

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO**

**RESOLUTION NO. 18-03**

- WHEREAS, Beginning in 2006, the Port initiated an intensive planning process that has culminated in a project that would restore and redevelop an approximately 28-acre site located along the Central Waterfront comprised of (1) Seawall Lot 337, bounded by Third Street on the west, Parcel P20 and Mission Rock Street on the south, Pier 48 to the east, and China Basin Park on the north; (2) Pier 48; (3) China Basin Park; (4) the marginal wharf between Pier 48 and Pier 50; and (5) Parcel P20 (collectively, the “Site”); and
- WHEREAS, From 2007 to 2010, the Port conducted a community process that evaluated the unique site conditions and opportunities at the Site and built a public consensus for its future that nested within the policies established for the South Beach/China Basin Waterfront in the Port’s Waterfront Land Use Plan; and
- WHEREAS, In May 2010, by Resolution No. 10-32, the Port Commission awarded to Seawall Lot 337 Associates, LLC, a Delaware limited liability company (“Developer”), through a competitive process, the opportunity to negotiate exclusively for the mixed-use development of Seawall Lot 337 and Pier 48, and the Port Commission later added China Basin Park, the marginal wharf between Pier 48 and Pier 50, and Parcel P20 to the development (collectively, the “Project”); and
- WHEREAS, Developer is a wholly-owned subsidiary of Giants Development Services, LLC, which in turn is a wholly-owned subsidiary of San Francisco Baseball Associates, LLC, the Major League Baseball franchise holder of the San Francisco Giants; and
- WHEREAS, In March 2013, by Resolution No. 13-10, the Port Commission endorsed the Term Sheet for the Project; and
- WHEREAS, In May 2013, by Resolution No. 142-13, the Board of Supervisors found the Project fiscally feasible under Administrative Code, Chapter 29 and endorsed the Term Sheet for the Project, which is now known as “Mission Rock”; and
- WHEREAS, Port and City staff and Developer have negotiated the terms of the Disposition and Development Agreement (“DDA”) and related transaction documents that are incorporated into the DDA and provide the overall road map for development of the Project, including a

Financing Plan, an Infrastructure Plan, a Housing Plan, a Transportation Plan and a Transportation Demand Management Plan, a Workforce Development Plan, an LBE Utilization Program, and forms of an interim Master Lease, a Vertical Disposition and Development Agreement and a Parcel Lease; and

WHEREAS, Developer has engaged in an extensive community outreach process including community meetings, workshops, focus groups, formal and informal presentations, open houses and site tours; and

WHEREAS In November 2015, 74% of voters supported the Mission Rock Affordable Housing, Parks, Jobs and Historic Preservation Initiative (Proposition D, November 2015) (“Proposition D”), the ballot measure supporting reuse of the area and increasing the height limits for the Project, conditional upon Port Commission approval of a development plan for the Project; and

WHEREAS, Port financial staff have reviewed and confirmed the financial capacity of Developer in amounts sufficient to satisfy its obligation to fund its obligations under the DDA; and

WHEREAS, The parties wish to enter into the DDA substantially in the form on file with the Commission Secretary and incorporated in this resolution by reference; and

WHEREAS, Concurrently with this resolution, the Port Commission has taken or intends to take a number of other actions in furtherance of the Project, including: (1) consenting to amendments to the Planning Code that create the Mission Rock Special Use District (“Mission Rock SUD”) over the Site and related amendments to the zoning maps; (2) consenting to the Development Agreement as it relates to matters under Port jurisdiction; (3) approving the Design Controls, which provide more detailed land use controls for the Mission Rock SUD and conforming amendments to the Waterfront Land Use Plan; (4) approving and recommending that the Board of Supervisors approve a Memorandum of Understanding for Interagency Cooperation among the Port, and other City agencies with respect to approvals related to the subdivision of the Site and construction of infrastructure and other public facilities; (5) recommending that the Board of Supervisors approve formation proceedings for sub-project areas to Project Area I of City and County of San Francisco Infrastructure Financing District No. 2; and (6) a Memorandum of Understanding between the Port and the Treasurer-Tax Collector and the Controller regarding the collection and allocation of ad valorem and special taxes to the financing districts; and

