Resolution of the City Council of the City of South San Francisco Establishing City of South San Francisco Community Facilities District No. 2021-01 (Public Facilities and Services), City of South San Francisco, County of San Mateo, State of California, Authorizing the Levy of Special Taxes Therein, Calling an Election and Approving Certain Actions Related Thereto

WHEREAS, the City Council (the "City Council") of the City of South San Francisco (the "City") has heretofore adopted Resolution No. 18-2021 stating its intention to form City of South San Francisco Community Facilities District No. 2021-01 (Public Facilities and Services), City of South San Francisco, County of San Mateo, State of California ("Community Facilities District No. 2021-01" or the "District") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Act"); and

WHEREAS, a copy of Resolution No. 18-2021 setting forth a description of the proposed boundaries of Community Facilities District No. 2021-01, the facilities, services and incidental expenses to be financed by the District and the rate and method of apportionment of the special tax proposed to be levied within the District is on file with the City Clerk; and

WHEREAS, notice was published and mailed to all landowners of the land proposed to be included within the District as required by law relative to the intention of this City Council to form proposed Community Facilities District No. 2021-01 and to levy certain special taxes and to incur bonded indebtedness in the amount of up to $105,000,000 therein to finance the facilities and incidental expenses described in Resolution No. 18-2021; and

WHEREAS, on March 10, 2021, this City Council conducted a noticed public hearing as required by law relative to the proposed formation of Community Facilities District No. 2021-01, the levy of special taxes therein and the issuance of bonded indebtedness by the District; and

WHEREAS, at the March 10, 2021 public hearing there was filed with this City Council a report containing a description of the facilities necessary to meet the needs of the District and an estimate of the cost of such facilities and services as required by Section 53321.5 of the Act (the "CFD Report"); and

WHEREAS, at the March 10, 2021 public hearing all persons desiring to be heard on all matters pertaining to the formation of Community Facilities District No. 2021-01, the levy of the special taxes and the issuance of bonded indebtedness were heard and full and fair hearings were held; and

WHEREAS, following the public hearing, this City Council has determined to authorize the formation of the District to finance the types of facilities (the "Facilities"), services (the "Services") and the incidental expenses (the "Incidental Expenses") set forth in Attachment A hereto, which are described in more detail in the CFD Report; and

WHEREAS, at the public hearing evidence was presented to this City Council on the matters before it, and the proposed special taxes to be levied within the District was not precluded by a majority protest of the type described in Section 53324 of the Act, and this City Council at the conclusion of the hearing was fully advised as to all matters relating to the formation of the District, the levy of the special taxes and the issuance of bonded indebtedness therein; and

WHEREAS, this City Council has determined, based on a Certificate of Registrar of Voters of the County of San Mateo on file in the office of the City Clerk, that no registered voters have been residing in the proposed boundaries of Community Facilities District No. 2021-01 for each of the 90 days prior to March 10, 2021 and that the qualified electors in Community Facilities District No. 2021-01 are the landowners within the District; and

WHEREAS, on the basis of all of the foregoing, this City Council has determined to proceed with the establishment of Community Facilities District No. 2021-01 and to call an election therein to authorize (i) the levy of special taxes pursuant to the rate and method of apportionment of the special tax, as set forth in Attachment C to Resolution No. 18-2021 (the "Rate and Method"), (ii) the issuance of bonds to finance the Facilities and incidental expenses related thereto (the "Facilities Incidental Expenses"), and (iii) the establishment of an appropriations limit for Community Facilities District No. 2021-01; and

WHEREAS, in order to facilitate the funding of the Facilities, the legislative body of the District desires to enter into an Acquisition, Construction and Acquisition Agreement (the "Acquisition Agreement") with KR Oyster Point Developer, LLC, a Delaware limited liability company (the "Developer") and the form of the Acquisition Agreement is on file with the City Clerk; and

NOW, THEREFORE, the City of South San Francisco, does hereby resolve as follows:

1. Each of the above recitals is true and correct.

2. A community facilities district to be designated "City of South San Francisco Community Facilities District No. 2021-01 (Public Facilities and Services), City of South San Francisco, County of San Mateo, State of California" is hereby established pursuant to the Act. The City Council hereby finds and determines that all prior proceedings taken with respect to the establishment of the District were valid and in conformity with the requirements of law, including the Act. This finding is made in accordance with the provisions of Section 53325.1(b) of the Act.

