

File No. 170053

Committee Item No. 2

Board Item No. 10

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 16, 2017

Board of Supervisors Meeting

Date February 28, 2017

Cmte Board

- | | | |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Motion |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <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 |
| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
| <input type="checkbox"/> | <input type="checkbox"/> | Subcontract Budget |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
| <input type="checkbox"/> | <input type="checkbox"/> | Public Correspondence |

OTHER (Use back side if additional space is needed)

- | | | |
|-------------------------------------|-------------------------------------|---|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Public Utilities Commission Resolution</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Power Point Presentation</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |
| <input type="checkbox"/> | <input type="checkbox"/> | _____ |

Completed by: Linda Wong

Date February 10, 2017

Completed by: Linda Wong

Date February 21, 2017

1 [Real Property Purchase and Sale Agreement - Sale of Three Parcels in Millbrae, California -
2 Pradeep Gandhi and Gabriel Gonzalez - \$2,340,000]

3 **Resolution approving and authorizing the execution of a Purchase and Sale Agreement**
4 **with Pradeep Gandhi and Gabriel Gonzalez (together "Buyer") or Buyer's nominee, for**
5 **the conveyance by the City and County of San Francisco, acting through the San**
6 **Francisco Public Utilities Commission (SFPUC), to Buyer of three parcels, consisting of**
7 **approximately 15,341 square feet of real property located between Helen Drive and**
8 **Dexter Place, Millbrae, California for \$2,340,000; adopting findings under the California**
9 **Environmental Quality Act; adopting findings that the conveyance is consistent with**
10 **the General Plan, and the eight priority policies of Planning Code, Section 101.1; and**
11 **authorizing the Director of Property and/or the SFPUC's General Manager to execute**
12 **documents, make certain modifications, and take certain actions in furtherance of this**
13 **Resolution.**

14
15 WHEREAS, The City and County of San Francisco ("City") owns certain real property
16 known as the SFPUC former Millbrae Lots under the jurisdiction of the San Francisco Public
17 Utilities Commission ("SFPUC") located between 248 and 308 Helen Drive (Parcel I), between
18 247 and 307 Helen Drive (Parcel II), and between 12 and 16 Dexter Place (Parcel III) in
19 Millbrae, California (together, the "Property"), also known as San Mateo County Assessor's
20 Parcels Numbers 093-212-010 (Parcel I), 093-213-010 (Parcel II), and 093-213-020 (Parcel
21 III); and

22 WHEREAS, The SFPUC Commission determined that the Property is no longer
23 required for SFPUC operational needs by Resolution No. 16-0264, dated December 13, 2016,
24 a copy of which is on file with the Clerk of the Board of Supervisors in File No. 170053; and
25

1 WHEREAS, Charter, Section 8B.121(a) grants the SFPUC Commission the exclusive
2 charge of the real property assets under the Commission's jurisdiction; Charter,
3 Section 8B.121(e) provides that the Commission may transfer real property interests the
4 Commission declares to be surplus to the needs of any utility; and Charter, Section 9.118(c)
5 provides that any sale of real property owned by the City must be approved in advance by the
6 Board of Supervisors; and

7 WHEREAS, The SFPUC complied with reporting, notice, and other requirements of the
8 California Surplus Property Statute (California Government Code, Sections 54220
9 through 54233) and the San Francisco Surplus Property Ordinance (Administrative Code,
10 Chapter 23A) with respect to the sale of the Property; and

11 WHEREAS, The SFPUC, through its real estate broker Colliers International CA, Inc.,
12 solicited bids from prospective buyers of the Property to be submitted between
October 12, 2016, and October 27, 2016; and

14 WHEREAS, Pradeep Gandhi and Gabriel Gonzalez (together, "Buyer") offered to
15 purchase the Property for \$2,340,000, which SFPUC staff have determined to be the highest
16 and best responsible offer; and

17 WHEREAS, SFPUC staff, through consultation with the Director of Property and the
18 Office of the City Attorney, have negotiated a proposed Purchase and Sale Agreement with
19 Buyer ("Purchase and Sale Agreement"), a copy of which is on file with the Clerk of the Board
20 of Supervisors under File No. 170053, which is incorporated herein by this reference; and

21 WHEREAS, The Director of the Planning Department, by letter dated
22 October 28, 2016, found that the sale of the Property is consistent with the General Plan and
23 with the eight priority policies of Planning Code, Section 101.1, and is not a project under
24 California Environmental Quality Act (CEQA) Guidelines, Sections 15060(c) and 15378, a
25

1 copy of which is on file with the Clerk of the Board of Supervisors under File No. 170053 and
2 is incorporated herein by reference; and now, therefore, be it

3 RESOLVED, That the Board of Supervisors hereby finds that the sale of the Property is
4 not a project under CEQA Guidelines, Sections 15060(c) and 15378 and is consistent with the
5 General Plan, and the eight priority policies of Planning Code, Section 101.1 as set forth in the
6 letter from the Director of Planning dated October 28, 2016; and, be it

7 FURTHER RESOLVED, That the City's Board of Supervisors, in accordance with the
8 recommendations of the SFPUC and the Director of Property, hereby approves the terms and
9 conditions of the Purchase and Sale Agreement for the sale of the Property to Buyer, or its
10 nominee, and authorizes the Director of Property and/or the SFPUC's General Manager, in
11 the name and on behalf of the City, to execute the Purchase and Sale Agreement in
12 substantially the form presented to the Board and to take any and all steps (including, but not
13 limited to, the execution and delivery of any and all certificates, agreements, notices,
14 consents, escrow instructions, closing documents, and other instruments or documents) as
15 the Director of Property or SFPUC General Manager deems necessary or appropriate in order
16 to consummate the sale contemplated by the Purchase and Sale Agreement to Buyer or its
17 nominee, or to otherwise effectuate the purpose and intent of this Resolution, such
18 determination to be conclusively evidenced by the execution and delivery by the Director of
19 Property and/or SFPUC General Manager of any such documents; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
21 Property and/or the SFPUC General Manager, in the name and on behalf of the City, to enter
22 into any amendments or modifications to the Purchase and Sale Agreement (including the
23 attached exhibits) and enter into ancillary agreements, any consent to the assignment of the
24 Purchase and Sale Agreement to Buyer's nominee, and any other documents or instruments
25 in connection with the Purchase and Sale Agreement that the Director of Property or SFPUC

FILE NO.

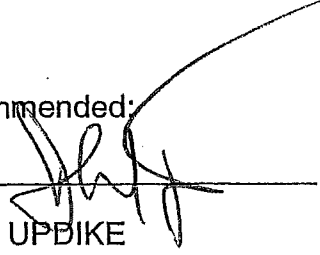
RESOLUTION NO.

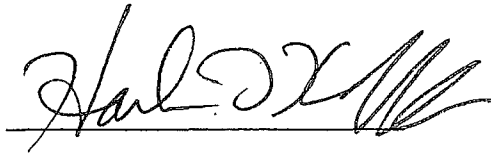
1 General Manager determines, in consultation with the City Attorney, are in the City's best
2 interest, do not materially decrease the City's benefits or materially increase the City's
3 liabilities or obligations in connection with the proposed sale transaction, and are necessary
4 and advisable to complete the proposed sale transaction and effectuate the purpose and
5 intent of this Resolution, such determination to be conclusively evidenced by the execution
6 and delivery by the Director of Property or SFPUC General Manager of any such additions,
7 amendments, or other modifications; and, be it

8 FURTHER RESOLVED, That the Director of Property and/or the SFPUC General
9 Manager is hereby authorized and urged, in the name and on behalf of the City and County of
10 San Francisco, to take any and all steps (including, but not limited to, the execution and
11 delivery of any and all certificates, agreements, notices, consents, escrow instructions, closing
12 documents and other instruments or documents) as the Director of Property deems necessary
13 or appropriate in order to consummate the conveyance of the Property pursuant to the
14 Purchase and Sale Agreement, or to otherwise effectuate the purpose and intent of this
15 Resolution, such determination to be conclusively evidenced by the execution and delivery by
16 the Director of Property and/or the SFPUC General Manager of any such documents; and, be
17 it

18 FURTHER RESOLVED, That the Director of Property shall provide the Clerk of the
19 Board of Supervisors a fully executed copy of the Purchase and Sale Agreement within thirty
20 (30) days of signature of same.

21
22 Recommended:

23 
24 JOHN UPBIKE
25 Director of Property


HARLAN L. KELLY, JR.
General Manager of the SFPUC

Item 2 File 17-0053	Department: Public Utilities Commission (PUC)
EXECUTIVE SUMMARY	
Legislative Objectives	
<ul style="list-style-type: none"> • The proposed resolution would approve the Purchase and Sale Agreement between Pradeep Gandhi and Gabriel Gonzalez, and the SFPUC, for Pradeep Gandhi and Gabriel Gonzalez to purchase three parcels, consisting of approximately 15,341 square feet located between Helen Drive and Dexter Place in the city of Millbrae, for a purchase price of \$2,340,000. 	
Key Points	
<ul style="list-style-type: none"> • The City and County of San Francisco, under the jurisdiction of the San Francisco Public Utilities (SFPUC), currently owns three vacant lots in Millbrae. The SFPUC purchased the Millbrae Lots in 1948 and have remained vacant the entire time they have been in the SFPUC's possession. • Because the Water Enterprise was facing large budget deficits in 2015 as the drought and subsequent drought-related water-use restrictions had decreased revenue, the SFPUC decided to sell certain underutilized property. FPUC determined after consultation with senior management and the Public Utilities Commission to sell the property "as is" in order to expedite the sale • An independent appraisal valued the properties at \$2,040,000. After receiving six bids for the property, the SFPUC determined that Pradeep Gandhi and Gabriel Gonzalez were the highest responsible bidders at \$2,340,000 and entered into negotiations. 	
Fiscal Impact	
<ul style="list-style-type: none"> • Net proceeds, less broker commission, to the SFPUC from the sale of the property to Pradeep Gandhi and Gabriel Gonzalez are \$2,281,500. • The City's Financial Policies, approved by the Board of Supervisors in 2011 and later codified in the Administration Code, Section 10.61, restrict the use of one-time revenues from the sale of land; such revenues may only be used for one-time uses. The sale proceeds of \$2,281,500 will be used to support revenue-funded capital programs. 	
Recommendation	
<ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(c) states that any sale of real property owned by the City and County of San Francisco is subject to Board of Supervisors approval.

