

1 [Repayment Agreement and Purchase Agreement - Baker Places, Inc. - Baker to Repay  
2 \$7,669,814 to the City - 333-7th Street - \$3,000,000 Plus Estimated Closing Costs \$8,200]

3 **Resolution 1) authorizing the City to execute a Repayment Agreement (“Agreement”)**  
4 **with Baker Places, Inc. (“Baker”), requiring Baker to repay to the City a debt amount of**  
5 **\$7,669,814 (“Debt”) over a 23-year term from April 1, 2024, through January 31, 2046,**  
6 **pursuant to Charter, Section 9.118, including a parent guaranty by Baker’s parent**  
7 **company PRC, a collateralization of two Baker/PRC real property assets to secure the**  
8 **Debt; 2) approving and authorizing the Director of Property, on behalf of the**  
9 **Department of Public Health, to acquire certain property located at 333-7th Street for an**  
10 **amount of \$3,000,000 plus an estimated \$8,200 for closing costs; 3) approving and**  
11 **authorizing an Agreement of Purchase and Sale for Real Estate for the acquisition of**  
12 **the Property from Baker (the “Purchase Agreement”); 4) authorizing the Director of**  
13 **Property to execute the Purchase Agreement, make certain modifications, and take**  
14 **such actions in furtherance of this Resolution and the Purchase Agreement, as defined**  
15 **herein, effective upon approval of this Resolution; 5) affirming the Planning**  
16 **Department’s determination under the California Environmental Quality Act; and 6)**  
17 **adopting the Planning Department’s findings that the Purchase Agreement, and the**  
18 **transaction contemplated therein, is consistent with the General Plan, and the eight**  
19 **priority policies of Planning Code, Section 101.1.**

20  
21 WHEREAS, Baker Places, Inc. (“Baker”) is a wholly owned subsidiary of PRC (a  
22 California nonprofit public benefit corporation formerly known as Positive Resource Center)  
23 (“PRC”); and  
24  
25

1           WHEREAS, The Department of Public Health (“DPH”) performed an audit of Baker’s  
2 Medi-Cal billings during Fiscal Year (FY) 2015-2016 that showed a total Baker Medi-Cal  
3 repayment obligation of \$1,304,352 (“Medi-Cal Obligation”); and

4           WHEREAS, Since January 1, 2019, the City awarded various behavioral health  
5 services contracts to Baker (“Contracts”); and

6           WHEREAS, The City made authorized initial payments to Baker in FY2021-2022 and  
7 FY2022-2023 totaling \$9,212,287 on the Contracts (“Initial Payments”); and

8           WHEREAS, Through March 31, 2024, Baker will have repaid the City \$2,846,724 of  
9 these Initial Payments; and

10          WHEREAS, Baker is obligated to repay to the City the remaining sum of \$6,365,463 in  
11 connection with Initial Payments and the sum of \$1,304,352 for the Medi-Cal Obligation, for a  
12 total repayment obligation of \$7,669,814 (collectively, the “Debt”); and

13          WHEREAS, DPH wishes to enter into a repayment agreement with Baker to repay the  
14 Debt on the terms and conditions described herein (“Agreement”); and

15          WHEREAS, PRC has guaranteed Baker’s repayment of the Debt (“Parent Guaranty”);  
16 and

17          WHEREAS, Baker is the owner in fee simple of real property located at 333-7th Street,  
18 San Francisco, California (Assessor’s Parcel Block No. 3754, Lot No. 031), consisting of a  
19 two-story residential care facility with 16 beds (“333-7th”); and

20          WHEREAS, Baker has offered and the City has accepted Baker’s proposal that it repay  
21 the City a portion of the Debt by entering into a purchase and sale agreement with the City  
22 and selling 333-7th to the City for \$3,000,000 Dollars; and

23          WHEREAS, The City, through DPH and the Real Estate Division, and in consultation  
24 with the Office of the City Attorney, has negotiated the Purchase Agreement to acquire the  
25 Property from Baker for \$3,000,000 (“Purchase Price”), plus an estimated \$8,200 for typical

1 closing costs, substantially in the form approved by the Director of Property and the DPH  
2 Director and on file with the Clerk of the Board of Supervisors in File No. 240192, incorporated  
3 herein by reference; and

4 WHEREAS, The Director of Property has determined the Purchase Price to be at or  
5 below fair market value; and

6 WHEREAS, The Purchase Agreement will not become effective until the Board of  
7 Supervisors and the Mayor approve this Resolution, in their sole and absolute discretion; and

8 WHEREAS, The Planning Department, by letter dated February 12, 2024 (“Planning  
9 Letter”) has determined that the City’s proposed acquisition of 333-7th is not defined as a  
10 project under California Environmental Quality Act (“CEQA”) Guidelines, Sections 15378 and  
11 15060C(c)(2) (“CEQA Determination”), and is consistent, on balance, with the General Plan,  
12 and the eight priority policies of Planning Code, Section 101.1 (“General Plan Findings”), and  
13 a copy of said Planning Letter is on file with the Clerk of the Board of Supervisors in File  
14 No. 240192 and is incorporated herein by reference; and

