

AMENDED INCOMMITTEE

11/19/14

FILE NO. 141033

RESOLUTION NO.

1 [Real Property Lease - Tenant Improvements - Bayview Plaza, LLC - 3801 Third Street -
2 \$373,304 Rent in the Base Year - \$865,098 Estimated Improvements Cost]

3 **Resolution authorizing the lease of 15,083 square feet at 3801 Third Street for the**
4 **Human Services Agency with Bayview Plaza, LLC, merging Suites 200, 205, 210, 230,**
5 **235, 240, and adding Suite 220, commencing upon approval by the Board of**
6 **Supervisors and Mayor, in their respective sole and absolute discretion, at the**
7 **monthly rent of \$39,215.80 during improvements and alterations, and then \$41,478.25**
8 **per month for five years after substantial completion of the tenant improvements, for**
9 **a base year's rent total of \$373,304; and Construction of Tenant Improvements in an**
10 **estimated cost to the City of \$865,098.**

11
12 WHEREAS, The Human Services Agency (the "HSA") currently occupies suites 200,
13 205, 210, 230, 235 and 240 at 3801 Third Street for a total of 13,096 square feet ("s.f.")
14 under separate lease agreements for the operation of its Family and Children's Services
15 program; and

16 WHEREAS, Each of these lease agreements had an expiration date of August 31,
17 2014, and are in holdover currently; and

18 WHEREAS, The Real Estate Division at the request of the HSA negotiated a new
19 lease at 3801 Third Street substantially in the form on file with the Clerk of the Board of
20 Supervisors in File No. 141033; and

21 WHEREAS, The new lease will merge Suites 200, 205, 210, 230 235, 240 under
22 one lease and add Suite 220 consisting of 1,987 square feet for a total 15,083 s.f. area;
23 and

24 ///

25 ///

1 WHEREAS, Tenant improvements are necessary to upgrade the existing square
2 footage, merge the new suite, and to comply with LEED Gold Certification as required by
3 the Green Building Ordinance; and

4 WHEREAS, The Lease will commence upon approval of the Lease by the Board of
5 Supervisors and Mayor in their sole and absolute discretion; and

6 WHEREAS, The Lease term includes an interim time period to complete new tenant
7 improvements at a reduced rental rate of \$39,215.80 per month (\$2.60 per s.f.) and one
8 five (5) year term which commences after substantial completion of the tenant
9 improvements at \$41,478.25 per month (\$2.75 per s.f.); and

10 WHEREAS, The Lease provides an option to extend the term for another five (5)
11 years at 95% of the prevailing market rent, subject to approval by the Board of Supervisors
12 and Mayor in their sole and absolute discretion; now, therefore, be it

13 RESOLVED, In accordance with the recommendation of the Director of the Human
14 Services Agency and the Director of the Real Estate Division, that the Director of Property
15 is hereby authorized on behalf of the City and County of San Francisco as Tenant, to enter
16 into the Lease of 3801 Third Street, Suites 200, 205, 210, 220, 230, 235, and 240 with
17 Bayview Plaza, LLC, as Landlord, for approximately 15,083 square feet for an interim
18 period for construction of tenant improvements and then a five year term on the terms and
19 conditions contained herein; and, be it

20 FURTHER RESOLVED, The fully serviced base rent for the initial five (5) year term
21 shall be \$41,478.25 (\$2.75 per sq. ft.); and, be it

22 FURTHER RESOLVED, The monthly rent for the interim period during tenant
23 improvements shall be a reduced rate of the base rent or \$39,215.80 per month (\$2.60 per
24 s.f.); and, be it

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1 FURTHER RESOLVED, The initial base rent is subject to annual Consumer Price
2 Index adjustments of no less than 3% and no more than 5%; and, be it

3 FURTHER RESOLVED, The Landlord shall provide a tenant improvement
4 allowance of \$232,193.00; and, be it

5 FURTHER RESOLVED, The City shall be responsible for tenant improvements over
6 \$232,193.00 which cost is estimated to be \$865,098 for a total tenant improvement cost of
7 \$1,097,291; and, be it

8 FURTHER RESOLVED, The City agrees to indemnify, defend, and hold harmless
9 Landlord and its agents from and against any and all claims, costs, and expenses,
10 including, without limitation, reasonable attorneys fees, incurred as a result of (a) City's use
11 of the Premises, (b) any default by City in the performance of any of its obligations under
12 the Lease, or (c) any negligent acts or omissions of City or its agents in, on, or about the
13 Premises or the property, provided, however, City shall not be obligated to indemnify
14 Landlord or its agents to the extent any claim arises out of the negligence of willful
15 misconduct of Landlord or its agents; and, be it

16 FURTHER RESOLVED, That any action taken by any City employee or official with
17 respect to the exercise of the Lease as set forth herein is hereby ratified and affirmed; and,
18 be it

19 FURTHER RESOLVED, That the Board of Supervisors approves the Lease in
20 substantially the form in the Board's File and authorizes the Director of Property to take all
21 actions, on behalf of the City, to enter into any amendments or modifications (including
22 without limitation, the exhibits) to the Lease on the terms and conditions herein and form
23 approved by the City Attorney that the Director of Property determines, in consultation with the
24 City Attorney are in the best interest of the City, do not increase the rent or otherwise
25 materially increase the obligations or liabilities of the City, are necessary or advisable to

1 effectuate the purposes of the Lease or this resolution, and are in compliance with all
-2 applicable laws, including City's Charter; and, be it

3 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full
4 term of the Lease unless funds for the City's rental payments are not appropriated in any
5 subsequent fiscal year at which time City may terminate the Lease with reasonable
6 advance written notice to Landlord. Such termination shall then be effective upon surrender
7 of the Premises. Said Lease shall be subject to certification as to funds by the Controller,
8 pursuant to Section 3.105 of the Charter of the City and County of San Francisco; and, be it

9 FURTHER RESOLVED, That within thirty (30) days of the agreement being fully
10 executed by all parties the Director of Property shall provide the agreement to the Clerk of
11 the Board for including into the official file.

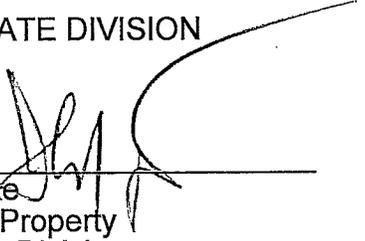
12 RECOMMENDED:

13 \$1,058,402.10 Available for FY 2014-2015
14 Index Code No. 45ADOH

15 
16 _____
17 Controller

18 RECOMMENDED:

19 REAL ESTATE DIVISION

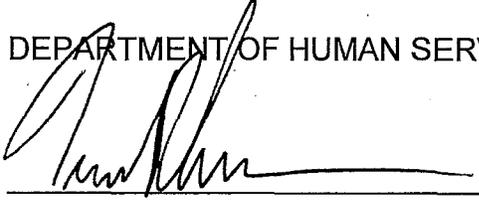
20 
21 _____
22 John Updike
23 Director of Property
24 Real Estate Division

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RECOMMENDED:
DEPARTMENT OF HUMAN SERVICES AGENCY

A handwritten signature in black ink, appearing to be "Tom R. ...", written over a horizontal line.

Director
Human Services Agency

Item 9 File 14-1033	Department: Human Services Agency
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize: (1) a new five-year lease between the City as Tenant and Bayview Plaza, LLC as Landlord at 3801 Third Street to provide administrative space for the Human Services Agency, (2) construction of tenant improvements at the site, (3) monthly rent of \$39,216 during construction of tenant improvements, and then \$41,478 per month after completion of improvements.

Key Points

- In 2009, the Board of Supervisors approved six leases between the City, as Tenant, on behalf of the Human Services Agency (HSA), and Bayview Plaza, as Landlord, to lease 3801 Third Street for Suites 200, 205, 210, 230, 235 and 240 to be used for HSA programming, including Family and Children’s Services and Child Welfare Services. The original term of the lease was for one year from September 1, 2009 until August 31, 2010 with annual options to extend on a year-to-year basis with a final ending date of August 31, 2014. Since August 31, 2014 the leases have been extended on a month-to-month basis. The total square footage for these suites was 13,096 square feet, and the total initial monthly rent was \$32,216 (\$2.46 per sq. ft.). As of August 31, 2014 the Monthly rent was \$35,490 (\$2.71 per sq. ft.).
- Under the proposed lease, HSA seeks to renovate the premises by combining the six existing Suites 200, 205, 210, 230, 235, 240 and adding Suite 220 into a single space. The renovation would add programmatic space for HSA, including a child care room, a large multipurpose training and meeting room, and larger common work space for additional staff. The expected cost of the tenant improvements is \$1,097,291. Of this amount, \$232,193 will be paid by the Landlord as stipulated by the lease and the remaining \$865,098 will be paid by the City.
- According to the San Francisco Environment Code, municipal construction projects with square footage of over 5,000 are required to achieve LEED Gold certification. Mr. David Curto, Director of Contracts and Facilities at HSA, advises that while the total square footage of the proposed renovation is 15,083 square feet, the amount of square footage to be added to the premises is only 1,987. As such, HSA may request a waiver from the Municipal Green Building Task Force to exclude this project from LEED certification.

Fiscal Impact

- Under the proposed lease, rent per square foot in the first year will be \$2.75 per square foot per month, an increase by 1.5 percent compared to the existing lease. Total rent paid will be \$497,739 in the first year of operation, an increase by 16.9 percent compared to the final year of the prior lease because the square footage increases with the merged suite. The expected cost of the tenant improvements is \$1,097,291. Of this amount, \$232,193 will be paid by the Landlord as stipulated by the lease and the remaining \$865,098 will be paid by the City. Funds for these improvements were approved through HSA's Fiscal Year 2014-15 budget.

Recommendations

- Amend the proposed resolution to state the revised estimate of the City’s costs for tenant improvements of \$865,098.
- Approve the proposed resolution as amended.

MANDATE STATEMENT

San Francisco Administrative Code Section 23.27 requires Board of Supervisors approval by resolution of leases on behalf of the City as tenant.

BACKGROUND

In 2009, the Board of Supervisors approved six leases between the City, as Tenant, on behalf of the Human Services Agency (HSA), and Bayview Plaza, as Landlord, to lease 3801 Third Street for Suites 200, 205, 210, 230, 235 and 240 to be used for HSA programming, including Family and Children’s Services and Child Welfare Services. The original term of the lease was for one year from September 1, 2009 until August 31, 2010 with annual options to extend on a year-to-year basis with a final ending date of August 31, 2014, for total lease terms of five years. Since August 31, 2014 the leases have been extended on a month-to-month basis. The total square footage for these suites was 13,096 square feet, and the total initial monthly rent was \$32,216 (\$2.46 per sq. ft.). As of August 31, 2014 the monthly rent was \$35,490 (\$2.71 per sq. ft.)

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize: (1) a new five-year lease between the City as Tenant and Bayview Plaza, LLC as Landlord for 15,083 square feet of space at 3801 Third Street to provide administrative space for the Human Services Agency, (2) construction of tenant improvements at the site with estimated costs to the City of \$865,098, (3) monthly rent of \$39,216 during construction of tenant improvements, and then \$41,478 per month after completion of improvements. Table 1 below summarizes the key lease provisions.

Table 1: Key Lease Provisions

Area	15,083 square feet
Rent	<ul style="list-style-type: none"> • \$39,216 monthly (\$2.60 per sq. ft.) prior to completion of improvements • \$41,478 monthly (\$2.75 per sq. ft.) upon completion of improvements
Rent adjustments	<ul style="list-style-type: none"> • Rent to be adjusted according to the Consumer Price Index (CPI). • Increase shall be not less than 3 percent and more than 5 percent.
Term	Five years after completion of improvements
Options to extend	<ul style="list-style-type: none"> • One additional five year term • Rent to be reset to 95% of Fair Market Value
Services and Utilities	<ul style="list-style-type: none"> • Paid by Landlord
Tenant Improvements	<ul style="list-style-type: none"> • Merge the existing suites • Add new programmatic space • Any improvements must comply with LEED Gold Certification¹

¹ LEED (Leadership in Energy and Environmental Design) is a program of the U.S. Green Building Council that certifies buildings constructed for energy and environmental efficiency. LEED has four certification levels: certified, silver, gold and platinum.

