

1 [Consent to Property Transfer - Regents of the University of California - Mission Bay South  
2 Owner Participation Agreement]

3 **Resolution consenting to the transfer of Assessor Block Nos. 33 and 34 in the Mission**  
4 **Bay South Plan Area to the Regents of the University of California, as a tax exempt**  
5 **entity, for the future development of up to 500,000 gross square feet in the Mission Bay**  
6 **South Redevelopment Project Area; and making environmental findings under the**  
7 **California Environmental Quality Act.**

8

9 WHEREAS, The Board of Supervisors by Motion No. 98-132 (October 19, 1998) under  
10 the California Environmental Quality Act (CEQA) affirmed certification of the Final Subsequent  
11 Environmental Impact Report for the Mission Bay North and South Redevelopment Plans  
12 (FSEIR) and by Resolution No. 854-98, adopted CEQA findings, including a statement of  
13 overriding considerations and a Mission Bay mitigation monitoring and reporting program  
14 ("Mission Bay MMRP") in support of various approval actions taken by the Board to implement  
15 the Mission Bay North and Mission Bay South Redevelopment Plans. Resolution No. 854-98  
16 is on file with the Clerk of the Board in File No. 140423 and incorporated in this Resolution by  
17 this reference; and

18 WHEREAS, The Board of Supervisors approved and adopted, by Ordinance No. 335-  
19 98 (November 2, 1998), the Mission Bay South Redevelopment Plan (the "South Plan") for the  
20 Mission Bay South Redevelopment Project Area (the "South Plan Area"); and

21 WHEREAS, The former Redevelopment Agency of the City and County of San  
22 Francisco ("Agency" or "Redevelopment Agency") approved, by Resolution No. 193-98, the  
23 Mission Bay South Owner Participation Agreement (the "South OPA") and related documents  
24 between Catellus Development Corporation, a Delaware corporation, and the Agency.  
25 FOCIL-MB, LLC, a Delaware limited liability company ("FOCIL" or "Owner" or "Master

1 Developer”), entered into an Assignment, Assumption and Release Agreement, dated  
2 November 22, 2004, under which FOCIL assumed the rights and obligations of the prior  
3 owner under the South OPA; and

4 WHEREAS, Subsequent to the certification of the FSEIR, the Agency and Planning  
5 Department have issued nine addenda to the FSEIR to address proposed changes to the  
6 Mission Bay project, none of which identify any substantial new information or new significant  
7 impacts or a substantial increase in the severity of previously identified significant effects that  
8 alter the conclusions reached in the FSEIR as a result of proposed changes to the Mission  
9 Bay project. When referenced below, the FSEIR refers to the 1998 FSEIR and addenda; and,

10 WHEREAS, The South OPA has been amended four times and when referenced  
11 below, the South OPA shall be deemed to incorporate such amendments; and

12 WHEREAS, State law dissolved redevelopment agencies on February 1, 2012 and  
13 established successor agencies to fulfill the remaining obligations of the former agencies, Cal.  
14 Health & Safety Code, Sections 34170 et seq. (“Redevelopment Dissolution Law”); and

15 WHEREAS, The Redevelopment Dissolution Law required creation of an oversight  
16 board to each successor agency (“Oversight Board”), which has authority to review and  
17 approve any amendment to an enforceable obligation, such as the South OPA Amendment,  
18 as defined below, if it finds that the amendment would be in the best interests of the affected  
19 taxing entities; further, the California Department of Finance (DOF) must receive notice and  
20 information about all Oversight Board actions, which do not take effect until DOF has either  
21 not requested additional review within five business days of the notice or requested additional  
22 review and approved the action within 40 days of its request for additional review (“DOF  
23 Approval”); and

24 WHEREAS, In accordance with Redevelopment Dissolution Law, the Board of  
25 Supervisors, as the legislative body of the successor agency, established by Ordinance 215-

1 12, the Successor Agency Commission for the Successor Agency to the Redevelopment  
2 Agency of the City and County of San Francisco (the "Successor Agency," also commonly  
3 known as the Office of Community Investment and Infrastructure, or "OCII"), and delegated to  
4 the Successor Agency Commission, among other powers, the authority to act in place of the  
5 Redevelopment Agency to implement, modify, enforce and complete surviving redevelopment  
6 projects, including, without limitation, three major integrated, multiphase revitalization projects,  
7 which are the Mission Bay North and Mission Bay South Projects, the Hunters Point  
8 Shipyard/Candlestick Point Project, and the Transbay Redevelopment Project (collectively,  
9 the "Major Approved Development Projects"), and which are subject to enforceable  
10 obligations requiring the implementation and completion of those projects. The Mission Bay  
11 South Project encompasses the South Plan Area; and

12 WHEREAS, On January 24, 2014, DOF finally and conclusively determined that the  
13 South OPA is an enforceable obligation pursuant to Health and Safety Code, Sections  
14 34177.5(i); and

15 WHEREAS, With respect to the Major Approved Development Projects, Ordinance  
16 215-12 granted the Successor Agency Commission authority to approve all contracts and  
17 actions related to the assets transferred to or retained by the Successor Agency, including,  
18 without limitation, the authority to exercise land use, development and design approval  
19 authority for the Major Approved Development Projects; and

20 WHEREAS, The authority of the Successor Agency Commission, with respect to the  
21 Major Approved Development Projects includes the authority to approve amendments to  
22 enforceable obligations as allowed under Redevelopment Dissolution Law, subject to any  
23 required approval by the Oversight Board and DOF, consistent with applicable enforceable  
24 obligations; and

25

1           WHEREAS, The Regents of the University of California (the “Regents”) is under  
2 contract to purchase Assessor Block Nos. 33 and 34 of the South Plan Area from Bay  
3 Jarcaranda No. 3334 LLC (“Current Owner”), and intends to expand the facilities of the  
4 University of California at San Francisco (UCSF) in the South Plan Area by constructing a  
5 project on Assessor Block Nos. 33 and 34 that is consistent with the uses allowed under the  
6 South Plan and the allocation of square footage for the site contemplated by the FSEIR. While  
7 the Regents has not identified the final use of Assessor Block Nos. 33 and 34, the Regents is  
8 purchasing from the Current Owner the right to construct 500,000 gross square feet of  
9 development and all parking spaces allocable to Assessor Block Nos. 33 and 34 under the  
10 South Plan, South OPA, and related documents (which may not exceed 1.0 parking spaces  
11 for each 1,000 square feet of gross floor area); and

12           WHEREAS, Under the State Constitution, the Regents is exempt from local land use  
13 and redevelopment regulations and from local property taxes, where the Regents uses  
14 property in furtherance of its educational purposes, as it intends to do with Assessor Block  
15 Nos. 33 and 34. However, the Regents is subject to third party contractual obligations that  
16 run with the land, such as the South OPA; and

17           WHEREAS, Assessor Block Nos. 33 and 34 are subject to the South Plan and the  
18 South OPA. Under Section 14.7(a) of the South OPA, prior to transfer of property to a tax  
19 exempt entity such as the Regents, the tax exempt entity or the party transferring the property  
20 to the tax exempt entity is required to enter into an agreement for payment in lieu of taxes  
21 (“PILOT Agreement”) equal to the full amount of the property taxes that would have been  
22 assessed against the property notwithstanding such ownership by a tax exempt entity, or the  
23 written consent of the City and the Successor Agency in their respective sole discretion; and

24           WHEREAS, To effectuate the provisions of Section 14.7 of the South OPA, FOCIL has  
25 entered into and recorded a PILOT Agreement that is applicable to Assessor Block Nos. 33

1 and 34 and binding on its successors-in-interest to the property that requires any transferee of  
2 the property to obtain the consent of the Successor Agency and the City to transfer the  
3 property to a tax-exempt entity free of the PILOT Agreement; and

4 WHEREAS, On April 29, 2014, after holding a duly noticed public hearing and  
5 consistent with its authority under Redevelopment Dissolution Law and Ordinance 215-12, the  
6 Successor Agency Commission conditionally approved, by Resolution No. 30-2014, a  
7 Memorandum of Understanding (“MOU”) between OCII and the Regents, a fifth amendment  
8 to the South OPA between OCII and FOCIL (“South OPA Amendment”), and a Release  
9 Agreement and Covenant Regarding Assumption of the South OPA with the Regents and the  
10 Current Owner (“Release Agreement”). The Successor Agency Resolution No. 30-2014 is on  
11 file with the Clerk of the Board of Supervisors in File No. 140423 and incorporated in this  
12 Resolution by this reference; and

13 WHEREAS, Under the terms of the MOU, OCII agreed to release the Regents from  
14 certain obligations under the South Plan, South OPA and the PILOT Agreement and agreed  
15 to release the Current Owner from the obligations under the PILOT Agreement, conditioned  
16 on the Regents’ agreement to, among other things, (a) make an affordable housing payment  
17 (“Affordable Housing Payment”) to OCII of \$10.2 million, which exceeds the tax increment that  
18 OCII would have received from Assessor Block Nos. 33 and 34 if owned and developed by a  
19 taxable entity; (b) enter into an agreement with FOCIL regarding infrastructure (“Infrastructure  
20 Agreement”) and make an infrastructure payment of \$21.9 million (“Infrastructure Payment”) to  
21 FOCIL, which is comparable to the tax increment that OCII would have received from  
22 Assessor Block Nos. 33 and 34 for infrastructure purposes if owned and developed by a  
23 taxable entity; (c) pay the special taxes under the community facility districts that the  
24 Assessor Block Nos. 33 and 34 are part of; (d) abide by certain requirements under the South  
25 Plan in developing Assessor Block Nos. 33 and 34, including without limitation, agreeing to

1 abide by the permitted land uses, height, setback, bulk, and development intensity controls for  
2 the site in the Redevelopment Plan; and (e) provide an agreement assuming obligations  
3 under the South OPA and related Plan Documents and a tax allocation promissory note in  
4 connection with any future transfer of Assessor Block Nos. 33 and 34 or use of Assessor  
5 Block Nos. 33 and 34 for purposes other than the Regents educational mission. To  
6 implement certain of the terms of the MOU, FOCIL and OCII will enter into the South OPA  
7 Amendment and OCII, the Regents and Current Owner will enter into a Release Agreement;  
8 and

9 WHEREAS, Under the terms of the South OPA Amendment, OCII and FOCIL  
10 agreed, among other things, (a) to suspend the requirement that a transferee assume all  
11 of the transferor's obligations under the South OPA with respect to transferred property;  
12 (b) that OCII will consent to the transfer of Assessor Block Nos. 33 and 34 by the Current  
13 Owner to the Regents, subject to the requirements of the MOU being met; (c) to release  
14 the Current Owner from certain obligations under the South OPA pertaining to Assessor  
15 Block Nos. 33 and 34; and (d) that FOCIL will apply the Infrastructure Payment toward  
16 the cost of infrastructure that would otherwise be reimbursable from the Successor  
17 Agency from tax increment, all conditioned on OCII's receipt of the Affordable Housing  
18 Payment and FOCIL's receipt of the Infrastructure Payment and execution of the MOU  
19 and Infrastructure Agreement by the applicable parties; and

20 WHEREAS, Under the terms of the Release Agreement, OCII agreed to, (a) suspend  
21 the effects of the South Plan, the South OPA, and other Plan documents so long as and  
22 to the extent that Assessor Block Nos. 33 and 34 are used in furtherance of UCSF's  
23 educational mission; and, (b) consent to the termination of the existing PILOT Agreement.  
24 The Release Agreement provides that the South Plan, South OPA and other Plan  
25 Documents will "spring back" into effect if Assessor Block Nos. 33 and 34 are not used for

1 such purposes, and at OCII's request the Regents will then provide an agreement  
2 assuming the obligations under such documents together with a tax allocation promissory  
3 note and a new PILOT Agreement. Because the City's consent is required under the  
4 South OPA for any transfers that are not subject to a PILOT Agreement, the Successor  
5 Agency Commission's approval of the Release Agreement was conditioned on approval  
6 by the Board of Supervisors of the transfer to the Regents of Assessor Block Nos. 33 and  
7 34; and

8 WHEREAS, The South OPA Amendment and Release Agreement (the "Agreements")  
9 will allow the acquisition of the Regents' of Assessor Block Nos. 33 and 34 to proceed. The  
10 acquisition and subsequent development of Assessor Block Nos. 33 and 34 will provide  
11 significant public benefits to OCII, the City, and other taxing agencies, including: (a) an  
12 Affordable Housing Payment that exceeds the amount of tax increment that would have been  
13 collected if Assessor Block Nos. 33 and 34 were developed by a taxable owner; (b)  
14 immediately available funds for the production of affordable housing and infrastructure,  
15 thereby accelerating the completion of development under the South Plan, the South OPA,  
16 and related enforceable obligations; and (c) the likely consolidation of UCSF's operations and  
17 relocation from remote locations in San Francisco, thereby potentially returning these other  
18 properties to the City tax rolls and generating new general fund revenues to the City and tax  
19 revenues for the other taxing agencies. The Agreements do not propose any new capital  
20 expenditures by OCII or any change in OCII's overall method of financing the redevelopment  
21 of the South Plan Area. Rather, the Agreements will accelerate the completion of  
22 development under the South Plan and the South OPA; and

23 WHEREAS, Since the MOU, South OPA Amendments and Release Agreements  
24 together provide that OCII will release the Regents from certain obligations under the South  
25 Plan, South OPA and the PILOT Agreement and release the Current Owner from the

1 obligations under the PILOT Agreement, conditioned on the Regents' agreement to, among  
2 other things, make an affordable housing payment ("Affordable Housing Payment") to OCII of  
3 \$10.2 million, in a related action, the Board of Supervisors, in its capacity as the legislative  
4 body of the Successor Agency by Resolution No. 30-2014, on file with the Clerk of the Board  
5 in File No. 140423, is asked to consent to the terms of the MOU, South OPA Amendments  
6 and Release Agreement as they relate to the Affordable Housing Payment in lieu of a PILOT  
7 Agreement that is designed to avoid any material change in the South OPA obligations to  
8 provide affordable housing; and

9 WHEREAS, Consent by the Board of Supervisors to the transfer of Assessor Block  
10 Nos. 33 and 34 is an undertaking pursuant to and in furtherance of the South Plan in  
11 conformance with CEQA Guidelines Section 15180; and

12 WHEREAS, The Budget and Finance Committee of the Board of Supervisors held a  
13 public hearing on \_\_\_\_\_, on the proposed transfer of Assessor Block Nos. 33  
14 and 34 to the Regents. The hearing has been closed. The Board has considered the report  
15 and recommendations of the Successor Agency and the FSEIR, including the various  
16 addenda thereto in accordance with CEQA, and the CEQA Findings, including without  
17 limitation the statement of overriding considerations and Mission Bay MMRP that it previously  
18 adopted in Resolution No. 854-98, and all evidence and testimony for and against the  
19 proposed transfer of Assessor Block Nos. 33 and 34 to the Regents; now, therefore, be it

20 RESOLVED, That the Board has reviewed and considered the CEQA Findings,  
21 including the statement of overriding considerations and the Mission Bay MMRP that it  
22 previously adopted in Resolution No. 854-98, and hereby adopts these CEQA Findings in  
23 support of the transfer of Assessor Block Nos. 33 and 34 to the Regents. The Board  
24 additionally finds that: (a) consent to the transfer of Assessor Block Nos. 33 and 34 to the  
25 Regents does not require major revisions in the FSEIR due to the involvement of new



1 significant environmental effects or a substantial increase in the severity of previously  
2 identified significant effects; (b) no substantial changes have occurred with respect to the  
3 circumstances under which the project analyzed in the FSEIR will be undertaken that would  
4 require major revisions to the FSEIR due to the involvement of new significant environmental  
5 effects, or a substantial increase in the severity of effects identified in the FSEIR; and (c) no  
6 new information of substantial importance to the project analyzed in the FSEIR has become  
7 available which would indicate that (1) the transfer of Assessor Block Nos. 33 and 34 to the  
8 Regents will have significant effects not discussed in the FSEIR; (2) significant environmental  
9 effects will be substantially more severe; (3) mitigation measures or alternatives found not  
10 feasible which would reduce one or more significant effects have become feasible; or (4)  
11 mitigation measures or alternatives which are considerably different from those in the FSEIR  
12 will substantially reduce one or more significant effects on the environment; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors conditionally consents, under  
14 Section 14.7 (a) (iii) of the South OPA, to the transfer of Assessor Block Nos. 33 and 34 to the  
15 Regents subject to approval of the South OPA Amendment by the Oversight Board and DOF  
16 and in accordance with the terms of the MOU, South OPA Amendment and Release  
17 Agreement on file with the Board in File No. 140423.

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