



MEMORANDUM

January 19, 2024

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Gail Gilman
Hon. Ed Harrington
Hon. Steven Lee

FROM: Elaine Forbes
Executive Director 

SUBJECT: Informational presentation and possible action to request (i) Endorsement of the Proposed Term Sheet and (ii) Amend and extend the Exclusive Negotiating Agreement, both with Strada-TCC Partners, LLC, for the proposed Piers 30-32 and Seawall Lot 330 project generally located along the Embarcadero between Bryant and Beale Streets.

DIRECTOR'S RECOMMENDATION: Approve the Attached Resolution No. 24-10

EXECUTIVE SUMMARY

On September 22, 2020, the Port Commission authorized Port staff to initiate negotiations towards an Exclusive Negotiating Agreement (“ENA”) with Strada-TCC Partners, LLC (the “Developer” or “Strada TCC”) for the Piers 30-32 and SWL 330 project (the “Project”). On February 23, 2021, the Port Commission authorized staff to enter into the ENA. Since that time, the Developer and staff have worked through key steps of the ENA process including conducting extensive outreach to State agencies and the community and obtaining critical State legislation.

At completion, the Project will include a projected 713 units of housing, of which 25 percent will be affordable, an aquatic center including a swimming pool, a retail market hall, approximately 375,000 square feet of office space with the potential for an additional 55,000 square feet of mezzanine space within the existing footprint of the building, a reconstructed pier, and seismic and sea level rise resilience improvements to the seawall

and pier infrastructure. The projected cost of the infrastructure and resilience improvements is approximately \$460 million, which does not include vertical development.

In September 2023, the State Senate and State Assembly unanimously voted in support of SB 273 (sponsored by Senator Wiener and co-sponsored by Assemblymembers Haney and Ting), and Governor Newsom signed the bill into law on October 7, 2023. The passage of SB 273 is a huge milestone for the project and allows the developer and Port to continue on the path to environmental review and execution of transaction documents.

The Project will use both an Infrastructure Financing District (“IFD”) and a Community Facilities District (“CFD”) as sources for horizontal infrastructure within the project. Even with these sources, based on the current pro forma the Project requires an additional \$125 million to fully fund the horizontal infrastructure and resilience needs at Piers 30-32. The Developer and Port staff will work to identify and secure sources to ensure the financial success of all phases of the Project.

The final Transaction Documents for the Project may include a Lease Disposition and Development Agreement (“LDDA”), potentially a Master Lease for all or a portion of the site, and 3 – 4 Ground Leases for vertical development. The Seawall Lot 330 site may be separated into three Ground Leases: one for the Phase 1 residential tower, one for the Phase 2 residential building, and one for the Affordable Housing building. The term for each of these leases will be 75 years, with annual rent of \$600,000 with \$300,000 per year from the Phase 1 site, \$300,000 per year from the Phase 2 site, and \$0 per year from the Affordable Housing site. If a Site Permit for Piers 30-32 is not approved within 24 months of the completion of the first residential building, the total base rent will increase to \$1,800,000 per year, apportioned \$900,000 to the Phase 1 Ground Lease and \$900,000 to Phase 2 Ground Lease. The Piers 30-32 site will be under one Ground Lease with a term of 66 years and annual rent of \$900,000.

Timelines for each phase of development are governed by performance dates within the term sheet. Target and performance dates for permit and construction milestones for each phase of the project are detailed in this report.

After Port Commission approval of the term sheet, Port staff will take the term sheet to the Board of Supervisors (“Board”) for endorsement in early 2024, along with a request that the Board find the Project fiscally feasible. If the Board finds that the Project is fiscally feasible, the Developer may submit an environmental evaluation application for the Project to the Planning Department.

STRATEGIC PLAN ALIGNMENT

The Piers 30-32 and SWL 330 project will provide a range of public benefits including publicly accessible waterfront space, maritime uses, revenue generation, and significant resilience and infrastructure improvements. Through the Project, the Port will redevelop existing surface parking lots into major mixed-use buildings with seismically strengthened infrastructure built to protect against sea level rise. Additionally, the Project will activate the South Beach waterfront area through on-site retail space and aquatic activities.

Subject to all necessary approvals and completion, the Project will achieve seven of the Port's Strategic Plan objectives:

Economic Recovery:

Contribute to the Port's financial strength by (a) using investor capital to address the Port's deferred maintenance backlog and/or (b) generating revenues for the Port to sustain ongoing operations and address deferred maintenance at other Port facilities.

Resilience:

Reconstruct dilapidated piers to be seismically strengthened and elevated to protect against sea level rise, complete resilience improvements along a portion of the seawall for both seismic and sea level rise projections, and retain deep water berth as a strategic emergency access location.

Evolution:

Contribute to Port's ongoing transformation to better address the needs of the public and the Waterfront.

Engagement:

Throughout the project development process, represent the values of the Waterfront communities and provide amenities that increase the public's awareness of the site's remarkable history and setting.

Equity:

Completed Piers 30-32 and SWL 330 projects will be accessible, attractive, and beneficial to a diverse group of people who live, work, and/or use the recreational assets along the Waterfront.

Sustainability:

Represent environmental stewardship in protecting the Bay and creating housing in transit- and job-rich areas reducing emissions and waste.

Productivity:

Attract tenants who contribute to an economically viable Port and capitalize on the Port's unique assets, including the use of the deep-water berth on Piers 30-32.

BACKGROUND

On December 10, 2019, the Port Commission authorized Port staff to issue an RFP for Piers 30-32 & Seawall Lot 330. After extending the process due to the COVID-19 pandemic, Port staff provided the Port Commission with an informational presentation on September 8, 2020 on the three (3) respondents who submitted complete proposals, met the minimum qualifications in the RFP, and were scored by a five-member panel. On September 22, 2020, the Port Commission authorized Port staff to initiate negotiations towards an Exclusive Negotiating Agreement ("ENA") with Strada-TCC, the respondent the panel scored highest.

Port staff gave an informational presentation to the Port Commission on the terms of the negotiated ENA on February 9, 2021 including the process, key terms, and major performance benchmarks. On February 23, 2021, the Port Commission authorized staff to enter into the ENA. Since that time, the Developer and staff have worked through key steps of the ENA process including obtaining critical State legislation discussed below. Additionally, the Executive Director has authorized two-term extensions as contemplated in the original ENA.

Since the execution of the ENA, Port staff and the Developer have conducted extensive outreach to State agencies, including BCDC and the State Lands Commission, and the community. Based on this feedback, the Developer redesigned both the Piers 30-32 and Seawall Lot 330 parts prior to the introduction of State legislation allowing the Project to move forward.

PASSAGE OF SB 273

The State Senate and State Assembly unanimously voted in support of SB 273 (sponsored by Senator Wiener and co-sponsored by Assemblymembers Haney and Ting) in September 2023, and Governor Newsom signed the bill into law on October 7, 2023.

SB 273 authorizes the State Lands Commission to approve the project at Piers 30-32 generally described in this memorandum. This allows the City to approve the Project through City permitting and environmental review processes. The passage of SB 273 is a huge milestone for the project and allows the developer and Port to continue on the path to environmental review and execution of transaction documents.

TERM SHEET

The next major performance benchmark in the ENA is the Port Commission endorsement of the Term Sheet. After the Port Commission Term Sheet endorsement, Port staff will seek the Board of Supervisors' endorsement and will also ask for a finding of fiscal feasibility for the Project. With these endorsements and approvals, the Project may commence CEQA review and transaction document negotiations. The following sections outline key sections and terms in the proposed Term Sheet.

PROJECT CONCEPT

The proposed Project includes three phases of development across Piers 30-32 and SWL 330.

Phase 1 – 2:

The first two phases of the Project include a projected 619 units of housing, including 92 below-market rate (“BMR”) units (14.9 percent), in two residential buildings on the North and South side of SWL 330. These two buildings may be constructed together as a single Phase or sequentially as Phase 1 then Phase 2. This Phase utilizes the State Density Bonus Law enabling the buildings to go up from the existing 65/105 feet height limit (a 65-foot podium with a tower up to 105 feet, for a combined existing height limit of 170 feet) to

a single tower of up to 230 feet in height. The ground floor includes community and retail space in the buildings, which form a triangle flanking the streets and framing an open space accessible to the public, and access to an on-site garage serving the residences. Working through the community engagement process, the Developer has also designed a Project alternative with a maximum height of 105 feet. The height decrease would further reduce the number of units in the Project and potentially negatively impact the funding gap and project affordability due to fewer market-rate and inclusionary units.

The Developer will also dedicate a portion of the SWL 330 site for a 100 percent affordable housing building with a projected 94 units. The construction of this building is contingent upon obtaining the necessary funding sources including impact fees from the Project and outside sources such as the Low-Income Housing Tax Credit (LIHTC) program. Upon completion of the 100 percent affordable housing building, the Project will achieve a total of 25 percent affordable housing.

Phase 3:

Phase 3 of the Project includes strengthening the seawall along the Project site, constructing seismically strengthened and sea-level rise resilient infrastructure, and reconstructing the piers.

The phase will create an aquatic center with a floating swimming pool and access points for personal watercraft. Additionally, the Developer will construct a deep-water berth both for excursions and for Navy and MARD and other vessels to respond to an emergency or natural disaster. Finally, the reconstructed piers will include 375,000 square feet of office space with the potential for an additional 55,000 square feet of mezzanine space within the existing first floor, 70,000 square feet of retail space primarily in a market hall, and accommodations for Red's Java House.

Proposed Investment in Port's Assets

In Phase 3, the Developer will reconstruct the piers and construct necessary seawall and bulkhead wharf infrastructure improvements. The projected cost of these infrastructure and resilience improvements is approximately \$460 million, which does not include vertical improvements. Upon lease expiration or earlier termination, all improvements – including the vertical improvements – would return to the Port.

Changes from the Original Proposal

The current term sheet changes the Project's phasing and final uses as originally proposed during the RFP. As contemplated in the term sheet, the Project will be delivered in up to three phases rather than as a single phase. This change has financial benefits by accelerating the availability of IFD/CFD sources before spending on horizontal infrastructure at Piers 30-32.

The current Project proposal now includes 713 residential units versus 850 units in the original RFP proposal, which was caused by design changes to adjust to community feedback. Second, the Piers 30-32 reconstruction will create one pier with a large retail

market hall and the aquatic center adjacent to it rather than two piers with the aquatic center in between the piers. This redesign responds to State agencies and community input.

PROJECT FINANCING

The Project will utilize a combination of public and private sources for the horizontal infrastructure components (e.g., pier/wharf demolition and reconstruction, seawall improvements).

In the term sheet, the Port and Developer propose forming both an Infrastructure Financing District Project Area to capture tax increment and a Community Facilities District to levy special taxes on the buildings. Any IFD tax increment is anticipated to offset CFD Special Tax charges, similar to the financial structure with the Mission Rock CFD Development Special Tax and the Pier 70 Lease Properties CFD Facilities Tax.

Based on the current pro forma, the Project requires an additional \$125 million to fully fund the horizontal infrastructure and resilience needs at Piers 30-32. Changes in market factors could substantially improve the financial feasibility of the Project, potentially fully eliminating this funding gap. If market factors do not improve, the Developer and Port staff will work to identify and secure sources to ensure the financial success of all phases of the Project.

Across the City, many development projects are facing financial challenges due to the combination of high interest rates, lower demand for office and residential real estate, and rising construction costs. To address these challenges, the City is exploring many options to improve financial feasibility including:

- Adjusting impact fees or delaying their collection
- Utilizing tax increments from ad valorem taxes and other sources
- Adjusting or waiving transfer taxes

The Port may also be able to access federal and/or State funds for resilience, waterfront infrastructure, or affordable housing. As an example, the Port has received \$5.5 million in a Coastal Conservancy Grant to fund 65% design for demolishing the piers and reconstructing the wharf. While the Developer and Port staff have not identified the exact mix of funds to close the \$125 million infrastructure feasibility gap at this time, the team feels confident it can secure these funds well ahead of the start of the Project.

DEVELOPMENT AGREEMENT STRUCTURE AND GROUND LEASES TERM

The Term Sheet contemplates Transaction Documents that consist of a master agreement such as a Lease Disposition and Development Agreement (LDDA) and/or Master Lease along with separate Ground Leases for each vertical construction site. Tenants will be solely responsible for operations, maintenance, and repairs for the entire term of a Ground Lease.

The Seawall Lot 330 site will be separated into three Ground Leases: one for the Phase 1 residential tower, one for the Phase 2 residential building, and one for the Affordable Housing building. The term for each of these leases will be 75 years, and the term sheet does contemplate the potential for a fee title transfer. The Port will receive a total of \$600,000 in annual ground rent for SWL 330 upon completion of the full project: \$300,000 per year from the Phase 1 site, \$300,000 per year from the Phase 2 site, and \$0 per year from the Affordable Housing site. Ground rent will increase based on CPI (limited to 2 – 6 percent annually) every five years. The tenant will pay reduced construction rent of \$150,000 per year from the execution of the lease until the issuance of a certificate of occupancy, up to a maximum of 36 months.

If a Site Permit for Piers 30-32 is not approved within 24 months of the completion of the first residential building, the total base rent will increase to \$1,800,000 per year (plus CPI adjustments), apportioned \$900,000 to Phase 1 and \$900,000 to Phase 2. If at any time the Developer receives a Site Permit for Piers 30-32, base rent will return to \$600,000 annually with any CPI adjustments.

The Piers 30-32 site will be under one Ground Lease with a term of 66 years. Base rent will be \$900,000 per year, with an increase based on CPI (limited to 2 – 6 percent annually) every five years. The tenant will pay reduced construction rent of \$200,000 per year from the execution of the lease until the issuance of a certificate of occupancy, up to a maximum of 60 months.

The table below summarizes Ground Lease terms for each of the four sites.

Table 1. Piers 30-32 and SWL 330 Ground Lease Terms

Site	Term	Base Rent	Construction Rent	Additional Terms
SWL 330 Phase 1	75 years	\$300,000	\$150,000 (up to 36 months)	Rent increases to \$900,000 annually if performance benchmarks not met
SWL 330 Phase 2	75 years	\$300,000	\$150,000 (up to 36 months)	Rent increases to \$900,000 annually if performance benchmarks not met
SWL 330 Affordable Site	75 years	\$0	\$0	
Piers 30-32	66 years	\$900,000	\$200,000 (up to 60 months)	

ASSIGNMENT AND TRANSFER

The Port retains approval rights over any assignment or transfer of Strada TCC's controlling interest for project phases governed by ground leases that have not yet been executed or, if underway, receive a certificate of occupancy. Thus, for Strada TCC to transfer any element of the project they must obtain Port approval. However, Strada TCC does have the right to capitalize any element of the project without outside investor(s) so long as they retain a controlling interest.

REIMBURSEMENT OF PORT'S TRANSACTION COSTS

The Developer will reimburse the Port for all the Port's transaction costs including but not limited to staff time, City Attorney time, and consultant costs.

DEI PLAN

As part of the term sheet, the Developer has proposed a conceptual Diversity, Equity, and Inclusion (DEI) Plan. The Project DEI Plan supports the Port's Racial Equity Action Plan (REAP) in several key areas including creating access to waterfront open space and activities, providing support and space for BIPOC-owned small businesses, and offering economic opportunities for local, BIPOC-owned, and women-owned businesses. Key proposals in the DEI Plan include:

- Providing swim and water sports access to address racial, gender, and economic disparities related to water sports access, including increasing swimming proficiency among children of color.
- Creating a BIPOC Artisan Retail Program to support BIPOC entrepreneurs for the artisan retail and maker spaces on the north side of the Pier shed building and structuring leases to improve opportunities for success.
- Emphasizing BIPOC leadership when selecting a partner for the affordable housing site on Seawall Lot 330.
- Creating economic opportunity through LBE, MBE, and WBE participation, a planned Project-wide Project Labor Agreement (PLA), and a potential pipeline program with CityBuild.

Further details on the DEI Plan such as goals and metrics will be further refined in the coming years and included in the final transaction documents.

PORT PARTICIPATION

The Port will receive participation equal to 20 percent of the net proceeds after the Developer has achieved an 18 percent IRR from the first sale or refinancing resulting in repayment of project equity. Additionally, if the Developer does not meet performance benchmarks for Phase 3 of the Project, the Port also receives additional participation equal to 10 percent of net proceeds after the Developer achieves a 15 percent internal rate of return (IRR).

PERFORMANCE SCHEDULE

Table 2 below shows the Schedule of Performance included with the Term Sheet. All dates are based on the actual LDDA execution and prior milestones.

Table 2. Piers 30-32 & SWL 330 Schedule of Performance

Performance Benchmarks	Target Date	Performance Date (subject to extension for Excusable Delay)
1. Phase 1 Construction Permit Issuance	18 months post-LDDA execution	24 months post-LDDA execution
2. Phase 1 Construction Commencement	6 months post-Phase 1 Construction Permit Issuance	12 months post-Phase 1 Construction Permit Issuance
3. Phase 1 Construction Completion	24 months post-Phase 1 Construction Commencement	36 months post-Phase 1 Construction Commencement
4. Phase 2 Construction Permit Issuance	30 months post-LDDA execution	48 months post-LDDA execution
5. Phase 2 Construction Commencement	6 months post-Phase 2 Construction Permit Issuance	12 months post-Phase 2 Construction Permit Issuance
6. Phase 2 Construction Completion	24 months post-Phase 2 Construction Commencement	36 months post-Phase 2 Construction Commencement
7. Phase 3 Construction Permit Issuance	12 months post-Phase 2 Completion	24 months post-Phase 2 Completion
8. Phase 3 Construction Commencement	6 months post-Phase 3 Construction Permit Issuance	12 months post-Phase 3 Construction Permit Issuance
9. Phase 3 Construction Completion	30 months post-Phase 3 Construction Commencement	48 months post-Phase 3 Construction Commencement

*All dates expire on the last day of the applicable month.

For illustrative purposes, Table 3 below shows the target and performance dates under the term sheet assuming LDDA execution in July 2026. Actual dates will align with the above schedule and begin following the actual LDDA execution

Table 3. Piers 30-32 & SWL 330 Potential Schedule of Performance

Performance Benchmarks	Target Date*	Performance Date (subject to extension for Excusable Delay)*
1. Phase 1 Construction Permit Issuance	January 2028	July 2028
2. Phase 1 Construction Commencement	July 2028	July 2029
3. Phase 1 Construction Completion	July 2030	July 2032
4. Phase 2 Construction Permit Issuance	January 2029	July 2030
5. Phase 2 Construction Commencement	July 2029	July 2031
6. Phase 2 Construction Completion	July 2031	July 2034
7. Phase 3 Construction Permit Issuance	July 2032	July 2036
8. Phase 3 Construction Commencement	January 2033	July 2037
9. Phase 3 Construction Completion	July 2035	July 2041

*All dates expire on the last day of the applicable month.

AMENDMENTS TO THE EXCLUSIVE NEGOTIATING AGREEMENT

To align the ENA to the proposed Term Sheet, the ENA requires two amendments.

First, the Term of the ENA would increase from four years and six months to six years to align to Term Sheet Schedule of Performance. The additional eighteen months accommodates longer than expected community and State Agency outreach, including the need to obtain State legislation in SB273. Accordingly, the specific milestones for the ENA would change as shown in Table 4 below:

Table 4. ENA Performance Schedule

Performance Benchmarks	Target Date*	Performance Date*
1. Developer Formation Documents: Developer must submit a copy of its Operating Agreement and a description of its affiliates (any person or entity controlling Developer, any entities controlled by Developer, or any entities under common control with Developer)	February 2021	March 2021 (completed)
2. Submit Community Outreach Plan.	June 2021	July 2021 (completed)

3. Submit Regulatory Approval Plan.	June 2021	July 2021 (completed)
4. Submit Revised Development Concept based upon outreach and site due diligence.	January 2022	February 2022 (completed)
5. Port Endorsement: Port Commission to adopt a resolution endorsing the Term Sheet	January 2024 <i>(July 2022)</i>	February 2024 <i>(August 2022)</i>
6. Board Endorsements: Board to take the following actions: (a) endorsing the Term Sheet; and (b) making a fiscal feasibility determination, if necessary	March 2024 <i>(October 2022)</i>	May 2024 <i>(November 2022)</i>
7. Publication of Draft EIR	September 2025 <i>(April 2024)</i>	May 2026 <i>(May 2025)</i>
8. Planning Commission EIR Certification and Planning Approvals: Planning Commission certifies EIR and issues necessary Planning approvals.	April 2026 <i>(November 2024)</i>	November 2026 <i>(May 2025)</i>
9. Final Transaction Documents: Developer and Port must reach final agreement on the form of LDDA, Lease and all related Transaction Documents	April 2026 <i>(November 2024)</i>	November 2026 <i>(May 2025)</i>
10. Port Approval of Final Transaction Documents: Port Commission to make Public Trust Determination and approve final Transaction Documents and recommend Board approval.	April 2026 <i>(November 2024)</i>	November 2026 <i>(May 2025)</i>
11. Board of Supervisor Approvals: Board to make Public Trust Determination and approve the Lease and other Transaction Documents and City Regulatory Approvals that require Board approval.	July 2026 <i>(February 2025)</i>	February 2027 <i>(August 2025)</i>
12. Regulatory Approvals: Developer to obtain necessary Regulatory Approvals by outside agencies.		Within timeframe set forth in LDDA

*All dates expire on the last day of the applicable month. Original milestone dates shown italicized in parentheses.

Currently, the ENA allows the Developer, Strada TCC Partners LLC (a joint venture of Strada Investment Group II, L.L.C (“Strada”) and Trammell Crow Company (“Trammell Crow”)) to transfer to another investor without Port Commission approval so long as Strada (or an affiliate it controls) and Trammell Crow (or an affiliate it controls), have the direct or indirect power to direct or cause the direction of the day-to-day management of Developer. The second change to the ENA would further allow the Developer to transfer to another investor without Port Commission approval so long as Strada Principals, LLC (or an affiliate it controls) has the direct or indirect power to direct or cause the direction of the day-to-day management of the Developer. The specific clarification is expanded to allow such transfers to an investment entity controlled solely by Strada Principals, LLC, not only Strada and Trammell Crow, collectively.

NEXT STEPS

If the Port Commission approves the term sheet, Port staff will introduce the term sheet to the Board of Supervisors (“Board”) for endorsement in early February, along with a request that the Board find the Project fiscally feasible. If the Board finds that the Project is fiscally feasible, the Developer may submit an environmental evaluation application for the Project to the Planning Department. A Port economic consultant is currently preparing a fiscal feasibility analysis.

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Waterfront Development Manager
Real Estate and Development

Through: Josh Keene
Assistant Deputy Director, Development
Real Estate and Development

For: Mike Martin
Assistant Port Director

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

RESOLUTION NO. 24-10

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate, and control the lands within Port jurisdiction; and
- WHEREAS, Piers 30/32 is an approximately 13-acre pier site located along the Embarcadero at the terminus of Bryant Street just south of the Bay Bridge, and Seawall Lot 330 is an approximately 2.3-acre seawall lot located on the west side of the Embarcadero bounded by Beale Street and Bryant Streets; and
- WHEREAS, Piers 30/32 and SWL 330 (collectively, the “Site”) are within the Port’s South Beach-China Basin sub-areas area under the Port’s Waterfront Land Use Plan; and
- WHEREAS, On September 22, 2020, pursuant to Resolution No. 20-45, the Port Commission authorized Port staff to initiate negotiations for an Exclusive Negotiating Agreement (“ENA”) with Strada Trammell Crow Company Partners LLC (“Strada TCC” or the “Developer”); and
- WHEREAS, On February 9, 2021, pursuant to Resolution No. 21-08, the Port Commission authorized the Port Executive Director to execute the ENA with the Developer; and
- WHEREAS, Strada TCC is proposing to develop a mixed-use project at Piers 30/32 and SWL 330, that includes (i) at Piers 30/32, the reconstruction of a reduced footprint of single pier, removal of Bay fill, maintaining a deep-water berth, berthing for ferry or excursion vessels, aquatic facilities with a pool, public access and open space areas and revenue-generating commercial space with sea level rise and seismic improvements that protect the Port, the City, the public and property, and (ii) on SWL 330, a mix of market rate, affordable housing and ancillary retail and open space, all as further described in the Memorandum accompanying this resolution; and
- WHEREAS, Strada TCC and the Port desire to extend existing ENA term due to the time needed for community and State Agency outreach and the passage of SB273, and to permit another Strada Principals, LLC controlled entity to be the developer party in both the term sheet and ENA; and
- WHEREAS, Strada TCC and Port have negotiated a Term Sheet, as further described in the Memorandum accompanying this resolution and a form of which is attached to this resolution; now therefore be it

RESOLVED, That the Port Commission hereby endorses the Term Sheet and directs the Executive Director of the Port to seek Board of Supervisors' endorsement of the Term Sheet and finding that the Project is fiscally feasible and responsible under San Francisco Administrative Code Chapter 29 (the "Fiscal Feasibility Finding"), and be it further

RESOLVED, That if the Board of Supervisors fails to make a Fiscal Feasibility Finding for the Project or does not endorse the Term Sheet, the Port Commission directs the executive Director to either terminate the ENA or present to the Port Commission for its endorsement, a revised Term Sheet that addresses the concerns raised by the Board of Supervisors; and be it further

RESOLVED, That if the Board of Supervisors endorses the Term Sheet and makes a Fiscal Feasibility Finding for the Project, the Port Commission directs the Executive Director of the Port, or her designee, to work with the Planning Department and Developer to undertake review of the Project under the California Environmental Quality Act (CEQA) and Chapter 31 of the San Francisco Administrative Code and negotiate the terms and conditions of the final transaction documents including, but not limited to, a lease disposition and development agreement and various leases (collectively, the "Transaction Documents"), with the understanding that the final terms and conditions of the Transaction Documents negotiated between Port staff and Developer during the exclusive negotiation period will be subject to the approval of the Port Commission and as applicable, the Board of Supervisors and the Mayor; and be it further

RESOLVED, That the ENA be amended to extend the term from four years and six months to six years and permit the developer party to be Strada TCC Partners LLC or another entity controlled by Strada Principals, LLC; and be it further

RESOLVED, That the Port Commission reserves the right, if exclusive negotiations with Developer are unsuccessful and do not lead to approval of the Transaction Documents, to undertake any other efforts relating to the development or lease of the Site, including, but not limited to, issuing a request for qualifications or proposals or entering into direct agreements without a solicitation, at the Port Commission's sole discretion; and be it further

RESOLVED, That the Port Commission's endorsement of the Term Sheet and direction to Port staff does not commit the Port Commission or the City to approve final Transaction Documents, implement the Project, or grant any entitlements to Developer, nor does endorsement of the Term Sheet foreclose the possibility of considering alternatives to the proposal, imposing mitigation measures, or deciding not to grant entitlement or approve or implement the Project, after conducting and completing appropriate environmental review under CEQA, and while the Term Sheet identifies certain essential terms of a proposed transaction with the Port, it does not set forth all of the material terms and conditions of any final Transaction Documents; and be it further

RESOLVED, That the Port Commission will not take any discretionary actions committing the Port to implement the Project, and the provisions of the Term Sheet are not intended and will not become contractually binding on the Port unless and until the Port Commission has reviewed and considered environmental documentation prepared in compliance with CEQA for the Project and the Port Commission, and as applicable, the Board of Supervisors and the Mayor, have approved final Transaction Documents for the Project.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 23, 2024.

Secretary