PORT OF SAN FRANCISCO

MEMORANDUM

September 8, 2023

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Gail Gilman
Hon. Ed Harrington
Hon. Steven Lee

FROM: Elaine Forbes
Executive Director

SUBJECT: Informational presentation to consider and possible action to approve a resolution recommending that the Board of Supervisors (1) approve a Mission Rock Special Tax District financing, including the issuance of bonds in an aggregate principal amount not to exceed $58,335,000 ("Bonds"), and the execution and delivery of financing documents, including the: a) form of Bond Purchase Agreement, b) form of Second Supplement to Development Special Tax Bonds Fiscal Agent Agreement, c) form of Office Special Tax Bonds Fiscal Agent Agreement, d) form of Shoreline (Zone 1) Special Tax Bonds Fiscal Agent Agreement, e) form of Continuing Disclosure Certificate, f) form of Preliminary Official Statement, and authorizing and directing the Executive Director to cause the package to be submitted to the Board of Supervisors and to work with the Director of the Office of Public Finance to finalize and cause the distribution of the Preliminary Official Statement and the issuance of the Bonds and (2) interpreting the Rate and Method of Apportionment of Special Tax for the Mission Rock Special Tax District.

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution No. 23-41

EXECUTIVE SUMMARY

Seawall Lot 337 Associates, LLC, a Delaware limited liability company ("Master Developer") and the City, acting by and through the Port, are parties to a Disposition and Development Agreement (as amended from time to time, "DDA"), including a Financing

Plan (as amended from time to time, “Financing Plan”), that governs the disposition and development of certain parcels in the jurisdiction of the Port, including Seawall Lot 337.

After more than a decade of planning, the Mission Rock Project at Seawall Lot 337 is nearing completion of Phase 1. Three of four buildings have received Temporary Certifications of Occupancy (TCOs) and the fourth is expected to receive TCO in mid-2024. The first residents moved into Parcel A, the Canyon, in June 2024, and tenant improvements for Parcel G, the future Visa headquarters, are underway.

The City will issue bonds using tax increment financing and special taxes to finance horizontal infrastructure at the Project. Previously, the City issued three series of bonds payable from the Development Special Tax (offset by tax increment from Project Area I (as defined below)) in the amounts of $43.3M, $54.28M, and $10.0M. The proposed 2023 Bonds (the “Bonds” or “2023 Bonds”) will be issued in up to four series secured by the Development Special Tax (a tax-exempt series), the Office Special Tax (a tax-exempt series and a taxable series), and the Shoreline Special Tax (a tax-exempt series) levied in Zone 1 of the CFD (as defined below), respectively. Based on current market conditions, Stifel, Nicolaus & Company, Inc., the lead underwriter of the financing, projects the total bond amount to be $47.0 million consisting of a Development Special Tax series of $9.1 million, an Office Tax series totaling $19.5 million, and a Shoreline Zone 1 Tax series of $18.4 million based upon current market conditions. These amounts would maintain a 110% bond debt service coverage ratio and a minimum 3-to-1 value-to-lien ratio based on the appraised value of the site.

Staff is recommending that the Board of Supervisors clarify that the Rate and Method of Apportionment of Special Taxes (the “RMA”) for the CFD should be administered to treat the Shoreline Special Tax levied in Tax Zone 1 and the Shoreline Special Tax levied in Tax Zone 2 as separate special taxes.

STRATEGIC PLAN

This item and the Mission Rock Project as a whole support the efforts of the Port’s Strategic Plan to enhance and balance the Port’s maritime and economic purpose, rich history, and changing relationship with the City so the waterfront continues to be a treasured destination.

The item specifically supports two strategies:

1. **Productivity**. Redevelopment of a surface parking lot in the Mission Rock neighborhood supports the goal of enhancing the economic vitality of the Port. The Port aims to work with the City’s Controller’s Office and Board of Supervisors to issue public financing bonds to fund infrastructure development.

2. **Stability**. Establishment of IFD and CFD financing districts is projected to have the capacity to fund a variety of Port capital projects.

PROJECT BACKGROUND

At full build-out, the Mission Rock Project will include up to 1,200 units of new, rental housing including 40% below market rate units, 1.4 million square feet of new commercial and office space, rehabilitation of historic Pier 48, space for small-scale manufacturing, retail, and neighborhood services, eight acres of parks and open spaces, and public infrastructure.

Phase 1 of the Project includes four buildings: two primarily residential apartment buildings (Parcel A, “The Canyon”, and Parcel F) totaling 537 units, and two commercial office/life science buildings (Parcel B and Parcel G) totaling approximately 620,000 square feet. Parcel G will serve as Visa’s global headquarters. Phase 1 also features nearly five acres of parks and open spaces, including pedestrian paseos and China Basin Park. The Project’s district-scale private utility systems – a blackwater recycling system and a thermal energy system – have also been constructed in Phase 1.

Phase 1 horizontal and vertical improvements are nearing completion. Parcels G, A, and B have received Temporary Certificates of Occupancy, and Parcel F is expected to be completed in Q2 2024. Both the Street Improvement Permit (SIP) and China Basin Park infrastructure are well underway. SIP work is complete around three of the vertical buildings with the remainder expected to be complete by early 2024. China Basin Park is currently progressing towards a planned opening in early 2024.

FINANCING BACKGROUND

On September 20, 2019, the Port Commission approved the Phase 1 Budget of the Project, which outlined the expected costs and revenue sources for the phase improvements. The Phase 1 budget included:

- **Project Costs.** Projected hard costs, soft costs, and return on Developer equity for the Phase 1 Horizontal Infrastructure improvements.

- **Projected Revenues.** Sources included:

    - The four Phase 1 prepaid leases

    - Public financing sources including Community Facilities District (CFD) bond proceeds, CFD pay-as-you-go (“pay-go”) taxes (those not dedicated to bond debt service), and Infrastructure Financing District (IFD) pay-go taxes

The original Phase Budget approved on September 24, 2019, totaled $145.4 million. On August 10, 2021, the Port Commission approved an amended budget of $184.2 million and an adjustment to China Basin Park construction sequencing. The Developer anticipates the need for one additional budget amendment to complete Phase 1, bringing the total Phase 1 budget to $214.1 - $218.5 million. Table 1 below shows the original Phase budget and the 2021 and proposed amendments.