3. The boundaries of Community Facilities District No. 2021-01 are established as shown on the map designated "Proposed Boundaries of City of South San Francisco Community Facilities District No. 2021-01 (Public Facilities and Services), County of San Mateo, State of California", which map is on file in the office of the City Clerk and was recorded pursuant to Sections 3111 and 3113 of the Streets and Highways Code in the County Book of Maps of Assessment and Community Facilities Districts in the Assessor-County Clerk-Recorder's office of the County of San Mateo in Book No. 18 Page No. 70 on February 19, 2021 as Instrument No. 2021-900012.

4. The types of Facilities, Services, Facilities Incidental Expenses and the incidental expenses related to the Services (the "Services Incidental Expenses" and together with the Facilities Incidental Expenses, the "Incidental Expenses") authorized to be provided for Community Facilities District No. 2021-01 are those set forth in Attachment A attached hereto. The estimated cost of the Facilities, the Services and Incidental Expenses to be financed is set forth in the CFD Report, which estimates may change as the Facilities are designed and bid for construction and acquisition, and the Services are implemented, as applicable.

The City is authorized by the Act to contribute revenue to, or to construct or acquire the Facilities, all in accordance with the Act. The City Council finds and determines that the proposed Facilities and Services are necessary to meet the increased demand that will be placed upon local agencies and public infrastructure as a result of new development within the District and that the Facilities and Services to be financed benefit residents of the City and the property within the District.

5. Except where funds are otherwise available, it is the intention of this City Council, subject to the approval of the eligible voters of the District, to levy annually the Special Tax A and the Special Tax B (as such terms are defined in the Rate and Method) at the rates set forth in the Rate and Method on all non-exempt property within the District sufficient to pay for (i) the Services and the Facilities, (ii) the principal and interest and other periodic costs on the bonds proposed to be issued to finance the Facilities and Facilities Incidental Expenses, including the establishment and replenishment of reserve funds, any credit enhancement fees and other expenses of the type permitted by Section 53345.3 of the Act; and (iii) the Incidental Expenses. The District expects to incur, and in certain cases has already incurred, Incidental Expenses in connection with the creation of the District, the issuance of bonds, the levying and collecting of the special taxes, the completion and inspection of the Facilities and the annual administration of the bonds and the District. The Rate and Method is described in detail in Attachment C to Resolution No. 18-2021 and incorporated herein by this reference, and the City Council hereby finds that the Rate and Method contains sufficient detail to allow each landowner within the District to estimate the maximum amount that may be levied against each parcel. As described in greater detail in the CFD Report, which is incorporated by reference herein, the Special Tax A and Special Tax B are based on the expected demand that each parcel of real property within Community Facilities District No. 2021-01 will place on the Facilities, the Services and on the benefit that each parcel will derive from the right to access the Facilities and the Services and, accordingly, is hereby determined to be reasonable. The Special Tax A shall be levied on each assessor's parcel in accordance with the Rate and Method provided, however, that the Special Tax A shall not be levied after Fiscal Year 2070-71. The Special Tax B shall be levied in perpetuity. The Special Tax A and the Special Tax B are apportioned to each parcel on the foregoing bases pursuant to Section 53325.3 of the Act and such special taxes are not based upon the ownership of real property or the assessed value of real property.

If Special Tax A is levied against any parcel used for private residential purposes, (i) the maximum Special Tax A rate shall be specified as a dollar amount which shall be calculated and established not later than the date on which the parcel is first subject to the Special Tax A because of its use for private residential purposes and shall not be increased over time except as authorized under the Rate and Method, (ii) the Special Tax A shall not be levied after Fiscal Year 2070-71, and (iii) under no circumstances will the Special Tax A levied against any such parcel used for private residential uses be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the District by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

If Special Tax B is levied against any parcel used for private residential purposes, (i) the maximum Special Tax B rate shall be specified as a dollar amount which shall be calculated and established not later than the date on which the parcel is first subject to the Special Tax B because of its use for private residential purposes and shall not be increased over time except as authorized under the Rate and Method, and (ii) under no circumstances will the Special Tax B levied against any such parcel used for private residential uses be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the District by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults.

The City Manager of the City of South San Francisco, will be responsible for preparing annually, or authorizing a designee to prepare, a current roll of special tax levy obligations by assessor's parcel number and will be responsible for estimating future special tax levies pursuant to Section 53340.2 of the Act.

6. In the event that a portion of the property within Community Facilities District No. 2021-01 shall become for any reason exempt, wholly or partially, from the levy of the Special Tax A specified in the Rate and Method, or in the event of delinquencies in the payment of Special Tax A levied, the City Council shall, on behalf of Community Facilities District No. 2021-01, increase the levy of Special Tax A to the extent necessary and permitted by law and these proceedings upon the remaining property within Community Facilities District No. 2021-01 which is not exempt or delinquent in an amount not to exceed the Maximum Special Tax A in order to yield the required debt service payments on any outstanding bonds of the District, or to prevent the District from defaulting on any of its other obligations or liabilities payable from the Special Tax A; provided, however, under no circumstances will the Special Tax A levied against any parcel used for private residential uses be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the District by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. The amount of the Special Tax A will be set in accordance with the Rate and Method. The obligation to pay Special Tax A may be prepaid only as set forth in Section H of the Rate and Method.

7. In the event that a portion of the property within Community Facilities District No. 2021-01 shall become for any reason exempt, wholly or partially, from the levy of the Special Tax B specified in the Rate and Method, or in the event of delinquencies in the payment of Special Tax B levied, the City Council shall, on behalf of Community Facilities District No. 2021-01, increase the levy of Special Tax B to the extent necessary and permitted by law and these proceedings upon the remaining property within Community Facilities District No. 2021-01 which is not exempt or delinquent in an amount not to exceed the Maximum Special Tax B in order to prevent the District from defaulting on any of its obligations or liabilities payable from the Special Tax B; provided, however, under no circumstances will the Special Tax B levied against any parcel used for private residential uses be increased as a consequence of delinquency or default by the owner or owners of any other parcel or parcels within the District by more than ten percent above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. The amount of the Special Tax B will be set in accordance with the Rate and Method. The obligation to pay Special Tax B may not be prepaid.

8. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of Special Tax A shall attach to all non-exempt real property in the District and this lien shall continue in force and effect until the Special Tax A obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the Special Tax A by the District ceases.

Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code, a continuing lien to secure each levy of Special Tax B shall attach to all non-exempt real property in the District and this lien shall continue in force and effect until the lien is canceled in accordance with law or until collection of the Special Tax B by the District ceases.

9. It is hereby further determined that there is no *ad valorem* property tax currently being levied on property within proposed Community Facilities District No. 2021-01 for the exclusive purpose of

paying the principal of or interest on bonds or other indebtedness incurred to finance the construction of capital facilities which provide the same services to the territory of Community Facilities District No. 2021-01 as are proposed to be provided by the Facilities to be financed by Community Facilities District No. 2021-01.

10. Written protests against the establishment of the District have not been filed by one-half or more of the registered voters within the boundaries of the District or by the property owners of one-half (1/2) or more of the area of land within the District. The City Council hereby finds that the proposed Special Tax has not been precluded by a majority protest pursuant to Section 53324 of the Act.

11. An election is hereby called for Community Facilities District No. 2021-01 on the propositions of levying the Special Tax A and Special Tax B on the property within Community Facilities District No. 2021-01 and establishing an appropriations limit for the District pursuant to Section 53325.7 of the Act and shall be consolidated with the election on the proposition of incurring bonded indebtedness, pursuant to Sections 53351 and 53353.5 of the Act. The language of the propositions to be placed on the ballot is attached hereto as Attachment B.

