

FILE NO. 080166

RESOLUTION NO. 87-08

1 [Authorizing the execution and delivery of certificates of participation to finance the
2 acquisition, demolition, improvement, installation, equipping, rehabilitation, construction and/or
3 reconstruction of an office building and related property located at 525 Golden Gate Avenue.]

4 **Resolution authorizing the execution and delivery of certificates of participation to**
5 **finance the acquisition, demolition, improvement, installation, equipping, rehabilitation,**
6 **construction and/or reconstruction of an office building and related property located at**
7 **525 Golden Gate Avenue; approving the form of a trust agreement between the City**
8 **and County of San Francisco (the "City") and a trustee (including certain indemnities**
9 **contained therein); authorizing the selection of a trustee; approving the form of a**
10 **property lease between the City and a trustee relating to 525 Golden Gate Avenue;**
11 **approving the form of a project lease between the City and a trustee (including certain**
12 **indemnities contained therein); approving the form of a Memorandum of**
13 **Understanding between the San Francisco Public Utilities Commission and the City;**
14 **approving the form of an official notice of sale and notice of intention to sell for the**
15 **certificates of participation; approving the form of an official statement in preliminary**
16 **and final form; approving the form of a continuing disclosure certificate; adopting**
17 **environmental findings under the California Environmental Quality Act ("CEQA"),**
18 **CEQA Guidelines, and Administrative Code Chapter 31 and findings pursuant to the**
19 **City Planning Code Section 101.1; and ratifying previous actions taken in connection**
20 **therewith.**

21
22 WHEREAS, The City and County of San Francisco (the "City"), acting through the
23 Director of Property, acquired certain improved real property located at 525 Golden Gate
24 Avenue (the "Real Property") in June 2000 from the State of California (Board Resolution 474-
25 00; File No. 000785); and,

1 WHEREAS, In 2000-2001, the City analyzed the possibility of constructing a new City
2 administrative office building on the Real Property; and the City completed plans, studies,
3 analyses, construction documents, applications, reports, and performed related acts in
4 connection therewith (collectively, the "Plans and Permits"); and,

5 WHEREAS, In Resolution No. 764-01, a copy of which is on file with the Clerk of the
6 Board of Supervisors in File No. 011116 and incorporated herein by this reference, the Board
7 of Supervisors of the City (the "Board of Supervisors" or the "Board") affirmed the Planning
8 Commission's certification of the Final Environmental Impact Report ("FEIR") for a new
9 administrative office building (the "Project") to be located at the Property as adequate and
10 complete pursuant to the California Environmental Quality Act ("CEQA"), the State CEQA
11 Guidelines, and Chapter 31 of the San Francisco Administrative Code; and,

12 WHEREAS, The Board also adopted findings as required by CEQA in connection with
13 the FEIR and its actions related to approval of the above-mentioned City administrative office
14 building, including a Statement of Overriding Considerations, and adopted a mitigation
15 monitoring and reporting program in Resolution No. 764-01; and,

16 WHEREAS, The Board of Supervisors, in furtherance of a City administrative office
17 building project at the Real Property, adopted General Plan amendments in Ordinance
18 No. 209-01 and Zoning Map amendments in Ordinance No. 208-01. Copies of said
19 Ordinances are on file with the Clerk of the Board of Supervisors in File Nos. 011115 and
20 011114, respectively. Said Ordinances and their associated findings are hereby incorporated
21 as though fully set forth herein for purposes of this legislation; and,

22 WHEREAS, There is a limited amount of property available in the Civic Center area
23 and the San Francisco Public Utilities Commission (the "SFPUC") recognized in the SFPUC
24 Resolution (as defined below) the long-term advantages of owning, instead of leasing,
25

1 property in order to provide long-term cost savings and eliminate the exposure to market-rate
2 fluctuations; and,

3 WHEREAS, On April 11, 2006 in its Resolution No. 06-0058 (the "SFPUC Resolution"),
4 The SFPUC reviewed and considered the FEIR, Resolution No. 764-01 and the supporting
5 documents, including its findings (the "Findings"), mitigation program, and all attachments
6 thereto (collectively, the "CEQA Documents"), an Addendum to the FEIR published by the
7 Planning Department on October 3, 2003 (the "FEIR Addendum"), and adopted the mitigation
8 measures and reporting program set forth therein, provided that where the Findings indicated
9 that the Department of Building Inspection would be responsible for implementing and
10 monitoring mitigation measures, the SFPUC assumed that responsibility. Said Resolution and
11 findings are hereby incorporated as though fully set forth herein for the purposes of this
12 legislation; and

13 WHEREAS, In the SFPUC Resolution the SFPUC accepted jurisdiction of the Real
14 Property and the Plans and Permits, together with all studies, reports, analyses, entitlements
15 and all tangible and intangible property rights relating thereto (collectively, the "Property"), and
16 agreed to transfer Nine Million Nine Hundred Thousand Dollars (\$9,900,000) (the "Purchase
17 Price") to the City's general fund in order to acquire the Property; and

18 WHEREAS, In Resolution No. 360-06 (the "Prior Board Resolution"), a copy of which is
19 on file with the Clerk of the Board, the Board of Supervisors determined that the Property
20 could be used most advantageously by the SFPUC and, therefore, transferred jurisdiction of
21 the Property from the Department of Administrative Services to the SFPUC, in return for the
22 SFPUC's transfer of funds in the amount of the Purchase Price to the City's general fund as
23 set forth above; and

1 WHEREAS, The SFPUC intends to construct a new office building on the Real
2 Property consistent with the office building analyzed under the FEIR to consolidate SFPUC
3 staff into one building owned by the SFPUC; and,

4 WHEREAS, The City's Planning Department determined in a letter dated August 21,
5 2007 to the City's Department of Public Works that the FEIR and FEIR Addendum for the
6 Project remain valid for the office building as proposed by the SFPUC and that no further
7 environmental impact analysis is required, a copy of which is on file with the Clerk of the
8 Board. Said letter is hereby incorporated as though fully set forth herein for the purposes of
9 this legislation; and

10 WHEREAS, The Department of City Planning adopted and issued a General Plan
11 Consistency Finding (the "General Plan Consistency Finding"), a copy of which is on file with
12 the Clerk of the Board, wherein the City's Planning Department found that the proposed
13 jurisdictional transfer of the Property was consistent with the City's General Plan and with the
14 Eight Priority Policies under Planning Code Section 101.1. Said Finding is hereby
15 incorporated as though fully set forth herein for the purposes of this legislation; and

16 WHEREAS, in the Prior Board Resolution the Board adopted findings pursuant to
17 CEQA, including a Statement of Overriding Considerations and mitigation measures and a
18 Mitigation Monitoring and Reporting Program. Said Resolution and its associated findings,
19 including the Statement of Overriding Considerations, mitigation measures and Mitigation
20 Monitoring and Reporting Program are hereby incorporated as though fully set forth herein for
21 the purposes of this legislation; and

22 WHEREAS, In the Prior Board Resolution The Board of Supervisors found that the
23 Purchase Price equaled or did not exceed the fair market price for the Property, and that the
24 public interest demanded or would not be inconvenienced by a jurisdictional transfer of the
25 Property to the SFPUC; and

1 WHEREAS, To pay the Purchase Price, the SFPUC transferred Seven Million Dollars
2 (\$7,000,000) to the City's general fund at the start of fiscal year 2006/07, and Two Million Nine
3 Hundred Thousand Dollars (\$2,900,000) at the start of fiscal year 2007/08; and,

4 WHEREAS, The Board desires to finance the acquisition, demolition, improvement,
5 installation, equipping, rehabilitation, construction and/or reconstruction of the Project with
6 proceeds from the sale of certificates of participation (the "Certificates"); and,

7 WHEREAS, The Board has selected 525 Golden Gate Avenue (the "Leased Property,"
8 as set forth and further described in the property lease described in Section 4 below) for
9 purposes of leasing in connection with the execution of the Certificates; and,

10 WHEREAS, In connection with the execution and delivery of the Certificates, the City
11 shall enter into a property lease, a project lease, and a trust agreement, and certain other
12 related documents; and,

13 WHEREAS, It is anticipated that the Certificates will be sold by competitive sale
14 pursuant to an official notice of sale; and, now, therefore, be it

15 RESOLVED, BY THIS BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF
16 SAN FRANCISCO AS FOLLOWS:

17 Section 1. CEQA and General Plan Findings. That the Board of Supervisors
18 incorporates by reference all prior CEQA findings adopted by the Board of Supervisors for the
19 Project, has reviewed and considered the FEIR and FEIR addendum and associated records
20 and in light of the whole record before it finds on the basis of substantial evidence that: (a)
21 there are no modifications in the Project and reflected in the approval before the Board that
22 will require important revisions to the FEIR due to the involvement of new significant
23 environmental effects or a substantial increase in the severity of previously identified
24 significant effects; (b) no substantial changes have occurred with respect to the circumstances
25 under which the Project and the implementing actions will be undertaken that would require

1 major revisions to the FEIR due to the involvement of new significant environmental effects, or
2 a substantial increase in the severity of effects identified in the FEIR; (c) no new information of
3 substantial importance to the Project and the implementing actions has become available
4 since the publication of the FEIR Addendum which would indicate (i) the Project or
5 implementing actions will have significant effects not discussed in the FEIR and FEIR
6 Addendum; (ii) significant environmental effects will be substantially more severe; (iii)
7 mitigation measures or alternatives found infeasible that would reduce one or more significant
8 effects have become feasible; (iv) mitigation measures or alternatives that are considerably
9 different from those in the FEIR would substantially reduce one or more significant effects on
10 the environment; (v) the implementing actions are within the scope of the project analyzed in
11 the FEIR; and (vi) no new environmental documentation is required. The Board hereby
12 adopts and incorporates herein by reference the findings of the Department of City Planning in
13 the General Plan Consistency Finding that the proposed project is in conformity with the
14 Master Plan and is consistent with the Eight Priority Policies of Planning Code Section 101.1.

15 Section 2. Approval of the Certificates. The Board hereby approves the execution
16 and delivery of the Certificates, which shall be executed and delivered in accordance with a
17 trust agreement as the same is finally executed and delivered. The proceeds of the
18 Certificates will be used to (i) fund the Project; (ii) fund a reserve fund or reserve surety, as
19 appropriate; (iii) fund capitalized interest; and (iv) pay costs of issuance of the Certificates.
20 The Certificates shall be designated as "City and County of San Francisco Certificates of
21 Participation, Series 2008 (525 Golden Gate Avenue – SFPUC Office Project)," or such other
22 designation as deemed appropriate by the Director of Public Finance, or her designee
23 (collectively, the "Director of Public Finance"). The Certificates shall have an aggregate
24 principal amount not to exceed one hundred and seventy three million dollars (^{\$167,670,000}~~\$173,000,000~~),
25 with an interest rate not to exceed twelve percent (12%) per annum. The Certificates shall be

1 subject to prepayment as set forth in the Trust Agreement. To the extent deemed necessary
2 by the Director of Public Finance, this Board authorizes the procurement of credit
3 enhancement for the Certificates, including, but not limited to, municipal bond insurance or a
4 debt service reserve fund surety bond. Notwithstanding Section 12 hereof, the documents
5 authorized herein may be modified or amended to permit the procurement of credit
6 enhancement for the Certificates, to the extent deemed necessary by the Director of Public
7 Finance, upon consultation with the City Attorney.

8 Section 3. Approval of the Trust Agreement and Authorization of Selection of the
9 Trustee. The form of a trust agreement (the "Trust Agreement") between the City and a
10 trustee, as presented to this Board, a copy of which is on file with the Clerk of the Board, is
11 hereby approved. The Mayor of the City or his designee (collectively, the "Mayor") is hereby
12 authorized to execute the Trust Agreement, and the Clerk of the Board or her designee
13 (collectively, the "Clerk of the Board"), is hereby authorized to attest to and affix the seal of the
14 City on the Trust Agreement, with such changes, additions and modifications as the Mayor
15 may make or approve in accordance with Section 12 hereof. The Director of Public Finance is
16 hereby authorized to select a trustee to serve as trustee under the Trust Agreement (the
17 "Trustee").

