

1 [Purchase and Sale Agreement - SF Prosperity 2, LLC - 1660 Street and 1680 Mission Street
2 - \$52,000,000]

3 **Resolution approving a purchase and sale agreement by and between the City and**
4 **County of San Francisco and SF Prosperity 2, LLC, for the sale of City-owned**
5 **properties located at 1660 Mission Street and 1680 Mission Street for \$52,000,000;**
6 **including a City lease-back at an annual rent expense of \$3,362,220 increasing by 3%**
7 **per year for each year after the initial period, with rent to be set at the then fair market**
8 **rental value prior to the beginning of each extension option exercised, if any, for a**
9 **period of not more than three years in the initial term, with two one-year options to**
10 **extend; affirming the Planning Department’s determination under the California**
11 **Environmental Quality Act; and adopting findings that the sale is consistent with the**
12 **General Plan, and the eight priority policies of Planning Code, Section 101.1.**

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14 WHEREAS, The City and County of San Francisco owns certain real property known
15 as Assessor’s Parcel Block No. 3512, Lot Nos. 005 and 006, commonly known as 1660
16 Mission Street, San Francisco; and

17 WHEREAS, The City and County of San Francisco owns certain real property known
18 as Assessor’s Parcel Block No. 3512, Lot Nos. 009 and 010, commonly known as 1680
19 Mission Street, San Francisco; and

20 WHEREAS, 1660 Mission Street and 1680 Mission Street are collectively, the
21 “Properties”; and

22 WHEREAS, The City selected Collier’s International through a competitive bid process
23 to competitively bid the sale of the Properties as the listing broker for the City; and

24 WHEREAS, The Director of Property executed an Agreement for Sale of Real Estate,
25 dated February 27, 2017 (“Purchase Agreement”), to sell the Properties to SF Prosperity 2,

1 LLC for the price of \$52,000,000, a copy of which is on file with the Clerk of the Board of
2 Supervisors in File No. 170213, which is hereby declared to be a part of this resolution as if
3 set forth fully herein; and

4 WHEREAS, The Planning Department, by letter dated February 27, 2017, found that
5 the sale of the Properties is categorically exempt from environmental review under the
6 California Environmental Quality Act (“CEQA”, Pub. Resources Code Section 21000 et seq.),
7 pursuant to CEQA Guidelines Section 15312 and Chapter 31 of the City’s Administrative
8 Code, and is consistent with the City’s General Plan, and the eight priority policies of Planning
9 Code, Section 101.1, which letter is on file with the Clerk of the Board of Supervisors in File
10 No. 170213, and incorporated herein by this reference; and

11 WHEREAS, The Purchase Agreement includes leasebacks of the Properties to the
12 City, to commence immediately upon consummation of the sale, allowing for continued
13 occupancy by the City for an initial period of three years plus two extension options of one-
14 year each, at an annual rent expense of \$3,362,220, increasing by 3% per year for each year
15 after the initial period, with rent to be set at the then fair market rental value prior to the
16 beginning of each extension option exercised, if any; and

17 RESOLVED, This Board approves the Purchase Agreement and authorizes the
18 Director of Property to enter into and perform all City rights and obligations under the
19 Purchase Agreement, and to enter into any additions or amendments to the Purchase
20 Agreement (including in each instance, without limitation, the attachment of exhibits) that the
21 Director of Property, in consultation with the City Attorney, determines are in the best interests
22 of the City and do not materially increase the obligations or liabilities of the City; and, be it

23 FURTHER RESOLVED, This Board affirms the Planning Department’s determination
24 under the California Environmental Quality Act, and finds that the proposed sale of the
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1 Properties is consistent with the General Plan, and with Planning Code, Section 101.1(b) for
2 the reasons set forth in the Director of Planning's letter; and, be it

3 FURTHER RESOLVED, This Board authorizes the Director of Property to take all
4 reasonable and necessary actions for the sale of the Properties consistent with this resolution,
5 including the payment of all typical seller expenses, including approximately \$240,000 for
6 brokerage commissions, out of the escrow closing pursuant to escrow instructions approved
7 by the City Attorney; and, be it

8 FURTHER RESOLVED, That within thirty (30) days after the close of escrow finalizing
9 the sale of the Properties, the Director of Real Estate shall provide the executed Purchase
10 Agreement and relevant closing documents to the Clerk of the Board for inclusion into the
11 official file.

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\$560,370 Available for Fiscal Year 2016-17
Index Code: 70RE1660MISS
Subobject: 03011

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Controller

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19 RECOMMENDED:

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John Updike
Director of Property
Real Estate Division

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