15 WHEREAS, Baker has also offered and the City has accepted Baker’s proposal that  
16 the Agreement be collateralized by the following two additional assets owned by Baker and/or  
17 PRC (“Assets”); and

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Robertson Place	921-923 Lincoln Way, San Francisco, CA 94122
San Jose Place	673 San Jose Ave, San Francisco, CA 94110

21 WHEREAS, Concurrent with the Agreement, Baker has agreed to execute and record  
22 against title to each of the Assets a Performance Deed of Trust and Declaration of  
23 Restrictions in favor of the City; and

24 WHEREAS, Baker has agreed to repay the Debt at the rate of \$20,100 monthly over a  
25 23-year term, including 1.12% per annum interest; and

1           WHEREAS, Baker has agreed to the elimination of Initial Payments by the City to  
2 Baker and PRC on all contracts; and

3           WHEREAS, Baker has agreed to indemnify, defend, and hold the City harmless from  
4 all claims arising from the Debt and/or the Agreement, except where claim is the result of the  
5 sole active negligence or willful misconduct of City; and

6           WHEREAS, In the event that Baker and/or PRC fails to cure an event of default under  
7 the Agreement, City may enforce the Parent Guaranty; and

8           WHEREAS, Should both Baker and Parent fail timely to achieve a cure of an event of  
9 default under the Agreement, the City may terminate all Contracts between the City, Baker,  
10 and/or PRC, and voluntarily debar Baker and/or PRC for up to three (3) years (“Voluntary  
11 Debarment”); and

12           WHEREAS, Following any event of default, including PRC’s failure to cure, and/or after  
13 a Voluntary Debarment, the City may exercise its option enforce the Performance Deeds of  
14 Trust; and

15           WHEREAS, Baker agrees to release the City from all actions, causes of action,  
16 damages and/or claims arising from the Debt and/or this Agreement; and

17           WHEREAS, A draft of the Agreement, including the Parent Guaranty, is on file with the  
18 Clerk of the Board of Supervisors in File No. 240192, which is hereby declared to be a part of  
19 this Resolution as if set forth fully herein; now, therefore be it

20           RESOLVED, That, pursuant to Charter, Section 9.118, the Board of Supervisors  
21 hereby authorizes the Director of Health to enter into the Agreement to repay to the City the  
22 sum of \$7,669,814 over a 23-year repayment term; and, be it

23           FURTHER RESOLVED, That in accordance with the recommendations of the DPH  
24 Director and the Director of Property, the Board of Supervisors hereby approves the Purchase  
25

1 Agreement presented to the Board, and authorizes the Director of Property to acquire the  
2 Property, and, be it

3 FURTHER RESOLVED, That in accordance with the recommendations of the DPH  
4 Director and the Director of Property, the Board of Supervisors authorizes the DPH Director  
5 and the Director of Property to enter into the Purchase Agreement and to take all actions  
6 necessary or appropriate to acquire the Property and effectuate the Purchase Agreement and  
7 this Resolution, and, be it

8 FURTHER RESOLVED, That the Board of Supervisors approves the Director of  
9 Property or his her designee, in consultation with the DPH Director and the Office of the City  
10 Attorney, to enter into any additions, amendments, or other modifications to the Purchase  
11 Agreement and any other documents or instruments necessary in connection therewith  
12 (including, but not limited to, the exhibits and ancillary agreements attached to the Purchase  
13 Agreement), that the Director of Property determines are in the best interest of the City, do not  
14 materially decrease the benefits to the City with respect to the Property, do not materially  
15 increase the obligations or liabilities of the City, are necessary or advisable to complete the  
16 transaction contemplated in the Purchase Agreement, and that effectuate the purpose and  
17 intent of this Resolution, such determination to be conclusively evidenced by the execution  
18 and delivery by the Director of Property of any such additions, amendments, or other  
19 modifications, and, be it

20 FURTHER RESOLVED, That the Board of Supervisors affirms the Planning  
21 Department's CEQA Determination and General Plan Findings, for the same reasons as set  
22 forth in the Planning Letter, and hereby incorporates such findings by reference as though  
23 fully set forth in this Resolution; and, be it

24 FURTHER RESOLVED, That approval of the Purchase Agreement shall not be  
25 construed as approval of any change in use or new project on the Property; the City will

1     conduct environmental review of any new uses and/or project, following further design  
2     development and study under CEQA, and retains absolute discretion to: 1) modify potential  
3     future projects to mitigate significant adverse environmental impacts, 2) select feasible  
4     alternatives which avoid significant adverse impacts, 3) require the implementation of specific  
5     measures to mitigate the significant adverse environmental impacts, 4) reject proposed  
6     projects if the economic and social benefits of said project do not outweigh otherwise  
7     unavoidable significant adverse impacts of the project, or 5) approve future projects upon a  
8     finding that the economic and social benefits of said project outweigh otherwise unavoidable  
9     significant adverse impacts; and, be it

10            FURTHER RESOLVED, That within thirty (30) days of the Repayment Agreement and  
11     the Purchase Agreement being fully executed by all parties, the Director of Health shall  
12     provide the final agreement to the Clerk of the Board for inclusion in File No. 240192.

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14     RECOMMENDED:

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16     \_\_\_\_\_  
17     /s/  
18     Dr. Grant Colfax  
19     Director of Health