



HISTORIC PRESERVATION COMMISSION RESOLUTION NO. 1494

HEARING DATE: OCTOBER 15, 2025

Record No.: 2025-003728MLS
Project Address: 1035 Howard Street
Zoning: MUG – Mixed Use-General
Height & Bulk: 65-X, 85-X Height and Bulk District
Historic Status: Category II – Significant Building
Block/Lot: 3731/094
Project Sponsor: John Sweeney
Property Owner: 1035 Howard LLC
Staff Contact: Shannon Ferguson – (628) 652-7354
shannon.ferguson@sfgov.org

ADOPTING FINDINGS RECOMMENDING TO THE BOARD OF SUPERVISORS APPROVAL OF THE DRAFT MILLS ACT HISTORICAL PROPERTY CONTRACT, REHABILITATION PROGRAM, AND MAINTENANCE PLAN FOR 1035 Howard Street.

WHEREAS, The Mills Act, California Government Code Sections 50280 et seq. authorizes local governments to enter into contracts with owners of private historical property who assure the rehabilitation, restoration, preservation and maintenance of a qualified historical property; and

WHEREAS, In accordance with Article 1.9 (commencing with Section 439) of Chapter 3 of Part 2 of Division 1 of the California Revenue and Taxation Code, the City and County of San Francisco may provide certain property tax reductions, such as those provided for in the Mills Act; and

WHEREAS, Ordinance No. 191-96 amended the San Francisco Administrative Code by adding Chapter 71, to implement the Mills Act locally; and

WHEREAS, The Planning Department has determined that the actions contemplated in this Resolution are categorically exempt from with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.) under CEQA Guidelines Section 15331; and

WHEREAS, The existing building located at 1035 Howard Street is a Category II – Significant Building pursuant to Article 11 of the Planning Code and

WHEREAS, The Planning Department has reviewed the Mills Act Application, draft Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 1035 Howard Street, which are contained in Case No. 2025-003728MLS. The Planning Department recommends approval of the draft Mills Act Historical Property Contract, Rehabilitation Program, and Maintenance Plan; and

WHEREAS, The Historic Preservation Commission (HPC) recognizes the historic building at 1035 Howard Street as a qualified historical property, agrees with the Planning Department's recommendation, and believes the Rehabilitation Program and Maintenance Plan are appropriate for the property; and

WHEREAS, At a duly noticed public hearing held on October 15, 2025, the HPC reviewed documents and correspondence and heard oral testimony on the Mills Act Application, Draft Historical Property Contract, Rehabilitation Program, and Maintenance Plan for 1035 Howard Street; now, therefore, be it

RESOLVED, That the HPC hereby recommends that the Board of Supervisors approve the Draft Mills Act Historical Property Contract, including the Rehabilitation Program (Exhibit A to the Contract) and Maintenance Plan (Exhibit B to the Contract), for the historic building located at 1035 Howard Street, attached herein, and fully incorporated by this reference; and be it

FURTHER RESOLVED, That the HPC hereby directs its Commission Secretary to transmit this Resolution, the Draft Mills Act Historical Property Contract, including the Rehabilitation Program, and Maintenance Plan for 1035 Howard Street, and other pertinent materials in the case file 2025-003728MLS to the Board of Supervisors.

I hereby certify that the foregoing Resolution was ADOPTED by the Historic Preservation Commission on October 15, 2025.



Jonas P. Ionin
Commissions Secretary

AYES: Cox, Tsern Strang, Baroni, Baldauf, Vergara, Foley, Matsuda

NOES: None

ABSENT: None

ADOPTED: October 15, 2025

EXHIBITS A & B

Mills Act Historical Property Contract, including the Rehabilitation Program (Exhibit A), and Maintenance Plan (Exhibit B) for the historic building located at 1035 Howard Street.

