

File No. 111243

Committee Item No. 6

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: January 11, 2012

Board of Supervisors Meeting

Date _____

Cmte Board

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Completed by: Victor Young

Date: January 6, 2012

Completed by: Victor Young

Date: _____

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.

1 [Sublease Amendment - Haight Ashbury Free Clinics - Walden House]

2
3 **Resolution authorizing the execution of a Third Amendment to Sublease and Consent**
4 **to Assignment between the Treasure Island Development Authority and Haight**
5 **Ashbury Free Clinics, Inc., dba Haight Ashbury Free Clinics - Walden House, for**
6 **premises located at 1440 Chinook Court.**

7
8 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
9 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
10 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
11 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
12 conversion of former Naval Station Treasure Island (the "Base") for the public interest,
13 convenience, welfare and common benefit of the inhabitants of the City and County of San
14 Francisco (the "City"); and,

15 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
16 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
17 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) authorized the Board of
18 Supervisors to designate the Authority as a redevelopment agency under California
19 Community Redevelopment Law ("CRL") with authority over the Base upon approval of the
20 City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are
21 subject to the Tidelands Trust, vested in the Authority the authority to administer the public
22 trust for commerce, navigation and fisheries as to such property; and,

23 WHEREAS, The Board of Supervisors approved the designation of the Authority as a
24 redevelopment agency with powers over Treasure Island in Resolution No. 43-98, dated
25 February 6, 1998, however, the Authority is not exercising any of its redevelopment powers

under CRL in connection with the reuse and development of the Base, and no redevelopment project area or redevelopment plan has been adopted for the Base; and,

WHEREAS, Between 1996 and 1999, the City and the Authority negotiated a series of agreements that provided the basis for the housing programs on Treasure Island, and on September 1, 1999, the US Navy and the Authority entered into Navy Lease No. N6247499RP00B19, the Treasure Island Housing Lease; and,

WHEREAS, Pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994, the Treasure Island Homeless Development Initiative ("TIHDI") and the City negotiated a Base Closure Homeless Assistance Agreement and Option to Sublease Real Property (the "TIHDI Agreement"), which was endorsed by the City's Board of Supervisors and approved by the United States Department of Housing and Urban Development in connection with the City's Homeless Assistance Submission and Reuse Plan for the Base; and,

WHEREAS, Under the TIHDI Agreement, TIHDI among other things was granted the right, upon the satisfaction of certain conditions precedent, to have one or more of its member organizations sublease certain housing units on the Base, as more particularly described in the TIHDI Agreement; and,

WHEREAS, Walden House, a California nonprofit corporation ("Walden House), and a member organization of TIHDI, provides direct assistance to homeless men and women in need of transitional and supportive housing, offers support services and running weekly groups for its residents, and its residents are linked into existing Walden House workforce development and re-entry services; and,

WHEREAS, In furtherance of the Homeless Assistance Submission and the TIHDI Agreement, on September 1, 1999, the Authority and Walden House, entered into a Sublease for 14 units and related premises, as authorized by Board of Supervisors Resolution No. 149-

99; on June 15, 2001, the Authority and Walden House entered into the First Amendment to the Sublease to add 6 housing units to their premises, as authorized by Board of Supervisors Resolution No. 738-00; and on April 11, 2007, the Authority Board approved and executed a Second Amendment to the Sublease that added an additional 12 units to the Premises, adjusted the Common Area Maintenance (CAM) charges, and increased utility charges as authorized by Board of Supervisors Resolution No. 391-07; and,

WHEREAS, In 1997, Haight Ashbury Free Clinics, Inc. ("HAFCI"), a TIHDI member organization, subleased from the Authority three (3) six-plex buildings located at 1440, 1441 and 1443 Chinook Ct., as authorized by Board of Supervisors Resolution No. 149-99, and occupied these buildings until summer of 2010 when they lost their funding from the Department of Public Health and vacated the premises in December 2010; and,

WHEREAS, In January 2011, after HAFCI vacated the premises, TIHDI conducted a walk through and Physical Needs Assessment to determine the extent of the renovation necessary to reoccupy these units, and surveyed its members to see who had the need, capacity and resources to renovate and occupy the units in a timely fashion; and,

WHEREAS, Walden House indicated an interest in occupying some of the units and submitted a proposal to TIHDI, and based on their program, capacity and financial plan as well as their strong track record of providing transitional housing on Treasure Island, was approved by TIHDI to move forward with obtaining 1440 Chinook Ct. through a sublease amendment with the Authority; and,

WHEREAS, On May 21, 2011, HAFCI and Walden House entered into the Agreement of Merger that was filed with the California Secretary of State on July 1, 2011 whereby HAFCI and Walden House determined that it was in the best interests of their respective corporations that Walden House and HAFCI merge into Haight Ashbury Free Clinics, Inc., a California

nonprofit public benefit corporation doing business as Haight Ashbury Free Clinics – Walden House (“HAFCI – Walden House”); and,

WHEREAS, Under the proposed Third Amendment, HAFCI – Walden House is requesting to expand their premises to include 1440 Chinook Ct., and increase the Common Area Maintenance Charges to \$1,801.88 per month; and

WHEREAS, This Third Amendment was approved by the Authority Board of Directors at its September 14, 2011 meeting; and,

WHEREAS, Because the cumulative term of the Sublease exceeds ten (10) years, the Authority is requesting that the Board of Supervisors approve the Third Amendment to Sublease as required by the Authority’s Bylaws; now, therefore, be it

RESOLVED, That the Board of Supervisors hereby approves and authorizes the Director of Island Operations of the Authority or her designee to execute and enter into the Third Amendment to Sublease and Consent to Assignment with HAFCI-Walden House in substantially the form filed with the Clerk of the Board of Supervisors in File No. 111243, and any additions, amendments or other modifications to such Third Amendment (including, without limitation, its exhibits) that the Director of Island Operations of the Authority or her designee determines, in consultation with the City Attorney, are in the best interests of the Authority and do not otherwise materially increase the obligations or liabilities of the Authority, and are necessary or advisable to effectuate the purpose and intent of this resolution.

Items 4, 5 and 6
Files 11-1241, 11-1242 and 11-1243

Department(s):
 Treasure Island Development Authority (TIDA)

EXECUTIVE SUMMARY

Legislative Objectives

- File No. 11-1241: The proposed resolution would approve the 36th Amendment to the Treasure Island Land and Structures Master Lease between the Treasure Island Development Authority (TIDA) and the U.S. Navy to add Building 449 located at Avenue C and 4th Street.
- File No. 11-1242: The proposed resolution would authorize the execution of the Second Amendment to the Sublease between TIDA and Swords to Plowshares Inc., a non-profit organization, for the premises located at 1441 and 1443 Chinook Court.
- File No. 11-1243: The proposed resolution would authorize the execution of the Third Amendment to the Sublease between TIDA and Walden House for premises located at 1440 Chinook Court, and approve a Consent to Assignment to reassign the sublease to Walden House to Walden House/Haight Ashbury Free Clinics, Inc. recognizing the merger of Walden House and the Haight/Ashbury Free Clinics.

Key Points

- File No. 11-1241: On November 19, 1998, TIDA and the U.S. Navy (a) entered into a Land and Structures Master Lease to use and sublease certain land, structures, and facilities at no cost to TIDA.
- On September 1, 1999, TIDA entered into a Treasure Island Housing Lease with the US Navy for 375 housing units that TIDA could sublease to non-profits for affordable and supportive housing. The Treasure Island Housing Lease expires on August 31, 2014, as do the individual subleases between TIDA and non-profit organizations that provide housing assistance on Treasure Island.
- File No. 11-1242: On September 1, 1999, Swords to Plowshares Inc., a nonprofit organization, entered into a sublease with TIDA for 24 residential housing units and related property to provide emergency and supportive housing services for homeless veterans and counseling and mental health services.
- File No. 11-1243: On September 1, 1999, Walden House, a nonprofit organization, entered into a sublease with TIDA for 14 residential housing units and related property for formerly homeless, rehabilitative housing, which was subsequently amended to increase the number of residential housing units by 18 units for a total of 32 housing units.

