

1 [Approval of CPMC Lease Termination Agreement at One South Van Ness Avenue]

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3 **Resolution approving a Lease Termination Agreement between the City, as landlord,**
4 **and CPMC, as tenant, for approximately 127,638 square feet of office space on the 4th**
5 **and 8th floors of One South Van Ness Avenue, and the subsequent occupancy of the 4th**
6 **floor space by the Department of Human Resources and the 8th floor space by the**
7 **Municipal Transportation Agency.**

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9 WHEREAS, The Bank of America, N.A., a national banking association, as landlord,
10 and California Pacific Medical Center, a California non-profit public benefit corporation
11 ("CPMC"), as tenant, entered into a lease of approximately 127,638 rentable square feet of
12 space on the 4th and 8th floors of One South Van Ness Avenue dated October 17,2001
13 ("Lease"); and,

14 WHEREAS, The City and County of San Francisco (the "City") is the successor in
15 interest to the landlord's interest in the Lease as a result of City's acquisition of One South
16 Van Ness Avenue on May 17, 2007; and,

17 WHEREAS, CPMC has timely delivered to the City a notice of termination of the Lease
18 (effective November 1, 2008), pursuant to which CPMC has the right to terminate the Lease
19 upon payment of a lease termination fee of \$754,714.85; and,

20 WHEREAS, The City wishes to capitalize on this opportunity to relocate Department of
21 Human Resources ("DHR") and Municipal Transportation Agency ("MTA") staff into the
22 premises to be vacated by CPMC; and,

23 WHEREAS, The City recognizes that there is a financial benefit to effecting these
24 relocations and terminating rental payments made by the City to private landlords at other
25 locations as soon as possible; and,

1 WHEREAS, The City and CPMC have negotiated a lease termination agreement, a
2 copy of which is on file with the Clerk of the Board under File No. _____(the "Lease
3 Termination Agreement"), under which CPMC would vacate the leased premises by
4 September 1, 2008 and pay to the City, in the form of improvements, infrastructure and
5 furniture with a replacement cost value of \$1,591,954 (the "CPMC Property") instead of the
6 \$754,714.85 termination fee set forth in the Lease; and,

7 WHEREAS, The City recognizes that there is a net financial benefit to accepting the
8 CPMC Property because the value of the CPMC Property exceeds the combined value of the
9 termination fee set forth in the Lease together with CPMC's rent for the months of September
10 and October 2008; now, therefore, be it

11 RESOLVED, That in accordance with the recommendation of the Director of Property,
12 the Board approves the Lease Termination Agreement and authorizes the Director of Property
13 to execute, deliver and perform all actions on behalf of the City in accordance with the Lease
14 Termination Agreement; and, be it

15 FURTHER RESOLVED, Under the Lease Termination Agreement, CPMC shall vacate
16 the 4th and 8th floors of One South Van Ness Avenue on or before 11:59pm on August 31,
17 2008, and transfer to City the CPMC Property; and, be it

18 FURTHER RESOLVED, That all actions heretofore taken by any employee or official of
19 the City with respect to the Lease Termination Agreement and the proposed DHR and MTA
20 backfill are hereby approved, confirmed and ratified; and be it

21 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
22 Property to enter into any amendments or modifications to the Lease Termination Agreement
23 that the Director of Property determines, in consultation with the City Attorney, are in the best
24 interest of the City, do not decrease the rent or other amounts owed the City without
25 appropriate and equivalent consideration in exchange, or otherwise materially increase the

1 obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of
2 the Agreement or any provisions thereto, and are in compliance with all applicable laws,
3 including City's Charter.

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5 RECOMMENDED:

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8 Director of Property

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