



GOODWIN CONSULTING GROUP

**Successor Agency to the  
Redevelopment Agency of the  
City and County of San Francisco  
Community Facilities District No. 7  
(Hunters Point Shipyard Phase One Improvements)  
\$36,445,000 Special Tax Refunding Bonds, Series 2014  
Continuing Disclosure Annual Report for FY 2018-19  
(per SEC Rule 15c2-12(b)(5))**

**CUSIP Numbers**

\$85,000	79772ABW6*	\$695,000	79772ACH8
\$125,000	79772ABX4*	\$775,000	79772ACJ4
\$170,000	79772ABY2*	\$865,000	79772ACK1
\$215,000	79772ABZ9*	\$955,000	79772ACL9
\$265,000	79772ACA3*	\$1,050,000	79772ACM7
\$315,000	79772ACB1	\$1,155,000	79772ACN5
\$365,000	79772ACC9	\$1,255,000	79772ACP0
\$425,000	79772ACD7	\$1,360,000	79772ACQ8
\$485,000	79772ACE5	\$1,480,000	79772ACR6
\$545,000	79772ACF2	\$9,485,000	79772ACS4
\$620,000	79772ACG0	\$13,755,000	79772ACT2

*\*Retired as of the date of this report.*

March 31, 2020

***Continuing Disclosure Annual Report for the  
Successor Agency to the Redevelopment Agency  
of the City and County of San Francisco  
Community Facilities District No. 7  
(Hunters Point Shipyard Phase One Improvements)  
Fiscal Year 2018-19***

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This Continuing Disclosure Annual Report (the “Annual Report”) contains certain information required to be filed annually per SEC rule 15c2-12(b)(5) (the “Rule”) by the Successor Agency to the Redevelopment Agency of the City and County of San Francisco (the “Successor Agency”) Community Facilities District No. 7 (Hunters Point Shipyard Phase One Improvements) (the “District”). The Rule is applicable to the Special Tax Refunding Bonds, Series 2014 (the “Series 2014 Bonds” or “Bonds”) issued in the aggregate principal amount of \$36,445,000 by the Successor Agency on behalf of the District on July 17, 2014. The Rule requires that an issuer undertake in a written agreement or contract, for the benefit of holders of the securities issued, to file with national and state repositories the following:

- i. Certain financial information as presented in the Continuing Disclosure Certificate
- ii. Audited financial statements of the Successor Agency
- iii. Notice of certain enumerated significant events
- iv. Notice of any failure to provide such annual financial information as agreed

In compliance with the Rule, the Successor Agency signed the Continuing Disclosure Certificate requiring the Successor Agency to provide annually, or as they occur, the aforementioned enumerated documents or events. Per the Continuing Disclosure Certificate, the Successor Agency is required to file an annual report with all national and State of California repositories (currently, no State of California repositories exist) which includes:

- a) The Successor Agency’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency’s audited financial statements are not available by the Annual Report date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

→ **See Appendix A**

- b) The principal amount of Bonds outstanding as of June 30, 2019.

→ **\$35,850,000**

- c) Balance in the Reserve Fund for the Bonds as of June 30, 2019.

→ **\$3,242,080**

d) The total assessed value of all parcels subject to the special taxes and the value-to-debt burden for the District.

→ **Total FY 2019-20 Assessed Value: \$363,051,390**

→ **Value-to-Debt Burden: 10.13:1**

e) A value-to-burden summary table for the then-current fiscal year.

→ **See Appendix B**

f) A table setting forth the names of each property owner responsible for payment of more than 5% of the special tax, the special tax payable by such owner and the percentage such special taxes comprise of total special taxes payable in the District.

<b>Owner</b>	<b>FY 2019-20 Special Tax Levy</b>	<b>Percent of Total Levy</b>
HPS DEVELOPMENT CO LP	\$422,197	15.89%
HPS1 BLOCK 55 LLC	\$327,887	12.34%
HPS1 BLOCK 56/57 LLC	\$215,367	8.10%
HPS1 56/57 LLC	\$93,708	3.53%
HPS1 BLOCK 53 LLC	\$4,868	0.18%
<b>Total</b>	<b>\$1,064,026</b>	<b>40.04%</b>

g) Special tax and property tax delinquent rate for parcels in the District.