Proposed Tenant Improvements to Premises

HSA will increase its staff at Bayview Plaza from 48 to approximately 77 at the premises, an increase of 29 staff, due to the high proportion of HSA's child welfare cases in the Bayview-Hunters Point area. According to Mr. Curto, the larger common work space will allow staff members who spend time outside of the office on site visits to share work stations, thus reducing the total number of work stations that are needed to accommodate 29 additional staff.

The multipurpose training room will provide space for trainings, workshops and other gatherings, including the Bay Area Academy, a program funded by the State of California which offers training courses for child welfare workers and foster parents. Additionally, the City's Child Advocacy Center, where all forensic interviews for child abuse cases are conducted, is located one half of a block away from Bayview Plaza. Mr. Derek Chu, Budget Director at HSA, states that locating these services in closer proximity will allow for more efficient services and faster processing of cases, but will not reduce the need for current staffing levels and no additional savings are anticipated due to these service enhancements.

The approximately 29 additional staff at Bayview Plaza are relocating from City-owned space at 170 Otis Street and leased space at 3120 Mission Street. Mr. Curto states that HSA is hiring 56 additional staff members² who will work out of 170 Otis Street and 3120 Mission Street, many of whom will fill the spaces vacated by the approximately 29 staff moving to Bayview Plaza.

The tenant improvements would be performed by the Landlord according to specifications made by the City. According to Mr. Curto, the tenant improvements are expected to be completed in four months upon approval of the proposed lease. Therefore, if the proposed lease is approved by the Board of Supervisors in November 2014, the proposed tenant improvements would be completed in March 2015 and the space available for occupancy in April 2015. According to Ms. Claudine Venegas, Senior Real Property Officer at Real Estate Division, the premises will continue to be occupied by HSA during the four month renovation period. Staff will be moved within the Bayview Plaza and temporarily relocated to other HSA facilities to accommodate the tenant improvements.

The expected cost of the tenant improvements is \$1,097,291. Of this amount, \$232,193 will be paid by the Landlord as stipulated by the lease and the remaining \$865,098 will be paid by the City. A full project budget for the tenant improvements is included in Table 2 below.

² The Board of Supervisors approved 53 new positions in FY 2013-14 and 39 new positions in FY 2014-15 for CalFresh, CalWorks, Family and Children's Services, and In-Home Supportive Services.

Table 2: Proposed Tenant Improvements Budget

Project Element	Cost
Demolition	\$25,000
Walls & Doors	105,581
HVAC	128,206
Electrical	120,664
Flooring	75,415
LEED Certification Elements	165,913
Plumbing & Restrooms	<u>100,000</u>
Construction Costs	\$720,779
Soft Costs	90,498
Permits	33,937
Furnishings, Fixtures & Equipment	180,000
Construction Contingency (10% of Construction Costs)	<u>72,078</u>
<i>Total Project Cost</i>	<i>\$1,097,291</i>
Less Landlord Allowance	<u>(232,193)</u>
Net Cost to City	\$865,098

The proposed resolution states that the City's costs for tenant improvements are estimated to be \$685,098.10. The resolution should be amended to state the revised estimate of the City's costs for tenant improvements of \$865,098.

LEED Certification for Renovation

According to the San Francisco Environment Code, municipal construction projects with square footage of over 5,000 are required to achieve LEED Gold certification. To achieve LEED Gold certification, the project must meet selected San Francisco-specific LEED credit requirements, which include, but are not limited to: (1) Stormwater Management; (2) Indoor Water Use Reduction; (3) Energy Performance; (4) Enhanced Refrigerant Management; and (5) Low Emitting Materials. The proposed renovation will undergo a conceptual design phase in which HSA will consult with a LEED Accredited Professional to determine which credits will be applicable for the project and the costs to implement those credits. According to Mr. Curto, the \$165,913 amount listed in the budget for LEED Elements was provided by Real Estate Division based on a previous project, and will be adjusted based on the consultation with the LEED Accredited Professional.

Mr. Curto advises that while the total square footage of the proposed renovation is 15,083 square feet, the amount of square footage to be added to the premises is only 1,987, which is less than the 5,000 square feet required for LEED certification. Mr. Curto further advises that for this reason, HSA may request a waiver from the Municipal Green Building Task Force to

exclude this project from LEED certification³. Should this waiver be granted, the LEED elements will not be incorporated into the project and the overall project budget will be reduced to reflect this change.

FISCAL IMPACT

The proposed resolution will increase the City's costs at Bayview Plaza due to: (1) increased rent per square foot; (2) increased square footage; and (3) construction costs to merge seven suites into one suite.

Increased Rent per Square Foot and Increased Square Footage

Under the proposed lease, rent per square foot in the first year will increase by 1.5 percent but total rent will increase by 16.9 percent compared to the final year of the prior lease because the square footage increases, as shown in Table 3 below.

Table 3: Increase in Rent per Square Foot and Square Footage under Proposed Lease

	Prior Lease		Proposed	Increase in First Year of New Lease Compared to Fifth Year of Prior Lease	
	First Year	Fifth Year	First Year		
	September 1, 2009 to August 31, 2010	September 1, 2013 to August 31, 2014	Occupancy April 1, 2015 through March 31, 2016		Percent Increase
Rent per Square Foot per Month	\$2.46	\$2.71	\$2.75	\$0.04	1.5%
Total Square Footage	<u>13,096</u>	<u>13,096</u>	<u>15,083</u>	<u>1,987</u>	<u>15.2%</u>
Total Rent per Month	\$32,216	\$35,490	\$41,478	\$5,988	16.9%
Total Annual Rent	\$386,594	\$425,882	\$497,739	\$71,856	16.9%

The Budget and Legislative Analyst estimates the total cost of the proposed lease through the initial five-year lease term to be \$3,498,612⁴. Table 4 below provides the detail of these costs.

³ The Municipal Green Building Task Force reviews municipal construction projects during their design and construction to ensure that responsible City departments are complying with the requirements of the Environment Code. The Task Force is comprised of representatives from 12 City departments who are appointed by the Mayor.

⁴ This estimate assumes a 3 percent annual increase.

Table 4: Costs to the City under Proposed Lease

Lease Year	Monthly Rent	Annual Rent
Year One		
Renovation		\$865,098
Construction Period	\$39,216	156,863
Occupancy	\$41,478	331,826
Year One Subtotal		\$1,353,787
Year Two	\$42,723	512,671
Year Three	\$44,004	528,051
Year Four	\$45,324	543,893
Year Five	\$46,684	560,210
Total		\$3,498,612

The proposed rent of \$2.75 per square foot per month was found to be of fair market value by the Real Estate Division based on an analysis from the CoStar Group, a commercial real estate information company⁵.

Funding for first year costs to the City of \$1,353,787 includes:

- \$902,525 (2/3 of costs) in State and Federal program allocations for CalWorks, MediCal, CalFresh, and Child Welfare Services; and
- \$451,262 (1/3 of costs) in City General Fund monies.

The Board of Supervisors approved these expenditures through HSA's Fiscal Year 2014-15 budget.

RECOMMENDATIONS

1. Amend the proposed resolution to state the revised estimate of the City's costs for tenant improvements of \$865,098.
2. Approve the proposed resolution as amended.

⁵ The CoStar Group analysis reviewed properties in the surrounding area and found that the average rental price for these properties was \$3.61 per square foot.



Edwin M. Lee, Mayor
Naomi M. Kelly, City Administrator



John Updike
Director of Real Estate

September 25, 2014

Through Naomi Kelly,
City Administrator

Honorable Board of Supervisors
City & County of San Francisco
1 Dr. Carlton B. Goodlett Place
City Hall, Room 224
San Francisco, CA 94102

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2014 SEP 30 PM 2:32

Re: Resolution Authorizing a Lease at 3801 Third Street (Suites 200, 205, 210, 220, 230, and 240)

Dear Board Members:

Attached for your consideration is a Resolution authorizing the execution and acceptance of a lease with Bayview Plaza, LLC of Suites 200, 205, 210, 220, 230 and 240 at 3801 Third Street for use by the Department of Human Services (Human Services Agency (HSA)) for its Family and Children's Services (Child Welfare) program.

The HSA promotes well-being and self-sufficiency among individuals, families and communities within San Francisco. The Family and Children's Services program provides a wide range of services such as child care, counseling, parent education, mentoring, case management and other activities that strengthen families and improve child well-being.

Family and Children's Services has leased Suites 200, 205, 210, 230 and 240 for years under five separate lease agreements (for a total of 13,096 square feet). Each of these lease agreements had an expiration date of August 31, 2014. Each of these leases is in holdover at the fully serviced monthly rent of \$32,206.16 (\$2.46 per square foot).

At the request of HSA, the Real Estate Division negotiated a new lease substantially in the form on file with the Clerk of the Board of Supervisors, however, it merges the five separate suites under one lease and adds Suite 220, consisting of 1,987 square feet, for a total of 15,083 square feet.

The monthly fair market base rent, fully serviced, for the initial term will be \$41,478.25, \$2.75 per square foot, or only 0.29 cents more per square foot than the old leases. The initial base rent is subject to annual Consumer Price Index adjustments of no less than 3% and no more than 5% for the initial term, which will expire five years from the date of substantial completion of the tenant improvements described below. The proposed lease includes one 5-year option period to extend the term at 95% of

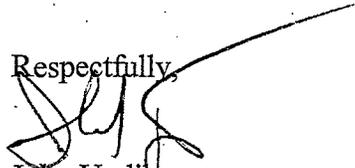
the prevailing market rent subject to the enactment of a resolution by the Board of Supervisors and the Mayor approving and authorizing same.

Tenant improvements are necessary to upgrade the existing square footage, merge the new suite, and to comply with LEED Gold Certification as required by the Green Building Ordinance. The Landlord shall provide a tenant improvement allowance of \$232,193.00, and the City shall be responsible for all tenant improvements over that amount which cost is estimated to be \$685,098.10, for a total tenant improvement cost of \$917,291.10. Under the proposed lease, the City shall pay the reduced monthly cost of \$2.60 per square foot or \$39,215.80 per month until the tenant improvements are completed.

The Human Services Agency and the Real Estate Division recommend approval of the new lease. We are advised that funds are available in Index Code 45ADOH for fiscal year 2014-2015.

If you have any questions in this regard, please contact Claudine Venegas of our office at 554-9872 or David Curto with HSA at 557-5581.

Respectfully,



John Updike
Director of Property

Attachments

cc: David Curto, HSA
Naomi Kelly, City Administrator

OFFICE LEASE

between

BAYVIEW PLAZA, LLC
as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,
as Tenant

For the lease of
3801 Third Street, Suites 200, 205, 210, 230, 235, 240, 220
San Francisco, California

August __, 2014

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LIST OF EXHIBITS

- EXHIBIT A – Floor Plan(s) of Premises
- EXHIBIT B – Notice of Commencement Date
- EXHIBIT C – Rules and Regulations
- EXHIBIT D – Standards for Utilities and Services
- EXHIBIT E – Standards for Janitorial Service
- EXHIBIT F – Standards for Security Service
- EXHIBIT G – City’s Specification Drawing
- EXHIBIT H—Work Letter

Extension Options (Section 3.3):

City shall have the right to extend the Term for one additional term of five (5) years (the "Extended Term"), by providing not less than one hundred eighty (180) days prior written notice of exercise to Landlord, on the terms and conditions set forth in Section 3.3.