Table 1. Phase 1 Original Budget and Amended Budgets

Cost Item	2019 Port Approved Budget	2021 Port Approved Budget	Revised Budget (low)	Revised Budget (high)
Hard Costs				
Hard Costs	52,659,913	69,385,516	77,240,266	78,198,463
Inland CBP	27,397,300	33,395,979	39,184,050	40,657,253
Owner Costs[1]	9,688,437	5,292,826	2,587,204	2,587,204
Total Hard Costs	*89,745,650*	*108,074,322*	*119,011,520*	*121,442,920*
Soft Costs				
General	33,583,205	48,476,902	49,463,907	50,158,218
City Costs[2]	5,000,000	5,000,000	19,577,000	19,577,000
Developer Items	13,461,848	18,907,674	23,774,409	23,787,637
Open Space	1,652,500	1,652,500	1,004,580	1,004,580
Soft Cost Contingency	1,984,086	1,984,086	1,250,000	2,500,000
Total Soft Costs	*55,681,639*	*76,021,161*	*95,069,896*	*97,027,435*
Totals	**145,427,289**	**184,095,483**	**214,081,416**	**218,470,355**

1. *Owner Costs include contingency funds for hard costs. As the project progressed, these funds were reallocated to the Hard Costs and Inland CBP line items, which is why Owner Costs decreased over time.*
2. *In the 2019 Approved Budget, City costs were included in the General Soft Costs line item.*

To provide funding for horizontal infrastructure at the site, the Development includes two tax districts. The Board passed an ordinance establishing Project Area I (Mission Rock) ("Project Area I") of Infrastructure Financing District No. 2 (Port of San Francisco) (the "IFD") on February 27, 2018, which the Mayor signed on March 6, 2018. On April 14, 2020, the Board of Supervisors passed a resolution approving the formation of the Mission Rock Special Tax District on No. 2020-1 (Mission Rock Facilities and Services) (the "CFD"), which the Mayor signed on April 24, 2020. On May 5, 2020, after a public hearing and landowner vote, the Board approved a resolution determining a not to exceed bond indebtedness limit of $3,700,000,000 for the CFD, which the Mayor signed on May 15, 2020. The Board of Supervisors passed an ordinance levying special taxes within the CFD on May 12, 2020, which the Mayor signed on May 22, 2020.

The two tax districts provide the revenues for the bonds discussed in this report. The IFD generates revenues by capturing tax increment generated in Project Area I, the increase in ad valorem (property) taxes within Project Area I above the base year of 2017-2018.

The CFD includes four separate special taxes:

1. **Development Special Tax** – funds horizontal infrastructure on the site; expected 45-year life

2. **Office Special Tax** – funds horizontal infrastructure on the site; 120-year life

3. **Shoreline Special Tax** – a source for ongoing shoreline protection studies and facilities; Shoreline Taxes from Phase I can also fund horizontal infrastructure on the site; 120-year life

4. **Contingent Services Special Tax** – funds ongoing maintenance and services of the area if the Master Association does not provide these services

The proposed bond issuance will utilize a combination of the Development Special Tax (with offsets by IFD tax increment from Project Area I), the Office Special Tax, and the Shoreline Special Tax levied in Zone 1 of the CFD ("Shoreline (Zone 1) Special Tax").

On October 27, 2020, the Port Commission approved a resolution recommending that the Board of Supervisors approve the first Mission Rock CFD financing, including the issuance of bonds in an aggregate principal amount not to exceed $50,100,000. On December 8, 2020, the Board of Supervisors approved a resolution authorizing (i) the City to issue Development Special Tax Bonds in an amount not to exceed $43,300,000, (ii) the execution and delivery of related financing documents.

On March 23, 2021, the Port Commission approved a resolution recommending that the Board of Supervisors approve the second Mission Rock CFD financing, including the issuance of bonds in an aggregate principal amount not to exceed $68,000,000. On May 11, 2021, the Board of Supervisors approved a resolution authorizing (i) the City to issue Development Special Tax Bonds in an amount not to exceed $64,900,000, (ii) the execution and delivery of related financing documents, and (iii) a Pledge Agreement to specify repayment of the authorized bonds.

Note that the Board of Supervisors' not-to-exceed bond amounts were less than the Port Commission's not-to-exceed bond amounts because the CFD land appraiser updated its appraisals between these hearings and reduced the appraised value.

Based on these approvals, the City issued three series of Development Special Tax bonds in 2021. On May 27, 2021, the City issued $43,300,000 in Development Special Tax Bonds, Series 2021A. On November 10, 2021, the City issued $54,280,000 in Development Special Tax bonds, Series 2021B (taxable), and $10,000,000 in Development Special Tax bonds Series 2021C (tax-exempt).

CFD SPECIAL TAX BONDS

Bond Sizing

Two factors limit the amount of CFD special tax bonds sold: 1) the ongoing tax revenue capacity; and 2) an appraisal of the value of the leasehold interests within the CFD.

Ongoing tax capacity less administrative expenses must be at least 110 percent of the debt service requirement on any CFD special tax bonds. For example, if the annual debt service payments are $1.0 million, the annual CFD special tax revenue after paying administrative expenses must be at least $1.1 million. Table 2 below shows the Development, Office, and Shoreline tax revenues for Fiscal Year 2023-24. Table 3 shows the amount of debt service available that could be payable from each special tax while maintaining 110 percent coverage.

Table 2. FY2023-24 Special Taxes by Parcel

Parcel		Development Special Tax Levy	Office Special Tax Levy	Shoreline (Zone 1) Special Tax Levy	Total Special Tax Levy
Parcel A	$1,614,246	$87,522	$82,964	$1,784,732	
Parcel B	$1,822,232	$538,259	$510,225	$2,870,717	
Parcel G	$1,993,407	$588,410	$557,764	$3,139,580	
Parcel F	$1,181,237	$45,651	$43,274	$1,270,162	
Subtotal	**$6,611,122**	**$1,259,843**	**$1,194,226**	**$9,065,191**	

Source: Goodwin Consulting Group

Table 3. 2023-24 Special Taxes, Projected Debt Service, and Bond Coverage

Special Tax	Outstanding Bonds Debt Service	2023 Bonds Debt Service	Total Debt Service	Expected Max Tax Revenues	Bond Coverage
Development	$5,521,775	$464,087	$5,985,862	$6,589,422	110%
Office	$0	$1,056,124	$1,056,124	$1,162,093	110%
Shoreline (Zone 1)	$0	$995,675	$995,675	$1,096,476	110%

Notes: The table above only shows 2023-24 Sept.1 bond year as the first year for illustrative purposes. Special Taxes and Debt Services generally increase by 2 percent annually. All tax revenues are net of administrative costs. Source: Stifel, Nicolaus & Company, Inc.

Because the City will foreclose on the taxable leasehold interests in the Mission Rock CFD if lessees are delinquent in the payment of the Development Special Tax, the value of the leasehold interests – determined by an appraisal – is an important credit consideration for purchasers of the Bonds. Under the City's *Amended and Restated Local Goals and Policies for Community Facilities Districts and Special Tax Districts*, the City must sell the Bonds to achieve at least a 3-to-1 value-to-lien ratio based on 1) the appraised value or the assessed value of the leasehold interests in the taxable parcels in the Mission Rock CFD and 2) special tax and assessment debt encumbering such leasehold interests (including the Bonds). This policy means that the value of the leasehold interests in the Mission Rock CFD must be three times the outstanding amount of the Bonds and any other special tax and assessment debt.

Integra Realty Resources, Inc. (the "Appraiser") is currently preparing an Appraisal Report estimating the market value of the leasehold interests within the Mission Rock CFD. The initial estimated value is expected to be approximately $700 million, which would achieve a value-to-lien ratio in excess of 3-to-1. Based on these expectations, staff anticipates the appraised value to not be the limiting factor in the amount of bonds issued.

Based upon the tax revenue capacity and appraised value, the CFD will support a $9.1M Development Tax bond, a $19.5M Office Tax bond, and a $18.4M Shoreline Tax bond based upon current market conditions. Table 4 below summarizes the estimated sources while Table 5 summarizes uses for the three bond series, based on current market conditions and the current appraised value.

