

1 [Real Property Lease Extension - 120-14th Street LLC - 1740 Folsom Street - \$1,030,400
2 Annual Base Rent]

3 **Resolution approving and authorizing the Director of Property, on behalf of the**
4 **Sheriff's Department, to extend the Lease of 18,862 square feet located at 1740 Folsom**
5 **Street with 120 14th Street LLC for an additional five years, at a base rent of \$1,030,400**
6 **in the initial year, with 3% annual adjustments, commencing on approval of this**
7 **Resolution; and approving and authorizing a five-year lease extension beginning**
8 **July 1, 2022, with a total term of July 1, 2002, through June 30, 2027, at the City's**
9 **option; authorizing the Director of Property to execute documents, make certain**
10 **modifications and take certain actions in furtherance of the Lease and this Resolution,**
11 **as defined herein; and to authorize the Director of Property to enter into amendments**
12 **or modifications to the Lease that do not increase the rent or otherwise materially**
13 **increase the obligations or liabilities to the City and are necessary to effectuate the**
14 **purposes of the Lease or this Resolution.**

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16 WHEREAS, In May 2002, the San Francisco Sheriff's Department ("SFSD") entered
17 into a lease for the entire property, 18,862 square feet, located at 1740 Folsom Street, aka
18 120- 14th Street, (the "Property"), in San Francisco, authorized by Resolution No. 356-02, a
19 copy of which is on file with the Clerk of the Board of Supervisors in File No. 170064 (the
20 original "Lease"); and

21 WHEREAS, Thereafter, 120 14th Street LLC, ("Landlord") became the successor-in-
22 interest of the Lease for Mark Nelson Development LLC and New California Land Company
23 as landlord; and

24 WHEREAS, The original Lease term was for ten years or until 2012 and the Lease
25 provided for two five-year options to extend the term until June 30, 2022, as approved by the

1 Board of Supervisors in Resolution Nos. 47-12 and No. 65-17, copies of which are on file with
2 the Clerk of the Board of Supervisors in File Nos. 120038 and 170064 respectively; and

3 WHEREAS, The Building serves as the Sheriff Department's Emergency Command
4 Center ("DOC"), with the necessary equipment and infrastructure and serves as classroom
5 space for State mandated certified annual training in accordance with the Standards for
6 Training and Corrections; and

7 WHEREAS, The Sheriff also uses this facility to conduct background checks for
8 hundreds of prospective City personnel and thousands of jail clearance checks for City and
9 third-party staff involved in providing programs and services to the jails; and

10 WHEREAS, The Lease expires on June 30, 2022, and SFSD would like to remain at
11 the Property under an additional 5-year option on the same terms and conditions set forth in
12 the Lease except that the Base Monthly Rental is to be adjusted to 95% of the prevailing
13 market rate for similar premises; and

14 WHEREAS, Pursuant to Administrative Code, Section 23, the Director obtained an
15 appraisal by a qualified third-party MAI appraiser, which was reviewed and approved, which
16 established the prevailing market rate for similar premises, and then adjusted same to 95% or
17 \$1,030,400.00 annually; and

18 WHEREAS, There is an annual 3% rent adjustment during the option term; and

19 WHEREAS, The Amended and Restated Lease contains one additional 5-year option
20 to extend the term beyond 2027 or to June 30, 2032; and

21 WHEREAS, The Amended and Restated Lease includes new and updated clauses as
22 mandated by the City Attorney's Office, a copy of which is on file with the Clerk of the Board of
23 Supervisors in File No. 220533 (the "Amended and Restated Lease"); and

24 WHEREAS, All other terms and conditions of the Lease and Sublease will remain in full
25 force and effect; and

1 WHEREAS, Funding in future years is subject to the enactment of the Annual
2 Appropriation Ordinance; and

3 WHEREAS, Such terms for the option are subject to enactment of a Resolution by the
4 Board of Supervisors and the Mayor, in their respective sole and absolute direction, approving
5 and authorizing such exercise; now, therefore, be it

6 RESOLVED, That in accordance with the recommendations of the Sheriff and the
7 Director of Property, after consultation with the City Attorney, the Board of Supervisors
8 approves the Lease in substantially the form presented to the Board, and authorizes the
9 Director of Property to take all actions necessary to execute the Amended and Restated
10 Lease and any other documents that are necessary or advisable to effectuate the purpose of
11 this Resolution; and, be it

12 FURTHER RESOLVED, That the Amended and Restated Lease shall be for a term of
13 5 years through June 30, 2027, with an additional 5-year extension through June 30, 2032 at
14 the City's option; and, be it

15 FURTHER RESOLVED, That the Lease shall continue to include the lease clause
16 indemnifying, holding harmless, and defending Landlord and its agents from and against any
17 and all claims, costs and expenses, including without limitation, reasonable attorneys' fees,
18 incurred as a result of any default by the City in the performance of any of its material
19 obligations under the Lease, or any negligent acts or omissions of the City or its agents, in,
20 on, or about the Premises or the property on which the Premises are located, excluding those
21 claims, costs and expenses incurred as a result of the negligence or willful misconduct of the
22 Landlord or its agents; and, be it

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

25 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of

1 Property to enter into any amendments or modifications to the Lease (including, without
2 limitation, the exhibits) that the Director of Property determines, in consultation with the City
3 Attorney and Sheriff, are in the best interest of the City, do not increase the rent or otherwise
4 materially increase the obligations or liabilities of the City, are necessary or advisable to
5 effectuate the purposes of the Lease renewal or this resolution, and are in compliance with all
6 applicable laws, including the City Charter; and, be it

7 FURTHER RESOLVED, That within thirty (30) days of the Amended and Restated
8 Lease being fully executed by all parties, the Director of Real Estate shall provide the final
9 Lease to the Clerk of the Board for inclusion into the official file.

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13 /s/
Paul M. Miyamoto
14 Sheriff

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17 /s/
Andrico Q. Penick
18 Real Estate Division
Director of Property

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