

1 [Settlement of Lawsuit - Phi Associates (Drisco Hotel to Make Payments Totaling \$2,500,000
2 to Benefit the Swords to Plowshares Veterans Academy]

3 **Ordinance authorizing settlement of the lawsuit filed by Phi Associates L.P., against**
4 **the City and County of San Francisco payments by Phi Associates of \$2,500,000 to**
5 **provide construction loan repayment, and fund capital improvements and operating**
6 **reserves, and thereby support affordable housing for veterans at the Veterans**
7 **Academy located at 1030 Girard Road, San Francisco, and operated by Swords To**
8 **Plowshares (“Veterans Academy”) in exchange for the release of 16 Residential Hotel**
9 **rooms from the Hotel Conversion Ordinance; the lawsuit was filed on March 17, 2021 in**
10 **San Francisco Superior Court, Case No. CPF-21-517409, entitled Phi Assoc., L.P. v. City**
11 **and County of San Francisco; the lawsuit involves petitioner’s challenge to the City’s**
12 **enforcement of the Hotel Conversion Ordinance to the Hotel Drisco, located at 2901**
13 **Pacific Avenue, San Francisco.**

14
15 Be it ordained by the People of the City and County of San Francisco:

16
17 Section 1. Pursuant to Charter Section 6.102(5), the Board of Supervisors hereby
18 authorizes the City Attorney to settle the action entitled, Phi Assoc., L.P. v. City and County of
19 San Francisco, San Francisco Superior Court, Case No. CPF-21-517409 by the payment of
20 \$2,000,000 by Phi Associates. L.P. to the Bank of San Francisco (the “First Settlement
21 Payment”) for the benefit of the City, and a payment of \$500,000 to be applied towards capital
22 improvements and operating reserves for the benefit of the tenants of the Veterans Academy
23 (the “Second Settlement Payment” and, together with the First Settlement Payment, the
24 “Settlement Payments”). The Hotel Owner will instruct the Bank of San Francisco to apply the
25 First Settlement Payment to repayment of a loan obtained by Swords to Plowshares for

1 mobility improvements to the Veterans Academy, its affordable housing facility for very low-
2 income veterans located at 1030 Girard Road, San Francisco, and operated by Swords To
3 Plowshares ("Veterans Academy"). Veterans Academy is located approximately 1 mile from
4 the Drisco Hotel. The Settlement Agreement also requires Swords to Plowshares to negotiate
5 with its current landlord, the Presidio Trust, to extend the term of its existing lease for the
6 Veterans Academy and execute an affordable housing agreement with the City related to
7 Swords to Plowshares' use of the Settlement Payments to benefit the Veterans Academy and
8 a Promissory Note governing the First Settlement Payment. Petitioner's payment of the
9 \$2,500,000 is contingent upon the approval by the Planning Commission and the Board of
10 Supervisors of legislation releasing the Drisco Hotel from the restrictions of the Hotel
11 Conversion Ordinance.

12 Section 2. The above-named action was filed in San Francisco Superior Court on
13 March 17, 2021, and the following parties were named in the Lawsuit: Phi Associates, L.P.;
14 City and County of San Francisco.

15 Section 3. The Board of Supervisors authorizes the City Attorney's Office to take all
16 actions reasonably necessary to perform the City's obligations under the Settlement
17 Agreement.

19 APPROVED AS TO FORM AND
20 RECOMMENDED:

21 DAVID CHIU
22 City Attorney

RECOMMENDED:

23 /s/ _____
24 Patrick O'Riordan
25 Director of Department of Building Inspection

23 /S/ AUSTIN M. YANG
24 AUSTIN M. YANG
25 Chief Land Use Deputy

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City and County of San Francisco

Tails Ordinance

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

File Number: 220729

Date Passed: December 06, 2022

Ordinance authorizing settlement of the lawsuit filed by Phi Associates L.P., against the City and County of San Francisco for payments by Phi Associates of \$2,500,000 to provide construction loan repayment, and fund capital improvements and operating reserves, and thereby support affordable housing for veterans at the Veterans Academy located at 1030 Girard Road, San Francisco, operated by Swords to Plowshares ("Veterans Academy"), in exchange for the release of 16 Residential Hotel rooms from regulation under the Hotel Conversion Ordinance; the lawsuit was filed on March 17, 2021, in San Francisco Superior Court, Case No. CPF-21-517409, entitled Phi Assoc., L.P. v. City and County of San Francisco; the lawsuit involves petitioner's challenge to the City's enforcement of the Hotel Conversion Ordinance at the Drisco Hotel, located at 2901 Pacific Avenue, San Francisco.

October 20, 2022 Government Audit and Oversight Committee - CONTINUED

November 03, 2022 Government Audit and Oversight Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

November 03, 2022 Government Audit and Oversight Committee - CONTINUED AS AMENDED

November 17, 2022 Government Audit and Oversight Committee - RECOMMENDED

November 29, 2022 Board of Supervisors - PASSED ON FIRST READING

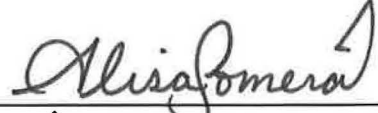
Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

December 06, 2022 Board of Supervisors - FINALLY PASSED

Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 220729

I hereby certify that the foregoing Ordinance was FINALLY PASSED on 12/6/2022 by the Board of Supervisors of the City and County of San Francisco.



f Angela Calvillo
Clerk of the Board



London N. Breed
Mayor

12/14/22

Date Approved