File No. 120719 Committee Item No. 4
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Land Use and Economic Development **Date** June 25, 2012

Board of Supervisors Meeting **Date** _____

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☒	☐	Amendment to Lease
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Completed by: Alisa Miller **Date** June 22, 2012
Completed by: _____ **Date** _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages.
The complete document can be found in the file.

[Real Property Lease Amendment - 720 Sacramento Street]

Resolution authorizing the amendment of the lease at 720 Sacramento Street for the Department of Public Health to extend the term by one year.

WHEREAS, The City and County of San Francisco, a municipal corporation, is the Tenant under the lease dated December 1, 1996, and executed on March 24, 1997 with KHC Investment Company, as landlord (the "Lease"), authorized under Resolution 331-96, for the premises located at 720 Sacramento Street (the "Premises") consisting of 9,250 sq. ft. for use by the Department of Public Health; and

WHEREAS, Ridgegate Apartments, Inc. ("Landlord") is successor to the landlord's interest in the Lease; and

WHEREAS, The City currently pays a base rent of $18,645 per month (approximately $2.02 per square foot) for the Premises; and

WHEREAS, The Lease is scheduled to expire on June 30, 2012; and

WHEREAS, City and Landlord wish to extend the term of the Lease for an additional one (1) year through June 30, 2013, under an amendment to the Lease substantially in the form on file with the Clerk of the Board of Supervisors in File No. 120719 (the "Lease Amendment"), at the current monthly rental rate of $18,645; and

WHEREAS, That during the extended term, the Lease shall continue to include the clause indemnifying, holding harmless, and defending Landlord and its agents from and against any and all claims, costs and expenses, including without limitation, reasonable attorneys' fees, incurred as a result of any default by the City in the performance of any of its material obligations under the Lease, or any negligent acts or omissions of the City or its agents, in, on, or about the Premises or the property on which the Premises are located,

excluding those claims, costs and expenses incurred as a result of the negligence or willful misconduct of the Landlord or its agents; and

WHEREAS, The Lease Amendment is subject to enactment of a resolution by the Board of Supervisors and the Mayor, in their respective sole and absolute discretion, approving and authorizing such amendment; now, therefore, be it

RESOLVED, That in accordance with the recommendation of the Director of the Department of Public Health and the Acting Director of Property, the Acting Director of Property is hereby authorized to execute the Lease Amendment; and, be it

FURTHER RESOLVED, That all actions heretofore taken by any City employee or official with respect to such Lease Amendment are hereby approved, confirmed and ratified; and, be it

FURTHER RESOLVED, That the Board of Supervisors authorizes the Acting Director of Property to enter into any amendments or modifications to the Lease Amendment that the Acting Director of Property determines, in consultation with the City Attorney, are in the best interest of the City, do not materially increase the rent or otherwise materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease Amendment, and are in compliance with all applicable laws, including the City Charter; and, be it

FURTHER RESOLVED, That the City shall continue to occupy the Premises for the extended term unless funds for the Department's rental payment are not appropriated at which time the City may terminate the Lease with advance notice to Landlord. Said Lease shall continue to be subject to certification as to funds by the Controller, pursuant to Section 6.302 of the City Charter.

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$223,740 Available for FY 2012-2013
Appropriation No. HMHMCB731943

Controller, subject to the enactment of the FY 2012-2013 annual appropriation ordinance.

RECOMMENDED:

Director, Department of Public Health

Acting Director of Property
Real Estate Division

John Updike
Acting Director of Real Estate

May 4, 2012

Through Naomi Kelly,
City Administrator

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102

Re: Amendment to Lease 720 Sacramento Street, San Francisco, California (the "Premises")

Dear Board Members:

Enclosed for your consideration is a Resolution requesting authorization for an Amendment to Lease (the "Amendment") for the above-captioned Premises. The Premises are currently leased on behalf of the Department of Public Health through June 30, 2012, to provide mental health counseling and outpatient treatment services to the Chinatown community.

The Amendment will extend the term of the Lease for one year to June 30, 2013, at the current monthly rental rate of $18,645, or approximately $2.02 per square foot, which will allow sufficient time to negotiate either a renewal lease for the Premises, or for the Department of Public Health to consider alternative space or other options. All other terms and conditions of the Lease remain unmodified and in full force and effect.

In order that the program services operating in the Premises are not compromised, the Amendment requires execution by June 30, 2012. Therefore, we respectfully request immediate Committee referral of this item.

Should you have any questions or require additional information, please contact Claudine Venegas of my staff at 554-9872, or Tyrone Navarro with the Department of Public Health at 255-3405.

Sincerely,

John Updike
Acting Director of Property

cvh:\720sacramentoamendmentbos2
Enclosure
cc: Barbara Garcia, Director of Public Health
Tyrone Navarro, Department of Public Health

AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE ("Amendment") is made and entered into effective as of _____, 2012, by and between Ridgegate Apartments Inc., a Texas Corporation ("Landlord"), and City and County of San Francisco, a municipal corporation ("City").

