

COMMISSION ON COMMUNITY INVESTMENT AND INFRASTRUCTURE

RESOLUTION NO. 09-2025

AUTHORIZING THE SUCCESSOR AGENCY’S ACQUISITION OF AN ART DECO PAVILION BUILDING PREVIOUSLY LOCATED AT TRANSBAY BLOCK 5 FOR FUTURE PLACEMENT IN THE TRANSBAY UNDER RAMP PARK CONSISTENT WITH THE PARK’S SCHEMATIC DESIGN APPROVAL; AUTHORIZING A FEE AGREEMENT IN THE AMOUNT OF \$178,652.00 WITH PARK TOWER OWNER, LLC IN SATISFACTION OF CERTAIN OBLIGATIONS UNDER THE TRANSBAY BLOCK 5 OWNER PARTICIPATION/DISPOSITION AND DEVELOPMENT AGREEMENT; TRANSBAY REDEVELOPMENT PROJECT AREA

- WHEREAS, The Board of Supervisors of the City and County of San Francisco approved a Redevelopment Plan for the Transbay Redevelopment Project Area (the “Project Area”) by Ordinance No. 124-05, adopted on June 21, 2005 and by Ordinance No. 99-06, adopted on May 9, 2006 (the “Redevelopment Plan”). The Redevelopment Plan provided for the financing of the new Transbay Transit Center (“TTC”), now commonly referred to as the Salesforce Transit Center, and established a program for the Redevelopment Agency of the City and County of San Francisco (the “Former Agency”) to redevelop and revitalize the blighted Project Area, including the adoption of a Streetscape and Public Open Space Plan providing for standards and specifications for new parks, plazas, playgrounds and other public improvements in the Project Area; and,
- WHEREAS, In 2006, the TJPA and the Former Agency executed an agreement (“Implementation Agreement”), which required the Former Agency to take the lead role in facilitating the development of approximately 10 acres of State-owned property (“the State-owned parcels”) and in executing all activities related to the implementation of the Transbay Redevelopment Plan, including new public parks, as well as programs to support historic preservation; and,
- WHEREAS, In 2008, the City, the Former Agency and the TJPA entered into an agreement (the “Option Agreement”) that granted options to the Former Agency to acquire the State-owned parcels, arrange for development of the parcels, and distribute the net tax increment to the TJPA to use for the TTC. The Option Agreement provided the means by which the Former Agency could fulfill its obligations under the Implementation Agreement to prepare and sell the State-owned parcels. The Option Agreement granted to the Former Agency “the exclusive and irrevocable option to purchase” the former State-owned parcels in the Project Area that are programmed for development, which are listed in the Option Agreement, including Block 5 (Section 2.1 of the Option Agreement at p. 4); and,

- WHEREAS, On April 2, 2014, pursuant to the Implementation Agreement, the Former Agency issued a Request for Proposals (the “RFP”) from development teams to design and develop a 550-foot-tall office tower and public open space on and surrounding the property commonly known as Transbay Block 5. Block 5 is comprised of portions of Assessor’s Block 3718, Lots 025 and 027. The component of Block 5 that is the site of the tower is also known as “Parcel N1”; and is an approximately 26,300-square-foot parcel on Howard and Beale Streets, across from the TTC. The components of the Block 5 site that are public open space are known as “Parcel M1” and “Parcel N3”; and,
- WHEREAS, On September 12, 2014, after a competitive selection process, the Commission on Community Investment and Infrastructure (“Commission”) authorized, by Resolution No. 79-2014, the Executive Director to execute an Exclusive Negotiation Agreement (“ENA”) for the development of Block 5 with MA West, LLC (“Developer”), a Delaware limited liability company and joint venture between affiliates of Golub Real Estate Corporation (“Golub”), and The John Buck Company (“John Buck”); and,
- WHEREAS, On June 16, 2015, the Successor Agency to the Redevelopment Agency of the City of San Francisco (“Successor Agency” or “OCII”) entered into an Owner Participation/Development and Disposition Agreement (“OP/DDA”) with MA West, LLC, (“MA West” or “Developer”) for the Sale and Development of Transbay Block 5. The Developer constructed a commercial project, consisting of 766,745 gross square feet of office area and 8,642 square feet of retail area, 20,621 square feet of open space, two levels of underground parking with up to 127 stalls, streetscape improvements, a partial extension of Natoma from Beale Street to Main Street, streetscape improvements, and the relocation of an Art Deco Pavilion previously located on the Transbay Block 5 development site at 195 Beale Street at the northeast intersection of Howard and Beale Streets (“Pavilion”); and,
- WHEREAS, On September 22, 2015, MA West assigned all its rights and obligations under the OP/DDA to Park Tower Owner, LLC (“Park Tower Owner” or “Successor”), an entity wholly owned by Park Tower Holdings, LLC, (“Holdings”) a joint venture between MA West and an affiliate of Metropolitan Life Insurance Company (“MetLife”). Under the assignment, Park Tower Owner assumed all the Developer’s duties, obligations, and liabilities under the OP/DDA; and,
- WHEREAS, The Pavilion has long garnered interest and a following by the San Francisco historic preservation community, even though the Pavilion is not a historically designated building. Nonetheless, the Pavilion has distinct Zig-Zag Moderne motifs and Art Deco style. The structure was built in 1931 as part of a Union Oil gas station at the corner of Larkin and Pacific. In 1990, it was moved to the northeast corner of Beale and Howard Streets as part of a conditional use authorizing residential development at the gas station site. The Pavilion was repurposed in 2001, after which it served as a South of Market hot dog stand for many years on Block 5; and,

WHEREAS, The OP/DDA required the Developer and its successors to relocate and install the Pavilion before the clearance of the Transbay Block 5 site for development. In 2015, before the commencement of the construction of Transbay Block 5, the Developer relocated the Pavilion to the Sheedy Drayage Company, LLC (“Sheedy”) storage yard at 1215 Michigan Street in San Francisco, where it continues to be stored, first at the Developer’s and now at Park Tower Owner’s expense; and,

WHEREAS, Under the OP/DDA, if (i) a permanent receiver site within the potential location areas has not been made available for the Pavilion’s relocation, (ii) the Developer or any successors have used commercially reasonable efforts to transfer ownership at no cost to Developer or any successors, locate an alternative receiver site at no cost to Developer or any successors acceptable to the Successor Agency in its reasonable determination within San Francisco’s limits and reported to the Successor Agency on those efforts consistent with the Scope of Development, and (iii) the Successor Agency has not approved an alternative plan for the relocation of the Pavilion that included a site, then the Developer’s or any successor’s obligations under OP/DDA Section 9.06 would terminate on December 31, 2020. OCII extended this deadline when OCII requested that the Developer undertake additional efforts to locate an alternative site for the Pavilion; and,

WHEREAS, The Developer could not move the Pavilion until it had prepared, and the Successor Agency in consultation with Planning Department Preservation staff, approved a conditions assessment of the structure and relocation and structural stabilization plans. In September 2015, the Developer’s consultant prepared a Conditions Assessment & Performance Specifications Final Report, which recapped the move, detailed conditions after the move, included a conditions assessment, updated performance specifications, and provided a schedule for quarterly reporting. The Developer and later Park Tower Owner provided quarterly monitoring reports from March 2016 through December 2019 and a final monitoring report in July 2021; and,

WHEREAS, In June 2022, Park Tower Owner submitted its report on its efforts to locate a receiver site to OCII. The Developer, and later Park Tower Owner, engaged in two multi-year outreach efforts (2015-2016 and 2021-2022), communicating with numerous parties about their interest in accepting the Pavilion at no cost. Discussions were held with several teams, including the City and County of San Francisco (“City”) Departments of Planning, Recreation and Parks, and Public Works; the lessee of the City’s Gleneagles Golf Course; San Francisco Port; San Francisco Heritage; and University of San Francisco, among others. Park Tower Owner also contacted the Transbay Citizens Advisory Committee and East Cut Community Benefit District to advise them of the existence of the Pavilion and the offer to provide it at no cost. None of the discussions resulted in a party desiring to accept the Pavilion; and,

WHEREAS, In mid-2022, OCII determined that Park Tower Owner had satisfied the Developer’s OP/DDA requirements to use “commercially reasonable efforts...to locate an alternative receiver site,” for the Pavilion. However, before considering Park Tower

Owner's request for termination of its Pavilion relocation obligation under OP/DDA Section 9.06, OCII performed two feasibility analyses to evaluate whether the Pavilion could be incorporated into either its Transbay Block 3 Park or Under Ramp Park projects. Ultimately, the Block 3 Park was deemed infeasible as a transfer location because the park's design was too far along to incorporate the Pavilion, but OCII's Under Ramp Park design team led by CMG Landscape Architecture determined that the Pavilion could be reprogrammed as the concession building at the heart of the Under Ramp Park; and,

WHEREAS, The Successor Agency Commission conditionally approved, by Resolution No. 20-2023 (June 6, 2023), a Schematic Design for Under Ramp Park that incorporated the Pavilion into the park design; and,

WHEREAS, Park Tower Owner is obligated to pay for the installation of the Pavilion to its new permanent home, however, construction of Under Ramp Park is not expected to commence until mid-2026. Park Tower Owner and OCII staff agreed that Park Tower Owner could satisfy its OP/DDA Section 9.06 Pavilion relocation obligation by making an in-lieu fee payment to OCII and transferring ownership of the Pavilion to OCII at no cost. Park Tower Owner and OCII staff negotiated an in-lieu fee payment amount of \$178,652.00; and,

WHEREAS, Acquisition of the Pavilion and approval of the fee do not constitute a "project" as defined by the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5) because it is an administrative activity of government and will not independently result in a physical change in the environment, and as such, is not subject to environmental review under CEQA; now, therefore, be it,

RESOLVED, That the Commission authorize the Successor Agency to accept an in-lieu fee payment of \$178,652.00 from Park Tower Owner to satisfy the Developer and Park Tower Owner's OP/DDA section 9.06 Pavilion relocation obligation; and,

RESOLVED, That the Commission authorize the Executive Director to acquire at no cost to OCII the Pavilion through a Bill of Sale substantially in the form attached as Exhibit A between the Successor Agency and Park Tower Owner for the transfer of the Pavilion from Park Tower Owner to the Successor Agency for a sales price of \$0.00.

I hereby certify that the foregoing resolution was adopted by the Commission at its meeting of April 15, 2025.

Commission Secretary

Exhibit A: Bill of Sale between Park Tower Owner LLC and Successor Agency to the Redevelopment Agency of the City and County of San Francisco

Execution version 11.25.24

BILL OF SALE

THIS BILL OF SALE is executed as of the _____ day of _____ 2025, by PARK TOWER OWNER LLC, a Delaware limited liability company ("Park Tower Owner" or "Seller"), in favor of the SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body organized and existing under the laws of the State of California ("Successor Agency" or "Buyer").

RECITALS

A. Reference is made to that Owner Participation/Disposition and Development Agreement between the Successor Agency and MA West LLC, a Delaware limited liability company ("MA West" or "Developer"), dated as of June 16, 2015 ("DDA") for Transbay Block 5. Park Tower Owner, as the successor-by-assignment to MA West LLC, and the current owner of Transbay Block 5, 250 Howard Street and entity bound by the DDA, wishes to transfer to Buyer all of its interest in the structure formerly located on the northeast corner of the intersection of Howard and Beale Streets on Transbay Block 5 ("Pavilion"). Buyer informs Seller that the 625-square foot Pavilion is an Art Deco Zig-Zag Moderne-style concrete and cement plaster structure that is a remnant of a gas station constructed in 1931 and originally located at the corner of Larkin and Pacific Street in San Francisco.

B. Buyer informs Seller that in 1991, the Pavilion was moved to the northeast corner of Howard and Beale Streets to an approximately 2,635-square-foot privately owned parcel comprised of the former Lot 12 of Assessor's Block 3718. This parcel was one of the properties on which the Transbay Block 5 Park Tower project was developed. The Pavilion was moved off the Transbay Block 5 site prior to the commencement of that project's construction. Since October 2015, Seller has paid to store the Pavilion at the Sheedy Drayage Company's storage yard located at 1215 Michigan Street, San Francisco.

C. DDA Section 9.06, Pavilion Relocation, required the Developer to make best faith efforts to relocate the Pavilion to a permanent location, and allowed the Developer to temporarily store the Pavilion. Seller made reasonable efforts to locate an alternative receiver site for permanent relocation of the Pavilion but was not able to secure a site. Buyer approved an alternative plan for the relocation of the Pavilion to a site within the Transbay Redevelopment Project Area. Pursuant to Resolution 20-23, adopted June 6, 2023, the Commission on Community Investment and Infrastructure incorporated the Pavilion into the schematic design for the future Under Ramp Park, which will be located in the Transbay Redevelopment Project Area. The Pavilion will serve as part of the Concession Building.

D. Buyer seeks to acquire the Pavilion and to store it until it is ready to be transferred to the Under Ramp Park site at no out-of-pocket cost to Buyer.

E. Seller and Buyer wish for the transfer of the Pavilion to be at no cost to Buyer.

F. Seller agrees to transfer ownership of the Pavilion to Buyer, and pursuant to that certain separate letter agreement between the parties dated as of the date hereof, Seller will pay to

Buyer a Pavilion relocation fee of One Hundred Seventy-Eight Thousand Six Hundred Fifty-Two and 00/100ths Dollars (\$178,652.00) ("Pavilion Relocation Fee"), of which \$112,800.00 is to be applied to pay the cost of storage of the Pavilion at its current location for a two year period.

G. Buyer agrees that Seller is hereby relinquished from any and all obligations and responsibilities regarding the Pavilion, including its ownership and storage.

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Seller hereby grants, transfers and conveys to Buyer all of Seller's right, title and interest in and to the Pavilion, at no cost and in "as is" condition and where presently located, without warranty of title or use, and without warranty, express or implied, of merchantability or fitness for a particular purpose.

IN WITNESS WHEREOF, Seller and Buyer have executed this Bill of Sale as of the date and year first above written.

SELLER:

PARK TOWER OWNER LLC, a Delaware limited liability company

By: _____

Name:

Title: Chief Executive Officer and President

BUYER:

The SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body, organized and existing under the laws of the State of California

By: _____

Thurston Kaslofsky

Executive Director

APPROVED AS TO FORM:

By: _____

James B. Morales

General Counsel