

Piers 38-40 TERM SHEET

(July 1, 2022)

As required in the Exclusive Negotiating Agreement (“**ENA**”) dated as of March 12, 2021, for reference purposes only, this Term Sheet sets forth the basic terms and conditions on which the parties agree to further negotiate and that will be refined and set forth in more detail in the lease disposition and development agreement (“**LDDA**”), the lease (the “**Lease**”), and related transaction documents between Port and San Francisco Waterfront Partners III (“**SFWP III**” or “**Developer**” or “**Tenant**”).

This Term Sheet is not intended to be, and will not become, contractually binding unless and until environmental review has been completed in compliance with the California Environmental Quality Act and the parties are able and willing to execute and deliver a mutually acceptable LDDA, Lease and related transaction documents regarding the Project. In addition, under San Francisco Charter, no officer or employee of the City and County of San Francisco (the “**City**”) has authority to commit the City to the transaction contemplated herein unless and until the San Francisco Port Commission has approved the transaction documents and the San Francisco Board of Supervisors (“**Board**”) of Supervisors has approved the form of Lease.

1. **Parties:**

Developer/Tenant: SF Waterfront Partners III LLC, a Delaware limited liability company (“**SFWP III**” or “**Developer**” or “**Tenant**”) which is composed of a managing member company, Pacific Waterfront Partners LLC, a Delaware limited liability company, established by Simon W.R Snellgrove.

Landlord: City and County of San Francisco (the “**City**”), acting by and through the San Francisco Port Commission (the “**Port**”).
2. **Premises or Site:**

An approximately 252,000 s.f. (about 5.7 acre) pile-supported structure along the Embarcadero roadway, along with adjacent open water areas, and substructures, commonly known as historical Piers 38-40, as more particularly shown on **Exhibit “A”** attached hereto (“**Piers 38–40**” or the “**Site**”).
3. **Proposed Development Program:**

A mixed-use development (the “**Project**”) generally consistent with Developer’s Development Concept submittal dated March 1, 2022 attached hereto as “**Exhibit B**” (the “**Development Concept**”) that will redevelop the Site consistent with the Secretary of the Interior Standards for Rehabilitation, and is anticipated to include the following uses (subject to Section 31 (Trust Consistency) and Section 32 (Regulatory Approval) below:

 - (i) Expansion and improvement of maritime facilities and related production distribution and repair (PDR) requirements (Maritime support) for a water-oriented

transportation hub accommodating water taxis, ferries, tour boats, and visitor docks (subject to the provisions at the end of this Section 3);

- (ii) a flexible, covered market and entertainment space at Pier 40 that will be programmed in accordance with a restaurant opportunity and diversity program designed to attract small businesses from underserved communities;
- (iii) perimeter public access around the pier aprons, and areas of interior public access to provide the public with opportunities to view the interior historic pier structures;
- (iv) an array of community benefits, including public meeting facilities, free space for a nonprofit workforce development and community meeting use and publicly-available water amenities;
- (v) up to approximately 20,000 s.f of restaurant and retail space, in addition to the Pier 40 public plaza/market described above;
- (vi) up to approximately 215,000 s.f. of rentable general office use within Piers 38 and 40.

The Parties acknowledge that the feasibility of the proposed commercial and recreational berthing will depend on creating and maintaining adequate water depth to accommodate those activities, which will require further study. The use of the Project as a water-oriented transportation hub accommodating water taxis, ferries, tour boats, and visitor docks may depend on physical, regulatory and economic feasibility of initial and maintenance dredging to accommodate these uses. The LDDA will reflect agreement by the Parties as to the regulatory strategy and sources of funding for these types of activities.

4. Total Development Cost and Sources of Funding:

The proposed Project is estimated to cost approximately \$528 million as of May 2022, subject to escalations over time. Projected funding sources and uses for the Project are set forth on “**Exhibit C**” attached hereto (the “**Development Budget**”) and are anticipated to include the following:

- a. 20% Federal Historic Tax Credit for all eligible historic rehabilitation costs.
- b. CFD Mello Roos Funding (or equivalent public finance sources) backed by a dual pledge of special

taxes and Infrastructure Financing District (“**IFD**”) tax increment to pay for eligible public improvements, including substructure costs, as more particularly described in item 5 below.

- c. Resiliency Fund: Port and Tenant have agreed to work together to marshal finances to fund resiliency improvements not reflected in the development budget currently estimated at \$58 million. Tenant acknowledges that the Port has authorized Port staff to explore options up to the \$58 million amount for such purposes. Notwithstanding, Port acknowledges that Tenant will also seek supplemental external funding for Project-related resiliency improvements in excess of the \$58 million, as well as for Project-related non-resiliency items, including additional maritime activities and additional community benefits for which funding is not currently identified in the development budget
- d. Developer equity and debt to fund Project costs.

Tenant’s Development Budget must support the feasibility of the constituent elements of the proposed development, and the feasibility must be mutually agreed upon by the Port and Tenant, which agreement shall not be unreasonably withheld, conditioned or delayed. Tenant is responsible for providing the Port with a balanced development pro forma that takes into account reasonable sources and uses, feasible financial projections and assumptions, Developer return, and all Port Revenue (defined in Section 16 below) of any kind and ample reserves for debt service, maintenance and operation reserves.