BACKGROUND

The City and County of San Francisco, under the jurisdiction of the San Francisco Public Utilities (SFPUC), currently owns three vacant lots in Millbrae located between 248 and 308 Helen Drive (Parcel I), between 247 and 307 Helen Drive (Parcel II), and between 12 and 16 Dexter Place (Parcel III), consisting of 15,341 total square feet. These residential-sized lots are hereafter referred to as "Millbrae Lots." According to Ms. Rosanna Russell, SFPUC Real Estate Director, the SFPUC purchased the Millbrae Lots in 1948 for a proposed water infrastructure project that was never completed. The lots have remained vacant the entire time they have been in the SFPUC's possession.

Decision to Sell Millbrae Lots

According to Ms. Russell, the Water Enterprise's policy is to keep most unused land in case of future needs, such as staging of pipeline projects. As the Millbrae Lots are in San Mateo County, the SFPUC has been paying property taxes to San Mateo County, as well as maintenance costs. Because the Water Enterprise was facing large deficits in 2015 as the drought and subsequent drought-related water-use restrictions had decreased revenue, the SFPUC decided to sell underutilized property in order to (a) eliminate property tax and maintenance costs, (b) provide a source of revenue to the Water Enterprise operations, and (c) take advantage of the current high value of the property market by selling six properties,¹ one of which is the Millbrae Lots. In a written statement dated December 18, 2015, the Assistant General Manager for each of the Water, Wastewater and Power Enterprises declared that the Millbrae Lots are not essential to the SFPUC's utility needs.

According to Ms. Russell, the SFPUC determined after consultation with senior management and the Public Utilities Commission to sell the property "as is" in order to expedite the sale.

CBRE, Inc., an independent appraiser, in an appraisal dated June 13, 2016 valued the properties at \$2,040,000. In accordance with Administrative Code Chapter 23.2, Richard Blum and Associates reviewed and confirmed the appraisal valuation on January 5, 2017.

Selection of Real Estate Brokers

On the SFPUC's behalf, the City's Real Estate Division selected Colliers International (Colliers) in 2015, based on a competitive process, to serve as broker for the sale of the six SFPUC properties.

¹ According to Ms. Russell only one additional property of the six properties SFPUC has decided to sell currently has a Purchase and Sale Agreement. That property is 401 and 403 Old Bernal Avenue in Pleasanton, and has been negotiated for \$4,200,000 (File 17-0052 of this report).

Offering of Millbrae Lots

In the first half of 2016, the Real Estate Division issued the required statutory notices to public entities² to offer the Millbrae Lots and also advertised the properties to private investors. Colliers solicited bids from prospective property buyers for two weeks, between October 12 and October 27, 2016. The SFPUC received six bids, but none were from any public agency or affordable housing provider during or after the expiration of the state mandated noticing period. The bids were evaluated based on the (1) purchase price, (2) deposit amount, (3) proof of funds, and (4) substantial compliance to the terms and conditions in the draft Purchase and Sale Agreement attached to the bid request. Table 1 below shows a summary of the bids based on these metrics.

Table 1: Summary of Bids on Millbrae Lots

Bidder	Purchase price	Deposit amount	Proof of funds	Request for additional terms and conditions
Pradeep Gandhi and Gabriel Gonzalez	\$2,340,000	\$70,200	Yes	None
MAAN Capital LP	2,205,000	66,150	Yes	Standard 3% earnest money deposit. Purchase contingent on receiving a licensed survey. Closing to occur 60 days subsequent to expiration of contingency date and effective date.
Tie Jin Liu	2,215,000	100,000	Partial*	Bidder requested the removal of structural encroachments.
Ironhorse Fund, LLC	2,100,888	60,000	Yes	Bidder provided a loan commitment in the amount of \$2,100,888.
Happy Ocean LLC	2,100,000	100,000	Yes	None
Wai Cheung aka Anda W. Cheung	700,000**	30,000	Yes	None

* Proof of funds does not cover full bid amount

**Bidder issued a blanket offer to purchase any one of the parcels, not all three.

According to Ms. Levy, the SFPUC considered bids for single lots and bids for a combination of two or more lots on a price per lot basis. Pradeep Gandhi and Gabriel Gonzalez together offered to buy all three lots at the highest price per lot. Therefore, the SFPUC determined that Pradeep Gandhi and Gabriel Gonzalez were the highest responsible bidders at \$2,340,000 and entered into negotiations.

² According to Ms. Russell, the Real Estate Division issued notices to public entities (as defined by California Government Code § 54222 and 50079) and housing sponsors (as defined by California Government Code § 5422(a) and 50074) who requested to be notified, both in accordance with the California Surplus Land Act.

On November 7, 2016, the SFPUC notified Pradeep Gandhi and Gabriel Gonzalez that they were the selected bidder. The buyers signed the Purchase and Sale Agreement on November 18, 2016.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Purchase and Sale Agreement between Pradeep Gandhi and Gabriel Gonzalez, and the SFPUC, for Pradeep Gandhi and Gabriel Gonzalez to purchase three parcels, consisting of approximately 15,341 square feet located between Helen Drive and Dexter Place in the city of Millbrae, for a purchase price of \$2,340,000. The proposed resolution:

1. Finds that the sale of Millbrae Lots is not a project under California Environmental Quality Act (CEQA) Guidelines, Sections 15060(c) and 15378, and is consistent with the City's General Plan, and the eight priority policies of Planning Code, Section 101.1,
2. Approves the terms and conditions of the Purchase and Sale Agreement for the sale of the Millbrae Lots to the Pradeep Gandhi and Gabriel Gonzalez, and authorizes the SFPUC to take any and all steps to execute the Purchase and Sale Agreement in substantially the form presented to the Board,
3. Authorizes the SFPUC to enter into any amendments or modifications to the Purchase and Sale agreement and enter into ancillary agreements,
4. Authorizes the SFPUC to take any and all steps to ensure the transfer of the Millbrae Lots pursuant to the Purchase and Sale Agreement, and
5. Requires that the Director of Property to provide the Clerk of the Board of Supervisors a fully executed copy of the Purchase and Sale agreement within thirty (30) days of the Director providing his signature to the agreement.

CEQA Guidelines and City's General Plan

According to the CEQA Guidelines, Section 15378, only a project by the governmental agency is subject to CEQA. The SFPUC determined that the sale of the property does not result in a direct physical change in the environment, and therefore does not fall within the definition of a project.

The proposed resolution would find that the sale of the Millbrae Lots is consistent with the City's General Plan and eight priority policies of Planning Code, Section 101.1. According to the General Plan Referral, the proceeds from the proposed sale would further the objective of the SFPUC by contributing to miscellaneous revenue for the Water Enterprise. In addition, the Millbrae Lots are located outside of the City of San Francisco and are currently vacant. The sale would therefore not have an impact on the eight priority policies.³

³ The eight priorities look for impacts on retail uses, resident employment, San Francisco's housing stock or neighborhood character, public transit service, industrial or service sectors, earthquake preparedness, historical buildings, or parks and open spaces.

Terms and Conditions of the Purchase and Sale Agreement:

The SFPUC will sell the Millbrae Lots “as is,” meaning that Pradeep Gandhi and Gabriel Gonzalez are relying solely on its independent investigation of the property and not on any representations or warranties of any kind from the City and County of San Francisco. The City and County of San Francisco does not guarantee the conditions of the property, nor does it assume any responsibility for the compliance of the property with any statute, ordinance or regulation. Pradeep Gandhi and Gabriel Gonzalez, as part of their agreement to purchase the Millbrae Lots “as is,” waive any right to sue the City and County of San Francisco for damages.

The closing date of the sale will either be (a) the later of fifteen days after the expiration of the contingency period or the effective date, or (b) such earlier date upon which Pradeep Gandhi and Gabriel Gonzalez and the City and County of San Francisco mutually agree. There is currently no contingency period in the agreement.

FISCAL IMPACT

Net proceeds to the SFPUC from the sale of the property to Pradeep Gandhi and Gabriel Gonzalez are \$2,281,500, as shown in Table 2 below.

Table 2: Net Sale Proceeds to SFPUC for the Millbrae Lots

Proposed Sale Price	\$2,340,000
Less Broker Commission ^a	(58,500)
Total Net Proceeds to City	\$2,281,500

^a The agreement between the City and Colliers provides for Colliers to receive a 2.5 percent commission for real estate brokerage services.

Pradeep Gandhi and Gabriel Gonzalez will pay the transfer tax of \$2,574 to San Mateo County, equal to 0.11 percent of the purchase price of \$2,340,000.

As noted before, the SFPUC pays both property taxes on and maintenance costs for the Millbrae Lots, resulting in savings to SPUC from the sale of the Millbrae Lots of approximately \$2,320 per year.

The City’s Financial Policies, approved by the Board of Supervisors in 2011 and later codified in the Administration Code, Section 10.61, restrict the use of one-time revenues from the sale of land; such revenues may only be used for one-time uses. According to Mr. Carlos Jacobo, SFPUC Budget Director, the sale proceeds of \$2,281,500 will be used to support revenue-funded capital programs. For 2017 to 2018, the SFPUC has planned to spend \$27,800,000 of water revenue-funds for capital programs.

RECOMMENDATION

Approve the proposed resolution.

