

AGENDA ITEM 7
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 9, 2024

Subject: Resolution Approving and Endorsing an Option to Lease Agreement between the Treasure Island Development Authority and the Department of Public Health on behalf of the Behavioral Health Building. Providing an Option with a Term that ends December 31, 2026 with an Extension Option of Twelve Months to Lease a portion of Parcel E1.2 for the Development of Behavioral Health Beds. (Action Item)

Contact: Robert P. Beck, Treasure Island Director

BACKGROUND

The Treasure Island Development Authority, (“TIDA” or “Authority”), is charged with implementation of the Disposition and Development Agreement dated June 28, 2011, between TIDA and Treasure Island Community Development, LLC (the “DDA”) and the Amended and Restated Base Closure Homeless Assistance Agreement (the “One TI Agreement”) dated June 28, 2011, between TIDA and One Treasure Island (“One TI”; formerly the “Treasure Island Homeless Development Initiative”).

One TI member agencies that have operated housing programs in former Navy residential units on Treasure Island included HealthRight 360 (“HR360”), Swords to Plowshares, Catholic Charities, and HomeRise (formerly Community Housing Partnership). The One TI Agreement commits the Authority to construct replacement facilities for these One TI member agencies in new Authority Buildings on Treasure Island.

Maceo May Apartments, the first Authority Building, completed construction in 2023 in partnership with Swords to Plowshares and Chinatown Community Development Corporation. Star View Court, the second Authority Building, completed construction in 2024 in partnership with Catholic Charities and Mercy Housing. Three additional properties are currently in the predevelopment phase: 1) A portion of TI Parcel E1.2 designated for development of a Behavioral Health Building and being developed in partnership with the Department of Public Health, 2) A second portion of TI Parcel E1.2 designated for senior housing and being developed in partnership with Mercy Housing, and 3) TI Parcel IC4.3 being developed in partnership by affiliates of the John Stewart Company and Catholic Charities and projected to begin construction in 2026.

Today’s action item is regarding the Behavioral Health Building located on a portion of TI parcel E1.2. It is being developed in partnership with the Department of Public Health (“DPH” or the “Optionee”)

and will provide replacement beds for One TI member HealthRight 360 and new Behavioral Health beds that will be operated by DPH or an affiliate. Mercy Housing is the turnkey developer acting on behalf of DPH.

FINANCING PLAN

The current proposed financing plan for the Behavioral Health Building includes a grant commitment from the Community Care Expansion (“CCE”) program administered by the California Department of Social Services (“CDSS”), TIDA developer subsidy contribution, and CCSF bond proceeds.

The Behavioral Health Building already has a predevelopment loan from the Mayor’s Office of Housing whose funds stem from TIDA’s developer subsidy.

To meet the funding requirements of CCE, the Optionee must demonstrate site control that clearly differentiates the roles of TIDA as owner of the land and DPH as owner of the improvements.

OPTION TO LEASE AGREEMENT RESOLUTION

Authority Staff, in collaboration with the City Attorney’s Office and the Optionee, have negotiated an Option to Lease with the Optionee for the Behavioral Health Building on a portion of TI Parcel E1.2 which lies within the first development subphase.

This Resolution authorizes the Authority Director to execute the Option Agreement between the Authority and the Optionee to provide site control to the Optionee and authorizes the Director to enter into and execute the Ground Lease as long as the terms are broadly consistent with the Option to Lease. This Resolution further allows the Director to enter into any and all funding Agreements as result of this use.

BUDGET IMPACT

The costs affiliated with the tasks performed by TIDA and DPH on behalf of the Behavioral Health Building will be borne by each respective Agency. Any Authority costs associated with this acknowledgement of land use is accounted for in the FY 24/25 Budget.

RECOMMENDATION

Project Staff recommends approval of the Option to Lease for a portion of TI Parcel E1.2 for 120 bedrooms that will provide replacement beds for Health Right 360 and create new behavioral health beds and that the Director be authorized to enter into any and all Agreements with respect to this funding pursuit.

EXHIBITS

Exhibit A: Option to Lease portion of TI Parcel E1.2 from TIDA to DPH on behalf of the Behavioral Health Building.

