

1 [Lease of Real Property - Barak D. & Taly L. Jolish Living Trust, Zepporah Glass Trust and  
2 Oded Schwartz & Ruth Rosenthal Trust - 2712 Mission Street - \$795,200 Annual Base Rent]

3 **Resolution approving and authorizing the Director of Property, on behalf of the**  
4 **Department of Public Health, to lease real property located at 2712 Mission Street from**  
5 **Barak D. & Taly L. Jolish Living Trust, Zepporah Glass Trust and Oded Schwartz &**  
6 **Ruth Rosenthal Trust, for an initial ten-year term from March 26, 2022, through March**  
7 **25, 2032, at a base rent of \$795,200 per year with annual rent increases based on the**  
8 **Consumer Price Index, plus one five-year option to extend and a right of first offer to**  
9 **purchase; authorizing the Director of Property to execute documents, make certain**  
10 **modifications and take certain actions in furtherance of the Lease and this Resolution,**  
11 **as defined herein; and authorizing the Director of Property to enter into amendments or**  
12 **modifications to the Lease that do not materially increase the obligations or liabilities**  
13 **to the City and are necessary to effectuate the purposes of the Lease or this**  
14 **Resolution.**

15  
16 WHEREAS, The Department of Public Health (“DPH”) strives to protect and promote  
17 the health of all San Franciscans by providing a wide range of public health services and  
18 programs; and

19 WHEREAS, On August 31, 2001, the Board of Supervisors passed Resolution No.  
20 687-01 amending the Administrative Code to establish Mental Health San Francisco (Mental  
21 Health SF); and

22 WHEREAS, The City leases the entire premises located at 2712 Mission Street, San  
23 Francisco, California (“Leased Premises”) from Redwood Mortgage Investors VIII, pursuant to  
24 that certain Lease dated as of January 6, 2012 (the “Original Lease”); and  
25

1           WHEREAS, DPH currently uses the Leased Premises to operate the Mission Mental  
2 Health Clinic, which provides culturally informed, bilingual (English/Spanish), collaborative  
3 mental health care and primary care; the multi-disciplinary team welcomes adult clients  
4 regardless of drug use, criminal history and mental health diagnosis; and

5           WHEREAS, The Original Lease will expire on March 25, 2022; and

6           WHEREAS, DPH has determined that the Leased Premises continues to be an ideal  
7 space and location for usage by DPH in furtherance of the City's Mental Health SF Program;  
8 and

9           WHEREAS, The Real Estate Division ("RED"), in consultation with DPH and the  
10 Office of the City Attorney, negotiated a proposed new lease ("Lease") to lease the Leased  
11 Premises from Barak D. & Taly L. Jolish Living Trust, Zepporah Glass Trust and Oded  
12 Schwartz & Ruth Rosenthal Trust ("Landlord") upon the expiration of the Original Lease, for  
13 an initial term of 10 years commencing upon the expiration of the Original Lease, plus one  
14 five-year option to extend the term ("Extension Option"); a copy of the Lease is on file with the  
15 Clerk of the Board in File No. 220171; and

16           WHEREAS, The Director of Property may exercise the Extension Option, in  
17 consultation with the Director of Health, but without Board of Supervisors approval, so long as  
18 the prevailing market rent for the Extension Option does not exceed fair market value as  
19 determined by independent appraisal and agreed to by the Director of Property, and subject to  
20 the appropriation of funds; and

21           WHEREAS, Under the Lease, base rent payable by City will be \$795,200 per year  
22 (\$24.85 per sq. ft.), payable in monthly installments, with annual Consumer Price Index  
23 increases between 3%-5%; and

24           WHEREAS, The Director of Property has determined the base rent in the Lease to  
25 be at or below fair market rental value; and

1           WHEREAS, The Lease includes a City right of first offer to purchase the Leased  
2 Premises if Landlord decides to sell the Leased Premises during the term of the Lease,  
3 subject to the approval of the Board of Supervisors in its sole discretion, pursuant to the terms  
4 and conditions of the Lease (“Right of First Offer to Purchase”); and

5           WHEREAS, City, at its cost, will be responsible for maintenance of the interior  
6 portions of the Leased Premises, insurance, and property taxes, but not increases in property  
7 taxes in the event of transfer or reassessment of the Leased Premises, pursuant to the terms  
8 and conditions of the Lease; now, therefore, be it

9           RESOLVED, That in accordance with the recommendation of the Director of Health  
10 and the Director of Property, the Board of Supervisors approves the Lease in substantially the  
11 form presented to the Board, including the Extension Option and the Right of First Offer to  
12 Purchase, and authorizes the Director of Property to take all actions necessary to execute the  
13 Lease and any other documents that are necessary or advisable to effectuate the purpose of  
14 this Resolution; and, be it

15           FURTHER RESOLVED, That pursuant to the Lease, City will indemnify, defend, and  
16 hold harmless Landlord from and against any and all claims, losses, damages, costs, and  
17 expenses, including without limitation, reasonable attorneys’ fees, incurred as a  
18 result of City’s use of the Leased Premises, default by City of its material obligations under the  
19 Lease, or any negligent acts or omissions of City, its agents or invitees in, on, or about the  
20 Leased Premises, in accordance with the terms of the Lease; and, be it

21           FURTHER RESOLVED, That all actions heretofore taken by the officers of the City  
22 with respect to the Lease are hereby approved, confirmed, and ratified; and, be it

23           FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
24 Property to enter into any extensions, amendments, or modifications to the Lease (including  
25 without limitation, the exhibits) that the Director of Property determines, in consultation with

1 the Director of Health and the Office of the City Attorney, are in the best interest of the City, do  
 2 not increase the rent or otherwise materially increase the obligations or liabilities of the City,  
 3 are necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are  
 4 in compliance with all applicable laws, including City's Charter; and, be it

5 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully  
 6 executed by all parties, RED shall provide the final Lease to the Clerk of the Board for  
 7 inclusion in the official file.

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Available: \$265,067

Fund ID:	1000
Department ID:	251984
Project /	10001792
Activity ID:	0001
Authority ID:	1000

\_\_\_\_\_  
 /s  
 Michelle Allersma, Budget and Analysis  
 Division Director on behalf of  
 Ben Rosenfield, Controller

Funding for Fiscal Year 2020/2021 is  
 subject to the enactment of the Annual  
 Appropriation Ordinance for Fiscal Year  
 2021/2022

RECOMMENDED:

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

\_\_\_\_\_/s/\_\_\_\_\_  
Department of Public Health  
Director of Health

\_\_\_\_\_/s/\_\_\_\_\_  
Real Estate Division  
Director of Property