AGREEMENT FOR SALE OF REAL ESTATE

by and between

CITY AND COUNTY OF SAN FRANCISCO,
as Seller,

and

PRADEEP GANDHI, an individual, and GABRIEL GONZALEZ, an individual,
collectively as Buyer,

For the sale and purchase of

three parcels of real property
located in Millbrae, San Mateo County, California designated as:
APN: 093-212-010 (between 248 and 308 on Helen Drive),
APN: 093-213-010 (between 247 and 307 on Helen Drive), and
APN: 093-213-020 (between 12 and 16 on Dexter Place),

November 18, 2016

TABLE OF CONTENTS

	<u>Page</u>
1. SALE AND PURCHASE	1
1.1 Property Included in Sale	1
2. PURCHASE PRICE	1
3. TITLE	2
3.1 Conditions of Title	2
3.2 Intentionally Omitted	2
3.3 Intentionally Omitted	2
3.4 Intentionally Omitted	2
3.5 Buyer's Responsibility for Title Insurance	2
4. "AS-IS" PURCHASE; RELEASE OF CITY	3
4.1 Buyer's Independent Investigation	3
4.2 Property Disclosures	3
4.3 Entry and Indemnity	3
4.4 "As-Is" Purchase	4
4.5 Release of City	5
5. CONDITIONS PRECEDENT	6
5.1 Buyer's Conditions Precedent	6
5.2 City's Conditions Precedent	6
5.3 Failure of City's Conditions Precedent	6
6. ESCROW AND CLOSING	6
6.1 Escrow	6
6.2 Closing Date	6
6.3 Deposit of Documents	7
6.4 Prorations	7
7. RISK OF LOSS	7
7.1 Loss	7
7.2 Self-Insurance	7
8. EXPENSES	8
8.1 Expenses	8
8.2 Brokers	8
9. LIQUIDATED DAMAGES	8

10.	GENERAL PROVISIONS	9
10.1	Notices	9
10.2	Successors and Assigns	10
10.3	Amendments	10
10.4	Authority of Buyer	10
10.5	Buyer's Representations and Warranties	10
10.6	Governing Law	11
10.7	Merger of Prior Agreements	11
10.8	Parties and Their Agents	11
10.9	Interpretation of Agreement	11
10.10	Attorneys' Fees	11
10.11	Time of Essence	12
10.12	No Merger	12
10.13	Non-Liability of City Officials, Employees, and Agents	12
10.14	Conflicts of Interest	12
10.15	Notification of Limitations on Contributions	12
10.16	Sunshine Ordinance	12
10.17	Tropical Hardwood and Virgin Redwood Ban	13
10.18	No Recording	13
10.19	Effective Date	13
10.20	Severability	13
10.21	Acceptance by Buyer	13
10.22	Counterparts	13
10.23	Cooperative Drafting.	13

LIST OF EXHIBITS

EXHIBIT A	PROPERTY DESCRIPTION
EXHIBIT A-1	PROPERTY DEPICTION
EXHIBIT B	QUITCLAIM DEED

AGREEMENT FOR SALE OF REAL ESTATE

(APN: 093-212-010 (between 248 and 308 Helen Drive) ("**Parcel I**"),
APN: 093-213-010 (between 247 and 307 Helen Drive) ("**Parcel II**"), and
APN: 093-213-020 (between 12 and 16 Dexter Place) ("**Parcel III**"),
Millbrae, California)

THIS AGREEMENT FOR SALE OF REAL ESTATE (this "**Agreement**") dated for reference purposes only as of November 18, 2016, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**" or "**Seller**"), acting by and through its Public Utilities Commission ("**SFPUC**"), and PRADEEP GANDHI, an individual, and GABRIEL GONZALEZ, an individual, or their assignee (collectively, "**Buyer**.") (City and Buyer are each a "**Party**" and are sometimes collectively referred to in this Agreement as the "**Parties**").

THIS AGREEMENT IS MADE WITH REFERENCE TO THE FOLLOWING FACTS AND CIRCUMSTANCES:

A. City owns the Property located in the City of Millbrae described in Section 1 below. The Property consists of three single-family residential development parcels. Parcel I consists of approximately 5,122 square feet; Parcel II consists of approximately 5,223 square feet; and Parcel III consists of approximately 4,996 square feet. Parcel I and Parcel II are located mid-block on Helen Drive, between Laurel Avenue and Magnolia Avenue, and Parcel III is located in a cul-de-sac on the south side of Dexter Place.

B. The SFPUC has recommended sale of the Property pursuant to Resolution No. 16-0264. Buyer has submitted the highest and best responsible offer to purchase the Property.

C. On the terms and conditions set forth in this Agreement, Buyer desires to purchase the Property and City is willing to sell the Property, subject to approval by City's Board of Supervisors and Mayor.

ACCORDINGLY, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Buyer agree as follows:

1. SALE AND PURCHASE

1.1 Property Included in Sale

Subject to the terms, covenants, and conditions set forth in this Agreement, City agrees to sell to Buyer, and Buyer agrees to purchase from City, City's interest in the three (3) parcels of real property each located in the City of Millbrae, San Mateo County, State of California and designated by San Mateo County as Assessor's Parcel Number: 093-212-010 (Between 248 and 308 on Helen Drive) ("**Parcel I**"), Assessor's Parcel Number: 093-213-010 (Between 247 and 307 on Helen Drive) ("**Parcel II**"), and Assessor's Parcel Number: 093-213-020 (Between 12 and 16 on Dexter Place) ("**Parcel III**"), and more particularly described in the attached Exhibit A (collectively, the "**Property**"), as shown generally on the attached Exhibit A-1.

2. PURCHASE PRICE

The purchase price for the Property is Two Million Three Hundred Forty Thousand Dollars (\$2,340,000) (the "**Purchase Price**"). Buyer shall pay the Purchase Price as follows:

(a) Within five (5) business days after the Agreement Date, (as defined below in Section 10.19), Buyer shall deposit in escrow with Chicago Title Company, 455 Market Street, Suite 2100, San Francisco, CA 94105, Attention: Mary Pat Noeker (the "**Title Company**"), the sum of Five Thousand Dollars (\$5,000) as an earnest money deposit (the "**Initial Deposit**"). The Initial Deposit shall be non-refundable and may be applied by the City to meet City's expenses in connection with this Agreement or otherwise. Within five (5) business days after the Effective Date (as defined in Section 10.19 below), Buyer shall increase the Deposit to Seventy Thousand Two Hundred Dollars (\$70,200) by depositing into escrow an additional Sixty-five Thousand Two Hundred Dollars (\$65,200) in valid United States currency. The Deposit shall be held in an interest-bearing account, and all interest thereon shall be deemed a part of the Deposit. At the Closing (as defined below) the Deposit shall be paid to City and credited against the Purchase Price.

(b) Buyer shall pay the balance of the Purchase Price, which is Two Million Two Hundred Sixty-Nine Thousand Eight Hundred Dollars (\$2,269,800), to City at the consummation of the purchase and sale contemplated by this Agreement (the "**Closing**").

All sums payable pursuant to this Agreement including, without limitation, the Deposit, shall be paid in immediately available funds of lawful money of the United States of America.

3. TITLE

3.1 Conditions of Title

At the Closing, City shall quitclaim interest in and to the Property to Buyer, or its nominee, by quitclaim deed substantially in the form of the attached **Exhibit B** (the "**Deed**"). Title to the Property shall be subject to (a) liens of local real estate taxes and assessments, (b) all existing exceptions and encumbrances, whether or not disclosed by a current preliminary title report or the public records or any other documents reviewed by Buyer pursuant to Section 5.1 below, and any other exceptions to title that would be disclosed by an accurate and thorough investigation, survey, or inspection of the Property, and (c) all items of which Buyer has actual or constructive notice or knowledge. All of the foregoing exceptions to title shall be referred to collectively as the "**Conditions of Title**." Without limiting the foregoing, Buyer acknowledges receipt of a preliminary report issued by the Title Company under Order No. FWTO-4071600044-JM, dated February 4, 2016, covering the Property and approves all of the exceptions contained in such preliminary report.

3.2 Intentionally Omitted

3.3 Intentionally Omitted

3.4 Intentionally Omitted

3.5 Buyer's Responsibility for Title Insurance

Buyer understands and agrees that, at and after Closing, the right, title, and interest of Buyer or its nominee in the Property shall not exceed that vested in City, and City is under no obligation to furnish any policy of title insurance in connection with this transaction. Buyer recognizes that any fences or other physical monument of the Property's boundary lines may not correspond to the legal description of the Property. City shall not be responsible for any discrepancies in the parcel area or location of the property lines or any other matters that an accurate survey or inspection might reveal. It is Buyer's sole responsibility to obtain a survey from an independent surveyor and a policy of title insurance from a title company, if desired.

4. "AS-IS" PURCHASE; RELEASE OF CITY

4.1 Buyer's Independent Investigation

Buyer represents and warrants to City that Buyer has performed a diligent and thorough inspection and investigation of each and every aspect of the Property, either independently or through agents of Buyer's choosing, including, without limitation, the following matters (collectively, the "Property Conditions"):

(a) All matters relating to title including, without limitation, the existence, quality, nature, and adequacy of City's interest in the Property and the existence of physically open and legally sufficient access to the Property.

(b) The zoning and other legal status of the Property, including, without limitation, the compliance of the Property or its operation with any applicable codes, laws, regulations, statutes, ordinances and private or public covenants, conditions and restrictions; and all governmental and other legal requirements such as taxes, assessments, use permit requirements, and building and fire codes.

(c) The quality, nature, adequacy, and physical condition of the Property, including, but not limited to, the structural elements, foundation, roof, interior, landscaping, parking facilities, the electrical, mechanical, HVAC, plumbing, sewage and utility systems, facilities and appliance, the presence or absence of any physical encroachments placed on, under, or across the Property, and all other physical and functional aspects of the Property.

(d) The quality, nature, adequacy, and physical, geological and environmental condition of the Property (including soils and any groundwater), and the presence or absence of any Hazardous Materials in, on, under or about the Property or any other real property in the vicinity of the Property. As used in this Agreement, "Hazardous Material" shall mean any material that, because of its quantity, concentration, or physical or chemical characteristics, is now or hereafter deemed by any federal, state, or local governmental authority to pose a present or potential hazard to human health or safety or to the environment.

(e) The suitability of the Property for Buyer's intended uses.

(f) The economics and development potential, if any, of the Property.

(g) All other matters of material significance affecting the Property.

4.2 Property Disclosures

California law requires sellers to disclose to buyers the presence or potential presence of certain Hazardous Materials. Accordingly, Buyer is hereby advised that occupation of the Property may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel, and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane, and building materials containing chemicals, such as formaldehyde. By execution of this Agreement, Buyer acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Section 25359.7 and related statutes.

