

1 [Termination of Real Property Lease and New Real Property Lease - Waterfront Plaza -  
2 \$1,000,000 Initial Annual Base Rent]

3 **Resolution approving and authorizing (i) the execution and delivery of a Mutual Lease**  
4 **Termination Agreement for Port Commission Lease No. L. 8618 (the “Existing Lease”)**  
5 **involving Premises known as Waterfront Plaza located on Seawall Lots 315, 316, 317**  
6 **between Chestnut and Bay Streets at the Embarcadero (the “Site”), and (ii) the**  
7 **execution, delivery and performance of Port Lease No. 17224 for the Site between the**  
8 **San Francisco Port Commission, as landlord, and JPPF Waterfront Plaza, L.P., as**  
9 **tenant (the “New Lease”) for a term of 57 years, with an initial annual base rent of**  
10 **\$1,000,000 million and including additional financial participation structures for the**  
11 **Port; and authorizing the Executive Director of the Port to enter into any additions,**  
12 **amendments or other modifications to the New Lease that do not materially increase**  
13 **the obligations or liabilities of the City or Port and are necessary or advisable to**  
14 **complete the transactions which this Resolution contemplates and effectuate the**  
15 **purpose and intent of this Resolution.**

16  
17 WHEREAS, Pursuant to Chapter 1333 of the Statutes of 1968 (as amended, the  
18 “Burton Act”) and the implementing Agreement Relating to Transfer of the Port of San  
19 Francisco from the State of California to the City and County of San Francisco, the State of  
20 California granted to the City and County of San Francisco (“City”) certain current and former  
21 tide and submerged lands to be held under the jurisdiction of the San Francisco Port  
22 Commission (“Port”) and subject to the common law public trust for commerce, navigation,  
23 and fisheries and the statutory trust imposed by the Burton Act, (collectively, the “Public  
24 Trust”); and

25 WHEREAS, The Site is within Port’s jurisdiction; and

1           WHEREAS, In 1974, the Port adopted Resolution No. 74-6 in which it made certain  
2       Public Trust findings (the "1974 Public Trust Findings") and approved and entered into the  
3       Existing Lease, having a term of a 66-years with Francisco Bay Office Park, a Limited  
4       Partnership, pursuant to which the tenant thereunder developed the Site with general  
5       commercial office buildings, a restaurant and significant publicly-accessible open space; and

6           WHEREAS, In August 2014, JPPF Waterfront Plaza, L.P. ("JPPF") purchased the  
7       leasehold interest in the Existing Lease along with the fee interest in the adjacent parcels  
8       (Assessors Block 037, Lots 3 and 4) (the "Santa Fe Parcel"), which contains a parking garage  
9       and office space; and

10          WHEREAS, The Port and JPPF have negotiated the New Lease that includes the  
11       following material terms: 1) an annual minimum base rent of \$1 million for lease years one to  
12       five, with base rent increases and adjustments, 2) a new percentage rent structure that  
13       enables the Port to participate in the upside when market conditions improve, 3) Port  
14       participation in 0.5% of gross sale/transfer and 0.5% of refinancing proceeds, excluding the  
15       first refinancing, 4) an obligation by JPPF to invest up to \$9.4 million to reposition the asset on  
16       the Site to weather the current office market downturn, attract new tenants and position the  
17       asset for long-term success for the Port, 5) a Port option to purchase/lease the Santa Fe  
18       Parcel at the expiration or termination of the lease term as set forth in the Existing Lease will  
19       be carried over into the New Lease, and 6) such other terms described in the Memorandum to  
20       the Port Commission dated October 8, 2024 (the "Port Memorandum"), a copy of which is on  
21       file with the Clerk of the Board of Supervisors in File No. 241096; and,

22          WHEREAS, On October 8, 2024, the Port adopted Resolution No. 24-50, in which the  
23       Port Commission, (a) reaffirmed the 1974 Public Trust Findings; (b) made new Public Trust  
24       findings pursuant to Section 3(6) of the Burton Act and Section B3.581 of the Charter; and (c)  
25       authorized the Port's Executive Director, or her designee, to forward the termination of the

