

File No. 150158

Committee Item No. 2

Board Item No. 4

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 25, 2015

Board of Supervisors Meeting

Date March 3, 2015

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/>            | Motion                                       |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form                            |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
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Completed by: Linda Wong Date February 20, 2015  
 Completed by: L.W. Date February 24, 2015

1 [Accept and Expend Gift - Gift Agreement - San Francisco General Hospital Foundation -  
2 \$57,375,000 - Naming the Priscilla and Mark Zuckerberg San Francisco General Hospital and  
3 Trauma Center]

4 **Resolution authorizing the Department of Public Health to accept and expend a**  
5 **\$57,375,000 gift from the San Francisco General Hospital Foundation for the**  
6 **procurement of furniture, fixtures, equipment, and information technology for the new**  
7 **San Francisco General Hospital; and approving a Gift Agreement with the San**  
8 **Francisco General Hospital Foundation, including an agreement to name the institution**  
9 **the Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center,**  
10 **which shall remain in place for 50 years.**

11  
12 WHEREAS, San Francisco General Hospital is part of the San Francisco Health  
13 Network operated by the Department of Public Health, and is a safety net and community  
14 hospital, located in the Mission, serving more than 100,000 vulnerable San Franciscans a  
15 year; and

16 WHEREAS San Francisco General Hospital serves a diverse patient population,  
17 providing care in more than 20 languages, with patient demographics of 31% Latino, 24%  
18 Asian, 23% white and 16% African American; and

19 WHEREAS, San Francisco General Hospital is the City's only trauma center serving  
20 San Francisco and Northern San Mateo counties; and

21 WHEREAS, The world-class trauma services save lives every day; and

22 WHEREAS, The San Francisco General Hospital Foundation plays a critical  
23 fundraising role, incorporated in 1994 as an independent 501(c)3 charitable support  
24 organization for San Francisco General Hospital and Trauma Center, raising over \$92 million  
25 in the past twenty years; and

1           WHEREAS, The San Francisco General Hospital Foundation's mission is to promote  
2 excellence in research, education and care for all at San Francisco General Hospital; and

3           WHEREAS, The San Francisco General Hospital Foundation's vision is to provide San  
4 Francisco General Hospital with the financial resources needed to ensure it remains the Heart  
5 of Our City and one of the nation's finest public hospitals, delivering exceptional  
6 comprehensive health care and trauma services to anyone in need; and

7           WHEREAS, By raising private support to augment public funding, the San Francisco  
8 General Hospital Foundation is a model for successful public-private partnerships; and

9           WHEREAS, Funds raised by the San Francisco General Hospital Foundation are used  
10 for patient services, facilities, equipment purchases, and research efforts at San Francisco  
11 General Hospital; and

12           WHEREAS, The San Francisco General Hospital Foundation has secured significant  
13 pledges to support furniture, fixtures and equipment for the new San Francisco General  
14 Hospital to enable the hospital to continue to provide excellence in medical care to the  
15 community, including trauma patients as well as the City's most vulnerable residents; and

16           WHEREAS, Among these pledges the San Francisco General Hospital Foundation has  
17 secured a grant of \$75,000,000 from Dr. Priscilla Chan and Mark Zuckerberg, which is  
18 believed to be the single largest gift ever made by private individuals in support of a public  
19 hospital in the United States, including \$32,375,000 to support the acquisition of state-of-the-  
20 art furniture, fixtures, equipment, information technology and related services for San  
21 Francisco General Hospital's new acute care and trauma building; and

22           WHEREAS, It is customary in hospital capital campaigns to provide naming  
23 opportunities in honor of major philanthropic gifts, as a critical strategy for raising awareness  
24 for the project within the community and for garnering action from other community members  
25 and philanthropists; and

1           WHEREAS, It is customary and the philanthropic standard for hospitals, whether  
2 private or public in nature, to recognize major philanthropic gifts from private individuals by  
3 providing naming in honor of such gifts, whether the naming is associated with an entire  
4 hospital, hospital and health system or a building or designated space within the institution;  
5 and

6           WHEREAS, The San Francisco General Hospital Foundation is now donating  
7 \$57,375,000 in celebration of its February 12, 2015, Heroes and Hearts campaign, which  
8 includes an initial donation to the Foundation of \$25,000,000 from various donors, and  
9 \$32,375,000, as the initial payment of the pledge from Dr. Priscilla Chan and Mark  
10 Zuckerberg; and

11           WHEREAS, The Department of Public Health and the Foundation wish to enter into a  
12 Gift Agreement providing the schedule of payments and use of the remaining pledge funds,  
13 including the payment to the City of any income earned on any principal amounts held by the  
14 Foundation; and