4.3 Entry and Indemnity

In connection with any entry by Buyer or its Agents (defined in Section 10.8 below) onto the Property, Buyer shall give City reasonable advance written notice of such entry and shall conduct such entry and any inspections so as to minimize, to the extent possible, interference

with uses being made of the Property and otherwise in a manner and on terms and conditions acceptable to City. All entries by Buyer or its Agents onto the Property to perform any testing or other investigations that could affect the physical condition of the Property (including, without limitation, soil borings) or the use of the Property will be made only pursuant to the terms and conditions of a permit to enter in form and substance satisfactory to City. Without limiting the foregoing, prior to any entry to perform any on-site testing, Buyer shall give City written notice of such proposed entry, including the identity of the company or persons who will perform such testing, the precise time and location of the testing, and the proposed scope of the testing. City may approve, disapprove, or condition and limit the proposed testing, at City's sole discretion, within ten (10) business days after receipt of such notice. If Buyer or its Agents, employees, or contractors take any sample from the Property in connection with any approved testing, Buyer shall provide to City a portion of such sample being tested to allow City, if it so chooses, to perform its own testing. City or its representative may be present to observe any testing or other inspection performed on the Property. Buyer shall promptly deliver to City copies of any reports relating to any testing or other inspection of the Property performed by Buyer or its Agents, employees, or contractors, but shall not deliver copies of any such reports to any other person or entity without Buyer's prior written approval. Buyer shall keep all test results and information strictly confidential, and shall indemnify, reimburse, defend, and hold City harmless from and against any loss, cost, expense, or damage resulting from Buyer's failure to keep any information obtained from an inspection or testing of the Property strictly confidential; provided, however, Buyer shall not be liable if and to the extent Buyer is required to disclose such information pursuant to a court order. In connection with any entry onto or testing of the Property, Buyer shall comply with all applicable laws, ordinances, rules, regulations, orders, and the like issued or promulgated by any local, state, or federal governmental agency.

Buyer shall maintain, and shall require that its Agents maintain, public liability and property damage insurance in amounts and in form and substance adequate to insure against all liability of Buyer and its Agents arising out of any entry or inspection of the Property in connection with the transaction contemplated by this Agreement, and Buyer shall provide City with evidence of such insurance coverage upon City's request.

To the fullest extent permitted under law, Buyer shall indemnify, defend, and hold harmless City, its Agents, and each of them, from and against any liabilities, costs, damages, losses, liens, claims and expenses (including, without limitation, reasonable fees of attorneys, experts, and consultants, and related costs) (collectively "**Claims**") arising out of or relating to any entry on, under, or about the Property by Buyer, its Agents, contractors, and subcontractors in performing the inspections, testings, or inquiries provided for in this Agreement, whether prior to the date of this Agreement or during its term, including, without limitation, any injuries or deaths to any persons (including, without limitation, Buyer's Agents) and damage to any property, from any cause whatsoever. The foregoing indemnity shall survive beyond the Closing, or, if the sale is not consummated, beyond the termination of this Agreement.

4.4 "As-Is" Purchase

BUYER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT CITY IS SELLING AND BUYER IS PURCHASING CITY'S INTEREST IN THE PROPERTY ON AN "AS-IS WITH ALL FAULTS" BASIS. BUYER IS RELYING SOLELY ON ITS INDEPENDENT INVESTIGATION AND NOT ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM CITY OR ITS AGENTS AS TO ANY MATTERS CONCERNING THE PROPERTY, ITS SUITABILITY FOR BUYER'S INTENDED USES, OR ANY OF THE PROPERTY CONDITIONS. CITY DOES NOT GUARANTEE THE LEGAL, PHYSICAL, GEOLOGICAL, ENVIRONMENTAL OR OTHER CONDITIONS OF THE PROPERTY, NOR DOES IT ASSUME ANY RESPONSIBILITY FOR THE COMPLIANCE OF THE PROPERTY OR ITS USE WITH ANY STATUTE, ORDINANCE OR REGULATION. IT IS BUYER'S SOLE

RESPONSIBILITY TO DETERMINE ALL BUILDING, PLANNING, ZONING, AND OTHER REGULATIONS RELATING TO THE PROPERTY AND THE USES TO WHICH IT MAY BE PUT.

4.5 Release of City

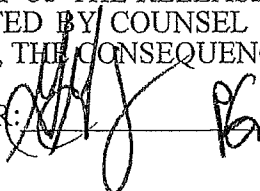
As part of its agreement to purchase the Property in its "As-Is With All Faults" condition, Buyer, on behalf of itself and its successors and assigns, waives any right to recover from, and forever releases and discharges, City, its officers, employees, agents, contractors and representatives, and their respective heirs, successors, legal representatives, and assigns, from any and all demands, claims, legal or administrative proceedings, losses, liabilities, damages, penalties, fines, liens, judgments, costs, or expenses whatsoever (including, without limitation, attorneys' fees and costs), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way be connected with (a) Buyer's and its Agents and customer's past, present, and future use of the Property, (b) the physical, geological, or environmental condition of the Property, including, without limitation, any Hazardous Material in, on, under, above or about the Property, and (c) any federal, state, local, or administrative law, rule, regulation, order, or requirement applicable to the Property or the transactions contemplated by this Agreement, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended by Superfund Amendments and Reauthorization Act of 1986 ("SARA") (42 U.S.C. Sections 9601-9657), the Resource Conservation and Recovery Act of 1976, as amended by the Solid Waste and Disposal Act of 1984 (collectively, "RCRA") (42 U.S.C. Sections 6901-6987), the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 (collectively the "Clean Water Act") (33 U.S.C. Section 1251 et seq.), the Toxic Substances Control Act ("TSCA") (15 U.S.C. Sections 2601-2629), Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.), the Carpenter-Presley-Tanner Hazardous Substance Account Law (commonly known as the "California Superfund" law) (California Health and Safety Code Sections 25300-25395), Hazardous Waste Control Act (California Health and Safety Code Section 25100 et seq.), Hazardous Materials Release Response Plans and Inventory Law (commonly known as the "Business Plan Law") (California Health and Safety Code Section 25500 et seq.), Porter-Cologne Water Quality Control Act (California Water Code Section 13000 et seq.), and the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as "Proposition 65") (California Health and Safety Code Section 25249.5 et seq.).

In connection with the foregoing release, Buyer expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

BY PLACING ITS INITIALS BELOW, BUYER SPECIFICALLY ACKNOWLEDGES AND CONFIRMS THE VALIDITY OF THE RELEASES MADE ABOVE AND THE FACT THAT BUYER WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THE ABOVE RELEASES.

INITIALS: BUYER:

Handwritten initials and signature of the buyer, appearing to be 'JG' and 'B'.

5. CONDITIONS PRECEDENT

5.1 Buyer's Conditions Precedent

None.

t

5.2 City's Conditions Precedent

The following are conditions precedent to City's obligation to sell the Property to Buyer ("City's Conditions Precedent"):

(a) Buyer shall have performed all of its obligations arising under this Agreement and all of Buyer's representations and warranties shall be true and correct.

(b) A resolution or ordinance approving and authorizing the transactions contemplated by this Agreement and finding that the public interest or necessity demands, or will not be inconvenienced by the sale of the Property, shall have been adopted or enacted by City's Board of Supervisors and Mayor, at their respective sole and absolute discretion, and duly enacted on or before June 30, 2016.

5.3 Failure of City's Conditions Precedent

Each of City's Conditions Precedent are intended solely for the benefit of City. If any of City's Conditions Precedent are not satisfied as provided above, at its option, City may terminate this Agreement. Upon any such termination, neither Party shall have any further rights or obligations under this Agreement except as provided in Sections 4.3 [Entry and Indemnity], 8.2 [Brokers], or 10.4 [Authority of Buyer] or as otherwise expressly provided in this Agreement.

6. ESCROW AND CLOSING

6.1 Escrow

Within three (3) days after the Effective Date, Buyer and City shall deposit an executed counterpart of this Agreement with the Title Company, and this instrument shall serve as the instructions to the Title Company as the escrow holder for consummation of the purchase and sale transaction contemplated by this Agreement. City and Buyer shall execute such supplementary escrow instructions as may be appropriate to enable the Title Company to comply with the terms of this Agreement; provided, however, in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.

6.2 Closing Date

The Closing shall be held, and delivery of all items to be made at the Closing under the terms of this Agreement shall be made, at the offices of the Title Company on (a) the date that is fifteen (15) days after the later of the expiration of the Contingency Period and the Effective Date, or if such date is not a business day, then upon the next ensuing business day, before 1:00 p.m. San Francisco time or (b) such earlier date and time as Buyer and City may mutually agree upon in writing (the "Closing Date"). Such date and time may not be extended without the prior written approval of both City and Buyer.

6.3 Deposit of Documents

(a) At or before the Closing, City shall deposit into escrow the duly executed and acknowledged Deed conveying the Property to Buyer subject to the Conditions of Title;

(b) At or before the Closing, Buyer shall deposit into escrow all funds necessary to close this transaction.

(c) City and Buyer shall each deposit such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms of this Agreement.

6.4 Prorations

Any real property taxes and assessments; water, sewer, and utility charges; amounts payable under any service contracts; annual permits and/or inspection fees (calculated on the basis of the period covered); and any other expenses normal to the operation and maintenance of the Property, shall all be prorated as of 12:01 a.m. on the date the Deed is recorded, on the basis of a three hundred sixty-five (365)-day year. The Purchase Price shall be increased by the amount of any utility deposits paid by City with respect to the Property. If any of the above described prorations cannot be calculated accurately on the Closing Date, then the same shall be calculated as soon as reasonably practicable after the Closing Date and either Party owing the other Party a sum of money based on such subsequent proration(s) shall promptly pay such sum to the other Party.

7. RISK OF LOSS

7.1 Loss

If all or any portion of the Property is condemned, or destroyed or damaged by fire or other casualty prior to the Closing, City shall give Buyer prompt notice of such occurrence. Then, at its option, within ten (10) days of such notice from City, Buyer may either terminate this Agreement or consummate the purchase for the full Purchase Price as required by the terms of this Agreement. If Buyer elects to terminate this Agreement or fails to give City notice within such ten (10)-day period that Buyer will proceed with the purchase, then this Agreement shall terminate at the end of such ten (10)-day period, the Title Company shall return the Deposit to Buyer, and neither Party shall have any further rights or obligations under this Agreement except as provided in Sections 4.3 [Entry and Indemnity], 8.2 [Brokers], or otherwise as expressly provided in this Agreement. If Buyer elects to proceed with the purchase of the Property, then upon the Closing, Buyer shall receive a credit against the Purchase Price payable under this Agreement equal to the amount of any insurance proceeds or condemnation awards actually collected by City as a result of any such damage or destruction or condemnation, plus the amount of any insurance deductible, less any sums expended by City toward the restoration or repair of the Property. If the proceeds or awards have not been collected as of the Closing, then City shall assign such proceeds or awards to Buyer, except to the extent needed to reimburse City for sums expended to collect such proceeds or repair or restore the Property, and Buyer shall not receive any credit against the Purchase Price with respect to the amount of such reimbursement that is deducted from such proceeds or awards.

