

1 [Real Property Lease - NPU, Inc., a California Corporation - Old United States Mint -
2 Participation Rent of 10% of Gross Monthly Revenue]

3 **Resolution authorizing and approving the Director of Property to execute a Lease**
4 **Agreement for a term of four years with three five-year options to extend, to commence**
5 **upon approval of this Resolution through July 31, 2029 with NPU, Inc. for the continued**
6 **use of the Old Mint located at 88-5th Street, paying as participation rent, 10% of the**
7 **gross monthly revenue generated from their use of the Old Mint; and authorizing the**
8 **Director of Property to execute any amendments or modifications to the Lease**
9 **including exercising options to extend the agreement term, make certain modifications**
10 **and take certain actions that do not materially increase the obligations or liabilities to**
11 **the City, and do not material decrease the benefits to the City and are necessary to**
12 **effectuate the purposes of the Lease or this Resolution.**

13
14 WHEREAS, The Old United States Mint ("Old Mint" or "Mint") is a National Historic
15 Landmark, the highest recognition of historical significance designated by the federal
16 government, for its unique architecture and history; and

17 WHEREAS, The City and County of San Francisco's Office of Economic and
18 Workforce Development ("OEWD") is working on projects to renovate and rededicate the Mint
19 as a permanent cultural facility in the City through the Old Mint Restoration Project
20 ("Restoration Project"); and

21 WHEREAS, The City desires to continue activation and stewardship of the Old Mint
22 during the Old Mint Restoration Project and until such time as the City is prepared to proceed
23 with subsequent phases of the Restoration Project; and

24 WHEREAS, On June 3, 2016, the City issued a Request for Proposals for Lease
25 resulting in the selection of NPU, Inc. ("Tenant"); and

1 WHEREAS, City executed a lease with NPU, Inc. dated March 1, 2020, for two years
2 with three one-year options to extend; and

3 WHEREAS, Due to the COVID-19 health emergency and resulting negative economic
4 impact Tenant has a past rent balance due to the City of \$163,000; and

5 WHEREAS, To address the past due rent balance, Tenant agrees to perform capital
6 improvement projects in exchange for City forgiving the past due rent balance; and

7 WHEREAS, The proposed Lease includes: (i) an expiration date of July 31, 2029,
8 subject to three options to extend, each for five additional years; (ii) participation rent equal to
9 the sum of 10% of the gross revenue Tenant receives from third parties as payment for rental
10 of the Old Mint; (iii) Tenant will make certain capital improvements to the Old Mint during the
11 initial term of the Lease; and

12 WHEREAS, Tenant shall pay for utilities, services, maintenance, and tax assessments
13 in addition to Participation Rent of 10% of the gross revenue received by tenant for events
14 held at the property ; and

15 WHEREAS, An appraisal was done as required under Chapter 23 of the Admin Code
16 and found the Fair Market Participation Rent was found to be at or above fair market rent; and

17 WHEREAS, The Real Estate Division has negotiated a Lease in substantially the form
18 on file with the Clerk of the Board of Supervisors in File No. 250826, which is hereby declared
19 to be a part of this resolution as if set forth fully herein (the "Lease"); and

20 WHEREAS, The Lease shall commence upon approval by the Board of Supervisors
21 and Mayor; and

22 RESOLVED, That in accordance with the recommendation of the Director of Property,
23 the Director of Economic and Workforce Development, and in consultation with the City
24 Attorney, the Director of Property on behalf of the City, as Landlord, shall be and is hereby
25 authorized to take all actions necessary to execute the Lease at the Old United States Mint,

1 for the initial term of four years with three five year options subject to the enactment of a
2 resolution by the Board of Supervisors and the Mayor, in their respective sole and absolute
3 discretion, approving and authorizing the same; and, be it

4 FURTHER RESOLVED, The monthly rent for the initial term shall be in the form of 10%
5 of the gross monthly revenue received by Tenant, exclusive of all utilities and services for
6 which Tenant is solely responsible without any rent credit; and, be it

7 FURTHER RESOLVED, The past due rent owed to City in the amount of \$163,000 will
8 be forgiven in exchange for Tenant completing planned capital improvement projects during
9 the initial term of the lease; and, be it

10 FURTHER RESOLVED, The Board of Supervisors approves the Lease in substantially
11 the form in the Board's File and authorizes the Director of Property to take all actions, on
12 behalf of City, to enter into any further amendments or modifications (including without
13 limitation, the exhibits) to the Lease that the Director of Property determines, in consultation
14 with the City Attorney, are in the best interests of the City, do not materially increase the
15 obligations or liabilities of the City, and are necessary or advisable to complete the transaction
16 and effectuate the purposes and intent of this Resolution and are in compliance with all
17 applicable laws, including the City's Charter; and, be it

18 FURTHER RESOLVED, That any action heretofore taken by any City employee or
19 official with respect to the exercise of the Lease as set forth herein is hereby approved,
20 confirmed and ratified; and, be it

21 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed
22 by all parties, the Director of Property shall provide a copy of the Lease to the Clerk of the
23 Board to include in the official file.

RECOMMENDED:

/s/

Anne Taupier
Executive Director
SF Office of Economic & Workforce Development

RECOMMENDED

/s/

Sarah R. Oerth
Director of Property
Real Estate Division