Base Rent for the Extended Term shall be 95% of the then fair market rent as provided in Section 4.4.

Base Rent (Section 4.1):

Monthly payments: \$39,215.80 (\$2.60 per sq. ft.) until completion of the Leasehold Improvements

Base Rent upon Completion of all of the Leasehold Improvements (Section 4.1)

Monthly payments upon substantial completion of the tenant improvements: \$41,478.25 (\$2.75 per sq. ft.)

In the event the Leasehold Improvements are completed in phases, the monthly rent shall be equitably prorated based on the dates of Substantial Completion of each phase.

Adjustment Dates (Section 4.2):

Annually on October 1, the Base Rent will be adjusted by an amount equal to any increase in the CPI; provided, however, that any such amount shall not be lower than 3% nor exceed 5% of the Base Rent payable by City for the last full month immediately preceding each Adjustment Date.

Use (Section 5.1):

General office and Human Service Agency counseling services

Leasehold Improvements (Section 6 and Exhibits G + H)

Landlord shall construct the Leasehold Improvements through its general contractor up to a cost of \$232,193.00 consistent with the terms of the lease and the Work Letter attached as Exhibit H. Construction shall occur in phases and City shall be responsible for all costs to temporarily vacate the Premises.

Utilities (Section 9.1):

A full service lease.

Services (Section 9.2):

A full service lease.

Notice Address of Landlord (Section 23.1):

Bayview Plaza, LLC
820 22 Battery Street, Suite 503

2.2 Common Areas

City shall have the non-exclusive right to use, together with other tenants in the Building, the lobbies, corridors, elevators, stairways and other public areas of the Building and the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

2.3 Disability Access

California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist ("CASP") to determine whether the property meets all applicable construction-related accessibility requirements.

City is hereby advised that the Premises have not been inspected by a CASP.

2.4 Energy Consumption

City acknowledges and agrees that Landlord delivered the Data Verification Checklist (as defined in the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Section 1680) for the Premises, copies of which are attached as Schedule 1 to this Lease, no less than 24 hours prior to City's execution of this Lease

2.5 Parking

At no additional cost, City shall have the right to park six (6) vehicles in the parking lot during normal business hours (8:00 a.m.-5:00 p.m., 7 days per week) for more than the 2-hour posted limit with additional parking allowed between 5:00 p.m.-8:00 a.m. as available. City shall provide Landlord with the license plate numbers of the six (6) vehicles in order to receive the required parking permits. All vehicles should park in one of the spaces furthest from the stores facing Third Street. Any additional vehicles parked between 5:00 p.m.-8:00 p.m. must be moved after 8:00 a.m.

3. TERM

3.1 Term of Lease

The Premises are leased for an initial term (the "Initial Term") commencing on the date specified in the Basic Lease Information as the estimated commencement date (the "Estimated Commencement Date"), provided City's Mayor and Board of Supervisors shall have approved the transaction contemplated by this Lease, in their respective sole and absolute discretion, as further provided in this Lease. The Initial Term of this Lease shall end on the expiration date specified in the Basic Lease Information, or such earlier date on which this Lease terminates pursuant to the provisions of this Lease, provided that City shall have the right to extend the Initial Term pursuant to Section 3.4 (Extension Option), below. The word "Term" as used herein shall refer to the Initial Term and any Extended Term if City exercises the Extension Option as provided below.

3.2 Commencement Date and Expiration Date

The dates on which the Term commences and terminates pursuant hereto are referred to respectively as the "Commencement Date" and the "Expiration Date." If the Commencement Date occurs on a date other than the Estimated Commencement Date, then promptly thereafter Landlord shall deliver to City a notice substantially in the form of Exhibit B attached hereto,

If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

4.3 Additional Charges

All taxes, assessments, operating costs, and other charges are included in the Base Rent. City shall not be required to pay any additional charges for the use of the Premises or for the services provided by Landlord under the Lease except as expressly set forth herein to the contrary. Notwithstanding the foregoing, City (acting through the Director of Property) reserves the right to request that Landlord perform, at City's cost, lease related services or incur additional expenses not covered under this Lease. If City requests any such additional services, Landlord and City shall agree, in writing and in advance of any work, on the charges or amounts City shall reimburse Landlord for Landlord's performance of such work. If the parties do not agree upon such amount, then Landlord shall not be required to perform the requested work. If the parties do agree on the amount, then Landlord shall perform the requested work and City shall reimburse Landlord upon completion at the agreed upon costs.

4.4 Determination of Base Rent for the Extended Term

At the commencement of the Extended Term, the Base Rent shall be adjusted to equal ninety-five percent (95%) of the prevailing market rate for space of comparable size and location to the Premises then being offered for rent in other buildings similar in age, location and quality to the Premises situated within the Bayview area of San Francisco ("Reference Area"); provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to commencement of such Extended Term. As used herein, the term "prevailing market rate" shall mean the base rental for such comparable space, taking into account (i) any additional rental and all other payments and escalations payable hereunder, (ii) floor location and size of the premises covered by leases of such comparable space, (iii) the duration of the renewal term and the term of such comparable leases, (iv) free rent given under such comparable leases and any other tenant concessions, and (v) building standard tenant improvement allowances and other allowances given under such comparable leases.

Within thirty (30) days following City's exercise of the Extension Option, Landlord shall notify City of Landlord's determination of the prevailing market rate for the Premises. If City disputes Landlord's determination of the prevailing market rate, City shall so notify Landlord within fourteen (14) days following Landlord's notice to City of the prevailing market rate and such dispute shall be resolved as follows:

(a) Within thirty (30) days following Landlord's notice to City of the prevailing market rate, Landlord and City shall attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve any such disagreement.

(b) If within this thirty (30)-day period Landlord and City cannot reach agreement as to the prevailing market rate, they shall each select one appraiser to determine the prevailing market rate. Each such appraiser shall arrive at a determination of the prevailing market rate and submit his or her conclusions to Landlord and City within thirty (30) days of the expiration of the thirty (30) day consultation period described in (a) above.

(c) If only one appraisal is submitted within the requisite time period, it shall be deemed to be the prevailing market rate. If both appraisals are submitted within such time

portion of the Building being rendered unsafe for human occupancy. If City's use of any of the Premises or access thereto is interrupted as a result of the Premises, the Common Areas or any other portion of the Building being rendered unsafe for human occupancy due to Landlord's failure to comply with its obligations under this Lease or for any other reason other than City's default hereunder, then Landlord shall immediately undertake all necessary steps to correct such condition. In the event such condition impairs City's ability to carry on its business in the Premises, the Rent payable hereunder shall be abated based on the extent to which such default interferes with City's ability to carry on its business at the Premises. If any such default by Landlord shall continue for thirty (30) days or more after City's use is interrupted and impairs City's ability to carry on its business in the Premises, then City shall have the right, without limiting any of its other rights under this Lease to terminate this Lease, unless Landlord supplies City with evidence reasonably satisfactory to City that City's normal and safe use will be restored within sixty (60) days of the date City's use was interrupted, and such use is actually restored within such 60-day period. Nothing in this Section shall limit City's rights with respect to any disruption due to casualty pursuant to Section 12 (Damage and Destruction) hereof.

6. LEASEHOLD IMPROVEMENTS

6.1 Construction of Leasehold Improvements

Landlord shall construct the Leasehold Improvements, perform the work and make the installations in the Premises and the Common Areas pursuant to the Work Letter attached hereto as Exhibit H (the "Work Letter"). All work and installations performed pursuant to the Work Letter are referred to as "the Leasehold Improvement Work" and "Leasehold Improvements."

7. ALTERATIONS

7.1 Alterations by City

City shall not make or permit any alterations, installations, additions or improvements (collectively, "Alterations") to the Premises without first obtaining Landlord's written consent, which Landlord shall not unreasonably withhold or delay. However, the installation of furnishings, fixtures, equipment or decorative improvements, none of which affect the Building Systems or structural integrity of the Building, and the repainting and recarpeting of the Premises shall not constitute Alterations requiring Landlord's consent. Any Alterations permitted hereunder shall be made at City's cost in compliance with applicable Laws (as defined below). Landlord shall, without cost to itself, cooperate with City in securing building and other permits and authorizations needed in connection with any permitted Alterations. Landlord shall not be entitled to any construction or other administrative fee in connection with any Alteration. City shall not be required to remove any Alterations upon the expiration or sooner termination of this Lease unless Landlord notifies City in writing at the time Landlord approves such Alterations that they must be removed at the Expiration Date.

7.2 Title to Improvements

Except for City's Personal Property (as defined in the next Section), all appurtenances, fixtures, improvements, equipment, additions and other property permanently installed in the Premises as of the Commencement Date or during the Term shall be and remain Landlord's property. City may not remove such property unless Landlord consents thereto.

City and reasonably approved by Landlord, (iii) so that same shall be at least substantially equal in quality, value and utility to the original work or installation prior to damage thereof, (iv) in a manner and using equipment and materials that will not materially interfere with or impair the operations, use or occupation of the Building or the Building Systems, and (v) in compliance with all applicable Laws, including, without limitation, any applicable contracting requirements under City's Charter and Administrative Code. At all times during the Term of this Lease, Landlord shall, upon reasonable notice by City, afford City and its Agents with access to those portions of the Building which are necessary to maintain or repair the telecommunications and data and computer cabling facilities and equipment installed by City.

8.3 Liens

City shall keep the Premises free from liens arising out of any work performed, material furnished or obligations incurred by City during the Term. Landlord shall have the right to post on the Premises any notices permitted or required by law or that are needed for the protection of Landlord, the Premises, or the Building, from mechanics' and material suppliers' liens. City shall give Landlord at least ten (10) days' prior written notice of commencement of any repair or construction by City on the Premises.

9. UTILITIES AND SERVICES

9.1 Landlord's Provision of Utilities

Landlord shall furnish or cause to be furnished to the Premises, at Landlord's cost, utilities and services in accordance with the Standards for Utilities and Services set forth in Exhibit D attached hereto.

9.2 Services

(a) Janitorial Service

Landlord shall provide at its cost janitorial service in accordance with the specifications contained in Exhibit E attached hereto.

(b) Security Service

Landlord shall provide at its cost security for the Building in accordance with the specifications contained in Exhibit F attached hereto.

9.3 Conservation

Landlord may establish reasonable measures to conserve energy and water, including automatic light shut off after hours and efficient lighting forms, so long as these measures do not unreasonably interfere with City's use of the Premises.

9.4 Disruption in Essential Utilities or Services

In the event of any failure, stoppage or interruption of any utilities or services to be furnished by Landlord hereunder, Landlord shall diligently attempt to restore service as promptly as possible and shall keep City apprised of its efforts. In the event Landlord is unable to supply any of the Building's sanitary, electrical, heating, air conditioning, water, elevator or other essential services serving the Premises (collectively, "Essential Services") and such inability of Landlord impairs City's ability to carry on its business in the Premises for a period of two (2) or more consecutive business days if such failure is in the reasonable control of Landlord or for a period of five (5) or more consecutive business days if such failure is not within the reasonable

10.2 City's Compliance with Laws; Indemnity

City shall use the Premises during the Term in compliance with applicable Laws, except that City shall not be required to make any structural alterations, additions or other modifications in order to comply therewith unless such modifications are necessary solely because of any Alterations to the Premises made by City pursuant to Section 7 hereof and such modifications are not otherwise Landlord's responsibility under this Lease. City shall be responsible for complying with any requirement of the Disabilities Laws relating to the placement of City's furniture or other City Personal Property and the operation of any programs in the Premises, other than any requirement relating to the physical structure, fixtures and permanent improvements of the Premises or portions of the Property or Building along the path of travel to the Premises, which are Landlord's obligation as provided in Section 10.1 above. Without limiting Section 16.1 (City's Indemnity), City shall Indemnify Landlord against any and all Claims arising out of City's failure to comply with all applicable Laws as provided in this Section.