Prepared by: Natalie Bonnewit, Affordable Housing Consultant

For: Robert P. Beck, Treasure Island Director

OPTION TO LEASE AGREEMENT

This Option to Lease Agreement (this “**Agreement**”) is entered into as of this ____ day of ____ 2024, by and between the THE TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body, corporate and politic of the State of California (the “**Authority**”) and the Department of Public Health (DPH), a department within the City and County of San Francisco (the “**Optionee**”), with reference to the following facts:

RECITALS

A. The Authority is the fee owner of that certain real property and the improvements thereon, located on a portion of TI Parcel E1.2, San Francisco and more particularly described in Exhibit A attached hereto (the “**Property**”).

B. Optionee desires to develop a portion of Parcel E1.2 for the creation of up to 120 bedrooms for substance use disorder and behavioral health residential stepdown beds (the “**Project**”) in accordance with the Disposition and Development Agreement with Treasure Island Community Development, LLC, a Delaware limited partnership, dated as of June 28, 2011, as amended (the “**DDA**”) and the One Treasure Island Agreement which governs the replacement of existing One Treasure Island units and also defines eligible uses of Authority controlled land parcels.

C. TI Parcel E1.2 will accommodate both replacement of existing beds on Treasure Island operated by HealthRight 360 and create new recovery residence sober living beds that will be operated by DPH or its affiliate.

D. Optionee desires to enter into a ground lease with the Authority in which the Authority will lease to Optionee the Property subject to certain conditions as provided herein.

E. Optionee already has site control for a portion of Parcel E1.2 via TIDA Board Resolution #22-17-0713 however this form of site control does not include the terms upon which the ground lease will be based.

F. Optionee has received a grant commitment from the Community Care Expansion (“**CCE**”) program administered by the California Department of Social Services (“**CDSS**”).

G. Optionee desires to obtain from the Authority, and the Authority desires to grant to Optionee, upon the specific terms and conditions set forth in this Agreement, the exclusive right and option to lease the Property.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED IN THIS AGREEMENT, THE PARTIES AGREE AS FOLLOWS:

AGREEMENT

Section 1. Grant of Option. The Authority grants to Optionee the option to lease the Property and construct improvements to be located thereon for the consideration and under the terms and conditions set forth in this Agreement (the “**Option**”).

Section 2. Term of Option:

a. Term and Extension of Term. The term of the Option (the “**Term**”) shall be for a period commencing on the date of this Agreement and ending December 31, 2026, (the “**Initial Term**”) unless extended. So long as the Optionee is not then in default, Optionee may request an extension of the Term for an additional twelve (12) months (the “**Extended Term**”) by giving written notice to the Authority between the date that is thirty (30) days prior to the expiration of the Initial Term and at any time before the expiration of the Initial Term. The Extended Term shall commence on 12:01 A.M. on the day immediately following the expiration of the Initial Term and shall end on December 31, 2027. All references in this Agreement to the Term shall mean the Initial Term, and if extended as set forth above, the Extended Term. During the Term, Optionee and Authority staff agree to negotiate in good faith to complete all of the terms and conditions of the ground lease of the Property from the Authority to Optionee consistent with this Agreement (upon completion of such negotiations, the “**Ground Lease**”). The final terms of the Ground Lease must be agreed to by Optionee and the Authority’s Executive Director or her/his designee, in writing, before Optionee’s exercise of the Option. The Term shall end on the date set forth above or, if earlier, on the effective date of the Ground Lease.

b. Exercise of Option. At any time following approval of the Ground Lease by the Authority’s Executive Director and before the expiration of the Term, and so long as the Optionee is not then in default under this agreement or any other agreements with the Authority, Optionee may exercise the Option by giving written notice to the Authority (the “**Option Notice**”).

c. Expiration. The Option shall expire at midnight on the last day of the Term. If the expiration of the Term falls on a Saturday, Sunday or legal holiday in the State of California, then the Option may be exercised on the next following business day. Upon termination of the Option and a written request by the Authority, Optionee shall sign and deliver a quitclaim deed or such other document as may be reasonably required by the Authority to evidence the termination of the Option.

