

1 [Disposition and Development Agreement - Successor Agency to the San Francisco  
2 Redevelopment Agency Land - MA West, LLC - Transbay Block 5 - \$172,500,000]

3 **Resolution approving the disposition of land by the Office of Community Investment**  
4 **and Infrastructure as Successor Agency to the San Francisco Redevelopment Agency**  
5 **to MA West, LLC, a Delaware limited liability company, a joint venture between affiliates**  
6 **of Golub Real Estate Corp., an Illinois corporation, and The John Buck Company, a**  
7 **Delaware limited liability company, for a purchase price of \$172,500,000; and making**  
8 **findings under Health and Safety Code, Section 33433, as required under the Transbay**  
9 **Redevelopment Plan for the parcel located on Howard Street between Beale and Main**  
10 **Streets, Assessor’s Parcel Block No. 3718, Portion of Lot 025, commonly known as**  
11 **Transbay Block 5.**

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13 WHEREAS, Pursuant to the Redevelopment Plan for the Transbay Redevelopment  
14 Project Area, as adopted by Ordinance No. 124-05 (June 23, 2005) and by Ordinance No.  
15 99-06 (May 19, 2006) (“Redevelopment Plan”), the Board of Supervisors of the City and  
16 County of San Francisco (“Board of Supervisors”) shall approve the sale or lease of certain  
17 parcels by the Successor Agency to the Redevelopment Agency of the City and County of  
18 San Francisco (the “Successor Agency,” also commonly known as the Office of Investment  
19 and Infrastructure (“OCII”)) under the standards of Section 33433 of the California Community  
20 Redevelopment Law; and

21 WHEREAS, The Board of Supervisors adopted the Transbay Redevelopment Project  
22 Area (the “Project Area”) in order to undertake a variety of projects and activities to alleviate  
23 blighting conditions; and

24 WHEREAS, The California Legislature in 2003 enacted Assembly Bill 812 (“AB 812”)  
25 authorizing the demolition of the historic Transbay Terminal building and the construction of

1 the new Transbay Transit Center (“TTC”) (Stat. 2003, Chapter 99, codified at Section 5027.1  
2 of the Cal. Public Resources Code); and

3 WHEREAS, AB 812 also mandated that 25% of the residential units developed in the  
4 area around the TTC “shall be available to” low income households, and an additional 10%  
5 “shall be available to” moderate income households if the City and County of San Francisco  
6 (“City”) adopted a redevelopment plan providing for the financing of the Center; and

7 WHEREAS, In 2003, in an agreement with the Transbay Joint Powers Authority  
8 (“TJPA”) and the City, the State agreed to transfer approximately 10 acres of State-owned  
9 property (“State-owned parcels”) in and around the then-existing Transbay Terminal to the  
10 City and the TJPA, which would then sell the State-owned parcels and use the revenues from  
11 the sales to finance the TTC (“Cooperative Agreement”); and

12 WHEREAS, The City agreed, among other things, to commit the property tax revenue  
13 from the State-owned parcels through its Redevelopment Agency (the “Former Agency”) to  
14 the TTC; and

15 WHEREAS, Under the Cooperative Agreement, the State relied on tax increment  
16 financing under a redevelopment plan to improve and sell the parcels; and

17 WHEREAS, The Redevelopment Plan provided for the financing of the TTC and  
18 established a program for the Former Agency to redevelop and revitalize the blighted Project  
19 Area; and

20 WHEREAS, In 2006, the TJPA and the Former Agency executed an agreement  
21 (“Implementation Agreement”), which required the Former Agency to take the lead role in  
22 facilitating the development of the State-owned parcels; and

23 WHEREAS, Specifically, the Implementation Agreement required the Former Agency  
24 to: (1) prepare and sell the State-owned parcels to third parties, (2) deposit the sale proceeds  
25 into a trust account to help the TJPA pay the cost of constructing the TTC, (3) implement the

1 Redevelopment Plan to enhance the financial feasibility of the TTC, and (4) fund the state-  
2 mandated affordable housing program; and

3 WHEREAS, In 2008, the City, the Former Agency and the TJPA entered into an  
4 agreement that granted options to the Former Agency to acquire the State-owned parcels,  
5 arrange for development of the parcels, and distribute the net tax increment to the TJPA to  
6 use for the TTC (“Option Agreement”); and

7 WHEREAS, The Option Agreement provided the means by which the Former Agency  
8 could fulfill its obligations under the Implementation Agreement to prepare and sell the State-  
9 owned parcels, including Blocks 2-12 and Parcel F (Section 2.1 of the Option Agreement at p.  
10 4); and

11 WHEREAS, On February 1, 2012, the Former Agency was dissolved pursuant to the  
12 provisions of California State Assembly Bill No. 1X 26 (Chapter 5, Statutes of 2011-12, First  
13 Extraordinary Session) (“AB 26”), codified in relevant part in California’s Health and Safety  
14 Code, Sections 34161 – 34168 and upheld by the California Supreme Court in California  
15 Redevelopment Assoc. v. Matosantos, No. S194861 (Dec. 29, 2011); and

16 WHEREAS, On June 27, 2012, AB 26 was subsequently amended in part by California  
17 State Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“AB 1484”); and

18 WHEREAS, Together, AB 26 and AB 1484, as amended from time to time, are referred  
19 to as the “Redevelopment Dissolution Law;” and

20 WHEREAS, Pursuant to the Redevelopment Dissolution Law, all of the Former  
21 Agency’s assets (other than certain housing assets) and obligations were transferred to OCII;  
22 and

23 WHEREAS, Block 5 is comprised of Assessor’s Block No. 3718, Lot No. 012 and  
24 portions of Lots 025 and 027; and

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1           WHEREAS, The publically owned portion of Block 5 (Assessor’s Block No. 3718,  
2           portion of Lot No. 025) is an approximately 26,400-square-foot parcel on Folsom Street  
3           between First and Fremont Streets, two blocks south of the future TTC (the “Site” or the  
4           “Property”); and

5           WHEREAS, On June 25, 2014, the Successor Agency, pursuant to the Implementation  
6           Agreement, issued a Request for Proposals (the “RFP”) from development teams to design  
7           and develop an office project with ground-floor retail on Block 5 in the Project Area; and

8           WHEREAS, Four proposals were received and deemed to meet the minimum threshold  
9           requirements defined in the RFP; and

10           WHEREAS, Based on evaluation of the written proposals, as well as interviews with  
11           each team, the proposal from MA West LLC, a Delaware limited liability company, a joint  
12           venture between affiliates of Golub Real Estate Corp., an Illinois corporation, and The John  
13           Buck Company, a Delaware limited liability company (“MA West”), was scored the highest by  
14           a selection panel comprised of Successor Agency staff, City staff, and a representative from  
15           the Transbay Citizens Advisory Committee; and

16           WHEREAS, On September 12, 2014, the Commission on Community Investment and  
17           Infrastructure (CCII), authorized staff to enter into exclusive negotiations for the development  
18           of Block 5 with MA West; and

19           WHEREAS, On April 15, 2013, the California Department of Finance (“DOF”)  
20           determined “finally and conclusively,” under Cal. Health & Safety Code, Section 34177.5 (i),  
21           that the Implementation Agreement, AB 812, and the Transbay Redevelopment Project Tax  
22           Increment Allocation and Sales Proceeds Pledge Agreement (“Pledge Agreement”) are  
23           enforceable obligations; and

24           WHEREAS, The Implementation Agreement and several other Transbay obligations  
25           require OCII to take the actions proposed by this Resolution; and

1           WHEREAS, On June 16, 2015, the CCII approved the exercise of OCII’s option to  
2 acquire Block 5 from the TJPA pursuant to the Option Agreement and approved the  
3 Disposition and Development Agreement (“DDA”) with MA West; and

4           WHEREAS, MA West anticipates that the development program for Block 5 will consist  
5 of: (a) an approximately 766,745 gross-square-foot office building; (b) ground-floor retail  
6 space of approximately 8,642 square feet; (c) streetscape improvements, including a portion  
7 of the extension of Natoma Street from Beale Street to Main Street; (d) underground parking;  
8 (e) public open space; and (f) the relocation and of the pavilion presently located at 195 Beale  
9 Street; and

10          WHEREAS, The Site is an underutilized lot that has most recently been used for  
11 construction staging by the TJPA ; and

12          WHEREAS, Notice of the public hearing has been published consistent with Health and  
13 Safety Code, Section 33433; and

14          WHEREAS, OCII prepared and submitted a report consistent with the requirements of  
15 Section 33433 of the Health and Safety Code, including a copy of the proposed DDA, and a  
16 summary of the transaction describing the cost of the DDA to OCII, the value of the property  
17 interest to be conveyed, the purchase price and other information, which was made available  
18 for public inspection; now, therefore, be it

19          RESOLVED, That the Board of Supervisors of the City and County of San Francisco  
20 does hereby find and determine that the sale of the Property from OCII to MA West: 1)  
21 includes consideration to be received by OCII that is not less than the fair market value at the  
22 highest and best use in accordance with the Redevelopment Plan; 2) includes a purchase  
23 price of \$172,500,000, which was a competitive price achieved through a competitive request  
24 for proposals process based on the development permitted on the site and the requirements  
25 of the Redevelopment Plan, and which will be deposited, at the transfer of title, into the trust

1 account established by the TJPA to help pay the cost of constructing the new Transbay  
2 Transit Center; and, 3) will assist in the elimination of blight by converting a underutilized lot  
3 into a major office development; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors hereby approves and  
5 authorizes OCII to execute the DDA for the sale of the Property from the Office of Community  
6 Investment and Infrastructure to MA West LLC, a Delaware limited liability, substantially in the  
7 form of the DDA lodged with OCII's General Counsel, and to take such further actions and  
8 execute such documents as are necessary to carry out the DDA on behalf of OCII.

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