

1 [Amended and Restated Office Lease - Retroactive - The Lighthouse Building LLC - 1155  
2 Market - Not to Exceed \$6,685,260.20 in Initial Year]

3 **Resolution retroactively approving and authorizing the Director of Property to amend**  
4 **and restate the current lease with The Lighthouse Building LLC, as Landlord, for the**  
5 **City’s lease of approximately 103,487 square feet of rentable square feet comprised of**  
6 **floors one through eight at 1155 Market Street for use by approximately nine City**  
7 **Departments, to enter into an amended and restated office lease for a lease term of five**  
8 **years, commencing February 1, 2023, through January 31, 2028, with one five-year**  
9 **option to extend to January 31, 2033, at an initial annual rent of \$6,685,260.20 (or**  
10 **\$557,105.02 per month) with 3% annual increases thereafter for the remainder of the**  
11 **initial term; and authorizing the Director of Property to enter into any additions,**  
12 **amendments, or other modifications to the Restated Lease that do not materially**  
13 **increase the obligations or liabilities of the City to effectuate the purposes of this**  
14 **Resolution.**

15  
16 WHEREAS, Pursuant to the authorization granted under San Francisco Board of  
17 Supervisors Resolution No. 409-12, adopted by the Board of Supervisors on November 6,  
18 2012, the City and The Lighthouse Building LLC (the “Landlord”) entered int to that certain  
19 Office Lease, dated November 9, 2012, as amended from time to time (the “Lease”), for the  
20 City’s lease of approximately 103,487 square feet of rentable space comprised of floors one  
21 through eight at 1155 Market Street (the “Premises”); and

22 WHEREAS, The Premises provide nine different City Departments with office space in  
23 close proximity to City Hall in the Civic Center area and is convenient to public transit; and

24 WHEREAS, The current Lease between the City and Landlord has been in holdover  
25 pursuant to its terms since January 31, 2023; and

1           WHEREAS, The current Lease includes an option to extend the term for an additional  
2 five years and the City provided Landlord timely notice of its intent to exercise the option; and

3           WHEREAS, The City’s Real Estate Division and Landlord have negotiated an amended  
4 and restated office lease (the “Restated Lease”) to: (i) extend the Lease term for five years to  
5 January 31, 2028, with an option to extend the term for an additional five years, to January 31,  
6 2033; (ii) set the initial rent base rent under the Restated Lease during this extended term to  
7 \$6,685,260.20 (or \$557,105.02 per month), to increase by 3% each year, starting in February  
8 2024 and for the remainder of the initial term of the Restated Lease; (iii) provide the City with  
9 the right to rent up to 14 reserved parking stalls; (iv) provide City with a tenant improvement  
10 allowance equal to \$15 per rentable square feet (or \$1,552,305) (the “Tenant Improvement  
11 Allowance”), which may, at the City’s option, be applied to the premises’ improvements or  
12 against base rent, provided, that if the Tenant Improvement Allowance is applied against base  
13 rent, it will be discounted by 5%; (v) update City requirements adopted and brought into effect  
14 since the latest amendment of the Lease; and (vi) make certain other amendments to the  
15 Lease; and

16           WHEREAS, A copy of the proposed Restated Lease is on file with the Clerk of the  
17 Board in File No. 230915; and

18           WHEREAS, Both the City and the Landlord obtained an appraisal from independent  
19 MAI appraisers whose fair market value determinations were within 10% of each other and  
20 where the parties split the difference to come to an agreed upon fair market determination  
21 and where the City’s appraisal was confirmed by an appraisal review, consistent with  
22 Administrative Code, Chapter 23; and

23           WHEREAS, Starting in 2024, City will pay its pro-rata share of increases in the  
24 Building’s operating expenses and property taxes over the new base year of 2023; and

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1           WHEREAS, Charter, Section 9.118, requires the approval of the Board of Supervisors  
2 when the term of a lease of real property is for a period of 10 or more years, including options  
3 to renew, and if City exercises its option to extend the lease term by five years under the  
4 Restated Lease, the term will be 10 years; now, therefore, be it

5           RESOLVED, That in accordance with the recommendation of the City Attorney and the  
6 Director of Property, the Board of Supervisors approves the Restated Lease and authorizes  
7 the Director of Property and the City Attorney to take all actions necessary to enter into and  
8 perform the City's obligations under the Restated Lease; and, be it

9           FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
10 Property to enter into any amendments to the Restated Lease (including without limitation, the  
11 exhibits) that the Director of Property determines, in consultation with the City Attorney, are in  
12 the best interest of the City, do not materially increase the obligations or liabilities of the City,  
13 do not materially decrease the benefits to the City, or are necessary or advisable to effectuate  
14 the purposes of this Resolution, and are in compliance with all applicable laws; and, be it

15           FURTHER RESOLVED, That within 30 days of the execution of the Restated Lease,  
16 the Director of Property shall provide a copy to the Clerk of the Board for the Board's file.

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Fund ID:	14300
Department ID:	228875
Project Authority ID:	10001302
Account ID:	530110
Activity ID:	0027
Authority ID:	17378

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Ben Rosenfield  
Controller

RECOMMENDED:

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Andrico Penick  
Director of Property