

CARMEN CHU  
ASSESSOR-RECORDER



SAN FRANCISCO  
OFFICE OF THE ASSESSOR-RECORDER

March 25, 2016

Angela Calvillo, Clerk of the Board  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

**RE: Requesting that the Board of Supervisors Initiate Tax Lien Proceedings under San Francisco Business and Tax Regulations Code section 1115.1 for Delinquent Real Property Transfer Taxes – Parc 55 Hotel, San Francisco**

Dear Ms. Calvillo:

The Assessor-Recorder hereby submits the attached report to the City and County of San Francisco Board of Supervisors under Section 1115.1(a) of Article 12-C of the San Francisco Business and Tax Regulations Code. This matter involves delinquent real property transfer taxes related to the sale of the Parc 55 Hotel (55 Cyril Magnin Street, APN 0330-026) in 2015. The amount of delinquent transfer tax, penalties and interest totals \$5,220,922 (as of April 19, 2016), as further described below.

On February 19, 2015, a grant deed was recorded as Document 2015-K021395 transferring title of the Parc 55 Hotel from BRE Parc 55 Owner LLC to P55 Hotel Owner LLC. The purchase price reported on the Preliminary Change of Ownership Report (PCOR) and transfer tax affidavit accompanying the grant deed was \$359,440,000, exclusive of non-realty tangible and intangible personal property, and transfer tax of \$8,986,000 was paid.

On February 19, 2015, the Assessor-Recorder sent a letter to the new owner, P55 Hotel Owner LLC c/o Hilton Worldwide Inc., requesting documentation in support of the declared purchase price, including (1) the Purchase and Sale Agreement; (2) Buyer's closing statement; (3) Any other information pertaining to the consideration paid for personal property, FF&E or any other non-realty; and (4) a copy of the fully executed ground lease, if applicable.

On April 28, 2015 the Assessor-Recorder received documentation from the Paradigm Tax Group, representatives of P55 Hotel Owner LLC, including (1) Purchase and Sale Agreement, dated February 6, 2015; (2) Buyer and Sellers Settlement Statement, dated February 12, 2015; and (3) "Acquisition Price Allocation," prepared by Ryan, LLC.

Upon review of these materials, the Assessor-Recorder determined that the entire purchase price was \$525,000,000 and the value of the real estate, exclusive of non-realty, tangible and intangible

personal property, was \$500,550,000, or \$141,110,000 more than was declared at the time of recording. This value differential results in a transfer tax liability of an additional \$3,527,750.

On December 14, 2015 the Assessor-Recorder issued a demand letter to P55 Hotel Owner LLC for the unpaid transfer tax liability, plus penalties and interest per Section 1115 of Article 12-C of the City and County of San Francisco Business and Tax Regulations Code. The total amount due was \$5,079,960 (if paid by December 21, 2015).

There was no response to this demand letter. On January 19, 2016 the Assessor-Recorder recorded a Notice of Delinquent Real Property Transfer Taxes as Document 2016-K188583, which indicated a total amount due of \$5,150,369 (if paid by February 19, 2016). A copy of the recorded notice was sent via email and US Mail to P55 Hotel Owner LLC on January 19, 2016. This notice included a cover letter indicating that the Assessor-Recorder would initiate lien proceedings if the delinquency was not paid by February 19, 2016.

On February 23, 2016, the Assessor-Recorder received a voicemail from Mr. Glenn Alba, the managing director of Blackstone (the entity behind the seller, BRE Parc 55 Owner LLC), requesting wiring instructions to remit payment.

On February 24, 2016, the Assessor-Recorder provided Mr. Alba wiring instructions via email. Mr. Alba confirmed receipt and indicated the transfer would be made on Friday, February 26 or Monday, February 29, 2016. When no payment was received, the Assessor-Recorder inquired as to the status of the wire transfer via emails sent to Mr. Alba on February 29, 2016 and March 4, 2016. These inquiries were not answered.

Based on the foregoing, the Assessor-Recorder requests the City and County of San Francisco Board of Supervisors initiate proceedings to impose a lien under San Francisco Business and Tax Regulations Code section 1115.1 for the total unpaid balance against the real property transferred by Document 2015-K021395, 55 Cyril Magnin Street (APN 0330-026).

Sincerely,

A handwritten signature in black ink, appearing to be 'Carmen Chu', written in a cursive style.