5. Public Financing Structure

The Port and Tenant intend that the Project will utilize CFD Mello-Roos bonds, or equivalent source of financing (“**CFD Financing**”), backed by a dual pledge of special taxes and Infrastructure Financing District (“**IFD**”) tax increment (“**IFD Financing**”) to pay for eligible public improvements, including substructure costs. This will allow CFD and/or IFD bond proceeds to be used early in the project to pay for eligible development costs directly, to reimburse Tenant for its equity investment plus commercially reasonable return to be specified in the LDDA, and/or to repay construction debt and debt service. The parties intend to seek and issue the first tranche of CFD Financing after lease execution, with the timing and maximum amount of special taxes to be determined in consultation with the City’s Office of Public Finance, prospective underwriters, and the City’s and/or Port’s public finance consultants. After construction is complete,

an IFD is assumed to be utilized that will apply up to 65% of the 1.0% Ad Valorem millage rate over a to-be-established base year as an IFD re-capture. The IFD cash flow will be used to service the payments arising from the CFD Financing, and to pay directly for public improvements.

Tenant, at its discretion, may request that Port, after consideration of market conditions and input from applicable City agencies, including its Controller's Office, undertake the process to form a services CFD for ongoing operations and maintenance of public access areas and other eligible public improvements.

6. **LDDA Effective Date and Period to Close Escrow:**

The LDDA Effective Date shall begin on the date the Parties fully execute the LDDA, after approval by the Port Commission and Board of Supervisors, as applicable. The LDDA shall terminate upon the recording of a Certificate of Completion, unless earlier terminated in accordance with its terms.

Tenant must close escrow (“COE”) within eighteen (18) months of LDDA Effective Date, subject to two six-month extension options so long as Tenant is not then in default under the LDDA, upon payment of an extension fee described in item No. 8 below, and further subject to extension for delays caused by events of force majeure (the “**Outside Date**”). If COE does not occur by the Outside Date, the LDDA will terminate.

7. **LDDA Key Issues to Address:**

Specifically, among other matters:

- a. The conditions to the Close of Escrow;
- b. The Delivery of the Site under the Lease;
- c. The scope of the Developer's obligations to construct the Project;
- d. The Schedule of Performance for various obligations and performance benchmarks, including provisions for defined force majeure events;
- e. Certain First Source Hiring Program, LBEs, Local Hire, and Prevailing Wage Provisions; and
- f. The terms and conditions of a financing plan designed to achieve a financially feasible project using a variety of public and private financing sources, including tax-exempt bonds; tax increment; tax credits; federal, state and local grants and/or loans; and private equity and debt.

- g. Detailed plan to promote diversity, equity and inclusion ("DEI") of other community benefits, as generally contemplated in Exhibit D.
 - h. Developer's assumption, or other fulfilment of Port debt obligations (including California Boating) associated with the Project on or prior to termination of subleases funding debt service on the Port's debt attributable to the Premises.
- 8. **LDDA Extension Fee:** Tenant may extend the time for COE for up to two (2) six-month increments upon the payment of \$50,000 for each six-month extension period, as consideration for having exclusivity over the Premises during the LDDA Term (the "**LDDA Fee**"). The LDDA fee will not be prorated.
- 9. **LDDA Termination Fee and Assignment of Project Materials:** If the LDDA terminates before the Close of Escrow, due solely to a Tenant event of default, Port shall be entitled to retain any Payment Advances previously paid to Port, and upon request, Developer shall assign to the Port its Project Materials and Structural Materials, consistent with the requirements of the ENA, and any and all Project entitlements received as of the termination date. If a third-party seeks to obtain and use the Project Materials and Structural Materials assigned to the Port, the third-party will be required to negotiate appropriate compensation for the incremental value of the work product.
- 10. **Period to Complete Construction** The LDDA will require Tenant to diligently pursue construction of the Project to completion, and will also provide that it will be an event of default if Developer suspends or abandons work on the Project for more than 180 consecutive days (subject to extension for force majeure events). The LDDA will also include a schedule of performance to be negotiated prior to the execution of the LDDA that will include an outside date for commencement of construction, subject to force majeure extension. The LDDA will also require delivery of a Completion Guaranty or payment and performance bonds (as more particularly described in Section 12 below) that will secure Tenant's construction obligations. At this time, Developer anticipates construction of the initial phase of the Project to take approximately 30 months.
- 11. **Reimbursement of Port's Transaction Costs:** Developer will reimburse Port for all of Port's reasonable direct transaction costs, including, but not limited to, Port and City Attorney staff time, incurred during the term of the LDDA, including any extension periods based on the reasonable direct costs incurred by the Port. The LDDA will include detailed procedures and reporting requirements that are designed to

accurately forecast and track Port expenses on a quarterly basis and ensure that eligible reimbursable invoices are submitted and paid in a timely manner, but shall generally be consistent with the cost estimate and payment advance structure set forth in the ENA, including provisions relieving Developer from payment obligations for untimely invoices (*e.g.*, more than fourteen months for Port staff costs). Accrual of new reimbursable transaction costs shall cease upon issuance of the Certificate of Completion. Developer's obligation to reimburse the Port for accrued unpaid transaction costs shall survive the expiration, termination or issuance of the Certificate of Completion.

12. Performance and Payment Bond:

Upon Port's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed Tenant may provide the Port with a Completion Guaranty from an entity satisfying minimum net worth requirements to be defined in the LDDA in lieu of a Payment and Performance Bond from Developer's General Contractor, before commencement of construction under Port-issued building permits, guarantying completion of construction of the proposed improvements to the Premises, including timely performance of construction of the improvements, and timely payment of all construction materials and labor, and all applicable fees.

13. Lease Term:

66 years (inclusive of options, with initial term expected to be 50 years) pursuant to the terms of the LDDA and confirmation via sea level rise modeling for the 50-year outlook for the pier deck levels.

14. Lease Commencement Date:

Close of Escrow under the LDDA.