RECITALS:

THIS AMENDMENT is made with reference to the following facts and circumstances:

A. Landlord and City entered into that certain Office Lease dated December 1, 1996 (the "Lease"), pursuant to which Landlord's predecessor-in-interest, KHC Investment Company, a California General Partnership ("KHC Investment"), leased to City and City leased from KHC Investment certain "Premises", as described in the Lease, known 720 Sacramento Street, San Francisco, California. Landlord acquired the property on June 23, 2006, and, accordingly, Landlord assumed all rights, privileges and obligations under the Lease as landlord and owner of the Premises.

B. The Term of the Lease is scheduled to expire, unless sooner terminated, on June 30, 2012.

C. Landlord and City desire to extend the Term of the Lease with respect to the Premises, and amend the Lease upon the terms and conditions as hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows (capitalized terms used herein but not herein defined shall have the meaning ascribed to them in the Lease):

1. Extension of the Term. Landlord and City hereby agree to extend the Term of the Lease for an additional one (1) year so that the Expiration Date of the Lease shall be June 30, 2013, unless sooner terminated pursuant to the terms of the Lease. From and after the date hereof, all references in the Lease and this Amendment to the "Term" or "term" shall refer to the Term as extended hereby.

2. Rent. Commencing on July 1, 2012, and continuing until the expiration or sooner termination of the Term, City shall continue to pay the current rental rate as Base Rent for the Premises the sum of eighteen thousand six hundred forty five dollars ($18,645) per month.

3. Condition of Premises. City shall accept the Premises pursuant to the terms of this Amendment in their "AS-IS" condition without any obligation of Landlord to remodel, repair, improve or alter the Premises in any manner.

4. No Options. The option term(s) of the Lease are hereby declared null and void. This Amendment to Lease shall not confer upon the City any option rights to extend the Term past June 30, 2012.

5. Section 23.25 (Tropical Hardwood Ban) is hereby amended and restated to read in its entirety as follows:

> "Tropical Hardwood and Virgin Redwood Ban. (a) Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, neither Landlord nor any of its contractors shall provide any items to City in the construction of the Leasehold Improvements or otherwise in the performance of this Lease which are tropical hardwood, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. (b) The City and County of San Francisco urges companies not to import, purchase, obtain or use

for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood products."

6. No Further Modification. Except as set forth in this Amendment, all of the terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement of the parties concerning the subject matter hereof, and supersedes and conceals any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein. The execution of this Amendment shall not constitute a waiver of relinquishment of any rights that City may have relating to the Lease. Landlord and City hereby ratify and confirm all of the provisions of the Lease as amended by this Amendment.

7. Attorneys Fees. In the event a dispute arises concerning this Amendment, the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Amendment, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

8. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

9. Conflicts of Interest. Through its execution of this Amendment, Landlord acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Landlord becomes aware of any such fact during the Term of the Lease, Landlord shall immediately notify City.

10. Notification of Limitations on Contributions. Through its execution of this Amendment, Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with City for the selling or leasing of any land or building to or from City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Landlord acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of $50,000 or more. Landlord further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Landlord's board of directors, chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Landlord; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Landlord. Additionally, Landlord acknowledges that Landlord must inform each of the persons described in the preceding sentence of the prohibitions

contained in Section 1.126. Landlord further agrees to provide to City the names of each person, entity or committee described above.

11. Applicable Law. This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

12. Effective Date. The date on which this Amendment shall become effective is the date upon which (a) City's Mayor and Board of Supervisors, in their sole and absolute discretion, adopt a resolution approving this Amendment in accordance with all applicable laws, and (b) this Amendment is duly executed and exchanged by the parties hereto.

13. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

"LANDLORD"

RIDGEGATE APARTMENTS INC.,
a Texas Corporation

By:

Its:

By: _____

Name: _____

Title: _____

"CITY"

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
JOHN UPDIKE
Acting Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: Carolyn J. Stein
Carolyn J. Stein
Deputy City Attorney

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

"LANDLORD"

RIDGEGATE APARTMENTS INC.,
a Texas Corporation

By:

Its:

By: _____

Name: Chad Elkin

Title: Secretary

"CITY"

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
JOHN UPDIKE
Acting Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Carolyn J. Stein
Deputy City Attorney

File No. 120719

FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information *(Please print clearly.)*	
Name of City elective officer(s): Members, SF Board of Supervisors	City elective office(s) held: Members, SF Board of Supervisors

Contractor Information *(Please print clearly.)*	
Name of contractor: **Ridgegate Apartments, Inc., a Texas corporation**	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. Ridgegate Apartments, Inc. 1935 Sandpiper Ln. c/o L. Rickey & Associates Plano, TX 75075-8554	
Contractor address: 735 Montgomery St., Ste. 450, San Francisco, CA 94111	
Date that contract was approved:	Amount of contract: Monthly rent of $18,645 for 1-year
Describe the nature of the contract that was approved: Amendment to Lease – 720 Sacramento St., San Francisco, CA	
Comments:	

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form (Mayor, Edwin Lee)

☒ a board on which the City elective officer(s) serves San Francisco Board of Supervisors
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

_____
Print Name of Board

Filer Information *(Please print clearly.)*	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

_____ _____
Signature of City Elective Officer (if submitted by City elective officer) Date Signed

_____ _____
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk) Date Signed