

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 18-2018

DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS AND OTHER DEBT IN AN AMOUNT NOT TO EXCEED \$6,000,000,000 FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO COMMUNITY FACILITIES DISTRICT NO. 9 (HPS2/CP PUBLIC FACILITIES AND SERVICES) AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH

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 the Redevelopment Agency of the City and County of San Francisco (the “Former Redevelopment Agency”), 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 California legislature adopted Assembly Bill 1484 (“AB 1484”) amending certain provisions of AB 26 and clarifying that successor agencies are separate public entities (Section 34173 (g) of the California Health and Safety Code (the “Code”)), and the Governor of the State signed the bill on June 27, 2012 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 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 the Former Redevelopment Agency, (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 Successor Agency Commission (the “Successor Agency Commission” or the “Commission”) and delegated to the Successor Agency Commission the authority (excluding authority as to the “Housing Assets,” as defined in the Implementing Ordinance, but not excluding authority as to the “Retained Housing Obligations”) to act in place of the governing body of the Former Redevelopment Agency (the “Former Redevelopment Agency Commission”) to, among other matters: (i) implement, modify, enforce and complete the Former Redevelopment Agency’s enforceable obligations, except with respect to certain enforceable obligations for

specified affordable housing purposes, (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 Successor Agency Commission 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 Dissolution Law (the “Oversight Board”), (e) authorized the Mayor to appoint the five members of the Successor Agency Commission, and (f) provided for an Executive Director of, and legal counsel to, the Successor Agency; and,

WHEREAS, The Successor Agency is also known as the Office of Community Investment and Infrastructure (“OCII”) and its commission is known as the Commission on Community Investment and Infrastructure; and,

WHEREAS, On February 20, 2018, pursuant to the Mello-Roos Community Facilities Act of 1982, constituting Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (“Mello-Roos Act”), this Commission, adopted a resolution entitled “Resolution of Intention to Establish Successor Agency to the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 9 (HPS2/CP Public Facilities and Services), Improvement Area No. 1 and a Future Annexation Area, and Determining Other Matters in Connection Therewith” (“Resolution of Intention to Establish”) stating its intention to form (i) “Successor Agency to the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 9 (HPS2/CP Public Facilities and Services)” (“CFD”), (ii) “Improvement Area No. 1 of the Successor Agency to the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 9 (HPS2/CP Public Facilities and Services)” (“Improvement Area No. 1”) and (iii) a future annexation area for the CFD (“Future Annexation Area”); and,

WHEREAS, Also in the Resolution of Intention, this Commission determined that it may be necessary to designate additional improvement areas in the CFD as a result of the annexation of territory from the Future Annexation Area (each, a “Future Improvement Area” and together with Improvement Area No. 1, the “Improvement Areas”); and,

WHEREAS, In the Resolution of Intention to Establish, this Commission made certain findings under the California Environmental Quality Act (“CEQA”) about the Final Environmental Impact Report and subsequent addenda thereto (cumulatively, the “FEIR”) for the disposition and development of Candlestick Point and Phase 2 of Hunters Point Shipyard adopted by the Former Redevelopment Agency Commission together with certain findings regarding the alternatives, mitigation measures, and significant environmental effects analyzed in the FEIR, including a

Mitigation Monitoring and Reporting Program and a Statement of Overriding Considerations (cumulatively “CEQA Findings”); and,

WHEREAS, The actions proposed under this resolution are an undertaking pursuant to and in furtherance of the Project in conformance with CEQA Section 21166 and the CEQA Guidelines Sections 15180, 15162, 15163, and 15164; and,

WHEREAS, The FEIR and associated CEQA Findings reflect the independent judgment and analysis of the Former Redevelopment Agency Commission, remain adequate, accurate and objective, and were prepared and adopted following the procedures required by CEQA; and,

WHEREAS, Copies of the FEIR, addenda, CEQA Findings and supporting documentation are on file with the Commission Secretary and are incorporated in this Resolution by this reference as applicable to the actions proposed under this resolution; and,

