

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

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

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

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

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

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

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

23 WHEREAS, To effectuate the provisions of Section 14.7 of the South OPA, FOCIL has
24 entered into and recorded a PILOT Agreement that is applicable to Block Nos. 33 and 34 and
25 binding on its successors-in-interest to the property that requires any transferee of the

1 property to obtain the consent of the Successor Agency and the City to transfer the property
2 to a tax-exempt entity free of the PILOT Agreement; and

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

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

1 provide an agreement assuming obligations under the South OPA and related Plan
2 Documents and a tax allocation promissory note in connection with any future transfer of
3 Block Nos. 33 and 34 or use of Block Nos. 33 and 34 for purposes other than the Regents
4 educational mission. To implement certain of the terms of the MOU, FOCIL and OCII will
5 enter into the South OPA Amendment and OCII, the Regents and Current Owner will enter
6 into a Release Agreement; and

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

18 WHEREAS, Under the terms of the Release Agreement, OCII agreed to, (a) suspend
19 the effects of the South Plan, the South OPA, and other Plan documents so long as and
20 to the extent that Block Nos. 33 and 34 are used in furtherance of UCSF's educational
21 mission; and, (b) consent to the termination of the existing PILOT Agreement. The
22 Release Agreement provides that the South Plan, South OPA and other Plan Documents
23 will "spring back" into effect if Block Nos. 33 and 34 are not used for such purposes, and
24 at OCII's request the Regents will then provide an agreement assuming the obligations
25 under such documents together with a tax allocation promissory note and a new PILOT

1 Agreement. Because the City's consent is required under the South OPA for any
2 transfers that are not subject to a PILOT Agreement, the Successor Agency
3 Commission's approval of the Release Agreement was conditioned on approval by the
4 Board of Supervisors of the transfer to the Regents of Block Nos. 33 and 34; and

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

20 WHEREAS, Since the MOU, South OPA Amendments and Release Agreements
21 together provide that OCII will release the Regents from certain obligations under the South
22 Plan, South OPA and the PILOT Agreement and release the Current Owner from the
23 obligations under the PILOT Agreement, conditioned on the Regents' agreement to, among
24 other things, make an affordable housing payment ("Affordable Housing Payment") to OCII of
25 \$10.2 million, in a related action, the Board of Supervisors, in its capacity as the legislative

1 body of the Successor Agency by Resolution No. 30-2014, on file with the Clerk of the Board
2 in File No. 140423, is asked to consent to the terms of the MOU, South OPA Amendments
3 and Release Agreement as they relate to the Affordable Housing Payment in lieu of a PILOT
4 Agreement that is designed to avoid any material change in the South OPA obligations to
5 provide affordable housing; and

6 WHEREAS, Consent by the Board of Supervisors to the transfer of Block Nos. 33 and
7 34 is an undertaking pursuant to and in furtherance of the South Plan in conformance with
8 CEQA Guidelines Section 15180; and

9 WHEREAS, The Budget and Finance Committee of the Board of Supervisors held a
10 public hearing on May 14, 2014, on the proposed transfer of Block Nos. 33 and 34 to the
11 Regents. The hearing has been closed. The Board has considered the report and
12 recommendations of the Successor Agency and the FSEIR, including the various addenda
13 thereto in accordance with CEQA, and the CEQA Findings, including without limitation the
14 statement of overriding considerations and Mission Bay MMRP that it previously adopted in
15 Resolution No. 854-98, and all evidence and testimony for and against the proposed transfer
16 of Block Nos. 33 and 34 to the Regents; now, therefore, be it

17 RESOLVED, That the Board has reviewed and considered the CEQA Findings,
18 including the statement of overriding considerations and the Mission Bay MMRP that it
19 previously adopted in Resolution No. 854-98, and hereby adopts these CEQA Findings in
20 support of the transfer of Block Nos. 33 and 34 to the Regents. The Board additionally finds
21 that: (a) consent to the transfer of Block Nos. 33 and 34 to the Regents does not require major
22 revisions in the FSEIR due to the involvement of new significant environmental effects or a
23 substantial increase in the severity of previously identified significant effects; (b) no substantial
24 changes have occurred with respect to the circumstances under which the project analyzed in
25 the FSEIR will be undertaken that would require major revisions to the FSEIR due to the

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

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



City and County of San Francisco

Tails

Resolution

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

File Number: 140423

Date Passed: May 20, 2014

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

April 30, 2014 Budget and Finance Committee - CONTINUED TO CALL OF THE CHAIR

May 07, 2014 Budget and Finance Committee - CONTINUED

May 14, 2014 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

May 14, 2014 Budget and Finance Committee - RECOMMENDED AS AMENDED

May 20, 2014 Board of Supervisors - ADOPTED

Ayes: 9 - Avalos, Campos, Chiu, Farrell, Kim, Mar, Tang, Wiener and Yee

Noes: 2 - Breed and Cohen

File No. 140423

I hereby certify that the foregoing
Resolution was ADOPTED on 5/20/2014 by
the Board of Supervisors of the City and
County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor

Date Approved