

1 [Real Property Lease - NPU, Inc. - United States Old Mint - 88 Fifth Street - \$22,000 per
2 Month]

3 **Resolution authorizing and approving a Lease with NPU, Inc., a California corporation,**
4 **for the United States Old Mint at 88 Fifth Street, at the monthly base rent of \$22,000;**
5 **requiring tenant to be responsible for all utilities and services, participation rent of 50%**
6 **of venue rental fees and \$2,500 per ticketed event subject to a rent credit not to**
7 **exceed \$500,000, for a two year term to commence upon approval by the Board of**
8 **Supervisors and Mayor through February 28, 2022, with three one-year options to**
9 **extend; authorizing the Director of Property to execute documents, make certain**
10 **modifications and take certain actions in furtherance of the Lease and this Resolution**
11 **as defined herein; adopting findings under the California Environmental Quality Act,**
12 **Public Resources Code, Section 21000 et seq.; and making findings that the proposed**
13 **transaction is in conformity with the General Plan, and the eight priority policies of**
14 **Planning Code, Section 101.1.**

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

19 WHEREAS, The City and County of San Francisco’s Office of Economic and
20 Workforce Development (“OEWD”) and the California Historical Society (“CHS”) are working
21 in partnership to renovate and rededicate the Mint as a permanent cultural facility in the City
22 through the Old Mint Restoration Project (“Restoration Project”); and

23 WHEREAS, Completion of Phase I and Phase II of the Restoration Project will last
24 approximately two years and involves due diligence review and assessments including a
25 structural analysis of the building and a capital campaign feasibility study, as described in the

1 Exclusive Negotiation Agreement between CHS and the City, on file with the Clerk of the
2 Board of Supervisors in File No. 171320; and

3 WHEREAS, The City desires to continue short-term activation and stewardship of the
4 Old Mint during the current assessment period and until such time as CHS and the City are
5 prepared to proceed with subsequent phases of the Restoration Project; and

6 WHEREAS, On June 3, 2016, the City issued a Request for Proposals for Lease
7 resulting in the selection of NPU, Inc. (“Tenant”); and

8 WHEREAS, The proposed Lease includes: (i) an expiration date of February 28, 2022,
9 subject to three one-year options to extend; (ii) base rent of \$22,000.00 per month, increased
10 by 3% each year; (iii) participation rent equal to the sum of (A) 50% of the amount Tenant
11 receives from third parties as payment for rental of the Old Mint, and (B) \$2,500 for each
12 ticketed event held on or in the Old Mint, subject to a rent credit not to exceed \$500,000
13 during the initial Term for actual third party costs incurred by Tenant for capital repairs and
14 improvements approved in writing by the Director of Property; (iv) use of the Old Mint for
15 presenting community events, music concerts, theatrical events, third-party rentals, and
16 cultural programming and special events, including CHS-sponsored gatherings and one-day
17 temporary exhibitions, as well as the annual San Francisco History Days exposition; (v) up to
18 four days per calendar month for civic events and other City purposes as approved by the
19 Director of Property (“City Days”); and, (vi) acceptance of the Old Mint “as is” without
20 representation or warranty; and

21 WHEREAS, The Lease requires Tenant to cooperate with the CHS allowing it access
22 for Phase I of the Restoration Project, permits for events, and establishing a schedule of
23 regular publicly-accessible tours and “open house” hours at the Old Mint; and

24 WHEREAS, The Lease requires Tenant to pay for all utilities and services in
25 connection with Tenant’s use of the Old Mint; and

1 WHEREAS, The United States Old Mint is a locally-designed landmark listed in
2 Article 10 of the Planning Code (Landmark No. 236), and as such, all proposed Tenant
3 improvements to the property must be reviewed and approved by various City entities,
4 including the Preservation Coordinator and Historic Preservation Commission, as may be
5 required; and

6 WHEREAS, The terms and conditions of the Lease do not require a fair market rent
7 appraisal, but are supported by an analysis of other venues; and

8 WHEREAS, The Real Estate Division has negotiated a Lease in substantially the form
9 on file with the Clerk of the Board of Supervisors in File No. 171320, which is hereby declared
10 to be a part of this resolution as if set forth fully herein (the "Lease"); and

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

13 WHEREAS, By General Plan Referral dated November 3, 2017, the San
14 Francisco Planning Department adopted and issued a General Plan Consistency
15 Finding, a copy of which is on file with the Clerk of the Board in File No. 171320,
16 wherein the San Francisco Planning Department found that the Lease of the Old Mint
17 is consistent with the City's General Plan, and with the eight priority policies of Planning
18 Code, Section 101.1; and

19 WHEREAS, The Director of Planning in a General Plan Referral dated
20 November 3, 2017, a copy of which is on file with the Clerk of the Board of Supervisors in File
21 No. 171320, found that the proposed Lease is categorically exempt from environmental
22 review under Class 1 (CEQA Guidelines Section 15301); now, therefore, be it

23 RESOLVED, That the Board of Supervisors finds that the actions contemplated in this
24 Resolution are exempt from environmental review and are consistent with the City's General
25 Plan and with Planning Code, Section 101.1-(b) for the reasons set forth in the General Plan

1 Referral dated November 3, 2017, and hereby incorporates such findings by reference as
2 though fully set forth in this Resolution; and, be it

3 FURTHER RESOLVED, That in accordance with the recommendation of the Director
4 of Property and the Director of the Office of Economic and Workforce Development, the
5 Director of Property on behalf of the City, as Landlord, shall be and is hereby authorized to
6 take all actions necessary to execute the Lease at the United States Old Mint, for the initial
7 term and the three one year options subject to the enactment of a resolution by the Board of
8 Supervisors and the Mayor, in their respective sole and absolute discretion, approving and
9 authorizing the same; and, be it

10 FURTHER RESOLVED, The monthly base rent for the initial term shall be \$22,000.00
11 per month, subject to annual adjustments of 3% percent, exclusive of all utilities and services
12 for which Tenant is solely responsible without any rent credit; and, be it

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

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

24 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed
25 by all parties, the Director of Property shall provide a copy of the Lease to the Clerk of the

1 Board to include into the official file.

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4 RECOMMENDED:

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Andrico Q. Penick
Director of Property
Real Estate Division

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10 RECOMMENDED:

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Joaquin Torres
Director
Office of Economic and Workforce Development

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