



May 24, 2022

VIA email: board.of.supervisors@sfgov.org

San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Re: Petition for Revocation of the Major Encroachment Permit-Pedestrian Bridge Spanning Kearny St. from the Hilton Hotel to Portsmouth Square

Portsmouth Square Incorporated/Justice Operating Company, LLC (the "Hotel") owns the Hilton San Francisco Financial District and is the other concerned party of the "Petition for Revocation of the Major Encroachment Permit-Pedestrian Bridge Spanning Kearny St. from the Hilton Hotel to Portsmouth Square". Since 2019 we have relied on the commitment from the City of San Francisco (the "City") that the City would pay for the removal of the bridge in exchange for our cooperation and therefore, we have been working cooperatively with the City at all time. However, all of a sudden, on April 12, 2022 during the Board of Supervisors' hearing we learned that the Board of Supervisors is expecting the Hotel to pay for the removal of the bridge.

On August 1, 2019 the hotel met in person with the General Manager of the Recreation and Parks Department of the City Mr. Phil Ginsburg and Toks Ajike at the Hilton along with John Winfield – Chief Executive Officer of Hotel, David Gonzalez - President of Hotel and Chad Fife – General Manager of Hotel. We quote Phil Ginsberg who stated: "I could tell you to tear that bridge down and you have to F*ing pay for it but I am not, we are here to work together and we are committed to pay for the cost of the demolition and refinish".

On March 26, 2021 we had a virtual call with Cara Ruppert, Stacy Bradley and David Gonzalez where Cara kicks off the project and confirms commitment to cover the cost of the removal of the bridge and refinishing

On March 31, 2021 we met in person to walk the bridge and discuss logistics and discussed the demolition is included in the budget of the Recreation and Parks department

On July 2, 2021 email follow-up from Cara. "If you have any feedback from your architect regarding the railing design, please let us know. There is still opportunity to adjust that aspect of the design, but the sooner we can incorporate your feedback into our design, the better".

On September 16, 2021 we had a virtual call with Cara Ruppert, David Froehlich, Stacy Bradley, and David Gonzalez costs associated with demo and refinish confirmed.

HILTON SAN FRANCISCO FINANCIAL DISTRICT
750 Kearny Street | San Francisco, CA 94108



On September 16, 2021 we had a virtual call with Cara Ruppert, David Froehlich, Stacy Bradley, and David Gonzalez costs associated with demo and refinish confirmed.

On January 27, 2022 we had a call with Cara Ruppert and Jeff Degan of Degan & Degan Architects. On this call it was explained to Jeff that the City was covering only the cost of the demolition and the refinishing and Degan & Degan would present options to expand from the City's design. Following this call an email exchange between Michelle Taylor, Cara Ruppert and Jeff Degan where Cara explains hotel is interested in enhancing the refinishing project to expand coverage over the front drive. Michelle Taylor says quote "Because this project is not an RPD sponsored proposal, I've forwarded your questions on to management."

On March 11, 2022 we met at the Hotel and discussed in great detail with Cara Ruppert and Alexis Ward in regards to the fact that the hotel may have "a leg to stand on" to ask for monies above and beyond the agreed amount of demolition and refinish of the hotel given how invasive the needs of the construction would be to the front drive, garage and level of business interruption. We walked those areas in detail given how challenging it is going to be on our operation.

In the 1970s, the City of San Francisco required the hotel developers – Justice Investors limited partnership – at a cost of approximately \$8 million (in today's dollars) to build the bridge that is the subject of the proposed "Revocation of the Major Encroachment Permit". Fast forward 50 years, now the City wants us to remove it and pay for its removal. We are still coming out of the economic impact of Covid in a market that has been hurt the worst in the country, and the City wants to place this extraordinary burden on us. While the hotel wishes to resolve this amicably the BOS position will force the hotel to take legal action.

Our legal counsel believes The City of San Francisco has not met ANY of the required criteria to revoke the permit issued to Justice Investors LP 50 years ago. The bridge is not and has not present a significant health or safety hazard. The bridge is and has been very well maintained by the permittee. The bridge does not create severe and negative impacts on the surrounding neighborhood that cannot be mitigated.

The removal of the bridge poses a major modification to the underlying asset that is collateral to a \$109 million mortgage which may be "called for repayment in full" immediately upon the approval of the bridge removal. This is a major economic impact that will bankrupt the hotel.

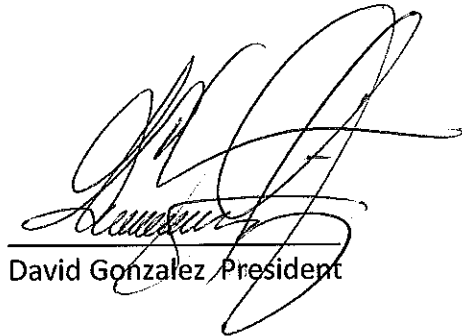
We respectfully request that the City of San Francisco pay for the removal of the bridge and related expenses as it has been, time and time again communicated to us for the past three years. We ask the Board of Supervisors to reconsider this problem and not force us into an adversarial position. It would be impossible for Portsmouth Square Inc/Justice Investors LP to pay for this project. We also request that the Agreement between Justice Investors LP and the Chinese Cultural Center be immediately terminated upon the removal of the bridge. Alternatively, we request that the City of San Francisco grant Portsmouth Square Inc a permanent easement allowing for the bridge to remain in place. We look forward to an amicable resolution.

Sincerely yours,

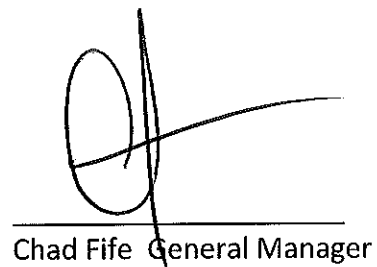
PORTSMOUTH SQUARE INC.
(Justice Investors LP)



John Winfield CEO



David Gonzalez President



Chad Fife General Manager