

1 [Certificates of Participation relating to One South Van Ness Avenue, 1650 Mission Street and
2 30 Van Ness Avenue; and Authorization to Remove 1650 Mission Street Due Diligence
3 Contingences.]

4 **Resolution authorizing the execution and delivery of certificates of participation to**
5 **finance the acquisition and improvement of One South Van Ness Avenue and 1650**
6 **Mission Street and the improvement of 30 Van Ness Avenue; approving the form of a**
7 **trust agreement between the City and County of San Francisco (the "City") and a**
8 **trustee (including certain indemnities contained therein); authorizing the selection of a**
9 **trustee; approving the form of a property lease between the City and a trustee relating**
10 **to certain City-owned property; approving the form of a project lease between a trustee**
11 **and the City (including certain indemnities contained therein); approving the form of an**
12 **official notice of sale and notice of intention to sell relating to the certificates of**
13 **participation; approving the form of an official statement in preliminary and final form;**
14 **approving the form of a continuing disclosure certificate; authorizing the**
15 **reimbursement of certain expenditures; approving the removal of the due diligence**
16 **contingencies relating to the purchase of 1650 Mission Street and a City assumption of**
17 **the Spectrum Federal Credit Union lease at 1650 Mission Street; adopting findings**
18 **under the California Environmental Quality Act and findings pursuant to the City**
19 **Planning Code Section 101.1; and ratifying previous actions taken in connection**
20 **therewith.**

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22 WHEREAS, In its Resolution No. 518-06, a copy of which is on file with the Clerk of the
23 Board in File No. 060945, this Board of Supervisors (the "Board of Supervisors") of the City
24 and County of San Francisco (the "City") approved the exercise of an option to purchase the
25 building commonly known as One South Van Ness Avenue ("One South Van Ness"); and,

1 WHEREAS, In its Resolution No. 328-06, a copy of which is on file with the Clerk of the
2 Board in File No. 060502 (the "1650 Mission Resolution"), the Board of Supervisors approved
3 a lease for certain premises at 1650 Mission Street, which lease included an option, for the
4 benefit of the City, to purchase the entire building commonly known as 1650 Mission Street
5 ("1650 Mission") per the terms of a purchase and sale agreement (the "1650 Mission
6 Purchase Agreement") which was attached to the lease; and,

7 WHEREAS, Under the 1650 Mission Resolution, the Board of Supervisors required the
8 Director of Property, the City Administrator and the Director of the Office of Public Finance
9 (the "Director of Public Finance") to obtain the approval of the Board of Supervisors before
10 removing due diligence contingencies; and,

11 WHEREAS, The Director of Property, the City Administrator and the Director of Public
12 Finance now seek the approval of the Board of Supervisors to remove pre-closing due
13 diligence contingencies relative to the 1650 Mission Purchase Agreement and to take such
14 additional actions as may be necessary to acquire 1650 Mission; and,

15 WHEREAS, Following the acquisition of One South Van Ness and 1650 Mission, the
16 Director of Property and the City Administrator intend to make certain improvements to these
17 buildings, as well as to the City-owned property at 30 Van Ness Avenue, including certain
18 seismic and disability access improvements and general tenant improvements, (collectively,
19 the "Building Improvements"); and,

20 WHEREAS, The City desires to finance the acquisition of One South Van Ness and
21 1650 Mission and the design and construction of the Building Improvements (collectively, the
22 "Project") with proceeds from the sale of tax-exempt, taxable or 501(c)(3) certificates of
23 participation, or a combination thereof (the "Certificates"); and,

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1 WHEREAS, The Board of Supervisors has selected One South Van Ness and 1650
2 Mission Street (the "Leased Property," as set forth and further described in the property lease
3 described in Section 3 below) for purposes of leasing in connection with the execution of the
4 Certificates; and,

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

8 WHEREAS, It is anticipated that the Certificates will be sold by competitive sale
9 pursuant to an official notice of sale; and,

10 WHEREAS, The City reasonably expects to reimburse certain expenditures incurred
11 with respect to the Project prior to the execution and delivery of the Certificates with proceeds
12 of such Certificates; and,