→ **As of October 15, 2019, the delinquency rate for the fiscal year 2018-19 special tax levy is 0.53%.**

h) Concerning delinquent parcels:

(i) Number of parcels delinquent in payment of the special tax;

→ **As of October 15, 2019, three parcels are delinquent in the payment of special taxes for fiscal year 2018-19.**

(ii) Amount of total delinquency and as a percentage of the total special tax levy; and

→ **As of October 15, 2019, the total delinquency for fiscal year 2018-19 is \$14,744, which represents 0.53% of the total special tax levy.**

(iii) Status of the District's actions on covenants to pursue foreclosure proceedings upon delinquent properties.

→ **No action has been taken as of the date of this report.**

- i) Identity of any delinquent tax payer obligated for more than 10% of the annual special tax levy and: (i) the assessed value of applicable properties, and (ii) the summary results of foreclosure sales, if available.

→ **No taxpayer is delinquent that is obligated for more than 10% of the fiscal year 2018-19 special tax levy.**

- j) Significant amendments to land use entitlements for property in the District since the last Annual Report which are known to the Successor Agency's chief financial officer, including but not limited to any rezoning of the property or the adoption of any amendment or other change to the specific plan for the area that includes the District, which may materially adversely affect special tax revenues.

→ **None are known at this time.**

- k) Status of any significant legislative, administrative, and judicial challenges to the construction of the development in the District since the last Annual Report which are known to the Successor Agency's chief financial officer, without independent inquiry, but only for Annual Reports for years in which construction activity has occurred in the District; such as any lawsuit challenging the land use entitlements for the District, or any voter or legislative initiative to curtail or impede development in the District.

→ **See Appendix C**

- l) To the extent not otherwise provided pursuant to the preceding items, annual information required to be filed with respect to the District since the last Annual Report with the California Debt and Investment Advisory Commission pursuant to Sections 50075.1, 50075.3, 53359.5(b), 53410(d) or 53411 of the California Government Code.

→ **See Appendix D**

- m) In addition to any of the information expressly required to be provided under paragraphs (a) through (l) of the Continuing Disclosure Certificate, the Successor Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

→ **Public Health Emergency COVID-19**

**In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020 the World Health Organization (“WHO”) announced the official name for the outbreak of a new strain of coronavirus (“COVID 19”), an upper respiratory tract illness first identified in Wuhan, China. COVID 19 has since spread across the globe. The spread of COVID 19 is having significant adverse health and financial impacts throughout the world, including the City and County of San Francisco (the “City”). The WHO**

has declared the COVID 19 outbreak to be a pandemic, and states of emergency have been declared by the Mayor of the City, the Governor of the State and the President of the United States. The purpose behind these declarations is to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been a number of confirmed cases of COVID 19 in San Francisco, and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including the San Francisco Unified School District) throughout the United States. The U.S. is restricting certain non U.S. citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines in share prices attributed to COVID 19 concerns.

Several counties in the Bay Area (including the City) announced “Shelter in Place” emergency orders, which direct individuals to stay home, except for certain limited travel for the conduct of essential services. Most retail establishments (e.g, restaurants, bars and nightclubs, entertainment venues, gyms etc.) are closed in response to the Shelter in Place order. The Governor of the State of California has announced a similar “Shelter in Place” emergency order (N 33 20) effective for the entire state. The Governor’s order will remain in place ‘until further notice.’

The City has announced emergency relief measures for local businesses that will defer collection of certain tax revenues and increase City expenditures, with potential offsets from federal and State emergency funds. Existing and potential impacts to the City associated with the COVID 19 outbreak include, but are not limited to, increasing costs and challenges to the City’s public health system, reductions in tourism and disruption of the regional and local economy with corresponding decreases in City revenues.

