



May 13, 2013

Mayor Edwin M. Lee
1 Carlton B. Goodlett Drive, Rm. 200
San Francisco, CA 94102

John Updike, Director
Real Estate Division
25 Van Ness, Suite 400
San Francisco, CA 94102

SUBJECT: Jurisdictional Transfer of Pier 27 from Port to Real Estate

Dear Mayor Lee and Mr. Updike:

This joint letter requests the introduction of legislation to the Board of Supervisors for approval of two jurisdictional transfers of Pier 27 for certificate of participation financing for the construction of cruise terminal improvements at Pier 27, which was previously approved by Board Resolution No. 152-12 on May 1, 2012. The first transfer, from the Port to the Division of Real Estate, is necessary to effectuate the lease/lease-back structure of the financing; the second transfer, from the Division of Real Estate back to the Port, would be made after the financing has been fully repaid. At all times, Pier 27 would remain subject to the common law public trust and the Burton Act trust for commerce, navigation, and fisheries (Public Trust), and the Port would retain maintenance and operating responsibility for Pier 27, including the improvements to be financed by the certificates of participation.

The Port Commission recommended a Memorandum of Understanding with the City that requires jurisdictional transfer to the Real Estate Division for the duration of the financing by Port Resolution No. 12-37 on April 24, 2012. The Port Commission recommended that the City issue the certificates of participation and authorized a Memorandum of Understanding between the Port and the Office of the Controller to govern the terms of the financing, the departments' respective obligations with respect to the financing, including the lease/lease-back structure, and the Port's responsibility to maintain and operate Pier 27, by Port Resolution No. 12-37 on April 24, 2012.

Thank you for your cooperation in expediting this request.

Respectfully submitted,

Monique Moyer

Executive Director,
Port of San Francisco

Ben Rosenfield

Controller