

**AGENDA ITEM 6(e)**  
**Treasure Island Development Authority**  
**City and County of San Francisco**  
**Meeting of January 11, 2023**

**Subject: Resolution Approving and Endorsing an Option to Lease Agreement between the Treasure Island Development Authority and Mercy Housing California Providing an Option with a Term of Three Years with an Extension Option of Six Months to Lease Parcel E1.2 for the Development of Low-Income Housing (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 include HeathRight 360 (“HR360”), Swords to Plowshares, Catholic Charities, and HomeRise (formerly Community Housing Partnership), that operate programs in former Navy residential units on Treasure Island. 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 in partnership with Swords to Plowshares, broke ground in 2020, and Star View Court, the second Authority Building in partnership with Catholic Charities closed financing in May 2022 and is in construction.

TI Parcel E1.2 is the third Authority parcel. A portion of Parcel E1.2 will be developed in partnership with the Department of Public Health and will include replacement facilities operated by One Treasure Island member HealthRight 360 with turnkey developer services offered by Mercy Housing California.

The remaining portion of Parcel E1.2 is proposed to be developed and operated by Mercy Housing California with up to 115 units of affordable housing including up to 10 Transition Units for Legacy Households.

## **PROPOSED**

The current proposed financing plan for E1.2 housing includes Project Rental Assistance Contract (PRAC) funding for the development of supportive rental housing for Very-Low-Income persons aged 62 years or older and project rental subsidies, California State Housing and Community Development funding, Low Income Housing Tax Credits and bonds, Treasure Island generated funds and a gap loan provided by the Mayor's Office of Housing.

In order to apply for PRAC funding which is offered by the Department of Housing and Urban Development, the Optionee must demonstrate site control through a ground lease or option to lease as a condition of their application. If the PRAC application is successful, all units within the development, including Transition Units will be deed restricted for persons aged 62 years or older ("Senior Housing").

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

This Resolution acknowledges the use of a portion of the Parcel as an indication of site control and further allows the Director to enter into any and all funding Agreements as result of this use. Staff will return to the Authority Board for authorization prior to executing any eventual ground lease or option to ground lease for the Parcel.

## **BUDGET IMPACT**

The costs affiliated with the tasks performed by TIDA and Mercy Housing California in this funding pursuit will be borne by each respective Agency. Any Authority costs associated with this acknowledgement of land use and application for grant funding are accounted for in the FY 22/23 Budget.

## **RECOMMENDATION**

Project Staff recommends approval of the Option to Lease for a portion of Parcel E1.2 for up to 115 affordable units including up to 10 Transition Units 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 Parcel E1.2 from TIDA to Mercy Housing California

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 \_\_\_\_\_ 2023, by and between the THE TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body, corporate and politic of the State of California (the “**Authority**”) and Mercy Housing California, a California nonprofit public benefit corporation, and its permitted successors and assigns hereunder (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 at parcel E1.2, San Francisco and more particularly described in Exhibit A attached hereto (the “Master Property”), which will be subdivided prior to Ground Lease closing into a parcel for affordable housing (the “Property”) and a parcel for community serving purposes. The exact configuration of the subdivided Property will be mutually agreed upon by Authority and Optionee.

B. Optionee desires to develop the Property with approximately up to 115 units (including one manager’s unit) for low income households (the “Project”). In order to develop the Project, 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.

C. Optionee intends to develop the Project with Low Income Housing Tax Credits and other sources.

D. In order to apply for Project financing, 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: Exercise.

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 June 30, 2025, (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 six (6) 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 2025. 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 Direction 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 end ninety nine (99) years from the date of construction completion of the Project.
- 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; Existing Tenants. The Property shall be used during the term of the Ground Lease only for affordable housing, with maximum rent and income levels set at no greater than eighty percent (80%) Area Median Income (“AMI”) as determined by the United States Department of Housing and Urban Development for

the San Francisco area, adjusted for household size and high housing cost area, and approved ancillary uses, including community serving uses. If required by the Project's tax credit investor based on the Project's residual value analysis test, and if approved by the MOHCD Director in his or her reasonable discretion, the Ground Lease may permit increases in the maximum rent and income levels after the 55th year of the Ground Lease term, but such increases shall be limited only to the extent necessary to satisfy the Project's residual value analysis test. Notwithstanding the foregoing, any households occupying units on Treasure Island at the time of execution of that certain Disposition and Development Agreement between the Authority and Treasure Island Community Development, LLC dated June 28, 2011 who continue to occupy units at the time Optionee takes possession of the Property ("Existing Tenants") shall not be subject to such affordability restrictions to the extent such Existing Tenants do not qualify at the time Optionee takes possession of the Property.

- 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.
- 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. Pursuant to the terms of the Ground Lease, Authority shall not be entitled to terminate the Ground Lease following any uncured default by the tenant during the fifteen (15) year tax credit compliance period for the Project, except if such default is failure to pay rent.
- 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 MOHCD. 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 the 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:                Mercy Housing California  
                              1256 Market Street, 2nd Floor  
                              San Francisco, CA 94102  
                              Attn: Executive 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. Prohibition Against Making Contributions to City. Through its execution of this Agreement, Optionee acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Optionee acknowledges that the foregoing restriction applies only if the contract or a



combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more.

Section 18. Conflicts of Interest. Through its execution of this Agreement, Optionee acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Optionee becomes aware of any such fact during the term of this Agreement, Optionee shall immediately notify the City.

Section 19. Effective Date. Notwithstanding anything to the contrary contained herein, this Agreement shall not be effective until the date on which the City's Board of Supervisors and Mayor 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 CITY'S BOARD OF SUPERVISORS 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 CITY'S BOARD OF SUPERVISORS AND MAYOR 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: \_\_\_\_\_

APPROVED AS TO FORM:  
DENNIS J. HERRERA  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

**OPTIONEE:**

Mercy Housing California, a California  
nonprofit public benefit corporation

By: \_\_\_\_\_

Name: Doug Shoemaker

Its: Executive Director

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 AND MERCY  
3 HOUSING CALIFORNIA PROVIDING AN OPTION WITH A TERM OF THREE YEARS  
4 WITH AN EXTENSION OPTION OF SIX MONTHS TO LEASE A PORTION OF PARCEL  
5 E1.2 FOR THE DEVELOPMENT OF LOW-INCOME HOUSING

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

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

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

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

WHEREAS, The City and County of San Francisco, as the predecessor Local Reuse  
Authority for the Base, negotiated a proposed Base Closure Homeless Assistance

1 Agreement and Option to Lease Real Property (the “Homeless Assistance Agreement”)  
2 with One Treasure Island (formerly the Treasure Island Homeless Development Initiative),  
3 a consortium of nonprofit corporations organized to utilize the available resources of the  
4 Base to help fill gaps in the continuum of care for homeless persons and families, pursuant  
5 to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994;  
6 and,

7 WHEREAS, On April 21, 2011, the TIDA Board of Directors unanimously made  
8 certain environmental findings under the California Environmental Quality Act (“CEQA”) and  
9 approved a package of legislation in furtherance of the development project (the “Project”),  
10 including a disposition and development agreement (the “DDA”) with Treasure Island  
11 Community Development, LLC (“TICD”); and,

12 WHEREAS, On June 7, 2011, the Board of Supervisors unanimously confirmed  
13 certification of the final environmental impact report and made certain environmental  
14 findings under CEQA (collectively, the “FEIR”) by Resolution No. 246-11 and approved a  
15 package of legislation in furtherance of the Project; and,

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

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

21 WHEREAS, The Housing Plan further provided that the Authority would partner with  
22 One Treasure Island to construct a minimum of 435 units including transition units for  
23 residents living in existing units managed by One Treasure Island’s constituent agencies  
24 including Swords to Plowshares, Community Housing Partnership, Catholic Charities, and  
25 HealthRight360; and,

WHEREAS, A portion of Parcel E1.2, after subdivision of the parcel, will be  
developed by Mercy Housing California as a Low-Income residential development (the

1 "Mercy Project") and a portion will be developed with turnkey developer services offered by  
2 Mercy Housing for the City's Department of Public Health (the "DPH Project") which DPH  
3 Project will include replacement facilities operated by One Treasure Island member  
4 HealthRight 360 ; and,

5 WHEREAS, Mercy Housing California (the "Optionee") anticipates securing a pre-  
6 development loan from the Mayor's Office of Housing and Community Development  
7 ("MOHCD") to commence planning and design of the Mercy Project; and

8 WHEREAS, Parcel E1.2 has the capacity to support the development of housing  
9 units in addition to the facilities of the Department of Public Health and HealthRight 360,  
10 and Authority Staff and One Treasure Island recommend that the balance of the property  
11 be developed by Mercy Housing California; and,

12 WHEREAS, The U.S. Department of Housing and Urban Development has released  
13 a Notice of Funding Opportunity ("NOFO") for Project Rental Assistance Contract (PRAC)  
14 funding for the development of supportive rental housing for Very-Low-Income persons  
15 aged 62 years or older and project rental subsidies; and

16 WHEREAS, the Optionee intends to pursue an application for funding under PRAC  
17 and must be able to demonstrate site control through a ground lease or option to lease as a  
18 condition of their application; and

19 WHEREAS, if the PRAC funding application is successful all units within the Mercy  
20 Project, including any Transition Units, will be deed restricted to individuals aged 62 years  
21 or older; and

22 WHEREAS, Authority Staff, in collaboration with the City Attorney's Office and  
23 MOHCD, have negotiated an Option to Lease with the Optionee for a portion of Parcel E1.2  
24 which lies within the first development subphase; now therefore be it

25 RESOLVED, That the Authority Board of Directors has reviewed and considered the  
FEIR and confirms that the proposed Option Agreement, subsequent ground lease and the  
resulting construction of low income housing are consistent with the planned Project, the

1 FEIR, and the environmental findings it made under the California Environmental Quality  
2 Act when it approved the Project, on April 21, 2011; the Authority Board of Directors further  
3 finds that none of the circumstances that would require preparation of a supplemental or  
4 subsequent environmental study under Public Resources Code Section 21166 or CEQA  
5 Guidelines Section 15162 are present, in the sense that no changes to the Project or the  
6 Project circumstances have occurred that would result in additional environmental impacts,  
7 or in substantially increased severity of already identified environmental impacts, and there  
8 are no mitigation measures or alternatives that were previously identified to be infeasible  
9 but would in fact be feasible; and no new mitigation measures or alternatives that would  
10 substantially reduce the identified environmental impacts; and be it

11 FURTHER RESOLVED, That the Authority Board of Directors hereby authorizes the  
12 Treasure Island Director (the "Director") to execute the Option Agreement between the  
13 Authority and the Optionee in substantially the form on file with the Secretary of the Board;  
14 and be it

15 FURTHER RESOLVED, That the Authority Board of Directors hereby authorizes the  
16 Director to enter into any additions, amendments or other modifications to the Option  
17 Agreement that the Director, in consultation with the City Attorney and MOHCD, determines  
18 are in the best interests of the Authority, do not materially increase the obligations or  
19 liabilities of the Authority, do not materially reduce the rights of the Authority, and are  
20 necessary or advisable to complete the preparation and approval of the Option Agreement  
21 and the Ground Lease if and when it is finalized, such determination to be conclusively  
22 evidenced by the execution and delivery by the Director of the documents and any  
23 amendments thereto.

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**CERTIFICATE OF SECRETARY**

*I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on January 11, 2023.*

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**Mark Dunlop, Secretary**