

1 [Real Property Lease Extension - Prologis, L.P. - 1740 Cesar Chavez Street - \$419,760
2 Initial Annual Base Rent]

3 **Resolution authorizing the Director of Real Estate to exercise a Lease Extension for**
4 **the real property located at 1740 Cesar Chavez Street with Prologis, L.P., as**
5 **Landlord, for a five-year term to commence on April 1, 2019, through March 31, 2024,**
6 **and a five-year option to extend at the monthly base rent of \$34,980 for a total initial**
7 **annual base rent of \$419,760 with a 3% annual increase.**

8
9 WHEREAS, The City, on behalf of the Department of Human Resources (“DHR”)
10 entered into a lease with Potrero I, LLC and Potrero Investor II, LLC, as “Original Landlord”,
11 for the “Premises” comprising approximately 11,000 square feet of office area located at
12 1740 Cesar Chavez Street commencing on April 1, 2014 (the “Lease”); and

13 WHEREAS, The Lease includes one additional five (5) year extension period subject
14 to enactment of a resolution by the Board of Supervisors and Mayor; and

15 WHEREAS, The Original Landlord recently conveyed the building containing the
16 Premises to Prologis, L.P. (new “Landlord”), assigning Landlord all of Original Landlord’s
17 roles, responsibilities and obligations under the Lease; and

18 WHEREAS, The Real Estate Division (“RED”) on behalf of DHR, negotiated the 95%
19 of fair market monthly base rent of \$34,980 or \$3.18 per square foot, increasing annually at
20 three percent (3%), net of utilities and custodial services for the Premises, for the five (5)
21 year extension term; and

22 WHEREAS, RED negotiated a (i) leasehold improvement allowance of \$55,000 to
23 be provided by Landlord, (ii) an additional five (5) year extension option, and a (iii) 2019
24 base year reset for common area expenses incurred above the base year; now, therefore,
25 be it

1 RESOLVED, That in accordance with the recommendation of the Director of the
2 Department of Human Resources and the Director of Real Estate, the Director of Real
3 Estate is hereby authorized to take all actions on behalf of the City and County of San
4 Francisco, as Tenant, to exercise the five (5) year extension term commencing on April 1,
5 2019; and, be it

6 FURTHER RESOLVED, That commencing upon the lease extension period, the
7 monthly rent for the five (5) year extension term shall be \$34,980 (\$3.18 per square foot),
8 increasing annually at three percent (3%); and, be it

9 FURTHER RESOLVED, That any action taken by any City employee or official with
10 respect to the exercise of the extension provision contained in the lease is hereby ratified
11 and affirmed; and be it

12 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of Real
13 Estate to enter into any amendments or modifications to the lease (including without limitation,
14 the exhibits and exercising the additional extension option pursuant to the terms of the Lease)
15 that the Director of Real Estate determines, in consultation with the City Attorney, are in the
16 best interest of the City, do not increase the rent or otherwise materially increase the
17 obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of
18 the lease or this resolution, and are in compliance with all applicable laws, including City's
19 Charter; and, be it

20 FURTHER RESOLVED, That within 30 days of the Lease Extension being fully
21 executed by all parties, the Director of Real Estate shall provide a copy to the Clerk of the
22 Board for inclusion into the official file.

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\$104,940 Available
Fund ID: 10000
Department ID: 232025
PS Project ID: 10026742
Authority ID: 10000
Account ID: 530310
Activity ID: 0001

Controller

Subject to enactment of the Annual
Appropriation Ordinance for Fiscal Year
2019/2020

RECOMMENDED:

Department of Human Resources, Director

Real Estate Division, Director