonds that will be outstanding following issuance of the 2014 Bonds that are secured by a special tax levied pursuant to the Mello-Roos Act on property within the CFD or a special assessment levied on property within the CFD, and this Commission hereby directs that, notwithstanding any other provision of this Resolution, the principal amount of the 2014 Bonds shall not exceed the amount that will allow OCII to comply with this requirement; and, be it further

RESOLVED, This Commission authorizes the refunding of the 2005 Bonds to occur on the Refunding Date; and, be it further

RESOLVED, The Executive Director or the Deputy Executive Director, Finance and Administration, or such other official of OCII as may be designated by such officer pursuant to this Resolution (each, an "Authorized Officer") is hereby authorized and directed to execute and deliver the documents approved herein in substantially the form on file with the Secretary of this Commission, together with such additions or changes as are approved by such Authorized Officer, including such additions or changes as are necessary or advisable to permit the timely issuance, sale and delivery of the 2014 Bonds. The approval of such additions or changes shall be conclusively evidenced by the execution and delivery by an Authorized Officer of the documents herein specified; and, be it further

RESOLVED, This Commission hereby approves the Fiscal Agent Agreement by and between OCII, for and on behalf of the CFD, and The Bank of New York Mellon Trust Company, N.A., as fiscal agent (the "Fiscal Agent Agreement") with respect to the 2014 Bonds, in substantially the form on file with the Secretary of this Commission. The terms and provisions of the Fiscal Agent Agreement, as executed, are incorporated herein by this reference as if fully set forth herein. An Authorized Officer is hereby authorized and directed to execute the Fiscal Agent Agreement on behalf of OCII and the Secretary of this Commission is hereby authorized and directed to attest thereto; and, be it further

RESOLVED, This Commission hereby approves the Escrow Deposit and Trust Agreement (the "Escrow Agreement") by and between OCII, for and on behalf of the CFD, and The Bank of New York Mellon Trust Company, N.A., as escrow holder, in substantially the form on file with the Secretary of this Commission. An Authorized Officer is hereby authorized and directed to execute the Escrow Agreement on behalf of OCII and the Secretary of this Commission is hereby authorized and directed to attest thereto. For the purposes hereof, the "Escrow

Fund” established under the Escrow Agreement shall constitute the “refunding fund” under the Mello-Roos Act and the “designated costs of issuing the refunding bonds” under the Mello-Roos Act shall include the Costs of Issuance as defined in the Fiscal Agent Agreement and costs set forth in the Escrow Agreement; and, be it further

RESOLVED, This Commission hereby approves the selection of Stifel, Nicolaus & Company, Incorporated, as Lead Underwriter (the “Underwriter”), and Backstrom McCarley Berry & Co., LLC, as Co-Manager for the 2014 Bonds. The form of Bond Purchase Agreement (the “Bond Purchase Agreement”), between OCII, for and on behalf of the CFD, and the Underwriter, in substantially the form on file with the Secretary of this Commission is hereby approved. An Authorized Officer is hereby authorized and directed to execute and deliver the Bond Purchase Agreement; subject to the requirement that the Underwriter’s discount on the purchase of the 2014 Bonds may not exceed 0.554511% and the interest rate may not exceed the rate specified above; and, be it further

RESOLVED, The sale of the 2014 Bonds to the Underwriter will result in a lower overall cost than alternative methods of sale; and, be it further

RESOLVED, All actions heretofore taken by the officers and agents of OCII with respect to the establishment of the CFD and the sale and issuance of the 2014 Bonds are hereby approved, confirmed and ratified, and the appropriate officers of OCII 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, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the 2014 Bonds in accordance with this resolution, and any certificate, agreement, and other document described in the documents herein approved. All actions to be taken by an Authorized Officer, as defined herein, may be taken by such Authorized Officer or any designee, with the same force and effect as if taken by the Authorized Officer; and, be it further

RESOLVED, This resolution shall take effect from and after its adoption. The provisions of any previous resolutions in any way inconsistent with the provisions hereof in and for the issuance of the 2014 Bonds as herein described are hereby repealed.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of April 15, 2014.

Natasha Jones

Commission Secretary