15. Base Rent ("Base Rent") Commencement Date:

\$120,000 per annum to be paid in monthly installments of \$10,000. The annual Base Rent amount will be increased every five years by 15.0% with the initial rate based upon January 1, 2025 (aka, Base Rent as of January 1, 2030, will be \$138,000 and \$158,700 as of January 1, 2035, etc.). Base Rent shall accrue commencing upon the earlier of (i) the outside date for completion of construction to be set forth in the schedule of performance (subject to extension for force majeure events), or (ii) the date the Project receives a temporary certificate of occupancy ("TCO"). Notwithstanding the initial Base Rent rate continuing to escalate, Tenant's obligation to pay the Base Rent payments shall commence only as of the date the Project receives a TCO, provided, however, all Base Rent accrued prior to receipt of a

TCO, if any, shall be due and payable within thirty days after the date the Project receives a TCO.

16. **Performance**
Participation Rent:

As participation rent, once the Base Rent (\$120,000, initially) has been achieved each year, Port will receive a percentage (%) of modified net revenues (net revenues less expenses such as possessory interest tax, utilities, offsetting CAM revenues and expense, etc., to be further defined in the Lease), calculated annually (“**Percentage Rent**”, and collectively with Base Rent and Participation Revenue above Base Rent, as defined below “**Port Revenue**”). The Port’s percentage share will be at a fixed rate that marginally increases as project revenues increase, with percentage share and revenue hurdles to be further defined and detailed by Port and Tenant prior to approval of the LDDA, but will be within a range of between 0.5% to 4% based on tiers of net Project revenues to be negotiated by the Parties. The Project assumes there will be no offsetting rent credits.

Developer will submit a Complete Project Underwriting Package ‘Project Underwriting’ with a detailed estimate of total project costs including hard and soft costs, finance costs, and expected lease rates, Developer return, with a pro forma projecting Developer and Port income. Port and Developer will use this package to negotiate the LDDA.

17. **Port Revenue**
Participation Upon
Sale & Port
Revenue
Participation Upon
Refinancing:

The Port shall receive profit participation (“**Participation Revenue**” as described in this Section 17) that allows the Port to benefit in the upside potential of the Project. On a total project basis, the Port shall receive between 5% and 10% of net sales proceeds. The Lease will set forth the final percentage and definition of net sales proceeds, but at a minimum, net sales proceeds will deduct the seller’s project cost basis or prior sale valuation and commercially reasonable, customary transaction costs incurred by Tenant to effectuate the transfer or sale.

After permanent financing is secured upon stabilization, when any subsequent refinancing takes place, the Port will be entitled to a refinancing fee between 5% and 10% of the net proceeds of the refinancing (i.e., refinancing proceeds net of costs and expenses associated with the refinancing, amounts used to pay off all existing leasehold loans and any portion of refinance proceeds that are used for the benefit of the Project, including loan proceeds that are designated for investment in building improvements, substructure costs or resiliency improvements). The Lease will set forth the final percentage and definition of net proceeds of refinancing.

18. **Deposits:** No later than sixty (60) days prior to the estimated opening date of the Project, Tenant shall provide the Port with its operations plan related to use, storage and disposal of hazardous materials in the Project, which plan will include a list of hazardous materials and their quantities, in the Project. After Port’s review of the operations plan, Port may require tenant to deposit an Environmental Oversight Deposit not to exceed Ten Thousand Dollars (\$10,000), which can be provided through a cash deposit, a letter of credit or other mutually acceptable form of credit enhancement.
- On or before execution of the Lease, Tenant shall provide the Port with a security deposit for performance under the Lease in an amount equal to two months of then current Base Rent due under the Lease.
19. **Payment of Impositions** Tenant shall pay when due all impositions, such as real and personal property tax, possessory tax, licensee fees, or periodic permits, as applicable.
20. **Uses:** Tenant may use the Premises for uses consistent with the Development Concept (collectively, the “**Permitted Uses**”), and for no other uses without the prior written consent of the Port, not to be unreasonably withheld, conditioned or delayed, and further subject to Section 31 below (Public Trust consistency).
21. **As-Is Condition:** Premises will be delivered in its as-is condition. Port will provide or make available to Tenant all prior studies and reports in its possession pertaining to the Premises in advance of executing the LDDA.
22. **Assignment and Transfer:** Prior to issuance of a certificate of completion for the initial improvements, SFWP III (or, if different, the Developer entering into the LDDA and Lease) may not assign the LDDA or Lease, or transfer more than 50% of the legal and beneficial interests in the Developer (in either case, a “**Transfer**”), without the Port’s prior written consent which may be withheld in its sole discretion; provided, that so long as Pacific Waterfront Partners, LLC (or an affiliate it controls) has the power to direct the day-to-day management of Developer, a Transfer to a qualified investor meeting certain financial and experience qualifications to be set forth in the LDDA and Lease will be subject to approval of the Port in its reasonable discretion. The LDDA and Lease will allow for certain transfers without Port consent, including certain affiliate transfers and assignments or subleases to an entity solely

for the purpose of taking advantage of the Historic Preservation Tax Credit.

From and after the date six months after the issuance of the Certificate of Completion, Port approval, not to be unreasonably withheld, will be required for Transfers, with the exception of Transfers to affiliates, entities meeting agreed-upon experience and financing qualifications, and Transfers that do not result in a change in the person or wielding power to direct the day-to-day management of Tenant.

In the event of any Transfer, the Tenant must provide Port notice within thirty (30) days after the effective date of the applicable Transfer, notice of the occurrence of the Transfer, or in the case of an assignment, an executed counterpart of the assignment agreement.

Port shall receive Participation Revenue (as described in Section 17 above) in connection with any Transfer.

23. Intentionally Omitted:

N/A

24. Leasehold Financing:

Tenant has the right to obtain construction financing, mezzanine financing, other interim financings, and permanent take-out financing from bona fide institutional lenders for the development of the Project that will be secured by Tenant's leasehold interest. Private financing must not (i) impair the Port's and Tenant's ability to implement the public financing scheme as contemplated in Section 4 (Total Development Cost and Sources of Funding), (ii) impose conditions upon Port unless agreed to by Port in its sole discretion, subject to leasehold mortgagee provisions included in the LDDA/Ground Lease generally consistent with such provisions in other Port ground leases for comparable projects, or (iii) encumber Port's fee interest in the Premises.

25. Maintenance and Repair of all components of the Project

Sole responsibility of Tenant. Port will have no maintenance obligations with respect to the Site.

26. Utilities:

Port makes no representation regarding existing utilities (including water and sewer) or need to construct new utilities (including water and sewer) or relocate existing utilities (including water and sewer) for development of the Project. Sole responsibility of Tenant.

27. **Hazardous Materials:** Sole responsibility of Tenant, provided Tenant will not be responsible for any pre-existing hazardous materials so long as they are not released or exacerbated by Tenant or its agents or invitees.
28. **Possessory Interest and Other Taxes** Tenant will be required to pay possessory interest taxes on the assessed value of its leasehold interest in the Site as of the earlier date of LDDA or Lease. Tenant also will be required to pay other applicable city taxes, including parking, sales, and payroll taxes, and special assessments imposed under applicable CFDs.
29. **No Subordination of Fee Interest or Rent:** Under no circumstance will Tenant place or suffer to be placed any lien or encumbrance on Port's fee interest in the Premises. Port will not subordinate its interest in the Premises nor its right to receive rent to any mortgagee, whether such mortgagee is a public entity or private party.
30. **Insurance Requirements** Throughout the term of the Lease, Tenant must maintain insurance in amounts and with limits determined appropriate by the Port and with carriers acceptable to the Port in consultation with the City's Risk Manager.
- Insurance will include (but is not limited to): commercial general liability; workers' compensation; property insurance; automobile liability; personal property; business interruption; builder's risk; pollution legal liability and various maritime coverages, if applicable. The Port and City must be named as additional insureds/loss payees.
- Insurance will include waivers of subrogation.
31. **Trust Consistency:** Tenant agrees to cooperate if Port determines it requires Tenant to submit its Trust Consistency plan to the Port for review and comments. Tenant's use of the Site shall be consistent with the public trust for commerce, navigation and fisheries, and the Burton Act, as may be determined in consultation with the Port and the State Lands Commission. If appropriate or necessary, Port will work with Tenant to obtain a trust consistency letter from State Lands Commission staff or approval of the proposed project from the State Lands Commission.
32. **Regulatory Approval:** Tenant is responsible for obtaining all regulatory approvals, at its sole cost and expense. Port shall reasonably cooperate in such efforts, including applying as a co-permittee where required so long as Tenant assumes all obligations under the permit at its sole cost and expense.

- 33. **Standard Lease Terms:** The Lease will include other lease terms generally consistent with other Port leases on projects of this scale and complexity, including but not limited to force majeure event provisions.
- 34. **List and Analysis of Public Benefits:** Tenant is responsible for providing a list of the DEI and expected public benefits of the Development (as generally described in Exhibit D) along with quantitative characterization of the benefits. The benefit list and its characterization are subject to the mutual determination of the Port and Tenant and Port shall not unreasonably withhold condition or delay its approval.
- 35. **Port Regulatory Authority:** Port shall issue building permits for the Project.

Attached Exhibits:

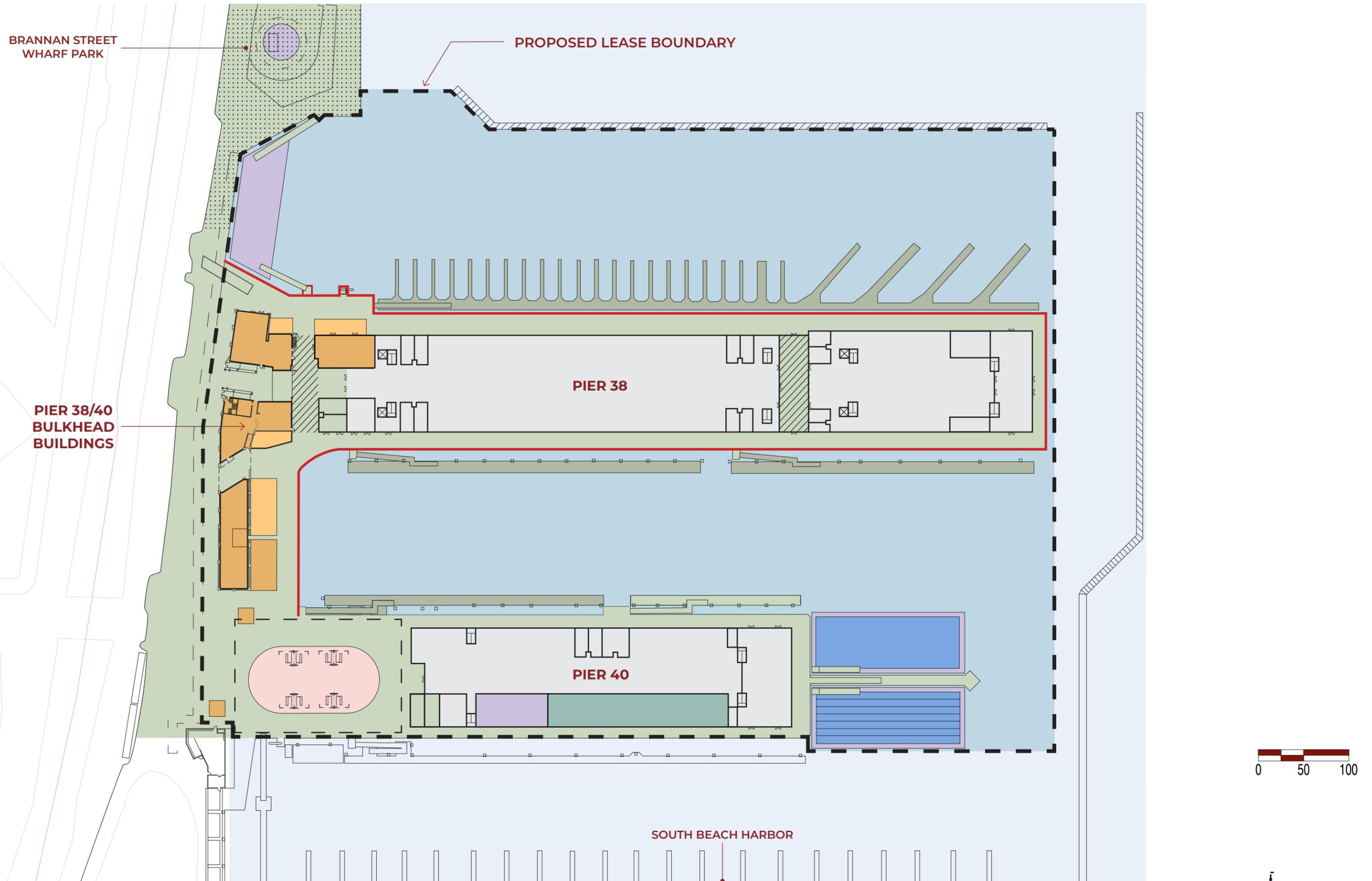
Exhibit "A," Site Map

Exhibit "B," Development Concept

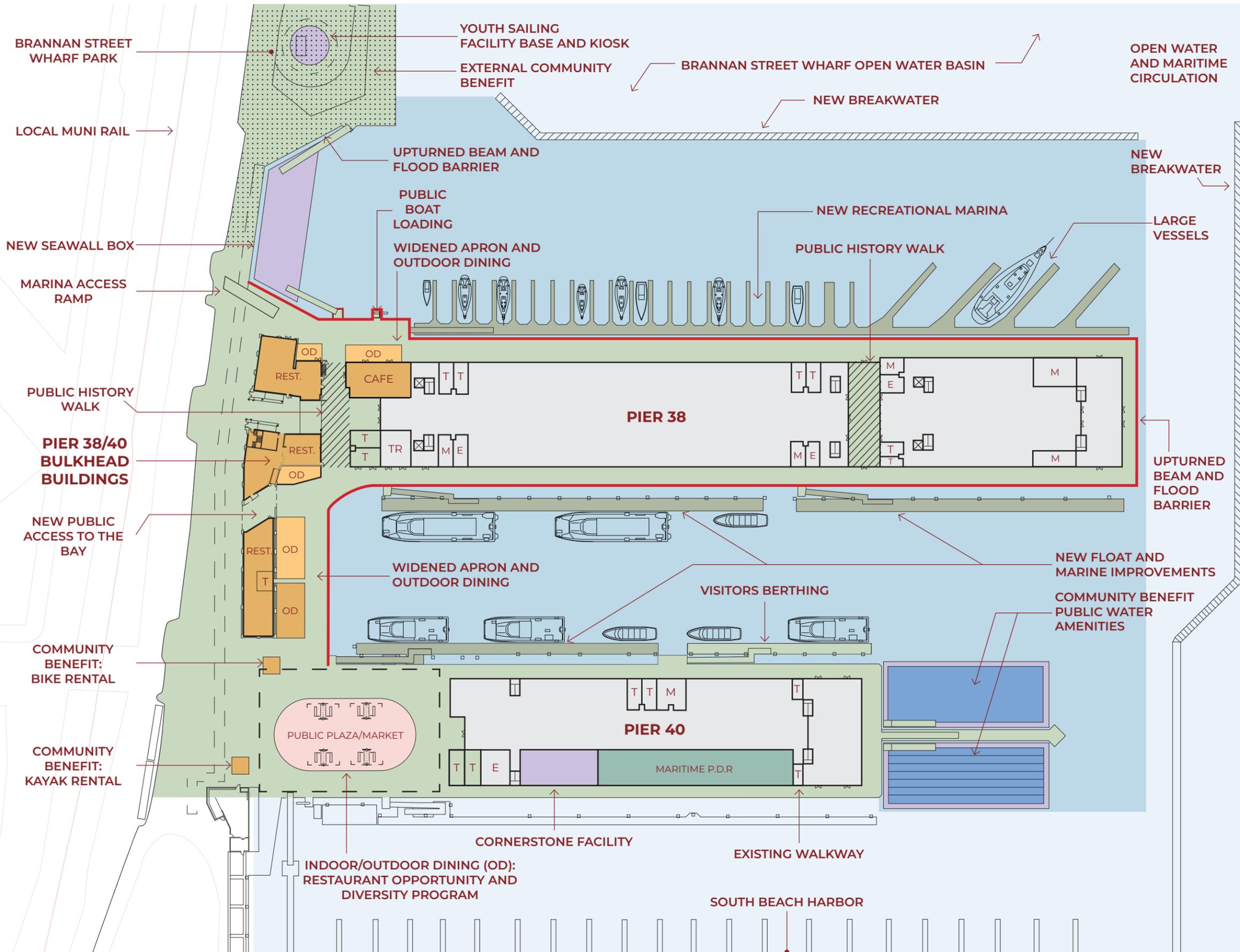
Exhibit "C," Development Budget

Exhibit "D," DEI and Community Benefits

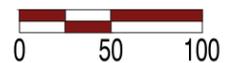
Piers 38-40: Proposed Lease Area



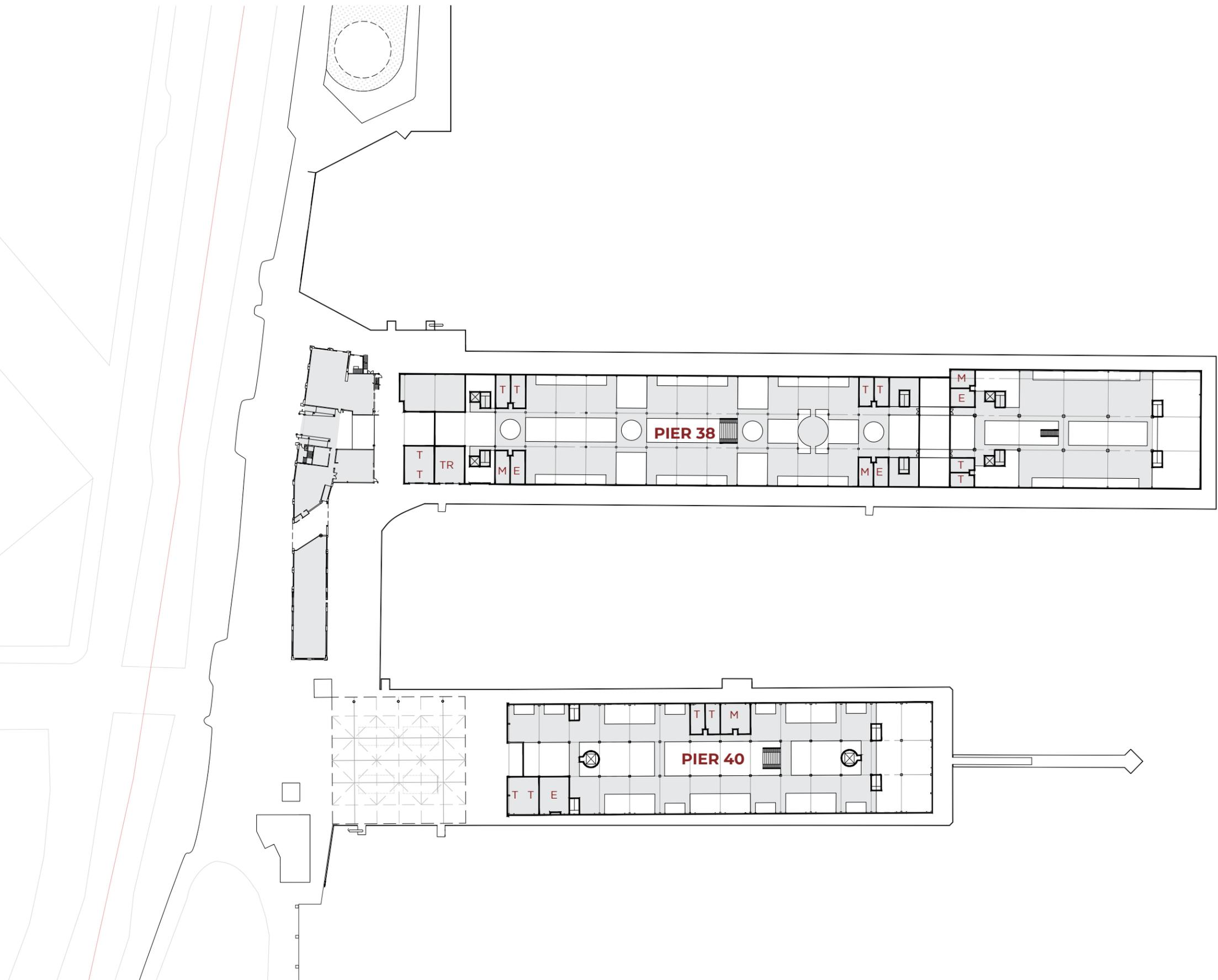
Piers 38-40: First Level Floor Plan & Proposed Uses



Legend	
	1A - Public & Maritime Access
	Restaurant / Retail
	Public History Walk
	1B - Ticketed / Berthing Charge
	Maritime P.D.R. / Public Use
	Community Benefit
	External Community Benefit
	Restaurant Opportunity and Diversity Program
	Outdoor Dining
	General Office
	Leased Water
	Water Amenities
	Upturned Beam and Flood Barrier



Piers 38-40: Mezzanine Level & Proposed Use



Legend	
	General Office



Piers 38-40 Development Budget

	Base Project	Add'l Resiliency	Deferred Maritime	Total
Approximate Sources				
A Private Capital	336,000,000			336,000,000
B Tax Increment Financing/Mello Roos	19,000,000			19,000,000
C Historical Tax Credits	65,000,000			65,000,000
D Government Funding		58,000,000		58,000,000
E Grants/Loans/CAM			50,000,000	50,000,000
Total	420,000,000	58,000,000	50,000,000	528,000,000

Piers 38-40 Development: DEI Initiatives & Community Benefits

I. Overall Concept and Vision

Pacific Waterfront Partners, LLC (“PWP”) has been selected by The Port of San Francisco (“Port”) to partner with them in the rehabilitation and adaptive reuse of Piers 38-40 (the “Project”). PWP has committed to meet or exceed the Goals and Objectives set forth in the Draft Update of the Waterfront Land Use Plan (“WLP”) and further elaborated upon in the Port’s Requests for Proposals to which PWP responded.

While achieving the Port’s goals of fully embracing diversity, recreation, and entertainment, we are familiar with, and will fully embrace, the mission of the BCDC and State Lands and will partner with the Port in achieving their objectives. By providing an environment where these three elements co-exist, this next-generation Waterfront “playground” experience is envisioned to attract stakeholders, the local public and visitors back to the City time and again. Our objective is to create a unique and amazing *People Place*, with thoughtful planning, architecture, and programming to set a new example for how excellence in historic rehabilitation and adaptive re-use can be achieved while incorporating the goals and objectives of numerous entities that nurture the future and well-being of the Waterfront.

Key Points of the Vision:

Activate

Designed by a team of architects and planners who have extensive San Francisco Waterfront experience and set outstanding precedents for drawing people together in urban environments, both locally and abroad. The redesigned Piers represent forward-thinking that increases the lifetime of the Piers for everyone to enjoy and add to the city of San Francisco’s resiliency. The most popular waterfronts in the world today allow people to connect to the water in the most intimate of ways: public bathing and swimming, boating, fishing, picnicking, and working. Innovation is certainly called for at Piers 38-40.

Renew

Change needs to be thought of as beautiful and exciting, not as perilous and threatening. Pledging that the waterfront will be accessible to everyone, includes welcoming an economically challenged constituency, which is paramount. A more inviting and “fun” area with a greater emphasis on affordability for young singles, families and for older people for whom the City is becoming too expensive, will help to recalibrate development along the entire Waterfront. To create a vibrant and inclusive project for all is second nature in San Francisco.

Value

We envision extending the public improvements beyond the site boundaries, to a point that is financially feasible, as we consider ourselves one of the many team players in the community. Bordered by the Brannan Street Wharf Park to the North and South Beach Park, the Giants Promenade, South Beach Harbor and Oracle Park to the South, there are numerous assets to protect and compose synergy with, in the South Beach district.

Piers 38-40 Development: DEI Initiatives & Community Benefits

II. Land Uses

i. Maritime/Maritime Support

Recreational berthing facilities have proven to be very popular in South Beach Harbor. To the North of Pier 38, we have planned 25 marina berths and 1,475 LF of head dock, for which there is a long waiting list at South Beach Harbor. This will not only increase the capacity marginally, but from a planning standpoint, integrate Piers 38-40 into a Maritime atmosphere which integrates work and play on the waterfront.

Support facilities and boat access would come from the North verge of Pier 38 where boat hoisting and launching facilities would be incorporated into the project. A Junior Sailing Facility will be located at the West end between the North verge of Pier 38 and the South end of the Brannan Street Wharf Park. It will be operated to afford economically challenged families access with little charge, or a sliding scale basis. This public project would be funded by a combination of IFDs, CFD's and Cal Boating grants and maintained from an economic sustainability standpoint with subsidies from CAM funds from the Project.

A water-borne transportation hub will be created between Piers 38-40 consisting of 1,290LF of water taxi/guest and ferry docks. Landing for larger ferries, water taxis and other ticketed public vessels would be located at the Western part of the South side of Pier 38 and the North side of Pier 40, affording faster on and off boarding. The Eastern end of the two new landings would be available, free of charge for short term berthing for visitors. It will also serve, emergency response and Port vessels from the Bay Area as is the case with Pier 1½. The entire berthing area would be subject to a Port Boating Management agreement, compliance with which would be monitored by the Project's security team.

Free two-hour landing facilities for recreational boating, and other waterborne recreational activities, would extend along the Eastern half of the North side of Pier 40. Subsidized water taxi berthing encourages growth in water taxi transportation. Kayaks and other human powered craft would be accommodated along the extreme Western end of Piers 38 and 40, clear of berthing activities for other vessels.

The necessary Maritime support facilities for South Beach Harbor such as public restrooms, storage, trash handling, cleaning and related PDR support spaces will be integrated into the planning from the South of Pier 40 to the Brannan Street Wharf Park and managed by the Project.

III. Public Access & Port History Walk

The proposed project incorporates a perimeter Port Walk to integrate the public spaces into the structural rehabilitation of the Piers. A transparent balustrade sitting atop an upturned beam line the perimeter Port Walk to preserve maximum visibility of the water, to mitigate sea level rise. Additionally, areas for picnicking, fishing, and other recreational offerings will allow people to further engage with the water.

Two History Walks will be created bisecting the East - West length of the Pier 38 "Shed" to

Piers 38-40 Development: DEI Initiatives & Community Benefits

afford public views of the Bay from North to South.

The Eastern History walk will be glass walled to enable the Public to view the exposed structure of the original 1908 shed building on the West side and the 1932 addition to the East side.

The Western History Walk will be extensive, stretching from North – South passageway to the Street and providing a great area for extensive displays celebrating the rich cultural history of the surrounding neighborhoods and the history of the two Piers.

IV. Retail & Entertainment

Supporting community functions for non-boaters will be created on the expanded aprons between the Piers, and in the area of Pier 40 that is currently a surface parking lot. The public plaza, protected by a prominent glass canopy, will be usable from day to night, rain or shine, with year-round and seasonal programming for events such as a Latin food market, night and seasonal/holiday markets, and will serve as a venue to support programming for conventions and major events that come to the City.

Market rate dining at traditional restaurants and affordable food vendor options on the public plaza, will be offered in the Pier 38 historical bulkhead building and outdoors beneath the canopy, respectively. Traditional restaurants at Pier 38 will have outdoor seating areas to maintain the visual connection to the water and offer people watching along the Port Walk. We are targeting Pier 38 retail tenants who have a small business and diverse profile.

Affordable food vendors will be subsidized by the Project, with no minimum rent charge, and availing infrastructure on the public plaza needed for “plug and play” kitchens and seating. The integration of photovoltaic panels in the grand canopy will generate electrical provisions. At the ground plane, built-in plumbing and grease interceptor(s) will allow for seamless access, enabling quick turnover from a food plaza to a concert hall.

This subsidization is practiced in global cities such as Singapore (Newton Circus and the East Coast Parkway); Hong Kong (Stanley Market) and other areas of the world and has helped keep the cost of eating out much lower than what San Francisco restaurateurs and markets currently charge. Ultimately, this will enable aspiring and emerging chefs who are local and of minority, to build a foundation toward ownership of their own restaurant enterprise.

The water basin between Piers 38-40 is seen as another prime public space where an outdoor amphitheater is planned to be an extension of the apron. A floating stage will be brought in for events, both free and ticketed. Onlookers will have several options to enjoy the entertainment on stage, from the outdoor dining area, the Port Walk, balconies of the bulkhead and shed buildings, and the public plaza. This will be the first of its kind along the City’s waterfront.

V. Community Benefit Space

PWP will be donating space to Cornerstone Institute for Anointing (CIA), a sister company to Cornerstone Facilities Consulting (CFC), a Disadvantaged Business Enterprise (DBE). CI’s mission is to provide training to produce the most optimum workforce to meet the current industry demand for the most relevant skills available worldwide. The Pier 38-40 Project will provide

Piers 38-40 Development: DEI Initiatives & Community Benefits

them with permanent space for learning facilities to pursue their mission. PWP will partner with the Port to encourage and support the participation of other similar DBE's.

As to the existing tenants on Pier 40 who are either non-profit, such as BAADS, or support facilities and services for local enterprises such as charters, riggers, rentals, or that serve a public purpose, such as the Port's storage facilities, we would strive to maintain the terms of their leases to the extent feasible.

For families with young children, the addition of a Youth Sailing facility, proposed as a substantial steel barge float. A public kiosk to be designed in consultation with the Port and the community will provide space to support and manage the facility, provide refreshments to the public, and will serve as a landmark beacon for Brannan Street Wharf Park and Pier 38. The facility would be connected by two ramps to a large floating dock, as has been done by yacht clubs elsewhere around the Bay. It would support an adequate number (approx. 20) of sailboat lockers to securely accommodate the sailing dinghies and related equipment to provide a safe launching pad. The float will be located between the Park and the North verge of Pier 38.

VI. Parking

Providing parking on the piers has been eliminated for the following reasons: 1) cars do not belong on piers, 2) priority of the pedestrian experience, 3) there are several parking lots within the nearby vicinity, some of which are underutilized, that can accommodate the amount of parking that was originally proposed on site.

VII. Service & Access

Automobile access for passenger pick-up / drop-off and a loading area for the premises and South Beach Harbor tenants will be implemented and coordinated with the SFMTA's Embarcadero Enhancement Program (EEP). Other public transportation modes that serve the site directly are the MUNI street car line along The Embarcadero, that connects to BART, Caltrain and local bus stops, as well as the proposed docks for ferries and water-taxis that have access to various terminals around the Bay.

VIII. Commercial Office

The proposed Project will include approximately 217,000 rentable sq. ft Class A Office space which will provide the economic engine to pay for and subsidize the Public and Maritime amenities. Our experience at Piers 1½, 3 & 5 has demonstrated that Bayside office space has the economic horsepower to attract tenants who are thriving across different sectors such as media, finance, tech, and design and achieve among the highest rents in the City.

IX. Resiliency Improvements & Sustainability

- i. **Seismic Seawall Protection and Sea Level Rise (Resiliency)**
PWP has been a supporter and contributor to the Port's efforts to address Resiliency. Together with consultants, we propose to partner with the Port and their consultants in the following:
 - Seismic retrofit work on Piers 38 & 40, along with repairs to the existing wharf structure.

Piers 38-40 Development: DEI Initiatives & Community Benefits

- Reinforcing the existing Seawall and extending it from the Southern edge of Pier 40 to the Southern extremity of the Brannan Street Pier, a length of 650 linear feet.
 - Offering an option to the Port to manage the extension of the Seawall repair to include the South Beach Harbor, from Pier 40 to the Mission Creek Chanel, an additional length of 1000 LF.
 - If agreed to by both Port engineers and the relevant permitting authorities, utilization of an innovative perimeter sea-level rise protection system through construction of an upturned beam and floating flood barrier around the entire waterside perimeter of both Pier apron structures running continuously from the south end of the Brannan Street Park to the south leasehold line at The Java House. This 3,600 linear feet flood barrier will provide 24" of additional vertical protection for the shed and bulkhead historic resources and be designed to accommodate incremental vertical additions in future years if required.
 - Other methods and improvements as deemed appropriate to help build a resilient asset and City.
- ii. Sustainability
- The Project's overall design will of course meet the minimum LEED Gold standards, and is targeting energy, waste, and water neutrality (triple net-zero) by incorporating solar-powered energy, Bay-water cooling and treatment, and incorporation of low-carbon materials. By providing construction assistance through investing more in base building improvements, we will seek to significantly reduce retail and PDR, restaurant and maritime tenants' construction costs to address the affordability issue.

X. Rehabilitation & In-Water Work

The Project will meet all of the environmental standards required by the various agencies having oversight of in-water construction to include:

- Pile removal and in-kind replacement
- New piles to support pier apron repairs and docks
- Structures to protect harbor expansion and provide resiliency
- Floats to support public water recreation and maritime operations