7.2 Self-Insurance

Notwithstanding anything to the contrary above, Buyer acknowledges that City self-insures and shall not be obligated to purchase any third-party commercial liability insurance or property insurance.

8. EXPENSES

8.1 Expenses

Buyer shall pay any transfer taxes applicable to the sale, personal property taxes, escrow fees and recording charges and any other costs and charges of the escrow for the sale.

8.2 Brokers

Except as identified below, neither Party has had any contact or dealings regarding the sale of the Property, or any communication in connection with the sale of the Property, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with this Agreement. Accordingly, any such commission or finder's fee, if due, shall be paid pursuant to a separate written agreement between such broker or other person and the Party through which such broker or other person contracted. If any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings, or communication, the Party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall indemnify and hold harmless the other Party from any and all Claims incurred by the indemnified Party in defending against the same. The provisions of this Section shall survive any termination of this Agreement.

(a) City acknowledges that: (i) prior to the Effective Date, it entered into a written agreement with Colliers International CA, Inc. (the "**Listing Agreement**") that provides for the provision of real estate brokerage services in connection with the marketing and sale of the Property; (ii) Colliers International CA, Inc. only represents City in connection with the purchase and sale transaction contemplated by this Agreement; and (iii) City shall be solely responsible for any compensation, commission, or finder's fee payable to Colliers International CA, Inc. pursuant to the Listing Agreement in connection with the purchase transaction contemplated by this Agreement.

(b) Buyer acknowledges that: (i) prior to the Effective Date, it entered into a written agreement with Coldwell Banker Residential Services (the "**Buyer's Agreement**") that provides for the provision of real estate brokerage services in connection with Buyer's proposed acquisition of the Property; (ii) Coldwell Banker Residential Services only represents Buyer in connection with the purchase and sale transaction contemplated by this Agreement; and (iii) Buyer shall be solely responsible for any compensation, commission, or finder's fee payable to Coldwell Banker Residential Services pursuant to the Buyer's Agreement in connection with the purchase and sale transaction contemplated by this Agreement.

9. LIQUIDATED DAMAGES

IF THE SALE OF THE PROPERTY IS NOT CONSUMMATED BECAUSE OF THE FAILURE OF ANY CONDITION PRECEDENT OR CITY'S DEFAULT UNDER THIS AGREEMENT AND BUYER IS NOT THEN IN DEFAULT, THEN THE TITLE COMPANY SHALL RETURN THE DEPOSIT TOGETHER WITH ACCRUED INTEREST THEREON TO BUYER. IF THE SALE IS NOT CONSUMMATED BECAUSE OF ANY DEFAULT BY BUYER UNDER THIS AGREEMENT AND CITY IS NOT THEN IN DEFAULT, THEN THE TITLE COMPANY SHALL DELIVER THE DEPOSIT TOGETHER WITH ACCRUED INTEREST THEREON TO CITY, AND CITY SHALL BE ENTITLED TO RETAIN SUCH SUM AS LIQUIDATED DAMAGES. THE PARTIES HAVE AGREED THAT CITY'S ACTUAL DAMAGES, IN THE EVENT OF A FAILURE TO CONSUMMATE THIS SALE AS SPECIFIED IN THE PRECEDING SENTENCE, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. AFTER NEGOTIATION, THE PARTIES HAVE

AGREED THAT, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF THIS AGREEMENT, THE AMOUNT OF THE DEPOSIT TOGETHER WITH ACCRUED INTEREST THEREON IS A REASONABLE ESTIMATE OF THE DAMAGES THAT CITY WOULD INCUR IN SUCH AN EVENT. BY PLACING THEIR RESPECTIVE INITIALS BELOW, EACH PARTY SPECIFICALLY CONFIRMS THE ACCURACY OF THE STATEMENTS MADE ABOVE AND THE FACT THAT EACH PARTY WAS REPRESENTED BY COUNSEL WHO EXPLAINED, AT THE TIME THIS AGREEMENT WAS MADE, THE CONSEQUENCES OF THIS LIQUIDATED DAMAGES PROVISION.

INITIALS: CITY: _____ BUYER: 

10. GENERAL PROVISIONS

10.1 Notices

Any notices, request, consent, or approval required or permitted to be given under this Agreement shall be in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, or (c) by U.S. Express Mail or commercial overnight courier that guarantees next day delivery and provides a receipt. Such notices, requests, consents, or approvals shall be addressed as follows:

CITY:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Director of Property
Re: Helen Drive Parcels I, II, III, Millbrae, California

BUYER:

Pradeep Gandhi and Gabriel Gonzalez
or their assignee
20 South Linden Avenue, Suite 3B
South San Francisco, CA 94080

with a copy to:

Richard Handel
Deputy City Attorney
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Real Estate/Finance Team
Re: Helen Drive Parcels I, II, III, Millbrae, California

with a copy to:

Tony Alejandre
Coldwell Banker
2355 Market Street
San Francisco, CA 94114

and:

San Francisco Public Utilities Commission
Real Estate Services Division
525 Golden Gate Avenue, 10th Floor
San Francisco, CA 94102
Attn: Real Estate Director
Re: Helen Drive Parcels I, II, III, Millbrae, California

or such other address as either Party may from time to time specify in writing to the other Party. A properly addressed notice, consent, request, or approval transmitted by one of the foregoing methods shall be deemed received upon the confirmed date of delivery, attempted delivery, or rejected delivery, whichever occurs first. Any e-mail addresses or facsimile numbers provided are for convenience of communication and neither Party may give an official or binding notice, consent, request, or approval by e-mail or facsimile. The effective time of a notice, consent, request, or approval shall not be affected by the receipt, prior to receipt of the original, of an e-mailed or telefacsimile copy of the notice, consent, request, or approval.

10.2 Successors and Assigns

This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective successors, heirs, legal representatives, administrators, and assigns. Buyer's rights and obligations under this Agreement shall not be assignable without City's prior written consent; provided, however, even if City approves any such proposed assignment, in no event shall Buyer be released of any of its obligations under this Agreement.

10.3 Amendments

This Agreement may be amended or modified only by a written instrument signed by the Buyer and City.

10.4 Authority of Buyer

Buyer represents and warrants to City that Buyer consists of two individuals. If Buyer assigns this Agreement to an entity prior to Closing, Buyer represents that such entity shall be a limited liability company, limited partnership, or corporation duly organized, validly existing, and in good standing under the State of California. Buyer further represents and warrants to City that this Agreement and all documents executed by Buyer that are to be delivered to City at Closing: (a) are or at the time of Closing will be duly authorized, executed, and delivered by Buyer; (b) are or at the time of Closing will be legal, valid, and binding obligations of Buyer; and (c) do not and, at the time of Closing will not, violate any provision of any agreement or judicial order to which Buyer is a party or to which Buyer is subject. Notwithstanding anything to the contrary in this Agreement, the foregoing representations and warranties and any and all other representations and warranties of Buyer contained in this Agreement or in other agreements or documents executed by Buyer in connection with the purchase transaction contemplated by this Agreement, shall survive the Closing Date.

10.5 Buyer's Representations and Warranties

Buyer makes the following representations as of the date of this Agreement and at all times throughout this Agreement:

(a) Buyer has duly authorized by all necessary action the execution, delivery, and performance of this Agreement. Buyer has duly executed and delivered this Agreement and this Agreement constitutes a legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with its terms.

(b) Buyer represents and warrants to City that it has not been suspended, disciplined, or disbarred by, or prohibited from contracting with, any federal, state, or local governmental agency. If, prior to Closing, Buyer is so suspended, disbarred, disciplined, or prohibited from contracting with any governmental agency, it shall immediately notify City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, debarment, discipline or prohibition may result in the termination or suspension of this Agreement.

(c) No document or instrument furnished or to be furnished by the Buyer to City in connection with this Agreement contains or will contain any untrue statement of material fact or omits or will omit a material fact necessary to make the statements contained in such documents or instruments not misleading, under the circumstances under which any such statement shall have been made.

10.6 Governing Law

This Agreement shall be governed by, subject to, and construed in accordance with the laws of the State of California and City's Charter and Administrative Code.

10.7 Merger of Prior Agreements

This Agreement, together with its attached exhibits, contain any and all representations, warranties and covenants made by Buyer and City and constitutes the entire understanding between the Parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements are replaced in total by this Agreement together with its attached exhibits.

10.8 Parties and Their Agents

The term "**Buyer**" as used in this Agreement shall include the plural as well as the singular. If Buyer consists of more than one (1) individual or entity, then the obligations under this Agreement imposed on Buyer shall be joint and several. As used in this Agreement, the term "**Agents**" when used with respect to either Party shall include the agents, employees, officers, contractors, and representatives of such Party.

10.9 Interpretation of Agreement

The article, section, and other headings of this Agreement and the table of contents are for convenience of reference only and shall not affect the meaning or interpretation of any provision contained in this Agreement. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa, and each gender reference shall be deemed to include the other and the neuter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Agreement. In addition, each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purposes of the Parties and this Agreement.

10.10 Attorneys' Fees

If either Party fails to perform any of its respective obligations under this Agreement or if any dispute arises between the Parties concerning the meaning or interpretation of any provision of this Agreement, then the defaulting Party or the Party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other Party on account of such default or in enforcing or establishing its rights under this Agreement, including, without limitation, court costs and reasonable attorneys' fees and disbursements. For purposes of this Agreement, the reasonable fees of attorneys of the Office of the City Attorney of the City and County of San Francisco shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office.

10.11 Time of Essence

Time is of the essence with respect to the performance of the Parties' respective obligations contained in this Agreement.

10.12 No Merger

The obligations of the Parties pursuant to this Agreement shall not merge with the transfer of title to the Property but shall remain in effect until fulfilled.

10.13 Non-Liability of City Officials, Employees, and Agents

Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, commission, member, officer, employee, or agent of City shall be personally liable to Buyer, its successors and assigns, in the event of any default or breach by City or for any amount that may become due to Buyer, its successors, and assigns, or for any obligation of City under this Agreement.

