

RECREATION AND PARK COMMISSION
City and County of San Francisco
Resolution No. 1607-008

RESOLUTION OF THE CITY AND COUNTY OF SAN FRANCISCO RECREATION AND PARK COMMISSION APPROVING A FINANCING TO BE UNDERTAKE BY THE CITY OF SAN FRANCISCO PORTSMOUTH PLAZA PARKING CORPORATION ON BEHALF OF THE CITY IN AN AMOUNT NOT TO EXCEED \$12,500,000 AND APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS REASONABLY NECESSARY FOR SUCH FINANCING, AND RECOMMENDING TO THE BOARD OF SUPERVISORS RELATED APPROVALS

WHEREAS, the City and County of San Francisco Recreation and Park Commission (the "Commission") desires to provide for the renovation of and various improvements to the Portsmouth Square Garage at 733 Kearny Street, San Francisco, California, including but not limited to improvements related to drainage and water proofing, security and emergency preparedness, interior improvements and systems upgrades, building repairs and general refurbishment (collectively, the "Project"); and

WHEREAS, the Project shall be located within the geographical boundaries of the City and County of San Francisco (the "City"), upon premises owned by the City and leased to the City of San Francisco Portsmouth Plaza Parking Corporation, a California not-for-profit corporation ("Portsmouth Parking Corporation"), pursuant to that certain Lease, dated April 1, 2011 (the "Lease"), between the City, acting by and through the Commission, as landlord, and the Portsmouth Parking Corporation, as lessee; and

WHEREAS, on February 15, 2011 the Board of Supervisors of the City (the "Board of Supervisors") authorized the Recreation and Park Department General Manager to enter into the Lease pursuant to its Resolution 85-11; and

WHEREAS, Portsmouth Parking Corporation intends to design, develop, construct, operate and maintain the Project; and

WHEREAS, Portsmouth Parking Corporation, acting for and on behalf of the City, intends to obtain a tax-exempt loan (the "Loan") in an amount not to exceed \$12,500,000 from First Republic Bank (the "Bank") and to use the proceeds of the Loan to finance a portion of the costs of the Project; and

WHEREAS, the terms of the Loan are described in a Letter from the Bank, dated as of June 27, 2016 (the "Loan Proposal Letter") and are further memorialized in a form of Loan Agreement (the "Loan Agreement") and a form of Security Agreement (the "Security Agreement"), all between the Bank and the Portsmouth Parking Corporation; and

WHEREAS, Portsmouth Parking Corporation intends to satisfy the requirements and conditions set forth by the Internal Revenue Service in Revenue Ruling 63-20, as modified by Revenue Procedure 82-26 (the "IRS Rulings"), in order to enable Portsmouth Parking Corporation to finance a portion of the costs of the Project with proceeds of the Loan; and

WHEREAS, pursuant to the IRS Rulings, (1) Portsmouth Parking Corporation must be organized under the Nonprofit Corporation Law of the State of California and (2) the City must approve the Loan and the purposes and activities of Portsmouth Parking Corporation; and

WHEREAS, the Portsmouth Parking Corporation is organized under the Nonprofit Public Benefit Corporation Law for public purposes and its purposes and activities are the financing, construction, and operation of a public off-street parking facility in the area generally known as Portsmouth Square, for and on behalf of the City, and the conduct of matters incident thereto;

WHEREAS, in order to satisfy the requirements of the IRS Rulings, Portsmouth Parking Corporation desires to amend and restate and otherwise update its Articles of Incorporation and its Bylaws to document the organization of Portsmouth Parking Corporation under the Nonprofit Corporation Law of the State of California, which amendment and restatement requires the approval of the City as the holder of all authorized shares of the capital stock of the Corporation; and