Table 4. Estimated Sources of the Special Tax Bonds

Sources	2023 Development Tax	2023 Office Tax	2023 Shoreline (Zone 1) Tax	Total
Bond Proceeds				
Par Amount	9,120,000.00	19,520,000.00	18,405,000.00	47,045,000.00
OID	-262,844.20	-643,700.20	-607,164.50	-1,513,708.90
Total Sources	**8,857,155.80**	**18,876,299.80**	**17,797,835.50**	**45,531,291.10**

Table 5. Estimated Uses of the Special Tax Bonds

Uses	2023 Development Tax	2023 Office Tax	2023 Shoreline Tax	Total
Project Fund	7,656,762.96	16,370,585.65	15,435,021.96	39,462,370.57
Debt Service Reserve Fund	869,735.89	1,797,992.27	1,695,517.37	4,363,245.53
Delivery Date Expenses:				
Cost of Issuance	193,856.95	414,921.88	391,221.17	1,000,000.00
Underwriter's Discount	136,800.00	292,800.00	276,075.00	705,675.00
Total Uses	**8,857,155.80**	**18,876,299.80**	**17,797,835.50**	**45,531,291.10**

Source: Stifel, Nicolaus & Company, Inc.

Municipal Market Context

Current municipal market rates are no longer at historically low levels. Since early 2022, interest rates have risen rapidly, significantly increasing the costs of borrowing. Currently, the municipal market is experiencing some volatility so we do not know what rates will be at the time of pricing. As such, we have included an interest rate sensitivity analysis below. Table 6 below shows project proceeds at current market interest rates versus a 100 basis point increase, a 100 basis point decrease, and a 150 basis point decrease in interest rates.

Table 6. Impact of Interest Rate Changes

	Plus 100 bps	Current Market	Less 100 bps	Less 150 bps
Bond Par	$40,860,000	$47,045,000	$54,060,000	$58,335,000
Project Fund	**34,067,772**	**39,462,371**	**45,964,296**	**49,891,048**
Total Debt Service	96,418,654	101,767,573	104,840,543	106,520,454

CFD Bonds, backed by CFD Taxes and Tax Increment

It is anticipated that the proposed Bonds will be issued in three series that are secured by a pledge of the Development Special Tax, Office Special Tax ("Office Special Tax Bonds"), and Shoreline (Zone 1) Special Tax ("Shoreline (Zone 1) Special Tax Bonds") levied on taxable property in the Mission Rock CFD in accordance with Ordinance 79-20 and the RMA adopted at formation.

As with the first and second authorized financings, this proposed Mission Rock financing will utilize both CFD and IFD sources. The Development Special Tax Bonds will be secured by a pledge of Development Special Taxes and allow tax increment generated in Project Area I to "offset" the CFD Development Special Taxes. The offset increases the value of the Port's land by reducing the long-term tax burden on the site. Under this offset structure, a tax increment from one year acts as a credit for the next year's CFD Development Special Tax obligation. Tax increment is expected to be available to fully offset the CFD Development Special Taxes once the Phase 1 properties are fully assessed. The second and third series of Bonds will be secured by only the Office Special Tax and only the Shoreline (Zone 1) Special Tax respectively.

The Port executed Vertical Parcel Leases for Parcel G on June 25, 2020, and Parcels A, B, and F on October 6, 2020. The execution of the Parcel Leases initiated a more than 24-month countdown for levying the Mission Rock CFD special tax on Developed Property, as the levy on Developed Property began in the Fiscal Year after the 24-month anniversary of Parcel Lease execution. Thus, the Mission Rock CFD special tax levy on Developed Property for Parcel G began in FY 2022-23 and for Parcels A, B, and F in FY 2023-24.

Before then, the Development Special Tax was levied on the undeveloped property based upon each parcel's expected square footage and use, in accordance with the RMA approved by the Board, to provide revenues to fund any debt service obligations. The IFD Project Area I tax increment offset mechanism will begin when the Assessor finalizes the assessment of each parcel, and the Port and Developer agree upon this value as the Baseline Assessed Value.

The proposed Bonds will be sold without a rating ("Non-Rated"). Non-rated special tax bonds have unique credit considerations and risk factors for investors, which will be discussed in the risk factors sections of the Official Statement for the Bonds. The Bonds are limited obligations of the City, secured by and payable solely from a pledge of the Development, Office, and Shoreline (Zone 1) Special Taxes levied in the Mission Rock CFD and tax increment generated in IFD Project Area I.

The General Fund of the City and the Port Harbor Fund are not liable for the payment of principal or interest on the Bonds, and the credit of the City, the credit of the Port, the General Fund of the City, and the Port Harbor Fund are not pledged to the payment of the Bonds. Other than the Special Taxes and the IFD Project Area I tax increment, the City is not obligated to levy any taxes for repayment of the Bonds.

BENEFITS TO PORT AND PROJECT

Proceeds from the Bonds, anticipated to be priced with interest rates between 5.0 – 6.5 percent, will repay developer equity earning a higher of 18 percent return or 1.5 times peak equity for the phase. The Port determined that the 18 percent return was a market-based rate of return. This replacement of higher-interest developer equity with low-interest public financing is the key financial structure of the deal which preserves the Port's land value in later phases.

An additional $40 million in special tax bond proceeds would have significant benefits to the project's economics. Replacing higher-cost Developer Capital with bond proceeds eliminates $550-600k of return to the project, which decreases overall costs over the life of the project.

The bond proceeds from the proposed Bonds will finance or reimburse 1) horizontal improvements for the Project, 2) debt service reserve fund, 3) administrative expenses, and 4) costs of issuance. Proceeds of the Bonds will reimburse the Developer for outstanding costs related to the initial stages of Phase I horizontal improvements (e.g., utilities, streets, sidewalks, parks, etc.).

METHOD OF SALE AND BOND PURCHASE AGREEMENT

Given that the proposed Bonds will be unrated, and the underlying project is a real estate development project, the City's independent municipal advisor recommended a negotiated sale for this transaction. The Bonds will each be secured by either Development Special Taxes, Office Special Taxes, or Shoreline (Zone 1) Special Taxes from specific leasehold interests within the CFD. Earlier this calendar year, the Office of Public Finance (OPF), the Port, and the City's municipal advisor conducted a competitive RFP process to solicit interest and bids for firms in the City's Underwriting Pool to participate in these upcoming underwritings. Five firms responded to the request. Stifel, Nicolaus & Company, Inc. and Piper Sandler & Co. were selected as senior manager and co-manager, respectively, based on relevant experience, team, credit and marketing considerations, ESG and diversity initiatives, and fees.

ADDITIONAL INFORMATION

The proposed Bond financing requires that the Board of Supervisors, as the legislative body of the CFD, adopt a resolution approving the issuance of the Bonds and related documents and actions.

The authorizing resolution is expected to be introduced at a Board of Supervisors meeting later in September 2023. The forms of the financing documents related to the Bonds—including the Bond Purchase Agreement, Second Supplement to the Development Special Tax Bonds Fiscal Agent Agreement, Office Special Tax Bonds Fiscal Agent Agreement, Shoreline (Zone 1) Special Tax Bonds Fiscal Agent Agreement, Preliminary Official Statement, and the Continuing Disclosure Certificate — will also be submitted.

Bond Purchase Agreement
The City intends to pursue a negotiated sale of the Bonds with a sale of the Bonds to the Underwriters. The Bond Purchase Agreement details the terms, covenants, and conditions for the sale of the Bonds to the Underwriters as well as agreements regarding expenses, closing, and disclosure documents.