WHEREAS, Under the DDA and other transaction documents, at full build-out, the Project will include: (1) 1.1 million to 1.6 million gross square feet (“gsf”) of new residential uses (an estimated 1,000 to 1,950 new residential units), at least 40% of which will be on-site housing affordable to a range of low- to moderate-income households as described in the Housing Plan in the DDA; (2) 972,000 to 1.4 million gsf of new commercial and office space; (3) 241,000 to 244,800 gsf of active retail and production uses on 11 proposed development blocks on Seawall Lot 337 in buildings that would range in height from 90 to 240 feet, consistent with Section 5 of Proposition D; (4) the rehabilitation and reuse of Pier 48, a significant contributing resource to the Port of San Francisco Embarcadero Historic District; (5) up to approximately 1.1 million gsf of above- and below-grade parking in one or two garages; (6) transportation demand management on-site and payment of impact fees that the Municipal Transportation Agency will use to improve transportation service in the area; (7) approximately 5.4 acres of net new open space for a total of approximately 8 acres of new and expanded open space, including an expansion of China Basin Park, a new central Mission Rock Square, and waterfront access along the shoreline; (8) public access areas, assembly areas, and an internal grid of public streets, shared streets, and utilities infrastructure; and (9) on-site strategies to protect against sea level rise; and

WHEREAS, The DDA governs: (1) Developer's obligations to complete horizontal development of the Project, including entitlements, site preparation, subdivision and construction work related to streets and sidewalks, public realm amenities (e.g., parks and open space), public utilities and shoreline area improvements (together, “Horizontal Development”), all to create development parcels and support and protect buildings; and (2) Developer’s option to ground lease developable lots in the Site for vertical development, all in accordance with all of the governing land use and entitlement documents, including the Development Agreement, Mission Rock SUD, and Design Controls; and

WHEREAS, The DDA also governs Developer’s obligations to deliver various public benefits, at full buildout, including: (1) reserving 40 percent of all on-site residential units for applicants making 45 to 150 percent of Area Median Income or less as further described in the Housing Plan; (2) approximately 5.4 acres of net new open space for a total of approximately 8 acres of new and expanded public open space maintained by special taxes paid by the onsite vertical developments; (3) elevation of the Site and shoreline protection special taxes to protect against sea level rise, storm surges and periodic flooding along the Port’s Bay waterfront; (4) robust local hiring, Local Business Enterprise commitments and good faith efforts as further described in the Workforce Development Plan and the LBE Utilization Program; (5)

commitments to renewable energy, vehicular trip reduction, water recycling and waste diversion as further described in the Sustainability Strategy; (6) commitment to in-lieu transportation fees and fair share contributions to City transit projects serving the Site and its surroundings; and (7) a City option for up to 15,000 square feet of on-site community facility space; and

WHEREAS, The DDA requires that, prior to Developer making any presentations to the Port Commission regarding the Schematic Design of public spaces, Developer will host at least one public presentation of its design and present the design to a committee of design professionals designated by the Port Director;

WHEREAS, The DDA includes a Schedule of Performance that includes outside dates for the completion of public infrastructure, including streets, utilities and parks; and

WHEREAS, The DDA provides the Port with remedies in the event that Developer does not meet its obligations under the Schedule of Performance or other provisions of the DDA, including specific performance and termination for material breach; and

WHEREAS, The DDA (1) establishes processes to ensure that the Port receives fair market value for the lease of all option parcels as established by appraisal or public offerings on the open market; (2) provides for on-site inclusionary affordable housing, with impact fees payable by developers of commercial parcels used to support development of the affordable housing; (3) provides for the use of nontrust revenue sources in the form of tax increment and special tax revenues to the extent necessary to ensure the Project's fiscal feasibility; and (4) provides for the Port to be repaid, with interest, from nontrust revenues for costs of constructing infrastructure and public facilities needed and desired to support development at the Site; and