10.14 Conflicts of Interest

Through its execution of this Agreement, Buyer acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts that constitute a violation of such provisions and agrees that if it becomes aware of any such fact during the term of this Agreement, Buyer shall immediately notify City.

10.15 Notification of Limitations on Contributions

Through its execution of this Agreement, Buyer acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with City for the selling or leasing of any land or building to or from City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Buyer acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Buyer further acknowledges that the prohibition on contributions applies to each Buyer; each member of Buyer's board of directors, and Buyer's chief executive officer, chief financial officer, and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Buyer; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Buyer. Additionally, Buyer acknowledges that Buyer must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Buyer further agrees to provide to City the names of each person, entity or committee described above.

10.16 Sunshine Ordinance

Buyer understands and agrees that under City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to City in connection with this Agreement are public records subject to public disclosure. Buyer hereby

acknowledges that City may disclose any records, information, and materials submitted to City in connection with this Agreement.

10.17 Tropical Hardwood and Virgin Redwood Ban

City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood product except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code.

10.18 No Recording

Neither this Agreement nor any memorandum or short form thereof may be recorded by Buyer.

10.19 Effective Date

As used in this Agreement, the term "**Effective Date**" shall mean the first date on which each of the following has been completed: **(a)** City's Board of Supervisors and Mayor have adopted or enacted a resolution or an ordinance approving and authorizing this Agreement and the transactions contemplated by this Agreement, and **(b)** this Agreement has been mutually executed and delivered by both Parties. The term "**Agreement Date**" shall mean the first date on which Buyer has executed and delivered this Agreement.

10.20 Severability

If any provision of this Agreement or the application of any such provision to any person, entity, or circumstance shall be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities, or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

10.21 Acceptance by Buyer

This Agreement shall be null and void unless it is accepted by Buyer and two (2) fully executed copies hereof are returned to City on or before 5:00 p.m. San Francisco time on November 30, 2016.

10.22 Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

10.23 Cooperative Drafting.

This Agreement has been drafted through a cooperative effort of both Parties, and both Parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, BUYER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL A RESOLUTION OF CITY'S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH A RESOLUTION, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT AT THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH ORDINANCE OR RESOLUTION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

[SIGNATURES ON FOLLOWING PAGE]

The Parties have duly executed this Agreement as of the respective dates written below.

CITY:

BUYER:

CITY AND COUNTY OF SAN FRANCISCO

By:

Harlan L. Kelly, Jr., General Manager
San Francisco Public Utilities Commission

Pradeep Gandhi
PRADEEP GANDHI, an individual

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

Gabriel Gonzalez
GABRIEL GONZALEZ, an individual

By:

Richard Handel
Richard Handel, Deputy City Attorney

EXHIBIT A

PROPERTY DESCRIPTION

All that certain real property situated in the City of Millbrae, County of San Mateo, State of California, and described as follows:

PARCEL I:

Lot Numbered thirteen (13) in Block numbered five (5) as shown on that certain Map entitled "Tract No. 562, Meadow Glen, San Mateo County, California, June, 1946" which map was filed in the Office of the County Recorder of San Mateo County on August 23, 1946 in Book 26 of Maps at Pages 6, 7, 8 and 9.

PARCELS II and III:

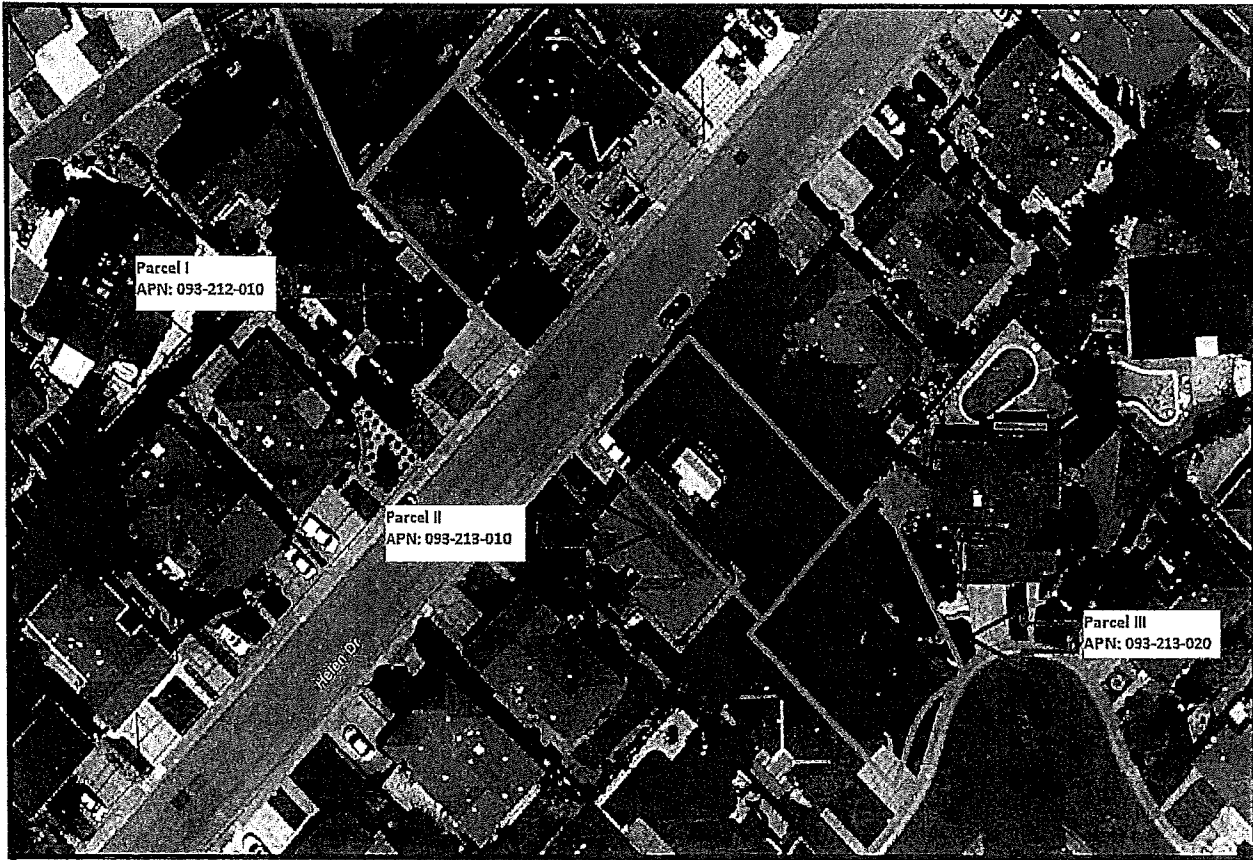
Lots Numbered eighteen (18) and forty-four (44) in Block numbered six (6) as shown on that certain Map entitled "Tract No. 562, Meadow, Meadow Glen, San Mateo County, California, June, 1946" which map was filed in the Office of the County Recorder of San Mateo County on August 23, 1946 in Book 26 of Maps at Pages 6, 7, 8 and 9.

(Assessor Parcel Numbers 093-212-010, 093-213-010, and 093-213-020)

EXHIBIT A-1

DEPICTION OF PROPERTY

[Attached]



Parcel I
APN: 093-212-010

Parcel II
APN: 093-213-010

Parcel III
APN: 093-213-020

Exhibit A-1: Depiction of Property

APN: 093-212-010 (between 248 and 308 Helen Dr.)
APN: 093-213-010 (between 247 and 307 Helen Dr.)
APN: 093-213-010 (between 12 and 16 Dexter Pl.)

Helen Drive / Dexter Place Lots
APN: 093-212-010 SFPUC Property Boundaries



**San Francisco
Water Power Sewer**
Operator of the Hetch Hetchy Regional Water System

EXHIBIT B

QUITCLAIM DEED

RECORDING REQUESTED BY,
AND WHEN RECORDED RETURN TO:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property

With a copy to:

San Francisco Public Utilities Commission
Real Estate Services Division
525 Golden Gate Avenue, 10th Floor
San Francisco, CA 94102
Attn: Real Estate Director

MAIL TAX STATEMENTS TO:

Attn: _____

The undersigned hereby declares this instrument to be exempt from Recording Fees (CA Govt. Code § 27383) and Documentary Transfer Tax (CA Rev. & Tax Code § 11922 and S.F. Bus. & Tax Reg. Code § 1105)

APNs: 093-212-010, 093-213-010, and 093-213-020

(Space above this line reserved for Recorder's use only)

Documentary Transfer Tax of \$ _____ based upon full market value of the property without deduction for any lien or encumbrance

QUITCLAIM DEED

(Assessor's Parcel Nos. 093-212-010, 093-213-010, and 093-213-020)

FOR VALUABLE CONSIDERATION, receipt and adequacy of which are hereby acknowledged, the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), pursuant to Ordinance No. _____, adopted by the Board of Supervisors on _____, 20____ and approved by the Mayor on _____, 2016, hereby RELEASES, REMISES, AND QUITCLAIMS to _____, any and all right, title and interest City may have in and to the real property located in the City of Burlingame, County of San Mateo, State of California, described on the attached Exhibit 1.

[SIGNATURES ON FOLLOWING PAGE]

Executed as of this _____ day of _____, 2016.

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
JOHN UPDIKE
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Richard Handel
Deputy City Attorney

DESCRIPTION CHECKED/APPROVED:

By: _____
[NAME]
City Engineer

EXHIBIT 1 TO QUITCLAIM DEED

Legal Description of Real Property

All that certain real property situated in the City of Millbrae, County of San Mateo, State of California, and described as follows:

PARCEL I:

Lot Numbered thirteen (13) in Block numbered five (5) as shown on that certain Map entitled "Tract No. 562, Meadow Glen, San Mateo County, California, June, 1946" which map was filed in the Office of the County Recorder of San Mateo County on August 23, 1946 in Book 26 of Maps at Pages 6, 7, 8 and 9.

PARCEL II and III:

Lots Numbered eighteen (18) and forty-four (44) in Block numbered six (6) as shown on that certain Map entitled "Tract No. 562, Meadow, Meadow Glen, San Mateo County, California, June, 1946" which map was filed in the Office of the County Recorder of San Mateo County on August 23, 1946 in Book 26 of Maps at Pages 6, 7, 8 and 9.

