

File No. 180419

Committee Item No. 10

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date May 10, 2018

Board of Supervisors Meeting

Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- Airport Commission Resolution
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Completed by: Linda Wong Date _____

Completed by: Linda Wong Date _____

1 [Real Property Lease Renewal and Amendment - Michael C. Mitchell - 837 Malcolm Road,
2 Burlingame - Initial Monthly Base Rent \$10,500]

3 **Resolution authorizing a five-year lease extension and amendment for approximately**
4 **6,000 square feet of improvements, situated on 10,500 square feet of land at**
5 **837 Malcolm Road, Burlingame, with Michael C. Mitchell, an individual, as Landlord, for**
6 **use by the San Francisco International Airport, for the period of May 1, 2018, through**
7 **April 30, 2023, subject to the City's option to terminate early, at the initial annual cost of**
8 **\$126,000 (or \$10,500 monthly), with 3% annual increases thereafter, and two one-year**
9 **options to extend the term.**

10
11 WHEREAS, Airport Reprographics supports the mission and marketing of the Airport
12 and City to further awareness of its respective programs, projects, and business development
13 initiatives; and

14 WHEREAS, Airport Reprographics provides full service design, layout, art, production,
15 large format printing, laminating, and mounting for the extensive graphics seen throughout the
16 Airport; and

17 WHEREAS, Airport Reprographics supports the Airport's ongoing marketing of new
18 international service from San Francisco International Airport ("SFO") to destinations around
19 the world; and

20 WHEREAS, Airport Reprographics also serves SFO's needs for its wayfinding program
21 (directional signage), printing of architectural drawings for ongoing construction projects,
22 updating digitally and printing of Airport maps and directories; and

23 WHEREAS, Airport Reprographics also has a yearly work order with the Port of
24 San Francisco supporting them with their large format printing requirements, such as street
25 banners, cruise terminal banners, side walk pylon signs and wayfinding signs; and

1 WHEREAS, Airport Reprographics also provides extensive design layouts and art
2 production seen throughout the City and County of San Francisco's ("City") other venues,
3 including for the "100 Years of Legislative History" as currently seen in City Hall, several
4 works for the Mayor's Film Commission and for San Francisco Municipal Transit Agency's
5 transit projects; and

6 WHEREAS, City, acting by and through its Airport Commission, has leased for the past
7 nine years approximately 6,000 square feet of production space on 10,500 square feet of land
8 at 837 Malcolm Road, Burlingame to provide these services to the Airport; and

9 WHEREAS, The original lease was dated January 12, 2009, as amended by the First
10 Amendment to the Lease dated October 1, 2010, and extended by letter dated October 14,
11 2014 (collectively, the "Lease"); and

12 WHEREAS, The Lease is scheduled to expire on April 30, 2018 with no further options
13 to extend the term; and

14 WHEREAS, The City and Michael C. Mitchell ("Landlord") desire to extend the term of
15 the Lease for an additional five years, from May 1, 2018, through April 30, 2023, subject to
16 City's right to terminate after the third year, under a proposed Second Amendment to the
17 Lease, substantially in the form on file with the Clerk of the Board of Supervisors in File
18 No. 180419, at a monthly rental rate of \$10,500.00 (approximately \$1.75 per square foot
19 monthly and \$21.00 per square foot annually) with two one-year options to extend the term,
20 each requiring further Board approvals, as provided in the agreement; and

21 WHEREAS, The Airport Commission, on April 3, 2018, approved the term; and

22 WHEREAS, The term extension through a Second Amendment to the Lease is subject
23 to enactment of a resolution by the Board of Supervisors and the Mayor, in their respective
24 sole and absolute discretion, approving and authorizing such amendment; now, therefore, be
25 it

1 RESOLVED, That, in accordance with the recommendation of the Airport Director and
2 the Director of Property, the Director of Property is hereby authorized to take all actions on
3 behalf of the City and County of San Francisco, as tenant, to extend the Lease with
4 Michael C. Mitchell ("Landlord") for the building commonly known as 837 Malcolm Road,
5 Burlingame, California on the terms and conditions set forth herein and in a form approved by
6 the City Attorney; and, be it

7 FURTHER RESOLVED, That the Lease extension shall be for a term of five years
8 (May 1, 2018 through April 30, 2023) at a monthly rental of \$10,500.00 (approximately \$21.00
9 per square foot Industrial Gross, annually) with 3% annual increases; and, be it

10 FURTHER RESOLVED, That City shall also pay for the typical tenant expenses,
11 including standard operating expense increases over a 2018 Base Year; and, be it

12 FURTHER RESOLVED, That the Second Amendment to the Lease shall authorize City
13 to design and install alterations to the Premises, in FY2018-2019, to accommodate the
14 Airport's new equipment, per the procedures outlined in the proposed Second Amendment to
15 the Lease, at a cost not to exceed \$669,702.00; and, be it

16 FURTHER RESOLVED, That the Lease shall continue to include the clause
17 indemnifying, holding harmless, and defending Landlord and its agents from and against any
18 and all claims, costs and expenses, including, without limitation, reasonable attorneys' fees
19 incurred as a result of any default by City in the performance of any of its material obligations
20 under the Lease, or any negligent acts or omissions of City or its agents in, on or about the
21 Premises or the property on which the Premises are located, excluding those claims, costs
22 and expenses incurred as a result of the gross negligence or willful misconduct of Landlord or
23 its agents; and be it
24
25

1 FURTHER RESOLVED, That all actions heretofore taken by employee or officers of
2 City, with respect to the Second Amendment to Lease, are hereby approved, confirmed and
3 ratified; and, be it

4 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
5 Property to enter into any amendments or modifications to the Lease that the Director of
6 Property determines, in consultation with the City Attorney, are in the best interest of City, do
7 not materially increase the rent or otherwise materially increase the obligations or liabilities of
8 City, are necessary or advisable to effectuate the purposes of the Second Amendment to
9 Lease, and are in compliance with all applicable laws, including the City Charter; and, be it

10 FURTHER RESOLVED, That the City shall continue to occupy the Premises for the
11 extended term unless funds for the Department's rental payment are not appropriated at
12 which time the City may terminate the Lease with advance notice to Landlord; and, be it

13 FURTHER RESOLVED, That said Lease shall continue to be subject to certification as
14 to funds by the Controller, pursuant to Section 6.302 of the City Charter; and, be it

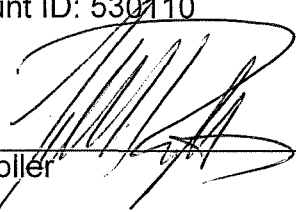
15 FURTHER RESOLVED, That within 30 days of the execution of the Second
16 Amendment to the Lease, the Director of Real Estate shall provide a copy to the Clerk of the
17 Board for the Board's file.

18 (Signatures on the following page)
19
20
21
22
23
24
25

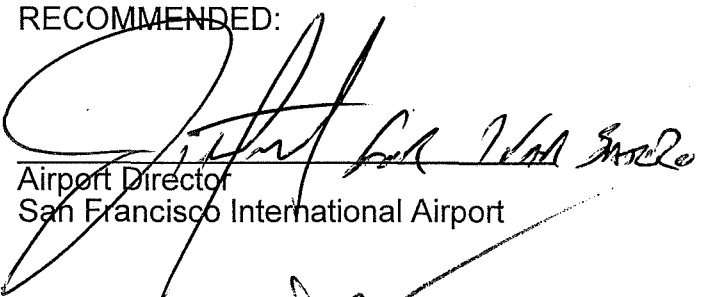
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

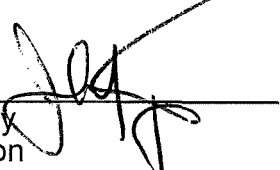
\$21,000.00
(2 month's rent)

Fund ID: 17960
Dept. ID: 109652
Project ID: 10001629
Activity ID: 0001
Authority ID: 10000
Account ID: 530110


Controller

RECOMMENDED:


Airport Director
San Francisco International Airport


Director of Property
Real Estate Division

Item 10
File 18-0419

Department: Real Estate Division (RED)
San Francisco International Airport (Airport)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution authorizes the Second Amendment to a lease agreement between San Francisco International Airport (Airport) as tenant and Michael C. Mitchell as landlord, for 6,000 square feet of office space on 10,500 square feet of land at 837 Malcolm Road in Burlingame. The lease term would be extended for five years from May 2018 through April 2023, with two one-year options to extend to 2025; First year rent is \$126,000, with three percent annual increases.

Key Points

- Airport Reprographics provides full service design, layout, art, production, large print formatting, laminating, and mounting for graphics displayed throughout the Airport, as well as wayfinding signage, architectural prints, and Airport maps and directories. It also produces work orders for the Port of San Francisco and other City Departments.
- In January 2009, the Airport entered into a lease for Reprographics at 837 Malcolm Road, for an initial term of five years, expiring February 2014, a three-year option to extend, and initial annual base rent of \$84,960. In October 2010, the Airport executed the First Amendment to the lease, extending the initial term by 14 months through April 2015, and reducing the annual rent to \$80,352. The Airport exercised the three-year option to extend, and the current lease expired April 30, 2018.
- The proposed resolution authorizes the Second Amendment to the lease, extending the term by five years, with two one-year options to extend. The initial annual base rent of \$126,000 is determined to be Fair Market Rent based on analysis of similar properties in the area. To accommodate new equipment that Airport Reprographics plans to purchase, the Airport would need to perform tenant improvements on the premises, at a cost not to exceed \$669,702.
- Airport Reprographics plans to move into a new building to be constructed on the Airport grounds in a future construction phase, currently planned for 2023. The lease is timed to expire upon completion of the new building, but allows for flexibility in case of construction delays. The Airport has the option to terminate the lease in 2021 but may also extend the lease beyond 2023 if necessary.

Fiscal Impact

- Over the initial five year term of the lease extension, the Airport would pay \$668,951 in rent. If the options to extend are exercised, the Airport would pay total rent of \$965,470.
- The cost of tenant improvements to the Airport is not to exceed \$669,702. With rent and tenant improvements combined, the total cost to the Airport would not exceed \$1,338,653 over five years, or \$1,635,172 over seven years.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Charter Section 9.118(b) requires Board of Supervisors approval for contracts and other agreements (including lease agreements) entered into by the City, having a term of more than 10 years or expenditures of \$10 million or more; and for amendments to such contracts of \$500,000 or more.

BACKGROUND

Airport Reprographics provides full service design, layout, art, production, large print formatting, laminating, and mounting for graphics displayed throughout San Francisco International Airport (Airport), as well as marketing materials, wayfinding signage, architectural prints, and printing of Airport maps and directories. Airport Reprographics also produces annual work orders from the Port of San Francisco and various projects from other City Departments, such as the Mayor's Film Commission and San Francisco Municipal Transportation Agency.

In January 2009, the Airport Commission approved the initial lease between the Airport as tenant and Michael C. Mitchell as landlord for approximately 6,000 square feet of office space on approximately 10,500 square feet of land at 837 Malcolm Road in Burlingame, to be used for Airport Reprographics. The lease was for a term of five years, expiring February 2014, and annual base rent of \$84,960. In October 2010, the Airport Commission approved the First Amendment to the lease, extending the initial term by 14 months, through April 2015, and reducing the annual rent to \$80,352. In October 2014, the Airport exercised its three-year option to extend the lease through April 2018, with a rent increase to \$87,212 annually. According to Mr. Charlie Dunn, Senior Real Property Officer, neither the original lease nor the First Amendment required Board of Supervisors approval because the total term did not exceed ten years.

The current lease expired on April 30, 2018. Airport Reprographics has expanded its services and desired to relocate to a larger facility. However, according to Mr. Dunn, no suitable facilities were found due to current market conditions. The Airport and Real Estate Division determined that it would be best for Airport Reprographics to stay at 837 Malcolm Road, but to perform tenant improvements to the property. The Real Estate Division negotiated with Mr. Mitchell to extend the lease for five years, with two one-year options to extend. The Airport Commission approved the lease extension on April 3, 2018.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the Second Amendment to the lease with the Airport as tenant and Michael C. Mitchell as landlord at 837 Malcolm Road in Burlingame, extending the lease five years through April 2023, and two one-year options to extend through April 2025. The annual base rent would be \$126,000, with three percent annual increases thereafter. The Airport would be able to terminate the lease after April 30, 2021, with written notice to the landlord one year in advance. The details of the proposed lease extension are shown in Table 1 below.

Table 1: Details of Proposed Lease Extension

| | |
|----------------------------|---|
| Term | Five years, from approximately May 2018 through April 2023 |
| Premises | Approximately 6,000 square feet of office on approximately 10,500 square feet of land |
| Base Annual Rent | \$126,000 |
| Rent Adjustment | 3% annual increase, on lease anniversary |
| Options to Extend | Airport has two one-year options to extend through April 2025 |
| Early Termination | Airport may terminate after April 2021 with one year notice |
| Tenant Improvements | Not to exceed \$669,702 |

Additionally, the lease would allow the landlord to perform tenant improvements to the premises, reimbursed by the Airport at a cost not to exceed \$669,702. According to Mr. Dunn, the tenant improvements are necessary because Airport Reprographics plans to purchase two large printing units, and the space is not currently suitable for the equipment.

The Airport would continue to pay utilities and janitorial services, as provided in the original lease.

According to Mr. Dunn, Airport Reprographics plans to move into a new building to be constructed on the Airport grounds in a future construction phase, currently planned for 2023. The lease is timed to expire upon completion of the new building, but allows for flexibility in case of construction delays.

FISCAL IMPACT

Over the five-year term of the lease extension, the Airport would pay \$668,951 in rent. Should the options to extend be exercised, the Airport would pay an additional \$296,519 in rent, bringing the total to \$965,470. The annual rent is shown in Table 2 below.