The COVID 19 outbreak is ongoing, and its duration and severity and economic effects are uncertain. Uncertain too are the actions that may be taken by Federal and State governmental authorities to contain or mitigate the effects of the outbreak. The ultimate impact of COVID 19 on the City’s operations and finances is unknown, and it may be some time before the full adverse impact of the COVID 19 outbreak is known. Similarly, the Successor Agency cannot predict, at this time, what the ultimate impact on its finances and operations will be as a result of the COVID-19 outbreak, or its impact, if any, on the Successor Agency’s ability to pay debt service on the Bonds.

n) **Reporting of Significant Events.** Pursuant to the provisions of the Continuing Disclosure Certificate, the Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
  2. Non-payment related defaults, if material.
  3. Unscheduled draws on debt service reserves reflecting financial difficulties.
  4. Unscheduled draws on credit enhancements reflecting financial difficulties.
  5. Substitution of credit or liquidity providers, or their failure to perform.
  6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
  7. Modifications to rights of security holders, if material.
  8. Bond calls, if material, and tender offers.
  9. Defeasances.
  10. Release, substitution, or sale of property securing repayment of the securities, if material.
  11. Rating changes.
  12. Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.
  13. The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or any obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
  14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- **A Notice of Partial Redemption dated July 2, 2019 was filed with the Municipal Securities Rulemaking Board on July 2, 2019. The notice was filed with respect to the unscheduled bond call on August 1, 2019 of \$1,260,000 in Bonds from monies available from special tax prepayments.**
- **A Notice of Partial Redemption dated January 2, 2020 was filed with the Municipal Securities Rulemaking Board on January 2, 2020. The notice was filed with respect to the unscheduled bond call on February 1, 2020 of \$1,095,000 in Bonds from monies available from special tax prepayments.**

## **APPENDIX A**

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*Audited Financial Statements  
for the Fiscal Year Ending June 30, 2019*

**(Filed Under a Separate Cover)**

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THE SUCCESSOR AGENCY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE SUCCESSOR AGENCY ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS, AND THE SUCCESSOR AGENCY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE SUCCESSOR AGENCY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

## **APPENDIX B**

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*Successor Agency to the Redevelopment Agency  
of the City and County of San Francisco  
CFD No. 7 (Hunters Point Shipyard Phase One Improvements)*

*Value-to-Burden Ratios*

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**Redevelopment Agency of the City and County of San Francisco  
Community Facilities District No. 7  
(Hunters Point Phase One Improvements)**

**Value-to-Burden Ratios**

<b>Land Uses</b>	<b># of Parcels</b>	<b>Fiscal Year 2019-20 Maximum Special Tax</b>	<b>Fiscal Year 2019-20 Special Tax Levy</b>	<b>% of Total</b>	<b>Fiscal Year 2019-20 Assessed Value</b>	<b>Pro-Rata Share of Outstanding Bonds /1</b>	<b>Value-to- Burden Ratio</b>
<b><u>Developed Property</u></b>							
Residential Property	445	\$2,657,558	\$2,657,558	100.0%	\$336,552,863	\$35,850,000	9.39 : 1
Non-Residential Property	0	\$0	\$0	0.0%	\$0	\$0	0.00 : 1
Subtotal Developed Property	445	\$2,657,558	\$2,657,558	100.0%	\$336,552,863	\$35,850,000	9.39 : 1
<b><u>Undeveloped Property</u></b>							
Residential Property	58	\$1,620,257	\$0	0.0%	\$26,498,527	\$0	0.00 : 1
Non-Residential Property	0	\$0	\$0	0.0%	\$0	\$0	0.00 : 1
Subtotal Undeveloped Property	58	\$1,620,257	\$0	0.0%	\$26,498,527	\$0	0.00 : 1
<b>Total</b>	<b>503</b>	<b>\$4,277,815</b>	<b>\$2,657,558</b>	<b>100.0%</b>	<b>\$363,051,390</b>	<b>\$35,850,000</b>	<b>10.13 : 1</b>

/1 Allocated based on the actual fiscal year 2019-20 special tax levy and the amount of outstanding bonds as of June 30, 2019.

Source: Goodwin Consulting Group, Inc.