Fiscal Agent Agreements
The City executed a Fiscal Agent Agreement in connection with the initial series of Development Special Tax Bonds and executed a First Supplement to Development Special Tax Bonds Fiscal Agent Agreement in connection with the second and third series of Development Special Tax Bonds. The Development Special Tax Bonds Fiscal Agent Agreement governs the use of Development Special Taxes and tax increments from IFD Project Area I to pay debt service on the Development Special Tax Bonds. The Development Special Tax Bonds Fiscal Agent Agreement detailed the terms of the initial series of Development Special Tax Bonds, and the First Supplement to Development Special Tax Bonds Fiscal Agent Agreement established the terms of the second and third series of Development Special Tax Bonds, including principal amount, interest rate, redemption, and the conditions for issuance of additional parity bonds. The Second Supplement to Development Special Tax Bonds Fiscal Agent Agreement will establish the terms of the fourth series of Development Special Tax Bonds, including principal amount, interest rate, and redemption. The Fiscal Agent holds Bond proceeds and will disburse them as directed by authorized City and Port representatives.

Separate Fiscal Agent Agreements will govern the Office Special Tax Bonds and the Shoreline (Zone 1) Special Tax Bonds.

Preliminary Official Statement ("POS")
The POS is distributed to investors prior to the sale of the Bonds and provides information for investors in connection with the public offering by the City of the Bonds. The POS describes the Bonds, the Project, including sources and uses of funds; security for the Bonds (including information about the Mission Rock CFD and IFD Project Area I); risk factors; and other legal matters, among other information. The Appraisal Report will be attached as an appendix to the Official Statement.

Official Statement
The final Official Statement contains the same information as the POS but includes the results of the pricing of the Bonds (i.e., sale results including principal amounts, offering prices, interest rates, and underwriters' compensation). The preliminary Official Statement is distributed to prospective purchasers of the Bonds and the final Official Statement is distributed to initial purchasers of the Bonds as well as potential future investors.

Under the anti-fraud provisions of the federal securities laws, the City and the Port are required to ensure that the POS and the Official Statement are accurate and complete in all material respects. This obligation applies to the individual members of the governing bodies approving the document as well as City staff charged with preparing the document. While certain information in the Official Statement will ultimately be provided by the Developer, the Developer will only certify in writing certain aspects of the information in the final official statement. It is important that the information provided by all parties is accurate and complete in all material respects. “Material” in this context means that there is a substantial likelihood that the information would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell the Bonds. The draft Preliminary Official Statement has been submitted for the Port Commission’s review before its publication.

The Board of Supervisors and the Mayor, in adopting and approving the Bond Resolution, approve and authorize the use and distribution of the Preliminary and Final Official Statements by the Underwriters and municipal advisor with respect to the Bonds. For purposes of the Securities and Exchange Act of 1934, the Controller or Director of the Office of Public Finance will certify, on behalf of the City, that the Preliminary and Final Official Statements are “deemed final” as of their respective dates.

INTERPRETATION OF THE RMA

Section I of the RMA authorizes the City to interpret, clarify, and revise the RMA to correct any inconsistency, vagueness, or ambiguity, as long as such interpretation, clarification or revision does not materially affect the levy of the Special Taxes and any security for any Bonds (as those terms are defined in the RMA).

The Board of Supervisors formed the CFD under Chapter 43, Article X of the San Francisco Administrative Code (the “Code”). Section 43.10.5 authorizes the Board of Supervisors to take any actions or make any determinations which it determines are necessary or convenient to carry out the purposes of the Code and which are not otherwise prohibited by law.

Staff recommends that the Board of Supervisors clarify that, because the RMA requires Shoreline Special Tax Bonds (as defined in the RMA) to be secured in a manner that reflects the divisions between the Zone 1 Shoreline Special Taxes and the Zone 2 Shoreline Special Taxes (as those terms are defined in the Financing Plan) as set forth in Financing Plan Section 4.7, the RMA should be administered in a manner that treats the Shoreline Special Tax levied in Tax Zone 1 and the Shoreline Special Tax levied in Tax Zone 2 as separate special taxes, until otherwise provided by the Board of Supervisors without materially affecting the security for any Bonds (as defined in the RMA).

NEXT STEPS

If the resolution is approved, staff will work with the OPF to seek Board approval of the Bonds and related documents. With this approval, OPF will lead the distribution of the POS and sale of the Bonds. Table 7 below shows an estimated timeline of key financing items.

Table 7. Mission Rock CFD Bond Financing Schedule

Item	Date
Port Commission Approval of Resolution	Sept 12, 2023
Introduction of Legislation to Board of Supervisors	Sept 2023
Capital Planning Committee Presentation	Sept 2023
Budget & Finance Committee Hearing	Oct 2023
Board Approval of Legislation	Oct 2023
Sale and Closing of Bonds	Nov/Dec 2023

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PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 23-41

WHEREAS, The Mission Rock Project at Seawall Lot 337 and Pier 48 is a mixed-use development project that will create up to 1,200 units of housing including 40 percent affordable units, 1.4 million square feet of new office space, and a new waterfront park across from Oracle Park; and

WHEREAS, After over a decade of planning, the Mission Rock Project is preparing to break ground on horizontal infrastructure construction and vertical development in the coming months; and

WHEREAS, The Port Commission approved the Mission Rock Project on January 30, 2018, the Board of Supervisors approved the project on February 13, 2018, and on August 15, 2018, the Port and Seawall Lot 337 Associates signed all project-related documents, including a Disposition and Development Agreement that includes a Financing Plan (as amended from time to time, "Financing Plan"); and

WHEREAS, The Mission Rock Project supports the Port's efforts to enhance and balance the Port's maritime and economic purpose, rich history, and changing relationship with the City so the waterfront continues to be a treasured destination; and

WHEREAS, Under Chapter 43, Article X of the San Francisco Administrative Code (as it may be amended from time to time, "Code"), which incorporates by reference the Mello-Roos Community Facilities Act of 1982, as amended ("Mello-Roos Act"), the Board of Supervisors previously conducted proceedings to form "City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services)" ("CFD"), to authorize the levy of special taxes upon the land within the CFD, which consists of the property comprising the Mission Rock Project, and to authorize the issuance of bonds and other debt secured by said special taxes for the purpose of financing certain improvements ("Authorized Facilities") and incidental expenses; and

WHEREAS, Pursuant to Resolution No. 196-20, which was adopted on May 5, 2020 and signed by the Mayor on May 15, 2020, the Board of Supervisors authorized the issuance of up to $3,700,000,000 of bonded indebtedness and other debt on behalf of the CFD, and directed staff to prepare documentation for such bonded indebtedness and other debt and return to the Board of Supervisors for approval of such documentation; and

WHEREAS, Under California Government Code Sections 53395 et seq. ("IFD Law"), the Board of Supervisors previously conducted proceedings to form "City and

County of San Francisco Infrastructure Financing District No. 2 (Port of San Francisco)" ("IFD") and, within the IFD, Project Area I (including 13 sub-project areas) ("Project Area I"); Project Area I consists of the property comprising the Mission Rock Project; and

WHEREAS, On September 20, 2019, the Port Commission approved Resolution 19-39, which approved the Phase 1 Budget outlining the expected costs and revenue sources for the Mission Rock Project Phase 1 improvements; and

WHEREAS, In the Phase 1 Budget for the Mission Rock Project, the financial sources projected to fund the Mission Rock Project included the four Phase 1 prepaid leases and multiple public financing sources, including CFD bond proceeds, CFD pay-as-you-go (pay-go) taxes, and pay-go tax increment from Project Area I; and

WHEREAS, A CFD bond on unimproved land was one of two early Mission Rock Project sources in the Phase 1 Budget that will limit Developer return on Mission Rock Project expenses; and

WHEREAS, On October 27, 2020, pursuant to Resolution No. 20-48, the Port Commission recommended that the Board of Supervisors, as the legislative body of the Special Tax District, (i) approve the issuance of an initial series of CFD bonds secured by Development Special Taxes ("Development Special Tax Bonds") and (ii) approve related documents and actions; and

WHEREAS, Pursuant to Resolution No. 565-20, which was approved by the Board of Supervisors on December 8, 2020 and signed by the Mayor on December 18, 2020, the Board of Supervisors approved the issuance of such initial series of Development Special Tax Bonds; and

WHEREAS, On May 27, 2021, the City and County of San Francisco Special Tax District No. 2020-1 (Misson Rock Facilities and Services) issued $43,300,000 in Development Special Tax Bonds, Series 2021A; and

WHEREAS, On March 23, 2021, pursuant to Resolution No. 21-11, the Port Commission recommended that the Board of Supervisors, as legislative body of the CFD, (i) approve the issuance of a second and third series of Development Special Tax Bonds and (ii) approve related documents and actions; and

WHEREAS, Pursuant to Resolution No. 224-21, which was approved by the Board of Supervisors on May 11, 2021 and signed by the Mayor on May 21, 2021, the Board of Supervisors approved the issuance of the second and third series of Development Special Tax Bonds; and

WHEREAS, On November 10, 2021, City and County of San Francisco Special Tax District No. 2020-1 (Mission Rock Facilities and Services) issued

$54,280,000 in Development Special Tax Bonds, Series 2021B (Taxable) and $10,000,000 in Development Special Tax Bonds, Series 2021C (Tax-Exempt); and

WHEREAS, The Development Special Tax is levied on leasehold interests in the parcels in the CFD, and the Project Area I tax increment is generated by increases in the assessed value of those leasehold interests; and

WHEREAS, The primary purpose of pledging the IFD payments to the 2021A Bonds is to reduce and potentially eliminate the need to levy the Development Special Taxes in the CFD; and

WHEREAS, Port staff is proposing that the City, on behalf of the CFD, issue one or more series of special tax bonds (the "2023 Bonds") that will be secured by the Development Special Tax, the Office Special Tax, and the Shoreline Special Tax levied in Zone 1 of the CFD ("Shoreline (Zone 1) Special Tax"); and

WHEREAS, Any Development Special Tax Bonds will be issued on a parity basis with the 2021A, 2021B, and 2021C Development Special Tax Bonds; and

WHEREAS, As was the case with previous Bonds, the General Fund of the City and Harbor Fund are not liable for the payment of principle or interest on the 2023 Bonds, and the credits of the City and the Port are not pledged to the payment of the 2023 Bonds; and

WHEREAS, As was the case with previous Development Special Tax Bonds, because the 2023 Bonds will be payable only from Development Special Taxes, Office Special Taxes, Shoreline (Zone 1) Special Taxes, and tax increment from Project Area I, the 2023 Bonds are not subject to policy constraints of the Ten-Year Capital Plan; and

WHEREAS, Two factors limit the amount of 2023 Bonds that can be sold: (i) ongoing Development Special Tax, Office Special Tax, and Shoreline (Zone 1) Special Tax capacity (after paying for administrative expenses) must be at least 110 percent of the debt service on Bonds secured by each tax and (ii) the City's *Amended and Restated Local Goals and Policies for Community Facilities Districts and Special Tax Districts* generally require the City to sell the 2023 Bonds to achieve at least a 3-to-1 value-to-lien ratio based on (A) the appraised value or the assessed value of the leasehold interests in the taxable property in the CFD and (B) the special tax and assessment debt encumbering such leasehold interests, including the 2023 Bonds and all the outstanding Development Special Tax Bonds; and

WHEREAS, Integra Realty Resources, Inc. prepared a draft Appraisal Report, which estimates that the market value of the leasehold interests in 11 of the 12 blocks within the CFD is approximately $700 million; Parcel D2 is not included in the Appraisal Report because, as a parking facility, it is not subject to Development Special Tax, and Pier 48 is not part of the CFD presently; and

WHEREAS, Staff is proposing a not to exceed principal amount of the 2023 Bonds of $58,335,000, which would achieve a value-to-lien ratio of at least 3-to-1 based on the current appraised value and the principal amount of the outstanding Development Special Tax Bonds estimated at $107,580,000; and

WHEREAS, The 2023 Bonds will be sized based on the Development Special Taxes, Office Special Taxes, and Shoreline (Zone 1) Special Taxes that may be levied on the leasehold interests in the four Phase 1 parcels, and the Special Tax capacity of those four parcels exceeds the 110 percent coverage requirements for the 2023 Bonds if they are issued in the estimated amounts of $9,120,000 for Development Special Tax Bonds, $19,520,000 for the Office Special Tax Bonds, and $18,405,000 for the Shoreline (Zone 1) Special Tax Bonds; and

WHEREAS, The 2023 Bond proceeds will 1) finance or reimburse entitlements and horizontal improvements for the Project, 2) fund debt service reserve funds for the 2023 Bonds, 3) fund administrative expenses, and 5) finance costs of issuance; and

WHEREAS, The City's municipal advisor recommends a negotiated sale for the 2023 Bonds; and

WHEREAS, The 2023 Bonds will be issued pursuant to separate fiscal agent agreements, each by and between the City, for and on behalf of the CFD, and Zions Bancorporation, National Association; and

WHEREAS, The 2023 Bonds will be marketed to potential investors by distribution of a Preliminary Official Statement, and the 2023 Bonds will be sold to the underwriters, Stifel, Nicolaus & Company, Inc, and Piper Sandler & Co. (the "Underwriters") pursuant to a bond purchase agreement ("Bond Purchase Agreement") between the City and the Underwriter; and

WHEREAS, The Port Commission wishes to recommend that the Board of Supervisors, as legislative body of the CFD, adopt a resolution approving the issuance of the 2023 Bonds and related documents and actions; and

WHEREAS, The Port Commission further wishes to recommend that the Board of Supervisors, as legislative body of the IFD, adopt a resolution approving certain documents and actions related to the issuance of the 2023 Bonds, although no changes to or amendments of the Pledge Agreement is required in connection with the issuance of the 2023 Bonds; and

WHEREAS, The forms of the proposed Board of Supervisors resolutions, the Second Supplement to Fiscal Agent Agreement for the Development Special Tax Bonds, separate Fiscal Agent Agreements for the Office Special Tax Bonds and the Shoreline (Zone 1) Special Tax Bonds, the Preliminary Official Statement, and the Bond Purchase Agreement are on file with the Secretary of the Port Commission; and

WHEREAS, The Commissioners have had the opportunity to review the information in the Preliminary Official Statement; and

WHEREAS, Section I of the Rate and Method of Apportionment of Special Taxes ("Rate and Method") for the CFD authorizes the City to interpret, clarify and revise the Rate and Method to correct any inconsistency, vagueness or ambiguity, as long as such interpretation, clarification or revision does not materially affect the levy of the Special Taxes and any security for any Bonds (as those terms are defined in the Rate and Method); and

WHEREAS, Code Section 43.10.5 authorizes the Board of Supervisors to take any actions or make any determinations which it determines are necessary or convenient to carry out the purposes of the Code and which are not otherwise prohibited by law; and

WHEREAS, The Port Commission further wishes to recommend that the Board of Supervisors clarify that, because the Rate and Method requires Shoreline Special Tax Bonds (as defined in the Rate and Method) to be secured in a manner that reflects the divisions between the Zone 1 Shoreline Special Taxes and the Zone 2 Shoreline Special Taxes (as those terms are defined in the Financing Plan) as set forth in Financing Plan Section 4.7, the Rate and Method shall be administered in a manner that treats the Shoreline Special Tax levied in Tax Zone 1 and the Shoreline Special Tax levied in Tax Zone 2 as separate special taxes, until otherwise provided by the Board of Supervisors without materially affecting the security for any Bonds (as defined in the Rate and Method); now therefore be it

RESOLVED, That the foregoing recitals are all true and correct; and, be it

RESOLVED, That the Port Commission recommends that the Board of Supervisors, as legislative body of the CFD, adopt a resolution (i) approving the issuance of the 2023 Bonds in one or more series in the aggregate principal amount not to exceed the lesser of (A) $58,335,000 and (B) such lower amount required to achieve a 3-to-1 value-to-lien ratio; and (ii) approving related documents and actions; and, be it

RESOLVED, That the Port Commission recommends that the Board of Supervisors, as legislative body of the IFD, adopt a resolution approving certain documents and actions related to the issuance of the 2023 Bonds; and, be it

RESOLVED, That the Port Commission recommends that the Board of Supervisors clarify that, because the Rate and Method requires Shoreline Special Tax Bonds (as defined in the Rate and Method) to be secured in a manner that reflects the divisions between the Zone 1 Shoreline Special Taxes and the Zone 2 Shoreline Special Taxes (as those terms are defined in the Financing Plan) as set forth in Financing Plan Section 4.7, the Rate and Method shall be administered in a manner that treats the Shoreline Special Tax levied in Tax Zone 1 and the Shoreline Special Tax levied in Tax Zone 2 as separate special taxes, until otherwise provided by the Board of Supervisors without materially affecting the security for any Bonds (as defined in the Rate and Method); and, be it

RESOLVED, That all actions heretofore taken by the officers and agents of the Port with respect to the establishment of the CFD, the IFD and Project Area I, the sale and issuance of the 2023 Bonds, and the execution and delivery of the documents described herein are hereby approved, confirmed and ratified, and the appropriate officers of the Port 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 2023 Bonds in accordance with this resolution, provided that no such actions shall increase the risk to the City or Port or require the City or Port to spend any resources not otherwise described herein; and, be it

RESOLVED, That the Port Commission hereby authorizes the Executive Director to cause the resolutions and documents described herein to be submitted to the Board of Supervisors and to work with the Director of the Office of Public Finance to finalize and cause the distribution of the Preliminary Official Statement

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 12, 2023.

____
Secretary

Appendix I. Projected Debt Service and Coverage Tables for Development Special Tax, Office Special Tax, and Shoreline (Zone 1) Special Tax Bonds

Source: Stifel

BOND SOLUTION

City and County of San Francisco Special Tax District No. 2020-1
2023 Development Tax
City and County of San Francisco
Special Tax District No. 2020-1 (Mission Rock)
Development, Office, and Shoreline Special Tax Bonds

Preliminary Maximum Sizing at 110% Coverage
Assumes All Tax-Exempt
Current Market Conditions as of 9/5/2023

Development Tax

Period Ending	Proposed Principal	Proposed Debt Service	Existing Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Service Coverage
09/01/2024	95,000	464,087	5,521,775	5,985,862	6,589,422	603,560	110.08%
09/01/2025	-	485,550	5,624,575	6,110,125	6,721,210	611,085	110.00%
09/01/2026	15,000	500,550	5,727,175	6,227,725	6,855,635	627,910	110.08%
09/01/2027	35,000	519,800	5,834,375	6,354,175	6,992,747	638,572	110.05%
09/01/2028	60,000	543,050	5,940,775	6,483,825	7,132,602	648,777	110.01%
09/01/2029	80,000	560,050	6,051,175	6,611,225	7,275,254	664,029	110.04%
09/01/2030	100,000	576,050	6,165,175	6,741,225	7,420,759	679,534	110.08%
09/01/2031	125,000	596,050	6,282,375	6,878,425	7,569,175	690,750	110.04%
09/01/2032	295,000	759,800	6,257,375	7,017,175	7,720,558	703,383	110.02%
09/01/2033	335,000	785,050	6,373,175	7,158,225	7,874,969	716,744	110.01%
09/01/2034	205,000	638,300	6,661,100	7,299,400	8,032,469	733,069	110.04%
09/01/2035	235,000	658,050	6,789,963	7,448,013	8,193,118	745,106	110.00%
09/01/2036	255,000	666,300	6,927,350	7,593,650	8,356,980	763,330	110.05%
09/01/2037	275,000	673,550	7,072,213	7,745,763	8,524,120	778,357	110.05%
09/01/2038	310,000	694,800	7,208,625	7,903,425	8,694,602	791,177	110.01%
09/01/2039	335,000	704,300	7,356,388	8,060,688	8,868,494	807,807	110.02%
09/01/2040	370,000	721,713	7,499,188	8,220,900	9,045,864	824,964	110.03%
09/01/2041	400,000	732,288	7,651,625	8,383,913	9,226,782	842,869	110.05%
09/01/2042	440,000	751,288	7,802,450	8,553,738	9,411,317	857,580	110.03%
09/01/2043	475,000	763,188	7,960,938	8,724,125	9,599,544	875,419	110.03%
09/01/2044	515,000	778,250	8,120,838	8,899,088	9,791,534	892,447	110.03%
09/01/2045	560,000	794,281	8,281,163	9,075,444	9,987,365	911,921	110.05%
09/01/2046	605,000	807,781	8,450,988	9,258,769	10,187,112	928,344	110.03%
09/01/2047	660,000	828,750	8,613,863	9,442,613	10,390,855	948,242	110.04%
09/01/2048	710,000	841,625	8,789,000	9,630,625	10,598,672	968,047	110.05%
09/01/2049	775,000	866,688	8,959,688	9,826,375	10,810,645	984,270	110.02%
09/01/2050	855,000	903,094	8,590,000	9,493,094	11,026,858	1,533,764	116.16%
09/01/2051	-	-	8,777,600	8,777,600	11,247,395	2,469,795	128.14%
09/01/2052	-	-	-	-	11,472,343	11,472,343	-
09/01/2053	-	-	-	-	11,701,790	11,701,790	-
	9,120,000	18,614,281	201,290,925	219,905,206	267,320,194	47,414,988	

Notes:
1. Preliminary and subject to change.
2. Interest rate assumptions are based on current market conditions and similar credits.
3. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
4. Costs of issuance and underwriter's discount are estimates for discussion purposes.
5. Each reserve sized on a stand-alone basis.
6. Revenue Constraints reflect Net Special Taxes after deduction of Admin Costs.

BOND DEBT SERVICE

City and County of San Francisco Special Tax District No. 2020-1
2023 Development Tax
City and County of San Francisco
Special Tax District No. 2020-1 (Mission Rock)
Development, Office, and Shoreline Special Tax Bonds

Preliminary Maximum Sizing at 110% Coverage
Assumes All Tax-Exempt
Current Market Conditions as of 9/5/2023

Development Tax

Dated Date	11/30/2023
Delivery Date	11/30/2023

Period Ending	Principal	Interest	Debt Service
09/01/2024	95,000	369,086.94	464,086.94
09/01/2025	-	485,550.00	485,550.00
09/01/2026	15,000	485,550.00	500,550.00
09/01/2027	35,000	484,800.00	519,800.00
09/01/2028	60,000	483,050.00	543,050.00
09/01/2029	80,000	480,050.00	560,050.00
09/01/2030	100,000	476,050.00	576,050.00
09/01/2031	125,000	471,050.00	596,050.00
09/01/2032	295,000	464,800.00	759,800.00
09/01/2033	335,000	450,050.00	785,050.00
09/01/2034	205,000	433,300.00	638,300.00
09/01/2035	235,000	423,050.00	658,050.00
09/01/2036	255,000	411,300.00	666,300.00
09/01/2037	275,000	398,550.00	673,550.00
09/01/2038	310,000	384,800.00	694,800.00
09/01/2039	335,000	369,300.00	704,300.00
09/01/2040	370,000	351,712.50	721,712.50
09/01/2041	400,000	332,287.50	732,287.50
09/01/2042	440,000	311,287.50	751,287.50
09/01/2043	475,000	288,187.50	763,187.50
09/01/2044	515,000	263,250.00	778,250.00
09/01/2045	560,000	234,281.26	794,281.26
09/01/2046	605,000	202,781.26	807,781.26
09/01/2047	660,000	168,750.00	828,750.00
09/01/2048	710,000	131,625.00	841,625.00
09/01/2049	775,000	91,687.50	866,687.50
09/01/2050	855,000	48,093.76	903,093.76
	9,120,000	9,494,280.72	18,614,280.72

Notes:
1. Preliminary and subject to change.
2. Interest rate assumptions are based on current market conditions and similar credits.
3. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
4. Costs of issuance and underwriter's discount are estimates for discussion purposes.
5. Each reserve sized on a stand-alone basis.
6. Revenue Constraints reflect Net Special Taxes after deduction of Admin Costs.

BOND SOLUTION

City and County of San Francisco Special Tax District No. 2020-1
2023 Office Tax
City and County of San Francisco
Special Tax District No. 2020-1 (Mission Rock)
Development, Office, and Shoreline Special Tax Bonds

Preliminary Maximum Sizing at 110% Coverage
Assumes All Tax-Exempt
Current Market Conditions as of 9/5/2023

Office Tax

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Service Coverage
09/01/2024	260,000	1,056,124	1,056,124	1,162,093	105,969	110.03%
09/01/2025	30,000	1,074,581	1,074,581	1,185,335	110,754	110.31%
09/01/2026	55,000	1,098,081	1,098,081	1,209,042	110,960	110.10%
09/01/2027	80,000	1,120,331	1,120,331	1,233,222	112,891	110.08%
09/01/2028	105,000	1,141,331	1,141,331	1,257,887	116,556	110.21%
09/01/2029	135,000	1,166,081	1,166,081	1,283,045	116,963	110.03%
09/01/2030	165,000	1,189,331	1,189,331	1,308,705	119,374	110.04%
09/01/2031	195,000	1,211,081	1,211,081	1,334,880	123,798	110.22%
09/01/2032	230,000	1,236,331	1,236,331	1,361,577	125,246	110.13%
09/01/2033	265,000	1,259,831	1,259,831	1,388,809	128,977	110.24%
09/01/2034	305,000	1,286,581	1,286,581	1,416,585	130,004	110.10%
09/01/2035	345,000	1,311,331	1,311,331	1,444,917	133,585	110.19%
09/01/2036	390,000	1,339,081	1,339,081	1,473,815	134,734	110.06%
09/01/2037	435,000	1,364,581	1,364,581	1,503,291	138,710	110.17%
09/01/2038	485,000	1,392,831	1,392,831	1,533,357	140,526	110.09%
09/01/2039	535,000	1,418,581	1,418,581	1,564,024	145,443	110.25%
09/01/2040	590,000	1,445,494	1,445,494	1,595,305	149,811	110.36%
09/01/2041	650,000	1,474,519	1,474,519	1,627,211	152,692	110.36%
09/01/2042	715,000	1,505,394	1,505,394	1,659,755	154,361	110.25%
09/01/2043	785,000	1,537,856	1,537,856	1,692,950	155,094	110.09%
09/01/2044	855,000	1,566,644	1,566,644	1,726,809	160,165	110.22%
09/01/2045	935,000	1,599,619	1,599,619	1,761,345	161,726	110.11%
09/01/2046	1,015,000	1,628,194	1,628,194	1,796,572	168,378	110.34%
09/01/2047	1,105,000	1,662,369	1,662,369	1,832,504	170,135	110.23%
09/01/2048	1,200,000	1,696,594	1,696,594	1,869,154	172,560	110.17%
09/01/2049	1,300,000	1,730,594	1,730,594	1,906,537	175,943	110.17%
09/01/2050	1,410,000	1,767,469	1,767,469	1,944,667	177,199	110.03%
09/01/2051	1,525,000	1,803,156	1,803,156	1,983,561	180,405	110.00%
09/01/2052	1,645,000	1,837,375	1,837,375	2,023,232	185,857	110.12%
09/01/2053	1,775,000	1,874,844	1,874,844	2,063,697	188,853	110.07%
	19,520,000	42,796,211	42,796,211	47,143,880	4,347,669	

Notes:
1. Preliminary and subject to change.
2. Interest rate assumptions are based on current market conditions and similar credits.
3. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
4. Costs of issuance and underwriter's discount are estimates for discussion purposes.
5. Each reserve sized on a stand-alone basis.
6. Revenue Constraints reflect Net Special Taxes after deduction of Admin Costs.

BOND DEBT SERVICE

City and County of San Francisco Special Tax District No. 2020-1
2023 Office Tax
City and County of San Francisco
Special Tax District No. 2020-1 (Mission Rock)
Development, Office, and Shoreline Special Tax Bonds

Preliminary Maximum Sizing at 110% Coverage
Assumes All Tax-Exempt
Current Market Conditions as of 9/5/2023

Office Tax

Dated Date	11/30/2023
Delivery Date	11/30/2023

Period Ending	Principal	Interest	Debt Service
09/01/2024	260,000	796,123.67	1,056,123.67
09/01/2025	30,000	1,044,581.26	1,074,581.26
09/01/2026	55,000	1,043,081.26	1,098,081.26
09/01/2027	80,000	1,040,331.26	1,120,331.26
09/01/2028	105,000	1,036,331.26	1,141,331.26
09/01/2029	135,000	1,031,081.26	1,166,081.26
09/01/2030	165,000	1,024,331.26	1,189,331.26
09/01/2031	195,000	1,016,081.26	1,211,081.26
09/01/2032	230,000	1,006,331.26	1,236,331.26
09/01/2033	265,000	994,831.26	1,259,831.26
09/01/2034	305,000	981,581.26	1,286,581.26
09/01/2035	345,000	966,331.26	1,311,331.26
09/01/2036	390,000	949,081.26	1,339,081.26
09/01/2037	435,000	929,581.26	1,364,581.26
09/01/2038	485,000	907,831.26	1,392,831.26
09/01/2039	535,000	883,581.26	1,418,581.26
09/01/2040	590,000	855,493.76	1,445,493.76
09/01/2041	650,000	824,518.76	1,474,518.76
09/01/2042	715,000	790,393.76	1,505,393.76
09/01/2043	785,000	752,856.26	1,537,856.26
09/01/2044	855,000	711,643.76	1,566,643.76
09/01/2045	935,000	664,618.76	1,599,618.76
09/01/2046	1,015,000	613,193.76	1,628,193.76
09/01/2047	1,105,000	557,368.76	1,662,368.76
09/01/2048	1,200,000	496,593.76	1,696,593.76
09/01/2049	1,300,000	430,593.76	1,730,593.76
09/01/2050	1,410,000	357,468.76	1,767,468.76
09/01/2051	1,525,000	278,156.26	1,803,156.26
09/01/2052	1,645,000	192,375.00	1,837,375.00
09/01/2053	1,775,000	99,843.76	1,874,843.76
	19,520,000	23,276,211.45	42,796,211.45

Notes:
1. Preliminary and subject to change.
2. Interest rate assumptions are based on current market conditions and similar credits.
3. The City's actual results may differ, and Stifel makes no commitment to underwrite at these levels.
4. Costs of issuance and underwriter's discount are estimates for discussion purposes.
5. Each reserve sized on a stand-alone basis.
6. Revenue Constraints reflect Net Special Taxes after deduction of Admin Costs.

BOND SOLUTION

City and County of San Francisco Special Tax District No. 2020-1
2023 Shoreline Tax
City and County of San Francisco
Special Tax District No. 2020-1 (Mission Rock)
Development, Office, and Shoreline Special Tax Bonds

Preliminary Maximum Sizing at 110% Coverage
Assumes All Tax-Exempt
Current Market Conditions as of 9/5/2023

Shoreline Tax

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Service Coverage
09/01/2024	245,000	995,675	995,675	1,096,476	100,801	110.12%
09/01/2025	30,000	1,014,956	1,014,956	1,118,406	103,449	110.19%
09/01/2026	50,000	1,033,456	1,033,456	1,140,774	107,318	110.38%
09/01/2027	75,000	1,055,956	1,055,956	1,163,589	107,633	110.19%
09/01/2028	100,000	1,077,206	1,077,206	1,186,861	109,655	110.18%
09/01/2029	125,000	1,097,206	1,097,206	1,210,598	113,392	110.33%
09/01/2030	155,000	1,120,956	1,120,956	1,234,810	113,854	110.16%
09/01/2031	185,000	1,143,206	1,143,206	1,259,506	116,300	110.17%
09/01/2032	215,000	1,163,956	1,163,956	1,284,697	120,740	110.37%
09/01/2033	250,000	1,188,206	1,188,206	1,310,390	122,184	110.28%
09/01/2034	285,000	1,210,706	1,210,706	1,336,598	125,892	110.40%
09/01/2035	325,000	1,236,456	1,236,456	1,363,330	126,874	110.26%
09/01/2036	365,000	1,260,206	1,260,206	1,390,597	130,391	110.35%
09/01/2037	410,000	1,286,956	1,286,956	1,418,409	131,453	110.21%
09/01/2038	455,000	1,311,456	1,311,456	1,446,777	135,321	110.32%
09/01/2039	505,000	1,338,706	1,338,706	1,475,713	137,006	110.23%
09/01/2040	560,000	1,367,194	1,367,194	1,505,227	138,033	110.10%
09/01/2041	615,000	1,392,794	1,392,794	1,535,331	142,538	110.23%
09/01/2042	675,000	1,420,506	1,420,506	1,566,038	145,532	110.25%
09/01/2043	740,000	1,450,069	1,450,069	1,597,359	147,290	110.16%
09/01/2044	805,000	1,476,219	1,476,219	1,629,306	153,087	110.37%
09/01/2045	880,000	1,506,944	1,506,944	1,661,892	154,948	110.28%
09/01/2046	960,000	1,538,544	1,538,544	1,695,130	156,586	110.18%
09/01/2047	1,045,000	1,570,744	1,570,744	1,729,032	158,289	110.08%
09/01/2048	1,135,000	1,603,269	1,603,269	1,763,613	160,344	110.00%
09/01/2049	1,225,000	1,630,844	1,630,844	1,798,885	168,042	110.30%
09/01/2050	1,330,000	1,666,938	1,666,938	1,834,863	167,926	110.07%
09/01/2051	1,435,000	1,697,125	1,697,125	1,871,560	174,435	110.28%
09/01/2052	1,550,000	1,731,406	1,731,406	1,908,992	177,585	110.26%
09/01/2053	1,675,000	1,769,219	1,769,219	1,947,171	177,953	110.06%
	18,405,000	40,357,081	40,357,081	44,481,931	4,124,850	

Notes:
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6. Revenue Constraints reflect Net Special Taxes after deduction of Admin Costs.

BOND DEBT SERVICE

City and County of San Francisco Special Tax District No. 2020-1
2023 Shoreline Tax
City and County of San Francisco
Special Tax District No. 2020-1 (Mission Rock)
Development, Office, and Shoreline Special Tax Bonds

Preliminary Maximum Sizing at 110% Coverage
Assumes All Tax-Exempt
Current Market Conditions as of 9/5/2023

Shoreline Tax

Dated Date	11/30/2023
Delivery Date	11/30/2023

Period Ending	Principal	Interest	Debt Service
09/01/2024	245,000	750,674.71	995,674.71
09/01/2025	30,000	984,956.26	1,014,956.26
09/01/2026	50,000	983,456.26	1,033,456.26
09/01/2027	75,000	980,956.26	1,055,956.26
09/01/2028	100,000	977,206.26	1,077,206.26
09/01/2029	125,000	972,206.26	1,097,206.26
09/01/2030	155,000	965,956.26	1,120,956.26
09/01/2031	185,000	958,206.26	1,143,206.26
09/01/2032	215,000	948,956.26	1,163,956.26
09/01/2033	250,000	938,206.26	1,188,206.26
09/01/2034	285,000	925,706.26	1,210,706.26
09/01/2035	325,000	911,456.26	1,236,456.26
09/01/2036	365,000	895,206.26	1,260,206.26
09/01/2037	410,000	876,956.26	1,286,956.26
09/01/2038	455,000	856,456.26	1,311,456.26
09/01/2039	505,000	833,706.26	1,338,706.26
09/01/2040	560,000	807,193.76	1,367,193.76
09/01/2041	615,000	777,793.76	1,392,793.76
09/01/2042	675,000	745,506.26	1,420,506.26
09/01/2043	740,000	710,068.76	1,450,068.76
09/01/2044	805,000	671,218.76	1,476,218.76
09/01/2045	880,000	626,943.76	1,506,943.76
09/01/2046	960,000	578,543.76	1,538,543.76
09/01/2047	1,045,000	525,743.76	1,570,743.76
09/01/2048	1,135,000	468,268.76	1,603,268.76
09/01/2049	1,225,000	405,843.76	1,630,843.76
09/01/2050	1,330,000	336,937.50	1,666,937.50
09/01/2051	1,435,000	262,125.00	1,697,125.00
09/01/2052	1,550,000	181,406.26	1,731,406.26
09/01/2053	1,675,000	94,218.76	1,769,218.76
	18,405,000	21,952,081.23	40,357,081.23

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