Table 2: Annual Rent Paid by Airport

| Year | Annual Rent |
|---------------------------------------|--------------------|
| Year 1 (May 2018 – April 2019) | \$126,000 |
| Year 2 (May 2019 – April 2020) | 129,780 |
| Year 3 (May 2020 – April 2021) | 133,673 |
| Year 4 (May 2021 – April 2022) | 137,684 |
| Year 5 (May 2022 – April 2023) | 141,814 |
| <i>Base Term Subtotal</i> | <i>\$668,951</i> |
| Option Year 1 (May 2024 – April 2025) | \$146,069 |
| Option Year 2 (May 2025 – April 2026) | 150,451 |
| <i>Option Years Subtotal</i> | <i>\$296,519</i> |
| Grand Total, Including Options | \$965,470 |

**Totals may not add due to rounding*

In addition to rent, the Airport would also pay for tenant improvements not to exceed \$669,702. With the rent and tenant improvements combined, the total amount paid by the airport over the course of the lease would not exceed \$1,338,653 over five years, or \$1,635,172 over seven years (including options).

According to Mr. Dunn, the proposed rent was determined to be Fair Market Rent based on a review of rents of similar commercial properties in the area. The first year rent of \$126,000 equals \$21 per square foot for 6,000 square feet, which is less than the \$45 per square foot requiring a formal appraisal, pursuant to Administrative Code Section 23.27.

RECOMMENDATION

Approve the proposed resolution.

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 18-0105

**SECOND AMENDMENT OF OFF-AIRPORT PROPERTY LEASE L09-0023
WITH MICHAEL C. MITCHELL, AT 837 MALCOLM ROAD, BURLINGAME,
CALIFORNIA, TO EXTEND THE TERM OF THE LEASE AND MODIFY THE
RENT, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE
SECOND AMENDMENT TO THE LEASE TO THE BOARD OF SUPERVISORS
FOR APPROVAL**

WHEREAS, on January 20, 2009, pursuant to Resolution No. 09-0023, the Airport Commission approved Off-Airport Property Lease L09-0023 (the "Lease") with Michael C. Mitchell (the "Landlord"), for approximately 6,000 square feet of office and industrial space situated on approximately 10,500 square feet of land located at 837 Malcolm Road, Burlingame, California ("837 Malcolm Road"), to be occupied by the Airport's Reprographics Department; and

WHEREAS, the Lease provided for an annual Base Rent of \$84,960 and a Term of five years, which expired on February 28, 2014; and

WHEREAS, on October 26, 2010, pursuant to Resolution No. 10-0325, the Commission approved the First Amendment to the Lease, which reduced the rent by \$4,608 per year in exchange for a 14-month Term extension through April 30, 2015; and

WHEREAS, the original Lease also provided for one three-year option to extend the Term, which the Airport exercised on October 14, 2014, becoming effective on May 1, 2015, with a corresponding rent adjustment to \$87,212 per year; and

WHEREAS, the Lease will expire on April 30, 2018; and

WHEREAS, Reprographics has expanded the services it provides to the Airport and City and wishes to relocate to a larger facility; and

WHEREAS, due to current market conditions, no suitable facilities are on the market; and

WHEREAS, it has been determined that the best course of action is for Reprographics to remain at 837 Malcolm Road for an interim period, pursuant to an amendment to the Lease; and

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 18-0105

WHEREAS, the City's Real Estate Division has negotiated a second amendment to the Lease with the Landlord that will: 1) adjust the annual rent to \$126,000, 2) extend the Term by five years, with two one-year options to extend the Term at the Airport's discretion, 3) provide for an early termination right at the Airport's discretion, and 4) provide for certain tenant improvement work, collectively (the "Second Amendment"); and

WHEREAS, the proposed Second Amendment is deemed to be in the best interest of the City; now, therefore, be it

RESOLVED, that the Airport Commission hereby approves the Second Amendment to the Lease with Michael C. Mitchell to: 1) adjust the annual rent to \$126,000 subject to a fixed three percent increase annually, 2) extend the Term by five years, with two one-year options to extend the Term at the Airport's discretion, 3) grant an early termination right at the Airport's discretion, and 4) provide for certain tenant improvement work at a not to exceed cost of \$669,702, collectively the Second Amendment, in accordance with terms set forth above and in the Director's Memorandum; and, be it further

RESOLVED, that the Airport Commission hereby directs the Commission Secretary to forward the Second Amendment to the Lease to the Board of Supervisors for approval.

Page 2 of 2

I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of _____

APR 03 2018


Secretary



San Francisco International Airport

MEMORANDUM

April 3, 2018

TO: AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenheimer
Hon. Peter A. Stern

FROM: Airport Director

SUBJECT: Second Amendment of Off-Airport Property Lease L09-0023 with Michael C. Mitchell, at 837 Malcolm Road, Burlingame, California, to Extend the Term and Modify the Rent

DIRECTOR'S RECOMMENDATION: APPROVE THE SECOND AMENDMENT OF LEASE L09-0023 FOR OFF-AIRPORT PROPERTY AT 837 MALCOLM ROAD, BURLINGAME, TO MODIFY THE ANNUAL RENT AND EXTEND THE TERM OF THE LEASE, AND DIRECT THE COMMISSION SECRETARY TO FORWARD THE SECOND AMENDMENT TO THE BOARD OF SUPERVISORS FOR APPROVAL.

Executive Summary

Pursuant to Lease No. L09-0023 (the "Lease") between Michael C. Mitchell ("Landlord") and the San Francisco International Airport (the "Airport" or "City"), the Airport's Reprographics Department ("Reprographics") occupies approximately 6,000 square feet of off-Airport office/industrial space at 837 Malcolm Road, Burlingame ("837 Malcolm Road"), situated on approximately 10,500 square feet of land. The Lease expires on April 30, 2018, and Reprographics wishes to continue occupancy of the space until such time as it can move into the Airport's Consolidated Administration Campus, Phase II or other suitable Airport facility. The proposed Second Amendment will: 1) adjust the annual rent to \$126,000, 2) extend the Term by five years, with two options to extend the Term by one-year each, 3) grant an early termination right, and 4) provide for certain tenant improvement work, collectively (the "Second Amendment"). The two one-year options and the early termination right are at the Airport's discretion.

Background

On January 20, 2009, pursuant to Resolution No. 09-0023, the Commission approved a Lease for an off-Airport facility comprised of approximately 6,000 square feet of office and industrial

THIS PRINT COVERS CALENDAR ITEM NO. 16

AIRPORT COMMISSION: CITY AND COUNTY OF SAN FRANCISCO

MARK FARRELL MAYOR LARRY MAZZOLA PRESIDENT LINDA S. CRAYTON VICE PRESIDENT ELEANOR JOHNS RICHARD J. GUGGENHEIMER PETER A. STERN IVAR C. SATERO AIRPORT DIRECTOR

space situated on 10,500 square feet of land located at 837 Malcolm Road, to accommodate Reprographics. The Lease provided for an initial annual rent of \$84,960 and a Term of approximately five years, which expired on February 28, 2014. The Lease also obligated the Airport to pay \$600 per month to reimburse the Landlord for certain tenant improvements.

In the fall of 2010, all City departments were asked to renegotiate their property leases in light of a City budget deficit at that time. On October 26, 2010, pursuant to Resolution No. 10-0325, the Commission approved the First Amendment to the Lease, which reduced the rent by \$4,608 per year in exchange for a 14-month Term extension, through April 30, 2015.

The original Lease also provided for a three-year option to extend the Term, effective May 1, 2015, with a corresponding rent adjustment by cost of living increase, resulting in an annual rent of \$87,212. The Airport exercised this option on October 14, 2014.

Over the years, Reprographics has expanded the services it provides to the Airport and other City departments, which requires new technology equipment and, therefore, a larger facility. The Airport contacted the City's Real Estate Department ("RED") in September 2017 to request its services to identify a larger facility for Reprographics and to negotiate a new lease. RED undertook a search for facilities in the range of 10,000 square feet; however, due to the extremely tight real estate market in the vicinity of the Airport, a suitable facility has not been identified.

The Airport and RED have concluded that the best course of action is to have Reprographics remain at 837 Malcolm Road. Therefore, the Airport authorized RED to open negotiations with the Landlord regarding an extension of the Term by a lease amendment. The structure of the proposed amendment will provide flexibility regarding the Term. In the interim, Reprographics is requesting that certain tenant improvement work be completed at 837 Malcolm Road, at the Airport's sole cost and expense, to support new equipment and the growth in operations. The preliminary cost of such work is estimated at a not to exceed amount of \$669,702. RED is working with the Landlord to finalize the scope and cost of such work, which will be performed by the Landlord and reimbursed by the Airport.

Proposal

RED has negotiated a lease amendment with the Landlord wherein the City offered, and the Landlord accepted, a five-year extension of the Term, from May 1, 2018 through April 30, 2023, with two one-year options to extend the Term at the Airport's discretion. In addition, the proposed amendment includes an early termination right wherein, at the Airport's discretion, the Airport may terminate the Lease after Year Three of the extension term, to be effective April 30, 2021, conditioned upon one-year's advance written notice to the Landlord that the Airport is exercising its early termination right. RED negotiated a fair market rent of \$126,000 per year based on a rate of \$1.75/square foot/year. This rent will be subject to a fixed three percent increase annually. The Landlord has agreed to undertake construction and installation of the improvement work. The Airport will reimburse the Landlord by making equal monthly payments based on a payment schedule, to be agreed upon by the parties, once the cost and duration of the improvement work is finalized.

After surveying the available space market and consulting with RED, it has been determined that this lease amendment is in the City's best interest. This amendment will be approved by the City Attorney's Office as to form.

Recommendation

I recommend adoption of the accompanying resolution approving the Second Amendment to Lease L09-0023, between the Airport and Michael C. Mitchell; to: 1) adjust the annual rent to \$126,000, which will be subject to a fixed three percent increase annually, 2) extend the Term by five years, with two one-year options to extend the Term, 3) grant an early termination right, and 4) provide for certain tenant improvement work. I further recommend that the Commission direct the Commission Secretary to forward the Second Amendment to the Lease to the Board of Supervisors for approval.



Ivar C. Satero
Airport Director

Prepared by: Leo Fermin
Chief Business & Finance Officer

Attachment

SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE ("Second Amendment"), dated as of March 19, 2018, is made by and between Michael C. Mitchell, ("Landlord") and the City and County of San Francisco, a municipal corporation acting by and through its Airport Commission ("City or Tenant").

RECITALS:

THIS SECOND AMENDMENT is made with reference to the following facts and circumstances:

A. Landlord and City entered into that certain Lease dated January 12, 2009, as amended by the First Amendment to Lease dated October 1, 2010, and extended by letter dated October 14, 2014 (the "Existing Lease"). Under the Existing Lease, Landlord leased to City certain Premises, consisting of approximately 6,000 square feet of improvements on approximately 10,500 square feet of land as described in the Lease, and commonly known as 837 Malcom Road, Burlingame, California.

B. The Term of the Existing Lease is scheduled to expire on April 30, 2018.

C. Landlord and City desire to extend the Term of the Existing Lease and amend the Lease upon the terms and conditions as hereinafter provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Landlord and City agree as follows ():

1. Defined Terms. Capitalized terms used in this Second Amendment but not defined herein shall have the meaning ascribed to them in the Existing Lease. "Lease" shall mean the Existing Lease as amended by this Second Amendment.
2. Extension of Term. The Term of the Existing Lease is extended for an additional five year period, such that the Expiration Date shall be April 30, 2023, unless sooner terminated or extended pursuant to the terms of the Lease.
3. City's Option to Terminate. City shall have the option to terminate the Lease without penalty effective upon or after April 30, 2021, provided that City gives one (1) year's advanced written notice to Landlord.
4. City's Options to Extend the Term. City shall have two (2) options to extend the Term ("Extension Options") for one (1) year each (the "Option Terms"). The Option Term(s) shall be on all of the terms and conditions contained in the Lease, including but not limited to, the annual adjustment of Base Rent by the three percent (3%). City may exercise the Extension Options, if at all, by giving one (1) year's advance written notice to Landlord (the "Extension Notice"); provided, however, if City is in material default under the Lease on the date of giving such notice and fails to cure such default as provided in the Lease, Landlord may reject such exercise by delivering written notice thereof to City promptly after City's failure to cure. Landlord acknowledges and agrees the Extension Notice shall be subject to enactment of a resolution by the Airport Commission and the Board of Supervisors and Mayor, in their respective sole and absolute discretion, approving and authorizing the same, within ninety (90)

days after the date of the Extension Notice. If such approvals and authorizations are not received by Landlord within such ninety (90) day period, at Landlord's option, City's Extension Options shall terminate and City shall have no further option to extend the Term of this Lease.

5. Rent. Commencing on May 1, 2018, and continuing until April 30, 2019, City shall pay \$10,500 monthly in Base Rent for the Premises. Commencing on May 1, 2019, and annually thereafter until the expiration or sooner termination of the Lease, the monthly Base Rent shall be increased by three percent (3%).

6. Base Year. The Base Year for Additional Charges (Property Taxes and Operating Costs) pursuant to Section 4 of the Existing Lease shall be Calendar Year 2018.

7. Extension Alterations. Landlord, through Landlord's architect, engineer and general contractor, agrees to make certain undetermined alterations to the Premises, at City's cost and pursuant to the terms set forth in Exhibit A (Leasehold Improvements) (the "Extension Alterations"). The provisions of Section 6 of the Existing Lease shall not apply to the Extension Alterations.

8. Additional Services. Section 9.2 of the Existing Lease is hereby deleted and modified to read:

9.2 Additional Services

City reserves the right to request that the Landlord, at City's cost, perform minor Lease related services or incur additional expenses not otherwise described in this Lease from time to time, as reasonably requested by the City and approved by the Real Estate Division, acting through the Director of Property or his or her designee. City shall reimburse Landlord for the pre-approved cost for such expenses as Additional Rent within thirty (30) days after receipt of Landlord's invoice for such service or expense, which cost may include a ten (10%) percent Landlord administrative fee.