WHEREAS, On February 20, 2018, this Commission also adopted a resolution entitled “Resolution of Intention to Incur Bonded Indebtedness and Other Debt in an Amount Not to Exceed \$6,000,000,000 for the Successor Agency to the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 9 (HPS2/CP Public Facilities and Services) and Determining Other Matters in Connection Therewith” (“Resolution of Intention to Incur Indebtedness”) stating its intention to incur bonded indebtedness and other debt (as defined in the Mello-Roos Act) within the boundaries of the CFD and the Improvement Areas for the purpose of financing the costs of certain facilities specified in the Resolution of Intention (“Facilities”); and,

WHEREAS, This Commission has held a noticed public hearing as required by the Mello-Roos Act about the determination to proceed with the formation of the CFD, Improvement Area No. 1 and the Future Annexation Area, the provision of the Facilities and certain public services by the CFD and the rate and method of apportionment of the special tax to be levied within Improvement Area No. 1 to pay the cost of the Facilities and the services, the principal and interest on the proposed bonded indebtedness in the Improvement Areas and the administrative costs of the Successor Agency relative to the CFD; and,

WHEREAS, Subsequent to the public hearing, this Commission adopted a resolution entitled “Resolution of Formation of Successor Agency to the Redevelopment Agency of the City and County of San Francisco Community Facilities District No. 9 (HPS2/CP Public Facilities and Services), Improvement Area No. 1 and a Future Annexation Area, and determining other matters in connection therewith” (“Resolution of Formation”); and,

WHEREAS, This Commission has also held a noticed public hearing as required by the Mello-Roos Act relative to the matters material to the questions set forth in the Resolution of Intention to Incur Indebtedness; and,

WHEREAS, No written protests with respect to the matters material to the questions set forth in the Resolution of Intention to Incur Indebtedness have been filed with the Secretary of the Commission; now, therefore, be it

RESOLVED, The Successor Agency Commission finds that the facts set forth in the recitals to this Resolution are true and correct; and, be it further

RESOLVED, In order to finance the costs of the Facilities, including, but not limited to, the costs of issuing and selling bonds and incurring other debt to finance all or a portion of the Facilities and the costs of the City in establishing and administering the CFD, it is necessary for the City to incur bonded indebtedness and other debt (as defined in the Mello-Roos Act) in the following amounts:

(i) For Improvement Area No. 1, a not to exceed principal amount of \$202,200,000 (“Improvement Area No. 1 Indebtedness Limit”); and

(ii) For the portion of the CFD that is not in Improvement Area No. 1, a not to exceed principal amount of \$5,797,800,000 (“Non-Improvement Area No. 1 Indebtedness Limit”).

However, in the event all or a portion of the Future Annexation Area is annexed as one or more Future Improvement Areas, the maximum indebtedness of each such Future Improvement Area shall be identified and approved in the unanimous approval which, pursuant to Mello-Roos Act Section 53339.7, shall be executed by property owners to indicate approval of the annexation of their property in the Future Annexation Area to the CFD at the time of the annexation (each, a “Unanimous Approval”) and in accordance with the Annexation Approval Procedures described in the Resolution of Formation, and the amount of the maximum indebtedness for the Future Improvement Area shall be subtracted from the Non-Improvement Area No. 1 Indebtedness Limit, which shall result in a corresponding reduction in the Non-Improvement Area No. 1 Indebtedness Limit; and, be it further

RESOLVED, The whole of Improvement Area No. 1 shall pay for the bonded indebtedness and other debt issued by the Successor Agency for Improvement Area No. 1 through the levy of the special tax. The tax shall be apportioned in accordance with the formula set forth in Exhibit B to the Resolution of Formation; and, be it further

RESOLVED, The whole of each Future Improvement Area shall pay for the bonded indebtedness and other debt issued by the Successor Agency for such Future Improvement Area through the levy of the special tax for such Future Improvement Area. The special tax to be levied in a Future Improvement Area shall be apportioned in accordance with the rate and method of apportionment of special tax for such Future Improvement Area identified and approved in the Unanimous Approval executed by property owners in connection with the annexation of such Future Improvement Area to the CFD, and in accordance with the Annexation Approval Procedures described in the Resolution of Formation; and, be it further

