

1 [Authorizing the exercise of an option to purchase the property located at One South Van
2 Ness Avenue, San Francisco and execution, delivery and performance of the purchase and
3 sale agreement.]

4 **Resolution authorizing the exercise of an option to purchase (the "Purchase Option"),**
5 **between the City and County of San Francisco (the "City"), as buyer, and the One**
6 **South Associates, LLC. (the "Seller"), as seller (including certain indemnities contained**
7 **therein), for the purchase of real property and improvements thereon consisting of an**
8 **eight-story office building located at One South Van Ness Avenue, San Francisco**
9 **(collectively, the "Property"); authorizing the execution, delivery and performance of a**
10 **purchase and sale agreement for the Property; authorizing the assumption of certain**
11 **leases and contracts per the terms of the purchase and sale agreement; adopting**
12 **findings under the California Environmental Quality Act and findings pursuant to the**
13 **City Planning Code Section 101.1; and ratifying previous actions taken in connection**
14 **therewith.**

15 WHEREAS, The City, as tenant, and Seller, as landlord, executed a lease dated
16 January 1, 2005 for space in the building commonly known as One South Van Ness (the
17 "Lease"); and,

18 WHEREAS, Under the Lease, the City has an option to purchase the Property; and,

19 WHEREAS, On June 30, 2006, the Director of Property shall send to Landlord a notice
20 of intent to exercise the purchase option, subject to the approval of the Board of Supervisors;
21 and,

22 WHEREAS, The Lease includes a form of purchase and sale agreement, which will
23 govern the terms and conditions of City's purchase of the Property if the City exercises the
24 purchase option (the "Purchase Agreement"), a copy of which is on file with the Clerk of the
25 Board under File No. _____; and,

1 WHEREAS, Under the Purchase Agreement, the City has the right to purchase the
2 Property for Seventy One Million Five Hundred Thousand Dollars (\$71,500,000) (the
3 "Purchase Price"); and,

4 WHEREAS, The Property was appraised as of April 21, 2006 at Ninety-seven Million
5 Dollars (\$97,000,000) by Hamilton, Ricci & Associates, Inc; and,

6 WHEREAS, Under the Purchase Agreement, the City's obligation to consummate the
7 purchase of the Property is conditioned upon the City's issuance of debt or undertaking a
8 lease financing in an amount sufficient to pay the Purchase Price, as well as the satisfaction
9 of other closing conditions, on or before January 15, 2008; and,

10 WHEREAS, The City desires to make certain additional capital improvements to the
11 Property which include certain LEED modifications, ADA improvements and replacement of
12 the roof, at an estimated cost of Nine Million Seventy-Eight Thousand Six Hundred One
13 Dollars (\$9,078,601); and,

14 WHEREAS, If this Resolution is adopted and the City enters into the Purchase
15 Agreement, then the Director of Property, working with the Mayor's Office of Public Finance,
16 intends to seek subsequent Board of Supervisor approval of the issuance of debt or a lease
17 financing in an amount sufficient to pay the Purchase Price and identified capital
18 improvements on or before the dates required under the Purchase Agreement; and,

19 WHEREAS, Under the Purchase Agreement, the City is obligated at closing to assume
20 certain third party leases and contracts that exist at the Property (the "Leases and Contracts");
21 and,

22 WHEREAS, On February 28, 2006, the Department of City Planning adopted and
23 issued a General Plan Consistency Finding, a copy of which is on file with the Clerk of the
24 Board, wherein the Department of City Planning found that the acquisition of the Property, and
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1 the execution and performance the Purchase Agreement are consistent with the City's
2 General Plan and with the Eight Priority Policies under Planning Code Section 101.1; and,

3 WHEREAS, On February 28, 2006, the Department of City Planning found that the
4 purchase of the Property is categorically exempt from Environmental Review, a copy of which
5 finding is on file with the Clerk of the Board under File No. _____; and,

6 WHEREAS, The Board desires a smooth transition of the existing building services to
7 City ownership, including but not limited to janitorial, pest control, security and maintenance
8 responsibilities; and,

9 WHEREAS, Steve Legnitto was the City and County of San Francisco's Director of
10 Property at the time of the consummation of the Lease; and,

11 WHEREAS, Steve Legnitto provided exemplary and invaluable service to the City for
12 more than 17 years until his death on January 27, 2006; and,

13 WHEREAS, The Property includes a courtyard atrium and common area conference
14 rooms on the second floor; now, therefore, be it

15 RESOLVED, BY THIS BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF
16 SAN FRANCISCO AS FOLLOWS:

17 Section 1. Approval of the Purchase Agreement. The Board approves the exercise
18 of the purchase option under the Lease, and the execution, delivery and performance of the
19 Purchase Agreement, including the assumption at closing of the Leases and Contracts per the
20 terms set forth in the Purchase Agreement. The Director of Property (or her designee) at her
21 discretion is hereby authorized to take all actions reasonably necessary or prudent to perform
22 the City's obligations under the Purchase Agreement and to consummate the City's
23 acquisition of the Property, subject to the issuance of debt or a lease financing sufficient to
24 pay the Purchase Price. Any debt issuance or lease financing will be subject to the prior
25 approval of the Board of Supervisors, by resolution.

1 Section 2. Authority to Take Actions to Facilitate Purchase. The Mayor, the City
2 Attorney, the Director of Property, the Director of Public Finance, and other officers of the City
3 and their duly authorized deputies and agents are hereby authorized and directed, jointly and
4 severally, to take such actions and to execute and delivery such certificates, agreements,
5 escrow holdback agreements (as described in the Purchase Agreement), requests or other
6 documents as they may deem necessary or desirable, to facilitate the purchase of the
7 Property, and to prepare for the issuance of debt or lease financing to pay the Purchase Price.

8 Section 3. Adoption of Findings of Department of City Planning. The Board hereby
9 adopts and incorporates herein by reference the findings of the Department of City Planning in
10 the General Plan Consistency Finding that the proposed Property is in conformity with the
11 Master Plan and is consistent with the Eight Priority Policies of Planning Code Section 101.1.
12 The Board further adopts and incorporates by reference the findings of the Department of City
13 Planning that the acquisition of the Property is exempt from Environmental Review under
14 Class 1(a) and 1(d) of State Environmental Review guidelines.

15 Section 4. Steve Legnitto Atrium. The Board authorizes the naming of the courtyard
16 and conference rooms and the installation of an appropriate plaque to be designed and
17 approved by the current Director of Property, the Steve Legnitto Atrium.

18 Section 5. Authorizing the Director of Property. The Board authorizes the Director of
19 Property to execute, on behalf of the City, any documents including but not limited to escrow
20 instructions, which the Director of Property in consultation with the City Attorney, believes are
21 in the best interests of City and further the intent of this Resolution.

22 Section 6. Ratification of Prior Actions. All actions authorized and directed by this
23 Resolution and heretofore taken are hereby ratified, approved and confirmed by this Board.

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RECOMMENDED:

Director of Property

City Administrator