Carmen Chu  
Assessor-Recorder

CARMEN CHU  
ASSESSOR-RECORDER



SAN FRANCISCO  
OFFICE OF THE ASSESSOR-RECORDER

**Report to the City and County of San Francisco Board of Supervisors  
Pursuant to San Francisco Business and Tax Regulations Code Section 1115.1(a)  
Parc 55 Hotel, San Francisco**

The San Francisco Assessor-Recorder has determined that insufficient transfer tax was paid on the Parc 55 sale (55 Cyril Magnin Street) recorded on February 19, 2015 as Document Number 2015-K021395.

A Notice of Delinquent Real Property Transfer Taxes was recorded on January 19, 2016 as Document # 2016-K188583 (attached); the delinquent taxes, penalties and interest total \$5,150,369 (as of February 19, 2016).

Pursuant to San Francisco Business and Tax Regulations Code section 1115.1, the Assessor-Recorder requests that the Board initiate proceedings to impose a lien for the unpaid tax, together with penalties and interest, against the real property described in the attached Notice of Delinquent Real Property Transfer Taxes, and summarized below.

Property Location: 55 Cyril Magnin Street  
Property Name: Parc 55 Hotel  
Assessor's Parcel Number: 0330-026  
Document Number: 2015-K021395  
Recording Date: 2/19/2015  
Delinquency Date: 3/21/2015  
Grantee: P55 Hotel Owner, LLC  
c/o Hilton Worldwide, Inc.  
7930 Jones Branch Drive  
McLean, VA 22102

Grantor: BRE Parc 55 Owner, LLC  
P.O. BOX 396  
Boca Raton, FL 33429

CARMEN CHU  
ASSESSOR-RECORDER



SAN FRANCISCO  
OFFICE OF THE ASSESSOR-RECORDER

**VIA EMAIL AND US MAIL**

January 19, 2016

Mr. W. Steven Standefer  
P55 Hotel Owner LLC  
c/o Hilton Worldwide, Inc.  
7930 Jones Branch Drive  
McLean, VA 22102

**RE: Notice of Delinquent Real Property Transfer Taxes – Parc 55 Hotel, San Francisco**

Dear Mr. Standefer:

The San Francisco Assessor-Recorder has determined that insufficient transfer tax was paid on the Parc 55 sale recorded on February 19, 2015 as Document Number 2015-K021395; this tax is delinquent.

As indicated in the attached Notice of Delinquent Real Property Transfer Taxes, recorded on January 19, 2016, as Document # 2016-K188583, the delinquent taxes, penalties and interest total \$5,150,369. Under San Francisco Business and Tax Regulations Code section 1115.1, if the total amount due is not paid within 30 days of the recordation date of this notice, this office will initiate proceedings at a noticed public hearing before the San Francisco Board of Supervisors to impose a lien for the unpaid tax, together with penalties and interest, against the real property described in the delinquency notice.

Please remit \$5,150,369 by February 19, 2016, to my attention at the address listed below. If you have any questions or need additional information, I can be reached at 415-554-4806.

Very truly yours,

Douglas Legg  
Deputy Assessor-Recorder  
Office of the Assessor-Recorder  
1 Dr. Carlton B. Goodlett Place, Room 190  
San Francisco, CA 94102-4698

CC: Carmen Chu, Assessor-Recorder  
Margaret Tseng, Recording Division Manager

Recording Request by and when  
Recorded return to.

City and County of San Francisco  
Office of the Assessor-Recorder  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 190  
San Francisco, CA 94102



San Francisco Assessor-Recorder  
Carmen Chu, Assessor-Recorder  
**DOC- 2016-K188583-00**

Acct 23-San Francisco County Recorder

Tuesday, JAN 19, 2016 08:43:53

Ttl Pd \$0.00 Rcpt # 0005297791

oar/AB/1-6

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**NOTICE OF DELINQUENT REAL PROPERTY TRANSFER TAXES**

*(Filed pursuant to San Francisco Business and Tax Regulations Code Section 1115)*

**THIS IS TO NOTIFY YOU THAT TAX LIEN PROCEEDINGS WILL BE INITIATED IF PAYMENT OF  
OUTSTANDING TAXES, PENALTIES, and INTEREST ARE NOT REMITTED WITHIN 30 DAYS OF THIS NOTICE**

Property Location: 55 Cyril Magnin Street  
Property Name: Parc 55 Hotel  
Assessor's Parcel Number: 0330-026  
Document Number: 2015-K021395 (attached)  
Recording Date: 2/19/2015  
Delinquency Date: 3/21/2015  
Grantee: P55 Hotel Owner, LLC

The Grantee named herein is liable to the City and County of San Francisco for the total unpaid amount as set forth herein:

Tax Paid at Recordation	\$8,986,100
Total Tax Due	<u>\$12,513,750</u>
Delinquent Amount	<u>\$3,527,650</u>
+ 25% Delinquency Penalty	\$881,913
+ 10% Delinquency Penalty	\$352,765
+ Interest	<u>\$388,042</u>
<b>TOTAL Due if paid by 2/19/2016</b>	<b>\$5,150,369</b>

The total amount due includes penalties and interest. Additional interest will continue to accrue at the rate of one (1.0) percent per month as prescribed by law

Under San Francisco Business and Tax Regulations Code Section 1115.1, if the Grantee does not remit the total amount due within 30 days of the recordation date of this notice, this office will initiate proceedings at a noticed hearing before the San Francisco Board of Supervisors to impose a lien for the unpaid tax, together with penalties and interest, against the real property described in this delinquency notice

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RECORDING REQUESTED BY  
**CHICAGO TITLE COMPANY**

*FWPN - T014001367*

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

Dentons US LLP  
2398 East Camelback Road, Suite 850  
Phoenix, AZ 85016-9007  
Attention: Meghan Cocci

MAIL TAX BILLS TO:

Hilton Worldwide Inc.  
c/o Property Tax Department  
7930 Jones Branch Drive  
McLean, VA 22102

*Lot 026, Block 0330*  
[Space Above This Line For Recorder's Use]

*55 Cyril Magnin St.*

**GRANT DEED**

The amount of the documentary transfer tax due is \$ 8,986,000.00 and is based on full value of the real property being conveyed.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, BRE PARC 55 OWNER LLC, a Delaware limited liability company ("**Grantor**"), does hereby GRANT to P55 HOTEL OWNER LLC, a Delaware limited liability company ("**Grantee**"), all of that certain real property in the County of San Francisco, State of California, as more particularly described in Exhibit A attached hereto and incorporated herein by this reference and made a part hereof (the "**Land**"), together with all of Grantor's right, title and interest in any and all structures and improvements located thereon, and all of Grantor's right, title and interest in and to the rights, benefits, privileges, easements, tenements, hereditaments and appurtenances to the extent belonging or pertaining to the Land or such structures and improvements (collectively, the "**Property**").

THIS CONVEYANCE IS MADE AND ACCEPTED SUBJECT TO (i) real estate taxes and assessments for the year 2015 not yet delinquent as of the date hereof and all subsequent years, (ii) applicable zoning ordinance and governmental regulations, (iii) conditions, restrictions, covenants, limitations, and easements of record, (iv) unrecorded leases, and (v) all matters that would be reflected on an accurate survey or shown by physical inspection of the Property, as of the date hereof.

Mail tax statements is directed to:

*[No further text on this page. The next page is the signature page.]*

EXHIBIT A

LEGAL

The land is situated in the City of San Francisco, County of San Francisco, State of California, and is described as follows:

PARCEL ONE:

BEGINNING AT A POINT ON THE NORTHERLY LINE OF EDDY STREET, DISTANT THEREON 43 FEET 9 INCHES EASTERLY FROM THE EASTERLY LINE OF MASON STREET, RUNNING THENCE EASTERLY ALONG SAID LINE OF EDDY STREET 25 FEET, THENCE AT A RIGHT ANGLE NORTHERLY 85 FEET, THENCE AT A RIGHT ANGLE WESTERLY 25 FEET, THENCE AT A RIGHT ANGLE SOUTHERLY 85 FEET TO THE POINT OF BEGINNING.

BEING A PART OF 50 VARA BLOCK NO. 171.

PARCEL TWO:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHERLY LINE OF ELLIS STREET WITH THE EASTERLY LINE OF MASON STREET; RUNNING THENCE EASTERLY ALONG SAID LINE OF ELLIS STREET 35 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 100 FEET; THENCE AT A RIGHT ANGLE 35 FEET TO THE EASTERLY LINE OF MASON STREET; THENCE AT A RIGHT ANGLE NORTHERLY AND ALONG SAID LINE OF MASON STREET 100 FEET TO THE POINT OF BEGINNING.

BEING A PART OF 50 VARA BLOCK NO. 171.

PARCEL THREE:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF ELLIS STREET, DISTANT THEREON 35 FEET EASTERLY FROM THE EASTERLY LINE OF MASON STREET; RUNNING THENCE EASTERLY ALONG SAID LINE OF ELLIS STREET 52 FEET AND 6 INCHES; THENCE AT A RIGHT ANGLE SOUTHERLY 120 FEET (DEED), 100 FEET MEASURED; THENCE AT A RIGHT ANGLE WESTERLY 52 FEET 6 INCHES; THENCE AT A RIGHT ANGLE NORTHERLY 100 FEET TO THE POINT OF BEGINNING.

BEING A PART OF 50 VARA BLOCK NO. 171.

PARCEL FOUR:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF ELLIS STREET, DISTANT THEREON 87 FEET AND 6 INCHES EASTERLY FROM THE EASTERLY LINE OF MASON STREET; RUNNING THENCE EASTERLY ALONG SAID LINE OF ELLIS STREET 50 FEET; THENCE AT A RIGHT ANGLE SOUTHERLY 100 FEET; THENCE AT

A RIGHT ANGLE WESTERLY 50 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 100 FEET TO THE POINT OF BEGINNING.

BEING A PART OF 50 VARA BLOCK NO. 171.

PARCEL FIVE:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF ELLIS STREET, DISTANT THEREON 137 FEET AND 6 INCHES EASTERLY FROM THE EASTERLY LINE OF MASON STREET; RUNNING THENCE EASTERLY AND ALONG SAID LINE OF ELLIS STREET 36 FEET AND 6 INCHES; THENCE AT A RIGHT ANGLE SOUTHERLY 89 FEET AND 6 INCHES; THENCE AT A RIGHT ANGLE WESTERLY 36 FEET AND 6 INCHES; THENCE AT A RIGHT ANGLE 89 FEET AND 6 INCHES TO THE POINT OF BEGINNING.

BEING PART OF 50 VARA BLOCK NO. 171.

PARCEL SIX:

BEGINNING AT A POINT ON THE NORTHERLY LINE OF EDDY STREET, DISTANT THEREON 68 FEET, 9 INCHES EASTERLY FROM THE EASTERLY LINE OF MASON STREET, RUNNING THENCE EASTERLY ALONG SAID LINE OF EDDY STREET 105 FEET 3 INCHES TO THE NORTHWESTERLY CORNER OF EDDY STREET AND FIFTH STREET, NORTH RUNNING THENCE NORTHERLY ALONG FIFTH STREET NORTH 185 FEET 6 INCHES (DEED), 185.625' MEASURED, TO A POINT 89 FEET 6 INCHES SOUTHERLY FROM THE SOUTHWESTERLY CORNER OF ELLIS STREET AND FIFTH STREET NORTH; THENCE AT A RIGHT ANGLE WESTERLY 36 FEET, 6 INCHES; THENCE AT A RIGHT ANGLE SOUTHERLY 10 FEET, 6 INCHES; THENCE AT A RIGHT ANGLE WESTERLY 68 FEET 9 INCHES; THENCE AT A RIGHT ANGLE SOUTHERLY 175 FEET (DEED), 175.125' MEASURED, TO THE TRUE POINT OF BEGINNING.

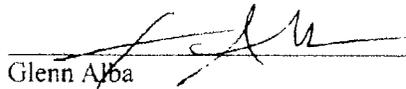
PARCEL SEVEN:

BEGINNING AT A POINT FORMED BY THE INTERSECTION OF THE NORTHERLY LINE OF EDDY STREET AND THE EASTERLY LINE OF MASON STREET; RUNNING THENCE EASTERLY ALONG SAID NORTHERLY LINE OF EDDY STREET 43 FEET AND 9 INCHES; THENCE AT A RIGHT ANGLE NORTHERLY 85 FEET; THENCE AT A RIGHT ANGLE WESTERLY 43 FEET AND 9 INCHES TO THE EASTERLY LINE OF MASON STREET; THENCE SOUTHERLY ALONG SAID EASTERLY LINE OF MASON STREET 85 FEET TO ITS INTERSECTION WITH THE NORTHERLY LINE OF EDDY STREET AND THE POINT OF BEGINNING.

Assessor's Lot 926, Block 171A

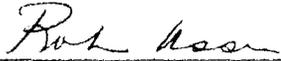
**In Witness Whereof**, Grantor has hereunto set Grantor's hand and seal the day and year first above written.

BRE PARC 55 OWNER LLC,  
a Delaware limited liability company

By:   
Name: Glenn Alba  
Title: Managing Director and Vice President

State of NEW YORK            )  
County of NEW YORK        ) ss

On the 10<sup>th</sup> day of February in the year 2015 before me, the undersigned, personally appeared Glenn Alba, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to this instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

ROBIN ASSA  
NOTARY PUBLIC, State of New York  
No. 01AS6166670  
Qualified in Kings County  
Commission Expires May 21, 2016