

**City & County of San Francisco**  
Daniel Lurie, Mayor



**Office of the City Administrator**  
Carmen Chu, City Administrator  
Sally Oerth Director of Real Estate

December 29, 2025

Honorable Board of Supervisors  
City and County of San Francisco  
City Hall, Room 244  
1 Carlton B. Goodlett Place  
San Francisco, CA 94102

RE: Lease Agreement for 111 Pine Street– San Francisco Retirement System

Dear Board Members:

Attached for your consideration is a Resolution authorizing and approving a lease agreement of approximately 47,482 square feet at 111 Pine Street on floors 8,9,10 and 11 for the San Francisco Retirement System (SFERS).

The SFERS mission is to secure, protect and prudently invest the pension trust assets, administer mandated benefits programs and provide promised benefits to the active and retired members of the City and County of San Francisco. Under the direction of its Board, the Retirement System administers two benefit programs: a Pension Plan (Defined Benefit Plan) and a Deferred Compensation Plan (457 (b) Plan). In addition, the SFERS organization invests the Retiree Health Care Trust Fund. The Pension Plan remains financially strong, with approximately \$38.9 billion in assets and a funded status of 97%, based on the actuarial value of assets. The Pension Plan serves more than 81,000 active, vested and retired employees of the City and County of San Francisco and their survivors. SFERS members include firefighters, police officers, sheriffs, and civilian employees across various City and County departments, the San Francisco Unified School District, the San Francisco Community College District, the San Francisco Superior Court, the City's Police and Fire Departments, and the Sheriff's Department. The Deferred Compensation Plan oversees approximately \$6.5 billion in assets and serves over 36,000 members.

SFERS is currently located at 1145 Market Street, under a lease that expired on July 31<sup>st</sup>, 2024, and remains on a month-to-month holdover as provided in that lease. It has been at this location since 2013 and occupies approximately 37,532 sq. ft. The current location no longer meets SFERS' future functional needs and SFERS, with the Real Estate Division, has located new space that offers room to accommodate Retirement Board approved headcount, effective membership counseling, public access for Board meetings, and space to meet with stakeholders and investment business partners.

The rental rate for the initial year is \$2,089,208 or \$44 per square foot, which was determined by appraisal to be at or below fair market rental value. The first 4 months of the rent are abated as are months 13,14,15,16,25,26,119 and 120, for a total of 12 months (total rent credit over the term approximately \$2,237,427.97). The rent will escalate at 3% annually. The Lease is fully serviced including security, janitorial, all utilities, taxes, insurance and common area maintenance. SFERS will pay its proportional share of the increases in utilities and operating expenses over the base year of 2026.

As part of this lease the landlord will provide turn-key Tenant Improvements, including obtaining LEED gold certification. The Landlord is providing \$100 per square foot in a Tenant Improvement Allowance, for a total of \$4,748,200. SFERS will pay for the remaining balance and has estimated this expense at \$4,748,200

The proposed lease agreement is for the term of ten years commencing on substantial completion of the tenant improvements and includes two options of five years to extend the term at fair market rental value.

If you have any questions regarding this matter, please contact our office at 415-554-9850.

Respectfully,

Signed by:

*Sally Oerth*

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Sally Oerth

Director of Real Estate