10.3 City's Compliance with Insurance Requirements

City shall not conduct any use in or about the Premises that would: (a) invalidate or be in conflict with any fire or other casualty insurance policies covering the Building or any property located therein, (b) result in a refusal by fire insurance companies of good standing to insure the Building or any such property in amounts reasonably satisfactory to Landlord or the holder of any mortgage or deed of trust encumbering the Building, (c) cause an increase in the fire insurance premium for the Building unless City agrees to pay such increase, or (d) subject Landlord to any liability or responsibility for injury to any person or property by reason solely of any business operation being conducted by City in the Premises; provided, however, Landlord shall provide City with reasonable prior written notice of any applicable insurance requirements and no such insurance requirements shall materially and adversely interfere with City's normal business in the Premises.

11. SUBORDINATION

(a) Without the necessity of any additional document being executed by City for the purpose of effecting a subordination, and subject to subsection (b) below, this Lease shall be subject and subordinate at all times to the following (each an "Encumbrance"): (a) any reciprocal easement agreements, ground leases or other underlying leases that may hereafter be executed affecting Landlord's interest in the Property, or any portion thereof, and (b) the lien of any mortgages or deeds of trust and renewals, modifications, consolidations, replacements and extensions of any of the foregoing that may hereafter be executed by Landlord in any amount for which any part of the Property, any ground lease or underlying lease, or Landlord's interest or estate therein is subject. Notwithstanding the foregoing, if the ground lessor, mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have City's interest in this Lease be superior to any such instrument, then upon notice thereof to City, this Lease shall be deemed superior, whether this Lease was executed before or after the date of said instrument or the recording thereof. At City's request, the holder of the Encumbrance shall enter into a subordination and nondisturbance agreement with City in a form reasonably acceptable to City evidencing such subordination or superiority of this Lease.

(b) In the event any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, or in the event any ground lease or underlying lease to which this Lease is subordinate is terminated, this Lease shall not be barred, terminated, cut off, or foreclosed nor shall the rights and possession of City hereunder be disturbed if City

such damage; provided, however, Landlord may terminate this Lease only if it would take more than thirty (30) days to repair such damage.

The parties intend that the provisions of this Section govern fully their rights and obligations in the event of damage or destruction, and Landlord and City each hereby waives and releases any right to terminate this Lease in whole or in part under Section 1932, subdivision 2, Section 1933, subdivision 4, and Sections 1941 and 1942 of the Civil Code of California or under any similar law, statute or ordinance now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

13. EMINENT DOMAIN

13.1 Definitions

(a) "Taking" means a taking or damaging, including severance damage, by eminent domain, inverse condemnation or for any public or quasi-public use under law. A Taking may occur pursuant to the recording of a final order of condemnation, or by voluntary sale or conveyance in lieu of condemnation or in settlement of a condemnation action.

(b) "Date of Taking" means the earlier of (i) the date upon which title to the portion of the Property taken passes to and vests in the condemnor or (ii) the date on which Tenant is dispossessed.

(c) "Award" means all compensation, sums or anything of value paid, awarded or received for a Taking, whether pursuant to judgment, agreement, settlement or otherwise.

13.2 General

If during the Term or during the period between the execution of this Lease and the Commencement Date, there is any Taking of all or any part of the Premises or any interest in this Lease, the rights and obligations of the parties hereunder shall be determined pursuant to this Section. City and Landlord intend that the provisions hereof govern fully in the event of a Taking and accordingly, the parties each hereby waive any right to terminate this Lease in whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

13.3 Total Taking; Automatic Termination

If there is a total Taking of the Premises, then this Lease shall terminate as of the Date of Taking.

13.4 Partial Taking; Election to Terminate

(a) If there is a Taking of any portion (but less than all) of the Premises, then this Lease shall terminate in its entirety if all of the following exist: (i) the partial Taking, in City's reasonable judgment, renders the remaining portion of the Premises untenable or unsuitable for continued use by City for its intended purposes or otherwise materially adversely affects City's normal operations in the Premises, (ii) the condition rendering the Premises untenable or unsuitable either is not curable or is curable but Landlord is unwilling or unable to cure such condition, and (iii) City elects to terminate.

any department, commission or agency of the City and County of San Francisco for uses permitted under this Lease.

15. DEFAULT; REMEDIES

15.1 Events of Default by City

Any of the following shall constitute an event of default by City hereunder:

(a) City's failure to make any timely payment of Rent and to cure such nonpayment within five (5) business days after receipt of written notice thereof from Landlord, provided that for the first two (2) monthly payments of Rent at the beginning of the Term and for the first monthly payment of Rent after the beginning of each new fiscal year for City or any Adjustment Date, City shall have twenty (20) days to cure any such nonpayment after written notice thereof from Landlord;

(b) City's abandons the Premises (within the meaning of California Civil Code Section 1951.3); or

(c) City's failure to perform any other covenant or obligation of City hereunder (not involving the payment of money) and to cure such non-performance within thirty (30) days of the date of receipt of notice thereof from Landlord, provided that if more than thirty (30) days are reasonably required for such cure, no event of default shall occur if City commences such cure within such period and diligently prosecutes such cure to completion.

15.2 Landlord's Remedies

Upon the occurrence of any event of default by City that is not cured within the applicable grace period as provided above, Landlord shall have all rights and remedies available pursuant to law or granted hereunder, including the following:

(a) The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate City's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that City proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2.

(b) The rights and remedies provided by California Civil Code Section 1951.4 (continuation of lease after breach and abandonment), which allows Landlord to continue this Lease in effect and to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due, for so long as Landlord does not terminate City's right to possession, if City has the right to sublet or assign, subject only to reasonable limitations.

15.3 Landlord's Default

If Landlord fails to perform any of its obligations under this Lease, then (without limiting any of City's other cure rights under this Lease) City may, at its sole option, cure such default at Landlord's expense if such default continues after ten (10) days from the date City gives notice to Landlord of City's intention to perform such cure. However, in the case of a default which for causes beyond Landlord's control (excluding any financial inability to perform) cannot with due diligence be cured within such ten (10)-day period, such ten (10)-day period shall be extended if

of damage to any of City's Personal Property, except for damage caused by Landlord or its Agents.

17.2 Landlord's Insurance

At all times during the Term, Landlord shall keep the Building (excluding the land upon which it is located) insured against damage and destruction by fire, vandalism, malicious mischief, sprinkler damage and other perils customarily covered under a cause of loss-special form property insurance policy in an amount equal to one hundred percent (100%) of the full insurance replacement value (replacement cost new, including, debris removal and demolition) thereof. Landlord shall, upon request by City, provide to City a certificate of insurance issued by the insurance carrier, evidencing the insurance required above. The certificate shall expressly provide that the policy is not cancelable or subject to, reduction of coverage or otherwise subject to modification except after thirty (30) days prior written notice to City. Landlord hereby waives any rights against City for loss or damage to the Premises or any other part of the Property, to the extent covered by Landlord's property insurance.

In addition, Landlord, at no cost to City, shall procure and keep in effect at all times during the Term insurance as follows: (a) Commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse and underground (XCU); and (b) Worker's Compensation Insurance with Employer's Liability Limits not less than One Million Dollars (\$1,000,000) each accident. All insurance policies required to be maintained by Landlord hereunder shall be endorsed to provide for thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to Landlord.

17.3 Waiver of Subrogation

Notwithstanding anything to the contrary contained herein, Landlord hereby waives any right of recovery against City for any loss or damage sustained by Landlord with respect to the Building or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of City, to the extent such loss or damage is covered by insurance which Landlord is required to purchase under this Lease or is otherwise actually recovered from valid and collectible insurance covering Landlord. Landlord agrees to obtain a waiver of subrogation endorsement from each insurance carrier issuing policies relative to the Building or the Premises; provided, Landlord's failure to do so shall not affect the above waiver.

18. ACCESS BY LANDLORD

Landlord reserves for itself and any designated Agent the right to enter the Premises at all reasonable times and, except in cases of emergency and when responding to City's calls for immediate repair (in which event Landlord shall give any reasonable notice), after giving City at least twenty four (24) hours' advance written or oral notice, for the purpose of (a) inspecting the Premises, (b) supplying any service to be provided by Landlord hereunder, (c) showing the Premises to any prospective purchasers, mortgagees or, during the last six (6) months of the Term of this Lease, tenants, (d) posting notices of non-responsibility, and (e) altering, improving or repairing the Premises and any portion of the Building, and Landlord may for that purpose erect, use and maintain necessary structures in and through the Premises where reasonably required by the character of the work to be performed, provided that the entrance to the Premises shall not be blocked thereby, and further provided that City's use shall not be interfered with.

21.2 Landlord's Representations and Covenants

Landlord represents and warrants to City that, to the best of Landlord's knowledge, the following statements are true and correct and will be true and correct as of the Commencement Date: (a) the Property is not in violation of any Environmental Laws; (b) the Property is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except for the use of such substances in such limited quantities as are customarily used in offices, which limited use has been and is in compliance with Environmental Laws; (c) the Property does not consist of any landfill or contain any underground storage tanks; (d) the Building does not consist of any asbestos-containing materials or building materials that contain any other Hazardous Material, nor do the Premises or the common areas of the Building contain any lead-based paints; (e) there has been and is no Release of any Hazardous Material in the Building or in, on, under or about the Property; and (f) the Property is not subject to any claim by any governmental regulatory agency or third party related to the Release of any Hazardous Material, and there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in the Building or in, on, under or about the Property, or the migration of Hazardous Material from or to other real property. Subject to City's obligations under this Section below, Landlord shall maintain the Property throughout the Term in compliance with all Environmental Laws that could affect the health, safety and welfare of City's employees or City's use, occupancy or enjoyment of the Premises for their intended purposes.

21.3 Landlord's Environmental Indemnity

Without limiting Landlord's Indemnity in Section 16.2 (Landlord's Indemnity), above, Landlord shall Indemnify City and its Agents against any and all Claims arising during or after the Term of this Lease (a) as a result of any breach of any of Landlord's representations, warranties or covenants in the preceding Section, or (b) in connection with any presence or Release of Hazardous Material in the Building or on, under or about the Property, unless City or its Agents caused such Release.

21.4 City's Covenants

Neither City nor its Agents shall cause any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or the Property, or transported to or from the Premises or the Property, in violation of any Environmental Laws, provided that City may use such substances in such limited amounts as are customarily used in offices so long as such use is in compliance with all applicable Environmental Laws.

21.5 City's Environmental Indemnity

If City breaches its obligations contained in the preceding Section 21.4, or if City or its Agents cause the Release of Hazardous Material from, in, on or about the Premises or the Property, then City shall Indemnify Landlord against any and all Claims arising during or after the Term of this Lease as a result of such Release, except to the extent Landlord or its Agents is responsible for the Release. The foregoing Indemnity shall not include any Claims resulting from the non-negligent aggravation by City, its Agents or Invitees of physical conditions of the Premises, or other parts of the Property, existing prior to City's occupancy.

22. SPECIAL PROVISIONS

~~None.~~

23.4 Authority

Landlord represents and warrants to City that the execution and delivery of this Lease by Landlord has been duly authorized and does not violate any provision of any agreement, law or regulation to which Landlord or the Property is subject.

23.5 Parties and Their Agents; Approvals

If applicable, the word "Landlord" as used in this Lease shall include the plural as well as the singular. As used in this Lease, the term "Agents" when used with respect to either party shall include the agents, employees, officers and contractors of such party, and the term "Invitees" when used with respect to City shall include the clients, customers, invitees, guests, licensees, assignees or subtenants of City. All approvals, consents or other determinations permitted or required by City under this Lease, including but not limited to the exercise of any option granted to City, shall be made by or through City's Director of Property unless otherwise provided in this Lease, subject to any applicable limitations in the City's Charter.

