

1 [Lease Amendment - Boudin Properties Inc. - 160 Jefferson Street - Two Ten-Year Extension
2 Options]

3 **Resolution approving the First Amendment to Lease L-13550 between Boudin**
4 **Properties, Inc., located at 160 Jefferson Street, and the City and County of San**
5 **Francisco, acting by and through the Port Commission, to provide for two extension**
6 **options of ten years each, for an aggregate term until June 30, 2065, each subject to**
7 **specific performance and capital improvement conditions, as defined herein; with no**
8 **change to existing lease terms of July 1, 2005, through June 30, 2045.**

9
10 WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and Charter
11 Sections 4.114 and 83.581 empower the San Francisco Port Commission ("Port
12 Commission") with the power and duty to use, conduct, operate, maintain, manage, regulate
13 and control the lands within Port Commission jurisdiction; and

14 WHEREAS, In September 2003, through Resolution 03-65, the Port Commission
15 approved Lease No. L-13550 ("Lease") with Boudin Properties, Inc. ("Boudin") which required
16 the demolition of then-existing one-story building of about 9,820 square feet and construction
17 of a two-story building of approximately 24,993 gross square feet which includes a restaurant,
18 museum, etc.; and

19 WHEREAS, The Planning Department issued the Final Mitigated Negative Declaration
20 ("FMND") for the project on October 22, 2003, in which it determined that the Project will not
21 have a significant effect on the environment with the implementation of the mitigation
22 measures specified therein (File No. 2003.0186E-160); and

23 WHEREAS, In December 2003, through Resolution 783-03, the Board of Supervisors
24 approved the Lease; and

1 WHEREAS, The Lease will expire on June 30, 2045, and has no extension options;
2 and

3 WHEREAS, Boudin has proposed amending the Lease to include two ten-year
4 extension options at tenant's option ("Extension Options") which would, if exercised extend
5 the Lease until June 30, 2065; and

6 WHEREAS, As material consideration for the Extension Options, as further described
7 in the Memorandum to the Port Commission dated May 11, 2018, the proposed First
8 Amendment includes the following significant terms: as a condition precedent to each
9 Extension Option, Boudin must invest a minimum of \$2 million in tenant improvements by the
10 specified dates; during each extension term, Boudin must invest an additional minimum of \$1
11 million in tenant improvements; all tenant improvements must be verifiable capital
12 improvements to the premises that will improve the financial performance of the restaurant
13 and/or extend the asset useful life as determined by the Port; percentage rent due to Port for
14 some retail components will be reset to fair market value during each extension term through
15 an appraisal process; Port's transfer participation in net proceeds from sales and re-
16 financings will increase from the current 10% to 12%; Boudin will comply with City ordinances
17 enacted since the Lease was originally effective; and

18 WHEREAS, All other terms of the Lease will remain in effect; and

19 WHEREAS, The Port Commission approved the First Amendment to the Lease on May
20 22, 2018, by Resolution No. 18-33; and

21 WHEREAS, Copies of the Lease and First Amendment are on file with the Clerk of the
22 Board of Supervisors in File No. 180690; and

23 WHEREAS, San Francisco Charter, Section 9.118, requires Board of Supervisors'
24 approval of the modification, amendment or termination of any lease which when entered into
25

1 was for a period of ten or more years or having anticipated revenue to the City of \$1,000,000
2 or more; now, therefore, be it

3 RESOLVED, that the Board of Supervisors' approves the First Amendment to the
4 Lease; and, be it

5 FURTHER RESOLVED; That the Board of Supervisors authorizes the Executive
6 Director of the Port ("Executive Director") to execute the amendment in a form approved by
7 the City Attorney and in substantially the form on file with the Clerk of the Board of
8 Supervisors in File No. 180690; and, be it

9 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
10 Director to enter into any additions, amendments or other modifications to the First
11 Amendment (including, without limitation, preparation and attachment of, or changes to, any
12 or all of the exhibits and ancillary agreements) that the Executive Director, in consultation with
13 the City Attorney, determines when taken as a whole, are in the best interest of the Port, do
14 not materially increase the obligations or liabilities of the Port or City or materially decrease
15 the public benefits accruing to the Port, and are necessary or advisable to complete the
16 transactions contemplated and effectuate the purpose and intent of this Resolution, such
17 determination to be conclusively evidenced by the execution and delivery by the Executive
18 Director of any such documents; and, be it

19 FURTHER RESOLVED; That within thirty (30) days of the First Amendment to the
20 Lease being fully executed by all parties, the Port shall provide copies of the First Amendment
21 to the Clerk of the Board for inclusion into the official file.