

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