23.6 Interpretation of Lease

The captions preceding the articles and sections of this Lease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Lease. This Lease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intent and purposes of the parties, without any presumption against the party responsible for drafting any part of this Lease. Except as otherwise specifically provided herein, wherever in this Lease Landlord or City is required or requested to give its consent or approval to any matter or action by the other, such consent or approval shall not be unreasonably withheld or delayed and the reasons for disapproval of consent shall be stated in reasonable detail in writing. Provisions in this Lease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

23.7 Successors and Assigns

Subject to the provisions of Section 14 relating to assignment and subletting, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and City and, except as otherwise provided herein, their personal representatives and successors and assigns. There are no third-party beneficiaries to this Lease.

23.8 Brokers

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated herein, except for the broker, if any, identified in the Basic Lease Information, whose commission, if any is due, shall be the sole responsibility of Landlord pursuant to a separate written agreement between Landlord and such broker, and City shall have no liability therefor. In the event that any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his claim shall be responsible for such commission or fee and shall indemnify the other party from any and all Claims incurred by the indemnified party in

effect during the last month of the Term of this Lease or such other rental as Landlord and City may mutually agree in writing as a condition to Landlord's consent to such holding over, and City shall continue as a month-to-month tenant until the tenancy shall be terminated by Landlord giving City or City giving Landlord at least thirty (30) days' prior written notice of termination. Should City hold over without Landlord's consent, the rent payable by City during the period of such holding over shall be one hundred ten percent (110%) of the monthly Base Rent in effect during the last month of the Term of this Lease, and such tenancy shall otherwise be on the terms and conditions contained herein.

23.14 Cumulative Remedies

All rights and remedies of either party hereto set forth in this Lease shall be cumulative, except as may otherwise be provided herein.

23.15 Time of Essence

Time is of the essence with respect to all provisions of this Lease in which a definite time for performance is specified.

23.16 Survival of Indemnities

Termination of this Lease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease, nor shall it affect any provision of this Lease that expressly states it shall survive termination hereof. Each party hereto specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Lease, the indemnitor has an immediate and independent obligation to defend the indemnitees from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the indemnitor by the indemnitee and continues at all times thereafter.

23.17 Signs

City may erect or post signs on or about the Premises subject to Landlord's prior approval. Landlord reserves the right to review the placement, design, and plan for any such sign prior to its erection or posting and agrees that the approval thereof shall not be unreasonably withheld or delayed.

23.18 Quiet Enjoyment and Title

Landlord covenants and represents that it has full right, power and authority to grant the leasehold estate hereunder, and covenants that City, upon paying the Rent hereunder and performing the covenants hereof, shall peaceably and quietly have, hold and enjoy the Premises and all appurtenances during the full Term of this Lease as against all persons or entities claiming by and through Landlord or on account of any action, inaction or agreement of Landlord or its Agents. Without limiting the provisions of Section 16.2 (Landlord's Indemnity), Landlord agrees to Indemnify City and its Agents against Claims arising out of any assertion that would interfere with City's right to quiet enjoyment as provided in this Section.

23.19 Bankruptcy

Landlord represents and warrants to City that Landlord has neither filed nor been the ~~subject of any filing of a petition under the federal bankruptcy law or any federal or state~~ insolvency laws or laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Landlord's knowledge, no such filing is threatened. Landlord and City agree

Lease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco County. Landlord shall include, in any contract for construction of such Leasehold Improvements or other improvements to the Premises, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Landlord shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing labor in the construction of any Leasehold Improvements or other improvements to the Premises.

23.25 Non Discrimination in City Contracts and Benefits Ordinance

(a) Covenant Not to Discriminate

In the performance of this Lease, Landlord agrees not to discriminate against any employee of, any City employee working with Landlord, or applicant for employment with Landlord, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts

Landlord shall include in all subcontracts relating to the Premises a non-discrimination clause applicable to such subcontractor in substantially the form of subsection (a) above. In addition, Landlord shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k) and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Landlord's failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) Non-Discrimination in Benefits

Landlord does not as of the date of this Lease and will not during the term of this Lease, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form

As a condition to this Lease, Landlord shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Landlord hereby represents that prior to execution of the Lease: (a) Landlord executed and submitted to the HRC Form HRC-12B-101 with supporting documentation, and (b) the HRC approved such form.

23.30 Effective Date

The date on which this Lease shall become effective (the "Effective Date") is the date upon which (a) City's Mayor and Board of Supervisors, in their sole and absolute discretion, adopt a resolution approving this Lease in accordance with all applicable laws and (b) this Lease is duly executed by the parties hereto.

23.31 Sunshine Ordinance

In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

23.32 Conflicts of Interest

Through its execution of this Lease, Landlord acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Landlord becomes aware of any such fact during the Term of this Lease, Landlord shall immediately notify City.

23.33 Notification of Limitations on Contributions

Through its execution of this Lease, Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Landlord acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Landlord further acknowledges that the prohibition on contributions applies to each Landlord; each member of Landlord's board of directors, and Landlord's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Landlord; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Landlord. Additionally, Landlord acknowledges that Landlord must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Landlord further agrees to provide to City the name of each person, entity or committee described above.

23.34 Preservative-Treated Wood Containing Arsenic

As of July 1, 2003, Landlord may not purchase preservative-treated wood products ~~containing arsenic in the performance of this Lease unless an exemption from the requirements~~ of Environment Code, Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing

Landlord and City have executed this Lease as of the date first written above.

LANDLORD:

BAYVIEW PLAZA, LLC,
a California limited liability company

By: _____

Its: _____

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

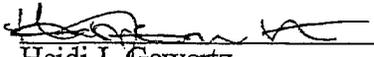
JOHN UPDIKE
Director of Property

RECOMMENDED:

Department of Public Health

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: 

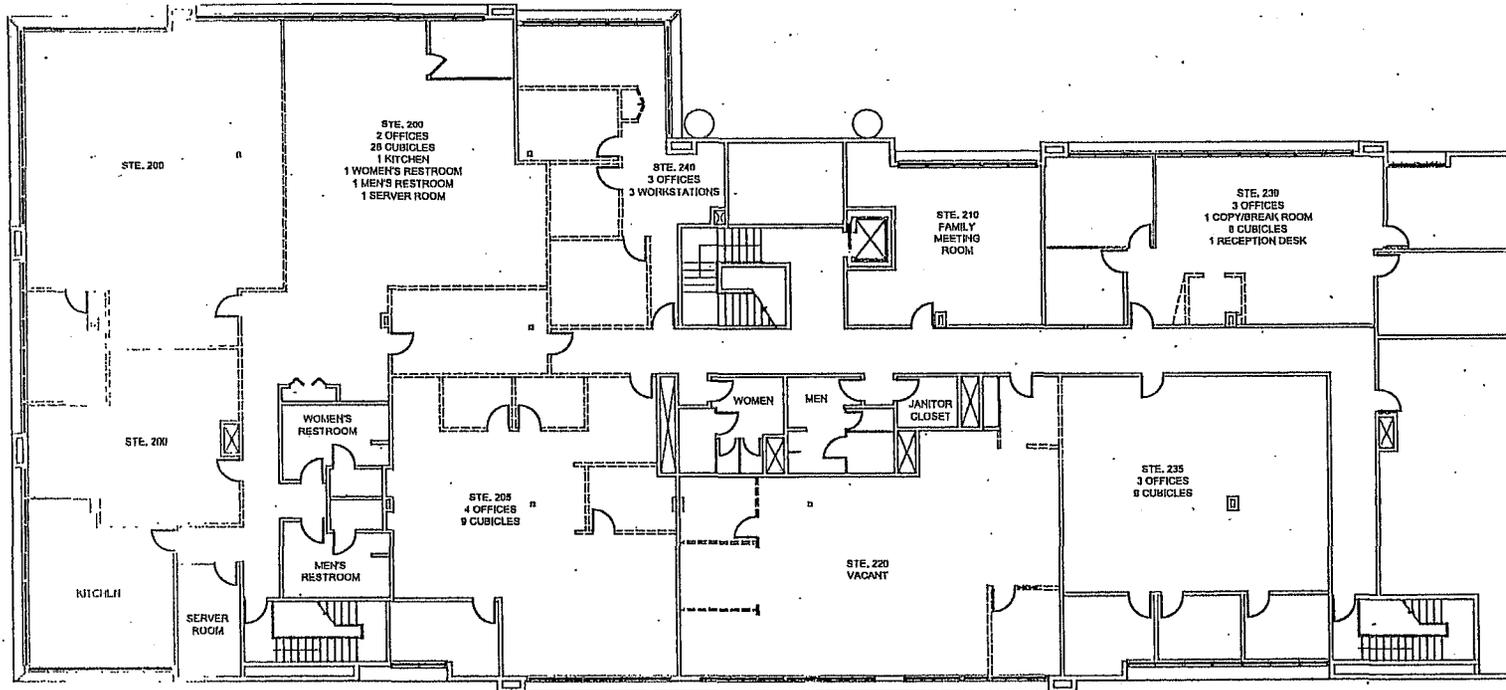
Heidi J. Gewertz
Deputy City Attorney

EXHIBIT A

DESCRIPTION OF PROPERTY

Attached.

836



BAYVIEW PLAZA
3801 3rd Street
San Francisco CA

BUILDING A
SECOND FLOOR
SHEET TITLE:
EXISTING & DEMO PLAN

DATE: 02/19/14

SCALE: 1/8" = 1'-0"

DRAWN BY: ALFIE IBARRA

EXHIBIT B

NOTICE OF COMMENCEMENT DATE

[Date]

John Updike, Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

RE: Acknowledgement of Commencement Date, Lease Between BAYVIEW PLAZA, LLC (Landlord), and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises known as 3801 Third St., Suites 200, 205, 210, 230, 235, 240, + 220, San Francisco, CA 94124

Dear Mr. Updike:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is _____, 2014.

Please acknowledge your acceptance of this letter by signing and returning a copy of this letter.

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____
John Updike
Director of Property

Dated: _____

EXHIBIT B -2

NOTICE OF EXPIRATION DATE

[Date]

John Updike, Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

RE: Acknowledgement of the final Completion of the Leasehold Improvements and the Lease Expiration Date Commencement Date, Lease Between BAYVIEW PLAZA, LLC (Landlord), and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises known as 3801 Third St., Suites 200, 205, 210, 230, 235, 240, + 220, San Francisco, CA 94124

Dear Mr. Updike:

This letter will confirm that for all purposes of the Lease, the Expiration Date (as defined in Section 3.2 of the Lease) is _____, 2014.

Please acknowledge your acceptance of this letter by signing and returning a copy of this letter.

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____
John Updike
Director of Property

Dated: _____

EXHIBIT C

BUILDING RULES AND REGULATIONS

Attached.

