

1 [Lease of Real Property at 1 Newhall Street]

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3 **Resolution authorizing a new lease of 33,000 sq. ft. of industrial space at 1 Newhall**
4 **Street for the Department of Public Health.**

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6 WHEREAS, Pursuant to the 2003 Work Preservation Agreement and a recent
7 Arbitration Award, the City and County of San Francisco is required to develop a replacement
8 laundry for the Laguna Honda Laundry formerly situated at the Laguna Honda Hospital; and

9 WHEREAS, A privately-owned building located at 1 Newhall Street in San Francisco is
10 ideally suited for conversion into a laundry facility; and

11 WHEREAS, Said privately-owned building is available for lease to the City and County
12 of San Francisco; now, therefore, be it

13 RESOLVED, That in accordance with the recommendation of the Director of the
14 Department of Public Health and the Director of Property, the Director of Property is hereby
15 authorized to take all actions, on behalf of the City and County of San Francisco, as Tenant,
16 to execute a written Lease (a copy of which is on file with the Clerk of the Board in File No.
17 061499) (the "Lease ") and other related documents with the 1 NEWHALL, LLC
18 ("Landlord"), for the building commonly known as 1 Newhall Street, San Francisco, California,
19 which comprises an area of approximately 33,000 square feet of building on approximately
20 51,882 square feet of land, on the terms and conditions herein and on a form approved by the
21 City Attorney; and, be it

22 FURTHER RESOLVED, That the lease shall commence upon substantial completion
23 of improvements by Landlord or upon the mutual execution and exchange of the Lease,
24 whichever occurs later (estimated to be January 1, 2007) and shall expire upon December 31,
25 2016; and, be it

Real Estate Division *A. Williams*
BOARD OF SUPERVISORS

1 FURTHER RESOLVED, That the monthly base rent shall be \$30,700 (\$0.93 per
2 square foot per month of building only). The base rent shall be flat for the first five years of
3 the ten year term. On the fifth anniversary of the Commencement Date the rent shall be
4 escalated by the proportional increase in the Consumer Price Index for All Urban Consumers
5 for the San Francisco-Oakland-San Jose areas, with a minimum increase of 15% and a
6 maximum increase of 30%; and, be it

7 FURTHER RESOLVED, That the City shall pay \$85,000 to Landlord for Landlord's
8 installation of a PG&E upgrade to the building's electrical supply to increase the capacity to
9 operate all the necessary laundry equipment; and, be it

10 FURTHER RESOLVED, City shall pay for its utilities, janitorial, water and sewer,
11 security guards, refuse and recycling; and, be it

12 FURTHER RESOLVED, That the Landlord shall maintain at his sole cost the building
13 exterior and roof, HVAC maintenance and landscaping and yard space; and, be it

14 FURTHER RESOLVED, That the City shall have three (3) options to renew for five (5)
15 years each. In each case, the rent for the option period shall be based on 95% of the then fair
16 market value, but shall not be less than the rent in effect during the previous term. Exercise of
17 said options shall require approval by the Board of Supervisors; and, be it

18 FURTHER RESOLVED, That the City shall have an ongoing First Right of Refusal to
19 purchase the Property; and, be it

20 FURTHER RESOLVED, That during the first forty eight (48) months of the Lease, the
21 City shall have an Option to purchase the Property. The Option purchase price shall be
22 \$5,000,000 during the first year of the Lease. The Option purchase price shall be increased
23 by the proportional increase in the Consumer Price Index for All Urban Consumers for the San
24 Francisco-Oakland-San Jose areas each year that the Option is in effect with a minimum
25 increase each year of 3%; and, be it

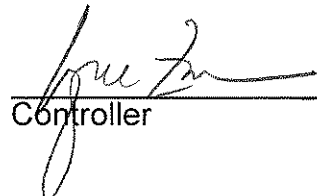
1 FURTHER RESOLVED, That the lease shall include a clause approved by the City
2 Attorney, indemnifying and holding harmless the Landlord, from and agreeing to defend the
3 Landlord against any and all claims, costs and expenses, including, without limitation,
4 reasonable attorney's fees, incurred as a result of City's use of the premises, any default by
5 the City in the performance of any of its obligations under the lease, or any acts or omissions
6 of City or its agents, in, on or about the premises or the property on which the premises are
7 located, excluding those claims, costs and expenses incurred as a result of the active gross
8 negligence or willful misconduct of Landlord or its agents; and, be it

9 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
10 with respect to such lease are hereby approved, confirmed and ratified; and, be it

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

18 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term
19 of the lease unless funds for the Department of Public Health rental payments are not
20 appropriated in any subsequent fiscal year at which time City may terminate the lease with
21 reasonable advance written notice to Landlord. Said Lease shall be subject to certification as
22 to funds by the Controller, pursuant to Section 3.105 of the Charter.

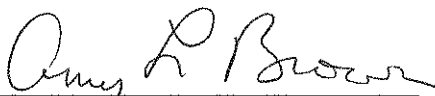
23 \$296,200 Available
24 Index No. HLH448100 Sub Object 03011

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Controller

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RECOMMENDED:


Department of Public Health


Director of Property
Real Estate Division



City and County of San Francisco

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

Tails Resolution

File Number: 061499

Date Passed:

Resolution authorizing a new lease of 33,000 sq. ft. of industrial space at 1 Newhall Street for the Department of Public Health.

January 30, 2007 Board of Supervisors — ADOPTED

Ayes: 8 - Alioto-Pier, Ammiano, Daly, Dufty, Maxwell, McGoldrick, Mirkarimi, Peskin

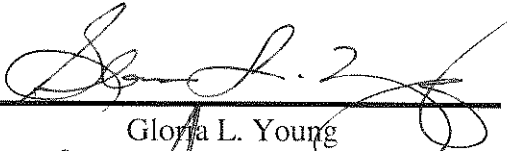
Noes: 2 - Elsbernd, Jew

Excused: 1 - Sandoval

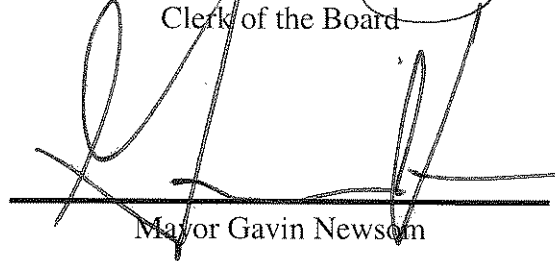
File No. 061499

I hereby certify that the foregoing Resolution was ADOPTED on January 30, 2007 by the Board of Supervisors of the City and County of San Francisco.

FEB 09 2007
Date Approved



Gloria L. Young
Clerk of the Board



Mayor Gavin Newsom