

**BAY AREA HEADQUARTERS AUTHORITY**

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Memorandum**Agenda Item 2b**

TO: Bay Area Headquarters Authority

DATE: February 17, 2016

FR: Executive Director

W. I. 9130

RE: Lease Amendment: Rutherford + Chekene – Suite 310

On March 27, 2015 BAHA executed its first commercial lease with Rutherford + Chekene for Suite 310 at 375 Beale Street. Since then, the building was re-measured according to the applicable Building Owners and Managers Association (BOMA) standards to confirm the rentable square feet (rsf) for the entire building. This resulted in changes in the rentable square feet Suite 310. No other leased suites were affected.

Staff requests authorization to amend the lease to account for this change as shown below:

Item	Original	Revised	Difference
Rentable SF	14,986	13,892	(1,094)
TI Allowance @ \$80/rsf	\$1,198,880	\$1,111,360	(\$87,520)
Commissions	\$288,481	\$267,421	(\$21,060)
Abated Rent @ 3 months	\$159,226	\$147,603	(\$11,623)
Net Effective Rent	\$789,012	\$630,696	(\$158,316)

The agreement will be updated to reflect these changes as well as adjustments corresponding to the lease payments which are scheduled to commence June 1, 2016.

Recommendation

Staff recommends that the Authority authorize the Executive Director, or his designee, to negotiate and enter into an amendment to the lease agreement with Rutherford + Chekene under terms and conditions consistent with this memorandum.

Andrew B. Fremier

SH:sw

Attachment

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REQUEST FOR AUTHORITY APPROVAL

Summary of Amendment to Lease Agreement

Tenant: Rutherford + Chekene
Geotechnical and Structural engineers founded in 1960

Space: **13,892** ~~14,986~~ Rentable Square Feet (RSF), 3rd floor Suite 310

Rent: Base: \$42.50/rsf (net of electric or \$45.64 Full Service equivalent)
Increase: \$1.00 at anniversary
Cap: \$49.50/rsf

Possessory Tax: Tenant to pay any Possessory Tax due and BAHA to reimburse in form of a rent credit

Term: 7.25 years

Delivery: 12/1/2015 – available for tenant improvements

Occupancy: 6/1/2016

Free Rent: 3 months or **\$147,603** (~~\$159,226~~)

Tis: \$80/rsf or **\$1,111,360** (~~\$1,198,880~~)

Commissions: **\$267,421** ~~\$288,481~~

Effective Net Rent: **\$630,696** ~~\$789,012~~ (over 7.25 Year Term)

Security Deposit: 6 months deposit; declining one month for every year tenant shows a profit; with a minimum of 3 months retained

BAHA Chair:

Dave Cortese

Approved:

Date: February 24, 2016