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 1	Building Feature: Seismic upgrades (foundation, walls, floors)
☐ Maintenance ☒ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: 2030	
Total Cost: \$ 1,000,000.00	
Structural modifications to meet current seismic standard requirements will be performed. The lateral support system will be concrete sheer walls within the existing building to resist lateral loads. The new shear walls will require modifying the foundation through installation of piles where new walls will be constructed. South wall - Geotechnical and structural investigations will determine viability of foundation support; structural repairs will stabilize subsidence of soil. First floor (prior) office and adjacent areas - Geotechnical and structural investigations of subsiding floor will determine needed repairs to floor and subsoil to stabilize subsoil; new level floor will be constructed.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 2	Building Feature: Roof, parapets & skylights
☐ Maintenance ☒ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: 2030	
Total Cost: \$ 400,000.00	
Description of work: Entire roof will be replaced including the central penthouse roof, elevator machine room, roofing adjacent to hipped skylight, and five-sided structure. All existing materials including drains, flashing and sheet metal will be removed and the underlying deck will be evaluated and repaired as needed. Parapets will be evaluated and repaired in-kind. New roofing system will be installed, likely a multi-ply bitumen membrane with a granulated surfaced cap sheet, as well as a tapered insulation and flashing. Skylights will also be removed and replaced with new roofing; curbs and outlines will be retained. Hipped skylight will remain and be restored.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 3	Building Feature: Exterior concrete elevations
☐ Maintenance ☒ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: 2030	
Total Cost: \$800,000.00	
Repair and restore cracks, spalls, damage and improper repairs on Howard St and Russ St elevations including Art Deco elements such as columns, capital, window frame elements, spandrel panels, and cornice. Repair and restore cracks and spalls at Russ St. and south elevation utilitarian sections including window frames. Non-historic smokestacks will be removed. Patch southern elevation walls where equipment was removed including adjacent damaged wall areas.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 4	Building Feature: upper & penthouse windows; ground floor stucco windows
☐ Maintenance ☒ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: 2030	
Total Cost: \$ 800,000.00	
Windows on Howard and Russ street elevations will be repaired or restored in kind. Paint and rust will be removed from muntins, while the mullions and frames and repainted. Where glazing is missing or incompatible replacement, new glazing to match historic will be installed. Stucco infill panels along ground floor of Howard and Russ Streets will be removed and replaced with appropriate glazing that is compatible with the character and style of the building. Central penthouse windows will also be repaired or replaced in-kind to match the existing. Some southern elevation windows will be repaired and restored in-kind, but most will be removed leaving a reveal to identify where windows were once located. Although an original feature, this is necessary for the interior to function as self-storage and the main elevations to remain intact. This is only proposed for the rear elevation and the reveal will serve to identify the size and shape of the original windows as well as provide some shadow to articulate windows have been removed.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 5	Building Feature: terra cotta tile at bulkhead and column base
☐ Maintenance ☒ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: 2030	
Total Cost: \$ 100,000.00	
Repair and/or replace in-kind terra cotta tile base along north and west elevations. Missing corner tiles will be replaced to match the existing while insufficiently repaired tiles will be restored or replaced in-kind. Tiles will be painted with a black glazing to match the original in appearance.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 6	Building Feature: Doors
☐ Maintenance ☒ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: 2030	
Total Cost: \$ 125,000.00	
Repair and restore main entrance along Howard Street including Art Deco detailing. Remove non-original door in bay 2 along Russ Street (north-south). Within bays 6 and 7, replace doors within existing opening with break resistant glazing for consistency with HPC and PC approval. Southern elevation door will be replaced within existing opening.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 7	Building Feature: Fire Escapes
☐ Maintenance ☒ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: 2030	
Total Cost: \$ 75,000	
Description of work: Fire escapes along Russ Street will be repaired, painted and connections strengthened to meet current code standards.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 8	Building Feature: Interior perimeter walls & columns
☐ Maintenance ☒ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: 2030	
Total Cost: \$100,000.00	
Description of work: Repair spalls and cracks on interior of perimeter walls due to water infiltration. Repair plaster Art Deco columns in-kind including dents and where damaged from removal of interior partition walls.	

Rehabilitation/Restoration Plan (Exhibit A)