WHEREAS, The Financing Plan provides that (1) Developer is responsible for funding all entitlement costs and the costs of constructing Horizontal Development to the extent other Project sources are not available, subject to reimbursement; (2) Developer's costs will be repaid with an 18% market rate of return (along with certain minimum return metrics) from a number of potential sources, including rent credits, lease proceeds, community facilities district and infrastructure financing district proceeds, and, at the Port's discretion, Port capital; and (3) after the Project reaches a certain rent threshold, Developer will participate in annual ground rent revenues as an incentive for efficient buildout of the Site; and

- WHEREAS, The Housing Plan includes measures to ensure that at least 40% of all residential units produced at the Site are affordable to low- and moderate-income households, with 24 of the lowest income units to be provided to youth transitioning out of the foster care system; and
- WHEREAS, The Port will enter into a memorandum of understanding with the Mayor’s Office of Housing and Community Development (“MOHCD”) to implement the Housing Plan and MOHCD will approve the on-site inclusionary unit locations, phasing, income verifications and marketing plan; and
- WHEREAS, The Infrastructure Plan includes the conceptual level planning elements of all the infrastructure systems necessary to serve the Mission Rock SUD and describes Developer’s obligation to complete streets and infrastructure to support development of the Site; and
- WHEREAS, The Transportation Plan requires, among other things, that (1) vertical developers pay a transportation fee that the Municipal Transportation Agency will use and allocate for transportation improvements in the area; and (2) Developer, building owners, and tenants implement a Transportation Demand Management Plan designed to reduce Project-related one-way vehicular auto trips by 20%; and
- WHEREAS, The Workforce Development Plan, together with the LBE Utilization Program, requires Developer and its contractors and subcontractors, vertical developers, and tenants, as applicable, to comply with applicable workforce provisions, including a 30% local hiring commitment, local business enterprise utilization, participation in the City’s “First Source” hiring programs, and up to \$1 million in funding to support expansion of CityBuild and workforce training; and
- WHEREAS, The Master Lease is a form that sets forth the terms and conditions under which the Port will lease the Site, other than Pier 48. to Developer when it is ready to begin constructing horizontal improvements, including parks, streets and utilities in accordance with the DDA, and, in the interim, for parking and special events and ancillary uses; and
- WHEREAS, Individual development parcels will be removed from the Master Lease upon completion of the horizontal improvements serving each parcel as they are leased to vertical developers, and streets and parks will be removed from the Master Lease upon acceptance by acquiring City agencies; and
- WHEREAS, The Vertical Disposition and Development Agreement is a form that sets forth (1) the conditions to a vertical developer’s acquisition of the

leasehold interest in each development parcel within the Site; and (2) applicable Port and City requirements for constructing the applicable vertical development project; and

WHEREAS, The Vertical Disposition and Development Agreement requires Vertical Developer to make an informational presentation regarding the consistency of its application to the Planning Department with the Mission Rock SUD and Design Controls to the Port's Central Waterfront Advisory Group ("CWAG") prior to final approval of each vertical development application; and

WHEREAS, The Parcel Lease is a form that sets forth the terms and conditions under which vertical developers will ground lease development parcels for a term of 75 years, and will be modified, as described in the DDA, to address circumstances unique to the development parcels; and

WHEREAS, The Project has been planned and designed, in consultation with the California State Lands Commission ("State Lands") and in accordance with Senate Bill 815 ("SB 815") (stats. 2007, ch. 660), as modified by Assembly Bill 2797 ("AB 2797") (stats 2016, ch. 529), to produce multiple public trust benefits; and

WHEREAS, After completion of a Public Trust Study that is approved by State Lands, SB 815 and AB 2797 authorize the Port to lease all or any portion of the Site free from the public trust use requirements for a term not to exceed 75 years from the initial occupancy date of the improvements developed on the parcel, but not beyond December 31, 2105; and

