

1 [Economic Development Conveyance Memorandum of Agreement - Treasure Island/Yerba
2 Buena Island]

3 **Resolution approving the Economic Development Conveyance Memorandum of**
4 **Agreement for the transfer of former Naval Station Treasure Island from the United**
5 **States Government to the Treasure Island Development Authority; adopting findings**
6 **under the California Environmental Quality Act.**

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8 WHEREAS, Former Naval Station Treasure Island is a military base located on
9 Treasure Island and Yerba Buena Island (together, the "Base" or the "Property"), which is
10 currently owned by the United States of America ("the Federal Government" or the "Navy");
11 and,

12 WHEREAS, Treasure Island was selected for closure and disposition by the Base
13 Realignment and Closure Commission ("BRAC") in 1993, acting under Public Law 101-510,
14 and its subsequent amendments; and,

15 WHEREAS, Pursuant to the power and authority provided by the Defense Base
16 Closure and Realignment Act of 1990, 10 U.S.C. § 2687 note, as amended, the Navy is
17 authorized to convey surplus property at a closed military installation to the local
18 redevelopment authority for economic development purposes; and,

19 WHEREAS, The United States Department of Defense designated the City and County
20 of San Francisco ("City") as the Local Reuse Authority ("LRA") responsible for the conversion
21 of the Base under the federal disposition process; and,

22 WHEREAS, In July 1996, after an extensive community planning effort, a draft reuse
23 plan for the Base (the "Reuse Plan") was unanimously endorsed by the Mayor, the Board of
24 Supervisors, the Planning Commission and the Treasure Island Citizens Reuse Committee;
25 and,

1 WHEREAS, The United States Department of Housing and Urban Development
2 approved the Reuse Plan on November 26,1996; and,

3 WHEREAS, In 1997, the Base closed and the Treasure Island Development Authority
4 (the "Authority") was created to replace the City as the LRA and to serve as a single entity
5 responsible for the redevelopment of the Property; and,

6 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
7 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 3
8 1333 of the Statutes of 1968 (the "Conversion Act"), the California Legislature (i) designated
9 the Authority as a redevelopment agency under California Community Redevelopment Law
10 with authority over the Property; and (ii) with respect to those portions of the Property that are
11 subject to the public trust for commerce, navigation and fisheries (the "Tidelands Trust"),
12 vested the authority to administer the Tidelands Trust as to such property in the Authority in
13 accordance with the terms of the Conversion Act; and,

14 WHEREAS, Under the Conversion Act and the Authority's Articles of Incorporation and
15 Bylaws, the Authority, acting by and through its Board of Directors (the "Authority Board"), has
16 the power, subject to applicable laws, to sell, lease, exchange, transfer, convey or otherwise
17 grant interests in or rights to use or occupy all or any portion of the Property; and,

18 WHEREAS, The Authority submitted to the Navy an EDC Application and Business
19 Plan for Naval Station Treasure Island dated June 19, 2000, as amended on July 1, 2003 (the
20 "EDC Application"), for an economic development conveyance ("EDC") of the Property; and,

21 WHEREAS, In 2003, after a competitive bid process, the Authority Board selected
22 Treasure Island Community Development, LLC ("TICD") as the proposed master developer of
23 the Property and entered into exclusive negotiations with TICD relating to a Disposition and
24 Development Agreement ("TICD DDA") and other transaction documents; and,

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1 WHEREAS, Since endorsement of the Reuse Plan and selection of TICD as the
2 proposed master developer, the Authority has undertaken an extensive public process to
3 further refine the land use plan for the Property, which has included over 250 public meetings
4 before the Authority Board, the Treasure Island/Yerba Buena Island Citizens Advisory Board
5 ("TICAB"), the Board of Supervisors, the Planning Commission, and in other public forums;
6 and,

7 WHEREAS, In 2006, a Development Plan and Term Sheet for the Redevelopment of
8 Naval Station Treasure Island (as updated from time to time, the "Development Plan")
9 between the Authority and TICD was endorsed by the TICAB, the Authority Board and the
10 Board of Supervisors, which, among other things, describes the updated land use plan for the
11 proposed redevelopment of the Property (the "Project") and the basic terms of the proposed
12 TICD DDA; and,

13 WHEREAS, In 2007, the Authority submitted an amended and restated EDC
14 Application (the "Amended EDC Application") to the Navy based on the Development Plan;
15 and,

16 WHEREAS, The Amended EDC Application proposed a financial structure for
17 conveyance of the Property that included a profit participation mechanism that would include
18 compensation to the Navy based on the actual performance of the Project; and,

19 WHEREAS, In October 2009, the President signed the 2009 National Defense
20 Authorization Act, which included a provision specifically authorizing the Department of
21 Defense to accept consideration for the transfer of BRAC properties under an EDC in the form
22 of a profit participation component, which change enabled the Authority and the Navy in
23 December 2009 to negotiate the basic financial terms for the conveyance of the Property to
24 the Authority; and,

