RESOLUTION NO. 15-2011

Adopted March 1, 2011

APPROVING AN AMENDMENT TO THE BUDGET OF THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO FOR FISCAL YEAR 2010-2011 TO INCREASE THE AGENCY'S RECEIPT OF REVENUE, INCLUDING ADDITIONAL BOND PROCEEDS, AND TO INCREASE ITS EXPENDITURE AUTHORITY IN AN ADDITIONAL AGGREGATE AMOUNT NOT TO EXCEED $81.44 MILLION; AND TO AMEND THE AGENCY'S FISCAL YEAR 2010-2011 STATEMENT OF INDEBTEDNESS TO CONFORM TO THE CHANGES IN THE BUDGET

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco (the "Agency") is implementing various Redevelopment Plans and programs in the City and County of San Francisco (the "City") in accordance with the California Community Redevelopment Law, California Health and Safety Code, Sections 33000 et seq. (the "Law").

2. Section 33606 of the Law provides for approval of the annual budget of the Agency, and any amendments to the budget, by the Legislative Body of the City (the "Board of Supervisors").

3. On July 6, 2010, the Agency Commission approved, by Resolution No. 92-2010, the Agency's budget of approximately $225,228,565 for fiscal year 2010-2011 (the "Budget") after accepting approximately $679,435 in reductions recommended by the Budget and Legislative Analyst of the Board of Supervisors.

4. The Board of Supervisors approved, by Resolution No. 320-10, the Budget and the issuance of bonds in the principal amount of not to exceed $64 million for the purpose of financing a portion of the Budget.

5. The Agency wishes to amend its Budget for fiscal year 2010-2011 to permit the receipt and use of: a) additional tax increment of $5.44 million; b) $6.0 for the purposes of making the payment to the Supplemental Educational Revenue Augmentation Fund ("SERAF") of the City and County of San Francisco that is required prior to May 10, 2011 under Section 33690.5 of the Law; and c) bond proceeds in the amount of $70.0 million for the purposes of low and moderate housing and for the reimbursement of public improvements made by the Mission Bay master developer pursuant to the Mission Bay North Tax Increment Allocation Pledge Agreement and the Mission Bay South Tax Increment Allocation Pledge Agreement between the City and Agency, each dated November 16, 1998 (the "Amended Budget").
6. A summary of the proposed Amended Budget is attached to this Resolution.

7. The Agency is seeking separate approval from the Agency Commission and the Board of Supervisors for the issuance of tax allocation bonds that are consistent with the Amended Budget.

8. The Agency acknowledges that the actions taken pursuant to this Resolution are subject to the approval of the Mayor's Office and the Board of Supervisors.

9. Approval of the Amended Budget is not a "Project," as defined by California Environmental Quality Act ("CEQA") Guidelines Sections 15378(b)(4) and 15378(b)(5). The proposed action will not change conditions in any redevelopment project or survey area or at any affordable housing site, will not independently result in a physical change in the environment, and is not subject to environmental review under CEQA.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that it does hereby approve the Amended Budget, substantially in the form of the summary attached to this Resolution.

APPROVED AS TO FORM:

[Signature]
James B. Morales
Agency General Counsel
## Exhibit A: Fiscal Year 2010/11
Budget Summary by Project Area

(Thousands of Dollars)

<table>
<thead>
<tr>
<th>Sources</th>
<th>Art Ctr &amp; Gardens</th>
<th>South</th>
<th>SB2113</th>
<th>City</th>
<th>H.P. Shipyard</th>
<th>Golden Mission(1)</th>
<th>City</th>
<th>Mission(1)</th>
<th>Vis. Bayview</th>
<th>Hunters Transbay</th>
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<td>Harbor WA-2</td>
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<td>Housing (Phase I)</td>
<td>(Phase II) Gateway</td>
<td>Bay South</td>
<td>Bay North</td>
<td>Valley (Area B)</td>
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<td>Market</td>
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<td>(18,386)</td>
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**Deficit Funded With:**

- City General Fund Loan (All of Vis. Valley Budget & 160K for Bayview HP planning)
- Tax Inc.(pay-as-you-go) to fund portions of Admin/Prsnl budget and Bayview HP (Area B) and SOM work programs: 9,424
- Tax Inc Bond Proceeds 118,564
- Additional Tax Increment (T.I.) Request 9,424
- Plus: T.I. to Service Prior Debt, Developer Pass-Throughs, & State Mandated Pass-Throughs 104,884
- Total T.I. Request FY 2010/11 114,308
- Less: AB1290 Pass-Through to City 10,553
- Net SFRA Tax Increment Request 103,755
- General Fund Contribution (56.69% of total T.I. Request & "general fund" request) 64,801

(1) Pursuant to the Tax Increment Pledge Agreement between the Agency and developer, Agency is obligated to finance Mission Bay public improvements with proceeds from sale of tax allocation bonds.