13 WHEREAS, On February 28, 2006, the Department of City Planning adopted and
14 issued a General Plan Consistency Finding, a copy of which is on file with the Clerk of the
15 Board in File No. 060945, wherein the Department of City Planning found that the acquisition
16 of One South Van Ness and the execution and performance of the related purchase
17 agreement are consistent with the City's General Plan and with the Eight Priority Policies
18 under Planning Code Section 101.1; and,

19 WHEREAS, On February 28, 2006, the Department of City Planning found that the
20 purchase of One South Van Ness is categorically exempt from Environmental Review, a copy
21 of which finding is on file with the Clerk of the Board in File No. 060945; and,

22 WHEREAS, On June 6, 2006, the Department of City Planning adopted and issued a
23 General Plan Consistency Finding, a copy of which is on file with the Clerk of the Board in File
24 No. 060502, wherein the Department of City Planning found that the lease and acquisition of
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1 1650 Mission are consistent with the City's General Plan and with the Eight Priority Policies
2 under Planning Code Section 101.1; and,

3 WHEREAS, On June 6, 2006, the Department of City Planning found that the lease
4 and purchase of 1650 Mission are categorically exempt from Environmental Review, a copy of
5 which finding is on file with the Clerk of the Board in File No. 060502; now, therefore, be it

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

8 Section 1. Approval of the Certificates. The Board hereby approves the execution
9 and delivery of the Certificates, which shall be executed and delivered in accordance with a
10 trust agreement as the same is finally executed and delivered. The Certificates shall be
11 comprised of and designated as "City and County of San Francisco Certificates of
12 Participation, Series 2007A (City Office Buildings – Multiple Properties Project)" and/or "City
13 and County of San Francisco Certificates of Participation, Taxable Series 2007B (City Office
14 Buildings – Multiple Properties Project)," or such other designation as deemed appropriate by
15 the Director of Public Finance, or her designee (the "Director of Public Finance"). The
16 Certificates shall have an aggregate principal amount not to exceed \$162,000,000, with an
17 interest rate not to exceed twelve percent (12%) per annum. To the extent deemed
18 necessary by the Director of Public Finance, this Board of Supervisors authorizes the
19 procurement of credit enhancement for the Certificates, including, but not limited to, municipal
20 bond insurance and/or a debt service reserve fund surety bond. Notwithstanding Section 14
21 hereof, the documents authorized herein may be modified or amended to permit the
22 procurement of credit enhancement for the Certificates, to the extent deemed necessary by
23 the Director of Public Finance, upon consultation with the City Attorney.

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1 Section 2. Approval of the Trust Agreement and Authorization of Selection of the
2 Trustee. The form of the Trust Agreement, as presented to this Board of Supervisors, a copy
3 of which is on file with the Clerk of the Board, is hereby approved. The Mayor (or his
4 designee) is hereby authorized to execute the Trust Agreement, and the Clerk of the Board
5 (or her designee) is hereby authorized to attest to and affix the seal of the City on the Trust
6 Agreement, with such changes, additions and modifications as the Mayor may make or
7 approve in accordance with Section 14 hereof. The Director of Public Finance (or her
8 designee) is hereby authorized to select a trustee to serve as trustee under the Trust
9 Agreement (the "Trustee").

10 Section 3. Approval of the Property Lease. The form of a property lease between
11 the City and the Trustee, providing for the lease of the Leased Property by the City to the
12 Trustee (the "Property Lease"), as presented to this Board of Supervisors, for a maximum
13 term not to exceed forty-five (45) years from the date of commencement thereof, at a total rent
14 of \$1.00 per annum, a copy of which is on file with the Clerk of the Board, is hereby approved.
15 The Mayor is hereby authorized to execute the Property Lease, and the Clerk of the Board is
16 hereby authorized to attest to and affix the seal of the City on the Property Lease with such
17 changes, additions and modifications as the Mayor may make or approve in accordance with
18 Section 14 hereof.

19 Section 4. Approval of the Project Lease. The form of a project lease between the
20 City and the Trustee (the "Project Lease"), providing for the lease of the Leased Property by
21 the Trustee to the City, as presented to this Board, a copy of which is on file with the Clerk of
22 the Board, is hereby approved. The Mayor is hereby authorized to execute the Project Lease,
23 and the Clerk of the Board is hereby authorized to attest and to affix the seal of the City on the
24 Project Lease with such changes, additions and modifications as the Mayor may make or
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1 approve in accordance with Section 14 hereof, provided however, that the maximum Base
2 Rental (as defined in the Project Lease) scheduled to be paid under the Project Lease in any
3 fiscal year shall not exceed \$10,500,000 and the term of the Project Lease shall not extend
4 beyond 2052.