BUILDING RULES AND REGULATIONS
3801 THIRD STREET
BAYVIEW PLAZA

1. All loading and unloading of goods shall be done only at such times, in the areas, and through the entrances designated for such purposes by Landlord.
2. The delivery or shipping of merchandise, supplies and fixtures to and from the Premises shall be subject to such rules and regulations as in the judgment of Landlord are necessary for the proper operation of the Premises and/or the Plaza.
3. No aerial or other improvement shall be erected on the roof or exterior walls of the Premises or the grounds, nor shall any penetration be made in the roof or exterior walls of the Premises, without in each instance, the written consent of the Landlord. Any work or improvement so completed without such written consent shall be subject to removal without notice at any time at the sole cost of Tenant.
4. No loudspeakers, televisions, phonographs, radios or other devices shall be used in a manner so as to be heard or seen outside of the Premises without the prior written consent of Landlord. Tenant shall conduct its business in a quiet and orderly manner so as not to create unreasonable noise.
5. The outside areas immediately adjoining the Premises shall be kept clear and free from obstruction by Tenant and Tenant shall not place or permit any merchandise or conduct any sales in such areas.
6. Tenant and Tenant's employees shall not park automobiles in the Plaza Common Area (including parking areas), unless Landlord designates a specific area for such parking. Unless such area is designated by Landlord, all parking areas in the Plaza are to be reserved for patrons. In the event Tenant or Tenant's employees park automobiles in the Plaza, in an area other than that designated by Landlord, then Landlord at its option may cause the vehicle to be towed from the Parking or Common Area at the vehicle owner's expense.
7. The plumbing facilities shall not be used for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage, or damage resulting from a violation of this provision shall be borne by Tenant.
8. Tenant shall not cause or permit any obnoxious or foul odors that disturb the public or other tenants. Should such odors be evident, Tenant shall be required to take immediate steps to remedy the same upon written notice from Landlord.
9. Tenants shall not contract for any work or service which might involve the employment of labor incompatible with the Plaza employees or employees of contractors doing work or performing services by or on behalf of the Landlord.
10. The Premises shall not be used for lodging, and no cooking shall be done or permitted by Tenant on the Premises except as specifically permitted in the Lease to which these Rules and Regulations are attached.
11. No animal or bird of any kind shall be brought into or kept in or about the Premises or the Building.
12. Neither Tenant nor any of Tenant's agents, servants, employees, contractors, visitors or licensees shall at any time bring or keep upon the Premises any inflammable, combustible or explosive fluid, chemical or substance.
13. No additional locks, bolts or mail slots of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any change be made in existing locks or the mechanism thereof. Tenant shall,

EXHIBIT C

upon the termination of the tenancy, restore to Landlord all keys of stores, offices and toilet rooms, either furnished to, or otherwise procured by Tenant, and in the event of the loss of any keys so furnished, Tenant shall pay to Landlord the cost thereof.

14. Tenant's contractors shall, while in the Building or elsewhere in the Plaza, be subject to and under the control and direction of the Landlord (but not as agent or servant of Landlord).
15. If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, servants, employees, contractors, visitors or licensees, Tenant shall forthwith at Tenant's expense cause the same to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.
16. The requirements of Tenant will be attended to only upon application to the manager of the Plaza. Plaza personnel shall not perform any work or do anything outside of their regular duties, unless under special instructions from Landlord.
17. Tenant shall install and maintain, at Tenant's sole cost and expense, an adequate visibly marked (at all times properly operational) fire extinguisher next to any duplicating or photocopying machine or similar heat producing equipment, which may or may not contain combustible material, in the Premises.
18. Tenant shall not use the name of the Plaza for any purpose other than as the address of the business to be conducted by Tenant in the Premises, nor shall Tenant use any picture of the Plaza in its advertising, stationery or any other manner without the prior written permission of the Landlord. Landlord expressly reserves the right at any time to change the name of the Plaza without in any manner being liable to Tenant therefor.
19. Landlord reserves the right from time to time to amend or supplement the foregoing rules and regulations, and to adopt additional rules and regulations applicable to the Premises. Tenant shall comply with all equitably enforced rules and regulations upon reasonable notice to Tenant from Landlord. Reasonable notice of such rules and regulations and amendments and supplements thereof, if any, shall be given to Tenant.

EXHIBIT D

STANDARDS FOR UTILITIES AND SERVICES

Attached

EXHIBIT D

STANDARDS FOR UTILITIES AND SERVICES

Landlord shall provide the following utilities and services, at Landlord's cost:

(a) Elevators. Unattended automatic passenger elevator facilities serving the floor(s) on which the Premises are located, on a 24-hours a day, 7-days a week basis.

(b) Ventilation; Heating and Air-Conditioning. Ventilation to the Premises, and air-conditioning and heating to the Premises in season, on a 5-day a week basis, Monday through Friday, except holidays generally recognized in the City of San Francisco, from 7:00 a.m. to 6:00 p.m., and at such temperatures and in such amounts as City deems reasonably necessary for the comfortable occupancy of the Premises, subject to applicable governmental laws, ordinances, rules and regulations. In addition to the hours set forth above, Landlord shall provide ventilation to the Premises, and air-conditioning and heating to the Premises in season, after hours or on weekends or during holidays, upon twenty-four (24) hour notice from City, provided that City shall reimburse Landlord for Landlord's actual cost for providing such additional ventilation to the Premises, and air-conditioning and heating to the Premises in season. City shall not alter, adjust or tamper with the installations or facilities supplying climate control to the Building or the Premises.

(c) Electricity. Electric current to the Premises on a 24-hours a day, 7-days a week basis, as required by the Building standard office lighting and for personal computers and other normal fractional horsepower office machines. If Tenant's electrical installation or electrical consumption is in excess of the quantity described above, City shall reimburse Landlord monthly for the additional consumption. Tenant shall not connect any apparatus or device with wires, conduits or pipes, or other means by which the services are supplied, for the purpose of using additional or extraordinary amounts of the services without the prior written consent of City. At all times, Tenant's use of electric current shall not exceed the capacity of feeders to the Building or the risers or wiring installation, except as provided in working drawings to City.

(d) Water. Water available at current points of supply in public areas for drinking and lavatory purposes only, and hot and cold water in the Premises for drinking and kitchen purposes, on a 24-hours a day, 7-days-a-week basis.

EXHIBIT E

STANDARDS FOR JANITORIAL SERVICE

Attached.

EXHIBIT E

STANDARDS FOR JANITORIAL SERVICE

3801 Third Street, Suite 400

I. SPECIFICATION OF SERVICES TO BE PERFORMED - SCOPE OF WORK

- A. Landlord's Contractor shall furnish all labor, materials and equipment required to perform exterior and interior janitorial service five days a week, Monday through Friday, excluding holidays, at the above location in accordance with these specifications:
- B. All windows and glass broken by Landlord's Contractor will be replaced at its expense.
- C. Landlord's Contractor must, at all times, maintain adequate staffing that meets these specifications. All employees must wear uniforms (See Section II). Tenant may request Landlord to remove any janitor from the Premises at any time it desires and for any reason whatsoever, and an immediate replacement will be provided. All written notices are to be submitted to:

City and County of San Francisco
Department of Public Health
1380 Howard Street
San Francisco, CA 94103
Attn.: Tyrone Navarro

- D. All services must be performed after 5:00 p.m.
- E. All employees of Landlord's Contractor shall be fully trained and experienced in the custodial service trade.
- F. Landlord will assign space in the Building to Contractor for the storage of supplies and equipment. Materials and equipment shall be neatly stored only in areas provided by Landlord. No supplies or equipment will be stored in the Premises without the prior approval of Tenant.
- G. Tenant's Recycling Program includes recycling materials from its offices in the Building. Tenant's recyclable material bins stored within the Premises shall be emptied by Landlord's Contractor into the appropriate dumpsters provided by Landlord.
- H. Landlord's Contractor will provide, upon Lease Commencement, a schedule for all periodic services specified herein.
- I. Janitorial Service Specifications for Offices and Common Areas.
 - 1. Nightly Services
 - a. Secure all lights as soon as possible each night.
 - b. Vacuum all carpets. Move electric cords to prevent damage to the corner bead.

- c. Dust mop all resilient and composition floors with treated dust mops. Damp mop to remove spills and water stains as required.
- d. Dust all desks and office furniture with treated dust cloths.
- e. Papers and folders on desks are not to be moved.
- f. Sanitize all telephone receivers.
- g. Empty all waste paper baskets and Tenant's recyclable material bins within the Premises and remove all trash from floors to the designated trash areas and place in the appropriate dumpsters provided by Landlord.
- h. Remove fingerprints, dirt smudges, graffiti, etc., from all doors, frames, glass partitions, windows, light switches, and walls.
- i. Return chairs and waste baskets to proper positions.
- j. Clean, sanitize and polish drinking fountains.
- k. Police any interior public planters.
- l. Dust and remove debris from all metal door thresholds.
- m. Wipe clean smudged brightwork.
- n. Spot clean resilient and composition floors as required.
- o. Service all walk-off mats as required.
- p. Close all window coverings.
- q. Check for burned out lights and replace from building stock (supplied by Landlord).

2. Weekly Services

- a. Dust all low reach areas including, but not limited to, chair rungs, structural and furniture ledges, baseboards, window sills, door louvers, wood paneling, molding, etc.
- b. Dust inside of all door jambs.
- c. Clean and polish all metal door thresholds.
- d. Wipe clean and polish all brightwork
- e. Sweep the service stairwell.
- f. Damp mop all vinyl bases.
- g. Edge all carpeted areas.

3. Monthly Services

- a. Dust all high reach areas including, but not limited to, tops of door, frames, structural and furniture ledges, air conditioning diffusers and return grilles, tops of partitions, picture frames, etc.
- b. Vacuum upholstered furniture.
- c. Move all plastic carpet protectors and thoroughly vacuum under and around all desks and office furniture.
- d. Clean and buff all building standard resilient and/or composite flooring.

4. Quarterly Services

- a. Wash all chair pads.

5. Semi-Annual Services

- a. Vacuum all window coverings.
- b. Dust light diffusers.

6. Annual Services

- a. Shampoo carpets in offices (schedule to be approved in advance), using products and methods recommended by manufacturer and/or carpet installation contractor.

J. Rest Room Service Specifications

1. Daily Service

- a. Re-stock all rest rooms with supplies from the Landlord's stock, including paper towels, toilet tissue, seat covers and hand soap, as required.
- b. Wash and polish all mirrors, dispensers, faucets, flushometers and brightwork with non-scratch disinfectant cleaner. Wipe dry all sinks.
- c. Wash and sanitize all toilets, toilet seats, urinals and sinks with non-scratch disinfectant cleaner.
- d. Remove stains, scale toilets, urinals and sinks, as required.
- e. Mop all rest room floors with disinfectant, germicidal solution, include scrubbing of all base, inside corners and hard to reach areas.
- f. Remove all rest room trash.
- g. Spot clean fingerprints, marks and graffiti from walls, partitions, glass, aluminum and light switches as required.

- h. Check for burned out lights and replace from building stock (supplied by Landlord).
 - i. Ventilate rest rooms.
2. Weekly Services
- a. Dust all low reach and high reach areas, including but not limited to, structural ledges, mirror tops, partition tops and edges, air conditioning diffusers and return air grilles.
3. Monthly Services
- a. Wipe down all walls and metal partitions. Partitions shall be left clean and not streaked after this work.
 - b. Clean all ventilation grilles.
 - c. Dust all doors and door jambs.
4. Quarterly Services
- a. Thoroughly clean and reseal all ceramic tile floors, using approved sealers.

K. Main Floor Elevator Lobbies and Public Corridors Specifications

1. Nightly Services
- a. Spot clean all glass including low partitions and the corridor side of all windows and glass doors to tenant premises.
 - b. Spot clean all chrome brightwork including swinging door hardware, kick plates, base partition tops, handrails, waste paper receptacles, planters, elevator call button plates, hose cabinets and visible hardware on the corridor side of tenant entry doors.
 - c. Thoroughly clean all door saddles of dirt and debris.
 - d. Empty, clean and sanitize all waste paper baskets and refuse receptacles as required.
 - e. Vacuum and spot clean all carpets as necessary.
 - f. Spot clean all elevator doors and frames.

L. Exterior Structure and Grounds Services Specifications

1. Daily Service
- a. Spot clean accumulations of dirt, papers and leaves in all corner areas where winds tend to cause collections of debris.
 - b. Spot clean all exterior glass at building entrances.

- c. Lift nap on all entry walk-off mats as necessary with a heavy bristle brush and vacuum.
 - d. Empty all waste receptacles and remove trash to designated trash areas.
 - e. Clean sidewalk, steps and landscaped area, walks and benches; including gum removal.
2. Monthly Weekend Services
- a. Steam clean exterior sidewalk and walk way areas.

M. Carpet Cleaning

- 1. Provide spot cleaning to Tenant space as necessary and shampoo carpets in tenant office space and any common areas once each year (exact schedule to be approved in advance by Tenant).

N. Window Cleaning

- 1. All work to be performed in accordance with generally accepted industry standards.
- 2. Proper safety standards are to be maintained at all times, including but not limited to, use of proper warning signs and clean up of water in compliance with all City, State and Federal laws (OSHA).
- 3. Window cleaning standards are to include clean up of water, wipe down of adjacent window mullions and ledges to prevent streaking, spotting, and excessive runoff.
- 4. When necessary, drop cloths are to be used to prevent damage to floors and adjacent surfaces.
- 5. Interior and exterior window glass shall be cleaned not less than once per year. The interior glass was cleaned in June, 2008, and the exterior glass was cleaned in August, 2008.
- 6. Contractor to notify the Tenant for specific scheduling of window washing one week prior to scheduled cleaning.
- 7. Contractor will be responsible for removing paint and putty etc. from both glass and plastic windows.
- 8. Exterior surfaces of windows are not to be washed when it is raining.
- 9. The words "window" and "light" as used herein are synonymous and are to be construed to mean any pane of glass, or glass substitute.

II. UNIFORMS

- A. Janitors must wear their uniforms whenever on duty.

- B. All personnel, including the coordinator and supervisors, will be uniformed. All personnel shall have a visible company name, logo, badge, etc., on their uniform.

III. EMPLOYEE SAFETY

Landlord's Contractor shall accept responsibility for determining that all necessary safeguards for protection of Contractor's employees are available, or will be furnished. All work performed must conform to CAL-OSHA standards.

IV. SUPPLIES

Landlord or its Contractor shall supply floor wax, wax stripper, and other expendable supplies required for daily cleaning and maintenance, as well as janitorial supplies such as hand soap, paper hand towels, paper toilet tissue, paper seat covers and deodorants. Furthermore, Landlord or its Contractor shall supply all equipment including, but not limited to, ladders, vacuum cleaners, extractors, floor machines, mops and buckets.

V. APPROVAL OF PRODUCTS

Tenant shall have the right to prohibit the use of any product proposed or being used by Landlord's Contractor should the Tenant deem the product to be unsafe or harmful to those items being cleaned or to Tenant's staff. In this regard, Landlord must provide upon request a complete list of products to be used in the course of this Contract, together with Material Safety Data Sheets for each cleaning chemical.

VI. DISPOSITION OF REFUSE

All trash and refuse collected by the custodians shall be deposited in a debris box as designated by the Landlord. (Landlord will pay for debris box service).

VII. MAINTENANCE PROBLEMS

Employees of Landlord's Contractor shall note maintenance problems (such as broken glass, light bulbs missing or burned out, inoperative fixtures, etc.) and report them to Landlord. Any problem which prevents performance must be noted in the log (Section VIII) before the end of the shift. Contractor shall not claim, and Tenant will not entertain, any claim that such problems prevented Contractor's performance if said claim is not entered in the log.

VIII. JANITORIAL LOG

Landlord's Contractor shall provide, and Tenant shall keep, a janitorial log on which deficiencies in performance, special problems or instructions shall be noted. Landlord's Contractor shall check the log daily, as arranged with Tenant, and correct any deficiencies in service within twenty-four (24) hours of the log entry. Contractor shall initial and date each entry when deficiency has been corrected.

IX. EMERGENCY CONTACT

Landlord's Contractor shall provide Tenant with an emergency telephone number where Contractor may be reached at any time during normal business hours (Monday - Friday, 8:00 a.m. - 5:00 p.m.). Contractor must respond to emergency calls relating to deficiency of service and correct said deficiency within a reasonable time of not more than two days unless there are special circumstances such as the shipment of specialty parts.

X. PERFORMANCE

Landlord and its Contractor shall guarantee that workmanship required for the performance of this Contract shall be in accordance with the highest level of workmanship and accomplished according to the highest professional standards. The determination as to the adequacy of performance shall be made by Tenant or the Director of Property, City and County of San Francisco. Contractor or Contractor's agent must be available at reasonable intervals during regular business hours as requested by Tenant, to participate in inspection walk throughs. Contractor will supervise all janitors during all shifts.

XI. VERIFICATION OF SERVICE

Tenant may provide, install, or establish a system of sign off slips, service receipts, or room service sign off cards. Landlord's Contractor shall faithfully comply with same by initialing, dating, and indicating time at which service was completed. It is agreed that no such service has been completed unless signed off by Contractor and countersigned by Tenant if said system so requires.

XII. HOLIDAY SCHEDULE FOR TENANT

New Year's Day
Martin Luther King Day
President's Day
Memorial Day
Independence Day
Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Friday after Thanksgiving Day
Christmas Day

EXHIBIT F

STANDARDS FOR SECURITY SERVICE

Landlord shall furnish security services as follows:

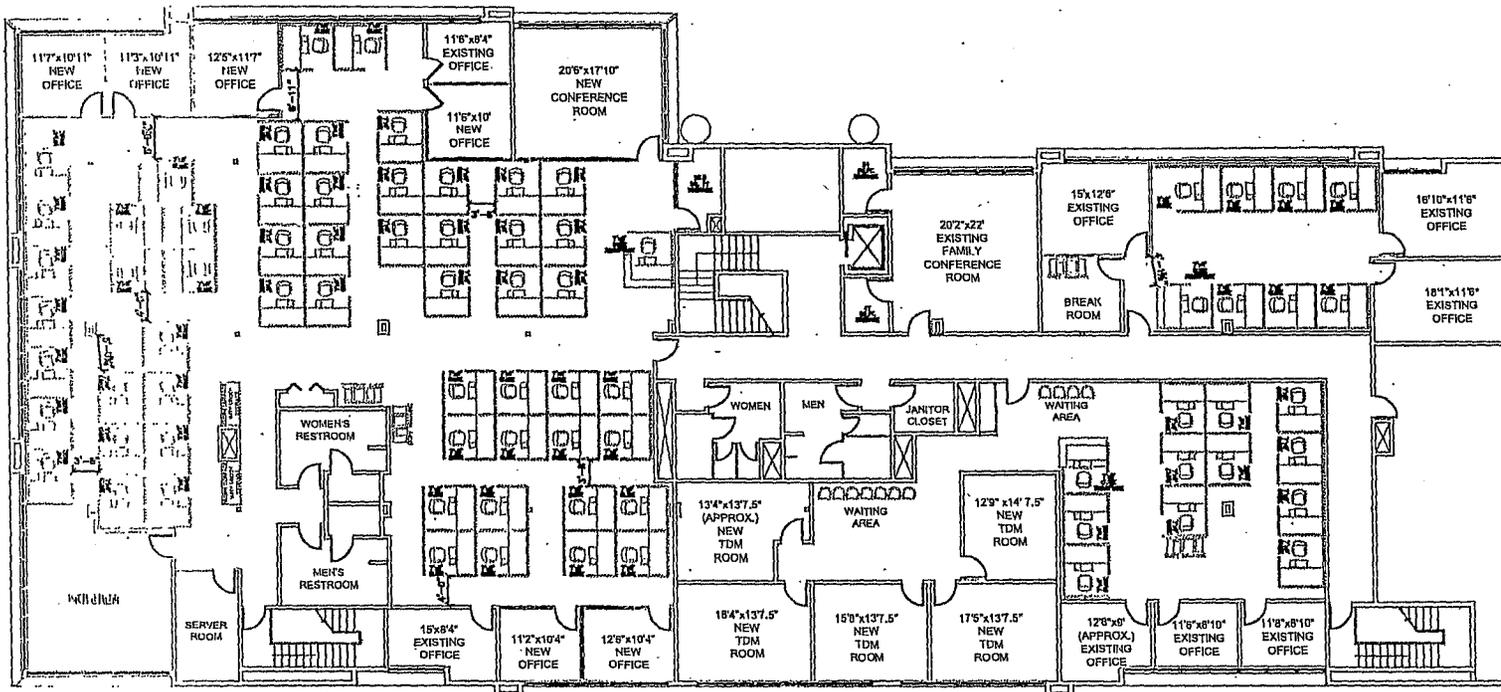
- Security Guards: One security guard on the Property from 12:00 noon to 8 p.m., seven days per week.
- Other Security Services: The Property shall be patrolled from 9:00 p.m. to 6:00 a.m., seven days per week.

EXHIBIT G

CITY'S SPECIFICATION DRAWING.

Attached.

854



BAYVIEW PLAZA
3801 3rd Street
San Francisco CA

BUILDING A
SECOND FLOOR

SHEET TITLE:
PROPOSED NEW PLAN
VERSION ONE

DATE: 12/14/13

SCALE: 1/8" = 1'-0"

DRAWN BY: ALFIE IBARRA

EXHIBIT H

WORK LETTER

Attached

EXHIBIT H

WORK LETTER

(3801 Third Street, Suites 200, 205, 210, 230, 235, 240, 220
San Francisco, California)

This Work Letter is part of the Office Lease dated as of July __, 2014 (the "Lease"), executed concurrently herewith, by and between Bayview Plaza, LLC, as Landlord, and the City and County of San Francisco, as Tenant, covering certain premises described in the Lease. All terms that are capitalized but not defined herein shall have the same meanings given to them in the Lease.

Landlord, at its sole cost and expense (except as otherwise specifically set forth herein), and through its general contractor approved by City (the "Contractor"), shall furnish and install within the Premises the improvements shown on the Construction Documents finally approved by City pursuant to paragraph 1 below (the "Leasehold Improvements"), in accordance with the provisions of this letter.

1. Plans and Specifications

a. Schematic Design Documents. City and Landlord hereby approve the schematic design plans for the Leasehold Improvement Work attached as Exhibit H-1 (the "Schematic Design Documents").

b. LEED Gold Certification

Landlord acknowledges that the City's San Francisco Environment Code Sections 700 to 713 requires the Leasehold Improvements to obtain a LEED I, D & C Gold certification from the U.S. Green Building Council ("USGBC") and agrees to cooperate with such requirement for the Leasehold Improvements. All costs, including the contracting with a LEED AP consultant, shall be included in the Construction Costs and deducted from the Allowance as provided below. Such USGBC certification is one of City's program requirements.

c. Design Development Documents. Promptly following the Effective Date, based on the approved Schematic Design Documents, City's program requirements, and any adjustments approved by City, Landlord shall cause its architect or space planner reasonably approved by City (the "Architect") and its qualified and licensed engineer reasonably approved by City (the "Engineer") to prepare and submit to City for its approval plans and specifications expanding in greater detail the representations of the Schematic Design Documents and fixing and describing the size and character of the Leasehold Improvements, including, without limitation, architectural, LEED, mechanical, electrical, fire and life safety systems, materials and such other elements as may be appropriate, together with fully developed floor plans, interior elevations, reflected ceiling plans, wall and building sections (collectively, the "Design Development Documents"). The Design Development Documents shall be subject to approval by City in accordance with Paragraph 1.f below.

d. Construction Documents. Based on the approved Design Development Documents and any further adjustments approved by City, promptly following City's approval, Landlord shall cause its Architect and Engineer to prepare and submit to City for its approval final plans, specifications and working drawings for the Leasehold Improvements, setting forth in detail all aspects of the design, function and construction of the Leasehold Improvements, in form sufficient for bidding of all elements of construction, and in conformity with all of the