18 Section 4. Approval of the Property Lease. The form of a property lease between
19 the City and the Trustee providing for the lease of the Property from the City to the Trustee
20 (the "Property Lease"), as presented to this Board, for a maximum term not to exceed forty-
21 five (45) years from the date of commencement thereof, at a total rent of \$1.00 per annum, a
22 copy of which is on file with the Clerk of the Board, is hereby approved. The General
23 Manager of the SFPUC (the "General Manager") is hereby authorized to execute the Property
24 Lease, and the Clerk of the Board is hereby authorized to attest to and affix the seal of the
25

1 City on the Property Lease with such changes, additions and modifications as the General
2 Manager may make or approve in accordance with Section 12 hereof.

3 Section 5. Approval of the Project Lease. The form of a project lease between the
4 City and the Trustee (the "Project Lease"), providing for the financing of the Project, as
5 presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby
6 approved. The General Manager is hereby authorized to execute the Project Lease, and the
7 Clerk of the Board is hereby authorized to attest and to affix the seal of the City on the Project
8 Lease with such changes, additions and modifications as the General Manager may make or
9 approve in accordance with Section 12 hereof, provided however, that the maximum Base
10 Rental (as defined in the Project Lease) scheduled to be paid under the Project Lease in any
11 fiscal year shall not exceed twenty million dollars (\$20,000,000) and the term of the Project
12 Lease shall not extend beyond 2050.

13 Section 6. Approval of the Memorandum of Understanding. The form of a
14 memorandum of understanding between the City and the SFPUC (the "Memorandum of
15 Understanding"), providing for budgeting of debt service on the Certificates, as presented to
16 this Board, a copy of which is on file with the Clerk of the Board, is hereby approved. The
17 Director of Public Finance is hereby authorized to execute the Memorandum of
18 Understanding, with such changes, additions and modifications as the Director of Public
19 Finance may make or approve in consultation with the City Attorney; such approval to be
20 conclusively evidenced by the execution and delivery by the Director of Public Finance of the
21 Memorandum of Understanding.

22 Section 7. Approval of Form of Official Notice of Sale. The form of an official notice
23 of sale relating to the Certificates (the "Official Notice of Sale"), as presented to this Board, a
24 copy of which is on file with the Clerk of the Board, is hereby approved. The Director of Public
25 Finance is hereby authorized to approve the distribution of an Official Notice of Sale for the

1 Certificates, with such changes, additions modifications or deletions as the Director of Public
2 Finance may approve upon consultation with the City Attorney; such approval to be
3 conclusively evidenced by the distribution of the Official Notice of Sale to potential purchasers
4 of the Certificates.

5 Section 8. Approval of Notice of Intention to Sell relating to the Certificates. The
6 form of a notice of intention to sell relating to the Certificates (the "Notice of Intention to Sell"),
7 as presented to this Board, a copy of which is on file with the Clerk of the Board, is hereby
8 approved. The Director of Public Finance is hereby authorized to approve the publication of
9 the Notice of Intention to Sell relating to the Certificates, with such changes, additions,
10 modifications or deletions as the Director of Public Finance may approve upon consultation
11 with the City Attorney; such approval to be conclusively evidenced by the publication of the
12 Notice of Intention to Sell relating to the Certificates.

13 Section 9. Approval of the Official Statement in Preliminary and Final Form. The
14 form of an official statement relating to the Certificates (the "Official Statement"), as presented
15 to this Board, a copy of which is on file in preliminary form with the Clerk of the Board, is
16 hereby approved. The Director of Public Finance is hereby authorized to approve the
17 distribution of the preliminary Official Statement for the Certificates, with such changes,
18 additions, modifications or deletions as the Director of Public Finance may approve upon
19 consultation with the City Attorney; such approval to be conclusively evidenced by the
20 distribution of the preliminary Official Statement to potential purchasers of the Certificates.
21 The Controller of the City, or his designee (collectively, the "Controller"), is hereby authorized
22 to execute, and the Director of Public Finance is hereby further authorized to approve the
23 distribution of, the Official Statement for the Certificates in final form.

24 Section 10. Approval of the Continuing Disclosure Certificate. The form of a
25 Continuing Disclosure Certificate of the City, as presented to this Board, a copy of which is on

1 file with the Clerk of the Board, is hereby approved. The Controller is hereby authorized to
2 execute the Continuing Disclosure Certificate, with such modifications, changes or additions
3 as the Controller may approve upon consultation with the City Attorney; such approval to be
4 conclusively evidenced by the execution and delivery of the Continuing Disclosure Certificate.