5 Section 5. Approval of Form of Official Notice of Sale. The form of an official notice
6 of sale relating to the Certificates (the "Official Notice of Sale"), as presented to this Board of
7 Supervisors, a copy of which is on file with the Clerk of the Board, is hereby approved. The
8 Director of Public Finance is hereby authorized to approve the distribution of an Official Notice
9 of Sale for the Certificates, with such changes, additions modifications or deletions as the
10 Director of Public Finance may approve upon consultation with the City Attorney; such
11 approval to be conclusively evidenced by the distribution of the Official Notice of Sale to
12 potential purchasers of the Certificates.

13 Section 6. Approval of Notice of Intention to Sell relating to the Certificates. The
14 form of a notice of intention to sell relating to the Certificates (the "Notice of Intention to Sell"),
15 as presented to this Board of Supervisors, a copy of which is on file with the Clerk of the
16 Board, is hereby approved. The Director of Public Finance is hereby authorized to approve
17 the publication of the Notice of Intention to Sell relating to 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 publication of the Notice of Intention to Sell relating to the Certificates.

21 Section 7. Approval of the Official Statement in Preliminary and Final Form. The
22 form of an official statement relating to the Certificates (the "Official Statement"), as presented
23 to this Board of Supervisors, a copy of which is on file in preliminary form with the Clerk of the
24 Board, is hereby approved. The Director of Public Finance is hereby authorized to approve
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1 the distribution of the preliminary Official Statement for the Certificates, with such changes,
2 additions, modifications or deletions as the Director of Public Finance may approve upon
3 consultation with the City Attorney; such approval to be conclusively evidenced by the
4 distribution of the preliminary Official Statement to potential purchasers of the Certificates.
5 The Controller of the City, or his designee (collectively, the "Controller"), is hereby authorized
6 to execute, and the Director of Public Finance is hereby further authorized to approve the
7 distribution of, the Official Statement for the Certificates in final form.

8 Section 8. Approval of the Continuing Disclosure Certificate. The form of a
9 Continuing Disclosure Certificate of the City, as presented to this Board of Supervisors, a
10 copy of which is on file with the Clerk of the Board, is hereby approved. The Controller is
11 hereby authorized to execute the Continuing Disclosure Certificate, with such modifications,
12 changes or additions as the Controller may approve upon consultation with the City Attorney;
13 such approval to be conclusively evidenced by the execution and delivery of the Continuing
14 Disclosure Certificate.

15 Section 9. Approval of Reimbursement. Pursuant to Treasury Regulations Section
16 1.150-2, the City hereby declares its official intent to reimburse from proceeds of the sale of
17 the Certificates capital expenditures of the Project paid within sixty (60) days prior to the date
18 of adoption of this Resolution, costs of issuance of the Certificates and other expenditures
19 permitted to be reimbursed pursuant to Treasury Regulations Section 1.150-2. The maximum
20 amount of the Certificates which the City expects to execute and deliver and from which it
21 expects to reimburse itself for the costs of the Project pursuant to this Resolution is
22 \$162,000,000. Any reimbursement allocation of proceeds of the Certificates to be made with
23 respect to expenditures incurred prior to the execution and delivery of the Certificates
24 (excluding certain de minimis expenditures and preliminary expenditures in an amount not to
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1 exceed twenty percent (20%) of the issue price of the Certificates) will occur not later than
2 eighteen (18) months after the later of (i) the date on which the expenditure is paid, or (ii) the
3 date on which the facilities are placed in service, but in no event more than three (3) years
4 after the expenditure is paid.

5 Section 10. Approval of 1650 Mission Removal of Pre-Closing Contingencies and the
6 Purchase of 1650 Mission. The Board of Supervisors approves and authorizes the Director of
7 Property to remove on or before December 31, 2006 all pre-closing contingencies that must
8 be removed on or before the end of the Due Diligence Period, as defined in the 1650 Mission
9 Purchase Agreement. The Board of Supervisors further approves the delivery of any notices
10 or documents, and performance of all actions, as may be required by the City to exercise its
11 rights under the 1650 Mission Purchase Agreement, including the assumption of leases and
12 contracts at closing. The Director of Property (or her designee) at her discretion is hereby
13 authorized to take all actions reasonably necessary or prudent to perform the City's
14 obligations under the 1650 Mission Purchase Agreement and to consummate the City's
15 acquisition of 1650 Mission.

16 Section 11. Assignment of Spectrum Federal Credit Union Lease. Spectrum Federal
17 Credit Union ("Spectrum") leases approximately 10,331 rentable square feet at 1650 Mission,
18 commonly referred to as Suite 500 (the "Spectrum Lease"). The Board of Supervisors
19 authorizes the Director of Property to enter into a lease assignment and assumption
20 agreement pursuant to which City shall assume all of Spectrum's obligations arising under the
21 Spectrum Lease from and after June 1, 2007 without any payment to Spectrum except for the
22 return of Spectrum's security deposit in the amount of approximately \$27,550 and, upon City's
23 acquisition of 1650 Mission, the City will terminate the Spectrum Lease without cost or penalty
24 to either party.

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1 Section 12. Approval of the Building Improvements. The Board of Supervisors
2 approves the Building Improvements, and authorizes the Director of Property and the Director
3 of Public Works to take all actions to cause the Building Improvements to be completed
4 following the City's acquisition of One South Van Ness and 1650 Mission. The Board of
5 Supervisors authorizes the Director of Property and the Director of Public Works to execute,
6 on behalf of the City, any documents, which they determine, after consultation with the City
7 Attorney, are in the best interests of City and further the intent of this Resolution.

8 Section 13. General Authority. The Mayor, the City Attorney, the Controller, the City
9 Administrator, the Director of Property, the Director of Public Finance, the Clerk of the Board
10 and other officers of the City and their duly authorized deputies and agents are hereby
11 authorized and directed, jointly and severally, to take such actions and to execute and delivery
12 such certificates, agreements, requests or other documents as they may deem necessary or
13 desirable to validate the proposed financing through the execution and delivery of the
14 Certificates, to enter into the Property Lease, Project Lease and the Trust Agreement, to
15 facilitate the execution and delivery of the Certificates, to obtain bond insurance or other credit
16 enhancements with respect to the financing of the Project, to acquire One South Van Ness
17 and 1650 Mission, to cause the construction and completion of the Building Improvements,
18 and to otherwise to carry out the provisions of this Resolution.

19 Section 14. Modifications, Changes and Additions. The Mayor is hereby authorized
20 to approve and make such modifications, changes or additions to the Property Lease, the
21 Project Lease or the Trust Agreement, upon consultation with the City Attorney, as may be
22 necessary or desirable in the interests of the City, and which changes do not materially
23 increase the obligations of the City under the Property Lease, Project Lease or the Trust
24 Agreement. The Mayor's approval of such modifications, changes or additions shall be
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1 conclusively evidenced by the execution and delivery by the Mayor and the Clerk of the Board
2 of the Property Lease, Project Lease and the Trust Agreement.

3 Section 15. Adoption of Findings of Department of City Planning. The Board hereby
4 adopts and incorporates herein by reference the findings of the Department of City Planning in
5 the General Plan Consistency Finding that the following are in conformity with the Master Plan
6 and are consistent with the Eight Priority Policies of Planning Code Section 101.1: (i) the
7 acquisition of One South Van Ness and the execution and performance of the related
8 purchase agreement and (ii) the lease and acquisition of 1650 Mission. The Board further
9 adopts and incorporates by reference the findings of the Department of City Planning that the
10 following is categorically exempt pursuant to the State’s CEQA guidelines: (i) the purchase of
11 One South Van Ness and (ii) the lease and purchase of 1650 Mission.

12 Section 16. Ratification of Prior Actions. All actions authorized and directed by this
13 Resolution and heretofore taken are hereby ratified, approved and confirmed by this Board.

14 Section 17. File Documents. Except as otherwise specified, all documents referred to
15 as on file with the Clerk of the Board are in File No. _____.

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17 APPROVED AS TO FORM:

18 DENNIS J. HERRERA
19 City Attorney

20 By: _____
21 KENNETH DAVID ROUX
22 Deputy City Attorney

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