WHEREAS, Developer and Port staff have completed the Public Trust Study that describes the proposed uses in the Project and demonstrates their value to the public trust, and a copy of the Public Trust Study is on file with the Port Commission Secretary; and

WHEREAS, On October 5, 2017, the Planning Commission (1) reviewed and considered the Final Environmental Impact Report for the Seawall Lot 337 and Pier 48 Mixed-Use Project ("FEIR") (Case No. 2013-0208E); (2) found the FEIR to be adequate, accurate and objective, thus reflecting the independent analysis and judgment of the Planning Department and the Planning Commission; and (3) by Motion No. 20017, certified the FEIR as accurate, complete and in compliance with the California Environmental Quality Act ("CEQA"), the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code; and

- WHEREAS, At the same hearing, the Planning Commission approved the Project and in so doing, adopted findings under CEQA by Motion No. 20018, including a Statement of Overriding Considerations ( the “Mission Rock CEQA Findings”), and adopted a Mitigation Monitoring and Reporting Program (“MMRP”). A copy of the Planning Commission Motions, the Mission Rock CEQA Findings, and the MMRP are on file with the Port Commission Secretary and may be found in the records of the Planning Department at 1650 Mission Street, San Francisco, CA, and are incorporated in this resolution by reference as if fully set forth herein; and
- WHEREAS, The Port Commission has reviewed the FEIR, the MMRP and the CEQA Findings, and finds that the approvals before the Port Commission are within the scope of the FEIR and that no substantial changes in the Project or the circumstances surrounding the Project have occurred and no new information that could not have been known previously showing new significant impacts or an increase in severity in impacts has been discovered since the FEIR was certified; now, therefore be it
- RESOLVED, That the Port Commission adopts the Mission Rock CEQA Findings as its own and adopts the MMRP. Where applicable, the Port Commission has imposed the measures in the MMRP as conditions in the approval documents for the Project; and be it further
- RESOLVED, That the Port Commission hereby approves the Public Trust Study; and be it further
- RESOLVED, That the Port Commission hereby approves the DDA and finds that the Project is consistent with and furthers the purposes of the common law public trust and the statutory trust under the Burton Act; and be it further
- RESOLVED, That the Port Commission approves the development plan described in the DDA as a Development Plan under Section 4 of Proposition D; and be it further
- RESOLVED, That the Port Commission authorizes the Executive Director of the Port, or her designee, to execute the DDA, subject to Board of Supervisors’ approval, and recommends to the Board of Supervisors approval of the DDA; and be it further
- RESOLVED, That to the extent that implementation of the DDA involves the execution and delivery of additional agreements, notices, consents and other instruments or documents by the Port, including, without limitation, the Master Lease and instruments leasing development

parcels to vertical developers (such as the Parcel Leases and Vertical Disposition and Development Agreements) (collectively, "Subsidiary Agreements"), the Executive Director, or her designee, as she may deem necessary or appropriate in consultation with the City Attorney, is authorized to execute all such Subsidiary Agreements so long as the transactions governed by such Subsidiary Agreements are contemplated in, and comply with the terms of, the DDA, and with respect to the Master Lease, Parcel Leases and Vertical Disposition and Development Agreements, are substantially in the form of the Master Lease, Parcel Lease and Vertical Disposition and Development Agreement attached as Exhibits to the DDA; and be it further

RESOLVED, That the Port Commission authorizes and urges all officers, employees, and agents of the Port and the City to take all steps that they deem necessary or appropriate, to the extent permitted by applicable law, in order to implement the DDA in accordance with this resolution, including preparation and attachment of exhibits, execution of subsequent documents, or to otherwise effectuate the purpose and intent of this resolution and the DDA as described in the in the staff memorandum accompanying this resolution; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director of the Port, or her designee, to enter into any amendments or modifications to the DDA that the Executive Director determines, in consultation with the City Attorney, are in the best interests of the Port, do not materially decrease the benefits to or materially increase the obligations or liabilities of the Port, and are in compliance with all applicable laws.

***I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of January 30, 2018.***

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Secretary