

1 (Sublease and Property Management Agreement with John Stewart Company)

2 **Resolution Approving a Sublease and Property Management Agreement for Treasure**  
3 **and Yerba Buena Islands Market-Rate Rental Housing between the Treasure Island**  
4 **Development Authority and John Stewart Company, a California Corporation, Subject**  
5 **to the Approval of the City's Board of Supervisors**

6 WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and  
7 Yerba Buena Island (together, the "Base"), which is currently owned by the United States of  
8 America ("the Federal Government"); and,

9 WHEREAS, The Base was selected for closure and disposition by the Base  
10 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its  
11 subsequent amendments; and,

12 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,  
13 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit  
14 corporation known as the Treasure Island Development Authority (the "Authority") to act as a  
15 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and  
16 conversion of the Base for the public interest, convenience, welfare and common benefit of  
17 the inhabitants of the City and County of San Francisco; and,

18 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended  
19 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter  
20 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority  
21 as a redevelopment agency under California redevelopment law with authority over the Base  
22 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the  
23 Base which are subject to the Tidelands Trust, vested in the Authority the authority to  
24 administer the public trust for commerce, navigation and fisheries as to such property; and,

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1           WHEREAS, The Board of Supervisors approved the designation of the Authority as a  
2 redevelopment agency for Treasure Island in 1997; and,

3           WHEREAS, On January 24, 2012, the Board of Supervisors rescinded designation of  
4 the Authority as the redevelopment agency for Treasure Island under California Community  
5 Redevelopment Law in Resolution No. 11-12; although such rescission does not affect  
6 Authority's status as the Local Reuse Authority for Treasure Island or the Tidelands Trust  
7 trustee for the portions of Treasure Island subject to the Tidelands Trust, or any other powers  
8 or authority of the Authority; and,

9           WHEREAS, On March 17, 1999, The John Stewart Company ("JSCO") and the  
10 Authority entered into a Sublease, Development, Marketing and Property Management  
11 Agreement (the "Original Agreement") for the development, marketing and property  
12 management of up to 766 housing units, as shown on Exhibits B-1 and B-2 of the Original  
13 Agreement (the "Premises") at former Naval Station, Treasure Island, in San Francisco,  
14 California; and,

15           WHEREAS, The parties entered into the following amendments to the Original  
16 Agreement: a First Amendment dated August 15, 2000, to amend the Premises; a Second  
17 Amendment dated June 12, 2003, to amend the Phase 1 and 2 Premises and the Rent  
18 Schedule; a Third Amendment dated March 22, 2006, to extend the term of the Agreement on  
19 a month-to-month basis not to exceed the effective date of a disposition and development  
20 agreement between the Authority and a master developer for Treasure Island and Yerba  
21 Buena Island; and a Fourth Amendment dated August 8, 2006, to increase residential utilities  
22 rates; and a Fifth Amendment to Discontinue Earthquake and Flood Insurance dated October  
23 14, 2009; and,

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1           WHEREAS, On June 7, 2011, the San Francisco Board of Supervisors approved the  
2 Disposition and Development Agreement between the Authority and Treasure Island  
3 Community Development LLC, which became effective on July 14, 2011; and,

4           WHEREAS, the scheduled term of the Original Agreement expired on the effective date  
5 of the Disposition and Development Agreement, but continued thereafter on a month-to-month  
6 holdover basis; and

7           WHEREAS, On March 7<sup>th</sup>, 2014 the Authority issued and properly noticed a Request  
8 for Proposals ("RFP") for the Sublease and Property Management of Market-Rate Rental  
9 Housing, Treasure Island; and

10          WHEREAS, JSCO was the sole Respondent to submit a Response to the RFP by or  
11 before the April 18, 2014 Deadline for Submittal of Responses; and

12          WHEREAS The JSCO Response was reviewed and deemed responsive to the terms  
13 of the RFP by Project Office and Project Office staff then commenced negotiations with JSCO  
14 toward a new Sublease and Property Management Agreement for Market-Rate Rental  
15 Housing (the "Agreement"); and

16          WHEREAS, Project Office staff made presentation on the progress of negotiations at  
17 the May 14, 2014 Authority Board meeting and has subsequently completed such  
18 negotiations with JSCO; and

19          WHEREAS, The Authority and JSCO now desire to enter into a Sublease and Property  
20 Management Agreement for Market-Rate Rental Housing (the "Agreement") for up to 566  
21 units at former Naval Station Treasure Island in substantially the form of the Agreement  
22 attached hereto as Exhibit A (the "Agreement"); now, therefore be it

23          RESOLVED, That the Authority Board of Directors hereby approves the Agreement  
24 and authorizes the Director of Island Operations or her designee to execute said Agreement  
25 in substantially the form attached hereto as Exhibit A; and be it



1           FURTHER RESOLVED, That the terms of conditions of the Agreement shall not be  
 2 effective unless and until the Agreement is approved by the San Francisco Board of  
 3 Supervisors; and, be it

4           FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of  
 5 Island Operations or her designee to enter into any additions, amendments or other  
 6 modifications to the Agreement that the Director of Island Operations determines in  
 7 consultation with the City Attorney are in the best interests of the Authority, that do not  
 8 materially increase the obligations or liabilities of the Authority, that do not materially reduce  
 9 the rights of the Authority, and are necessary or advisable to complete the Agreement, such  
 10 determination to be conclusively evidenced by the execution and delivery by the Director of  
 11 Island Operations or her designee of the documents and any amendments thereto.

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 14                                      **CERTIFICATE OF SECRETARY**

15           **I hereby certify that I am the duly elected Secretary of the Treasure Island**  
 16 **Development Authority, a California nonprofit public benefit corporation, and that the**  
 17 **above Resolution was duly adopted and approved by the Board of Directors of the**  
 18 **Authority at a properly noticed meeting on June 11, 2014.**

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 22                                      Jean-Paul Samaha, Secretary

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