

1 [Lease of Real Property]

2

3 **Resolution authorizing the exercise of an option to lease 34,683 square feet of space at**
4 **One South Van Ness Avenue for the Municipal Transportation Agency of the City and**
5 **County of San Francisco.**

6 WHEREAS, The MTA, pursuant to authority given to it by Charter Section 8A.102,
7 executed a lease dated as of January 1, 2005 (the "Lease", a copy of which is on file with the
8 Clerk of the Board) with One South Associates, LLP (the "Landlord") for approximately 62,083
9 square feet on the third (3rd) floor of the building commonly known as One South Van Ness
10 Avenue (the "Building"); and,

11 WHEREAS, The Lease provides the City with multiple options to expand the premises
12 and extend the term, and it also provides the City with an option to purchase Building for the
13 Seventy-One Million Five Hundred Thousand Dollars (\$71,500,000) or approximately \$145
14 per square foot of rentable building area; and,

15 WHEREAS, The Lease includes an option to expand the premises into the basement
16 area of the Building, comprising an area of approximately 34,683 square feet (the "Third
17 Option Space"); now, therefore, be it

18 RESOLVED, That in accordance with the recommendation of the Executive Director of
19 the MTA and the Director of Property, the Board of Supervisors hereby approves the City's
20 exercise of the option to lease the Third Option Space on the terms and conditions set forth in
21 the Lease, and authorizes the Director of Property and the Director of Transportation to take
22 all actions, on behalf of the City and County of San Francisco as may be required in
23 furtherance of the City's exercise of the Third Option Space; and, be it

24 FURTHER RESOLVED, That the Board of Supervisors approves the following
25 provisions, as more particularly set forth in the Lease:

(Real Estate)

BOARD OF SUPERVISORS

1 (a) The term and rent for the Third Option Space shall commence on April 1, 2006
2 and shall terminate on November 30, 2017;

3 (b) The monthly base rent for the Third Option Space shall be \$35,033.33, fixed for
4 the term of the Lease. The base year for operating expenses and real estate taxes shall be
5 2010;

6 (c) Landlord shall provide an allowance (the "Allowance") for the design and
7 construction of tenant improvements for the Third Option Space in the amount of \$457,000;

8 (d) City shall pay the portion of the specialized tenant improvement costs (estimated
9 to be approx \$1,406,050) above the \$457,000 Landlord's allowance;

10 (e) City shall also pay for certain janitorial and utility services at an estimated
11 monthly cost of approximately \$2,281.25;

12 (f) The City shall also pay for the other typical tenant costs including data,
13 telecommunications, moving expenses and services provided outside of normal business
14 hours; and,

15 (g) The Landlord shall indemnify the City for Landlord's activities and any Landlord
16 defaults, and the City shall indemnify the Landlord for City's activities and any City defaults;
17 and, be it

18 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
19 Property to enter into any modifications to the Lease (including without limitation, the exhibits)
20 that the Director of Property determines, in consultation with the City Attorney, are in the best
21 interests of the City, do not increase the rent or otherwise materially increase the obligations
22 or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease or
23 this Resolution, and are in compliance with all applicable laws, including City's Charter; and,
24 be it

25