9. General Provisions. Section 23 (General Provisions) of the Existing Lease is amended and restated to read in its entirety as set forth in Exhibit B attached.

10. No Further Modification. Except as specified in this Second Amendment, all of the terms, covenants and conditions of the Existing Lease shall remain unmodified and in full force and effect. The Existing Lease as amended by this Second Amendment constitutes the entire agreement of the parties concerning the subject matter hereof, and supersedes any and all previous negotiations, agreements, or understandings regarding the matters contained herein. The execution of this Second Amendment shall not constitute a waiver of relinquishment of any rights that City may have relating to the Existing Lease. Landlord and City hereby ratify and confirm all of the provisions of the Existing Lease as amended by this Second Amendment.

11. Attorneys Fees. In the event a dispute arises concerning this Second Amendment, the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Second Amendment, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

12. Applicable Law. This Second Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

13. Effective Date. The date on which this Second Amendment shall become effective is the date upon which (a) City's Mayor and Board of Supervisors, in their sole and absolute discretion, adopt and approve a resolution approving this Second Amendment in accordance with all applicable laws, (b) City's Airport Commission, in its sole discretion, adopts a resolution approving this Second Amendment, and (c) this Second Amendment is duly executed and exchanged by the parties hereto.

14. Counterparts. This Second Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS SECOND AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THIS SECOND AMENDMENT AND AUTHORIZING CONSUMMATION OF THE TRANSACTION CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH RESOLUTION, AND THIS SECOND AMENDMENT SHALL BE NULL AND VOID UNLESS CITY'S MAYOR AND BOARD OF SUPERVISORS APPROVE THIS SECOND AMENDMENT, IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS SECOND AMENDMENT BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ADOPTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment as of the day and year first above written.

"LANDLORD"

Michael C. Mitchell, an individual

By: _____

"CITY"

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
JOHN UPDIKE
Director of Property

Recommended:

By: _____
Ivar C. Satero
Airport Director
Pursuant to San Francisco Airport Commission Resolution _____

APPROVED AS TO FORM:

DENNIS J. HERRERA
City Attorney

By: _____
Elizabeth A. Dietrich
Deputy City Attorney

Exhibit A to Second Amendment
LEASEHOLD IMPROVEMENTS

1. Landlord's Obligation to Construct Improvements

Landlord, through its general contractor (the "General Contractor"), shall perform the work and make the installations in the Premises pursuant to the Construction Plans (as defined in this Section below) approved by City, and in accordance with the provisions of this Exhibit A. Such work and installations are referred to as the "Leasehold Improvement Work" and "Leasehold Improvements." All costs incurred by Landlord in connection with the Leasehold Improvements and in accordance with this Exhibit A to the Lease shall be reimbursed by City.

(a) Plans and Specifications

Promptly following the mutual execution of the Second Amendment, Landlord shall cause its architect ("Architect") to prepare and submit to City for its approval a space plan for the Leasehold Improvement Work based on City's program requirements for use of the Premises. City shall have ten (10) business days to approve or provide adjustments to the space plan.

Immediately following the City's approval of the space plan (the "Approved Space Plan"), based on the Approved Space Plan and any adjustments authorized by City, Landlord shall cause the Architect and a Leadership in Energy and Environmental Design ("LEED") consultant (if required to meet City's obligations to cause the Leasehold Improvements to comply with the requirements of Sections 700 through 713 of the San Francisco Environment Code), to prepare final plans, specifications and working drawings in form and detail sufficient for purposes of contractor pricing (the "Pricing Plans"). City shall have ten (10) business days to review and either approve of the Pricing Plans (which approval shall not be unreasonably withheld) or provide Landlord with City's adjustments to the Pricing Plans. Provided that the Pricing Plans do not exceed the Maximum Construction Amount (as defined in Section 1(h) below, if the City fails to approve or disapprove the Pricing Plans within such ten-day period the Pricing Plans shall be deemed approved by the City.

Immediately following City's approval (or deemed approval) of the Pricing Plans, based on the approved Pricing Plans and any adjustments authorized by City, Landlord shall cause final plans, specifications and working drawings for the Leasehold Improvements to be prepared, in conformity with the requirements hereof. Landlord shall use commercially reasonable efforts to submit a copy of such final plans, specifications and working drawings in sufficient detail to define the work (the "Construction Drawings") to City within sixty (60) days after the City's approval of such Pricing Plans. The Construction Drawings shall be subject to City's approval, which approval shall not be unreasonably withheld. City shall have ten (10) business days to review and either approve of the Construction Drawings or provide Landlord with the revisions that City reasonably requires in order to obtain City's approval. If the City fails to approve or disapprove the Construction Drawings within such ten-day period, the Construction Drawings shall be deemed approved. As soon as reasonably possible, and no later than ten (10) business days thereafter, Landlord shall submit to City revised Construction Drawings that incorporate the revisions required by City. City shall have five (5) business days to review and approve the revisions to the Construction Drawings (which approval shall not be unreasonably withheld). If the City fails to approve or disapprove the revisions to the Construction Drawings within such five-day period, the revisions to the Construction Drawings shall be deemed approved. The final Construction Drawings approved by City shall be referred to as the "Construction Documents."

(b) Permits

Landlord shall secure any building and other permits and approvals, government fees, licenses and inspections necessary for the proper performance and completion of the Leasehold Improvement Work. Promptly following City's approval of the Construction Plans and Construction Budget, as defined in the following subparagraph, Landlord shall apply for any permits, approvals or licenses necessary to complete the construction shown on the Construction Plans and shall provide copies to City promptly following receipt thereof. Landlord shall be responsible for arranging for all inspections required by any governmental agency or department (such as a Department of Building Inspection) with jurisdiction over the construction ("DBI"). Payments for such permits and approvals shall be paid as costs of the Leasehold Improvements.

(c) City's Approval of Costs

Upon completion of the Pricing Plans, General Contractor shall prepare a good faith initial construction budget ("ROM") which includes all project hard and soft costs. City shall have the right to request (3) competitive bids from subcontractors in a revised ROM from each trade in connection with all work performed by Landlord or General Contractor hereunder. If necessary, the Construction Plans shall be revised and completed such that the cost of the Leasehold Improvement Work does not exceed the approved ROM.

Prior to commencing construction of the Leasehold Improvement Work, Landlord shall prepare and submit to City, based on the Construction Plans, a good faith budget for the Leasehold Improvement Work, showing all costs to be paid by City, including a contractor contingency of three percent (3%) (the "Construction Budget") or such other contingency reasonably approved by City. Provided the Construction Budget does not exceed the ROM, City shall have five (5) business days to review and approve or disapprove the Construction Budget. If City fails to approve or disapprove the Construction Budget that does not exceed the ROM within such five-day period, the Construction Budget shall be deemed approved.

If such Construction Budget exceeds the ROM, Architect, General Contractor, and City shall at City's option diligently pursue reductions in scope so that the Construction Budget can be equal to or less than the ROM.

If during the course of construction, the Leasehold Improvement Work cannot be completed in conformity with the most recently City approved Construction Budget, 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. City acknowledges that renovation or improvement of existing facilities inherently involves risk of unanticipated costs necessary to obtain a Final Certificate of Occupancy. If further changes are required, Landlord shall seek City's approval, following the same procedures. If costs exceed the approved Construction Budget, the parties agree to meet and confer in good faith to either (i) obtain City approval of any increased costs, with an appropriation for such amount or (ii) revise the Leasehold Improvement Work so that it does not exceed the most recently City approved Construction Budget. City shall have the right to reasonably approve or disapprove any Construction Budget or revised Construction Budgets in its reasonable judgment. No such approval or disapproval shall be unreasonably delayed, but any such revised Construction Budget shall be deemed approved if City does not approve or disapprove the revised Construction Budget within ten (10) business days after request for such approval. The most recent City approved Construction Budget shall supersede all previous City approved Construction Budgets.

(d) Construction

Immediately upon City's approval of the Construction Plans and the Construction Budget and Landlord's procurement of all necessary permits and approvals for the Leasehold Improvement Work, Landlord shall cause the General Contractor to commence, the construction of the Leasehold Improvements. Landlord shall require in any contract issued in connection with the Leasehold Improvement Work that General Contractor shall (i) cause the Leasehold Improvement Work to be completed in a good and professional manner in accordance with sound building practice, (ii) comply with and give notices required by all laws, rules, regulations, ordinances, building restrictions and lawful orders of public authorities bearing on construction of the Leasehold Improvement Work (iii) comply strictly with all applicable disabled access laws, including, without limitation, the most stringent requirements of the ADA, Title 24 of the California Code of Regulations (or its successor) and (iv) pay prevailing wages as provided in Section 23.24 (Prevailing Wages) of the Existing Lease, below, and shall not use tropical hardwood wood products, or virgin redwood wood products as provided in Section 23.26 (Tropical Hardwood and Virgin Redwood Ban), of the Existing Lease. Landlord shall use commercially reasonable efforts to enforce such requirements.

(e) Construction Schedule; Substantial Completion

Landlord shall keep City apprised on a regular basis of the status of plan preparation, permit issuance and the progress of construction. City shall have the right upon reasonable advance oral or written notice to Landlord to enter the Premises at reasonable times to inspect the Leasehold Improvement Work. When construction progress so permits, but not less than fifteen (15) days in advance of Substantial Completion, Landlord shall notify City of the approximate date on which the Leasehold Improvement Work will be Substantially Completed in accordance with the Construction Plans. Landlord shall revise such notice of the approximate Substantial Completion date as appropriate from time to time and shall immediately notify City when the Leasehold Improvement Work is in fact Substantially Completed. On the Substantial Completion Date or other mutually agreeable date as soon as practicable thereafter, City and its authorized representatives shall have the right to accompany Landlord or Architect on an inspection of the Leasehold Improvement Work.

"Substantial Completion" or "Substantially Completed" shall be when the Leasehold Improvement Work is sufficiently completed in accordance with the approved Construction Documents and Construction Plans except for finishing details, decorative items, minor omissions, mechanical adjustments, and similar items of the type customarily found on an architectural punch-list, the correction or completion of which items collectively will not substantially interfere with Tenant's occupancy and use of the Premises (such items generally, "Punch-List Items") and Architect has provided an AIA G704 certificate of substantial completion with respect to the Leasehold Improvement Work. Landlord and Tenant shall cooperate to facilitate completion of any Punch-List Items as quickly as possible.

No approval by City or any of its Agents of the Space Plans, Pricing Plans, Construction Drawings, Construction Documents, Construction Plans, or completion of the Leasehold Improvement Work for purposes of this Lease shall be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Premises, and nothing herein shall limit Landlord's obligations to obtain all such approvals.

(f) 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 the Leasehold Improvement Work. Landlord and City shall not make any inquiries of or requests to, and shall not give any instructions or authorizations to, any other employee or agent of the other party. The initial Representatives and Alternates shall be:

City: Representative -- _____
Alternate -- _____

Landlord: Representative -- _____
Alternate -- _____

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 Improvement Work 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.

(g) Changes to Construction Plans

If City inquires in writing about any change, addition or alteration relating to the design or specifications of the Leasehold Improvement Work (a "Change Order"), Landlord shall cause its Architect and General Contractor to promptly supply a good faith not to exceed change order cost estimate. In the event that a Change Order would delay Substantial Completion, Landlord shall also provide its good faith estimate of such a delay. Within five (5) business days of receipt of such cost and delay estimates, City shall notify Landlord in writing whether City approves the proposed Change Order and an increase in the Construction Budget (if required). If City timely approves the proposed Change Order, then General Contractor shall proceed with such Change Order as soon as reasonably practical thereafter.

(h) Payment for Other Leasehold Improvement Work;

Subject to Landlord's obligations in subparagraph (h) above, Landlord shall pay for the cost of constructing and installing the Leasehold Improvements (as defined below) up to a total sum of Six Hundred Sixty-Nine Thousand Seven Hundred Two Dollars (\$669,702) (the "Maximum Construction Amount"). City shall pay Landlord upon receipt of required documentation in accordance with subparagraph (i) below. Notwithstanding anything to the contrary in this Section 1, City's reimbursement of the Leasehold Improvement Costs in no event shall exceed the Maximum Construction Amount and to the extent it appears that there may be an excess cost, City shall revise the Leasehold Improvement Work to eliminate such excess cost. City shall not be responsible for any supervision or management fee by Landlord, but the Leasehold Improvement Costs may include a commercially reasonable third party project manager fee for a project manager retained by Landlord.

Throughout the course of construction, City shall make equal monthly payments to Landlord based on a payment schedule agreed upon concurrently with the approval of the initial ROM Construction Budget divided by the Construction Schedule. Such payment schedule shall be designed to permit timely payments to the Architect and General Contractor of the costs of constructing the Leasehold Improvement Work based on the approved Construction Budget and Construction Schedule, in conformance with the payment obligations under Landlord's contracts with the Architect and General Contractor and subject to adjustments resulting from any Change Orders. By way of example, if the ROM is \$200,000 and the construction will take 5 months, City shall pay Landlord \$40,000 per month for 5 months beginning upon commencement of the Leasehold Improvements. City's payments of the cost of constructing the Leasehold

Improvement Work shall be due as Additional Charges and payment shall be made monthly together with payment of Base Rent hereunder.

(i) Required Documentation of Costs

Landlord shall provide City with copies of a final cost reconciliation including (i) all invoices received by Landlord from the Architect and the General Contractor in connection with the preparation of the Construction Plans or the Change Order or performance of the Leasehold Improvement Work, (ii) upon City's request, satisfactory evidence of payment by Landlord of such invoices, and (iii) upon City's request, such documentation as the Architect or the General Contractor may have provided to Landlord pursuant to its contract for the Leasehold Improvement Work. If the costs set forth in such final reconciliation exceed the amounts paid to Landlord pursuant to Subparagraph (h), City shall reimburse Landlord for such additional cost within thirty (30) days following the final reconciliation. If the costs in the final reconciliation show that the amounts paid by the City under Subparagraph (h) exceed the amounts reimbursable by City for the Leasehold Improvements, then Landlord shall pay such excess amount to the City within thirty (30) days following the final reconciliation. City and Landlord agree to meet and confer in good faith, as and when requested by either party, to ensure that City's payment schedule meets the cash flow requirements of the Leasehold Improvement Work, and to review budgets, invoices and progress payments throughout the construction period.

(j) No Waiver of Conditions. Each waiver by City of a condition of payment must be expressly made by City in writing. If City makes a payment before fulfillment of one or more required conditions, that payment alone shall not be a waiver of such conditions, and City reserves the right to require its fulfillment before making any subsequent payments. If all conditions are not satisfied, City, acting in its reasonable judgment, may make payment as to certain items or categories of costs and not others.

(k) City's Cure Right. If Landlord does not make timely payment to General Contractor, Architect, or any of its subcontractors or material suppliers, City may, but shall not be obligated to, advance City's funds directly to General Contractor or its subcontractors or material suppliers to pay the cost of the Leasehold Improvement Work, and any such advance shall be payable to City by Landlord immediately upon demand, with interest at a rate of the lesser of twelve percent (12%) per annum or the maximum rate permitted by law.

(l) Restoration of the Premises

City shall not be required to remove the Leasehold Improvements upon the expiration or sooner termination of the Lease except those improvements specifically identified on the Approved Space Plans to be removed on the expiration or sooner termination of the Lease.

Exhibit B to Second Amendment

23. GENERAL PROVISIONS

23.1 Notices

Except as otherwise specifically provided in this Lease, any notice given under this Lease shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested, or Express Mail, return receipt requested, with postage prepaid, to: **(a)** City at Tenant's address set forth in the Basic Lease Information; or **(b)** Landlord at Landlord's address set forth in the Basic Lease Information; or **(c)** such other address as either Landlord or City may designate as its new address for such purpose by notice given to the other in accordance with this Section. 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 Express Mail, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by telefacsimile to the telefacsimile number set forth in the Basic Lease Information or such other number as may be provided from time to time; however, neither party may give official or binding notice by facsimile.

23.2 No Implied Waiver

No failure by either party to insist upon the strict performance of any obligation of the other party under this Lease or to exercise any right, power or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such term, covenant or condition. No acceptance of full or partial Rent by Landlord while City is in default hereunder shall constitute a waiver of such default by Landlord. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Landlord or City given in one instance under the terms of this Lease shall not relieve the other party of any obligation to secure the consent to any other or future instance under the terms of the Lease.

23.3 Amendments

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof.

Whenever this Lease requires or permits the giving by City of its consent or approval, the Director of Property, or his or her designee, shall be authorized to provide such approval, except as otherwise provided by applicable law, including the Charter of the City and County of San Francisco. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to the mutual written agreement of City and Landlord, and City's agreement may be made upon the sole approval of the Director of Property, or his or her designee; provided, however, material amendments or modifications to this Lease **(a)** changing the legal description of the Premises, **(b)** increasing the Term, **(c)** increasing the Rent, **(d)** changing the general use of the Premises from the use authorized under Section 5.1 (Permitted Use) of this Lease, and **(e)** any other amendment or modification which materially increases City's liabilities or financial obligations under this Lease shall additionally require the approval of City's Board of Supervisors.

23.4 Authority

Landlord represents and warrants to City that it is the sole owner of the Property and the execution and delivery of this Lease by Landlord does not violate any provision of any agreement, law or regulation to which Landlord or the Property is subject. If Landlord is a corporation, limited liability company or a partnership, each of the persons executing this Lease on behalf of Landlord does hereby covenant and warrant that Landlord is a duly authorized and existing entity, that Landlord has and is qualified to do business in California, that Landlord has the full right and authority to enter into this Lease, and that each and all of the persons signing on behalf of Landlord are authorized to do so. On City's request, Landlord shall provide City with evidence reasonably satisfactory to City confirming the foregoing representations and warranties.

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 (Assignment and Subletting) 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 defending against the same. The provisions of this Section shall survive any termination of this Lease.

23.9 Severability

If any provision of this Lease or the application thereof to any person, entity or circumstance shall be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the full extent permitted by law, except to the extent that enforcement of this Lease without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Lease.

23.10 Governing Law

This Lease shall be construed and enforced in accordance with the laws of the State of California and the City's Charter.

23.11 Entire Agreement

The parties intend that this Lease (including all of the attached exhibits, which are made a part of this Lease) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous written or oral agreements or understandings. The parties further intend that this Lease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts hereof and changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Lease.

23.12 Attorneys' Fees

In the event that either Landlord or City fails to perform any of its obligations under this Lease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting party or the non-prevailing party in such dispute, as the case may be, shall pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights hereunder (whether or not such action is prosecuted to a judgment). For purposes of this Lease, reasonable attorneys' fees of the City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. The term "attorneys' fees" shall also include, without limitation, all such fees incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees were incurred. The term "costs" shall mean the costs and expenses of counsel to the parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

23.13 Holding Over

Should City hold over in possession of the Premises after the expiration of the Term with Landlord's consent, such holding over shall not be deemed to extend the Term or renew this

Lease, but such tenancy thereafter shall continue as a month-to-month tenancy. Such tenancy shall be on all the terms and conditions set forth in this Lease and at the monthly Base Rent 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 that City's leasehold estate created hereby includes, without limitation, all rights to receive and enjoy all

services, facilities and amenities of the Premises and the Building as provided herein, and that if any of such services, facilities or amenities are terminated, or materially limited or restricted on account of any such case or proceeding, or for any other reason, City shall have the right to (a) contract directly with any third-party provider of such services, facilities or amenities to obtain the same, and (b) offset against the Base Rent or other charges payable hereunder any and all reasonable costs and expenses incurred by City in obtaining such services, facilities or amenities.

23.20 Transfer of Landlord's Interest

Landlord shall have the right to transfer its interest in the Property, the Building or this Lease to any other financially responsible person or entity. In the event of any such transfer, Landlord shall be relieved, upon notice to City of the name and address of Landlord's successor, of any obligations accruing hereunder from and after the date of such transfer and upon delivering to City an express assumption by the transferee of all of Landlord's obligations hereunder.

23.21 Non-Liability of City Officials, Employees and Agents

Notwithstanding anything to the contrary in this Lease, no elective or appointive board, commission, member, officer, employee or agent of City shall be personally liable to Landlord, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Landlord, its successors and assigns, or for any obligation of City under this Lease.

23.22 MacBride Principles - Northern Ireland

The provisions of San Francisco Administrative Code §12F are incorporated herein by this reference and made part of this Lease. By signing this Lease, Landlord confirms that Landlord has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

23.23 Controller's Certification of Funds

The terms of this Lease shall be governed by and subject to the budgetary and fiscal provisions of the City's Charter. Notwithstanding anything to the contrary contained in this Lease, there shall be no obligation for the payment or expenditure of money by City under this Lease unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year of City after the fiscal year in which the Term of this Lease commences, sufficient funds for the payment of Rent and any other payments required under this Lease are not appropriated, then City may terminate this Lease, without penalty, liability or expense of any kind to City, as of the last date on which sufficient funds are appropriated. City shall use its reasonable efforts to give Landlord reasonable advance notice of such termination.

23.24 Prevailing Wages and Working Conditions

Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.61. Landlord agrees to require its Contractors and Subcontractors performing (i) labor in the construction of a "public work" as defined in California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling if paid for in whole or part out of public funds), or (ii) Covered Construction at the Premises to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same

hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "Prevailing Wage Requirements"). Landlord agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

Landlord shall include, and require its Contractors and Subcontractors (regardless of tier) to include, the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each such Construction Contract shall name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Landlord's failure to comply with its obligations under this Section shall constitute a material breach of this Lease. A Contractor's or Subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party.

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) CMD Form

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

(e) Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of property to City are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. Landlord shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Landlord understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Landlord and/or deducted from any payments due Landlord.

23.26 Tropical Hardwood and Virgin Redwood Ban

(a) 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.

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

(c) In the event Landlord fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Landlord shall be liable for liquidated damages for each violation in an amount equal to Landlord's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greatest. Landlord acknowledges and agrees that the liquidated damages assessed shall be payable to the City and County of San Francisco upon demand and may be set off against any monies due to Landlord from any contract with the City and County of San Francisco.

23.27 Bicycle Parking Facilities

Article 1.5, Section 155.3, of the San Francisco Planning Code (the "Planning Code") requires the provision of bicycle parking at City-leased buildings at no cost to Landlord. During the Term, City shall have the right to install and maintain, at its sole cost, all Class 1 Bicycle Parking Spaces (as defined in the Planning Code) and all Class 2 Bicycle Parking Spaces (as defined in the Planning Code) in the Building locations required under the Planning Code.

23.28 Resource-Efficient City Buildings and Pilot Projects

Landlord acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 713 relating to green building requirements for the design, construction and operation of City buildings. Landlord, at no cost to Landlord, hereby agrees

that it shall reasonably cooperate with City in the compliance with all applicable provisions of such code sections.

23.29 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.

23.30 Conflicts of Interest

Through its execution of this Lease, Landlord acknowledges that it is familiar with the provisions of 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.

23.31 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.

23.32 Preservative-Treated Wood Containing Arsenic

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 arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Landlord may purchase preservative-treated wood products on the list of environmentally preferable

alternatives prepared and adopted by the Department of Environment. This provision does not preclude Landlord from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

23.33 Cooperative Drafting

This Lease has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Lease reviewed and revised by legal counsel. No party shall be considered the drafter of this Lease, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Lease.

////////////////////

X:\TENANTS\MISC\837 MALCOLMMALCOM AMENDMENT 3.19.18 FINAL.DOCX



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



John Updike
Director of Real Estate

October 14, 2014

Certified Mail

Michael Mitchell
480 Alameda Ave.
Half Moon Bay, CA 94109

837 Malcom Road
Lease Renewal
6846

Subject: Renewal of Airport Lease at 837 Malcom Road, Burlingame

Dear Mr. Mitchell:

City is a Tenant under a Lease dated January 12, 2009 (the "Original Lease") as amended by the First Amendment to Lease dated October 10, 2010 (the "Lease Amendment") for the entire property consisting of approximately 6,000 sq. ft. (the "Premises") at 837 Malcom Rd., Burlingame, CA. The Original Lease, as amended by the First Amendment, is referred to herein as the "Lease". Capitalized terms in this letter have the meaning given such terms in the Lease unless otherwise defined herein.

The Lease expires April 30, 2015. The Lease provides an option to renew the term for three (3) years pursuant to the terms of Section 3.4, at a Base Rental adjusted by the cost of living pursuant to the terms of Section 4.4

This letter shall serve to exercise City's option to extend the term of the Lease pursuant to Section 3.4 of the Lease for an additional 3 year period through April 30, 2018

In accordance with California Civil Code Section 1938, Landlord hereby notifies City that the Building has not undergone inspection by a Certified Access Specialist.

If you have any questions regarding this matter contact Charlie Dunn at 554-9861.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LETTER, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL A RESOLUTION OF CITY'S AIRPORT COMMISSION HAS BEEN DULY ENACTED APPROVING THIS AMENDMENT AND AUTHORIZING CONSUMMATION OF THE MATTERS CONTEMPLATED HEREIN. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ENACTMENT OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL

BE NULL AND VOID UNLESS CITY'S AIRPORT COMMISSION APPROVE THIS AMENDMENT IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS AMENDMENT BY ANY DEPARTMENT OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

Respectfully,



John Updike
Director

cc: Gary Franzella, Airport
Diana Chow, Airport

FIRST AMENDMENT TO LEASE

837 MALCOLM ROAD

This First Amendment to Lease (this "**Amendment**"), dated as of October 1, 2010 for reference purposes (the "**Amendment Reference Date**"), is made by and between MICHAEL C. MITCHELL, an individual ("**Landlord**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation acting by and through its Airport Commission ("**City**").

RECITALS

A. Landlord and City are parties to that certain Office Lease dated as of January 12, 2009 (the "**Lease**"), pursuant to which Landlord leased to City the premises described in the Lease, and more commonly known as the entire property located at 837 Malcolm Road, Burlingame, California. The leased Premises consists of approximately 6,000 rentable square feet of improvements on 10,500 square feet of land. The Lease term expires on February 28, 2014.

B. Landlord and City desire to make certain modifications amending the Lease as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Effective Date.** This Amendment shall become effective on, and the Lease shall be amended as of November 1, 2010, (the "**First Amendment Effective Date**")
2. **Definitions.** Capitalized terms not otherwise defined in this Amendment have the meanings set forth in the Lease.
3. **Amendment of Section 1: Basic Lease Information.** Section 1 of the Lease entitled "Basic Lease Information" is amended as follows:

(a) The subparagraph entitled "Term (Section 3)" is amended by deleting the date and language "February 28, 2014 (approximately 5 years)" that follows the words "Expiration Date" and replacing the deleted language with:

April 30, 2015:

(b) The subparagraph entitled "Base Rent (Section 4.1)" is amended by deleting the existing language and replacing the deleted language with:

Commencing on the First Amendment Effective Date, the Annual Base Rent (exclusive of the Tenant Improvement Surcharge contained in Section 6.2) for the Premises shall be

\$80,352.00 per year (\$13.39 per square foot of building area) and the Monthly Base Rent payment shall be \$6,696.00 per month (\$1.12 per square foot).

Commencing on November 1, 2011, the Annual Base Rent for the Premises shall be \$84,672.00 per year (\$14.11 per square foot of building area) and the Monthly Base Rent payment shall be \$7,056.00 per month (\$1.18 per square foot).

(c) The subparagraph entitled "Tenant Improvement Surcharge Section 6.2)" is amended as follows to clarify the City's obligation:

City shall pay \$600 per month through April 30, 2014 as a monthly amortized surcharge to Base Rent to reimburse Landlord for its costs paid for certain Landlord-installed Tenant Improvements.

(d) The subparagraph entitled "Notice Address for Tenant (Section 23.1)" is amended as follows:

(i) Delete the addressee immediately following the words "and to" and replace the deleted language with the following addressee:

*Office of the City Attorney
City Hall, Room 234
Attn: Richard Handel, Deputy City Attorney
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Fax No.: (415) 554-4755*

4. Amendment of Section 4.2: Adjustments in Base Rent. Section 4.2 of the Lease entitled "Adjustments in Base Rent" is amended by deleting the existing language and replacing the deleted language with:

On and after November 1, 2011 the Annual Base Rent for the Premises for the balance of the Initial Term shall increase to \$84,672.00 per year (\$14.11 per square foot of building area) and the Monthly Base Rent payment shall be \$7,056.00 per month (\$1.18 per square foot).

5. Amendment of Section 4.4: Base Rent During Extension Period(s). Section 4.4 of the Lease entitled "Adjustments in Base Rent" is amended as follows:

(a) The first sentence of the section is amended by deleting the date "March 1, 2014" and replacing the deleted language with "May 1, 2015."

(b) The last sentence of the third paragraph of the section is amended by deleting the words "for each year of the initial term" and replacing the deleted language with "during the twelve (12)- month period immediately prior to the Adjustment Date

6. Addition of Section 23.34: Sunshine Ordinance. The Lease is further amended by adding the following language as (new) Section 23.34:

23.34 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 that is covered by this Section will be made available to the public upon request.

7. Miscellaneous.

7.1 Reference. No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended by this Amendment.

7.2 No Other Amendment. Except as expressly amended as provided herein, the Lease shall continue unmodified and remain in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement between Landlord and City and may not be modified except by an instrument in writing signed by the party to be charged. In the event of any conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall control.

7.3 Applicable Law. This Amendment shall be governed by, construed, and enforced in accordance with the laws of the State of California.

7.4 Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

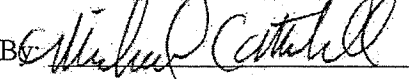
NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL A RESOLUTION OF CITY'S AIRPORT COMMISSION HAS BEEN DULY ENACTED APPROVING THIS AMENDMENT AND AUTHORIZING CONSUMMATION OF THE MATTERS CONTEMPLATED HEREIN. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ENACTMENT OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL BE NULL AND VOID UNLESS CITY'S AIRPORT COMMISSION APPROVE THIS AMENDMENT IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS AMENDMENT BY ANY DEPARTMENT OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

Remainder of the page intentionally left blank

IN WITNESS WHEREOF, Landlord and City have executed this Amendment effective as of the First Amendment Term Commencement Date.

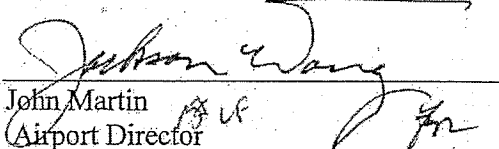
LANDLORD:

MICHAEL C. MITCHELL, an individual

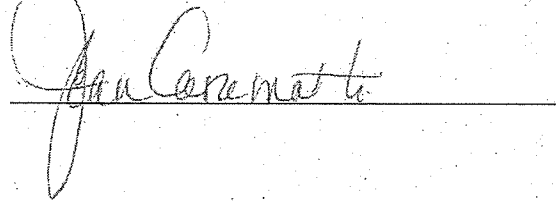
By: 

CITY:

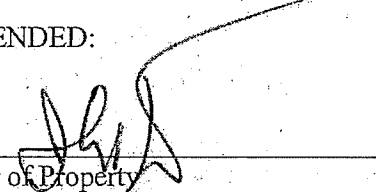
CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: 
John Martin
Airport Director

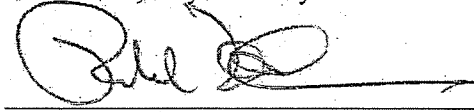
Airport Commission
Resolution: 10-0325
Adopted: October 26, 2010
Attest:



RECOMMENDED:

By: 
Director of Property

APPROVED AS TO FORM:
Dennis Herrera, City Attorney

By: 
Richard Handel
Deputy City Attorney

I:\WORK\CDUNN\64\64BB RENT REDUCTION REQUEST\837 MALCOM\837 MALCOM RD AMENDMENT 11 2010.DOC

AIRPORT COMMISSION

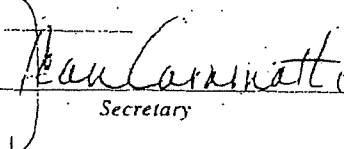
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-0325

MODIFICATION NO. 1 OF LEASE L09-0023 FOR OFF-AIRPORT PROPERTY AT 837 MALCOLM ROAD, BURLINGAME, CALIFORNIA TO REDUCE THE RENT AND EXTEND THE TERM OF THE LEASE

- WHEREAS, On January 20, 2009, pursuant to Resolution No. 09-0023, the Airport Commission approved an off-Airport property lease L09-0023 (the "Lease") with Michael C. Mitchell (the "Landlord"), for six thousand (6,000) square feet of industrial space suitable for the Airport's Reprographics Department, located at 837 Malcolm Road, Burlingame, California; and
- WHEREAS, The Lease provides for an annual Base Rent of \$84,960 and a term of five (5) years, expiring on February 28, 2014. The Airport also pays \$7,200 per year to reimburse the Landlord for certain tenant improvements (the "TI Surcharge"); and
- WHEREAS, Due to the City's current budget deficit, the City's Real Estate Division has asked each City department to consider renegotiation of any active leases to reduce City paid rents; and
- WHEREAS, The Real Estate Division has offered, and the Landlord has accepted, a rent reduction equal to \$4,608 per year (\$384 per month) for the remainder of the Term, as modified, based on a five percent (5%) reduction in the Base Rent and TI Surcharge effective November 1, 2010 in exchange for a fourteen (14) month extension of the Term of the Lease through April 30, 2015, pursuant to Modification No. 1 to the Lease; and
- WHEREAS, The cumulative savings to the Airport will be approximately \$20,736, assuming an effective date of November 1, 2010 through April 30, 2015, the expiration of the Term; and
- WHEREAS, The proposed Modification No. 1 is deemed to be in the best interest of the City; now therefore be it
- RESOLVED, that the Airport Commission hereby approves Modification No. 1 to the Lease with Michael C. Mitchell to reduce the Base Rent and TI Surcharge and extend the Term of the Lease by fourteen (14) months, effective November 1, 2010, in accordance with terms set forth above and in the Director's Memorandum.

I hereby certify that the foregoing resolution was adopted by the Airport Commission
at its meeting of OCT 26 2010


Secretary



San Francisco International Airport

February 16, 2011

Mr. Michael Mitchell
480 Alameda Avenue
Half Moon Bay, CA 94019-1364

Subject: **837 Malcolm Road – First Amendment to Lease**

Dear Mike:

Please find enclosed two fully executed original copies of the First Amendment to Lease at 837 Malcolm Road for your files.

Please do not hesitate to contact me at (650) 821-4525 should you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Diana Chow".

Diana Chow
Property Manager
Aviation Management

Enclosure

cc: Charlie Dunn, Real Estate Division
Diane Artz

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

GAVIN NEWSOM
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

FIRST AMENDMENT TO LEASE

837 MALCOLM ROAD

This First Amendment to Lease (this "Amendment"), dated as of October 1, 2010 for reference purposes (the "Amendment Reference Date"), is made by and between MICHAEL C. MITCHELL, an individual ("Landlord"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation acting by and through its Airport Commission ("City").

RECITALS

A. Landlord and City are parties to that certain Office Lease dated as of January 12, 2009 (the "Lease"), pursuant to which Landlord leased to City the premises described in the Lease, and more commonly known as the entire property located at 837 Malcolm Road, Burlingame, California. The leased Premises consists of approximately 6,000 rentable square feet of improvements on 10,500 square feet of land. The Lease term expires on February 28, 2014.

B. Landlord and City desire to make certain modifications amending the Lease as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Effective Date. This Amendment shall become effective on, and the Lease shall be amended as of November 1, 2010, (the "First Amendment Effective Date")

2. Definitions. Capitalized terms not otherwise defined in this Amendment have the meanings set forth in the Lease.

3. Amendment of Section 1: Basic Lease Information. Section 1 of the Lease entitled "Basic Lease Information" is amended as follows:

(a) The subparagraph entitled "Term (Section 3)" is amended by deleting the date and language "February 28, 2014 (approximately 5 years)" that follows the words "Expiration Date" and replacing the deleted language with:

April 30, 2015:

(b) The subparagraph entitled "Base Rent (Section 4.1)" is amended by deleting the existing language and replacing the deleted language with:

Commencing on the First Amendment Effective Date, the Annual Base Rent (exclusive of the Tenant Improvement Surcharge contained in Section 6.2) for the Premises shall be

\$80,352.00 per year (\$13.39 per square foot of building area) and the Monthly Base Rent payment shall be \$6,696.00 per month (\$1.12 per square foot).

Commencing on November 1, 2011, the Annual Base Rent for the Premises shall be \$84,672.00 per year (\$14.11 per square foot of building area) and the Monthly Base Rent payment shall be \$7,056.00 per month (\$1.18 per square foot).

(c) The subparagraph entitled "Tenant Improvement Surcharge Section 6.2)" is amended as follows to clarify the City's obligation:

City shall pay \$600 per month through April 30, 2014 as a monthly amortized surcharge to Base Rent to reimburse Landlord for its costs paid for certain Landlord-installed Tenant Improvements.

(d) The subparagraph entitled "Notice Address for Tenant (Section 23.1)" is amended as follows:

(i) Delete the addressee immediately following the words "and to" and replace the deleted language with the following addressee:

*Office of the City Attorney
City Hall, Room 234
Attn: Richard Handel, Deputy City Attorney
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Fax No.: (415) 554-4755*

4. Amendment of Section 4.2: Adjustments in Base Rent. Section 4.2 of the Lease entitled "Adjustments in Base Rent" is amended by deleting the existing language and replacing the deleted language with:

On and after November 1, 2011 the Annual Base Rent for the Premises for the balance of the Initial Term shall increase to \$84,672.00 per year (\$14.11 per square foot of building area) and the Monthly Base Rent payment shall be \$7,056.00 per month (\$1.18 per square foot).

5. Amendment of Section 4.4: Base Rent During Extension Period(s). Section 4.4 of the Lease entitled "Adjustments in Base Rent" is amended as follows:

(a) The first sentence of the section is amended by deleting the date "March 1, 2014" and replacing the deleted language with "May 1, 2015."

(b) The last sentence of the third paragraph of the section is amended by deleting the words "for each year of the initial term" and replacing the deleted language with "during the twelve (12)- month period immediately prior to the Adjustment Date"

6. Addition of Section 23.34: Sunshine Ordinance. The Lease is further amended by adding the following language as (new) Section 23.34:

23.34 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 that is covered by this Section will be made available to the public upon request.*

7. Miscellaneous.

7.1 Reference. No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended by this Amendment.

7.2 No Other Amendment. Except as expressly amended as provided herein, the Lease shall continue unmodified and remain in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement between Landlord and City and may not be modified except by an instrument in writing signed by the party to be charged. In the event of any conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall control.

7.3 Applicable Law. This Amendment shall be governed by, construed, and enforced in accordance with the laws of the State of California.

7.4 Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL A RESOLUTION OF CITY'S AIRPORT COMMISSION HAS BEEN DULY ENACTED APPROVING THIS AMENDMENT AND AUTHORIZING CONSUMMATION OF THE MATTERS CONTEMPLATED HEREIN. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ENACTMENT OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL BE NULL AND VOID UNLESS CITY'S AIRPORT COMMISSION APPROVE THIS AMENDMENT IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS AMENDMENT BY ANY DEPARTMENT OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

Remainder of the page intentionally left blank

IN WITNESS WHEREOF, Landlord and City have executed this Amendment effective as of the First Amendment Term Commencement Date.

LANDLORD:

MICHAEL C. MITCHELL, an individual

By: Michael Mitchell

CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: John Martin
John Martin
Airport Director *for J*

Airport Commission
Resolution: 10-0325
Adopted: October 26, 2010
Attest:

Jean Caronatto

RECOMMENDED:

By: Dennis Herrera
Director of Property *DHH*

APPROVED AS TO FORM:
Dennis Herrera, City Attorney

By: Richard Handel
Richard Handel
Deputy City Attorney

I:\WORK\CDUNN\64\64BB RENT REDUCTION REQUEST\837 MALCOM\837 MALCOM RD AMENDMENT 11 2010.DOC

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-0325

MODIFICATION NO. 1 OF LEASE L09-0023 FOR OFF-AIRPORT PROPERTY AT 837 MALCOLM ROAD, BURLINGAME, CALIFORNIA TO REDUCE THE RENT AND EXTEND THE TERM OF THE LEASE

WHEREAS, On January 20, 2009, pursuant to Resolution No. 09-0023, the Airport Commission approved an off-Airport property lease L09-0023 (the "Lease") with Michael C. Mitchell (the "Landlord"), for six thousand (6,000) square feet of industrial space suitable for the Airport's Reprographics Department, located at 837 Malcolm Road, Burlingame, California; and

WHEREAS, The Lease provides for an annual Base Rent of \$84,960 and a term of five (5) years, expiring on February 28, 2014. The Airport also pays \$7,200 per year to reimburse the Landlord for certain tenant improvements (the "TI Surcharge"); and

WHEREAS, Due to the City's current budget deficit, the City's Real Estate Division has asked each City department to consider renegotiation of any active leases to reduce City paid rents; and

WHEREAS, The Real Estate Division has offered, and the Landlord has accepted, a rent reduction equal to \$4,608 per year (\$384 per month) for the remainder of the Term, as modified, based on a five percent (5%) reduction in the Base Rent and TI Surcharge effective November 1, 2010 in exchange for a fourteen (14) month extension of the Term of the Lease through April 30, 2015, pursuant to Modification No. 1 to the Lease; and

WHEREAS, The cumulative savings to the Airport will be approximately \$20,736, assuming an effective date of November 1, 2010 through April 30, 2015, the expiration of the Term; and

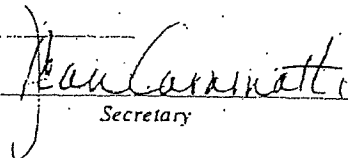
WHEREAS, The proposed Modification No. 1 is deemed to be in the best interest of the City; now therefore be it

RESOLVED, that the Airport Commission hereby approves Modification No. 1 to the Lease with Michael C. Mitchell to reduce the Base Rent and TI Surcharge and extend the Term of the Lease by fourteen (14) months, effective November 1, 2010, in accordance with terms set forth above and in the Director's Memorandum.

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of

OCT 26 2010



Secretary

**AIRPORT COMMISSION
SAN FRANCISCO INTERNATIONAL AIRPORT
CITY AND COUNTY OF SAN FRANCISCO**

INTER-OFFICE MEMORANDUM

TO: Charlie Dunn
Real Estate Division

DATE: February 16, 2011

FROM: Diana Chow 
Aviation Management
Airport Commission

SUBJECT: Lease Amendment at 837 Malcolm Road

Please find enclosed two fully executed original copies of the First Amendment to Lease at 837 Malcolm Road for your files.

Two copies of the fully executed First Amendment to Lease have been sent to the Landlord per your request.

Please call me at 650-821-4521 if you have any questions. Thank you.

Enclosure

LEASE

between

MICHAEL C. MITCHELL
as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,
as Tenant

For the lease of

837 MALCOLM ROAD
Burlingame, California

January 12, 2009

LEASE
Table of Contents

| | |
|---|----|
| BASIC LEASE INFORMATION | 1 |
| 2. PREMISES | 4 |
| 2.1 Lease Premises | 4 |
| 3. TERM | 4 |
| 3.1 Term of Lease..... | 4 |
| 3.2 Commencement Date and Expiration Date..... | 4 |
| 3.3 Delay in Delivery of Possession..... | 4 |
| 3.4 Extension Option(s)..... | 5 |
| 4. RENT | 5 |
| 4.1 Base Rent..... | 5 |
| 4.2 Adjustments in Base Rent | 5 |
| 4.3 Additional Charges..... | 5 |
| 4.4 Base Rent During Extension Period(s)..... | 6 |
| 5. USE | 6 |
| 5.1 Permitted Use | 6 |
| 6. LEASEHOLD IMPROVEMENTS | 6 |
| 6.1 Landlord's Obligation to Construct Improvements..... | 6 |
| 6.2 Tenant Improvements Constructed by Landlord..... | 8 |
| 6.3 Installation of Telecommunications and Other Equipment..... | 9 |
| 6.4 Intentionally Omitted | 9 |
| 7. ALTERATIONS | 9 |
| 7.1 Alterations by City | 9 |
| 7.2 Title to Improvements | 9 |
| 7.3 City's Personal Property..... | 9 |
| 7.4 Alteration by Landlord | 10 |
| 8. REPAIRS AND MAINTENANCE | 11 |
| 8.1 Landlord's Repairs | 11 |
| 8.2 City's Repairs | 11 |
| 8.3 Liens | 11 |
| 9. UTILITIES AND SERVICES | 11 |
| 9.1 Landlord's Provision of Utilities and Services..... | 11 |
| 9.3 Security Service | 12 |
| 10. COMPLIANCE WITH LAWS; PREMISES CONDITION | 12 |
| 10.1 Premises Condition and Landlord's Compliance with Laws | 12 |
| 10.2 City's Compliance with Laws | 13 |
| 11. SUBORDINATION..... | 13 |
| 12. DAMAGE AND DESTRUCTION..... | 13 |

| | | |
|-------|---|----|
| 13. | EMINENT DOMAIN..... | 14 |
| 13.1 | Definitions..... | 14 |
| 13.2 | General..... | 14 |
| 13.3 | Total Taking; Automatic Termination..... | 14 |
| 13.4 | Partial Taking; Election to Terminate..... | 15 |
| 13.5 | Rent; Award..... | 15 |
| 13.6 | Partial Taking; Continuation of Lease..... | 15 |
| 13.7 | Temporary Taking..... | 15 |
| 14. | ASSIGNMENT AND SUBLETTING..... | 16 |
| 14.1 | USE BY OTHER CITY DEPARTMENTS..... | 16 |
| 15. | DEFAULT; REMEDIES..... | 16 |
| 15.1 | Events of Default by City..... | 16 |
| 15.2 | Landlord's Remedies..... | 17 |
| 15.3 | Landlord's Default..... | 17 |
| 16. | INDEMNITIES..... | 17 |
| 16.1 | City's Indemnity..... | 17 |
| 16.2 | Landlord's Indemnity..... | 18 |
| 17. | INSURANCE..... | 18 |
| 17.1 | City's Self-Insurance..... | 18 |
| 17.2 | Landlord's Insurance..... | 18 |
| 17.3 | Waiver of Subrogation..... | 18 |
| 18. | ACCESS BY LANDLORD..... | 19 |
| 19. | ESTOPPEL CERTIFICATES..... | 19 |
| 20. | SURRENDER OF PREMISES..... | 19 |
| 21. | HAZARDOUS MATERIALS..... | 19 |
| 21.1 | Definitions..... | 19 |
| 21.2 | Landlord's Representations and Covenants..... | 20 |
| 21.3 | Landlord's Environmental Indemnity..... | 20 |
| 21.4 | City's Covenants..... | 21 |
| 21.5 | City's Environmental Indemnity..... | 21 |
| 22. | SPECIAL PROVISIONS..... | 21 |
| 23. | GENERAL PROVISIONS..... | 21 |
| 23.1 | Notices..... | 21 |
| 23.2 | No Implied Waiver..... | 21 |
| 23.3 | Amendments..... | 22 |
| 23.4 | Authority..... | 22 |
| 23.5 | Parties and Their Agents; Approvals..... | 22 |
| 23.6 | Interpretation of Lease..... | 22 |
| 23.7 | Successors and Assigns..... | 23 |
| 23.8 | Brokers..... | 23 |
| 23.9 | Severability..... | 23 |
| 23.10 | Governing Law..... | 23 |

| | | |
|-------|--|----|
| 23.11 | Entire Agreement | 23 |
| 23.12 | Attorneys' Fees..... | 23 |
| 23.13 | Holding Over | 24 |
| 23.14 | Cumulative Remedies..... | 24 |
| 23.15 | Time of Essence | 24 |
| 23.16 | Survival of Indemnities | 24 |
| 23.17 | Signs | 24 |
| 23.18 | Quiet Enjoyment and Title | 25 |
| 23.19 | Bankruptcy | 25 |
| 23.20 | Transfer of Landlord's Interest..... | 25 |
| 23.21 | Non-Liability of City Officials, Employees and Agents | 25 |
| 23.22 | MacBride Principles - Northern Ireland..... | 25 |
| 23.23 | Controller's Certification of Funds | 26 |
| 23.24 | Prevailing Wages for Construction Work | 26 |
| 23.25 | Non Discrimination in City Contracts and Benefits Ordinance | 26 |
| (a) | Covenant Not to Discriminate..... | 26 |
| (b) | Subcontracts | 26 |
| (c) | Non-Discrimination in Benefits | 27 |
| (d) | HRC Form..... | 27 |
| (e) | Incorporation of Administrative Code Provisions by Reference | 27 |
| 23.26 | Tropical Hardwood and Virgin Redwood Ban..... | 27 |
| 23.27 | Bicycle Storage Facilities | 28 |
| 23.28 | Resource-Efficient City Buildings and Pilot Projects | 28 |
| 23.29 | Counterparts | 28 |
| 23.30 | Effective Date..... | 28 |
| 23.31 | Conflicts of Interest..... | 28 |
| 23.32 | Notification of Limitations on Contributions..... | 28 |

LIST OF EXHIBITS:

EXHIBIT A -- Floor Plan(s) of Premises

EXHIBIT B -- Notice of Commencement Date

EXHIBIT C -- Work Plans for build out of 837 Malcolm Road

LEASE

THIS LEASE (this "Lease"), dated for reference purposes only as of January 12, 2009 is by and between MICHAEL C. MITCHELL ("Landlord"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation acting by and through its Airport Commission ("City" or "Tenant").

Landlord and City hereby agree as follows:

BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "Basic Lease Information"). Each item below shall be deemed to incorporate all of the terms in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

| | |
|--|---|
| Lease Reference Date: | January 12, 2009 |
| Landlord: | MICHAEL C. MITCHELL |
| Tenant: | CITY AND COUNTY OF SAN FRANCISCO |
| Building (Section 2.1): | The office/industrial structure commonly known as 837 Malcolm Road, Burlingame |
| Premises (Section 2.1): | The entire property (including adjacent areas in front and behind the Building and the roof of the Building) commonly known as 837 Malcolm Road, Burlingame |
| Rentable Area of Premises (Section 2.1): | Approximately 6,000 rentable square feet of improvements on 10,500 sq. ft. of land. |
| Term (Section 3): | Commencing upon the later of (i) a fully executed lease and (ii) substantial completion of Landlord's improvements as described below in Section 6. Estimated Commencement Date: March 1, 2009. Actual Commencement Date: <u>April 21, 2009</u> |
| Expiration date: | February 28, 2014 (approximately 5 years). |
| Extension Option (Section 3.4): | One (1) additional term of 3 years, exercisable by City by notice to Landlord given not less than 180 days in advance, with Base Rent |

adjusted by a cost of living adjustment over the base year of the lease not to exceed 3% per year and further described in Section 4.4.

Base Rent (Section 4.1):

Monthly Base Rent: \$7080 for months one through thirty, and \$7440 for months thirty one through sixty.
(Approximately \$1.18 and 1.24 per sq. ft. per month of building area)

Annual payments: \$84,960 and \$89,280 per year.)

Tenant Improvements Surcharge (Section 6.2):

City shall pay the actual cost of Tenant Improvements installed by Landlord, amortized over sixty (60) months with a 6.75% interest rate, as a monthly surcharge to rent not to exceed \$.10 per square foot per square foot, or \$600.00 per month, during the initial term only.

Use (Section 5.1):

Warehousing, distribution of materials and printing, general uses by City employees, including, without limitation, parking, and public programs.

Condition of the Improvements (Section 6)

Landlord shall complete the improvements described in Exhibit C.

Utilities (Section 9.1):

All utilities hook-ups shall be provided by Landlord and City shall pay for all utility services.

Services (Section 9.1):

Landlord shall provide for refuse removal and janitorial services. City to pay Landlord for the cost of those services within thirty (30) days of being billed for said services.

Notice Address of Landlord (Section 23.1):

Michael C. Mitchell
480 Alameda Ave.
Half Moon Bay, CA 94019-1364

Fax: (650) 5709

Key Contact for Landlord: Michael C Mitchell

Landlord Contact Telephone No.: (650) 346-4848

Notice Address for Tenant (Section 23.1):

Real Estate Division
City & County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Director of Property
Fax No.: (415) 552-9216

with a copy to:

San Francisco International Airport
P.O. Box 8097
San Francisco, CA 94128
Attn: Dorothy Schimke, Aviation
Management

Fax: (650) 821-4525

and to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attn: Amy Brown
Deputy City Attorney
Fax No.: (415) 554-4755

On Site Contact for Tenant: Richard Cooper

Tenant Contact Telephone No.: (650) 821-2151

Alternate Contact for Tenant: Gary Franzella

Alternate Contact Telephone No.: (650) 821-4526

Brokers (Section 23.8): Coldwell Banker Commercial

Other Noteworthy Provisions (Section 22):

2. PREMISES

2.1 Lease Premises

Landlord leases to City and City leases from Landlord, subject to the provisions of this Lease, those premises in the industrial structure commonly known as 837 Malcolm Road, including the roof areas, identified in the Basic Lease Information (the "Building") and shown on the floor plan(s) attached hereto as Exhibit A. The Building, the land upon which the Building is located, and all other improvements on or appurtenances to such land are referred to collectively as the "Premises" or the "Property." The Premises contain the rentable area specified in the Basic Lease Information.

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"), or such other date as Landlord shall have delivered the Premises to City with the Condition of the Improvements (as defined below) having been substantially completed by Landlord and accepted by City pursuant to Section 6.1 (Landlord's Obligation to Construct Improvements). 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 hereinbelow.

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, confirming the actual Commencement Date, but Landlord's failure to do so shall not affect the commencement of the Term. If the Term commences later or earlier than the Estimated Commencement Date, this Lease shall nevertheless expire on the Expiration Date, unless sooner terminated pursuant to the provisions under this Lease.

3.3 Delay in Delivery of Possession

Landlord shall use its best efforts to deliver possession of the Premises with all of the Condition of the Improvements substantially completed and accepted by City's Director of Property pursuant to Section 6.1 (Landlord's Obligation to Construct Improvement) on or before the Estimated Commencement Date. However, if Landlord is unable to deliver possession of the Premises as provided above, then, subject to the provisions of this Section below, the validity of this Lease shall not be affected by such inability to deliver possession except that City's obligations to pay Base Rent or any other charges shall not commence until such time as Landlord has delivered the Premises as required under this Lease. If Landlord is unable to deliver possession of the Premises to City as required hereunder within one hundred eighty (180) days after the Estimated Commencement Date, then, City may, at its option, terminate this Lease, without any further liability under this Lease, upon written notice to Landlord. If Landlord fails to deliver possession of the Premises as required under this Section and

Landlord's failure to so deliver is caused primarily by strike, lockout, act of God, judicial orders, fire or other casualty, or other causes beyond the control of Landlord ("Events of Force Majeure"), then City's ability to terminate shall be delayed for the period of such force majeure delay. However, City may exercise its right to terminate under the preceding paragraph if Force Majeure delays the delivery of the Premises by three hundred sixty five (365) days or more.

3.4 Extension Option(s)

City shall have the right to extend the Initial Term of this Lease (the "Extension Option") for the additional term specified in the Basic Lease Information (the "Extended Term"). The Extension Option shall be on all of the terms and conditions contained in this Lease except that the Base Rent shall be adjusted pursuant to Section 4.4 (Base Rent During Extension Period). Landlord acknowledges and agrees that City's notice of its intent to exercise an Extension Option shall be subject to approval by the Director of Property, within sixty (60) days after the date the new Base Rent has been determined pursuant to Section 4.4 (Base Rent During Extension Period).

4. RENT

4.1 Base Rent

Beginning on the Commencement Date, City shall pay to Landlord during the Term the annual Base Rent specified in the Basic Lease Information (the "Base Rent"). The Base Rent shall be payable in equal consecutive monthly payments on or before the first day of each month, in advance, at the address specified for Landlord in the Basic Lease Information, or such other place as Landlord may designate in writing upon not less than thirty (30) days' advance notice. City shall pay the Base Rent without any prior demand and without any deductions or setoff except as otherwise provided in this Lease. If the Commencement Date occurs on a day other than the first day of a calendar month or the Expiration Date occurs on a day other than the last day of a calendar month, then the monthly payment of the Base Rent for such fractional month shall be prorated based on a twenty-eight (28), twenty-nine (29), and thirty (30) or thirty-one (31) day month as the case may be..

4.2 Adjustments in Base Rent

Base rent to be increased to the amount specified in the Basic Lease Information commencing in the thirty first month of the Lease.

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 this 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, minor 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 cost.

4.4 Base Rent During Extension Period(s)

During the Extension Term, the Base Rent for the Premises shall be adjusted beginning on March 1, 2014 (the "Adjustment Date") as follows:

The Consumer Price Index for All Urban Consumers (base years 1982-1984 = 100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"), which is published most immediately preceding the Adjustment Date (the "Adjustment Index"), shall be compared with the Index published most immediately preceding the Commencement Date. (the "Base Index").

If the Adjustment Index has increased over the Base Index, then the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Base Index. In no event shall the monthly Base Rent on or after the Adjustment Date be more than three percent (3%) of the monthly Base Rent in effect for each year of the initial term.

If the
imme:
in acc
Burea
gover
substa
revise

replace!
during the 12 mo. period
immediately prior to Adjustment
Date

Amd 1 - delete

hat use
e, the Index shall be converted
d States Department of Labor,
ed during the Term, such other
all be used in order to obtain
had not been discontinued or

5. USE

5.1 Permitted Use

City may use the Premises for offices, warehousing, distribution of materials and printing, general uses by City employees, including, without limitation, parking, and public programs, and for no other use without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed.

6. LEASEHOLD IMPROVEMENTS

6.1 Landlord's Obligation to Construct Improvements

Landlord, through its general contractor approved by City, shall construct the Premises, perform the work and make the installations described as Landlord's improvements on Exhibit C hereto at Landlord's sole cost pursuant to the Construction Documents (as defined in this Section below) approved by City, and in accordance with the provisions of this Section below. Such work and installations, together with the Tenant Improvements as defined in Section 6.2 below, are referred to as the "Leasehold Improvement Work" and "Leasehold Improvements."

(a) Plans and Specifications

Landlord and City have agreed upon a conceptual floor plan and tenant finish specifications for the Leasehold Improvements, based on City's program requirements for use of the Premises, all as indicated on the plan and specifications dated January 6, 2009 (the "Work Plan"), prepared by City and attached hereto as Exhibit C.

Immediately following the Effective Date of this Lease (as defined in Section 23.30 hereof), based on the approved Work Plan and any adjustments authorized by City, Landlord shall cause final plans, specifications and working drawings for the Leasehold Improvements to be prepared, in conformity with the requirements hereof. Landlord shall submit a copy of such final plans, specifications and working drawings to City within Thirty (30) days after the Effective Date. Such final working drawings and specifications shall be subject to City's approval, which approval shall not be unreasonably withheld or delayed. If City disapproves such final working drawings and specifications, or any portion thereof, then City shall promptly notify Landlord thereof and of the revisions that City reasonably requires in order to obtain City's approval. As soon as reasonably possible thereafter, but in no event later than Thirty (30) days after City's notice, Landlord shall submit to City final plans, specifications and working drawings incorporating the revisions required by City. Such revisions shall be subject to City's approval, which shall not be unreasonably withheld or delayed. The final plans, specifications and working drawings for the Leasehold Improvements approved by City shall be referred to as the "Construction Documents."

(b) 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 Final Construction Documents. Promptly following City's approval of the Construction Documents, Landlord shall apply for any permits, approvals or licenses necessary to complete such construction and shall provide copies to City promptly following receipt thereof. Landlord shall be responsible for arranging for all inspections required by City's Bureau of Building Inspection.

City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264-98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within thirty (30) days after the City and County of San Francisco (Real Estate Division of the Department of Administrative Services) adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, if applicable, Landlord shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance in connection with certain building permit applications.

(c) Construction

Immediately upon approval of the Final Construction Documents and Landlord's procurement of all necessary permits and approvals, Landlord shall commence construction and shall cause the Leasehold Improvements to be completed in a good and professional manner in accordance with sound building practice. Landlord shall comply with and give notices required by all laws, rules, regulations, ordinances, building restrictions and lawful orders of public authorities bearing on construction of the Leasehold Improvements. Without limiting the foregoing, construction of the Leasehold Improvements shall comply with all applicable disabled access laws, including, without limitation, the most stringent requirements of the Americans With Disabilities Act of 1990, Title 24 of the California Code of Regulations (or its successor) and City's requirements for program accessibility. Landlord shall pay prevailing wages in connection with construction of the Leasehold Improvement Work as further provided in Section 23.24 (Prevailing Wages), below, and shall not use tropical hardwood wood products, or virgin redwood wood products as further provided in Section 23.26 (Tropical Hardwood and Virgin Redwood Ban), below.

(d) Construction Schedule; Substantial Completion

Landlord shall keep City apprised on a regular basis of the status of plan preparation, permit issuance and the progress of construction. From time to time during the design and construction of the Leasehold Improvements, City shall have the right upon reasonable advance oral or written notice to Landlord to enter the Premises at reasonable times to inspect the Premises, provided such inspections do not unreasonably interfere with the construction. Landlord or its representative may accompany City during any such inspection. 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 Construction Documents. Landlord shall revise such notice of the approximate substantial completion date as appropriate from time to time and shall immediately notify City when the Leasehold Improvement Work is in fact substantially completed and the Premises are ready for occupancy by City. On such date or other mutually agreeable date as soon as practicable thereafter, City and its authorized representatives shall have the right to accompany Landlord or its architect on an inspection of the Premises.

The Leasehold Improvement Work shall be deemed to be "substantially completed" for purposes of this Lease when the Leasehold Improvements shall have been sufficiently completed in accordance with the approved Construction Documents so that City can occupy the Premises and conduct its business for its intended uses and City, through its Director of Property, shall have approved the Leasehold Improvements. City may, at its option, approve the Leasehold Improvements even though there may remain minor details that would not interfere with City's use. Landlord shall diligently pursue to completion all such details. Notwithstanding the foregoing, City shall have the right to present to Landlord within thirty (30) days after acceptance of the Premises, or as soon thereafter as practicable, a written punchlist consisting of any items that have not been finished in accordance with the Construction Documents. Landlord shall promptly complete all defective or incomplete items identified in such punchlist, and shall in any event complete all items within thirty (30) days after the delivery of such list. City's failure to include any item on such list shall not alter the Landlord's responsibility hereunder to complete all Leasehold Improvement Work in accordance with the approved Construction Documents, nor constitute any waiver of any latent defects.

No approval by City or any of its Agents of the Work Plan, Construction Documents or completion of the Leasehold Improvement Work for purposes of this Lease shall be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Premises, and nothing herein shall limit Landlord's obligations to obtain all such approvals.

6.2 Tenant Improvements Constructed by Landlord

Landlord shall provide certain electrical and data service distribution ("the Tenant Improvements), as specified on Work Plan. Certain elements of the work shown on said Work Plan may be eliminated by mutual agreement of the parties, as evidenced by a writing signed by both parties. City shall pay Landlord's actual cost of the Tenant Improvements actually installed, as documented to the satisfaction of City, by amortizing said cost over the five-year lease term with a 6.75% interest rate, and adding the amount as a monthly surcharge to rent not to exceed Ten Cents (\$.10) per square foot per month.

6.3 Installation of Telecommunications and Other Equipment

Landlord and City acknowledge that the Leasehold Improvement Work shall be completed by Landlord exclusive of the installation of telecommunications, data and, except as otherwise provided in the Work Plan computer cabling facilities and equipment. City shall be responsible for installing such facilities and equipment, provided that Landlord shall furnish access to City and its consultants and contractors to the main telephone service serving the floor(s) on which the Premises are located and all other parts of the Building for which access is needed for proper installation of all such facilities and equipment including, but not limited to, wiring. City shall have the right to enter the Premises and such other portions of the Building at reasonable times during the course of construction of the Leasehold Improvements in order to install such facilities and equipment. City and Landlord shall use their good faith efforts to coordinate any such activities to allow the Leasehold Improvements and the installation of such facilities and equipment to be completed in a timely and cost-effective manner.

6.4 Intentionally Omitted

7. ALTERATIONS

7.1 Alterations by City

It is the intent of the parties that City shall be permitted to make alterations, installations, additions or improvements (collectively, "Alterations") to the Premises without first obtaining Landlord's written consent, provided, however, that City shall obtain Landlord's advance written approval for Alterations reasonably anticipated to affect more than ten percent (10%) of the Premises and further provided that City shall give at least fifteen (15) days advance notice to Landlord of any Alterations to be performed by a contractor so that Landlord can post a notice of non-responsibility on the Property. City agrees certain Alterations which are specifically unique to City's use of the Premises shall be removed by City at Lease expiration or any earlier termination. For example, it is the intention of the parties that overhead electrical lines shall be removed but not a conference room, a washroom, or railing. In addition, 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 require removal. 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.

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.

7.3 City's Personal Property

All furniture, furnishings, equipment, trade fixtures and articles of movable personal property installed in the Premises by or for the account of City and that can be removed without structural damage to the Premises (collectively, "City's Personal Property") shall be and remain

City's property. At any time during the Term or at the expiration thereof, City may remove any of City's Personal Property provided City shall repair any damage to the Premises resulting therefrom. Upon the expiration or earlier termination of this Lease, City shall remove City's Personal Property from the Premises in accordance with Section 20 (Surrender of Premises), below. Landlord acknowledges that some of City's Personal Property may be financed by an equipment lease financing otherwise subjected to a security interest, or owned by an equipment company and leased to City. Landlord, upon City's reasonable request, shall execute and deliver any document required by any supplier, lessor, or lender in connection with the installation in the Premises of any items of City's Personal Property, pursuant to which Landlord waives any rights it may have or acquire with respect to City's Personal Property, so long as the supplier, equipment lessor or lender agrees that it (i) will remove the Personal Property from the Premises upon City's surrender of the Premises (but if it does not remove City's Personal Property within such time it shall have waived any rights it may have had to City's Personal Property), and (ii) will repair any damage caused by the removal of City's Personal Property.

7.4 Alteration by Landlord

Landlord shall use its best efforts to minimize interference with or disruption to City's use and occupancy of the Premises during any alterations, installations, additions or improvements to the Building. Landlord shall promptly remedy any such interference or disruption upon receiving City's notice thereof.

8. REPAIRS AND MAINTENANCE

8.1 Landlord's Repairs

Landlord shall repair and maintain, at its cost and in substantially the same condition as on the date of Tenant's acceptance of possession of the Premises, except for reasonable wear and tear, (a) the exterior and structural portions of the Building, including, without limitation, the roof, foundation, bearing and exterior walls and subflooring, (b) all water, sewer, electrical and gas lines to the Building (collectively, the "Building Systems").

8.2 City's Repairs

(a) Interior. Subject to Landlord's warranty under Section 10.1 (Premises Compliance), any construction warranties or guaranties received in connection with Landlord's completion of the Condition of the Improvements, and Landlord's repair and maintenance obligations hereunder, City shall maintain at its cost the interior portions of the Premises plus the doors, windows, adjacent yards, fencing and parking areas in good working order and in a safe and sanitary condition, including, without limitation any graffiti removal, except for ordinary wear and tear and damage by casualty. By way of example, it is the intent of the parties, that the Landlord shall be responsible for a broken or collapsed sewage line but the City shall be responsible for unstopping toilets or any foreign obstruction to the sewage line.

City shall make any such required repairs and replacements required hereunder (i) at City's cost, (ii) by contractors or mechanics selected by City and reasonably approved by Landlord or by City employees, (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.

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.

9. UTILITIES AND SERVICES

9.1 Landlord's Provision of Utilities and Services

Landlord shall be responsible, at Landlord's expense, for the provision of all utilities and services from the street to the Building. Landlord shall contract to distribute electrical services throughout the building as needed by City. City shall arrange for direct billing and payment of its use of all utilities. Landlord shall contract for refuse removal and janitorial services, and City shall pay Landlord the pre-approved contract cost of those services, without markup, as they are incurred. City shall pay within thirty (30) days of being billed for said services.

9.2 Additional Services

City reserves the right to request that the Landlord, at City's cost, perform minor Lease related services, including pest control services if needed, or incur additional expenses not covered under the Lease that the City may require from time to time as requested by the City and approved by the Real Estate Division and the Airport Administration, acting through City's Director of Property or his or her designee. The City shall reimburse the Landlord for the pre-approved cost for such expenses as they are incurred.