15           WHEREAS, The proposed Gift Agreement is on file with the Clerk of the Board in File  
16 No. 150158, substantially in final form; and

17           WHEREAS, The San Francisco Health Commission voted unanimously on February  
18 10, 2015, to recommend to the Board of Supervisors acceptance of the \$57,375,000 gift from  
19 the San Francisco General Hospital Foundation and approval of the Gift Agreement with the  
20 San Francisco General Hospital Foundation, including the naming of the institution, which  
21 shall remain in place for 50 years, as the Priscilla and Mark Zuckerberg San Francisco  
22 General Hospital and Trauma Center; now, therefore, be it

23           RESOLVED, That the Board of Supervisors authorizes the Department of Public Health  
24 to accept and expend a gift of cash in the value of up to \$57,375,000 from the San Francisco  
25 General Hospital Foundation for furniture, fixtures, equipment, information technology and



|   |   |
|---|---|
| <b>Item 2</b><br><b>File 15-0158</b>  | <b>Department:</b><br>Department of Public Health (DPH) |
| <b>EXECUTIVE SUMMARY</b>  |   |
| <b>Legislative Objectives</b>   |   |
| <ul style="list-style-type: none"> <li>• The proposed resolution would (1) authorize the Department of Public Health (DPH) to accept and expend a \$57,375,000 cash gift from the San Francisco General Hospital Foundation (SFGH Foundation) for furniture, fixtures, equipment (FF&amp;E) and information technology for the new San Francisco General Hospital (SFGH); and (2) approve a gift agreement with the SFGH Foundation, including naming the new San Francisco General Hospital the Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center, which shall remain in place for 50 years.</li> </ul>   |   |
| <b>Key Points</b>   |   |
| <ul style="list-style-type: none"> <li>• In November 2008, San Francisco voters approved \$887,400,000 of General Obligation bonds to finance the construction of a new acute care and trauma building at SFGH. These General Obligation bond proceeds cannot be used to pay for furniture, fixtures, equipment or information technology for equip the new SFGH building. Rather, other funding sources are required to pay for such costs.</li> <li>• The proposed resolution would authorize the City to accept and expend \$57,375,000 in gift funds from the SFGH Foundation for furniture, fixtures and equipment for the new SFGH and approve a \$93,375,000 gift agreement from the SFGH Foundation. The additional \$36,000,000 in gift funds will be subject to future approval by the Board of Supervisors through separate gift acceptance resolutions.</li> <li>• In recognition of the Zuckerberg's gift, the new San Francisco General Hospital will be named "Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center". The donors' names will also be added to the Main Lobby Atrium of the new SFGH building to read "Priscilla and Mark Zuckerberg Family Atrium". Such naming shall remain in place for a 50-year term.</li> </ul> |   |
| <b>Fiscal Impact</b>  |   |
| <ul style="list-style-type: none"> <li>• The total estimated minimum cost for furniture, fixtures and equipment for the new SFGH is \$170,487,470. To date, the Board of Supervisors has appropriated \$105,000,000 from the City's General Fund revenues. The proposed resolution would authorize the City to accept \$57,375,000 of gift funds from the SFGH Foundation, leaving a remaining shortfall of \$8,112,470 for furniture, fixture and equipment for the new SFGH.</li> <li>• The shortfall of \$8,112,470 will be secured through private philanthropy efforts by the SFGH Foundation. If such additional funds are not received, DPH will reduce their budget for purchases or delay purchases until funds are received.</li> </ul>   |   |
| <b>Recommendation</b>   |   |
| <ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>  |   |

**MANDATE STATEMENT**

City Administrative Code Section 10.100-305 requires the acceptance or expenditure of any gift of cash or goods greater than \$10,000, for the benefit of a designated City department as may be specified by the donors, to be approved by resolution of the Board of Supervisors.

**BACKGROUND**

In November 2008, San Francisco voters approved \$887,400,000 of General Obligation bonds (Proposition A, San Francisco General Hospital and Trauma Center Earthquake Safety Bonds), to finance the construction of a new acute care and trauma building at San Francisco General Hospital (SFGH). These General Obligation bond proceeds cannot be used to pay for furniture, fixtures and equipment, including information technology, needed to equip the new building. Rather, other City funding sources and/or private philanthropy are required to pay for such costs. The new SFGH building is expected to be completed by December 2015.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would (1) authorize the Department of Public Health (DPH) to accept and expend a \$57,375,000 cash gift from the SFGH Foundation for furniture, fixtures, equipment (FF&E) and information technology for the new San Francisco General Hospital; and (2) approve a gift agreement with the San Francisco General Hospital (SFGH Foundation), for a total amount of \$93,375,000, as shown in Table 1 below. This gift agreement includes naming the new San Francisco General Hospital the Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center, which shall remain in place for 50 years. The SFGH Foundation is a 501(c)3 non-profit organization established to support fundraising for SFGH.