WHEREAS, to facilitate Bank's issuance of the Loan to Portsmouth Parking Corporation, the Commission desires to approve that certain Portsmouth Square Parking Garage Landlord Assurances and Revenue Commitment Letter (the "Revenue Commitment Letter"), which shall include, among other terms, certain waivers by the City of provisions of the Lease and an obligation to repay the Loan from garage revenues in the event of the City terminates the Lease while the Loan is outstanding. The Revenue Commitment Letter also includes City covenants that (i) if for any reason the Portsmouth Square Garage does not generate revenue sufficient to pay the Loan, the City agrees, subject to appropriation by the Mayor and the Board of Supervisors of the City, to pay Bank any shortfall in the payment of the Loan payments then due and (ii) unless included in the proposed budget of another department of the City, the proposed budget of the Commission which is submitted to the Mayor shall include an appropriation for such shortfall; and

WHEREAS, for the foregoing reasons, Portsmouth Parking Corporation has requested that the Commission approve (1) the purposes and activities of Portsmouth Parking Corporation described above, (2) the amendment and restatement of the Articles of Incorporation of the Portsmouth Parking Corporation (the "Articles of Incorporation") and Bylaws of the Portsmouth Parking Corporation (the "Bylaws") to document the organization of Portsmouth Parking Corporation under the Nonprofit Corporation Law of the State of California, (3) the Loan and Portsmouth Parking Corporation's use of the Proceeds thereof to finance a portion of the costs of the Project, (4) the City's execution and delivery of the Revenue Commitment Letter; and

WHEREAS, this Commission by adoption of this Resolution is recommending and requesting approval by the Board of Supervisors of the matters approved by this Resolution, including but not limited to approval of (1) the purposes and activities of Portsmouth Parking Corporation, (2) the Loan and the Project, (3) the Articles of Incorporation and Bylaws and (4) the execution and delivery of the Revenue Commitment Letter by the City acting by and through this Commission; and

WHEREAS, there have been presented to this meeting the Loan Proposal Letter and proposed forms of the Loan Agreement, Security Agreement, the Articles of Incorporation, the Bylaws and the Revenue Commitment Letter; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Commission is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate its role in such transactions for the purpose, in the manner and upon the terms herein provided; therefore be it

RESOLVED, by the Commission, as follows:

Section 1. The Commission finds and determines that the foregoing recitals are true and correct.

Section 2. The Commission hereby approves the purposes and activities of Portsmouth Parking Corporation and the Loan to Portsmouth Parking Corporation to finance a portion of the costs of the Project.

Section 3. The Commission approves the forms of the Articles of Incorporation and the Bylaws.

Section 4. The Commission hereby approves the terms of the Loan Proposal Letter, the Revenue Commitment Letter, the Loan Agreement and the Security Agreement. The Board further approves the form of Revenue Commitment Letter and authorizes and directs the General Manager of the Commission, to execute, acknowledge and deliver the Revenue Commitment Letter in substantially the form presented at this meeting with such additions thereto and changes therein necessary or desirable to facilitate the issuance of the Loan to the Portsmouth Parking Corporation, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. The General Manager of the Recreation and Park Department and other appropriate officers of the Commission are hereby authorized and directed, individually and collectively, to do any and all things, to adopt any procedures, and to execute and deliver any and all documents and certificates, which in consultation with the City Attorney of San Francisco, they may deem necessary or advisable in order to effectuate the purposes of this Resolution, including but limited to the amendment of the

Lease, and any and all such actions previously taken by such officers are hereby ratified and confirmed.

Section 6. This Board hereby recommends and requests that the Board of Supervisors of the City approve this Resolution and the matters and purposes provided herein. This Resolution after its passage and approval by the Commission shall be presented to the Board of Supervisors of the City for approval and shall take effect from and after its passage and approval by the Board of Supervisors.

Adopted by the following vote:

Ayes	5
Noes	0
Absent	0
Recused	1

I hereby certify that the foregoing resolution was adopted at the Recreation and Park Commission meeting held on July 21, 2016.


Margaret A. McArthur, Commission Liaison