Section 3. Option Consideration. The Option is granted in consideration of Optionee’s obligation to negotiate in good faith for the Ground Lease and for advancement of the Project. The Option consideration is related to the Option only and in no way relates to Ground Lease payments that will be owed to the Authority.

Section 4. Ground Lease of the Property. Authority staff shall prepare the initial form of ground lease substantially in the form used by the City and County of San Francisco’s (the “City”) Mayor’s Office of Housing and Community Development (“MOHCD”) for projects in which MOHCD is the fee owner of property that will be developed for affordable housing. The Ground Lease shall be in accordance with the following:

i. Term of Ground Lease. The Ground Lease shall become effective immediately following the full execution by the parties and shall be for an initial term of up to 99 years. Such initial term may be for

less than 99 years but for no less than 75 years with an option to extend for up to 99 years.

- ii. Taxes and Assessments. The tenant shall be responsible for the payment of any and all property taxes and assessments levied against the leasehold estate and the Property during the term of the Ground Lease subject to any abatement available therefrom.
- iii. Project Use; The Property shall be used during the term of the Ground Lease only for substance use disorder and behavioral health residential stepdown beds to serve people whose incomes would qualify for affordable housing per CCSF standards. If programmatic needs change over time, Optionee may request changes in use to the TIDA Director for approval in his or her reasonable discretion but in no event may the income of the users of the Project exceed CCSF affordable housing standards.
- iv. Rent. The tenant shall pay the landlord annual rent in the amount of Fifteen thousand Dollars (\$15,000.00). If the Project's residual value analysis test supports including additional rent, the Ground Lease may include additional rent to the extent feasible, in an amount (when combined with the Base Rent) not to exceed a total of 10% of the land value of the Property (as determined by a MAI appraiser selected by, and at the sole cost of, the tenant, and set forth in the Ground Lease), to be paid solely as residual rent, payable only to the extent proceeds are available from the Project after deductions for Project operating expenses, mandatory debt service payments, property management fees, reserve deposits required by Project lenders, deferred developer fees, and asset and partnership management fees in amounts permitted in accordance with the then-current MOHCD policy. The rent may be restructured to maximize competitive points, and to meet State HCD or TCAC/CDLAC surplus lands act provisions, if any.
- v. Construction and Operation of the Project. The tenant shall be responsible, at its sole cost, for construction, operation, and maintenance of the Project during the Ground Lease term.
- vi. Title to Property. The Ground Lease shall provide that the Authority will own fee title to the land, and the Optionee will own fee title to all improvements constructed or otherwise located on the land, during the Ground Lease term.
- vii. Disposition of Improvements at End of Lease. At the end of the Ground Lease term, fee title to all the improvements shall vest in the Authority without further action of any party, without any obligation by the Authority to pay any compensation therefor to

the tenant and without the necessity of a deed from the tenant to the Authority.

- viii. Mortgagee Protections. The Ground Lease shall include standard mortgagee protection provisions.
- ix. Defaults; Right to Cure. The Authority will provide any notice of any defaults under the Ground Lease to the tenant's limited partners and lenders, and allow any such parties the right to cure a default by the tenant under the Ground Lease.
- x. Encumbrances. The Ground Lease will permit the tenant to encumber its leasehold interest in the Property to secure any loans deemed necessary by the tenant, as approved by TIDA. Any funds from a loan secured by the Property must be used for the development, maintenance, rehabilitation or operation of the Property.

Notwithstanding anything to the contrary contained herein, the Authority and Optionee hereby acknowledge and agree that the parties intend to enter into a Ground Lease that will facilitate development of a Project that can maintain long term affordability in a financially feasible manner. Accordingly, Authority and Optionee agree to negotiate in good faith Ground Lease terms that will account for MOHCD's prevailing underwriting requirements, applicable state and federal law, and site conditions at the time.