RESOLVED, Subject to voter approval, this Commission, acting as legislative body for the CFD, is hereby authorized to issue and sell bonds and other debt (as defined in the Mello-Roos Act) for Improvement Area No. 1 in one or more series in the maximum aggregate principal amount of not to exceed the sum of the Improvement Area No. 1 Indebtedness Limit, bearing interest payable semi-annually or in such other manner as this Commission shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of such bonds and other debt, and maturing not to exceed 40 years from the date of the issuance of the bonds and other debt; and, be it further

RESOLVED, The proposition of the Successor Agency incurring the bonded indebtedness and other debt for Improvement Area No. 1 herein authorized shall be submitted to the qualified electors of Improvement Area No. 1 and shall be consolidated with elections on the proposition of levying special taxes within Improvement Area No. 1 and the establishment of an appropriations limit for Improvement Area No. 1 pursuant to Mello-Roos Act Section 53353.5, and the time, place and further particulars and conditions of such election shall be as specified by separate resolution of this Board of Supervisors; and, be it further

RESOLVED, Subject to voter approval set forth in a Unanimous Approval(s), this Commission, acting as legislative body for the CFD, is hereby authorized to issue and sell bonds and other debt (as defined in the Mello-Roos Act) for the Future Improvement Areas in one or more series in the maximum aggregate principal amount with respect to the Future Improvement Areas to be determined at the time of annexation (not to exceed the Non-Improvement Area No. 1 Indebtedness Limit in the aggregate), bearing interest payable semi-annually or in such other manner as this Commission shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of each series of bonds and other debt, and maturing not to exceed 40 years from the date of the issuance of the respective series of bonds and other debt; and, be it further

RESOLVED, The Commission finds and determines that the actions taken by this resolution are consistent with the Project as analyzed in the FEIR and require no additional environmental review beyond the FEIR pursuant to CEQA Section 21166 and the CEQA Guidelines Sections 15180, 15162, 15163, and 15164 because there are no substantial changes to the Project analyzed in the FEIR, no change in circumstances under which the Project is being undertaken, and no new information of substantial importance indicating that new significant impacts would occur, that the impacts identified in the FEIR as significant impacts would be substantially more severe, or that mitigation or alternatives previously found infeasible are now feasible; and, be it further

RESOLVED, If the Board of Supervisors rescinds Ordinance No. 215-12 without otherwise delegating to the Commission the authority to act as legislative body for the CFD, all references to the Commission in this Resolution shall thereafter constitute references to the Board of Supervisors; and, be it further

RESOLVED, The Commission intends to transfer the authority for the governance of the CFD to the City if such transfer is required to preserve the CFD and is permitted under the Mello-Roos Act, as amended from time to time; and, be it further

RESOLVED, If any section, subsection, sentence, clause, phrase, or word of this resolution, or any application thereof to any person or circumstance, is held to be invalid or unconstitutional by a decision of a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions or applications of this resolution, this Commission hereby declaring that it would have passed this resolution and each and every section, subsection, sentence, clause, phrase, and word not declared invalid or unconstitutional without regard to whether any other portion of this resolution or application thereof would be subsequently declared invalid or unconstitutional; and, be it further

RESOLVED, The Executive Director, the Deputy Director of Finance and Administration, the Secretary of the Commission, the General Counsel of the Successor Agency and any and all other officers of the Successor Agency are hereby authorized, for and in the name of and on behalf of the Successor Agency, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to effectuate the purposes of this Resolution; provided however that any such actions be solely intended to further the purposes of this Resolution, and are subject in all respects to the terms of the Resolution; and, be it further

RESOLVED, All actions authorized and directed by this Resolution, consistent with any documents presented herein, and heretofore taken are hereby ratified, approved and confirmed by this Commission; and, be it further

RESOLVED, That this Resolution shall take effect upon its adoption.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of April 17, 2018.

Commission Secretary