Fiscal Analysis

- File No. 11-1241: TIDA would lease Building 449 at no additional rental cost to TIDA. While minor utilities cost would accrue until the property is leased, TIDA estimates that the commercial lease of Building 449 will result in approximately \$75,000 annually for TIDA.
- File No. 11-1242: Under the proposed Second Amendment, Common Area Maintenance charges and utility charges paid by Swords to Plowshares Inc. to TIDA would increase from \$7,267 per month to \$10,900 per month, or a total increase \$3,633 per month, or \$43,596 annually.
- File No. 11-1243: Under the proposed Third Amendment, the Common Area Maintenance charges and utility charges paid by Walden House/Haight Ashbury Free Clinics, Inc. would increase from \$9,675 per month to \$11,492 per month, or a total increase of \$1,817 per month or \$21,804 annually.

Recommendation

- Approve the three proposed resolutions.

MANDATE STATEMENT/ BACKGROUND

Mandate Statement

In accordance with Charter Sections 9.118(b) and 9.118(c) and Treasure Island Development Authority Bylaws Article V Section 2(l), any agreements or leases with a term of ten years or more and/or with more than \$10,000,000 of expenditures is subject to Board of Supervisors approval.

Background

File No. 11-1241: On November 19, 1998, the Treasure Island Development Authority (TIDA) and the U.S. Navy entered into a Land and Structures Master Lease to use and sublease certain land, structures, and facilities at no cost to TIDA.

As shown in the Table below, since 1998, there have been 35 amendments to the original Land and Structures Master Lease.

Table 1: Previous Amendments to the Land and Structures Master Lease

	Board of Supervisors Approval	File Numbers	Date
Amendments 1-29	No	None	Various
Amendments 30-32	Yes	09-0759, 09-0760, 09-0761	August 6, 2009
Amendment 33Y	es	09-1124	November 6, 2009
Amendment 34Y	es	10-0781	July 20, 2010
Amendment 35Y	es	11-0684	September 13, 2011

Treasure Island Housing Lease and Subleases

On September 1, 1999, TIDA entered into a Treasure Island Housing Lease with the US Navy for 375 housing units that TIDA could then sublease to non-profits to provide affordable housing and supportive housing services. This Treasure Island Housing Lease with the US Navy expires on August 31, 2014.

File No. 11-1242: On September 1, 1999, Swords to Plowshares Inc., a nonprofit organization, entered into a sublease with TIDA for 24 residential housing units and related property to provide emergency and supportive housing services for homeless veterans and counseling and mental health services. The term of this original sublease was 15 years from September 1, 1999 through August 31, 2014, which included Common Area Maintenance fees and utility charges that covered the cost to TIDA of maintaining the 24 residential housing units, but did not require any rent to be paid by Swords to Plowshares Inc. to TIDA.

On April 11, 2007, a First Amendment to this sublease, approved by the Board of Supervisors (File 07-0706) increased utility charges from \$236.87 per unit per month to \$255 per unit per month.

File No. 11-1243: On September 1, 1999, Walden House, a nonprofit organization, entered into a sublease with TIDA for 14 residential housing units and related property to provide housing for formerly homeless individuals. The term of this original sublease was 15 years from September

1, 1999 through August 31, 2014 and included Common Area Maintenance fees and utility charges but did not require any rent to be paid by Walden House to TIDA.

The First and Second Amendments to this sublease¹ increased the number of residential housing units by a total of 18 units for a total of 32 housing units, and the Second Amendment (File 07-0707) increased the Common Area Maintenance charges from \$663 per month to \$1,515 per month to reflect the additional housing units and increased utility charges from \$236.87 per unit per month to \$255 per unit per month.

Haight Ashbury Free Clinic Separate Lease

In December of 2010, under a separate sublease with TIDA, the Haight Ashbury Free Clinic, a nonprofit organization, vacated all 32 of its residential housing units on Treasure Island, including the properties located at 1440, 1441, and 1443 Chinook Court, after losing its funding from the Department of Public Health. As of July 1, 2011, Walden House absorbed the Haight Ashbury Free Clinic and the resulting non-profit organization became the Walden House/ Haight Ashbury Free Clinics.²

DETAILS OF PROPOSED LEGISLATION

File 11-1241: The proposed resolution would approve the 36th Amendment to the Treasure Island Land and Structures Master Lease between TIDA and the U.S. Navy to add Building 449 located at Avenue C and 4th Street at no cost to TIDA.

Building 449 is a 13,000 square foot vacant concrete structure which TIDA intends to use for commercial leasing opportunities such as storage, light industrial, or warehouse space. Mr. Peter Summerville, Leasing Manager for TIDA, estimates that Building 449 will generate approximately \$75,000 in annual rent from the commercial leasing of the building. The TIDA Board of Directors approved the proposed 36th Amendment to the Land and Structures Master Lease on October 12, 2011.

File 11-1242: The proposed resolution would authorize the execution of the Second Amendment to the sublease between TIDA and Swords to Plowshares Inc. to add 1441 and 1443 Chinook Court to the sublease. 1441 and 1443 Chinook Court are both residential buildings consisting of six housing units each, for a total of 12 new housing units, located on the northwest side of Treasure Island. The addition of 12 housing units to the existing sublease of 24 housing units will provide Swords to Plowshares Inc. with a total of 36 housing units on Treasure Island. The proposed resolution would not change the term of the existing sublease between TIDA and Swords to Plowshares Inc., which expires on August 31, 2014.

File 11-1243: The proposed resolution would authorize the execution of the Third Amendment to the sublease between TIDA and Walden House to add 1440 Chinook Court to the sublease and approve a Consent to Assignment to assign the sublease from Walden House to the newly

¹ The First Amendment was approved by the TIDA Board on June 15, 2001 but was not required to be approved by the Board of Supervisors. The Second Amendment (File 07-0707) was approved by the Board of Supervisors on July 17, 2007.

² 1440, 1441, and 1443 Chinook Court were unoccupied for approximately eight months from January 2011 through August of 2011. As of September 1, 2011, these units were subleased under month-to-month space use permits to Swords to Plowshares and Walden House/Haight Ashbury Free Clinics, the proposed sublessees.

formed Walden House/Haight Ashbury Free Clinics, Inc. recognizing the merger of Walden House and the Haight/Ashbury Free Clinics.

1440 Chinook Court is a residential building consisting of six housing units, located on the northwest side of Treasure Island. The addition of six housing units to the existing sublease of 32 housing units will provide Walden House/Haight Ashbury Free Clinics with a total of 38 housing units on Treasure Island. The proposed resolution would not change the term of the existing sublease between TIDA and Walden House/Haight Ashbury Free Clinics, which expires on August 31, 2014.

FISCAL ANALYSIS

File 11-1241: In accordance with the proposed 36th Amendment of the Land and Structures Master Lease agreement, TIDA will acquire Building 449 at no cost. However, the Budget and Legislative Analyst notes that there will be unspecified costs to TIDA for monthly maintenance and utility expenses until a tenant subleases this commercial space from TIDA. According to Mr. Summerville, TIDA estimates that the commercial lease of Building 449 will result in approximately \$75,000 annually for TIDA.

Files 11-1242 and 11-1243: In accordance with the existing subleases, Swords to Plowshares Inc. and Walden House/Haight Ashbury Free Clinics do not currently pay any monthly rent to TIDA. However, both nonprofit organizations are currently charged utilities costs of \$255 per unit per month and Common Area Maintenance charges determined by the amount of space leased to cover TIDA's costs.

Table 2 below shows the current monthly costs, the proposed additional costs and the proposed total monthly costs for utilities and for the common area maintenance charges for each of the two nonprofit organizations:

Table 2: Current and Proposed Utility and Common Area Maintenance Rates				
		Current Monthly Costs	Proposed Additional Costs	Proposed Total Monthly Costs
11-1242	Swords to Plowshares Inc.			
	Utilities	\$6,120	\$3,060	\$9,180
	Common Area Maintenance Charges	1,147	573	1,720
	Total:	\$7,267	\$3,633	\$10,900
11-1243	Walden House / Haight Ashbury Free Clinics			
	Utilities	\$8,160	\$1,530	\$9,690
	Common Area Maintenance Charges	1,515	287	1,802
	Total:	\$9,675	\$1,817	\$11,492

As shown in Table 2 above, under the proposed Second Amendment, Common Area Maintenance charges and utility charges paid by Swords to Plowshares Inc. to TIDA would increase from \$7,267 per month to \$10,900 per month, or a total increase \$3,633 per month, or

\$43,596 annually. As also shown above in Table 2, under the proposed Third Amendment, the Common Area Maintenance charges and utility charges paid by Walden House/Haight Ashbury Free Clinics, Inc. would increase from \$9,675 per month to \$11,492 per month, or a total increase of \$1,817 per month or \$21,804 annually.

RECOMMENDATION

Approve the three proposed resolutions.

CITY & COUNTY OF SAN FRANCISCO



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

TREASURE ISLAND DEVELOPMENT AUTHORITY
ONE AVENUE OF THE PALMS,
2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFTREASUREISLAND.ORG

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BY [Signature]

November 8, 2011

Ms. Angela Calvillo
Clerk of the Board
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Dear Ms. Calvillo

The Treasure Island Development Authority ("TIDA") requests that the following three pieces of legislation be formally introduced at the Board of Supervisors and calendared for hearing and consideration of approval at the Boards earliest convenience:

- 111241 - Amendment of the Treasure Island Land and Structures Master Lease between TIDA and the United States Navy
- 111242 - Amendment of the Housing Sublease between TIDA and Swords to Plowshares
- 111243 - Amendment of the Housing Sublease and Consent to Assignment between TIDA and Haight Ashbury Free Clinics-Walden House

Please find enclosed one original and four copies of the materials for each item. Thank you for your attention to this matter. Should your office have any questions, please do not hesitate to contact me at 415-274-0669.

Sincerely,

[Signature]
Mirian Saez
Director of Island Operations

Cc: file

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**THIRD AMENDMENT TO SUBLEASE AND CONSENT TO
ASSIGNMENT**

THIS THIRD AMENDMENT TO SUBLEASE (this "Third Amendment"), dated for reference purposes only as of September 14, 2011, is by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California nonprofit public benefit corporation ("Sublandlord"), and HAIGHT ASHBURY FREE CLINICS, INC., a California nonprofit public benefit corporation doing business as Haight Ashbury Free Clinics - Walden House ("Subtenant"), successor by merger to WALDEN HOUSE, a California nonprofit corporation ("Original Subtenant").

RECITALS

A. Sublandlord and Original Subtenant entered into that certain Sublease dated for reference purposes as of September 1, 1999 (the "Original Sublease"), pursuant to which Sublandlord agreed to sublease to Subtenant fourteen (14) housing units and related premises located on former Naval Station Treasure Island, San Francisco, California (the "Base"), as more particularly described in the Original Sublease.

B. Sublandlord and Original Subtenant entered into that certain First Amendment to Sublease dated for reference purposes as of June 15, 2001 (the "First Amendment"), pursuant to which Sublandlord agreed to sublease to Subtenant six (6) additional housing units and related premises located on the Base, as more particularly described in the First Amendment.

C. Sublandlord and Original Subtenant entered into a Second Amendment to Sublease dated for reference purposes as of July 1, 2007 (the "Second Amendment"), to (i) increase the number of units subleased to Subtenant by twelve (12) additional housing units and related facilities, (ii) adjust the common area maintenance charges, and (iii) increase the utilities fees. The Original Sublease, the First Amendment, and the Second Amendment are collectively referred to as the "Sublease." All capitalized terms used herein but not otherwise defined shall have the meaning given to them in the Sublease.

D. Effective as of July 1, 2011, Original Subtenant and Subtenant merged with Subtenant in accordance with the Agreement of Merger dated May 21, 2011 and filed with the California Secretary of State on July 1, 2011 as Document No. A0717574. Under the Agreement of Merger, Subtenant is the surviving corporation.

E. Sublandlord and Subtenant desire to amend the Sublease to, among other things, (i) expand the Premises to include an additional (6) housing units and related facilities, and (ii) increase the common area maintenance charges on the terms and conditions set forth in this Third Amendment.

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the Sublandlord and Subtenant hereby amend the Sublease as follows:

AGREEMENT

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.

2. **Effective Date.** The effective date of this Third Amendment shall be the later of (i) the date Sublandlord and the City's Board of Supervisors adopt resolutions approving and authorizing this Second Amendment, and the Mayor approves such Board of Supervisors resolution, and (ii) the date on which Sublandlord and Subtenant have duly executed and delivered this Second Amendment (the "Effective Date").

3. **Expansion Premises.** As of the Effective Date, the Original Premises shall be expanded to include an additional six (6) housing units and related facilities on the Base commonly known as 1440 Chinook Court and more particularly shown on Exhibit C-1 attached hereto (the "Third Amendment Expansion Premises", and together with the Original Premises, the "Premises"). The Premises, containing a total of thirty-eight (38) housing units and related facilities, are shown on Exhibit C-2, attached hereto.

4. **Common Area Maintenance Charges.** As of the Effective Date, Section 4.4 of the Sublease (Navy Cam Charges) is deleted in its entirety and replaced with the following:

"4.4 **Common Area Maintenance Charges.** Subtenant shall pay to Sublandlord as additional rent a common area maintenance charge in the amount of \$1801.88 per month (the "CAM Charge"). The CAM Charge shall be due and payable to Sublandlord prior to or on the first day of every month of the Term."

5. **Required Alterations.** Prior to the occupancy of the Third Amendment Expansion Premises under this Third Amendment, and as a material condition hereof, Subtenant shall make and complete the Alterations to the Third Amendment Expansion Premises described in Exhibit F-1, attached hereto (the "Required Alterations for Expansion Premises"). Construction of the Required Alterations for Expansion Premises shall be subject to all of the applicable provisions of the Sublease including, but not limited to, Section 9.

6. **Certificates of Occupancy.** Without limiting the generality of Section 9 of the Sublease, Subtenant shall, at its sole cost, obtain all required certificates of occupancy from the City's Department of Building Inspection necessary to comply with applicable Laws, including certification that the Third Amendment Expansion Premises satisfy the FEMA-178 seismic life-safety standard, prior to use and occupancy of the Third Amendment Expansion Premises.

7. **Amendments to Special City Provisions.**

a. **Amendment of Section 20.6 (Tropical Hardwood Ban).** Section 20.6 of the Sublease is deleted in its entirety and replaced with the following:

"20.6. **Tropical Hardwood and Virgin Redwood Ban.** The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as

expressly permitted by the application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater."

b. Deletion of Section 20.8 (Burma (Myanmar) Business Prohibition. Section 20.8 of the Sublease is hereby deleted in its entirety.

c. Amendment of Section 20.9 (Prevailing Wages for Construction Work). Section 20.9 of the Sublease is deleted in its entirety and replaced with the following:

"20.9. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises."

d. New Sections 20. 11 through 20.22. The following new Sections 20.11 through 20.22 are hereby added to the end of the Sublease:

"20.11. Local Hiring. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

20.12. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandlord an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms

of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

20.13. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

20.14. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

20.15. Conflicts of Interest. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.

20.16. Charter Provisions. This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

20.17. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Sublandlord may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.

(j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.

(k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Fifty Thousand Dollars (\$50,000) if Subtenant is a qualified nonprofit, but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

20.18. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City or a state agency on whose board an appointee of a City elective officer serves, for the selling or leasing of any land or building to or from the City or a state agency on whose board an appointee of a City elective officer serves, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six (6) months after the date the contract is approved. Subtenant acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Subtenant further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Subtenant's board of directors; Subtenant's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Subtenant; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Subtenant. Additionally, Subtenant acknowledges that Subtenant must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Subtenant further agrees to provide Sublandlord the name of each person, entity or committee described above.

20.19. Preservative-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

20.20. Resource Efficient City Buildings and Pilot Projects. Subtenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Subtenant hereby agrees that it shall comply with all applicable provisions of such code sections.

20.21. Food Service Waste Reduction. Subtenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Sublease as though fully set forth. This provision is a material term of this Sublease. By entering into this Sublease, Subtenant agrees that if it breaches this provision, Sublandlord will suffer actual damages that will be impractical or extremely difficult to determine; further, Subtenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that Sublandlord will incur based on the violation, established in light of the circumstances existing at the time this Sublease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by Sublandlord because of Subtenant's failure to comply with this provision.

20.22. Estoppel Certificates. At any time and from time to time, within ten (10) days after Sublandlord's request, Subtenant will execute, acknowledge and deliver to Sublandlord a statement certifying the following matters: (a) the Commencement Date and Expiration Date of this Sublease; (b) that this Sublease is unmodified and in full force and effect (or if there have been modifications, that this Sublease is in full force and effect as modified and the date and nature of such modifications); (c) the dates to which the Rent has been paid; (d) that there are no Events of Default under this Sublease (or if there are any Events of Default, the nature of such Event of Default); and (e) any other

matters reasonably requested by Sublandlord. Sublandlord and Subtenant intend that any such statement delivered pursuant to this paragraph may be relied upon by any assignee of Sublandlord's interest in the Master Lease or this Sublease, any mortgagee or any purchaser or prospective purchaser of the building or land on which the Premises are located. Subtenant irrevocably appoints Sublandlord, as Subtenant's agent, to execute and deliver in the name of Sublandlord any such instrument if Subtenant fails to do so, which failure shall also be an Event of Default under this Sublease."

8. **Consent to Assignment.** Sublandlord hereby consents to the assignment of the Sublease from Original Subtenant to Subtenant in connection with the merger described in Recital D above.

9. **Counterparts.** This Third Amendment may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof.

10. **Full Force and Effect.** Except as specifically amended herein, the terms and conditions of the Sublease shall remain in full force and effect.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Third Amendment to Sublease at San Francisco, California, as of the date first above written.

SUBLANDLORD:

TREASURE ISLAND DEVELOPMENT AUTHORITY

By: _____

Mirian Saez
Director of Island Operations

SUBTENANT:

HAIGHT ASHBURY FREE CLINICS, INC.,

a California nonprofit public benefit corporation doing business as Haight Ashbury Free Clinics – Walden House

By: _____

Its: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: Eileen M. Malley
Deputy City Attorney
Eileen M. Malley

Amendment Prepared By: Richard A. Rovetti, Deputy Director of Real Estate _____
(initial)

**Treasure Island Development Authority
City and County of San Francisco**

Resolution Authorizing the Execution of a Third Amendment to Sublease and Consent to Assignment between the Treasure Island Development Authority and Haight Ashbury Free Clinics, Inc., dba Haight Ashbury Free Clinics - Walden House, for premises located at 1440 Chinook Court.

SUMMARY OF PROPOSED ACTION:

This item seeks approval and authorization to execute the Third Amendment to the Sublease and Consent to Assignment between the Treasure Island Development Authority (the "Authority") and Haight-Ashbury Free Clinics Inc., a California nonprofit corporation dba Haight Ashbury Free Clinics – Walden House, successor by merger to Walden House for sublease of housing units on Treasure Island.

BACKGROUND:

Walden House, a California nonprofit corporation ("Walden House"), and a member organization of the Treasure Island Homeless Development Initiative ("TIHDI"), provides direct assistance to female offenders through its Female Offender Treatment and Education Program (FOTEP). The on-Island program provides a gender-responsive and trauma-informed environment that recognize and account for the role that trauma frequently plays in the addictive and criminal histories of female offenders. This specialized treatment approach works with each woman holistically to address her health, emotional, educational, vocational, family, and legal concerns alongside her substance abuse, mental health, and behavioral issues. Women who participate in FOTEP are able to reunite with their children, including in-program residency for some children, which creates valuable opportunities for parenting education, family activities and therapy.

Between 1996 and 1999, the City and County of San Francisco and the Authority negotiated a series of agreements that provided the basis for the housing programs on Treasure Island. On November 26, 1996, the Department of Housing and Urban Development approved the City's Homeless Assistance Submission and Base Reuse Plan for Treasure Island, which among other things, provided member organizations of TIHDI options to lease up to 375 units of housing on Treasure Island and Yerba Buena Island. On September 1, 1999, the US Navy and the Authority entered into Navy Lease No. N6247499RP00B19, the Treasure Island Housing Lease, for the initial residential units that were provided to TIHDI member organizations.

In furtherance of the Homeless Assistance Submission, on September 1, 1999, the Authority and Walden House, entered into a Sublease for 14 units and related premises, as authorized by Board of Supervisors Resolution No. 149-99. On June 15, 2001, the Authority and Walden House entered into the First Amendment to the Sublease to add 6 housing units to their premises, as authorized by Board of Supervisors Resolution No. 738-00. On April 11, 2007, the Authority Board approved and executed a Second Amendment to the Sublease that added an additional 12 units to the Premises, adjusted the Common Area Maintenance (CAM) charges, and increased utility charges, as authorized by Board of Supervisors Resolution No. 391-07.

In 1997, the Haight Ashbury Free Clinics, Inc. ("HAFCI"), a TIHDI member organization, subleased from the Authority three (3) six-plex buildings located at 1440, 1441 and 1443 Chinook Ct., as authorized by Board of Supervisors Resolution No. 149-99. After renovation was completed in 1999, HAFCI occupied the buildings until summer of 2010 when it lost its funding from the Department of Public Health and vacated the premises in December 2010.

In January 2011, after HAFCI vacated the premises, TIHDI conducted a Physical Needs Assessment to determine the extent of the renovation necessary to reoccupy these units. TIHDI surveyed its members to see who had the need, capacity and resources to renovate and occupy the units in a timely fashion. Walden House and Swords to Plowshares, who currently provide housing services to the Island, indicated an interest in subletting the vacated premises. Both organizations submitted proposals to TIHDI for some of the units. Based on their program, capacity and financial plan as well as their strong track record of providing transitional housing on Treasure Island, both organizations were approved by TIHDI to move forward with obtaining the units through amended subleases with the Authority. Walden House was allocated an additional six (6) housing units and Swords to Plowshares was allocated an additional twelve (12) housing units.

On May 21, 2011, HAFCI and Walden House entered into the Agreement of Merger that was filed with the California Secretary of State on July 1, 2011. Under the Agreement of Merger, HAFCI and Walden House have determined that it is in the best interests of their respective corporations that Walden House and HAFCI merge into Haight Ashbury Free Clinics, Inc., a California nonprofit public benefit corporation doing business as Haight Ashbury Free Clinics – Walden House ("HAFCI – Walden House"). HAFCI-Walden House is the successor to Walden House as the Subtenant under the Sublease.

The proposed Third Amendment will expand HAFCI – Walden House's premises to include 1440 Chinook, increase the Common Area Maintenance Charges to \$1,801.88 per month, and consent to the assignment of the Sublease from Walden House to HAFCI-Walden House. The Authority Board of Directors approved this Third Amendment to Sublease and Consent to Assignment at its September 14, 2011 meeting. Authority Bylaws require subsequent Board of Supervisors approval of this Amendment to Sublease and Consent to Assignment as the cumulative term of this Sublease is more than ten years.

RECOMMENDATION:

Approve the Third Amendment to Sublease with Haight Ashbury Free Clinics, Inc., a California nonprofit public benefit corporation doing business as Haight Ashbury Free Clinics – Walden.

Mirian Saez, Director of Island Operations

FORM SFEC-126
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Haight Ashbury Free Clinics Inc., DBA Haight Ashbury Free Clinics – Walden House	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.	
1. Board Members: Steve Bach, Dianne Fong-Torres, Judge Harlan Grossman, Liam Mayclem, Susan Christian, Eric Flowers, Marguerite Mead, Peter Sullivan, Graham Gunst, Tom Christian, Deborah Broyels, Tamara Mason-Williams, Todd Choy, Victor Ortiz, and Jeanne Woodford.	
2. Vitka Eisen CEO; David Crawford CFO; Jegan Anandaskarn COO.	
3. N/A Not for profit 501(c)3	
4. None.	
5. None.	
Contractor address: 1735 Mission St. San Francisco, CA 94103	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: Based on Formula per unit and Common Area Maintenance Charges increase to \$1801.88 per month
Describe the nature of the contract that was approved: Property management for housing	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