Section 5. Closing.

a. Expenses. All expenses, fees or costs (except attorneys' fees and costs) incurred in connection with the Ground Lease of the Property, including but not limited to Authority and county documentary transfer tax, conveyance taxes, recording charges (if any), and costs of title insurance shall be borne by the Optionee. Each party shall bear its own attorneys' fees and costs incurred in connection with negotiation and execution of this Agreement and the Ground Lease.

b. Proration of Taxes. Real property taxes on the Property shall be prorated as of the date of closing of the Ground Lease.

c. Title Insurance. The closing of the Ground Lease shall be conditioned on the issuance to the tenant of an ALTA leasehold policy of title insurance, from a title company chosen by the tenant, insuring the tenant's leasehold interest in the Property subject only to reasonable exceptions approved by the tenant.

Section 6. Notices. All notices or other communications made pursuant to this Agreement shall be in writing and shall be deemed properly delivered, given or served to the parties at the following addresses when (i) mailed by certified mail, postage prepaid, return receipt requested; (ii) sent by express delivery service, charges prepaid with a delivery receipt; or (iii) personally delivered when a delivery receipt is obtained:

Authority: Treasure Island Development Authority
c/o Office of Economic and Workforce Development
City Hall, Rm. 448
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Treasure Island Project Director

and

Office of the City Attorney
City Hall, Rm. 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102
Attn: Real Estate/Finance

Optionee: Department of Public Health
101 Grove Street
San Francisco, CA 94102
Attn: Director

All notices so delivered, mailed or sent shall be deemed received as of the date shown on the delivery receipt as the date of delivery, the date delivery was refused or the date the notice was returned as undeliverable. Either party may change its address for the purposes of this paragraph by giving prior written notice of the change to the other party in the manner provided in this Section 6. Any notice required under this Agreement that is sent by a Party shall be sent to, or contemporaneously copied to, all of the other Parties.

Section 7. Assignment of Option. All transfers by Optionee shall require the prior written consent of the Authority, provided however that Optionee shall have the right to assign this Agreement to a limited partnership in which Optionee or its wholly controlled affiliate is the general partner.

Section 8. Binding Effect. This Agreement and its terms and conditions shall bind upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. By approving this Agreement, the Treasure Island Development Authority's Board of Directors (the Board of Directors) approves the Ground Lease with the substantive terms described in Section 4 without the need for additional action by the Board of Directors; provided, if there are any material changes that are to the detriment of the Authority, as determined by the Authority Executive Director, then such material changes will be subject to Board of Directors approval before the Ground Lease becomes effective.

Section 9. Time. Time is of the essence of this Agreement.

Section 10. Further Documents. Upon the reasonable request of the other party, each party will execute, acknowledge and deliver or cause to be executed, acknowledged and delivered, such further instruments and documents as may be reasonably necessary in order to carry out the intent and purpose of this Agreement, including escrow instructions.

Section 11. Commission. Each party to this Agreement represents to the other party that it has not engaged or used the services of any person, firm or corporation that may claim a broker's commission or finder's fee upon execution of this Agreement or the Ground Lease, and each party to this Agreement agrees to hold the other party harmless from any loss, damage, expense or liability, including attorney's fees, resulting from any claim by any person, firm or corporation based upon its having acted as broker or finder on behalf of said indemnifying party.

Section 12. Captions. The captions of the paragraphs of this Agreement are for convenience and reference only, and the words contained in the captions shall in no way be held to explain, modify, amplify or aid in the interpretations, constructions or meaning of the provisions of this Agreement.

Section 13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

Section 14. Entire Agreement; Signatures. This Agreement contains the entire agreement between the parties respecting the matters set forth, and supersedes all prior agreements between the parties respecting the matters set forth.

Section 15. Attorneys' Fees. In any action between Optionee and the Authority to enforce or interpret any of the terms of this Agreement, the prevailing party shall be entitled to recover costs of suit and expenses including, without limitation, reasonable attorneys' fees.

Section 16. Sunshine Ordinance. Optionee understands and agrees that under City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to Authority hereunder public records subject to public disclosure. Optionee hereby acknowledges that Authority may disclose any records, information and materials submitted to Authority in connection with this Agreement.

Section 17. Effective Date. Notwithstanding anything to the contrary contained herein, this Agreement shall not be effective until the date on which the Authority's Board of Directors enact a resolution approving and authorizing this Agreement and the transactions contemplated hereby, following execution of this Agreement by both parties.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, OPTIONEE ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF AUTHORITY HAS AUTHORITY TO COMMIT AUTHORITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION OF AUTHORITY BOARD OF DIRECTORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF AUTHORITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH LEGISLATION, AND THIS AGREEMENT SHALL BE NULL AND VOID IF AUTHORITY BOARD OF DIRECTORS DO NOT APPROVE THIS AGREEMENT, IN THEIR RESPECTIVE SOLE DISCRETION.

[Signatures appear on following page]

IN WITNESS WHEREOF, Optionee and the Authority have executed this Agreement as of the date first written above.

AUTHORITY:

TREASURE ISLAND DEVELOPMENT
AUTHORITY, a public body, corporate and
politic

By: _____
Name: Robert Beck

Its: Director

OPTIONEE:

City of San Francisco Department of Public
Health

By: _____
Name: Grant Colfax

Its: Director

APPROVED AS TO FORM:

David Chiu

City Attorney

By: _____
Heidi J. Gewertz

Deputy City Attorney

EXHIBIT A

Property Description

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

[LEGAL DESCRIPTION TO COME FROM PRELIMINARY REPORT]

1 RESOLUTION APPROVING AND ENDORSING AN OPTION TO LEASE AGREEMENT
2 BETWEEN THE TREASURE ISLAND DEVELOPMENT AUTHORITY (AUTHORITY) AND
3 THE DEPARTMENT OF PUBLIC HEALTH (DPH) PROVIDING AN OPTION WHOSE
4 TERM CULMINATES DECEMBER 31, 2026, WITH AN EXTENSION OPTION OF
5 TWELVE MONTHS TO LEASE A PORTION OF TI PARCEL E1.2 FOR THE
6 DEVELOPMENT OF BEHAVIORAL HEALTH BEDS.

7 WHEREAS, The Naval Station Treasure Island is a former military base located on
8 Treasure Island and Yerba Buena Island (together, the "Base"), which was selected for
9 closure and disposition by the Base Realignment and Closure Commission in 1993, acting
10 under Public Law 101-510, and its subsequent amendments; and,

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

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

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

3 WHEREAS, The City and County of San Francisco, as the predecessor Local Reuse
4 Authority for the Base, negotiated a proposed Base Closure Homeless Assistance
5 Agreement and Option to Lease Real Property (the "Homeless Assistance Agreement")
6 with One Treasure Island (formerly the Treasure Island Homeless Development Initiative),
7 a consortium of nonprofit corporations organized to utilize the available resources of the
8 Base to help fill gaps in the continuum of care for homeless persons and families, pursuant
9 to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994;
10 and,

11 WHEREAS, On April 21, 2011, the Authority Board of Directors unanimously made
12 certain environmental findings under the California Environmental Quality Act ("CEQA") and
13 approved a package of legislation in furtherance of the development project (the "Project"),
14 including a disposition and development agreement (the "DDA") with Treasure Island
15 Community Development, LLC ("TICD"); and,

16 WHEREAS, On June 7, 2011, the Board of Supervisors unanimously confirmed
17 certification of the final environmental impact report and made certain environmental
18 findings under CEQA (collectively, the "FEIR") by Resolution No. 246-11 and approved a
19 package of legislation in furtherance of the Project; and,

20 WHEREAS, The DDA included as an exhibit a Housing Plan describing the
21 framework for the delivery of the housing elements of the program; and,

22 WHEREAS, The Housing Plan provided that 5% of the units constructed by TICD
23 would be affordable, and identifying twenty parcels on which the Authority would construct
24 the balance of the affordable housing; and,

25 WHEREAS, The Housing Plan further provided that the Authority would partner with
One Treasure Island to construct a minimum of 435 units including transition units for
residents living in existing units managed by One Treasure Island's constituent agencies

1 including Swords to Plowshares, HomeRise (formerly known as Community Housing
2 Partnership), Catholic Charities, and HealthRight360; and,

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4 WHEREAS, the Behavioral Health Building will be developed by the City and County
5 Of San Francisco Department of Public Health (“DPH” or the “Optionee”)and will include
6 replacement beds for

7 One TI member HealthRight 360, and will include new behavioral health beds that will be
8 operated by DPH or its affiliate, and will receive turnkey development services by One TI
9 member Mercy Housing; and,