12. The date of the election for Community Facilities District No. 2021-01 on the propositions of incurring the bonded indebtedness, authorizing the levy of the Special Tax and establishing an appropriations limit for the District shall be March 10, 2021, or such later date as is consented to by the City Clerk of the City of South San Francisco; provided that, if the election is to take place sooner than 90 days after March 10, 2021, then the unanimous written consent of each qualified elector within the District to such election date must be obtained. The polls shall be open for said election immediately following the close of the public hearing on March 10, 2021. The election shall be conducted by the City Clerk. Except as otherwise provided by the Act, the election shall be conducted in accordance with the provisions of law regulating elections of the City of South San Francisco insofar as such provisions are determined by the City Clerk to be applicable. The City Clerk is authorized to conduct the election following the adoption of this resolution, and all ballots shall be received by, and the City Clerk shall close the election by, 11:00 p.m. on the election day; provided the election shall be closed at such earlier time as all qualified electors have voted as provided in Section 53326(d) of the Act. Pursuant to Section 53326 of the Act, the ballots for the special election shall be distributed in person, or by mail with return postage prepaid, to the qualified electors within Community Facilities District No. 2021-01. The City Clerk has secured a certificate from the Registrar of Voters of the County of San Mateo certifying that there were no registered voters within the District as of January 6, 2021. Accordingly, since there were fewer than 12 registered voters within the District for each of the 90 days preceding March 10, 2021, the qualified electors shall be the landowners within the District and each landowner, or the authorized representative thereof, shall have one vote for each acre or portion thereof that such landowner owns within Community Facilities District No. 2021-01, as provided in Section 53326 of the Act. The landowners within the District have each executed and delivered a waiver of certain election law requirements and consenting to the holding of the election on March 10, 2021, which waiver is on file with the City Clerk.

13. The preparation of the CFD Report is hereby ratified. The CFD Report, as submitted, is hereby approved and was made a part of the record of the public hearing regarding the formation of Community Facilities District No. 2021-01. The CFD Report is ordered to be kept on file with the transcript of these proceedings and open for public inspection.

14. The form of the Acquisition Agreement on file with the City Clerk is approved as to form, and Mayor of the City, or such other member of the City Council as the Mayor may designate, the City Manager, the Assistant City Manager (or any interim Assistant City Manager), and the Director of Finance, and any designee thereof, is authorized to execute the Acquisition Agreement in substantially the form on file with the City Clerk, together with such changes as are approved by the officer executing the same, with the approval of such changes to be conclusively evidenced by the execution and delivery thereof.

15. This resolution shall take effect immediately upon its passage.

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ATTACHMENT A

Types of Facilities To Be Financed By City of South San Francisco Community Facilities District No. 2021-01 (Public Facilities and Services)

The facilities set forth below (the "Facilities") are proposed to be financed or funded in whole or in part by City of South San Francisco, County of San Mateo, State of California" (the "District"). The authorized Facilities shall be owned and operated by the City or another public agency, and shall be constructed, whether or not acquired in a completed state, pursuant to the plans and specifications approved by the City and its officials.

I. Roadway and Transportation Improvements

Authorized Facilities include any and all on-site and off-site publically-owned roadway and transportation facilities required to meet the needs of development within the District. Eligible improvements include, but are not limited to: acquisition of land and easements; design; project management; clearing, grubbing, and demolition; grading, soil import/export; paving, and decorative/enhanced pavement concrete and/or pavers; bridge crossings and culverts; joint trenches, underground utilities and undergrounding of existing utilities; dry utilities and appurtenances; curbs, gutters, sidewalks, bike trails (including onsite and off-site); enhanced fencing, and access ramps; street lights; intersections, signalization, and traffic signal control systems; bus turnouts and bus shelters; signs and striping; erosion control; median and landscape corridor landscaping and irrigation; masonry walls; traffic control and agency fees; and other improvements related thereto.

II. Water System Improvements

Authorized Facilities include any and all water facilities required to meet the needs of development within the District. Eligible improvements include, but are not limited to: acquisition of land and easements; potable water storage, groundwater wells, storage tanks, distribution facilities including pipelines and appurtenances, gate valves, flow meters, booster pump pressurization system, and other improvements related thereto

III. Recycled Water System Improvements

Authorized Facilities include any and all recycled water system facilities required to meet the needs of development within the District. Eligible improvements include, but are not limited to: acquisition of land and easements; recycled water storage, treatment and distribution facilities including pipelines and appurtenances, gate valves, storage tanks, flow meters, booster pump pressurization system, and other improvements related thereto.

IV. Drainage System Improvements

Authorized Facilities include any and all drainage and storm drain improvements required to meet the needs of development within the District. Eligible improvements include, but are not limited to: acquisition of land and easements; design; project management; mains, pipelines and appurtenances; outfalls and water quality measures; temporary drainage facilities; detention/retention basins and drainage pretreatment facilities; drainage ways/channels; pump stations; landscaping and irrigation; access roads, gates, and fencing; striping and signage; and other improvements related thereto where required.

V. Wastewater System Improvements

Authorized Facilities include on-site and off-site facilities required to meet the conveyance needs of development within the District. Eligible improvements include, but are not limited to: acquisition of land and easements; design; project management; pipelines and all appurtenances thereto; manholes; tie-in to existing main line; force mains; lift stations; odor control facilities; sewer treatment plant improvements; and other improvements related thereto.

VI. Parks, Trails, Landscaping, and Open Space Improvements

Authorized Facilities include on-site and off-site park, trail, landscaping and open space facilities required to meet the needs of development within the District. Eligible improvements include, but are not limited to: acquisition of land and easements; design; project management; grading; turf and irrigation; trees and shrubs; sidewalks pathways and trails: masonry sound walls; sports fields, sport courts, playground equipment, picnic areas, benches, drinking fountain and bathrooms; other related hard and soft-scape improvements along roadways and adjacent to or within parks, open space, drainage channels and detention basins; bike trails, bike/pedestrian bridges; storm drain crossings; publicly-owned improvements required for wetland mitigation, tree mitigation, off-site hawk mitigation, and/or agricultural mitigation; landscaping and irrigation, access gates and fencing and related open space improvements.

VII. Fire Station

Fire Facilities, including but not limited to fire stations, apparatus, and facilities and equipment required to meet the needs of development within the District. Eligible improvements include, but are not limited to: acquisition of land and easements; construction; relocation; rehabilitation; replacement; leasing; repair; planning; design; engineering; soils testing; construction staking; construction coordination and inspection; furniture, fixtures, and equipment; and other improvements related thereto.

VIII. Impact Fees

The District will also finance any fees payable to the City, the proceeds of which will be used to fund all or a portion of the cost of any Facilities described above.

1. Traffic or Transportation Impact Fee
2. Oyster Point Grade Separation Fee
3. East of 101 Sewer Impact Fee
4. Sewer Capacity Fee
5. Bicycle and Pedestrian Impact Fee
6. Parkland Acquisition & Construction Fee
7. Public Art/Transit Enhancement Fee
8. Childcare Impact Fee
9. Public Safety Impact Fee

10. Mass Decontamination Fee

IX. Other Public Improvements

Any and all other public improvements authorized under the Mello-Roos Community Facilities Act of 1982 and otherwise necessary to meet the needs of development within the District.

X. Private Utility Facilities

1. Natural Gas Distribution
2. Electrical Distribution
3. Telephone
4. Cable Television
5. Other Private Utility Facilities as Authorized by the Mello-Roos Act

XI. Administrative and Incidental Expenses

In addition to the above Facilities and services, other incidental expenses that may be financed by the District include but are not limited to the following: the cost of planning, permitting, approving and designing the authorized Facilities (including the cost of environmental evaluation, orthophotography, environmental remediation/mitigation); land acquisition and easement payments for authorized Facilities; project management, construction staking; engineering studies; utility relocation and demolition costs incidental to the construction of the public Facilities; and any other expenses incidental to the construction, completion, and inspection of the Facilities and related expenses associated with any of the foregoing.

In addition, the District shall fund the direct and indirect expenses incurred by the City in carrying out its duties with respect to the District including, but not limited to: the levy and collection of the special taxes; the fees and expenses of attorneys; any fees related to the collection of special taxes; an allocable share of the salaries and benefits of any City staff, or consultant fees, directly related thereto and a proportionate amount of the City's general administrative overhead related thereto; expenses incurred by the City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent; administrative fees of the City and the bond trustee or fiscal agent related to the District and the bonds issued by or for the District; costs related to the formation of the District; reimbursement of costs related to the formation of the District advanced by City, the landowner(s) in the District or any party related to any of the foregoing, as well as reimbursement of any costs advanced by the City, the landowner(s) in the District or any party related to any of the foregoing, for Facilities, fees or other purposes or costs of the District; costs related to the issuance of bonds by or for the District, including underwriters discount, reserve fund, capitalized interest, letter of credit fees and expenses, fees and expenses of bond counsel, disclosure counsel, special tax consultant, municipal advisor and appraiser, bond remarketing costs, and all other incidental expenses; and all other costs and expenses of the City in any way related to the District.

Types of Services To Be
Financed By
City of South San Francisco Community Facilities District No. 2021-01
(Public Facilities and Services)

The services authorized to be funded by City of South San Francisco, County of San Mateo, State of California" (the "District") and paid by the Special Taxes levied within the District (the "Services") are described below. For purposes of the District, the Services shall incorporate and have the meaning given to the term "services" in section 53313 of the Mello-Roos Community Facilities Act of 1982.

1. Police protection services.

2. Maintenance and lighting of parks, parkways, streets, roads, and open space, including without limitation:

   - Roadway maintenance,
   - Streetlight maintenance and operations,
   - Traffic signal maintenance and operations,
   - Parks, waterfront and Bay Trail maintenance,
   - Landscaping, parkway, median and open space maintenance, including erosion prevention,
   - Public surface parking maintenance, and
   - Operation and maintenance of public restroom buildings,

3. Operation and maintenance of storm drainage systems.

The cost of the Services shall include all related administrative costs and expenses, necessary utility (water and electricity) costs, and related reserves for replacement of vehicles, equipment and facilities..

ATTACHMENT B

BALLOT PROPOSITIONS

CITY OF SOUTH SAN FRANCISCO
COMMUNITY FACILITIES DISTRICT NO. 2021-01
(PUBLIC FACILITIES AND SERVICES),
CITY OF SOUTH SAN FRANCISCO, COUNTY OF SAN MATEO,
STATE OF CALIFORNIA

SPECIAL TAX AND SPECIAL BOND ELECTION

March 10, 2021

PROPOSITION A: Shall City of South San Francisco Community Facilities District No. 2021-01 (Public Facilities and Services), City of South San Francisco, County of San Mateo, State of California (the "District") incur an indebtedness and issue bonds in the maximum principal amount of $105,000,000, with interest at a rate or rates not to exceed the maximum interest rate permitted by law, to finance the Facilities and the Facilities Incidental Expenses described in Resolution No. 18-2021 of the City Council of the City of South San Francisco?	YES______ NO_______
PROPOSITION B: Shall a Special Tax A and a Special Tax B (as such terms are defined in the rate and method of apportionment of special taxes for the District (the "Rate and Method")) as provided in Resolution No. 18-2021 of the City Council of the City of South San Francisco be levied in accordance with the Rate and Method to pay for the Facilities, the Services and Incidental Expenses and other purposes described in Resolution No. 18-2021, including the payment of the principal of and interest on bonds issued to finance the Facilities and Facilities Incidental Expenses?	YES______ NO_______
PROPOSITION C: For each year commencing with Fiscal Year 2021-22, shall the appropriations limit, as defined by subdivision (h) of Section 8 of Article XIII B of the California Constitution, for the District be an amount equal to $100,000,000?	YES______ NO_______