FILE NO. 171077

[Real Property Lease Renewal - 1145 Market LP - 1145 Market Street - San Francisco Law Library - \$1,180,000 Initial Annual Base Rent]

Resolution authorizing the exercise of an option to extend the term of a Lease for approximately 20,000 square feet consisting of a portion of the second floor and entire fourth floor at 1145 Market Street, for the San Francisco Law Library, with 1145 Market Street LP, a California limited partnership, for five years, subject to City's right to terminate, for the period of July 1, 2018 to June 30, 2023, at a monthly base rent of \$98,333.33 for a total annual base rent of 1,180,000 in the initial year with 3% annual increases.

WHEREAS, The 1870 Act of California requires all Counties to provide a Law Library for public use; and

WHEREAS, The 1870 Act established the Law Library as a legal entity, separate from the City and County, and requires the Board of Supervisors to appropriate General Fund monies for "fuel, lights and stationary and all necessary conveniences and care, rooms convenient and accessible to the Courts, sufficient for the use and accommodation of said law library and those who have occasion for its use;" and

WHEREAS, Charter, Section 8.103 is consistent with the 1870 Act and states that the City must provide "suitable" and "sufficient" accommodations for the Law Library as well as free access to the legal community and the general public; and

WHEREAS, The Charter also requires the City to pay for the salaries of three positions in the Law Library budget including a Librarian, Assistant Librarian, and 3) Bookbinder; and,

WHEREAS, The San Francisco Law Library currently occupies space at 1145 Market Street under a lease authorized by Resolution No. 196-13; and

WHEREAS, The current lease expires on June 30, 2018; and

Real Estate Division BOARD OF SUPERVISORS

WHEREAS, Under the existing lease, the City has an option to extend the term for an additional five years at 95% of fair market rent; and,

WHEREAS, Pursuant to the terms of such option, the Real Estate Division and the Landlord have negotiated such 95% of fair market rental, considering all factors; and

WHEREAS, The proposed annual rent of \$1,180,000 (approximately \$59.00 per square foot) was determined to be at or less than 95% of fair market rent by an independent MAI appraisal as required by Administrative Code, Chapter 23; and

WHEREAS, That the Law Library shall commit to execute a plan to relocate as many of the acceptable materials from Brooks Hall as can be accommodated in the remaining unused shelving on the 2nd floor of 1145 Market Street, and shall commence the plan by no later than February 1, 2018, and complete the plan by no later than December 31, 2018; and

WHEREAS, That should the Law Library be unable to execute the plan noted herein by the dates so indicated, the Director of Real Estate shall populate unused portions of the 2nd floor of 1145 Market Street with office uses serving city staff needs from other departments, consistent with the terms and conditions of the Lease; now, therefore, be it

RESOLVED, That the Director of Property is hereby authorized to take all actions, on behalf of the City and County of San Francisco, as tenant, to extend the Lease, a copy of which is on file with the Clerk of the Board of the Board of Supervisors in File No. 171077, (the "Lease") and other related documents with 1145 Market Street LP, a California limited partnership, ("Landlord"), for approximately 20,000 rentable square feet consisting of the entire fourth (4th) floor and a portion of the second (2nd) floor of the building commonly known as 1145 Market Street; and, be it

FURTHER RESOLVED, The annual base rent for the period from July 1, 2018 to June 30, 2019, shall be \$1,180,000 (approximately \$59.00 per square foot per year and the base rent shall increase annually at a rate of 3% annually on each July 1; and, be it

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FURTHER RESOLVED, As set forth in the Lease, the City shall continue to pay for its (i) its separately sub-metered electricity and Saturday ventilation (estimated to add approximately \$2,021.18 per month, (ii) prorata share of operating expenses over a 2018 base year and (iii) for other typical tenant expenses; and, be it

FURTHER RESOLVED, That all actions heretofore taken by the offices of the City with respect to the Lease are hereby approved, confirmed and ratified; and, be it

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

FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term of the Lease unless funds for the City's rental payments are not appropriated in any subsequent fiscal year at which time City may terminate the Lease with reasonable advance written notice to Landlord; and, be it

FURTHER RESOLVED, Such termination shall then be effective upon surrender of the Premises; and, be it

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

FURTHER RESOLVED, That within thirty (30) days of the execution of the extension, the Director of Property shall provide a copy to the Clerk of the Board for the Board's file.

Real Estate Division BOARD OF SUPERVISORS

. ∛_1 \$1,180,000.00_Available 2 23 Controller/ : 4 Subject to enactment of the 2018/2019 Annual 5 Appropriation Ordinance 6 **RECOMMENDED**: 7 8 21 mo 9 Marcia R. Bell San Francisco Law Library 10 11 12 13 John Updike Director of Real Estate 14 15 16 17 18 19 20 21 22 23 24 25 í **Real Estate Division** BOARD OF SUPERVISORS Page 4 9/28/2017 and the



City and County of San Francisco Tails Resolution

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

File Number: 171077

Date Passed: December 12, 2017

Resolution authorizing the exercise of an option to extend the term of a Lease for approximately 20,000 square feet, consisting of a portion of the second floor and entire fourth floor at 1145 Market Street, for the San Francisco Law Library, with 1145 Market Street LP, a California limited partnership, for five years, subject to City's right to terminate, for the period of July 1, 2018, to June 30, 2023, at a monthly base rent of \$98,333.33 for a total annual base rent of 1,180,000 in the initial year with 3% annual increases.

November 02, 2017 Budget and Finance Committee - CONTINUED TO CALL OF THE CHAIR

November 30, 2017 Budget and Finance Committee - CONTINUED

December 07, 2017 Budget and Finance Committee - AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE

December 07, 2017 Budget and Finance Committee - REFERRED WITHOUT RECOMMENDATION AS AMENDED AS A COMMITTEE REPORT

December 12, 2017 Board of Supervisors - ADOPTED

Ayes: 10 - Breed, Cohen, Farrell, Kim, Peskin, Ronen, Safai, Sheehy, Tang and Yee Excused: 1 - Fewer

File No. 171077

I hereby certify that the foregoing Resolution was ADOPTED on 12/12/2017 by the Board of Supervisors of the City and County of San Francisco.

Mayor

Angela Cabrilla

Angela Calvillo Clerk of the Board

Date Approved

City and County of San Francisco