

1 [Real Property Lease - 1155 Market Street - 1155 SF Partners, LLC - Various City
2 Departments]

3 **Resolution authorizing the lease of approximately 103,501 sq. ft. of space at 1155**
4 **Market Street with 1155 SF Partners, LLC, for use by various City Departments for the**
5 **term of approximately ten years commencing January 15, 2013, and terminating on**
6 **January 14, 2023, for renovation of the property.**

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8 WHEREAS, The Departments of Public Works, Treasurer-Tax Collector, Assessor-
9 Recorder and General Services Agency has occupied space at 875 Stevenson Street since
10 the 1990's; and

11 WHEREAS, The current lease for 875 Stevenson Street has been amended to call for
12 an early termination February 4, 2013; and

13 WHEREAS, The current owner of 875 Stevenson Street plans to completely renovate
14 the building and has no interest in a new lease with the City; and

15 WHEREAS, The Real Estate Division has identified a building which meets the needs
16 of all City occupants of 875 Stevenson (with the exception of ReproMail, relocating
17 elsewhere), and the Real Estate Division and 1155 SF Partners, LLC, a Delaware limited
18 liability corporation ("Landlord") of 1155 Market Street have negotiated a lease ("Lease") at
19 fair market rental, considering all factors; and

20 WHEREAS, Such leased premises at 1155 Market Street will also accommodate space
21 needs of the San Francisco Public Utilities Commission (SFPUC) and the Mayor's Office on
22 Disability; and

23 WHEREAS, Such Lease is subject to enactment of a resolution by the Board of
24 Supervisors and the Mayor, in their respective sole and absolute direction, approving and
25 authorizing such Lease; now, therefore, be it

1 RESOLVED, That in accordance with the recommendation of the Director of Property,
2 the Director of Property is hereby authorized to take all actions on behalf of the City and
3 County of San Francisco, as tenant, to lease the property commonly known as 1155 Market
4 Street, San Francisco, California from Landlord (a copy of the Lease is on file with the Clerk of
5 the Board of Supervisors in File No. 121048, which is hereby declared to be a part of this
6 resolution as if set forth fully herein) and on a form approved by the City Attorney; and, be it;
7 and, be it

8 FURTHER RESOLVED, That That the Lease for 1155 Market Street shall be for the
9 term of approximately ten (10) years commencing January 15, 2013 and terminating on
10 January 14, 2023, subject to City's right to terminate the Lease at the 60th month of the Lease
11 or the 92nd month of the Lease by providing to Landlord one (1) year prior written notice and
12 reimbursement of unamortized tenant improvements and a termination fee as set forth in the
13 Lease; and, be it

14 FURTHER RESOLVED, That the base monthly rent for the first year of the term shall
15 be approximately \$31.67 per sq. ft., increasing to \$39.14 per sq.ft. the second year of the term
16 and annually thereafter on each January 15 of the remainder term, the base rent shall be
17 subject to a three percent (3%) fixed increase. City shall pay either to Landlord or the service
18 provider for separately metered utilities, janitorial, and other typical tenant expenses as set
19 forth in the Lease; and, be it

20 FURTHER RESOLVED, That the Lease shall include a provision to allow the City to
21 exercise an expansion right to include the vacant sixth floor of 1155 Market Street, subject to
22 the enactment of a resolution by the Board of Supervisors and the Mayor, in their respective
23 sole and absolute direction, approving and authorizing such expansion; and, be it

24 FURTHER RESOLVED, That the Lease shall include a provision granting to the City a
25 Right of First Offer to Lease floors 10 or 11 of 1155 Market Street, subject to the enactment of

1 a resolution by the Board of Supervisors and the Mayor, in their respective sole and absolute
2 direction, approving and authorizing such additional expansion; and, be it

3 FURTHER RESOLVED, That the City shall be granted a Right of First Offer to
4 Purchase 1155 Market Street, subject to the terms and conditions of such Right as described
5 in the Lease, and subject to the enactment of a resolution by the Board of Supervisors and the
6 Mayor, in their respective sole and absolute direction, approving and authorizing such Right;
7 and, be it

8 FURTHER RESOLVED, That the Lease shall include a lease clause, indemnifying,
9 holding harmless, and defending Landlord and its agents from and against any and all claims,
10 costs and expenses, including without limitation, reasonable attorneys' fees, incurred as a
11 result of any default by the City in the performance of any of its obligations under the Lease,
12 or any negligent acts or omissions of the City or its agents, in, on, or about the Premises or
13 the property on which the Premises are located, excluding those claims, costs and expenses
14 incurred as a result of the gross negligence or willful misconduct of the Landlord or its agents;
15 and, be it

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

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

25 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term

1 of the Lease unless funds for rental payments are not appropriated in any subsequent fiscal
2 year at which time the City may terminate the Lease with advance notice to Landlord. Said
3 Lease shall be subject to certification as to funds by the Controller, pursuant to Section 6.302
4 of the City Charter.

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8 Director of Property
9 Real Estate Division

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