

1 [Real Property Lease - 1145 Market Street LP - Law Library - 1145 Market Street - \$42,753.75
2 Per Month]

3 **Resolution authorizing a potential five-year lease of up to 20,000 sq. ft. at 1145 Market**
4 **Street for space for the San Francisco Law Library from 1145 Market Street LP, a**
5 **California limited partnership, at an initial monthly cost of \$42,753.75 for the period of**
6 **July 1, 2013, through June 30, 2014.**

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8 WHEREAS, By Resolution No. 97-13 (File Number 130227), the Board of Supervisors
9 found that 20,000 net rentable square feet is suitable and sufficient for the San Francisco Law
10 Library (Law Library); authorized the Director of Property to enter into a lease with Van Ness
11 Post Center, LLC, for the Law Library at 1200 Van Ness Avenue; found that the proposed
12 relocation of the Law Library to such space is in conformance with the City's General Plan and
13 the priority policies of Planning Code Section 101.1; and authorized the Director of Property to
14 find alternative comparable space if a lease with Van Ness Post Center, LLC, could not be
15 finalized.

16 WHEREAS, A lease at 1200 Van Ness Ave. could not be finalized; and

17 WHEREAS, The Director of Property has found another suitable location at 1145
18 Market Street, consisting of up to 20,000 net rentable square feet, which is sufficient and
19 suitable for the Law Library's use at present; and

20 WHEREAS, The Director of Property has negotiated a non-binding Letter of Intent
21 (LOI) (a copy of the LOI is on file in File No. 130487 with the Clerk of the Board) with 1145
22 Market Street LP, a California limited partnership, as Landlord; and

23 WHEREAS, The Director of Property has determined that the proposed rental rate for
24 the five (5) year term as set forth in the Lease is equal to or less than fair market rent for the
25 Premises; and

1 WHEREAS, Time is of the essence for all the reasons outlined in Resolution No. 97-13;
2 now, therefore, be it

3 RESOLVED, That in accordance with the recommendation of the City Attorney and the
4 Director of Property, the Director of Property is hereby authorized to take all actions, on behalf
5 of the City and County of San Francisco, as tenant, to execute a written lease and other
6 related documents with 1145 Market Street LP, a California limited partnership, ("Landlord"),
7 for up to 20,000 rentable square feet consisting of the entire fourth (4th) floor and a portion of
8 the second (2nd) floor of the building commonly known as 1145 Market Street, San Francisco,
9 California, on the terms and conditions set forth in the LOI and on a lease form approved by
10 the City Attorney; and authorizes City staff to take all actions, on behalf of the City, to perform
11 its obligations and complete such a lease in a timely fashion; and, be it

12 FURTHER RESOLVED, As set forth in the LOI, the Lease shall: (i) have an initial
13 premises of 13,155 net rentable square feet; (ii) terminate five (5) years after Substantial
14 Completion of the Tenant Improvements (anticipated Commencement Date of July 1, 2013
15 and Termination Date of June 30, 2018); (iii) have an initial monthly rent (net of electricity) for
16 the period from July 1, 2013 to June 30, 2014 of \$42,753.75 (approximately \$39.00 per
17 square foot per year); (iv) allow the City to expand the premises on approximately January 1,
18 2014 to secure an additional 6,845 net rentable square feet at the same initial annual rate of
19 \$39 per square foot; (v) have a base rent that shall increase at a rate of 4% annually on each
20 July 1; (vi) permit City to retain an early Lease Termination Right exercisable by City under
21 certain conditions with one hundred eighty (180) days advance written notice and repayment
22 of Landlord's unamortized costs; and (vii) entitle the City to a tenant improvement allowance
23 not to exceed \$25.00 per square foot; and, be it

24 FURTHER RESOLVED, As set forth in the Lease, the City shall pay for its (i) its
25 separately submetered electricity, (ii) prorata share of operating expenses over a 2013 base
year and (iii) for other typical tenant expenses, including the payment of, or amortization of at

1 an annual rate of 7%, tenant improvement costs in excess of the tenant improvement
2 allowance; and, be it

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

5 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
6 Property to enter into any amendments or modifications to the Lease (including without
7 limitation, the exhibits) that the Director of Property determines, in consultation with the City
8 Attorney, are in the best interest of the City, do not materially increase the obligations or
9 liabilities of the City, do not materially decrease the benefits to the City, or are necessary or
10 advisable to effectuate the purposes of the Lease or this resolution, and are in compliance
11 with all applicable laws, including City's Charter; and, be it

12 FURTHER RESOLVED, That within thirty (30) days of the lease being fully executed
13 by all parties, the Director of Property shall provide the final lease to the Clerk of the Board for
14 inclusion into the official file (File No. 130487); and, be it

15 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term
16 of the Lease, unless otherwise permitted under the Lease, or unless funds for the City's rental
17 payments are not appropriated in any subsequent fiscal year at which time City may terminate
18 the Lease with reasonable advance written notice to Landlord. Such termination shall then be
19 effective upon surrender of the Premises. Said Lease shall be subject to certification as to
20 funds by the Controller, pursuant to Section 3.105 of the Charter; and, be it

21 FURTHER RESOLVED, That all actions taken by the Board, Director of Property and
22 City Attorney related to Resolution No. 97-13 are reaffirmed and authorized.

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\$646,523 (Base Rent Only)
Available in Fiscal Year 2013-2104,
Subject to Board of Supervisors approval of
Fiscal Year 2013-2104 Budget

Controller

RECOMMENDED:

John Updike
Director of Property