## APPENDIX C

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*Successor Agency to the Redevelopment Agency  
of the City and County of San Francisco  
CFD No. 7 (Hunters Point Shipyard Phase One Improvements)*

*Continuing Disclosure Certificate - Section 4(k)*

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As disclosed in the Official Statement, the District is composed of lands formerly part of the closed Hunters Point Naval Shipyard (“Shipyard”). The District lands, referred to as “Parcel A”, are the first of several parcels to be conveyed by the United States Navy (“Navy”) to the Successor Agency upon completion of any necessary environmental remediation and determination that the parcels are suitable to be transferred for their intended uses. The Navy transferred Parcel A to the Successor Agency’s predecessor in interest in 2004, following determinations by the Navy, the United States Environmental Protection Agency and the California Environmental Protection Agency that all necessary investigation and remediation of potential contamination had been completed for Parcel A, and that Parcel A was suitable for residential reuse. Thereafter, the Successor Agency’s predecessor in interest transferred portions of Parcel A to the master developer for the District, who has commenced development within the District.

Since then, the Navy and its contractors performed environmental remediation on other parcels making up the remainder of the Shipyard, all of which are outside of the District.

The Hunters Point Class Action (as defined in the District’s 2019 Continuing Disclosure) seeking damages against Navy contractors Tetra Tech EC, Inc. and Tetra Tech, Inc. (collectively, “Tetra Tech”) for, among other things, fraudulent performance of Tetra Tech’s environmental remediation work at the Shipyard was removed to federal court in 2019. A case management conference is scheduled for April 2020.

The Hunters Point Class Action does not name the Successor Agency or the City and County of San Francisco (“City”) as defendants. It does name “Lennar, Inc.” (a non-existent entity) as a defendant with respect to a single cause of action.<sup>1</sup> It seeks to enjoin development at the Shipyard, which could include remaining development at Parcel A, until independent verified reports can be obtained showing complete and total remediation of all alleged toxic substances. Plaintiffs have not yet taken action to obtain injunctive relief.

Independent of the Hunters Point Class Action, in response to the allegations against Tetra Tech, the City and federal and state regulatory agencies requested that the California Department of Public Health (“CDPH”) conduct a radiological survey of Parcel A. In July through November of 2018, CDPH performed a phased-approach radiological survey to assess the health and safety of the public and the environment at Parcel A. In its [final report](#) dated February 5, 2019, CDPH declared the first subphase of Parcel A (known as Parcel A-1, which includes all current development in the District) to be free from radiological health and safety hazards. In its [final report](#) dated April 24, 2019, CDPH similarly declared the remainder of Parcel A (known as Parcel A-2) to be free from radiological health and safety hazards. All information related to CDPH’s assessments is available [here](#).

To address continued concerns and questions from the community regarding the testing conducted at the Shipyard, Mayor Breed, City Attorney Herrera, and Supervisor Walton asked experts from UC San Francisco and UC Berkeley to conduct an impartial analysis

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<sup>1</sup> An affiliate of Lennar Corporation is the general partner of the master developer within the District.

of CDPH's procedures for Parcel A. The report, released in December 2019 and available [here](#), concluded that CDPH's health and safety scan on Parcel A was appropriate as a health and safety survey. The panel of experts supported CDPH's conclusion that no radiological health and safety hazards to the current residents of Parcel A-1 were observed.

Additional lawsuits relating to Tetra Tech's remediation work on the Shipyard have been filed since the Hunters Point Class Action. None have named the Successor Agency or the City. Each are summarized below,<sup>2</sup> in addition to the more detailed Notices provided by the master developer [available here](#).

The Carter Action (as defined in the District's 2019 Continuing Disclosure), was dismissed without prejudice as to named defendants Lennar, Inc., aka Lennar Group, dba Lennar Commercial, dba Lennar Urban, and Five Point Holding, LLC, in March 2019 and Plaintiffs dismissed the entire action without prejudice on September 4, 2019.

Individual suits discussed in the 2019 Continuing Disclosure, brought by purchasers of condominiums within the District, were consolidated into a single action (the "Consolidated Action") in November 2019. In addition to those suits, on June 11, 2019, 23 individuals who purchased condominiums at the Hunters Point Shipyard filed suit in San Francisco Superior Court alleging that they were misled by the master developer and its sales agents about the number and location of parks that would be built in the District the ("Misrepresentation Action"). Plaintiffs seek compensatory, restitutionary, and punitive damages from the master developer and its affiliates. The master developer successfully sought to compel arbitration in October 2019. Neither the Consolidated Action nor the Misrepresentation Action challenge the continuation of the development within the District.