Change Order within five (5) days of receipt from Landlord, then Landlord's Contractor shall proceed with such City Change Order as soon as reasonably practical thereafter. If City does not approve such cost within the above-mentioned five (5) day period, construction of the Premises shall proceed in accordance with the original completed and approved Construction Documents. City shall be responsible for the reasonable cost actually incurred by Landlord in the preparation of the plans and specifications relating to any City Change Order, as evidenced by invoices or other substantiation reasonably required by City.

ii. Landlord Change Orders. If following City's approval of the Construction Documents, Landlord requests or is required to make any change, addition or alteration thereto relating to the design or specifications of the Leasehold Improvement Work ("Landlord Change Order"), Landlord shall provide City with proposed plans and specifications with respect to such change, addition or alteration, together with notice of any delay in the anticipated date of Substantial Completion that would result from such Landlord Change Order. Any such Landlord Change Order shall be subject to City's prior written approval, in accordance with Paragraph 1.e above. No approval by City of any such Landlord Change Order shall relieve or modify Landlord's obligations hereunder to complete the construction of the Leasehold Improvements in accordance with the approved Construction Schedule, nor shall any such approval limit any of City's rights or remedies hereunder or under the Lease. Landlord shall be solely responsible for the cost of the Landlord Change Order, including, without limitation, the costs of preparing the plans and specifications relating thereto, and no such amount shall be paid or deducted from the Allowance.

iii. Appointment of Representatives. City and Landlord shall each designate and maintain at all times during the design and construction period a project representative ("Representative"), and an alternate for such Representative ("Alternate"), each of whom shall be authorized to confer and attend meetings and represent such party on any matter relating to this Work Letter. The initial Representatives and Alternates shall be:

City:	Representative -- David Curto Alternate -- _____
Landlord:	Representative -- Fred Karren Alternate -- Leslie Karren

Each party may at any time and from time to time change its Representative or Alternate by written notice to the other party. Each party's Representative or Alternate shall be available during ordinary business hours so that questions and problems may be quickly resolved and so that the Leasehold Improvements may be completed economically and in accordance with the Construction Schedule. All approvals made by City's Representative or Alternate shall be made in writing.

2. Mayor's Office of Disability Review: Permits

Landlord shall secure and pay for any building and other permits and approvals, government fees, licenses and inspections necessary for the proper performance and completion of the Leasehold Improvement Work shown on the approved Construction Plans.

Landlord acknowledges that City requires that the Construction Plans be reviewed by the San Francisco Mayor's Office of Disability ("MOD") for compliance with the American With Disabilities Act of 1990 ("ADA") and other related laws prior to submittal to the San Francisco Department of Building Inspection for construction permits. Landlord shall cause the Architect to submit the Construction Plans to the MOD for review promptly following execution and delivery of this Lease. If MOD requires revisions to the Construction Plans or modifications or additional improvements to the Premises or the Building, Landlord shall cause Architect to

local and administrative laws, rules, regulations, orders and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabled Access Laws"),

iii. Landlord and its Contractor shall be responsible for all required insurance; and

iv. At City's request, Landlord shall require at least three (3) competitive bids from subcontractors in each trade in connection with all work performed by Landlord or its Contractor hereunder.

f. Cooperation. Landlord shall cooperate at all times with City in bringing about the timely completion of the Leasehold Improvements. Landlord shall resolve any and all disputes arising out of the construction of the Leasehold Improvements in a manner which shall allow work to proceed expeditiously.

g. Telecommunications, Data and Computer Cabling Installation Work to be Performed by City. City, or its consultants and contractors, shall, at City's cost, perform surveys and develop plans and specifications for the installation of telecommunications, data and computer cabling for City's occupancy of the Premises. Landlord shall cause the Contractor to cooperate with City in the installation work and coordinate such work with the Leasehold Improvement Work. Landlord shall be responsible for providing telecommunications, data and computer cabling up to the point where it is stubbed out in the Building's core area. Beyond that point, City shall be responsible for installing such cabling at its expense. Landlord agrees to cause Contractor to cooperate reasonably with City and its consultants, contractors and subcontractors during all surveying work and the installation of such telecommunications, data and computer cabling. The foregoing obligation shall include, without limitation, an obligation to give City and its consultants, contractors and subcontractors access and entry to the Premises and sufficient opportunity and time during each work day without separate charge therefor, to enable City to install such telecommunications, data and computer cabling. Such access shall include reasonable access to the elevator in the Building designated for freight use (i) on a non-exclusive basis during normal business hours and (ii) on an exclusive basis after hours as reasonably needed from time to time. Landlord understands that the conduit for the telecommunications, data and computer cabling shall be included in the Construction Documents and installed by Contractor.

h. Installation of Furniture Workstations to be Performed by City. City, or its consultants and vendors, shall, at City's cost, develop plans and specifications for the installation of furniture workstations for City's occupancy of the Premises. Landlord shall cause the Contractor to reasonably cooperate with City's installation work and coordinate such work with the Leasehold Improvement Work. As part of the Leasehold Improvements, Landlord shall be responsible for providing electrical connections (wire whip installation) to such workstations. Beyond that point, City shall be responsible for installing such workstations at its expense. Landlord agrees to cause Contractor to cooperate reasonably with City and its consultants, contractors and subcontractors during all work. The foregoing obligation shall include, without limitation, an obligation to give City and its consultants, contractors and subcontractors access and entry to the Premises and sufficient opportunity and time during each work day without separate charge therefor, to enable City to install such workstations, provided however, such installation shall not unreasonably impede Landlord's completion of the Leasehold Improvements. Such access shall include reasonable access to the elevator in the Building designated for freight use (i) on a non-exclusive basis during normal business hours and (ii) on an exclusive basis after hours as reasonably needed from time to time.

i. Asbestos Related Work. In the event that City, its consultants, contractors or subcontractors encounter any asbestos containing materials (ACM) in the Building in connection with the installation of City's telecommunications, data and computer cabling,

c. Other Leasehold Improvement Work. In addition to paragraph 4.a and 4.b above, Landlord shall pay for the cost of constructing and installing the Leasehold Improvements up to a total sum of Two Hundred Thirty Two Thousand One Hundred Ninety Three Dollars (\$232,193), approximately \$15.39 per rentable square foot, (the "Allowance"). In the event that the actual costs to construct and install the Leasehold Improvement Work incurred by Landlord exceed the amount of the Allowance, City shall pay such excess costs upon receipt of required documentation in accordance with subparagraph d below. City's share of the Leasehold Improvement costs in excess of the Allowance hereunder shall in no event exceed one million dollars (\$1,000,000). City shall not be responsible for, and the Allowance shall exclude, any review, supervision, administration or management fees of any person or entity, any overhead or other general expenses of Landlord or any other person or entity, and any charges for parking or use of hoists or freight elevators. City shall be solely responsible for the costs of the workstations, furniture, telecommunications, data and computer cabling work described above, except as provided hereinabove.

d. City's Approval of Costs. Prior to the start of any Leasehold Improvement Work, Landlord shall provide City with a detailed Final Construction Cost for its approval. The Final Construction Cost shall include (i) all hard and soft costs and (ii) a reasonable contingency amount ("the Construction Contingency"). If the Leasehold Improvements cannot be completed in strict conformity with the most recently approved Final Construction Cost, Landlord shall immediately submit to City for its approval a revised construction budget and shall identify to City changes in line items and the reasons for the changes and with City's reasonable approval such costs shall be deducted from the Construction Contingency. If further changes are required, Landlord shall seek City's approval, following the same procedures. City shall have the right to approve or disapprove any construction cost or revisions in its reasonable judgment. No such approval or disapproval shall be unreasonably delayed. The most recently approved construction cost shall supersede all previously approved costs.

e. Required Documentation of Costs. Landlord shall provide City with copies of (i) all invoices received by Landlord from the Contractor in connection with the construction of the Leasehold Improvements, (ii) satisfactory evidence of payment of such invoices, and (iii) such additional supporting data substantiating the Contractor's right to payment as City may reasonably require, such as copies of requisitions from subcontractors and material suppliers.

5. Substantial Completion

a. Construction Schedule. City and Landlord acknowledge that the work shall be done in phases as shown on the attached Exhibit H -2. Landlord and City agree to use best efforts to complete the Leasehold Improvement Work pursuant to a mutually agreeable schedule for relocation, construction and occupancy after Substantial Completion. When construction progress so permits, but not less than fifteen (15) days in advance of completion, Landlord shall notify City of the approximate date on which the Leasehold Improvement Work will be substantially completed in accordance with the approved Construction Documents and the provisions hereof. Landlord shall notify City when the Leasehold Improvement Work is in fact Substantially Completed and the Premises are ready for occupancy by City, and City or its representatives shall be permitted to accompany Landlord or its architect on an inspection of the Premises on such date or other mutually agreeable date soon thereafter.

b. Substantial Completion. The Leasehold Improvements shall be deemed to be "~~Substantially Completed~~" for purposes hereof when the Leasehold Improvements are sufficiently complete in accordance with the Construction Documents and the terms of this Work Letter so that City can occupy the Premises and conduct its business and (i) all necessary inspections required for occupancy of the Premises ~~have~~ been completed and signed off as

City: Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Director of Property

With a copy to: Human Services Agency
170 Otis Street
San Francisco, CA 94103
Attn: David Curto

Landlord: Bayview Plaza, LLC
22 Battery Street, Suite 503
San Francisco, CA 94111
Attn: Fred Karren

or such other address as a party may designate to the others as its new address for such purpose by notice given to the others in accordance with the provisions of this paragraph. Any notice hereunder shall be deemed to have been given and received two (2) days after the date when it is mailed if sent by first class, certified mail, one day after the date when it is mailed if sent by overnight courier, or upon the date personal delivery is made. Neither party may give official or binding notice by facsimile.

d. Landlord's Duty to Notify City. Landlord shall promptly notify City in writing of (i) any written communication that Landlord may receive from any governmental, judicial or legal authority, giving notice of any claim or assertion that the Property, Building or Leasehold Improvements fail in any respect to comply with applicable laws, rules and regulations; (ii) any known material adverse change in the physical condition of the Property, including, without limitation, any damage suffered as a result of earthquakes; and (iii) any known default by the Contractor or any subcontractor or material supplier, or any known material adverse change in the financial condition or business operations of any of them.

e. Prevailing Wages for Construction Work. Landlord agrees that any person performing labor in the construction of the Leasehold Improvements which Landlord is obligated to provide under this Work Letter shall be paid not less than the highest prevailing rate of wages and that Landlord shall include, in any contract for construction of the Leasehold Improvements, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Landlord further agrees that, as to the construction of the Leasehold Improvements under this Work Letter, Landlord shall comply with all the provisions of subsection (b) of San Francisco Charter Section A7.204 and Section 6.22(E) of the San Francisco Administrative Code.

f. Tropical Hardwood and Virgin Redwood Ban.

Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, neither Landlord nor any of its contractors shall provide any items to City in the construction of the Leasehold Improvements or otherwise in the performance of this Lease which are tropical hardwood, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood, or virgin redwood wood products.

File No. _____

**FORM SFEC-126:
NOTIFICATION OF CONTRACT APPROVAL
(S.F. Campaign and Governmental Conduct Code § 1.126)**

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Bayview Plaza, LLC	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i> Fred L. Karren + Beth D. Karren Revoc. Trust Arthur Beren	
Contractor address: 22 Battery St., Suite 503, San Francisco, CA 94111	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: Rent : \$41,478.25 per month
Describe the nature of the contract that was approved: Office Lease for 3801 Third St., Suites 200, 205, 210, 230, 235, 240 + 220, San Francisco, CA	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

a board on which the City elective officer(s) serves: San Francisco Board of Supervisors
Print Name of Board

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer:	Contact telephone number:
Address:	E-mail:

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed