

1 [Master Lease of City Property - Yerba Buena Gardens Conservancy -Yerba Buena Gardens -  
2 \$1.00 Annual Base Rent]

3 **Resolution approving and authorizing the Director of Property to execute a master**  
4 **lease agreement between the City and County of San Francisco, as landlord, and the**  
5 **Yerba Buena Gardens Conservancy, a California nonprofit public benefit corporation,**  
6 **as tenant, for the lease of City-owned real property and improvements, collectively**  
7 **known as Yerba Buena Gardens at an annual base rent of \$1.00 for a total term to**  
8 **commence upon approval from the Board of Supervisors and Mayor, through**  
9 **September 1, 2061; finding the proposed transaction is in conformance with the**  
10 **General Plan, and the eight priority policies of Planning Code, Section 101.1; and**  
11 **adopting California Environmental Quality Act findings.**

12  
13 WHEREAS, Over a forty-year period, the Redevelopment Agency of the City and  
14 County of San Francisco, a public body, corporate and politic (the “Former Agency” or “OCII”),  
15 developed and managed the three central blocks of the Yerba Buena Center Redevelopment  
16 Project Area (“Yerba Buena Gardens” or “YBG”); and

17 WHEREAS, The Former Agency developed and managed the properties located within  
18 YBG (the “YBG Properties”) as a single, unified set of properties generating restricted revenue  
19 from associated leases and agreements (“Program Income”); and

20 WHEREAS, Program Income is governed by Community Development Block Grant  
21 (“CDBG”) funding requirements, which contractually dedicates Program Income to be used for  
22 the operation, capital improvement, maintenance and programming of YBG; and

23 WHEREAS, State law dissolved the Former Agency on February 1, 2012, under  
24 California Health and Safety Code, Sections 34170 et seq. (“Redevelopment Dissolution  
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1 Law”) and required that OCII dispose of the Former Agency’s real property, including YBG;  
2 and

3 WHEREAS, The Board of Supervisors adopted, by Resolution File No. 180417 (May  
4 22, 2018), authorizing the transfer of Yerba Buena Gardens and associated “Leases” and  
5 “Agreements” from OCII to City, with such transfers to City having occurred on June 27, 2018;  
6 and

7 WHEREAS, Since the acquisition, the City has directly managed YBG on an interim  
8 basis until such time as a long-term operator could be selected and a long-term master lease  
9 is negotiated; and

10 WHEREAS, That upon approval of any long-term management agreement or lease,  
11 the Director of Property shall retain the YBG Properties and all assets of YBG under the  
12 jurisdiction of the Real Estate Division (RED); and

13 WHEREAS, The Board of Supervisors adopted, by Resolution File No. 160756  
14 (October 20, 2015), Establishment of Yerba Buena Gardens Conservancy (“YBGC”) created  
15 for the purpose of eventually managing YBG on behalf of the City and YBGC is currently  
16 overseen by an eleven-member “Interim Board”; and

17 WHEREAS, The City and YBGC have negotiated a master lease agreement dated  
18 June 14, 2019 (the “Lease”), commencing upon execution after approval by the Board of  
19 Supervisors and Mayor, expiring on September 1, 2061, a copy of the Lease is on file with the  
20 Clerk of the Board of Supervisors in File No. 190605; and

21 WHEREAS, Under the Lease, YBGC is obligated to manage and operate portions of  
22 YBG, including certain YBG Properties, certain leases and agreements within Central Block 1,  
23 Central Block 2, and Central Block 3 (collectively, the “YBGC Premises”); and

24 WHEREAS, City will continue to retain certain leases and responsibilities within YBG,  
25 but the Lease does not create any fiscal obligation upon City except those that are

1 reimbursable expenses from Program Income; and

2 WHEREAS, The Lease requires YBGC to use any Program Income, in accordance  
3 with CDBG requirements, to fulfil its obligations under the Lease; and

4 WHEREAS, The Lease obligates YBGC to perform certain responsibilities and YBGC  
5 will be assigned certain agreements within YBG, but not all (which unassigned agreements  
6 include the “Retained City Leases” and the “Retained Public Open Spaces”, as defined in the  
7 Lease); and

8 WHEREAS, The Retained Lease Areas, as defined in the Lease, are not part of the  
9 Premises; however, revenue generated from the Retained Lease Areas, net of any expenses  
10 incurred by City, is dedicated to fund the operation, maintenance, security, and capital  
11 improvement of the Premises and YBGC shall have certain other rights with respect to the  
12 Retained Lease Areas as set forth in the Lease; and

