

CITY OF ALAMEDA ORDINANCE NO. _____
New Series

APPROVING THE LEASE OF BUILDING 21, LOCATED AT 2601 MONARCH STREET AT ALAMEDA POINT, WITH ST. GEORGE SPIRITS, INC., A CALIFORNIA CORPORATION FOR: (1) A TEN-YEAR TERM WITH ONE FIVE-YEAR EXTENSION OPTION, (2) AN OPTION TO PURCHASE THE PROPERTY FOR \$8 MILLION (OR \$7.9 MILLION IF A RESTAURANT IS CONSTRUCTED WITHIN 2 YEARS OF LEASE COMMENCEMENT); AND (3) AN AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE DOCUMENTS NECESSARY TO IMPLEMENT THE TERMS OF THE LEASE.

WHEREAS, St. George Spirits, Inc. is an artisanal distillery company and currently occupies Building 21 located at Alameda Point; and

WHEREAS, St. George Spirits, Inc. entered into the original lease agreement for Building 21 in 2004 with the City of Alameda; and

WHEREAS, St. George Spirits, Inc. is currently in their second amendment to that original lease agreement; and

WHEREAS, the new lease agreement with St. George Spirits, Inc. will replace the original lease agreement; and

WHEREAS, Building 21 consists of approximately 65,000 square feet of rentable square feet; and

WHEREAS, St. George Spirits, Inc. will occupy Building 21 and have the right, on an exclusive basis, to have its employees and visitors park in the adjacent paved areas; and

WHEREAS, the Premises will be used for the production, storage and distribution of alcoholic beverages and complementary products, retail sales of spirits and related merchandise and complementary products, special events and related activities, and a restaurant and offices; and

WHEREAS, the base rent over the ten years is \$35,100 for year one, \$36,153 for year two, \$37,237.59 for year three, \$38,354.72 for year four, \$39,505.36 for year five, \$40,690.52 for year six, \$41,911.24 for year seven, \$43,168.57 for year eight, \$44,463.63 for year nine, and \$45,797.54 for year ten; and

WHEREAS, if the five-year extension option is exercised, the base rent over the five years is \$47,171.47 for year one and increasing 3% at the beginning of each year of the renewal term; and

WHEREAS, St. George Spirits, Inc. has an option to purchase Building 21 once the City provides a Notice of Completion of Subdivision Condition for a price of \$8 million, or no less than \$7.9 million if a restaurant has been substantially constructed and is open to the public; and

WHEREAS, the purchase price was determined by utilizing both current market comparisons and purchase options to other Alameda Point tenants; and

WHEREAS, St. George Spirits, Inc. will be required to provide a security deposit in the amount of \$16,250 and the lease contains the standard insurance, indemnity, assignment and termination clauses the ARRA required in its leases and compliant with the Lease in Furtherance of Conveyance (LIFOC).

NOW THEREFORE, BE IT ORDAINED by the City Council of the City of Alameda that by four affirmative votes that:

Section 1. The City Manager of the City of Alameda or his designee is hereby authorized to negotiate, execute, for and on behalf of the City of Alameda, a lease with St. George Spirits, Inc., a California corporation, for Building 21 at Alameda Point for ten years with one five-year option to renew, subject to such technical or clarifying revisions as are reasonably determined necessary by the City Manager and approved by the City Attorney, and the City Clerk is hereby authorized and directed to attest to the same.

Section 2. If any section, subsection, sentence, clause or phrase of this ordinance if, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this ordinance. The City Council of the City of Alameda hereby declares that it would have passed this ordinance, and each section, subsections, clause, or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses and phrases are declared to be invalid and unconstitutional.

Section 3. This ordinance shall be in full force and effect from and after the expiration of thirty (30) days from the date of its final passage.

Presiding Officer of the City Council

Attest:

Lara Weisiger, City Clerk

* * * * *

I, the undersigned, hereby certify that the foregoing resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the ____ day of _____, 2016, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of said City this ____ day of _____, 2016.

Lara Weisiger, City Clerk
City of Alameda

APPROVED AS TO FORM:

Janet C. Kern, City Attorney
City of Alameda