(2) Tax Increment revenue and Debt Service assume issuance of in FY 2010 of $28M bonds to partially fund the SERAF Payment. The Impact on Tax Increment is not expected to exceed $3.58M.

(3) SERAF Payment from Mission Bay North is proposed but subject to agreement among the City, SFRA and Developer.

2/15/2011
Resolution approving an amendment to the budget of the Redevelopment Agency of the City and County of San Francisco for fiscal year 2010-2011 Budget to (1) authorize an additional expenditure in an amount not to exceed $75.44 million; and (2) approving the issuance by the Redevelopment Agency of Bonds in an additional principal amount not to exceed $70.0 million to finance a portion of redevelopment activities described in the approved Budget, as amended for fiscal year 2010-2011.

WHEREAS, The Redevelopment Agency of the City and County of San Francisco (the "Agency") is implementing various Redevelopment Plans and programs in the City and County of San Francisco (the "City") in accordance with the California Community Redevelopment Law California Health and Safety Code section 33000 et. seq. (the "Law"); and,

WHEREAS, Section 33606 of the Law provides for approval of the annual budget of the Agency, and any amendments to the budget, by the legislative body of the City (the "Board of Supervisors"); and,

WHEREAS, The Board of Supervisors approved, by Resolution No. 320-10, the Agency's budget for the fiscal year 2010-2011 (the "Budget") and approved the issuance of bonds in the principal amount of not to exceed $64 million for the purposes of financing a portion of the Budget by Resolution No. 320-10; and,

WHEREAS, at the time of the development and approval of the FY 2010-2011 budget, the Agency and the Tax Assessor did not have available tax roll information that resulted in a significant increase in property taxes in Mission Bay due to the accelerated assessment agreement between the Assessor and the Agency;
WHEREAS, with the increased assessed values and tax increment, the debt capacity, funds available for Low/Moderate Housing and Project Cost reimbursements are also increased and pursuant to the Tax Increment Allocation Pledge Agreements and Financing Plan, all remaining funds after the pass through payments, housing set-asides, debt service and project expenses are obligated to the developer;

WHEREAS, The Agency wishes to amend its Budget for the fiscal year 2010-2011 to permit the receipt of additional tax increment of $5.44 million, and bond proceeds in the amount of $70.0 million for the purposes of low moderate housing and for the reimbursement of public improvements made by Catellus pursuant to the Tax Increment Allocation Pledge Agreement between the City and County of San Francisco, San Francisco Redevelopment Agency and Catellus made on November 16, 1998 For Mission Bay North and South; and

WHEREAS, Section 33640 of the Law provides that the issuance of Bonds is subject to the approval of the Board of Supervisors; and

WHEREAS, the Agency seeks to undertake the above-described redevelopment activities, as amended, whereby the Agency will enter into loans and/or issue and refund, as necessary, or cause to be loaned and/or issued and/or refunded on its behalf by a public finance authority, tax allocation bonds, notes, or other evidence of indebtedness (such loans, bonds, notes or other evidence of indebtedness being referred to as the "Bonds") in an additional principal amount of not to exceed $70.0 million, which will be repaid form and secured by the taxes allocated to and paid to the Agency pursuant to the Law (and in particular but not limited to Sections 33670-33674) and to Section 16 of Article XVI of the California Constitution; now, therefore, be it

RESOLVED, By the Board of Supervisors of the City and County of San Francisco that it does hereby approve the following amendment to the Budget, which is on file with the Clerk
of the Board of Supervisors in File No. _____ and is hereby declared to be a part of this Resolution as if set forth fully herein: increasing the amount of tax increment bond proceeds that the Agency receives in the amount of $70.0 million and increasing the Agency’s expenditure authority by $75.44 million; and be it

FURTHER RESOLVED, By the Board of Supervisors of the City and County of San Francisco that it does hereby approve the issuance of the Bonds by the Agency in an additional amount of not to exceed $70.0 million for the purposes of financing a portion of the Agency’s Budget, as amended; and be it

FURTHER RESOLVED, The Agency is authorized to refund such Bonds if the sale of refunding Bonds produces a minimum net debt service savings (net of reserved fund earnings and other offsets) of at least 3% of the par value of Bonds that are refunded to achieve a more favorable debt to debt service coverage ratio.