Use this form to outline your Rehabilitation/Restoration Plan. Copy this page as necessary to include all rehabilitation and restoration scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 9	Building Feature: Boiler Room
☐ Maintenance ☐ Rehab/Restoration ☐ Completed ☒ Proposed	
Contract year work completion: 2030	
Total Cost: \$ 5,000.00	
Description of work: The Boiler Room is a non-contributing feature of the building and is currently in a severely deteriorated state that is beyond repair. It poses life safety concerns and therefore will be demolished. This condition is due to: • Demolished southern wall leaving the interior open to the elements, • Substantial cracks and settlement in the concrete slab, • Substantial delamination of roofing with water damage, holes, and corroded flashing, • Spalling concrete at windows, walls, and roof, and • Rusted steel sash windows with broken panes.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 10	Building Feature: Roof
☒ Maintenance ☐ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Roof will be inspected on an annual basis with repairs being done on an as-needed basis, including the central penthouse roof, parapets, EMR, and roof adjacent to hipped skylight.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 11	Building Feature: Exterior elevations including windows
☒ Maintenance ☐ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: Annually	
Total Cost: \$ 50,000.00	
Description of work: The building exterior will be painted as needed, likely every 3-5 years with some elevations requiring this form of maintenance more often due to exposure, such as the southern elevation. This includes window frames and any decorative elements.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: # 12	Building Feature: Art Deco features
☒ Maintenance ☐ Rehab/Restoration ☐ Completed ☐ Proposed	
Contract year work completion: Annually	
Total Cost: \$ 5,000.00	
Description of work: Art Deco features along Howard and Russ Street elevations will be inspected annually for needed repairs and/or restoration, which will be a addressed promptly if/when identified.	

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: #	13	Building Feature:	Doors
☒ Maintenance	☐ Rehab/Restoration	☐ Completed	☐ Proposed
Contract year work completion: Annually			
Total Cost: \$ \$5,000.00			
Description of work: Doors along all elevations will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.			

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: #	14	Building Feature:	Fire Escapes
☒ Maintenance ☐ Rehab/Restoration ☐ Completed ☐ Proposed			
Contract year work completion: Annually			
Total Cost: \$ \$5,000.00			
Description of work: Fire escapes along the Russ Street elevation will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.			

Maintenance Plan (Exhibit B)

Use this form to outline your Maintenance Plan. Copy this page as necessary to include all maintenance scopes of work that you propose to complete within the next ten years. Arrange all scopes of work in order of priority.

Scope: #	15	Building Feature:	Interior perimeter walls & columns
☒ Maintenance	☐ Rehab/Restoration	☐ Completed	☐ Proposed
Contract year work completion: Annually			
Total Cost: \$ \$5,000.00			
Description of work: Interior perimeter walls and columns will be inspected annually for needed repairs and/or restoration, which will be addressed promptly if/when identified.			

Recording Requested by, and
when recorded, send notice to:
Shannon Ferguson
49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103

CALIFORNIA MILLS ACT HISTORIC PROPERTY AGREEMENT

THIS AGREEMENT is entered into by and between the City and County of San Francisco, a California municipal corporation ("City") and 1035 Howard LLC ("Owners").

RECITALS

Owners are the owners of the property located at 1035 Howard Street, in San Francisco, California (Block 3731, Lot 094), as more particularly described in Exhibit C attached hereto. The building located at 1035 Howard Street is designated as a Category II – Significant Building pursuant to Article 11 of the Planning Code, and is also known as the "Historic Property". The Historic Property is a Qualified Historic Property, as defined under California Government Code Section 50280.1.

Owners desire to execute a rehabilitation and ongoing maintenance project for the Historic Property. Owners' application calls for the rehabilitation and restoration of the Historic Property according to established preservation standards, which it estimates will cost two hundred thirty eight thousand and two hundred eighty five dollars (\$3,405,000.00). (See Rehabilitation Plan, Exhibit A.) Owners' application calls for the maintenance of the Historic Property according to established preservation standards, which is estimated will cost approximately three thousand eight hundred dollars (\$75,000) annually (See Maintenance Plan, Exhibit B).

The State of California has adopted the "Mills Act" (California Government Code Sections 50280-50290, and California Revenue & Taxation Code, Article 1.9 [Section 439 et seq.]) authorizing local governments to enter into agreements with property Owners to reduce their property taxes, or to prevent increases in their property taxes, in return for improvement to and maintenance of historic properties. The City has adopted enabling legislation, San Francisco Administrative Code Chapter 71, authorizing it to participate in the Mills Act program.

Owners desire to enter into a Mills Act Agreement (also referred to as a "Historic Property Agreement") with the City to help mitigate anticipated expenditures to restore and maintain the Historic Property. The City is willing to enter into such Agreement to mitigate these expenditures and to induce Owners to restore and maintain the Historic Property in excellent condition in the future.

NOW, THEREFORE, in consideration of the mutual obligations, covenants, and conditions contained herein, the parties hereto do agree as follows:

1. Application of Mills Act. The benefits, privileges, restrictions and obligations provided for in the Mills Act shall be applied to the Historic Property during the time that this Agreement is in effect commencing from the date of recordation of this Agreement.

