

**HEALTH COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
Resolution No. 16-11**

RESOLUTION ENDORSING AND APPROVING THE LEASING AND, SUBLEASING OF PORTIONS OF THE ZUCKERBERG SAN FRANCISCO GENERAL HOSPITAL CAMPUS [BUILDINGS B2, 9, 30, 40, 80, 90, AND BEHAVIORAL HEALTH BUILDING] TO SERVE AS SECURITY FOR TAX EXEMPT AND/OR TAXABLE SHORT TERM CERTIFICATES OF PARTICIPATION IN AN AMOUNT NOT TO EXCEED \$160,000,000 TO FINANCE A PORTION OF PHASE I OF THE TRANSBAY TRANSIT CENTER PROJECT

WHEREAS, The Zuckerberg San Francisco General Hospital and Trauma Center (“ZSFGH”) is managed and controlled by the Health Commission and Department of Public Health (“DPH”) of the City and County of San Francisco’s (“City”); and

WHEREAS, On April 4, 2001, the City, the Alameda-Contra Costa Transit District and the Peninsula Corridor Joint Powers Board-Caltrain executed a Joint Powers Agreement which creates and establishes the Transbay Joint Powers Authority (“TJPA”); and

WHEREAS, The Joint Powers Agreement and state law charge TJPA with financing, design, development, construction, and operation of the transit portion of the Transbay Transit Center Program (the “Transbay Center Project”), in San Francisco, which includes: (1) the design and construction of a temporary terminal and then the permanent Transbay Transit Center, including bus ramps and bus storage facility (“Phase 1”); (2) the extension of Caltrain commuter rail service from its current San Francisco terminus at Fourth and Townsend Streets to a new underground terminus beneath the Transbay Transit Center (“Phase 2”); and (3) activities related to implementation of the Redevelopment Plan for the Transbay Redevelopment Project Area, in coordination with the Office of Community Investment and Infrastructure; and

WHEREAS, Pursuant to Section 9.113(e) of the Charter, the Board of Supervisors has the power to borrow money through commercial paper and other short-term indebtedness; and

WHEREAS, The Board of Supervisors adopted Resolution No. 166-16 on May 3, 2016, approving and authorizing the execution and delivery of tax exempt and/or taxable lease revenue commercial paper certificates of participation and tax exempt and/or taxable direct placement revolving certificates of participation in a combined aggregate principal of an amount not to exceed \$260,000,000 to provide interim financing to cover the funding gap for Phase 1 of the Transbay Center Project; and

WHEREAS, Pursuant to Resolution No. 166-16 the Board of Supervisors also approved and authorized execution of one or more trust agreements, site leases, subleases, a leaseback, one or more letters of credit and reimbursement agreements and/or lines of credit, and one or more certificate purchase agreements and related documents; and

WHEREAS, Pursuant to Resolution No. 166-16 the Board of Supervisors also declared the intent of the City to reimburse itself from proceeds of tax-exempt obligations in accordance with the Internal Revenue Code of 1986, as amended; and

WHEREAS, The Board of Supervisors made certain public benefit findings for the Transbay Transit Center Project under California Government Code, Section 6586.5, including that the execution and delivery of the certificates of participation will result in significant public benefits to the City because it will, among other things, provide for a lower cost of financing for Phase 1

of the Transbay Center Project and allow for the continued construction of Phase 1, resulting in the creation of significant construction jobs and employment benefits in the City; and

WHEREAS, The TJPA requires additional funding in an amount not to exceed \$260,000,000 in order to fund the Phase 1 budget, including the contingency recommended by the Metropolitan Transportation Commission; and

WHEREAS, Pursuant to Resolution No. 166-16, the Board of Supervisors authorized the City's Controller, the Director of the Office of Public Finance and the Director of Property to take any and all actions necessary to consummate the lawful issuance and sale of commercial paper certificates and related transactions; and

WHEREAS, Pursuant to City Administrative Code Section 23.3, the City's Director of Property analyzed the ZSFGH north campus assets (north of 22nd Street), specifically on Block 4140, Lot 001 and Block 4090, Lots 001, 002 and 003, or, Building 80 (66,832 square feet), Building 90 (39,159 square feet), Building B2 (39171 square feet) and the Behavior Health building (98,849 square feet) and estimated a value of \$115,000,000; and

WHEREAS, Pursuant to City Administrative Code Section 23.3, the City's Director of Property analyzed the ZSFGH portion of campus south of 22nd Street, specifically Block 4154, Lot 1, Building 30 (53,417 square feet), Building 40 (44,470 square feet) and Building 9 (33,559 square feet) and estimated a value of \$62,000,000; and

WHEREAS, The City, as lessor, seeks, pursuant to a short-term (up to 15 years) Site Lease ("Lease"), to lease the property described above, including the improvements located thereon (collectively the "Property") to a trustee ("Trustee") named in the Lease, as lessee, and, in return, the Trustee will apply, or caused to be applied, a portion of the proceeds of the Short-Term Certificates to the construction and equipping Phase 1 of the Transbay Center Project; and

WHEREAS, The Trustee will then, pursuant to a Sublease ("Sublease"), lease-back the Property to the City, and the City, pursuant to the Sublease, will pay to the Trustee base rent for the continued and undisturbed use and occupancy of the Property by DPH and its affiliates; and

WHEREAS, The City wishes to obtain the endorsement and approval of the Health Commission of the above acts and pledge of the Property as set forth herein; and

NOW, THEREFORE, BE IT RESOLVED, That the Health Commission approves of and agrees to the use of the Property as a collateral pledge for the issuance of short term certificates of participation to partially finance the continued construction of the Transbay Center Project, Phase 1, and directs DPH staff to work with the Controller, the Director of Public Finance and the Director of Property, to take any and all actions necessary or advisable in order to consummate the lawful issuance and sale certificates of participation, a lease and sublease, and related documents as may be required.

I hereby certify that the San Francisco Health Commission at its meeting of August 16, 2016 adopted the foregoing resolution.

Mark Morewitz, MSW
Executive Secretary to the Health Commission