(San Mateo County Assessor Parcel No. 093-212-010, 093-213-010, and 093-213-020)



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

Date: October 28, 2016
Case No. Case No. 2016-012310GPR
Sale of Vacant Land on Helen Drive

Project Location: Helen Drive, Millbrae

Block/Lot No.: Assessor's Parcels (Millbrae):
093-213-020, 093-213-010, 093-212-010

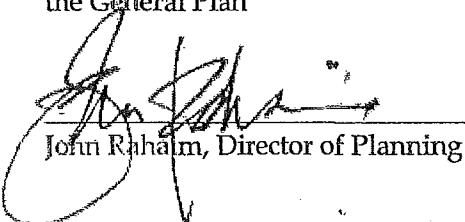
Project Sponsor: San Francisco Public Utilities Commission
Rosanna Russell, Real Estate Director
525 Golden Gate Avenue, 10th Floor
San Francisco, CA 94102

Applicant: Same As Above

Staff Contact: Rachael A. Tanner – (415) 575-8730
Rachael.Tanner@sfgov.org

Recommendation: Finding the project, on balance, is in conformity with
the General Plan

*Recommended
By:*


John Rahm, Director of Planning

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PROJECT DESCRIPTION

The San Francisco Public Utilities Commission (SFPUC) proposes to sell 1.15 acres of vacant land located in Millbrae, San Mateo County. This property is surplus to the utility needs of the SFPUC. The SFPUC intends to sell the property "as is." The revenue from the sale will support the SFPUC in its pursuit of its core mission "to provide our customers with high quality, efficient and reliable water, power, and sewer services in a manner that is inclusive of environmental and community interests, and that sustains the resources entrusted to our care." Specifically, the revenue from the property sale will be recognized as miscellaneous revenue for the Water Enterprise and will be closed out to Fund Balance at the end of the fiscal year. The Fund Balance supports the Enterprise's core mission and provides reserves required under the debt (bonds) indenture.

THE SFPUC PROVIDED NOTICE OF THE LAND TO THE NON-PROFIT HOUSING ASSOCIATION OF NORTHERN CALIFORNIA WHICH REPRESENTS 750 AFFORDABLE HOUSING ORGANIZATIONS. NO ORGANIZATION INDICATED INTEREST IN PURCHASING THE PROPERTY.

SITE DESCRIPTION AND PRESENT USE

The 1.15 acres of real property covers three parcels on Helen Drive in Millbrae, between Magnolia Drive and Laurel Drive. The land is located on a residential street in Millbrae, consisting primarily of single-family detached homes. Nearby, the SFPUC operates the Sunset Supply Line. Neither the Supply Line nor other utility infrastructure runs on or under the parcels proposed for sale. The surplus parcels lie between single-family homes. The surplus property is unimproved, except for grasses and vegetation growing on the parcels. There will be no improvements or change of use under the proposed sale.

ENVIRONMENTAL REVIEW

The sale of land is not a project under CEQA Guidelines Sections 15060(c) and 15378 because there is no direct or indirect physical change in the environment.

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The proposed sale of real property is found, **on balance**, in conformity with the General Plan, as described in the body of this Report.

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

ENVIRONMENTAL PROTECTION ELEMENT

OBJECTIVE 5

ASSURE A PERMANENT AND ADEQUATE SUPPLY OF FRESH WATER TO MEET THE PRESENT AND FUTURE NEEDS OF SAN FRANCISCO.

POLICY 5.1 - Maintain an adequate water distribution system within San Francisco.

POLICY 5.2 - Exercise controls over development to correspond to the capabilities of the water supply and distribution system.

POLICY 5.3 - Ensure water purity.

The revenue from the property sale will be recognized as miscellaneous revenue for the Water Enterprise and will be closed out to Fund Balance at the end of the fiscal year. The Fund Balance supports the Enterprise's core mission and provides reserves required under the debt (bonds) indenture. As the revenue supports the Water Enterprise, the revenues will allow the SFPUC to continue to manage a

complex water supply system—one that stretches from the Sierra to the City. The revenues will allow the SFPUC, including the Water Enterprise, to achieve the objective and policies stated above.

HOUSING ELEMENT

OBJECTIVE 8

BUILD PUBLIC AND PRIVATE SECTOR CAPACITY TO SUPPORT, FACILITATE, PROVIDE AND MAINTAIN AFFORDABLE HOUSING.

POLICY 8.1 - Support the production and management of permanently affordable housing.

The City's Director of Property issued a notice of public sale to all applicable public agencies in compliance with California Government Code Section 54220 through 54233 and the San Francisco Administrative Code Chapter 23A (Surplus Property Ordinance). Additionally, the City received a request to be noticed from the Non-Profit Housing Association of Northern California which represents 750 affordable housing organizations. As required by Section 50074 of the California Health and Safety Code, the SFPUC issued notice to the organization and its members. The required noticing period expired, and the SFPUC received no interest from any public agency or affordable housing provider. In complying with these regulations, the SFPUC made a good faith effort to facilitate the production of affordable housing.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

The property lies on a residential street outside of the City of San Francisco and, therefore, could not be used for commercial purposes or San Francisco resident employment.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

The property does not lie in a San Francisco neighborhood, and therefore would not impact the cultural and economic diversity or the character of any San Francisco neighborhoods. The land is being sold as-is; future uses are subject to Millbrae zoning regulations.

3. That the City's supply of affordable housing be preserved and enhanced.

The land does not include any housing units, so sale of the land would not affect any existing affordable housing. The SFPUC did make non-profit housing developers aware of the land's availability. The agency has not received interest from any affordable housing provider.

4. That commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking.

The proposed sale would not have any direct impact on Muni transit service or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

The proposed sale would not adversely affect the industrial and service sectors; it would not displace any industrial uses or occupy land designated for such uses.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The proposed sale is the as-is sale of unimproved land. Its sale would have no impact on earthquake preparedness, injury, or loss of life.

7. That landmarks and historic buildings be preserved.

The proposed sale would not affect any landmarks or historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

The proposed sale would not cast any shadows on parks or open spaces nor impact any vistas.

RECOMMENDATION:	Finding the Project, on balance, in-conformity with the General Plan
------------------------	---

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 16-0264

WHEREAS, The City and County of San Francisco (City) owns certain real property presently under the jurisdiction of the San Francisco Public Utilities Commission (SFPUC) designated as San Mateo County Assessor's Parcel Numbers 093-212-010, 093-213-010 and 093-213-020 in Millbrae, California (collectively, the Property); and

WHEREAS, The SFPUC executive management deemed the Property to be non-essential to the utility needs of each SFPUC enterprise; and

WHEREAS, The SFPUC entered into an agreement dated March 4, 2016 with Colliers International CA, Inc. (Broker) for real estate brokerage services; and

WHEREAS, The SFPUC complied with reporting, notice and other requirements of the California Surplus Property Statute (California Government Code Sections 54220 through 54233) and the San Francisco Surplus Property Ordinance (San Francisco Administrative Code Chapter 23A) with respect to the sale of the Property; and

WHEREAS, The Broker advertised the Property on commercial real estate platforms for many weeks, posted signage on the Property, and produced offering memoranda and other marketing materials; and

WHEREAS, The SFPUC, through the Broker, solicited bids from prospective Property buyers between October 12, 2016 and October 27, 2016; and

WHEREAS, Pradeep Gandhi and Gabriel Gonzalez (together, Buyer) submitted the highest and best responsible offer to purchase the Property for \$2,340,000; and

WHEREAS, SFPUC staff and Buyer agreed to the terms and conditions of a Purchase and Sale Agreement (Agreement); and

WHEREAS, The sale of these three parcels of underutilized property would not result in a physical change in the environment, it would not fall within the definition of a "project" under CEQA Guidelines Section 15378; and

WHEREAS, On October 28, 2016, in Case No. 2016-012310GPR, the Planning Department found that the sale of the Property, on balance, is in conformity with the San Francisco General Plan, and found that the sale of the Property is consistent with the Priority Policies in Planning Code Section 101.1; now, therefore, be it

RESOLVED, That this Commission hereby finds that the Property is surplus to the needs of each of SFPUC's utilities; and be it

FURTHER RESOLVED, That this Commission hereby approves the terms and conditions of this Agreement, and authorizes the General Manager of the SFPUC and/or City's Director of Property to seek approval of the Agreement by City's Board of Supervisors and the Mayor, and upon such approval, to execute the Agreement in substantially the same form presented to this Commission; and be it

FURTHER RESOLVED, That this Commission hereby ratifies, approves and authorizes all actions heretofore taken by any City official in connection with this Agreement; and be it

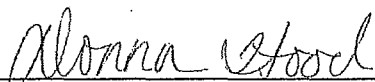
FURTHER RESOLVED, That this Commission hereby authorizes and directs the SFPUC's General Manager to execute the Agreement, subject to the approval of the Board of Supervisors and Mayor; and be it

FURTHER RESOLVED, That this Commission hereby authorizes the SFPUC General Manager and/or the Director of Property to enter into any amendments or modifications to this Agreement, including without limitation, the exhibits, that the General Manager or Director of Property determines, in consultation with the City Attorney, are in the best interest of the City; do not materially increase the obligations or liabilities of the City; are necessary or advisable to effectuate the purposes and intent of the Agreement or this resolution; and are in compliance with all applicable laws, including the City Charter; and be it

FURTHER RESOLVED, That, upon approval by City's Board of Supervisors and the Mayor, this Commission authorizes the Director of Property and/or the SFPUC General Manager to execute and deliver a quitclaim deed conveying the Property to Buyer; and be it

FURTHER RESOLVED, That upon approval by City's Board of Supervisors and the Mayor, this Commission authorizes the Director of Property and/or the General Manager of the SFPUC to take any and all other steps they, in consultation with the City Attorney, deem necessary and advisable to effectuate the purpose and intent of this Resolution.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of December 13, 2016.



