



May 4, 2021

Through City Administrator Carmen Chu

Honorable Board of Supervisors
City and County of San Francisco
Room 244, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Purchase Option Agreement between the City and County of San Francisco and Prologis, L.P. that provides the City with a unilateral right to exercise an option to purchase property located at 1236 Carroll Avenue in San Francisco at any time prior to June 1, 2022, for \$38.5 Million Dollars subject to future legislative action by the Board of Supervisors

Dear Board Members:

Attached for your consideration is a proposed Resolution authorizing the Director of Property to execute a Purchase Option between the City and County of San Francisco ("City") as potential purchaser and Prologis, L.P. as Owner.

Pursuant to the Purchase Option, Owner grants to City an exclusive and irrevocable option to purchase certain property located at 1236 Carroll Avenue, San Francisco on the following terms:

Property: approximately 4.91 acres located on APN: Block 4852, all Lots except Lot 1 and Block 4877 all Lots, commonly know as 1236 Carroll Avenue, San Francisco, CA

Option Term: month to month up to twelve (12) month

Option Payment: \$15,000 per month

Purchase Price for Property: \$38.5 million dollars

Are Option Payments credited towards Purchase Price: No

Timing to Exercise Option: Anytime up to 12 months after the option period starts

City's right to terminate: City can terminate Option Agreement on two (2) days' notice

Remedies for Breach: Both sides can seek specific performance or seek monetary damages (capped).

Other key terms: Owner cannot market or sell property to others during option period.

The City is pursuing the purchase of the Property as a potential future site for fire training facilities for the San Francisco Fire Department ("SFFD"). SFFD's primary training facilities are located on Treasure Island. Due to scheduled development on Treasure Island, SFFD must move its facilities on or before December 31, 2026. After a nearly two year long exhaustive search by the City's Real Estate Division, both in county and out of county, the Property is the only available site suitable for this purpose. However, the Property alone is too small. Thus, the City also needs to acquire the adjacent property owned by the Port of San Francisco ("Port"). The steps necessary for the acquisition of the Port property will take an additional six months to one year to complete.

To lock in the Purchase Price and to keep the Property off the market until the City can acquire both properties, I am recommending that the City enter into the Purchase Option.

If you have any questions regarding the lease terms, please contact me at (415) 554-9860.

Respectfully,

A handwritten signature in blue ink, appearing to read "Andrico Penick", written in a cursive style.

Andrico Penick
Director of Real Estate