Resolution approving and authorizing the Director of Property, on behalf of the Department of Public Health, to lease real property located at 2712 Mission Street from Barak D. & Taly L. Jolish Living Trust, Zepporah Glass Trust and Oded Schwartz & Ruth Rosenthal Trust, for an initial ten-year term from March 26, 2022, through March 25, 2032, at a base rent of $795,200 per year with annual rent increases based on the Consumer Price Index, plus one five-year option to extend and a right of first offer to purchase; authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the Lease and this Resolution, as defined herein; and authorizing the Director of Property to enter into amendments or modifications to the Lease that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the Lease or this Resolution.

WHEREAS, The Department of Public Health ("DPH") strives to protect and promote the health of all San Franciscans by providing a wide range of public health services and programs; and

WHEREAS, On August 31, 2001, the Board of Supervisors passed Resolution No. 687-01 amending the Administrative Code to establish Mental Health San Francisco (Mental Health SF); and

WHEREAS, The City leases the entire premises located at 2712 Mission Street, San Francisco, California ("Leased Premises") from Redwood Mortgage Investors VIII, pursuant to that certain Lease dated as of January 6, 2012 (the "Original Lease"); and
WHEREAS, DPH currently uses the Leased Premises to operate the Mission Mental Health Clinic, which provides culturally informed, bilingual (English/Spanish), collaborative mental health care and primary care; the multi-disciplinary team welcomes adult clients regardless of drug use, criminal history and mental health diagnosis; and

WHEREAS, The Original Lease will expire on March 25, 2022; and

WHEREAS, DPH has determined that the Leased Premises continues to be an ideal space and location for usage by DPH in furtherance of the City’s Mental Health SF Program; and

WHEREAS, The Real Estate Division ("RED"), in consultation with DPH and the Office of the City Attorney, negotiated a proposed new lease ("Lease") to lease the Leased Premises from Barak D. & Taly L. Jolish Living Trust, Zepporah Glass Trust and Oded Schwartz & Ruth Rosenthal Trust ("Landlord") upon the expiration of the Original Lease, for an initial term of 10 years commencing upon the expiration of the Original Lease, plus one five-year option to extend the term ("Extension Option"); a copy of the Lease is on file with the Clerk of the Board in File No. 220171; and

WHEREAS, The Director of Property may exercise the Extension Option, in consultation with the Director of Health, but without Board of Supervisors approval, so long as the prevailing market rent for the Extension Option does not exceed fair market value as determined by independent appraisal and agreed to by the Director of Property, and subject to the appropriation of funds; and

WHEREAS, Under the Lease, base rent payable by City will be $795,200 per year ($24.85 per sq. ft.), payable in monthly installments, with annual Consumer Price Index increases between 3%-5%; and

WHEREAS, The Director of Property has determined the base rent in the Lease to be at or below fair market rental value; and
WHEREAS, The Lease includes a City right of first offer to purchase the Leased Premises if Landlord decides to sell the Leased Premises during the term of the Lease, subject to the approval of the Board of Supervisors in its sole discretion, pursuant to the terms and conditions of the Lease (“Right of First Offer to Purchase”); and

WHEREAS, City, at its cost, will be responsible for maintenance of the interior portions of the Leased Premises, insurance, and property taxes, but not increases in property taxes in the event of transfer or reassessment of the Leased Premises, pursuant to the terms and conditions of the Lease; now, therefore, be it

RESOLVED, That in accordance with the recommendation of the Director of Health and the Director of Property, the Board of Supervisors approves the Lease in substantially the form presented to the Board, including the Extension Option and the Right of First Offer to Purchase, and authorizes the Director of Property to take all actions necessary to execute the Lease and any other documents that are necessary or advisable to effectuate the purpose of this Resolution; and, be it

FURTHER RESOLVED, That pursuant to the Lease, City will indemnify, defend, and hold harmless Landlord from and against any and all claims, losses, damages, costs, and expenses, including without limitation, reasonable attorneys’ fees, incurred as a result of City’s use of the Leased Premises, default by City of its material obligations under the Lease, or any negligent acts or omissions of City, its agents or invitees in, on, or about the Leased Premises, in accordance with the terms of the Lease; and, be it

FURTHER RESOLVED, That all actions heretofore taken by the officers 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 extensions, amendments, or modifications to the Lease (including without limitation, the exhibits) that the Director of Property determines, in consultation with
the Director of Health and the Office of 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 or this Resolution, and are
in compliance with all applicable laws, including City's Charter; and, be it

FURTHER RESOLVED, That within thirty (30) days of the Lease being fully
executed by all parties, RED shall provide the final Lease to the Clerk of the Board for
inclusion in the official file.

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/s
Michelle Allersma, Budget and Analysis Division Director on behalf of Ben Rosenfield, Controller

Funding for Fiscal Year 2020/2021 is subject to the enactment of the Annual Appropriation Ordinance for Fiscal Year 2021/2022
RECOMMENDED:

/s/
Department of Public Health
Director of Health

/s/
Real Estate Division
Director of Property
Resolution approving and authorizing the Director of Property, on behalf of the Department of Public Health, to lease real property located at 2712 Mission Street from Barak D. & Taly L. Jolish Living Trust, Zepporah Glass Trust and Oded Schwartz & Ruth Rosenthal Trust, for an initial ten-year term from March 26, 2022, through March 25, 2032, at a base rent of $795,200 per year with annual rent increases based on the Consumer Price Index, plus one five-year option to extend and a right of first offer to purchase; authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the Lease and this Resolution, as defined herein; and authorizing the Director of Property to enter into amendments or modifications to the Lease that do not materially increase the obligations or liabilities to the City and are necessary to effectuate the purposes of the Lease or this Resolution.

April 06, 2022 Budget and Finance Committee - RECOMMENDED

April 12, 2022 Board of Supervisors - ADOPTED

Ayes: 10 - Chan, Haney, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai and Walton
Excused: 1 - Stefani

I hereby certify that the foregoing Resolution was ADOPTED on 4/12/2022 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

London N. Breed
Mayor

4/22/22
Date Approved