

1 [Lease of Real Property at 1145 Market Street]

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3 **Resolution authorizing extension and amendment of a lease of real property at**
4 **1145 Market Street for the Health Service System.**

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6 WHEREAS, The City, for the Department of Human Resources, entered into a lease
7 of approximately 18,254 square feet of office space at 1145 Market Street on the second
8 and seventh floors, which commenced on February 14, 1997 and by a First Amendment to
9 Lease, authorized by the Board of Supervisors, was extended to December 31, 2006 and
10 reduced to approximately 13,576 square feet on the second floor only, and

11 WHEREAS, On July 1, 2005 the Health Service System was separated from the
12 Department of Human Resources and became a City Department, and

13 WHEREAS, The Real Estate Division has been able to negotiate an extension of the
14 Health Service System lease for five years at a fair market value, base rent with a new
15 base year for expense pass throughs and a right of termination after three years and an
16 option to extend for five years; now, therefore, be it

17 RESOLVED, That in accordance with the recommendation of the Director, Health
18 Service System and the Director of Property, that the Director of Property is hereby
19 authorized to take all actions, on behalf of the City and County of San Francisco, as
20 Tenant, to execute a written Second Amendment to the Lease substantially in the form on
21 file with the Clerk of the Board in File No. _____, (the "Second Amendment")
22 and other related documents with the Sangiacomo Trust u/t/a ("Landlord"), for the building
23 commonly known as 1145 Market Street, San Francisco, for the entire second floor
24 premises, comprising an approximate area of 13,576 rentable square feet for the Health
25 Service System; on the terms and conditions herein, and, be it

1 FURTHER RESOLVED, The Second Amendment to Lease shall commence upon
2 the mutual execution and exchange of the Lease, or March 1, 2007 whichever occurs later
3 and shall expire on March 31, 2012; and, be it

4 FURTHER RESOLVED, The City has the right to terminate the Lease for any reason
5 by providing the Landlord with one hundred eighty (180) day's advance written notice, which
6 notice not to be served prior to October 1, 2009; and, be it

7 FURTHER RESOLVED, That the monthly base rent for a full service office lease will
8 be \$30.00 per rentable square foot (\$407,280 per year) for the first year, \$31.00 per square
9 foot (\$420,856 per year) for the second year, \$32.00 per square foot (\$434,432 per year)
10 for the third year, \$33.00 per square foot (\$448,008 per year) for the fourth year and \$34.00
11 per square foot (\$461,584 per year) for the fifth year. City shall pay its separately metered
12 electrical costs and additional charges for City's percentage share of increases in operating
13 expenses and real estate taxes above a 2007 base year; and, be it

14 FURTHER RESOLVED, That City has an option to renew for one (1) five (5) year
15 period with the rent to be adjusted to 95% of the then prevailing fair market rent, otherwise on
16 the same terms and conditions. City shall provide Landlord with one hundred and eighty
17 (180) days advance notice to exercise the option; and, be it

18 FURTHER RESOLVED, That City agrees to indemnify, defend and hold harmless
19 Landlord and its agents from and against any and all claims, costs and expenses,
20 including, without limitation, reasonable attorneys' fees, incurred as a result of (a) City's use
21 of the premises, (b) any default by City in the performance of any of its obligations under
22 this lease, or (c) any negligent acts or omissions of City or its agents, in, on or about the
23 premises or the property; provided, however, City shall not be obligated to indemnify
24 Landlord or its agents to the extent any claim arises out of the active negligence or willful
25 misconduct of Landlord or its agents; and, be it

1 FURTHER RESOLVED, That any action taken by any City employee or official with
2 respect to this lease is hereby ratified and affirmed.

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

10 FURTHER RESOLVED, Said lease shall be in a form approved by the City Attorney
11 and with the exception of City exercising its right of termination, effective on or after March
12 31, 2010, City shall occupy said premises for the entire lease term expiring on March 31,
13 2012 unless funds for rental payments are not appropriated in any subsequent fiscal year,
14 at which time City may terminate this lease with written notice to Landlord, pursuant to
15 Section 3.105 of the Charter of the City and County of San Francisco.

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18 RECOMMENDED: \$67,880 Available
19 Index No. HS5020, Sub Object 03000

19

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21 _____
Director of Property

22

Controller

23

24 _____

25 Director
Health Service System