**Table 1: Proposed Gift to DPH from SFGH Foundation**

| Specified Use of Funds                                 | Source of Funds      | Amount              |
|--|----------------------|---------------------|
| Furniture, Fixtures and Equipment                      | Private Philanthropy | \$25,000,000        |
| Furniture, Fixtures and Equipment                      | Zuckerberg Gift      | 32,375,000          |
| Subtotal FF&E  |                      | \$57,375,000        |
| Patient Care and Quality Improvement Fund <sup>1</sup> | Zuckerberg Gift      | \$28,000,000        |
| Public Health/Community Outreach Campaign <sup>2</sup> | Zuckerberg Gift      | 8,000,000           |
| <b>Gift Total</b>                                      |                      | <b>\$93,375,000</b> |

According to Mr. Greg Wagner, Chief Financial Officer at DPH, the \$28 million for Patient Care and Quality Improvement Fund and \$8 million for Public Health/Community Outreach

<sup>1</sup> The SFGH Foundation's Patient Care and Quality Improvement Fund will pay for future FF&E and capital needs throughout the SFGH Campus.

<sup>2</sup> The SFGH Foundation's outreach campaign's goal is to attract new patients to the San Francisco Health Network.

Campaign, as shown in Table 1 above, will be subject to future approval by the Board of Supervisors through separate gift acceptance resolutions, which are anticipated to occur over the next 1-2 years. Future gifts will also include any interest income earned while held by the SFGH Foundation. The SFGH Foundation will provide written fundraising progress reports that describe the SFGH Foundation’s progress in raising funds to support additional purchases of furniture, fixtures, and equipment.

Donor Recognition

In recognition of the Zuckerberg’s gift, the San Francisco General Hospital shall be named “Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center”. This recognition will be highly visible wherever the hospital’s formal name is displayed, including existing and future buildings at SFGH. The donors’ names will also be added to the Main Lobby Atrium of the new SFGH building to read “Priscilla and Mark Zuckerberg Family Atrium”.

The naming of SFGH as “Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center” shall remain in place for a 50-year term. Upon expiration of this 50-year term, the donors may negotiate an additional grant agreement with the City, and the SFGH Foundation, which will provide the opportunity to extend this naming of SFGH according to terms of such potential agreement.

The SFGH Foundation will assume the cost of placing and maintaining the naming arrangements.

**FISCAL IMPACT**

The total estimated minimum cost for furniture, fixtures, and equipment for the new SFGH is \$170,487,470, as shown in Table 2 below.

**Table 2: Estimated minimum cost of SFGH Furniture, Fixtures & Equipment**

| Category               | Amount               |
|------------------------|----------------------|
| Data Equipment         | \$612,776            |
| Furniture              | 4,090,995            |
| Information Technology | 56,676,552           |
| Kitchen                | 8,964                |
| Medical Equipment      | 108,858,343          |
| Operational            | 18,593               |
| Tele-Communications    | 221,247              |
| <b>Total</b>           | <b>\$170,487,470</b> |

According to Mr. Wagner, the Board of Supervisors has appropriated a total of \$105,000,000 to date from the City’s General Fund revenues to support the furniture, fixtures and equipment needs for the new SFGH. An additional \$65,487,470 (\$170,487,470 total estimated cost less



\$105,000,000 appropriated to date) is to be raised from private philanthropy. The proposed resolution would authorize the City to accept a total of \$57,375,000 of gift funds from the SFGH Foundation to support the furniture, fixtures and equipment costs for the new SFGH.

Table 3 below summarizes the sources of funds for furniture, fixtures and equipment for the new SFGH and identifies an estimated remaining shortfall of \$8,112,470 that will be required.

**Table 3: Source of Funds for Furniture, Fixtures and Equipment**

| Source of Funds                                   | Amount               |
|---|----------------------|
| City General Fund revenues                        | \$105,000,000        |
| Private Philanthropy (subject of this resolution) | 57,375,000           |
| <b>Subtotal</b>                                   | <b>\$162,375,000</b> |
| Remaining Goal To Be Raised                       | 8,112,470            |
| <b>Total Estimated Funding Sources</b>            | <b>\$170,487,470</b> |

Mr. Wagner anticipates that the remaining \$8,112,470 balance would be secured through private philanthropy efforts by the SFGH Foundation. If such additional funds are not received, DPH will reduce their budget for purchases or delay purchases until the funds are received, without requiring additional contributions from the City. Mr. Wagner further advises that any funds raised above and beyond the \$8,112,470 would be used to fund future needs at the new SFGH and campus.

**RECOMMENDATION**

Approve the proposed resolution.

February 6, 2015

## GIFT AGREEMENT

### SAN FRANCISCO GENERAL HOSPITAL

This GIFT AGREEMENT ("Gift Agreement"), dated for convenience of reference as of March 13, 2015, is between SAN FRANCISCO GENERAL HOSPITAL FOUNDATION, a 501(c)(3) non-profit public benefit corporation (the "Foundation"), and the CITY AND COUNTY OF SAN FRANCISCO, a charter city and county, acting by and through its DEPARTMENT OF PUBLIC HEALTH (the "City").

THIS GIFT AGREEMENT is made with reference to the following facts and circumstances:

A. The City owns, maintains, operates and manages through the San Francisco Health Commission (the "Commission") and the Department of Public Health (the "Department"), the San Francisco General Hospital and Trauma Center located at 1001 Potrero Avenue, San Francisco, CA 94110 ("SFGH"). For purposes of this Gift Agreement, the "Campus" shall mean the collection of buildings now or later owned by the City at site of SFGH.

B. The Foundation was established to raise and accept gifts on behalf of the City for projects and programs designed to improve the care and comfort for patients at SFGH, and is recognized for such purposes by the City by and through the Commission. All fund-raising activities that the Foundation undertakes will support such projects and activities.

C. In November 2008, San Francisco electors voted overwhelmingly to approve issuing general obligation bonds known as the San Francisco General and Trauma Center Earthquake Safety Bonds (the "Bonds"), for the San Francisco General Rebuild Project (the "Project"). While the proceeds from the Bonds will pay for the construction of a new Acute Care and Trauma Building (the "New Building"), the furniture, fixtures and equipment ("FF&E"), including information technology, needed to equip the New Building to deliver the very best care must be raised through a combination of additional public funds and private philanthropy. Attached as Attachment A to this Gift Agreement is a map showing the Campus and the planned location of the New Building.

D. The FF&E costs require approximately \$170 million that the Bonds are not eligible to finance. The City has committed \$105 million from its capital improvement fund to support the FF&E budget. Through its *Heart of Our City* Capital Campaign, the Foundation has sought charitable contributions to help fund at least the difference of \$65 million.

E. As part of the Project, the City is funding significant improvements and additions to the Campus, including construction of the New Building.

F. To date, the Foundation has received \$25 million in pledged payments from various donors toward the fundraising goal for the *Heart of Our City* Capital Campaign to supplement the City's FF&E commitment.

February 6, 2015

G. Mark Zuckerberg and Dr. Priscilla Chan (collectively, the "Donors") have recommended to the Silicon Valley Community Foundation ("SVCF") that SVCF distribute, in installments, from an advised fund, to the Foundation a grant in the total amount of \$75 million for the benefit of SFGH for the *Heart of Our City Capital Campaign* to supplement the City's FF&E commitment and related programs described in this Gift Agreement.

H. In connection with the Project, the Foundation wishes to make the gifts to the City, and the City wishes to accept the gifts, on the terms and conditions, including naming arrangements, set forth in this Gift Agreement below.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which the parties acknowledge, the Foundation and the City agree as follows:

**SECTION 1. Gift.** As set forth below, the Foundation shall provide to the City a gift consisting of the following (collectively the "Gift"):

a. **Initial Gift.** A total of at least \$25 million dollars, received from various donors, for the procurement of FF&E for the New Building (the "Initial Gift").

b. **Donors' Gift.** A total of \$68.375 million from the \$75 million dollars received by the Foundation from SVCF, upon the recommendation of the Donors, for the *Heart of Our City Capital Campaign* to supplement the City's FF&E commitment and other programs that support SFGH and its mission (the "Donors' Gift").

c. Of the Donors' Gift (totaling \$75 million), the Foundation shall retain a one-time overhead charge determined by multiplying the rate of 7.5% and the \$35 million of the Donors' Gift allocated to the *Heart of Our City* FF&E Campaign (\$2.625 million) to offset operations and campaign expenses. The Foundation shall also retain \$4 million of the Donors' Gift to establish an endowment to support the Foundation's continued efforts to raise funds for the benefit of the patients at SFGH. The Foundation will provide the remaining portion of the Donors' Gift (\$68.375 million) to or for the benefit of the City as set forth below.

d. The City's expenditures of funds received through this Gift Agreement are subject to certification by the Controller and authorization to expend by the Board of Supervisors.

e. The parties intend that this Gift be used to supplement and not supplant City commitments to furnish the New Building. Funds received through this Gift Agreement shall not be expended until the City's Controller first certifies that the City has appropriated or otherwise entered into commitments to spend \$105 million on FF&E for the New Building.

f. The Gift shall be paid to, or used for the benefit of, the City according to the following schedule and will be used by the City only for the following designated purposes:

- i. The Initial Gift of \$25 million received from various donors, shall be used to acquire or reimburse the costs for FF&E for the New Building. The Foundation shall pay this sum to the City within 10 business days after the Effective Date (as defined in Section 2 below).

February 6, 2015.

- ii. \$32.375 million, of the Donors' Gift of \$75 million, shall be used to acquire or reimburse the costs for FF&E for the New Building. The Foundation shall pay this sum to the City within 10 business days after the Effective Date (as defined in Section 2 below).
  - iii. \$28 million, of the Donors' Gift of \$75 million, shall be used to establish a Patient Care and Quality Improvement Fund (the "Fund") held and managed by the Foundation to pay for future FF&E and capital needs throughout the entire Campus. This Fund shall be used in part, to help modernize and retrofit the existing hospital when it transitions from an inpatient/acute care building to an outpatient building. The Foundation shall review and make a funding decision in a reasonably and timely manner on any request for funds from the City for expenditures from the Fund. Throughout the review process, the Foundation shall keep the City reasonably informed of the progress of each funding request. This \$28 million shall be provided from the Fund to SFGH within eight years of receipt of this \$28 million by the Foundation from SVCF, or within a period otherwise agreed to by the City and the Foundation.
  - iv. \$8 million, of the Donors' Gift of \$75 million, shall be paid to the City, or expended by the Foundation on behalf of the City and with the City's and the Foundation's joint approval, to help achieve the goals of the Foundation's public health/community outreach campaign, which will feature the high quality and caliber of patient care SFGH provides to attract new patients to the San Francisco Health Network ("SFHN") while continuing to serve as the only trauma care provider and primary safety net care provider for San Francisco's most vulnerable, to position SFGH as a leader in training, research and education for the next generation of health care leaders, and to emphasize the importance of private philanthropic support for the future of SFGH. Within 10 business days of a written request from the City, any portion of the \$8 million not yet expended by the Foundation on behalf of the City will be transferred to the City and will be used by the City to support the SFHN public health/community outreach campaign.
- g. All funds paid to the City by the Foundation from the Donors' Gift shall include any interest income earned on such principal amounts while held by the Foundation. Such income shall be paid to the City on the same schedule as the principal and shall be used by the City for the same designated purposes as the principal, unless otherwise agreed to by the Foundation and the City.
- h. All sums paid to the City shall be by wire transfer. Instructions for wiring shall be provided by the Chief Financial Officer of the Department to the Foundation.

February 6, 2015

## **SECTION 2. City Obligations.**

a. **Approval and Acceptance; Effective Date.** The City shall seek in a reasonable and timely manner all approvals required for the City to accept this gift, abide by its conditions, and enter into this Gift Agreement. Those approvals include approval of this Gift Agreement by the Commission and the City's Board of Supervisors and Mayor. This Gift Agreement becomes effective upon approval by the Commission, the Board of Supervisors and Mayor, and the signing and delivery of this Agreement by both parties (the "Effective Date").

b. **Acknowledgement.** In recognition of the Donors' generosity, the City will acknowledge the Donors' gift by adding their names to that of SFGH as described in Section 4 below. The City's obligation is conditioned upon payment by the Foundation of Donors' Gift in accordance with the payment schedule in Section 1(f) (ii), (iii) and (iv) above, and in any event upon the Donors transferring to the Foundation the entire \$75 million gift by March 1, 2016 (the "Outside Donation Date").

The City will allow the Foundation and its designated significant supporters reasonable periodic site visits and in-person meetings at SFGH to support the Foundation's fundraising and support mission. The City shall provide to the Foundation written financial reports that coincide with SFGH's and the Foundation's fiscal year (July 1 – June 30), as follows: a September 1<sup>st</sup> report to the Foundation shall serve as the "annual" progress reporting covering the previous fiscal year and a March 1<sup>st</sup> report shall serve as the "interim" progress report for that fiscal year. These progress reports will cover the use of the funds transferred by the Foundation to the City. The Foundation, at its own expense, may conduct, on no more frequently than an annual basis, its own evaluation of the use of the funds transferred by the Foundation to the City, including a formal audit of SFGH conducted by an independent accounting firm solely chosen by the Foundation. The City shall provide to the Foundation accurate and complete records of expenditures relating to the funds transferred by the Foundation to the City under this Gift Agreement.

## **SECTION 3. Foundation Obligations**

The Foundation shall have the sole responsibility for the cost of placing and maintaining the naming arrangements as described in Section 4 below, including, but not limited to physical costs and signage. The Foundation shall use funds separate from this Gift to pay the costs of its obligations of the naming arrangements described in Section 4 below.

The Foundation shall provide to the City written fundraising progress reports that coincide with The City's and Foundation's fiscal year (July 1 – June 30), as follows: a September 1<sup>st</sup> report to the City shall serve as the "annual" progress reporting covering the previous fiscal year and a March 1<sup>st</sup> report shall serve as the "interim" progress report for that fiscal year. These progress reports will cover the progress of the Foundation's *Heart of Our City* Capital Campaign that identify the nature, amount, and disposition of the gifts, donations and contributions received or pledged to the Foundation covering the term of the report.

The Foundation agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement.

February 6, 2015

The Foundation will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement. The Foundation shall annually have its books of accounts audited by a Certified Public Accountant and a copy of said audit report and the associated management letter(s) shall be transmitted to the Director of Health or his/her designee within one hundred eighty (180) calendar days following the Foundation's fiscal year end date. The Foundation shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same audit and inspection rights conferred upon City by this Section.

**SECTION 4. Donor Recognition.** The naming recognition will be two-fold: adding the names of the Donors to SFGH, as an institution, and placement of signage in the New Building in recognition of the Donors.

The institution shall be named:

Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center

and this recognition will be highly visible wherever the hospital's formal name is displayed, including existing and future buildings on the Campus, where SFGH has a significant presence.

In addition, the Donors' names will be added to the Main Lobby Atrium of the New Building, as set forth below, as well as to SFGH's print and online communications, letterheads, business cards, press releases, public health and educational materials, lab coats, and the like. Exact (formal and informal) naming as well as the process for transitioning to use of the new name on letterhead, business cards, lab coats, street signs and the like will be determined by the Foundation in consultation with Dr. Chan and Mr. Zuckerberg, and with the approval of the Director of Health, on behalf of the City, which approval shall not be unreasonably delayed or withheld.

For the naming of the Main Lobby Atrium of the New Building, the City will provide space and signage for recognizing the Donors with the following name:

Priscilla and Mark Zuckerberg Family Atrium

The naming of SFGH as "Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center," shall remain in place for 50 years from the Effective Date of this Gift Agreement. At the Donors' option, which the Donors may exercise by giving written notice to the City and the Foundation at least one hundred and eighty (180) days before the end of this 50-year period, the City, the Foundation, and the Donors, shall negotiate a potential additional grant to SFGH, which will provide the opportunity to extend this naming of SFGH for a period and on terms agreeable to all the parties in their discretion. Only for purposes of this paragraph and exercising this exclusive right to negotiate during this 180-day period, "Donors" shall include the Donors, their heirs, or any charitable foundation or other charitable vehicle primarily funded by one or both of the Donors.

February 6, 2015

Whenever the hospital's formal name is displayed on any building on the Campus, the name (Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center) shall stay in place and be maintained by the City (with the cost of maintenance borne by the Foundation) until the end of the useful life of such building and shall be the exclusive name of such building for that period. For this purpose, the useful life of a building is estimated to be 50 years from when the building is placed in service provided that the useful life shall end at the earliest of (1) the demolition of the building, (2) the substantial renovation of the building, (3) the conversion or redevelopment of a substantial part or the entire building to a primarily non-healthcare use, or (4) the abandonment or complete cessation of use of the building.

Whenever the hospital's formal name is displayed on any building on the Campus, the name (Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center) shall be in place no later than the latest of (a) the date such building is placed in service, (b) the date by which the Foundation cumulatively has transferred at least \$32,375 million to the City to fund the cost of FF&E for the New Building, or (c) except for the New Building, the date the formal name is added to any building on the Campus. The City will authorize the Foundation to commence the naming arrangements described in Section 4, other than the names on any buildings in the Campus, no later than the date by which the Foundation cumulatively has transferred at least \$32,375 million to the City to fund the cost of FF&E for the New Building and will proceed with reasonable diligence until completion. The City may remove the Donors' names from the institution or the New Building if the Foundation does not pay to the City any portion of the Donors' Gift as required in the payment schedule in Section 1 (f)(ii), (iii) and (iv) above, or the Donors do not transfer to the Foundation the entire amount of the Donors' Gift (\$75 million) by the Outside Donation Date.

## SECTION 5. General Terms

### 5.1 Remedies

Each party may enforce its rights under this Gift Agreement by way of an action for specific performance or by any other appropriate remedy at law or equity by any court having jurisdiction. Upon a breach of this Gift Agreement by either party, the non-breaching party shall provide the breaching party written notice of any alleged breach and shall give the breaching party reasonable opportunity to cure any such breach. If the breaching party fails to cure any such breach within sixty (60) days, then the non-breaching party shall have the right to seek specific performance by the breaching party of all or any part of this Agreement or other appropriate remedy. Nothing in this Gift Agreement limits the City's right to use in any manner, or not use, the building and the other improvements on the Campus, or any FF&E. Nothing in this Gift Agreement limits the City's right to use in any manner, or not use, the New Building, the other improvements on the Campus, or any FF&E.

5.2 Amendment. Any amendments to this Gift Agreement, including any amendments to any Attachments to this Gift Agreement, shall be in writing and signed by both parties.

February 6, 2015

5.3 Notices. Any notice required or wished to be given under this Gift Agreement shall be given in writing and shall be deemed sufficiently given and served for all purposes when personally delivered or delivered by expedited courier, or 3 business days after mailed by certified mail, return receipt requested, addressed to the appropriate address shown below:

If to the Foundation:

San Francisco General Foundation  
2789 25th Street, Suite 2028  
San Francisco, California 94110  
Attention: Amanda Heier, Chief Executive Officer

If to the City:

City and County of San Francisco Department of Public Health  
101 Grove Street  
San Francisco, California 94102  
Attention: Barbara A. Garcia, Director of Health

A party may change that party's address in the same manner required for giving notice.

5.4 Entire Agreement. This Gift Agreement, including any Attachments, constitutes the entire agreement between the parties with respect to the subject matter of this Gift Agreement, and it supersedes any and all prior agreements with respect to such subject matter, whether oral or written.

5.5 Severability. In the event any provision of this Gift Agreement shall be held by any court of competent jurisdiction to be illegal, invalid or unenforceable for any reason the remaining portion of this Gift Agreement shall nonetheless remain in full force and effect.

5.6 Construction of Agreement. The section and other headings in this Gift Agreement have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

5.7 Governing Law. This Gift Agreement shall be deemed to be made under, and shall be construed in accordance with, the laws of the State of California.

5.8 Further Assurances. The parties shall execute all instruments and documents and take all actions, including the payment of money, as may be required to carry out the transactions contemplated in the Gift Agreement.

5.9 Successors and Assigns. This Gift Agreement may not be assigned by either party without the written consent of the other party. This Gift Agreement shall be binding on and inure to the benefit of the successors and permitted assigns of the parties.



February 6, 2015

5.10 Survival. Except as expressly stated otherwise, all covenants, and representations, and warranties made in this Gift Agreement.

5.11 Authority. The individual who signs this Gift Agreement on behalf of either party represents and warrants to the other party that such entity, acting through its duly authorized directors or officers, has specifically approved this Gift Agreement and authorized her/him to sign this Gift Agreement on behalf of such entity.

5.12 Execution. This Gift Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all together shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the Foundation and the City have caused the Gift Agreement to be executed each on its behalf as of the day and year first above written.

SAN FRANCISCO GENERAL HOSPITAL  
FOUNDATION

By: 

Amanda Heier  
Chief Executive Officer

CITY AND COUNTY OF SAN FRANCISCO

By: \_\_\_\_\_

Barbara A. Garcia  
Director of Health

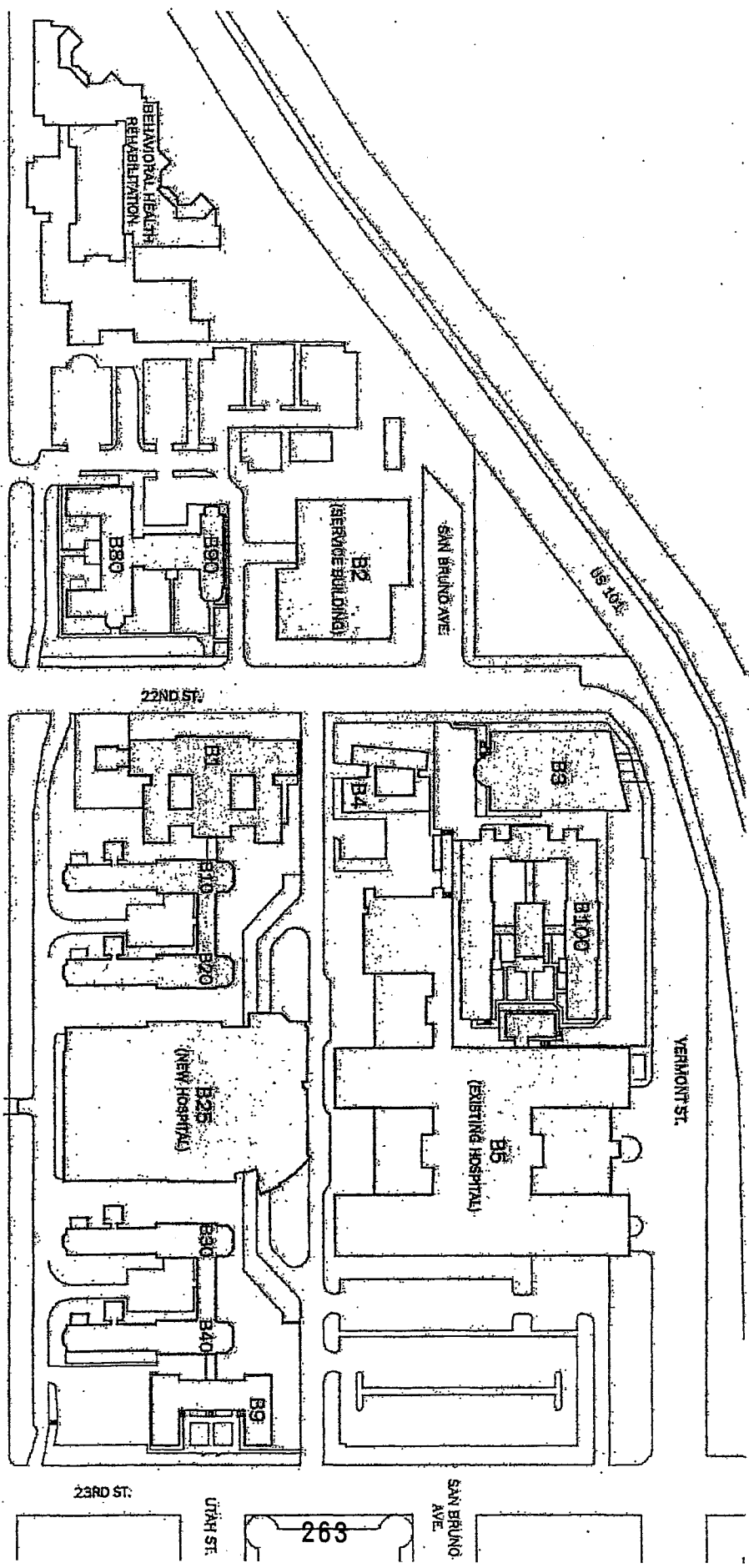
Approved as to Form:

Dennis J. Herrera  
City Attorney

By: \_\_\_\_\_

Julie Van Noster  
Deputy City Attorney

**Attachment A**  
**Map of SEGH Campus and location of the New Building**



OFFICE OF THE MAYOR  
SAN FRANCISCO



RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO MAYOR

2015 FEB 10 PM 3:24

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *Edwin M. Lee* Mayor Edwin M. Lee  
RE: Accept and Expend and Gift Agreement - San Francisco General Hospital Foundation - \$57,375,000 - Naming the Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center  
DATE: February 10, 2015

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Attached for introduction to the Board of Supervisors is a resolution authorizing the Department of Public Health to accept and expend a \$57,375,000 gift from the San Francisco General Hospital Foundation for the procurement of furniture, fixtures, equipment and information technology for the new San Francisco General Hospital, and approving a Gift Agreement with the San Francisco General Hospital Foundation, including an agreement to name the institution the Priscilla and Mark Zuckerberg San Francisco General Hospital and Trauma Center, which shall remain in place for 50 years.

Please note that this item is co-sponsored by Supervisors Breed, Farrell, Christensen, Tang, Kim, Yee, Wiener, Campos and Cohen.

I respectfully request that this item be calendared in Budget and Finance Committee on February 25<sup>th</sup>, 2015.

Should you have any questions, please contact Nicole Wheaton (415) 554-7940.