

1 [Indemnity and Repayment Agreements related to Treasure Island Housing]  
2 APPROVING AND AUTHORIZING A REPAYMENT AGREEMENT WITH THE TREASURE  
3 ISLAND DEVELOPMENT AUTHORITY AND AN INDEMNITY AGREEMENT WITH THE  
4 JOHN STEWART COMPANY RELATED TO TRESURE ISLAND HOUSING

5 WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed  
6 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a  
7 nonprofit public benefit corporation known as the Treasure Island Development Authority (the  
8 "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction,  
9 rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for  
10 the public interest, convenience, welfare and common benefit of the inhabitants of the City  
11 and County of San Francisco; and,

12 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended  
13 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter  
14 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority  
15 as a redevelopment agency under California redevelopment law with authority over the Base  
16 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the  
17 Base which are subject to the Tidelands Trust, vested in the Authority the authority to  
18 administer the public trust for commerce, navigation and fisheries as to such property; and,

19 WHEREAS, The Tidelands Trust prohibits the sale of trust property into private  
20 ownership, generally requires that Tidelands Trust property be accessible to the public and  
21 encourages public-oriented uses of trust property that, among other things, attract people to  
22 the waterfront, promote public recreation, protect habitat and preserve open space; and,

23 WHEREAS, There are approximately 1,000 units of housing on the Base, 904 on  
24 Treasure Island and 96 on Yerba Buena Island (the "Base-Wide Housing Units"); and,

25 MAYOR WILLIE L. BROWN, JR., SUPERVISORS AMMIANO, YEE, YAKI, BIERMAN and  
BROWN, LENO, KATZ, NEWSOM  
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1           WHEREAS, The Authority seeks to have up to 766 of the Base-Wide Housing Units  
2 rehabilitated, marketed and leased to residential tenants in order to (i) generate revenues for  
3 the operation and improvement of the Base, thereby reducing the likelihood that the City's  
4 General Fund revenues will have to be used for such purposes, (ii) alleviate the critical  
5 shortage of housing in the City, (iii) encourage San Francisco life/safety personnel and other  
6 employees (including teachers) providing important services to the Base, and students and  
7 faculty of a consortium of San Francisco's higher education institutions, to live on the Base,  
8 (iv) develop a critical mass of persons who live and work on the Base by creating a residential  
9 community that reflects the socioeconomic and cultural diversity of the City and the San  
10 Francisco Bay Area, and (v) prevent the further physical deterioration of these housing units  
11 by entering into a Sublease, Development, Marketing and Property Management Agreement  
12 (the "Agreement") with the John Stewart Company ("JSCO"); and,

13           WHEREAS, Under the Agreement, the Authority will be obligated (under a Special  
14 Authority Indemnity included in the Agreement) to repay JSCO certain Liquidated Damages  
15 (calculated as the then-outstanding amount of JSCO's capital investment in the project, plus  
16 certain earned, but unpaid fees) in the event the Authority causes the termination of the  
17 Master Lease or fails to provide basic utilities such as electricity or water to the premises  
18 (either, a "Special Authority Default"); and,

19           WHEREAS, In order to induce John Stewart to enter into the Agreement and make the  
20 capital investments required therein (which will yield extensive public benefits to the City), the  
21 City is willing to enter into an Indemnity Agreement with JSCO; and,

22           WHEREAS, under the Indemnity Agreement, (a copy of which was filed with the Clerk  
23 of the Board in File No. 990127), the City will indemnify and pay JSCO the amount  
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25           MAYOR WILLIE L. BROWN, JR., SUPERVISORS AMMIANO, YEE, YAKI, BIERMAN and  
          BROWN  
          BOARD OF SUPERVISORS

1 of the Liquidated Damages, if any, that have not been paid to JSCO by the Authority as  
2 required under the Sublease ("City's Indemnity Obligation"); and,

3 WHEREAS, Although the likelihood of the City being required to pay under the City  
4 Indemnity should be remote and largely within the City's control (since a Special Authority  
5 Default is most likely to arise from the Board of Supervisors' failure to appropriate Base  
6 revenues or the delivery of basic City services), the Authority has negotiated a Repayment  
7 Agreement with the City, in substantially the form of the Repayment Agreement filed with the  
8 Clerk of the Board in File No. 990127, to protect the City's General Fund from the  
9 costs of converting Treasure Island to civilian reuse; and,

10 WHEREAS, The Repayment Agreement obligates the Authority to repay the City any  
11 payments it makes under the City Indemnity from current or future Authority revenues; Now  
12 therefore, be it,

13 RESOLVED, That the Board hereby approves and authorizes the Mayor, or his  
14 designee, to enter into on behalf of the City the Repayment Agreement with the Authority and  
15 the Indemnity Agreement with JSCO; and, be it

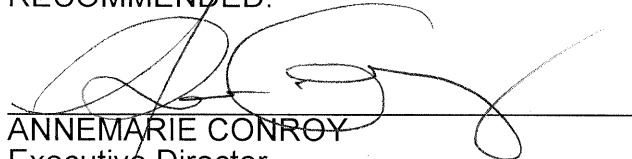
16 FURTHER RESOLVED, That the Authority authorizes the Mayor or his designee to  
17 enter into modifications to the Repayment Agreement or the Indemnity Agreement (including,  
18 without limitation, the attachment or modification of exhibits) that are in the best interests of  
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BROWN  
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1 the City, do not materially change the terms of the Repayment Agreement or the Indemnity  
2 Agreement, and are necessary and advisable to effectuate the purpose and intent of this  
3 resolution.

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RECOMMENDED:



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ANNEMARIE CONROY  
Executive Director  
Treasure Island Development Authority

MAYOR WILLIE L. BROWN, JR., SUPERVISORS AMMIANO, YEE, YAKI, BIERMAN and  
BROWN  
BOARD OF SUPERVISORS



# City and County of San Francisco

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

## Tails

### Resolution

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**File Number:** 990127

**Date Passed:**

Resolution approving and authorizing a repayment agreement with the Treasure Island Development Authority and an indemnity agreement with the John Stewart Company related to Treasure Island Housing.

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February 22, 1999 Board of Supervisors — ADOPTED

Ayes: 11 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Newsom, Teng, Yaki, Yee

File No. 990127

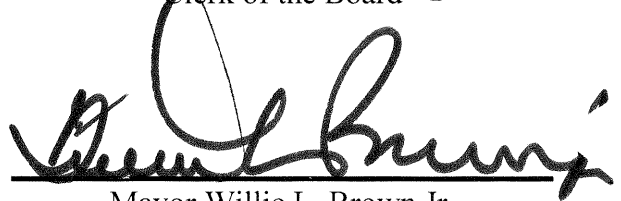
I hereby certify that the foregoing Resolution was ADOPTED on February 22, 1999 by the Board of Supervisors of the City and County of San Francisco.



Gloria L. Young  
Clerk of the Board

MAR - 5 1999

Date Approved



Mayor Willie L. Brown Jr.