1 Existing Lease and form of New Lease for Board of Supervisors' approval and, subject to  
2 Board of Supervisors approval thereof, authorized the Executive Director or her designee to  
3 terminate the Existing Lease and execute the New Lease with JPPF Waterfront Plaza, L. P., a  
4 Delaware limited partnership, on terms described in the Port Memorandum; (d) authorized  
5 Port staff to terminate the Existing Lease and execute the New Lease; and

6 WHEREAS, Copies of the proposed form of New Lease and Mutual Termination  
7 Agreement, the Port Memorandum, and Port Commission Resolution No. 24-50 are on file  
8 with the Clerk of the Board of Supervisors in File No. 241096 and incorporated herein by this  
9 reference; and

10 WHEREAS, The Planning Department has determined that the actions authorized by  
11 this Resolution are not a "project" under CEQA pursuant to Public Resources Code, Section  
12 21065 and CEQA Guidelines Sections 15060(c) and 15378(b), because the actions would not  
13 result in any changes to existing conditions and would therefore not result in a direct or a  
14 reasonably foreseeable indirect physical change to the environment; now, therefore, be it

15 RESOLVED, That the Board of Supervisors hereby approves terminating the Existing  
16 Lease concurrent with the execution and delivery of the New Lease and authorizes the  
17 Executive Director to enter into a Mutual Termination Agreement substantially in the form on  
18 the Board of Supervisors in File No. 241096; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors hereby approves the New  
20 Lease on terms set forth in the Port Memorandum and substantially in the form on file with the  
21 Board of Supervisors in File No. 241096 and authorizes the Port Executive Director or her  
22 designee to execute the New Lease; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors authorizes the Port Executive  
24 Director or her designee, to enter into any additions, amendments or other modifications to  
25 the Mutual Termination Agreement and the New Lease that the Executive Director, in

1 consultation with the City Attorney, determines are in the best interest of the Port, do not  
2 materially increase the obligations or liabilities of the Port or materially decrease the public  
3 benefits accruing to the Port, and are necessary and advisable to complete the transactions  
4 contemplated thereby and effectuate the purpose and intent of this resolution, such  
5 determination to be conclusively evidenced by the execution and delivery by the Executive  
6 Director of any such documents; and, be it

7 FURTHER RESOLVED, That within thirty (30) days of the Mutual Termination  
8 Agreement and the New Lease being fully executed by all parties, the Port shall provide the  
9 final agreements to the Clerk of the Board for inclusion into the official file.

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11  
12 RECOMMENDED BY:

13  
14 /s/  
15 Elaine Forbes, Port Executive Director  
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City and County of San Francisco  
**Tails**  
**Resolution**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 241096

**Date Passed:** December 10, 2024

Resolution approving and authorizing (i) the execution and delivery of a Mutual Lease Termination Agreement for Port Commission Lease No. L. 8618 (the "Existing Lease") involving Premises known as Waterfront Plaza located on Seawall Lots 315, 316, 317 between Chestnut and Bay Streets at the Embarcadero (the "Site"), and (ii) the execution, delivery and performance of Port Lease No. 17224 for the Site between the San Francisco Port Commission, as landlord, and JPPF Waterfront Plaza, L.P., as tenant, (the "New Lease") for a term of 57 years, with an initial annual base rent of \$1,000,000 and including additional financial participation structures for the Port; and authorizing the Executive Director of the Port to enter into any additions, amendments or other modifications to the New Lease that do not materially increase the obligations or liabilities of the City or Port and are necessary or advisable to complete the transactions which this Resolution contemplates and effectuate the purpose and intent of this Resolution.

December 04, 2024 Budget and Finance Committee - RECOMMENDED

December 10, 2024 Board of Supervisors - ADOPTED

Ayes: 10 - Chan, Dorsey, Engardio, Mandelman, Melgar, Peskin, Preston, Ronen, Safai and Walton

File No. 241096

I hereby certify that the foregoing  
Resolution was ADOPTED on 12/10/2024 by  
the Board of Supervisors of the City and  
County of San Francisco.

f Angela Calvillo  
Clerk of the Board

London N. Breed  
Mayor

12/19/24

Date Approved