2. Rehabilitation of the Historic Property. Owners shall undertake and complete the work set forth in Exhibit A ("Rehabilitation Plan") attached hereto according to certain standards and requirements. Such standards and requirements shall include, but not be limited to: the Secretary of the Interior's Standards for the Treatment of Historic Properties ("Secretary's Standards"); the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation ("OHP Rules and Regulations"); the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10. The Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits within no more than six (6) months after recordation of this Agreement, shall commence the work within six (6) months of receipt of necessary permits, and shall complete the work within three (3) years from the date of receipt of permits. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. Work shall be deemed complete when the Director of Planning determines that the Historic Property has been rehabilitated in accordance with the standards set forth in this Paragraph. Failure to timely complete the work shall result in cancellation of this Agreement as set forth in Paragraphs 12 and 13 herein.

3. Maintenance. Owners shall maintain the Historic Property during the time this Agreement is in effect in accordance with the standards for maintenance set forth in Exhibit B ("Maintenance Plan"), the Secretary's Standards; the OHP Rules and Regulations; the State Historical Building Code as determined applicable by the City; all applicable building safety standards; and the requirements of the Historic Preservation Commission, the Planning Commission, and the Board of Supervisors, including but not limited to any Certificates of Appropriateness approved under Planning Code Article 10.

4. Damage. Should the Historic Property incur damage from any cause whatsoever, which damages fifty percent (50%) or less of the Historic Property, Owners shall replace and repair the damaged area(s) of the Historic Property. For repairs that do not require a permit, Owners shall commence the repair work within thirty (30) days of incurring the damage and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Where specialized services are required due to the nature of the work and the historic character of the features damaged, "commence the repair work" within the meaning of this paragraph may include contracting for repair services. For repairs that require a permit(s), Owners shall proceed diligently in applying for any necessary permits for the work and shall apply for such permits within no more than sixty (60) days after the damage has been incurred, commence the repair work within one hundred twenty (120) days of receipt of the required permit(s), and shall diligently prosecute the repair to completion within a reasonable period of time, as determined by the City. Upon written request by the Owners, the Zoning Administrator, at his or her discretion, may grant an extension of the time periods set forth in this paragraph. Owners may apply for an extension by a letter to the Zoning Administrator, and the Zoning Administrator may grant the extension by letter without a hearing. All repair work shall comply with the design and standards established for the Historic Property in Exhibits A and B attached hereto and Paragraph 3 herein. In the case of damage to twenty percent (20%) or more of the Historic Property due to a catastrophic event, such as an earthquake, or in the case of damage from any cause whatsoever that destroys more than fifty percent (50%) of the Historic Property, the City and Owners may mutually agree to terminate this Agreement. Upon such termination, Owners shall not be obligated to pay the cancellation fee set forth in Paragraph 13 of this Agreement. Upon such termination, the City shall assess the full value of the Historic Property without regard to any restriction imposed upon the Historic Property by this Agreement and Owners shall

pay property taxes to the City based upon the valuation of the Historic Property as of the date of termination.

5. Insurance. Owners shall secure adequate property insurance to meet Owners' repair and replacement obligations under this Agreement and shall submit evidence of such insurance to the City upon request.

6. Inspections and Compliance Monitoring. Prior to entering into this Agreement and every five years thereafter, and upon seventy-two (72) hours advance notice, Owners shall permit any representative of the City, the Office of Historic Preservation of the California Department of Parks and Recreation, or the State Board of Equalization, to inspect of the interior and exterior of the Historic Property, to determine Owners' compliance with this Agreement. Throughout the duration of this Agreement, Owners shall provide all reasonable information and documentation about the Historic Property demonstrating compliance with this Agreement, as requested by any of the above-referenced representatives.

7. Term. This Agreement shall be effective upon the date of its recordation and shall be in effect for a term of ten years from such date ("Term"). As provided in Government Code section 50282, one year shall be added automatically to the Term, on each anniversary date of this Agreement, unless notice of nonrenewal is given as set forth in Paragraph 9 herein.

8. Valuation. Pursuant to Section 439.4 of the California Revenue and Taxation Code, as amended from time to time, this Agreement must have been signed, accepted and recorded on or before the lien date (January 1) for a fiscal year (the following July 1-June 30) for the Historic Property to be valued under the taxation provisions of the Mills Act for that fiscal year.

9. Notice of Nonrenewal. If in any year of this Agreement either the Owners or the City desire not to renew this Agreement, that party shall serve written notice on the other party in advance of the annual renewal date. Unless the Owners serves written notice to the City at least ninety (90) days prior to the date of renewal or the City serves written notice to the Owners sixty (60) days prior to the date of renewal, one year shall be automatically added to the Term of the Agreement. The Board of Supervisors shall make the City's determination that this Agreement shall not be renewed and shall send a notice of nonrenewal to the Owners. Upon receipt by the Owners of a notice of nonrenewal from the City, Owners may make a written protest. At any time prior to the renewal date, City may withdraw its notice of nonrenewal. If either party serves notice of nonrenewal of this Agreement, this Agreement shall remain in effect for the balance of the period remaining since the original execution or the last renewal of the Agreement, as the case may be. Thereafter, the Owners shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement, and based upon the Assessor's determination of the fair market value of the Historic Property as of expiration of this Agreement.

10. Payment of Fees. As provided for in Government Code Section 50281.1 and San Francisco Administrative Code Section 71.6, upon filing an application to enter into a Mills Act Agreement with the City, Owners shall pay the City the reasonable costs related to the preparation and approval of the Agreement. In addition, Owners shall pay the City for the actual costs of inspecting the Historic Property, as set forth in Paragraph 6 herein.

11. Default. An event of default under this Agreement may be any one of the following:

(a) Owners' failure to timely complete the rehabilitation work set forth in Exhibit A, in accordance with the standards set forth in Paragraph 2 herein;

(b) Owners' failure to maintain the Historic Property as set forth in Exhibit B, in accordance with the requirements of Paragraph 3 herein;

- (c) Owners' failure to repair any damage to the Historic Property in a timely manner, as provided in Paragraph 4 herein;
- (d) Owners' failure to allow any inspections or requests for information, as provided in Paragraph 6 herein;
- (e) Owners' failure to pay any fees requested by the City as provided in Paragraph 10 herein;
- (f) Owners' failure to maintain adequate insurance for the replacement cost of the Historic Property, as required by Paragraph 5 herein; or
- (g) Owners' failure to comply with any other provision of this Agreement.

An event of default shall result in Cancellation of this Agreement as set forth in Paragraphs 12 and 13 herein, and payment of the Cancellation Fee and all property taxes due upon the Assessor's determination of the full value of the Historic Property as set forth in Paragraph 13 herein. In order to determine whether an event of default has occurred, the Board of Supervisors shall conduct a public hearing as set forth in Paragraph 12 herein prior to cancellation of this Agreement.

12. Cancellation. As provided for in Government Code Section 50284, City may initiate proceedings to cancel this Agreement if it makes a reasonable determination that Owners have breached any condition or covenant contained in this Agreement, has defaulted as provided in Paragraph 11 herein, or has allowed the Historic Property to deteriorate such that the safety and integrity of the Historic Property is threatened or it would no longer meet the standards for a Qualified Historic Property. In order to cancel this Agreement, City shall provide notice to the Owners and to the public and conduct a public hearing before the Board of Supervisors as provided for in Government Code Section 50285. The Board of Supervisors shall determine whether this Agreement should be cancelled.

13. Cancellation Fee. If the City cancels this Agreement as set forth in Paragraph 12 above, and as required by Government Code Section 50286, Owners shall pay a Cancellation Fee of twelve and one-half percent (12.5%) of the fair market value of the Historic Property at the time of cancellation. The City Assessor shall determine fair market value of the Historic Property without regard to any restriction imposed on the Historic Property by this Agreement. The Cancellation Fee shall be paid to the City Tax Collector at such time and in such manner as the City shall prescribe. As of the date of cancellation, the Owners shall pay property taxes to the City without regard to any restriction imposed on the Historic Property by this Agreement and based upon the Assessor's determination of the fair market value of the Historic Property as of the date of cancellation.

14. Enforcement of Agreement. In lieu of the above provision to cancel the Agreement, the City may bring an action to specifically enforce or to enjoin any breach of any condition or covenant of this Agreement. Should the City determine that the Owners has breached this Agreement, the City shall give the Owners written notice by registered or certified mail setting forth the grounds for the breach. If the Owners do not correct the breach, or do not undertake and diligently pursue corrective action to the reasonable satisfaction of the City within thirty (30) days from the date of receipt of the notice, then the City may, without further notice, initiate default procedures under this Agreement as set forth in Paragraph 12 and bring any action necessary to enforce the obligations of the Owners set forth in this Agreement. The City does not waive any claim of default by the Owners if it does not enforce or cancel this Agreement.

15. Indemnification. The Owners shall indemnify, defend, and hold harmless the City and all of its boards, commissions, departments, agencies, agents and employees (individually and collectively, the "City") from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, loss of or damage to

property occurring in or about the Historic Property; (b) the use or occupancy of the Historic Property by the Owners, their Agents or Invitees; (c) the condition of the Historic Property; (d) any construction or other work undertaken by Owners on the Historic Property; or (e) any claims by unit or interval Owners for property tax reductions in excess those provided for under this Agreement. This indemnification shall include, without limitation, reasonable fees for attorneys, consultants, and experts and related costs that may be incurred by the City and all indemnified parties specified in this Paragraph and the City's cost of investigating any claim. In addition to Owners' obligation to indemnify City, Owners specifically acknowledge and agree that they have an immediate and independent obligation to defend City from any claim that actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false, or fraudulent, which obligation arises at the time such claim is tendered to Owners by City, and continues at all times thereafter. The Owners' obligations under this Paragraph shall survive termination of this Agreement.

16. Eminent Domain. In the event that a public agency acquires the Historic Property in whole or part by eminent domain or other similar action, this Agreement shall be cancelled and no cancellation fee imposed as provided by Government Code Section 50288.

17. Binding on Successors and Assigns. The covenants, benefits, restrictions, and obligations contained in this Agreement shall run with the land and shall be binding upon and inure to the benefit of all successors in interest and assigns of the Owners. Successors in interest and assigns shall have the same rights and obligations under this Agreement as the original Owners who entered into the Agreement.

18. Legal Fees. In the event that either the City or the Owners fail to perform any of their obligations under this Agreement or in the event a dispute arises concerning the meaning or interpretation of any provision of this Agreement, the prevailing party may recover all costs and expenses incurred in enforcing or establishing its rights hereunder, including reasonable attorneys' fees, in addition to court costs and any other relief ordered by a court of competent jurisdiction. Reasonable attorneys' fees of the City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

19. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of California.

20. Recordation. Within 20 days from the date of execution of this Agreement, the parties shall cause this Agreement to be recorded with the Office of the Recorder of the City and County of San Francisco. From and after the time of the recordation, this recorded Agreement shall impart notice to all persons of the parties' rights and obligations under the Agreement, as is afforded by the recording laws of this state.

21. Amendments. This Agreement may be amended in whole or in part only by a written recorded instrument executed by the parties hereto in the same manner as this Agreement.

22. No Implied Waiver. No failure by the City to insist on the strict performance of any obligation of the Owners under this Agreement or to exercise any right, power, or remedy arising out of a breach hereof shall constitute a waiver of such breach or of the City's right to demand strict compliance with any terms of this Agreement.

23. Authority. If the Owners sign as a corporation or a partnership, each of the persons executing this Agreement on behalf of the Owners does hereby covenant and warrant that such entity is a duly authorized and existing entity, that such entity has and is qualified to do business

in California, that the Owners have full right and authority to enter into this Agreement, and that each and all of the persons signing on behalf of the Owners are authorized to do so.

24. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each other provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

25. Tropical Hardwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

26. Charter Provisions. This Agreement is governed by and subject to the provisions of the Charter of the City.

27. Signatures. This Agreement may be signed and dated in parts

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as follows:

CITY AND COUNTY OF SAN FRANCISCO:

By: _____
Joaquin Torres, Assessor-Recorder

DATE: _____

By: _____
Sarah Dennis-Phillips, Director of Planning

DATE: _____

APPROVED AS TO FORM:
DAVID CHIU
CITY ATTORNEY

By: _____
Peter Miljanich, Deputy City Attorney

DATE: _____

OWNERS

By: _____
Owner

DATE: _____

By: _____
Owner

DATE: _____

OWNER(S)' SIGNATURE(S) MUST BE NOTARIZED.
ATTACH PUBLIC NOTARY FORMS HERE.