



AGENDA REPORT

PROPOSED ACTION: Ordinance: Approve and Authorize the Executive Director to Execute Agreements Necessary to Assign and Amend a Lease with Oakland Hospitality, LLC to Kalptaru Holdco, LLC, for the Premises Located at 1103 Embarcadero Road, Oakland, for an Assignment Fee of \$1,158.78, to Increase the Security Deposit to Six (6) Times' the Minimum Rent, Require a Personal Guaranty, Require Demolition of Improvements and Construction of Other Improvements, and Adjust Parking Areas; and Finding that the Proposed Action is Exempt Under the California Environmental Quality Act. **(CRE)**

Submitted By: Jonathan Veach, Chief Real Estate Officer; Kristi McKenney, Executive Director

Parties Involved:

Oakland Hospitality, LLC (Lessee/Assignor) and
Kalptaru Holdco, LLC (Proposed Lessee/Assignee)
Piyush Mehta, Individual (Guarantor)

Amount: \$1,158.78
Assignment Processing Fee

EXECUTIVE SUMMARY: Homewood Suites hotel is located at 1103 Embarcadero, Oakland (the Premises), and is currently leased to Oakland Hospitality, LLC. The proposed action would assign the Lease to Kalptaru Holdco, LLC, a new ownership entity formed by Piyush Mehta, and would amend the Lease to:

- Include a personal guaranty from Mr. Mehta, and
- Increase the security deposit to the equivalent of six (6) months' rent
- Make additional investment and improvements to the property

These changes are intended to provide additional financial protection to the Port while supporting continued successful operation of the Homewood Suites hotel.

BACKGROUND & ANALYSIS

Oakland Hospitality, LLC is the current lessee of the Homewood Suites by Hilton, located at 1103 Embarcadero and consisting of 132 guest rooms, a waterfront patio, outdoor pool, and meeting rooms. The Premises are shown in Exhibit A.

The original lease, dated July 1, 1996, was executed between the Port and JBN Lodging, LLC for development of the hotel. Following JBN Lodging's default, the leasehold interest was assigned to Oakland Hospitality in 1999, and the Lease was amended in 2001 to establish terms for completing hotel construction (the Agreement).

Over the past 25 years, Oakland Hospitality has operated the property in compliance with the Agreement, including investment under a Hilton Property Improvement Plan and completion of a major renovation in 2019. Oakland Hospitality has now elected to sell the asset.

On September 24, 2025, Oakland Hospitality submitted a request seeking Port approval to assign its leasehold interest to the Proposed Assignee, Kalptaru Holdco, LLC. The Assignee entity has been newly formed to acquire and operate the hotel and requests Port approval of the Lease assignment, together with amendments requiring a personal guaranty and an increased security deposit of \$240,960 (six months' minimum rent).

Piyush Mehta, the principal of Kalptaru Holdco, LLC, is an experienced hotel operator with more than 18 years of hospitality management and ownership experience, including 35 franchise-branded hotels in markets such as Fairfield and Sacramento. Mr. Mehta maintains minority equity interests in several Marriott-branded assets and possesses a CPA-certified net worth exceeding Lease requirements. Kalptaru Holdco, LLC, with the personal guaranty of Mr. Mehta, demonstrates the financial capability, industry experience, and operational commitment necessary to satisfy the requirements for approval of a Lease assignment.

The transaction is expected to be financed through \$5,000,000 in loan proceeds and \$4,000,000 in cash equity, with planned capital improvements during the first 6–8 months following Lease amendment.

In addition to memorializing the Assignment and updating Notice provisions, the Amendment will include the following material modifications:

- Confirm Lease expiration date of January 31, 2052
- Require a personal guaranty from Mr. Mehta
- Increase the security deposit from three to six months' minimum rent
- Require a minimum \$3 million capital investment within the first year of the Amendment
- Require demolition, at Lessee's sole cost, of two deck structures along the Estuary and associated walkway improvements
- Reconfiguration of the parking lot and consolidation of dumpster area to optimize shared parking capacity for adjacent Port tenants and the public
- Improvements to separate water utility connections between the hotel and the adjacent marina parcel

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- ☒ Categorically exempt under the following CEQA Guidelines Section:
15301 (Existing Facilities)
- ☐ Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- ☐ Other/Notes:

BUDGET

- ☐ Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - ☒ Operating
 - ☐ Non-Operating
 - ☐ Capital

Analysis: Approval of the A/R will generate a positive variance of \$1,158.78 compared to the Adopted Budget for FY 2026, for the assignment processing fee.

STAFFING

- ☒ No Anticipated Staffing Impact.
- ☐ Anticipated Change to Budgeted Headcount.
Reason:
- ☐ Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

☐ Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

No (CRE) – proposed action entails tenancy outside of the Maritime or Aviation areas and therefore not subject to Living Wage requirements.

☐ Additional Notes:

SUSTAINABLE OPPORTUNITIES:

Applies? **No.**

Reason: Proposed Assignee has not proposed any development for the leased area.

GENERAL PLAN (City Charter § 727):

Conformity Determination:

No Project – conformity determination not required because proposed action does not change use of or make alterations to an existing facility or create a new facility.

STRATEGIC PLAN. The proposed action would help the Port achieve the following goal(s) and objective(s) in the Port's Strategic Business Plan:

- | | |
|--|--|
| <input type="checkbox"/> Grow Net Revenues | <input type="checkbox"/> Modernize and Maintain Infrastructure |
| <input checked="" type="checkbox"/> Improve Customer Service | <input type="checkbox"/> Pursue Employee Excellence |
| <input type="checkbox"/> Strengthen Safety and Security | <input type="checkbox"/> Serve Our Community |
| <input type="checkbox"/> Care for Our Environment | |