5 Section 11. General Authority. The Mayor, the City Attorney, the Controller, the City
6 Administrator, the General Manager, the Director of Public Finance, the Clerk of the Board
7 and other officers of the City and their duly authorized deputies and agents are hereby
8 authorized and directed, jointly and severally, to take such actions and to execute and delivery
9 such certificates, agreements, requests or other documents as they may deem necessary or
10 desirable to validate the proposed financing through the execution and delivery of the
11 Certificates, to enter into the Property Lease, Project Lease, the Trust Agreement and the
12 Memorandum of Understanding, to facilitate the execution and delivery of the Certificates and,
13 to obtain bond insurance or other credit enhancements with respect to the financing of the
14 Project and otherwise to carry out the provisions of this Resolution.

15 Section 12. Modifications, Changes and Additions. The Mayor and the General
16 Manager, as appropriate, is hereby authorized to approve and make such modifications,
17 changes or additions to the Property Lease, the Project Lease or the Trust Agreement, upon
18 consultation with the City Attorney, as may be necessary or desirable in the interests of the
19 City, and which changes do not materially increase the obligations of the City under the
20 Property Lease, Project Lease or the Trust Agreement. The General Manager and Mayor's
21 approval, as appropriate, of such modifications, changes or additions shall be conclusively
22 evidenced by the execution and delivery by the Mayor or the General Manager, as
23 appropriate, and the Clerk of the Board of the Property Lease, Project Lease and the Trust
24 Agreement.

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Section 13. Ratification of Prior Actions. All actions authorized and directed by this Resolution and heretofore taken are hereby ratified, approved and confirmed by this Board.

Section 14. File Documents. All documents referred to as on file with the Clerk of the Board are in File No. _____.

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: Kenneth David Roux
KENNETH DAVID ROUX
Deputy City Attorney



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails

Resolution

File Number: 080166

Date Passed:

Resolution authorizing the execution and delivery of certificates of participation to finance the acquisition, demolition, improvement, installation, equipping, rehabilitation, construction and/or reconstruction of an office building and related property located at 525 Golden Gate Avenue; approving the form of a trust agreement between the City and County of San Francisco (the "City") and a trustee (including certain indemnities contained therein); authorizing the selection of a trustee; approving the form of a property lease between the City and a trustee relating to 525 Golden Gate Avenue; approving the form of a project lease between the City and a trustee (including certain indemnities contained therein); approving the form of a Memorandum of Understanding between the San Francisco Public Utilities Commission and the City; approving the form of an official notice of sale and notice of intention to sell for the certificates of participation; approving the form of an official statement in preliminary and final form; approving the form of a continuing disclosure certificate; adopting environmental findings under the California Environmental Quality Act ("CEQA"), CEQA Guidelines, and Administrative Code Chapter 31 and findings pursuant to the City Planning Code Section 101.1; and ratifying previous actions taken in connection therewith.

February 26, 2008 Board of Supervisors — ADOPTED

Ayes: 10 - Alioto-Pier, Ammiano, Chu, Daly, Elsbernd, Maxwell, McGoldrick,
Mirkarimi, Peskin, Sandoval

Excused: 1 - Dufty

File No. 080166

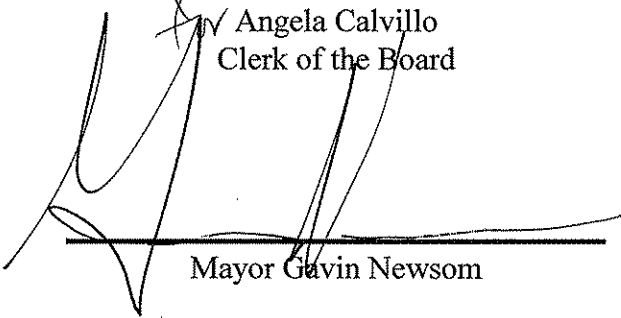
I hereby certify that the foregoing Resolution was ADOPTED on February 26, 2008 by the Board of Supervisors of the City and County of San Francisco.



Angela Calvillo
Clerk of the Board

2-29-08

Date Approved



Mayor Gavin Newsom