13 WHEREAS, The Lease, at no cost to the City, fulfills the requirements of the  
14 Redevelopment Dissolution Law and requires Board of Supervisor approval under Chapter 23  
15 of the San Francisco Administrative Code; and

16 WHEREAS, The Interim Board of the YBGC is expected to be replaced by a new  
17 Board of Directors in conjunction with the Lease taking effect; and

18 WHEREAS, The new Board of the YBGC will consist of 15 members as set forth in the  
19 YBGC Bylaws - eight of the Directors shall represent Yerba Buena neighborhood and  
20 community constituencies “(YBGC Representatives”) and seven of the Directors shall be  
21 nominated by the City and County of San Francisco (“City Representatives”); and

22 WHEREAS, The YBGC Bylaws deem the City Representatives as agents of the City  
23 and County of San Francisco when serving as Directors and describes the City  
24 Representatives as follows: one Director representing the City Convention Facilities  
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1 Department, one Director representing the City Arts Commission, one Director representing  
2 the City Department of Real Estate, and four Directors nominated in the City's discretion; and

3 WHEREAS, The Planning Department, by letter dated April 30, 2018, found that the  
4 Lease agreement between YBGC and City is not considered a project under the California  
5 Environmental Quality Act ("CEQA", Public Resources Code, Section 21000 et seq.) pursuant  
6 to CEQA Guidelines, Section 15060(c)(2) and 15378, and is consistent with the General Plan,  
7 and the eight priority policies of Planning Code, Section 101.1, which letter is on file with the  
8 Clerk of the Board of Supervisors in File No. 190605, and incorporated herein by this  
9 reference; now, therefore, be it

10 RESOLVED, The Board of Supervisors affirms the Planning Department's  
11 determination under CEQA and finds that the proposed Lease between City and YBGC is  
12 consistent with the General Plan and with Planning Code Section 101.1 for the reasons set  
13 forth in the Director of Planning's letter; and, be it

14 FURTHER RESOLVED, That in accordance with the recommendations of the City's  
15 Director of Property, the Board of Supervisors approves and authorizes the Director of  
16 Property to (i) execute the Lease between the City and the YBGC (a California nonprofit  
17 public benefit corporation) for the lease of the City-owned real property and improvements  
18 collectively known as the Yerba Buena Gardens for the lease commencing upon execution  
19 after approval by the Board of Supervisors and Mayor, expiring on September 1, 2061,  
20 including any exhibits, such as assignment and assumption agreements of Leases or  
21 Agreements, causing YBGC to assume some of the Leases and Agreements, including most  
22 rights and obligations under those Leases and Agreements, subject to any restrictions or  
23 requirements imposed by the Lease; (ii) transfer Program Income, net of any expenses  
24 incurred by City associated with City's responsibilities at YBG, to YBGC so the Program  
25 Income may be used to fulfill YBGC's Lease obligations; (iii) maintain City's right to accept all

1 funds in the "Separate Account" (as described in the Lease), and for the Controller to maintain  
2 a separate account for use on the YBG Properties only as required by the Leases and  
3 Agreements; and be it

4 FURTHER RESOLVED, The City Administrator shall appoint the City Representatives  
5 to the YBGC Board based on identified skillsets helpful to the successful operation of the  
6 YBGC such as community development and public finance; and provided that one of the City  
7 Representative seats will be nominated by the San Francisco District Six Board of Supervisor,  
8 and approved by the San Francisco Board of Supervisors; and be it

9 FURTHER RESOLVED, The Board of Supervisors approves and authorizes the  
10 Director of Property to execute any such other documents that are necessary or advisable to  
11 complete the transaction contemplated in the Lease, and to effectuate the purpose and intent  
12 of this Resolution; and, be it

13 FURTHER RESOLVED, That the Board authorizes the Director of Property, in  
14 consultation with the City Attorney, to enter into any additions, amendments or other  
15 modifications to the Lease that the Director of Property determine are in the best interests of  
16 the City, and do not materially increase the obligations or liabilities of the City beyond those  
17 contemplated in this resolution, and are in compliance with all applicable laws, including the  
18 Redevelopment Dissolution Law and the City's Charter; and, be it

19 FURTHER RESOLVED, That all actions authorized and directed by this Resolution and  
20 previously taken are hereby ratified and approved by the Board of Supervisors; and, be it

21 FURTHER RESOLVED, That within thirty (30) days of the Proposed Lease being fully  
22 executed by all parties, RED shall provide a copy to the Clerk of the Board for inclusion into  
23 the official file.

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Recommended:

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Director of Property