

1 [Real Property Lease Amendment - PROXYdevelopment, LLC - Northeast Corner of Octavia
2 Boulevard and Fell Street - Initial Monthly Rent of \$5,573.67]

3 **Resolution approving a Second Amendment to Lease between the City and County of**
4 **San Francisco and PROXYdevelopment, LLC, for property located at the northeast**
5 **corner of Octavia Boulevard and Fell Street, commonly known as a portion of**
6 **Assessor's Block No. 0817, Lot No. 33 (AKA Parcel L), to extend the lease term through**
7 **January 31, 2021, and revise the monthly base rent to \$5,573.67 effective November 1,**
8 **2015.**

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10 WHEREAS, The State of California transferred certain real property located at the
11 northeast corner of Octavia Boulevard and Fell Street and commonly known as a portion of
12 Assessor's Block No. 0817, Lot No. 33 ("Parcel L") to the City and County of San Francisco
13 ("City") as part of the demolition of the former Central Freeway and on the condition that City
14 use the proceeds from any disposition of Parcel L in connection with City's Octavia Boulevard
15 project and for transportation and related purposes set forth in Section 72.1(f)(1) of the
16 California Streets and Highways Code; and

17 WHEREAS, A four year lease (Original Lease) of Parcel L to PROXYdevelopment, LLC
18 ("Tenant"), for an initial monthly base rent of \$2,000, adjusted annually, and a share of bonus
19 rent, was authorized through Resolution No. 385-10, adopted by the Board of Supervisors on
20 August 3, 2010, and approved by the Mayor on August 12, 2010, a copy of which is on file
21 with the Clerk of the Board of Supervisors in File No. 100669; and

22 WHEREAS, The Board of Supervisors authorized an Amendment to Lease to the
23 Original Lease extending the lease term from four years to five years for Parcel L under
24 Resolution No. 382-11 ("First Amendment"), adopted by the Board of Supervisors on
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1 September 20, 2011, and approved by the Mayor on September 26, 2011, a copy of which is
2 on file with the Clerk of the Board of Supervisors in File No. 110916; and

3 WHEREAS, Tenant and City wish to extend the term of the First Amendment through
4 January 31, 2021 under a Second Amendment to Lease substantially in the form on file with
5 the Clerk of the Board of Supervisors in File No. 150820 (“Second Amendment”); and

6 WHEREAS, The terms and conditions of the Second Amendment shall include an
7 increase in rental revenue to the City, with a base rent set at the greater of \$5,573.67 per
8 month, or 5.25% of annual average gross revenues received from businesses operating on
9 the site since the lease’s inception, effective approximately November 1, 2015, increasing
10 annually thereafter pursuant to said Second Amendment; and

11 WHEREAS, The Director of Planning, by letter dated May 14, 2010, a copy of which is
12 on file with the Clerk of the Board of Supervisors in File No.110916, found that the proposed
13 Lease is categorically exempt from environmental review and in conformance with the City’s
14 General Plan; now, therefore, be it

15 RESOLVED, That in accordance with the recommendation of the Director of Office of
16 Economic and Workforce Development and the Director of Property, the Director of Property
17 is hereby authorized to execute the Second Amendment; and, be it

18 FURTHER RESOLVED, That all actions heretofore taken by any City employee or
19 official with respect to the Second Amendment are hereby approved, confirmed and ratified;
20 and, be it

21 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
22 Property to enter into any amendments or modifications to the Second Amendment that the
23 Director of Property determines, in consultation with the City Attorney, are in the best interest
24 of the City, do not materially reduce the rent or otherwise materially increase the obligations or
25 liabilities of the City, are necessary or advisable to effectuate the purposes of the Second

1 Lease Amendment and are in compliance with all applicable laws, including City's Charter;
2 and, be it

3 FURTHER RESOLVED, That within thirty (30) days of the Second Amendment being
4 fully executed by all parties, the Director of Property shall provide the final document to the
5 Clerk of the Board for inclusion into the official file.

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RECOMMENDED:

Todd Rufo
Director, Office of Economic
and Workforce Development

John Updike
Director of Property