Secretary, Public Utilities Commission



San Francisco
Water Power Sewer

Services of the San Francisco Public Utilities Commission

SFPUC Real Estate Services Division
 525 Golden Gate Avenue, 10th Floor
 San Francisco, CA 94102
 T 415.487.5210

January 12, 2017

Honorable Board of Supervisors
 City and County of San Francisco
 City Hall, Room 244
 1 Carlton B. Goodlett Place
 San Francisco, CA 94102

Re: **Purchase and Sale Agreement – Sale of Three Residential Lots in Millbrae, California – Pradeep Gandhi and Gabriel Gonzalez or their Nominee - \$2,340,000**

Dear Board Members:

The City and County of San Francisco, through its Public Utilities Commission (SFPUC), has jurisdiction over the above-referenced property (Property). This letter describes the SFPUC's efforts to market and solicit bids to sell the Property.

- In a written statement dated December 18, 2015, the Assistant General Managers for each of the Water, Wastewater and Power Enterprises declared that the Property is not essential to the SFPUC's utility needs.
- On the SFPUC's behalf, the City's Real Estate Division (City RED) issued a request for bids from commercial real estate brokers to sell the Property and five other underutilized properties under the SFPUC's jurisdiction. The SFPUC instructed City RED to select Colliers International (Broker) as the lowest responsible bidder from a three-bidder pool. City RED entered into an agreement with the Broker to market and assist the SFPUC in selling the properties.
- In the first half of 2016 on the SFPUC's behalf, City RED complied with the reporting, notice, and other requirements of the California Surplus Property Statute (California Government Code Sections 54220 through 54233) and the San Francisco Surplus Property Ordinance (San Francisco Administrative Code Chapter 23A) with respect to the sale of the Property.
- Concurrently, the Broker marketed the Property for many weeks on commercial real estate platforms, posted signage on the Property, and produced offering memoranda and other marketing materials sent to potential buyers.
- Concurrently, the SFPUC ordered an appraisal from a Member of the Appraisal Institute to determine the Property's fair market value. The MAI appraiser determined the Property's value at \$2,040,000.

Edwin M. Lee
 Mayor

Anson Moran
 President

Ika Kwon
 Vice President

Ann Moller Caen
 Commissioner

Francesca Vietor
 Commissioner

Vinca Courtney
 Commissioner

Harlan L. Kelly, Jr.
 General Manager



- After statutory notice period expired on September 19, 2016, the SFPUC, through the Broker, solicited bids from prospective Property buyers between October 12, 2016 and October 27, 2016. The SFPUC received over seven bids; however, the SFPUC did not consider two of the bids as they were not timely submitted.
- Pradeep Gandhi and Gabriel Gonzalez (Buyer) together submitted the highest responsible bid at \$2,340,000.
- Thereafter, SFPUC staff and Buyer agreed to the terms and conditions of a Purchase and Sale Agreement (Agreement), where Buyer may assign the Agreement to a limited liability company or other company nominee. The Agreement is expressly subject to the approval of the SFPUC Commission, the Board of Supervisors and the Mayor.
- On December 13, 2016, the SFPUC Commission by Resolution 16-0264 determined that the Property is surplus to the SFPUC's operational needs, subject to the approval of the SFPUC Commission, the Board of Supervisors and the Mayor.

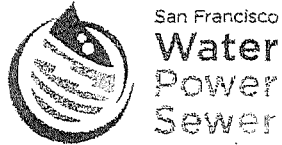
Please contact me with any questions.

Sincerely,

A handwritten signature in cursive script that reads "Rosanna Russell". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Rosanna Russell
Real Estate Director

cc: John Updike, City's Real Estate Division
Jeff Suess, City's Real Estate Director



Services of the San Francisco Public Utilities Commission

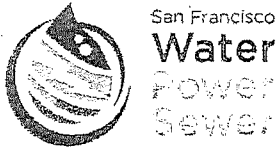
File #170053
Received in Committee
2/14/17
fr.

SFPUC Sale of Underutilized Property Millbrae Lots, Millbrae CA

**February 16, 2017
Budget and Finance Committee Hearing**

**Rosanna Russell, Real Estate Director
San Francisco Public Utilities Commission**

2863



Underutilized Property

- The SFPUC is selling underutilized property in order to offset costs for its capital improvement program.
- The SFPUC's Real Estate Services division (RES) has been working with the City's Real Estate Division (RED) to market and solicit bids for underutilized properties.
- RES has accepted offers for two properties, 401 & 403 Old Bernal Avenue, Pleasanton and the Millbrae Lots, Millbrae



San Francisco
Water
Power
Sewer

Millbrae Lots, Millbrae



Parcel I
APN: 093-212-010

Parcel II
APN: 093-213-010

Parcel III
APN: 093-213-020

Sale of SFPUC Property

— SFPUC Property Boundaries



Property Description

- **Location:** Three lots in a residential neighborhood on Helen Drive and Dexter Place in Millbrae (the “Property”).
- **Current Use:** Vacant Lots
- **Size:** Approximately 5,000 square feet per lot
- **Zoning:** LDR - Low Density Residential



San Francisco
Water
Power
Sewer

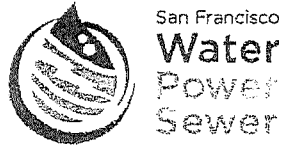
Millbrae Lots

- The SFPUC acquired the Property in 1948.
- The Property was purchased for a potential water infrastructure project.
- On December 13, 2016, the SFPUC Commission declared the Property surplus to the SFPUC's utility needs.



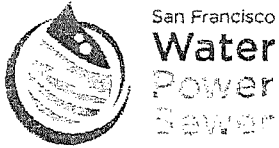
Real Estate Broker Selection

- On behalf of the SFPUC, RED issued a request for proposal for brokerage services.
- Of the bids received, RED selected Colliers International due to its compliance with the bid terms and low commission rate.
- Collier's International's commission rate is 2.75%.



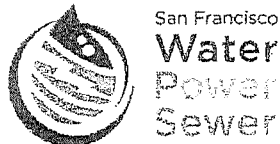
Compliance with Surplus Property Statutes

- The SFPUC complied with the California Surplus Property Statute and the San Francisco Surplus Property Ordinance.
- On behalf of the SFPUC, RED issued statutory notices to all required public entities (CA Government Code § 54222 and 50079) and housing sponsors (California Government Code § 5422(a)).
- The SFPUC received no letters of interest from housing sponsors or public entities.



General Plan Conformance and CEQA

- **General Plan Conformance**
 - On November 6, 2016 , the Planning Department found the sale of the Property consistent with the Eight Priority Policies of the Planning Code.
- **CEQA**
 - The SFPUC's Bureau of Environmental Management determined that the sale of the Property is not a project under CEQA.



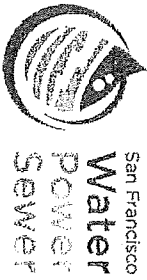
Fair Market Value Determination

- Appraisal
 - On June 13, 2016, CBRE, Inc., an MAI Appraiser, valued the Property at \$2,040,000.
- Appraisal Review
 - On January 5, 2017, Richard Blum and Associates reviewed and confirmed the original appraisal valuation.
- Bidders Pradeep Gandhi and Gabriel Gonzalez submitted the highest responsible bid at \$2.34 million for all three lots.



Bidding Process

- Prior to soliciting formal bids, Colliers International (“Colliers”) prepared marketing materials, placed the Property on commercial real estate websites, and placed signage on the Property for approximately 25 weeks.
- Colliers called for offers between October 12, 2016 and October 27, 2016.
- Colliers received six bids. On November 7, 2016, the SFPUC notified Pradeep Gandhi and Gabriel Gonzalez that they were the selected bidder.



Purchase and Sale Agreement

Terms and Conditions

Purchase Price: \$2.34 Million

Deposit Amount: \$70,200

Contingency Period: Buyers removed
all contingencies.

Pradeep Gandhi and Gabriel Gonzalez executed the Purchase and Sale Agreement on November 18, 2016.



Water Enterprise Revenue

- The Property is an SFPUC wholesale water customer asset.
- The revenue from the sale will be used to support revenue-funded capital programs.
- The SFPUC will save approximately \$2,320 per year in property taxes on the Property and will reduce its liability as property owner of a vacant lot.



San Francisco Water

Services of the San Francisco Public Utilities Commission

525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102
T 415.554.3155
F 415.554.3161
TTY 415.554.3488

TO: Angela Calvillo, Clerk of the Board
FROM: John Scarpulla, Policy and Government Affairs
DATE: January 13, 2016
SUBJECT: Purchase and Sale Agreement – Three Parcels in Millbrae, California – Pradeep Gandhi and Gabriel Gonzalez - \$2,340,000

BY
2017 JAN 13 AM 11:49
SAN FRANCISCO

Attached please find an original and one copy of a proposed resolution approving and authorizing the execution of a Purchase and Sale Agreement with Pradeep Gandhi and Gabriel Gonzalez (together, "Buyer") or Buyer's nominee, for the conveyance by the City and County of San Francisco, acting through the San Francisco Public Utilities Commission (SFPUC), to Buyer of three parcels, consisting of approximately 15,341 square feet of real property located between Helen Drive and Dexter Place, Millbrae, California for \$2.34 million; adopting findings under the California Environmental Quality Act; adopting findings that the conveyance is consistent with the General Plan and the priority policies of Planning Code Section 101.1; and authorizing the Director of Property and/or the SFPUC's General Manager to execute documents, make certain modifications, and take certain actions in furtherance of this Resolution.

The following is a list of accompanying documents (2 sets):

1. Board of Supervisors Resolution
2. SFPUC Resolution No. 16-0264
3. Purchase and Sale Agreement
4. General Plan Referral Letter
5. SFPUC Letter to the Board of Supervisors
6. Form SFEC-126

Please contact John Scarpulla at (415) 934-5782 if you need additional information on these items.

- Edwin M. Lee
Mayor
- Francesca Victor
President
- Anson Moran
Vice President
- Ann Moller Caen
Commissioner
- Vince Courtney
Commissioner
- Ike Kwon
Commissioner
- Harlan L. Kelly, Jr.
General Manager



**FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)**

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Gabriel Gonzalez Jr. & Pradeep Gandhi	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
Gabriel Gonzalez Jr. & Pradeep Gandhi	
(1)-(5) N/A	
Contractor address: 20 S Linden Ave #2B, South San Francisco, CA 94080	
Date that contract was approved:	Amount of contract: \$2,340,000.00
Describe the nature of the contract that was approved: Purchasing property located in Millbrae, CA from the San Francisco Public Utilities Commission.	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Relocation Appeals Board, and Local Workforce Investment Board) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed