[Real Property Lease - K.L.W. Investments, LLC - 3120 Mission Street - \$1,677,980 Base Rent in Initial Year]

Resolution authorizing the lease with K.L.W. Investments, LLC, as Landlord, for the entire property, commonly known as 3120 Mission Street, consisting of approximately 39,251 square feet at $\$ 139,831.66$ monthly for $\$ 1,677,980$ of base rent in the initial year for use by the Human Service Agency for a five-year term from July 1, 2015, through June 30, 2020.

WHEREAS, The City has leased 3120 Mission Street for use the Human Services Agency (the "HSA") since 2001; and

WHEREAS, The City, in 2008, expanded the Premises to approximately 39,251 square feet; and

WHEREAS, HSA utilizes this leasehold to provide public benefits in the South of Market-Mission corridor serving families engaged in CalWORKS, MediCAL, CalFRESH benefits and a number of child welfare services; and

WHEREAS, 3120 Mission Street and its companion property 3119 Mission Street operate as HSA's main workforce development center and the home of the JOBS NOW wage subsidy program serving over 500 clients weekly; and

WHEREAS, The existing Lease for 3120 Mission Street expires on June 30, 2015; and WHEREAS, HSA desires to continue to provide these valuable services to the community; and

WHEREAS, The Real Estate Division on behalf of HSA has negotiated a new five year Lease; now, therefore, be it

RESOLVED, That in accordance with the recommendation of the Director of the Human Services Agency and the Director of Property, the Director of Property is hereby
authorized to take all actions, on behalf of the City and County of San Francisco, as Tenant, to enter into the Lease for the Property located at 3120 Mission Street, San Francisco, California, comprising approximately 39,251 square feet on substantially the terms of the Lease on file with the Clerk of the Board of Supervisors in File No. 150427, which is hereby declared to be a part of this resolution as if set forth fully herein; and, be it

FURTHER RESOLVED, The monthly base rent shall be $\$ 139,831.66$ (approximately $\$ 42.75$ per square foot annually) commencing July 1,2015 , net of utilities but including janitorial services, subject to annual rent adjustments of $\$ 1$ per square foot (approximately 2.3\%) beginning July 1, 2016; and, be it

FURTHER RESOLVED, The Landlord shall provide an allowance of \$510,263 (approximately $\$ 13$ per square foot) for the construction of improvements and the City shall pay for the costs above the allowance up to a maximum additional cost of $\$ 400,000$; and, be it

FURTHER RESOLVED, The City agrees to indemnify, defend, and hold harmless Landlord and its agents from and against any and all claims, costs, and expenses, including without limitation, reasonable attorney fees, incurred as a result of (a) City's use of the Property, (b) any default by the City in the performance of any of its obligations under the Lease, or (c) any acts or omissions of City or its agents, in, on or about the Property, provided however City shall not be obligated to indemnify Landlord or its agents to the extent any claim, cost and expense arises out of active gross negligence or willful misconduct of Landlord or its agents; and, be it

FURTHER RESOLVED, The Board of Supervisors approves the Lease in substantially the form in the Board's File and authorizes the Director of Property to take all actions, on behalf of City, to enter into any amendments or modifications (including without limitation, the exhibits) to the Lease on the terms and conditions herein and form approved by the City Attorney that the Director of Property determines, in consultation with the City Attorney, are in
the best interest of the City, do not increase the rent or otherwise materially increase the obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of the Lease and are in compliance with all applicable laws, including City's Charter; and, be it

FURTHER RESOLVED Said Lease shall be subject to certification as to funds by the Controller pursuant to of the Charter, Section 3.105; and, be it

FURTHER RESOLVED, That within thirty (30) days of the agreement being fully executed by all parties the Director of Property shall provide the Lease agreement to the Clerk of the Board to include into the official file.
\$2,077,980 Available (\$1,677,980 Base Rent plus $\$ 400,000$ improvements) Index Code No. 45ADOH


Subject to the enactment of the FY 2015-2016 annual appropriation ordinance.

RECOMMENDED:

John Updike, Director
Real Estate Division

## City and County of San Francisco

Tails

## Resolution

City Hall
1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4689

File Number: 150427
Date Passed: June 09, 2015
Resolution authorizing the lease with K.L.W. Investments, LLC, as Landlord, for the entire property, commonly known as 3120 Mission Street, consisting of approximately 39,251 square feet at $\$ 139,831.66$ monthly, for $\$ 1,677,980$ of base rent in the initial year, for use by the Human Service Agency for a five-year term from July 1, 2015, through June 30, 2020.

June 03, 2015 Budget and Finance Sub-Committee - RECOMMENDED

June 09, 2015 Board of Supervisors - ADOPTED
Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Me

File No. 150427
I hereby certify that the foregoing Resolution was ADOPTED on 6/9/2015 by the Board of Supervisors of the City and County of San Francisco.