10 WHEREAS, DPH has secured a pre-development loan from the Mayor’s Office of
11 Housing and Community Development (“MOHCD”) for the Behavioral Health Building and
12 has commenced planning and design of the Project; and

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14 WHEREAS, Optionee has already received a grant commitment from the
15 Community Care Expansion (“CCE”) program administered by the California Department of
16 Social Services (“CDSS”); and

17 WHEREAS, the TIDA Board of Directors has already provided Optionee site control
18 for a portion of Parcel E1.2 via TIDA Board Resolution #22-17-0713 however this form of
19 site control does not include the terms upon which the ground lease will be based; and

20 WHEREAS, Optionee desires to obtain from the Authority, and the Authority desires
21 to grant to Optionee, upon the specific terms and conditions set forth in the Option to Lease
22 agreement, the exclusive right and option to enter into a ground lease; and,

23 WHEREAS, the Optionee may pursue funding and must be able to demonstrate site
24 control through a ground lease or option to lease as a condition of their application; and
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1 WHEREAS, Authority Staff, in collaboration with the City Attorney's Office and DPH
2 have negotiated an Option to Lease with the Optionee for a portion of TI Parcel E1.2; now
3 therefore be it

4 RESOLVED, That the Authority Board of Directors has reviewed and considered the
5 FEIR and confirms that the proposed Option Agreement, subsequent ground lease and the
6 resulting construction of Behavioral Health beds are consistent with the planned Project,
7 the FEIR, and the environmental findings it made under the California Environmental
8 Quality Act when it approved the Project, on April 21, 2011; the Authority Board of Directors
9 further finds that none of the circumstances that would require preparation of a
10 supplemental or subsequent environmental study under Public Resources Code Section
11 21166 or CEQA Guidelines Section 15162 are present, in the sense that no changes to the
12 Project or the Project circumstances have occurred that would result in additional
13 environmental impacts, or in substantially increased severity of already identified
14 environmental impacts, and there are no mitigation measures or alternatives that were
15 previously identified to be infeasible but would in fact be feasible; and no new mitigation
16 measures or alternatives that would substantially reduce the identified environmental
17 impacts; and be it

18 FURTHER RESOLVED, That the Authority Board of Directors hereby authorizes the
19 Authority Director (the "Director") to execute the Option Agreement between the Authority
20 and the Optionee in substantially the form on file with the Secretary of the Board; and be it

21 FURTHER RESOLVED, That the Authority Board of Directors hereby authorizes the
22 Director to enter into any additions, amendments or other modifications to the Option
23 Agreement that the Director, in consultation with the City Attorney and DPH, determines
24 are in the best interests of the Authority, do not materially increase the obligations or
25 liabilities of the Authority, do not materially reduce the rights of the Authority, and are
necessary or advisable to complete the preparation and approval of the Option Agreement
and the Ground Lease if and when it is finalized, such determination to be conclusively

1 evidenced by the execution and delivery by the Director of the documents and any
2 amendments thereto.

3 FURTHER RESOLVED, that the Authority Board of Directors hereby authorizes the
4 Director to enter into and execute the Ground Lease and any additions, amendments or
5 other modifications to the Ground Lease, all of which the Director, in consultation with the
6 City Attorney and DPH, determines are consistent with the Option Agreement as it may be
7 amended, and with respect to any additions, amendments or other modifications to the
8 Ground Lease are in the best interests of the Authority, do not materially increase the
9 obligations or liabilities of the Authority under the Ground Lease, do not materially reduce
10 the rights of the Authority under the Ground Lease, and are necessary or advisable in
11 connection with the Project, such determination to be conclusively evidenced by the
12 execution and delivery by the Director of the documents and any amendments thereto.

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1 CERTIFICATE OF SECRETARY

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3 *I hereby certify that I am the duly elected and acting Secretary of the Treasure*
4 *Island Development Authority, a California nonprofit public benefit corporation, and*
5 *that the above Resolution was duly adopted and approved by the Board of Directors*
6 *of the Authority at a properly noticed meeting on October 9, 2024.*

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10 **Jeanette Howard, Secretary**

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