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<sup>2</sup> Summaries of all lawsuits included herein are based on publicly available information not confirmed for accuracy.

## **APPENDIX D**

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*California Debt and Investment Advisory Commission Report  
for the Fiscal Year Ending June 30, 2019*

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**STATE OF CALIFORNIA**

**MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)  
YEARLY FISCAL STATUS REPORT**

Submitted:  
Wednesday, October 30, 2019  
10:34:58AM  
CDIAC #: 2014-0816

California Debt and Investment Advisory Commission  
915 Capitol Mall, Room 400, Sacramento, CA 95814  
P.O. Box 942809, Sacramento, CA 94209-0001  
(916) 653-3269 Fax (916) 654-7440

For Office Use Only
Fiscal Year _____

**I. GENERAL INFORMATION**

A. Issuer Successor Agency to the San Francisco City & County RDA CFD No 7

B. Project Name Hunters Pt Shipyard Phase 1 Imp

C. Name/ Title/ Series of Bond Issue 2014 Special Tax Ref Bonds

D. Date of Bond Issue 7/17/2014

E. Original Principal Amount of Bonds \$36,445,000.00

F. Reserve Fund Minimum Balance Required Yes  Amount \$3,152,010.24 No

**II. FUND BALANCE FISCAL STATUS**

Balances Reported as of: 6/30/2019

A. Principal Amount of Bonds Outstanding \$35,850,000.00

B. Bond Reserve Fund \$3,242,080.17

C. Capitalized Interest Fund \$0.00

D. Construction Fund(s) \$749,285.48

**III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX**

A. Assessed or Appraised Value Reported as of: 7/1/2019

From Equalized Tax Roll

From Appraisal of Property  
*(Use only in first year or before annual tax roll billing commences)*

B. Total Assessed Value of All Parcels \$369,559,325.00

**IV. TAX COLLECTION INFORMATION**

A. Total Amount of Special Taxes Due Annually \$2,764,518.84

B. Total Amount of Unpaid Special Taxes Annually \$14,744.28

C. Does this agency participate in the County's Teeter Plan? N

**V. DELINQUENT REPORTING INFORMATION**

Delinquent Parcel Information Reported as of Equalized Tax Roll of: 10/15/2019

A. Total Number of Delinquent Parcels: 3

B. Total Amount of Taxes Due on Delinquent Parcels: \$25,121.15  
*(Do not include penalties, penalty interest, etc.)*

**VI. FORECLOSURE INFORMATION FOR FISCAL YEAR**

*(Aggregate totals, if foreclosure commenced on same date)* *(Attach additional sheets if necessary.)*

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
		\$0.00
		\$0.00
		\$0.00
		\$0.00
		\$0.00

STATE OF CALIFORNIA

MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)  
YEARLY FISCAL STATUS REPORT

For Office Use Only  
Fiscal Year \_\_\_\_\_

Submitted:  
Wednesday, October 30, 2019  
10:34:58AM  
CDIAC #: 2014-0816

California Debt and Investment Advisory Commission  
915 Capitol Mall, Room 400, Sacramento, CA 95814  
P.O. Box 942809, Sacramento, CA 94209-0001  
(916) 653-3269 Fax (916) 654-7440

VII. ISSUE RETIRED

This issue is retired and no longer subject to the Yearly Fiscal Status report filing requirements.  
(Indicate reason for retirement)

Matured  Redeemed Entirely  Other

If Matured, indicate final maturity date:

If Redeemed Entirely, state refunding bond title & CDIAC #:

and redemption date:

If Other:

and date:

VIII. NAME OF PARTY COMPLETING THIS FORM

Name Miriam Adamec  
Title Vice President  
Firm/ Agency Goodwin Consulting Group Inc  
Address 333 University Avenue Suite 160  
City/ State/ Zip Sacramento, CA 95825  
Phone Number (916) 561-0890 Date of Report 10/30/2019  
E-Mail miriam@goodwinconsultinggroup.net

IX. ADDITIONAL COMMENTS: