



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
County Manager



**Date:** May 15, 2014  
**Board Meeting Date:** May 20, 2014  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Freda Manuel, Real Property Services Manager

**Subject:** Acceptance of Proposal for Purchase of Circle Star Plaza and Execution of Purchase and Sale Agreement for the Property

**RECOMMENDATION:**

Adopt a Resolution:

- A) Accepting a Proposal for Purchase of the Circle Star Plaza;
- B) Authorizing the President of the Board of Supervisors to execute a Purchase and Sale Agreement for the Disposition by the County of Circle Star Plaza; and
- C) Authorizing the County Manager or his designee to execute notices, consents, escrow instructions, approvals, amendments, terminations and other documents in connection with the acceptance of the bid and the execution of the Purchase and Sale Agreement, in order to facilitate the disposition of the property and to meet the intent of this Resolution and the Board.

**BACKGROUND:**

In 2011, the County purchased One and Two Circle Star Way, collectively known as Circle Star Plaza (the "Property"), consisting of two Class A office buildings totaling 207,896 SF, with garaged and surface parking. Currently, the Property is fully leased to a single Tenant for a period of less than 10 years. The recent upward commercial market trends make this an advantageous time to sell the Property. Staff anticipates that the sale price will significantly exceed the County's purchase price of \$39,950,000 and additional lease-up costs.

At its meeting on April 22, 2014, the Board of Supervisors adopted Resolution 073107 which declared the Board's intention to sell Circle Star Plaza and set terms and conditions of the sale. Among the terms and conditions of the sale were that all written proposals (i) must be submitted on the County of San Mateo's Official Proposal Form (ii), a completed, unmodified and executed Purchase and Sale Agreement, (iii) an executed Earnest Money Escrow Agreement (iv) instructions or other documents as

may be required by the County Manager (v) all written proposals would be for at least \$85,500,000 and (vi) all sealed proposals were to be submitted by no later than the close of business on May 14, 2014. All parties submitting proposals were required to submit into escrow an earnest money deposit of \$10,000,000 by 5 p.m. on May 13, 2014, as per the Earnest Money Escrow Agreement.

The County will open all sealed bids and the highest proposal will be identified.

**DISCUSSION:**

Pursuant to the Government Code and Resolution 073107, the Board may, at this time, accept the highest proposal and authorize the execution of a Purchase and Sale Agreement with the party submitting the highest proposal; reject all proposals; or adjourn for up to ten days to further consider the matter. Attached to this memorandum is a form of resolution pursuant to which the Board would accept the highest proposal for purchase of the property, authorize the Board President to execute the Purchase and Sale Agreement for the property, and authorize the County Manager to execute any additional related documents necessary to carry out the sale. The party submitting the highest proposal for purchase of the property has already signed the Purchase and Sale Agreement.

If the resolution is adopted, the County and purchaser will enter into escrow and staff expects the transaction to be complete by May 22, 2014 or such other date as may be mutually approved.

County Counsel has reviewed and approved the Resolution as to form.

Adoption of this Resolution of Intent contributes to the Shared Vision 2025 outcome of a Prosperous Community by generating income for the County General Fund.

**FISCAL IMPACT:**

The final sale price will be market driven but will be no less than \$85,500,000. Commission payments to brokers, could be up to \$600,000, will be made from the proceeds of sale. The due diligence costs (which, as noted, could be up to \$250,000) will be paid regardless of whether a final sale is consummated and will be paid out of the County General Fund, to be reimbursed from the proceeds of sale.