

1 [Mutual Termination Agreement of Real Property - Smokehouse - Scoma's Restaurant]

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3 **Resolution authorizing the Executive Director of the Port of San Francisco to execute a**
4 **Mutual Termination Agreement with Scoma's Restaurant, Incorporated, a California**
5 **corporation for Port Lease No. L-9170 and Port Lease No. L-9175 between the Port of**
6 **San Francisco and Scoma's Restaurant, for premises along Al Scoma Way over bay**
7 **waters ("Smokehouse"), effective upon approval of this Resolution; and to authorize**
8 **the Executive Director of the Port of San Francisco to enter into amendments or**
9 **modifications to the Mutual Termination Agreement that do not materially increase the**
10 **obligations or liabilities to the City and are necessary to effectuate the purposes of this**
11 **Resolution.**

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13 WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and Charter,
14 Sections 4.114 and B3.581, empower the Port Commission with the power and duty to use,
15 conduct, operate, maintain, manage, regulate and control the Port area of the City and County
16 of San Francisco; and

17 WHEREAS, Scoma's Restaurant, Incorporated, a California corporation ("Tenant")
18 leases premises under Lease L-9170 and Lease L-9175 ("Leases") for premises along Al
19 Scoma Way over bay waters ("Smokehouse"); and

20 WHEREAS, Smokehouse was deemed unsafe and red-tagged in 2019 and the sub-
21 tenant subsequently ceased operating and despite Tenant's efforts Smokehouse continues to
22 deteriorate; and

23 WHEREAS, Tenant has no financial ability or willingness to redevelop Smokehouse or
24 when the Leases expire return Smokehouse in as-good-as-received condition or demolish it;
25 and

1 WHEREAS, The Leases expire on April 30, 2036, and have no early termination option
2 and Port and Tenant desire to terminate the leases before the natural expiration; and

3 WHEREAS, Port and Tenant now wish to agree on an orderly termination of the
4 Leases per the terms of the Mutual Termination Agreement on file with the Commission
5 Secretary (the "Mutual Termination Agreement"); and

6 WHEREAS, On April 22, 2025, through Resolution No. 25-22, the Port Commission
7 approved the Mutual Termination Agreement; and authorized the Executive Director or her
8 designee to execute it, and

9 WHEREAS, Among other things, the Mutual Termination Agreement paves the way to
10 demolish the Smokehouse, does not require payment of a termination fee due to the benefits
11 that accrue to Port and public by such demolition, and Tenant's continued performance of the
12 obligations of the Leases, particularly payment of rent and maintaining insurance coverage,
13 and continues to require that the Tenant perform under Tenant's other leases, all as more
14 particularly described in the Memorandum to the Port Commission dated February 21, 2025;
15 and

16 WHEREAS, Charter, Section 9.118, requires Board of Supervisors' approval of the
17 termination of any lease which when entered into was for a period of ten or more years or
18 having anticipated revenue to the City of one million dollars or more; now, therefore, be it

19 RESOLVED, That the Board of Supervisors approves the Mutual Termination
20 Agreement and authorizes the Port Executive Director or her designee to execute the Mutual
21 Termination Agreement of Port Lease No. L-9170 and Port Lease No. L-9175 between the
22 Port of San Francisco and the Tenant; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors approves the proposed Mutual
24 Termination Agreement and authorizes the Executive Director of the Port or her designee to
25 execute such Mutual Termination Agreement in substantially the same form as the Mutual

1 Termination Agreement on file with the Clerk of the Board of Supervisors in File No. 250689;
2 and, be it

3 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
4 Director to enter into any additions, amendments or other modifications to the Mutual
5 Termination Agreement that the Executive Director, in consultation with the City Attorney,
6 determines, when taken as a whole, to be in the best interest of the Port, do not materially
7 increase the obligations or liabilities of the City or the Port, and are necessary or advisable to
8 complete the transaction which this Resolution contemplates and effectuate the purpose and
9 intent of this Resolution, such determination to be conclusively evidenced by the execution
10 and delivery by the Executive Director of such documents; and, be it

11 FURTHER RESOLVED, That within thirty (30) days of the Mutual Termination
12 Agreement being fully executed by all parties, the Port shall provide a copy of the Mutual
13 Termination Agreement to the Clerk of the Board for inclusion into the official file.
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