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1 WHEREAS, In April 2010, the Board of Supervisors unanimously voted to endorse a
2 term sheet for the proposed EDC by Resolution No. 243-10. The term sheet addressed key
3 terms of the proposed EDC, including the conveyance process, the consideration payable to
4 the Navy, and certain controls required by the Navy relating to the economic performance of
5 the Project; and,

6 WHEREAS, In August 2010, Mayor Gavin Newsom, House Speaker Nancy Pelosi, and
7 U.S. Secretary of the Navy Ray Mabus endorsed the terms of the proposed conveyance of
8 the Property from the Navy to the Authority; and,

9 WHEREAS, The Authority and the Navy have diligently and in good faith negotiated an
10 Economic Development Conveyance Memorandum of Agreement (the "EDC MOA"), a copy
11 of which is on file with the Clerk of the Board of Supervisors in File No. _____,
12 which is hereby declared to be a part of this Resolution as if set forth fully herein; and,

13 WHEREAS, Pursuant to the EDC MOA, the consideration for the Property is based on
14 a guaranteed, fixed initial payment plus additional consideration subject to the Project
15 achieving certain financial benchmarks; and,

16 WHEREAS, The EDC MOA is structured so that TICD will make all payments to the
17 Navy on behalf of the Authority, and the City will not be required to fund any of the
18 consideration to the Navy and the City's General Fund is insulated from any obligation to pay
19 on behalf of the Authority; and,

20 WHEREAS, The EDC MOA was presented to the TICAB at duly noticed public
21 meetings on February 15, 2011 and _____, 2011, and on _____,
22 2011 the TICAB voted ___ to ___ endorse the EDC MOA; and,

23 WHEREAS, The EDC MOA was presented to the Authority Board at duly noticed public
24 meetings on February 18, 2011 and _____, 2011, and on _____,
25 2011 the Authority Board voted ___ to ___ endorse the EDC MOA; and,

1 WHEREAS, The Authority's organizational documents require the Authority to obtain
2 approval from the Board of Supervisors prior to entering into contracts with a term of more
3 than 10 years or \$1 million or more in anticipated revenue; and,

4 WHEREAS, The EDC MOA is anticipated to have a term in excess of 10 years; and,

5 WHEREAS, Concurrently with this Resolution, the Board of Supervisors has adopted
6 Resolution No. _____, adopting findings under the California Environmental
7 Quality Act (Public Resources Code Section 21000 et seq.) ("CEQA"), including the adoption
8 of a mitigation monitoring and reporting program and a statement of overriding considerations
9 in connection with the development of the Project, which resolution is on file with the Clerk of
10 the Board of Supervisors in File No. _____, and incorporated herein by reference;
11 now, therefore, be it

12 RESOLVED, That the Board of Supervisors approves the EDC MOA, and authorizes
13 the Director of Redevelopment for the Authority ("Redevelopment Director") to execute,
14 deliver and perform the EDC MOA substantially in the form in the Board of Supervisors' file;
15 and, be it

16 FURTHER RESOLVED, That the Board of Supervisors authorizes and urges the
17 Redevelopment Director, prior to execution of the EDC MOA, to make changes and take any
18 and all steps, including but not limited to, the attachment of exhibits and the making of
19 corrections, as the Redevelopment Director determines, in consultation with the City Attorney,
20 are necessary or appropriate to consummate the EDC MOA in accordance with this
21 Resolution; provided, however, that such changes and steps do not materially decrease the
22 benefits to or materially increase the obligations or liabilities of the Authority or the City, and
23 are in compliance with all applicable laws; and, be it

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1 FURTHER RESOLVED, That all actions heretofore taken by the Authority and the City
2 and their officers, employees, and agents with respect to the EDC MOA are hereby approved,
3 confirmed and ratified; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes and urges all
5 officers, employees, and agents of the Authority and the City to take any and all steps as they
6 deem necessary or appropriate, to the extent permitted by applicable law, in order to
7 consummate the EDC MOA in accordance with this Resolution, including execution of
8 subsequent documents and acceptance of real property from the Navy, or to otherwise
9 effectuate the purpose and intent of this Resolution and the Authority's performance under the
10 EDC MOA; and, be it

11 FURTHER RESOLVED, That the Board of Supervisors authorizes the Redevelopment
12 Director to enter into any amendments or modifications to the EDC MOA that the
13 Redevelopment Director determines, in consultation with the City Attorney, are in the best
14 interest of the Authority and the City, do not materially decrease the benefits to or materially
15 increase the obligations or liabilities of the Authority and the City, and are in compliance with
16 all applicable laws.

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