

1 [Real Property Lease - Trinity Center, LLC - 1145 Market Street - Health Service System -  
2 \$588,787.05 Initial Base Rent ]

3 **Resolution approving and authorizing the Director of Property, on behalf of the Health**  
4 **Service System, to lease a portion of real property located at 1145 Market Street with**  
5 **Trinity Center, LLC a Delaware limited liability company, for an initial term of 10 years**  
6 **with two five-year extension options to renew at an initial annual base rent of**  
7 **\$588,787.05 with 3% annual increases, effective upon approval of this Resolution; and**  
8 **authorizing the Director of Property to enter into amendments or modifications to the**  
9 **Lease that do not materially increase the obligations or liabilities to the City and are**  
10 **necessary to effectuate the purposes of the lease or this Resolution.**

11  
12 WHEREAS, The City and County of San Francisco (City), Health Service Systems  
13 (HSS) has been located at 1145 Market Street since it separated from the Department of  
14 Human Resources on July 1, 2005; and

15 WHEREAS, The Lease at 1145 Market Street has expired; and

16 WHEREAS, HSS desires to relocate from their first-floor location, to a portion of the  
17 second floor moving from approximately 6,405 sq. ft. to 6,504 sq. ft. for a total of 19,659 sq.ft.  
18 including the 2nd and 3rd floor; and

19 WHEREAS, HSS believes this will enhance operations and better meet their  
20 programmatic needs; and

21 WHEREAS, On behalf of HSS, the Real Estate Division (RED) negotiated a Lease  
22 Agreement with TRINITY CENTER LLC (Landlord) 19,659 sq.ft. at 1145 Market Street; and

23 WHEREAS, The City, through RED, with consultation from HSS and the Office of the  
24 City Attorney, have negotiated the proposed lease (Lease) with Landlord, which provides a  
25 base rent of \$588,787.05 per year (\$29.95 per sq.ft.), with annual adjustments of three

1 percent, a copy of the proposed lease is on file with the Clerk of the Board in File No. 240423;  
2 and

3 WHEREAS, The Landlord will be providing a Tenant Improvement Allowance in the  
4 amount of \$325,000 for construction of leasehold improvements, moving expenses, furniture,  
5 fixtures and equipment for the second floor Tenant Improvements and

6 WHEREAS, RED anticipates that the Tenant Improvement Allowance will be sufficient  
7 to cover the anticipated costs for same; and

8 WHEREAS, The Landlord at its sole expense, shall provide services to the Premises,  
9 including janitorial, security, water, electricity, and HVAC, Monday through Friday 7:00 a.m. to  
10 6:00 p.m., with City responsible to reimburse Landlord for sub-metered electricity to its leased  
11 spaces; and

12 WHEREAS, During the term, the City will also be responsible for its proportional share  
13 of taxes and Landlord's operating expense increases over the base year of 2025, as set forth  
14 in the Lease Agreement; and

15 WHEREAS, The initial term of the Lease shall be for 10 years, commencing upon  
16 approval by the Board of Supervisors and Mayor in their sole discretion; and

17 WHEREAS, Under the proposed Lease Agreement, the City has two additional five-  
18 year options to extend, with rent to be 95% of the fair market rental value as of the exercise  
19 date of the option, and continuing to be subject to three-percent annual increases thereafter;  
20 and

21 WHEREAS, The Director of Property has determined that the base rent is at or below  
22 fair market value for similar properties and is less per square foot than the requirement for an  
23 independent appraisal under Chapter 23; now, therefore, be it

24 RESOLVED, In accordance with the recommendation of the Director of Property,  
25 Director of HSS, and the City Attorney, the Director of Property on behalf of the City, as

1 Tenant, is hereby authorized to take all actions necessary to execute the Lease at 1145  
2 Market Street, floors 2 and 3, in San Francisco, at a base rent of \$588,787.05 year, with an  
3 annual base rent escalation of three percent, for an initial 10-year term, plus two five-year  
4 options to extend; and, be it

5 FURTHER RESOLVED, The Board of Supervisors approves the Lease Agreement in  
6 substantially the form in the Board's File and authorizes the Director of Property to take all  
7 actions, on behalf of the City to enter into any additions, amendments or other modifications  
8 (including without limitation, the exhibits) to the Lease that the Director of Property  
9 determines, in consultation with HSS and the City Attorney, are in the best interests of the  
10 City, do not materially increase the obligations or liabilities of the City, and are necessary or  
11 advisable to complete the transaction and effectuate the purpose and intent of this Resolution  
12 and are in compliance with all applicable laws, including City's Charter; and, be it

13 FURTHER RESOLVED, That the Lease contains language indemnifying and holding  
14 harmless the Landlord from, and agreeing to defend the Landlord against any and all claims,  
15 costs and expenses, including, without limitation, reasonable attorney's fees, incurred as a  
16 result of Tenant's use of the Premises, any default by the Tenant in the performance of any of  
17 its obligations under the Lease or any acts or omissions of Tenant or its agents, in, on or  
18 about the Premises or the property on which the Premises are located, except those claims,  
19 costs and expenses incurred exclusively as a result of active gross negligence or willful  
20 misconduct of Landlord or its agents; and, be it

21 FURTHER RESOLVED, That any action taken by the Director of Property and other  
22 officers of the City with respect to the Lease are hereby approved, confirmed and ratified; and,  
23 be it

24  
25

1           FURTHER RESOLVED, That Director of Property shall provide notice to the Board of  
2 Supervisors in advance of exercising any authority under the agreement to extend its term;  
3 and, be it

4           FURTHER RESOLVED, That within thirty (30) days of the Lease Agreement being fully  
5 executed by all parties, the Director of Real Estate shall provide a copy of the final Lease  
6 Agreement executed agreement to the Clerk of the Board for inclusion into the official file.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Available: \$ 98,131,17  
(base rent for period 5/1/2024 through  
6/30/24)

Fund ID:	10000 - GF Annual Account
Department ID:	291644 – HSS Health Service System
Project ID:	10001707 – HT Administration
Authority ID:	10000 - Operating
Account ID:	581650 Leases Paid to Real Estate
Activity ID:	0001 – HSS Administration

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

\_\_\_\_\_  
s/  
Michelle Allersma, Budget and Analysis  
Division Director on behalf of  
Greg Wagner, Controller

Funding for Fiscal Year 2024/2025 is  
subject to the enactment of the Annual  
Appropriation Ordinance for Fiscal Year  
2024/2025

1

2 RECOMMENDED:

3

4

5

6 \_\_\_\_\_ /s/

7 Abbie Yant

8 Executive Director

9 Health System Service

10

11

12 RECOMMENDED:

13

14

15

16 \_\_\_\_\_ /s/

17 Andrico Q. Penick

18 Director of Real Estate

19

20

21

22

23

24

25