9.3 Security Service

City shall provide at its cost all building security systems as City deems appropriate.

10. COMPLIANCE WITH LAWS; PREMISES CONDITION

10.1 Premises Condition and Landlord's Compliance with Laws

Landlord warrants that, to the extent of its' knowledge, the improvements on the Premises comply with the building codes, applicable laws, covenants or restrictions of record, regulations and ordinances ("Applicable Requirements") that were in effect at the time that each improvement, or portion thereof was constructed. Said warranty does not apply to the use to which City will put Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of City's use or to any alternations or utility installations made or to be made by the City. City is responsible for determining whether the Applicable Requirements are appropriate for City's intended use. If the Premises do not comply with said warranty, Landlord shall, promptly after written receipt from City setting forth with specificity the nature and extent of such non-compliance, rectify the same at Landlord's expense. If City does not give Landlord written notice of non-compliance with this warranty within three months following the Effective Date, correction of the non-compliance shall be the obligation of the City.

If the Applicable Requirements are changed during the term of this Lease so as to require the construction of an alteration of the Premises, or the reinforcement or other physical modification of the Premises, Landlord and City shall allocate the cost of such work as follows:

(a) If such modifications are necessary solely because of any Alterations to the Premises made by City pursuant to Section 7 hereof, or arise out of City's use of the Premises, City shall be fully responsible for the for the cost thereof, provided that if the expenditure is required during the last two years of this Lease and the cost exceeds 6 months Base Rent, City may elect to terminate this Lease effective 90 days thereafter, unless Landlord notifies City within 10 days of receipt of cancellation notice that Landlord has elected to pay the difference between the actual cost and 6 months Base Rent.

(b) If such modification is not the result of the nature of City use of the Premises (such as governmentally mandated seismic modifications or compliance with any law requiring rapid response sprinklers in commercial buildings), Landlord shall be fully responsible for the cost thereof. If Landlord reasonably determines that such costs are not economically feasible, Landlord shall have the option to terminate this Lease upon 90 days prior written notice to City, unless City notifies Landlord, in writing, within 10 days of receipt of cancellation notice that City has elected to perform the required work at its' sole cost.

(c) These provisions concerning changes in the Applicable Requirements are intended to apply only to non-voluntary, unexpected and new Applicable Requirements. If changes in

Applicable Requirements are triggered by City as a result of an actual or proposed change of use, change in intensity of use or modifications to the Premises, City shall complete such required work at its' sole cost.

10.2 City's Compliance with Laws

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 if such modifications are otherwise Landlord's responsibility under this Lease, unless such modifications are necessary solely because of (a) any Alterations to the Premises made by City pursuant to Section 7 hereof; or (b) for City's use of the Premises. City shall be responsible for complying with any requirement of the Disabilities Laws relating to the placement of 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.

11. SUBORDINATION

Prior to Lease Commencement, Landlord shall deliver for execution subordination and nondisturbance agreement with City in a commercially reasonable form for all existing Encumbrances. Landlord and City shall both use reasonable efforts to obtain all necessary signatures on such agreements. An "Encumbrance" shall mean: (a) any reciprocal easement agreements and ground leases or other underlying leases that may now exist or hereafter be executed affecting Landlord's interest in the Property, or any portion thereof, and (b) the lien of any mortgage or deed of trust that may now exist or hereafter be executed by Landlord in any amount for which any part of the Property, any ground leases or underlying leases, or Landlord's interest or estate therein, is specified as security.

In the event Landlord desires to make this Lease subject and subordinate to a future Encumbrance as a condition to any such Encumbrance, the holder of the Encumbrance shall enter into another subordination and nondisturbance agreement with City. In the event that any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, City shall pay subsequent Rent and attorn to and become the tenant of such successor Landlord.

12. DAMAGE AND DESTRUCTION

If the Premises, the Building or any Building Systems are damaged by earthquake, fire or other casualty, Landlord shall repair the same without delay, provided that such repairs can be reasonably made under applicable laws within one hundred eighty (180) days after the date of such damage (the "Repair Period"). In such event, this Lease shall remain in full force and effect, except that City shall be entitled to an abatement of Rent while such repairs are being made. Such abatement in Rent shall be based upon the extent to which such damage and the making of such repairs interfere with City's business in the Premises.

Within twenty (20) days after the date of such damage, Landlord shall notify City in writing whether or not, in Landlord's reasonable judgment made in good faith, Landlord's damage repairs can be made within the Repair Period. If such repairs cannot be made within the Repair Period, then Landlord or City may, by written notice to the other within sixty (60) days after the date of such damage, terminate this Lease as of the date specified in such notice, which

date shall be not less than thirty (30) nor more than sixty (60) days after notice is given by Landlord. In case of termination, the Rent shall be reduced by a proportionate amount based upon the extent to which such damage interferes with the conduct of City's business in the Premises, and City shall pay such reduced Rent up to the date of termination. Landlord shall refund to City any Rent previously paid for any period of time subsequent to such date of termination. In the event City or Landlord does not elect to terminate this Lease as provided herein, Landlord shall promptly commence and diligently pursue Landlord's damage repairs within the estimated repair period.

If at any time during the last six (6) months of the Term of this Lease there is substantial damage that Landlord would be required to repair hereunder, Landlord or City may, at the respective option of each, terminate this Lease as of the date such damage occurred by giving written notice to the other party of its election to do so within thirty (30) days after the date of 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 by any public agency other than City, then this Lease shall terminate in its entirety if all of the following exist: (A) 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 affect City's normal operations in the Premises, (B) 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 (C) City elects to terminate.

(b) In the case of a partial taking of a substantial portion of the Building, and if subsection (a) above does not apply, City and Landlord shall each have the right to terminate this Lease by written notice to the other within thirty (30) days after the Date of Taking, provided that, as a condition to City's right to terminate, the portion of the Building taken shall, in City's reasonable judgment, render the Premises unsuitable for continued use by City for its intended purposes or otherwise materially adversely affect City's normal operations in the Premises.

(c) Either party electing to terminate under the provisions of this Section 13.4 shall do so by giving written notice to the other party before or within thirty (30) days after the Date of Taking, and thereafter this Lease shall terminate upon the later of the thirtieth (30th) day after such written notice is given or the Date of Taking.

13.5 Rent; Award

Upon termination of this Lease pursuant to an election under Section 13.4 above, then: (i) City's obligation to pay Rent shall continue up until the date of termination, and thereafter shall cease, except that Rent shall be reduced as provided in Section 13.6 below for any period during which this Lease continues in effect after the Date of Taking, and (ii) Landlord shall be entitled to the entire Award in connection therewith, except that City shall receive any Award made specifically for City's relocation expenses or the interruption of or damage to City's business or damage to City's Personal Property.

13.6 Partial Taking; Continuation of Lease

If there is a partial Taking of the Premises under circumstances where this Lease is not terminated in its entirety under Section 13.4 above, then this Lease shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and the rights and obligations of the parties shall be as follows: (a) Rent shall be reduced by an amount that is in the same ratio to the Rent as the area of the Premises taken bears to the area of the Premises prior to the Date of Taking, and (b) Landlord shall be entitled to the entire Award in connection therewith, provided that City shall receive any Award made specifically for City's relocation expenses or the interruption of or damage to City's business or damage to City's Personal Property.

13.7 Temporary Taking

Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to the Premises for a limited period of time not in excess of one hundred twenty (120) consecutive days, this Lease shall remain unaffected thereby, and City shall continue to pay Rent and to perform all of the terms, conditions and covenants of this Lease. In the event of such temporary

Taking, City shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total Rent owing by City for the period of the Taking.

14. ASSIGNMENT AND SUBLETTING

14.1 Use by Other City Departments

Provided City remains fully liable for the terms of this Lease, City shall have the right from time to time, upon notice to but without the consent of Landlord, to transfer this Lease or use and occupancy of all or any of the Premises to any department, commission or agency of the City and County of San Francisco for uses permitted under this Lease.

14.2 Assignment and Subletting to Non Profit Businesses

Provided City remains fully liable for the terms of this Lease, City shall have the right from time to time, with the written consent of Landlord which shall not be unreasonably withheld or delayed, to assign this Lease or sublet use and occupancy of all or any of the Premises to any non profit agency for uses permitted under this Lease.

14.3 Assignment and Subletting to For Profit Businesses

Except as provided in this Section, City shall not directly or indirectly sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder to a For Profit business or permit all or any portion of the Premises to be occupied by any For Profit business or sublet all or any portion of the Premises to a For Profit business, without Landlord's prior written consent in each instance, which shall not be unreasonably withheld or delayed.

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, City shall have twenty (20) days to cure any such nonpayment after written notice thereof from Landlord;

(b) City 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 10-day period, such 10-day period shall be extended if Landlord, promptly upon receipt of City's notice, advises City of Landlord's intention to take all steps required to cure such default, and Landlord promptly commences such cure and diligently prosecutes the same to completion. Subject to the other provisions of this Lease relating to abatement of Rent, if Landlord fails to cure any default within the cure period provided above, then, whether or not City elects to cure Landlord's default as provided herein, the Base Rent and any other charges 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. Notwithstanding the foregoing, if any such default by Landlord continues for sixty (60) days and impairs City's ability to carry on its business in the Premises, then City shall have the right to terminate this Lease upon written notice to Landlord within thirty (30) days after the expiration of such 60-day period. City's rights hereunder and under Section 3.3 (Delay in Delivery of Possession), Section 5.3 (Interference with Access), and Section 9.4 (Disruption in Essential Services), shall not limit in any way any of its other rights and remedies hereunder or at law or in equity.

16. INDEMNITIES

16.1 City's Indemnity

City shall indemnify, defend and hold harmless ("Indemnify") Landlord and its Agents from and against any and all claims, costs and expenses, including, without limitation, reasonable attorneys' fees, (collectively, "Claims"), incurred as a result of (a) City's use of the Premises, (b) any default by City in the performance of any of its material obligations under this Lease, or (c) any negligent acts or omissions of City or its Agents in, on or about the Premises or the Property; provided, however, City shall not be obligated to Indemnify Landlord or its Agents

to the extent any Claim arises out of the negligence or willful misconduct of Landlord or its Agents. In any action or proceeding brought against Landlord or its Agents by reason of any Claim Indemnified by City hereunder, City may, at its sole option, elect to defend such Claim by attorneys in City's Office of the City Attorney, by other attorneys selected by City, or both. City shall have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that Landlord shall have the right, but not the obligation, to participate in the defense of any such Claim at its sole cost. City's obligations under this Section shall survive the termination of the Lease.

16.2 Landlord's Indemnity

Landlord shall Indemnify City and its Agents against any and all Claims incurred as a result of (a) any default by Landlord in the performance of any of its obligations under this Lease or any breach of any representations or warranties made by Landlord under this Lease, or (b) any negligent acts or omissions of Landlord or its Agents in, on or about the Premises or the Property; provided, however, Landlord shall not be obligated to Indemnify City or its Agents to the extent any Claim arises out of the negligence or willful misconduct of City or its Agents. In any action or proceeding brought against City or its Agents by reason of any Claim Indemnified by Landlord hereunder, Landlord may, at its sole option, elect to defend such Claim by attorneys selected by Landlord. Landlord shall have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that City shall have the right, but not the obligation, to participate in the defense of any such Claim at its sole cost. Landlord's obligations under this Section shall survive the termination of the Lease.

17. INSURANCE

17. City's Self-Insurance

Landlord acknowledges that City maintains a program of self-insurance and agrees that City shall not be required to carry any insurance with respect to this Lease. City assumes the risk 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 causes of loss-special form property insurance policy in an amount equal to one hundred percent 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 be 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.

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 the 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 (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 (i) inspecting the Premises, (ii) supplying any service to be provided by Landlord hereunder, (iii) showing the Premises to any prospective purchasers, mortgagees or, during the last six (6) months of the Term of this Lease, tenants, (iv) posting notices of non-responsibility, and (v) 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.

19. ESTOPPEL CERTIFICATES

Either party, from time to time during the Term upon not less than ten (10) days' prior written notice from the other party, shall execute, acknowledge and deliver to the other party, or such persons or entities designated by such other party, a certificate stating: (a) the Commencement Date and Expiration Date of this Lease, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (c) that there are no defaults under this Lease (or if so, specifying the same), (d) the date to which Rent has been paid, and (e) any other information that may be reasonably required.

20. SURRENDER OF PREMISES

Upon the expiration or sooner termination of this Lease, City shall surrender the Premises to Landlord in good order and condition, reasonable use and wear and damage by fire or other casualty excepted. On or before the Expiration Date or any earlier surrender of possession of the Premises, City shall remove from the Premises (i) all of City's Personal Property, (ii) City's telecommunications, data and computer facilities and (iii) any specialty Alterations City is required to remove from the Premises pursuant to the provisions of Section 7.1 (Alterations by City), above. City shall repair or pay the cost of repairing any damage to the Premises or the Building resulting from such removal. City's obligations under this Section shall survive the expiration or earlier termination of this Lease.

21. HAZARDOUS MATERIALS

21.1 Definitions

As used in this Lease, the following terms shall have the meanings hereinafter set forth:

(a) "Environmental Laws" shall mean any federal, state, local or administrative law, rule, regulation, order or requirement relating to industrial hygiene, environmental conditions or Hazardous Material, whether now in effect or hereafter adopted.

(b) "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 *et seq.*), or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Building or are naturally occurring substances on or about the Property; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

(c) "Release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside the Building, or in, on, under or about the Property.

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 Lease, Landlord shall maintain its responsibilities for 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, caused by Landlord or its Agents.

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. City shall promptly notify Landlord of any agency actions, notices, penalties, citations, and/or claims relating to City's use of the Property

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

Intentionally omitted

23. GENERAL PROVISIONS

23.1 Notices

Except as otherwise specifically provided in this Lease, any notice given under this Lease shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested, or Express Mail, return receipt requested, with postage prepaid, to: (a) City at Tenant's address set forth in the Basic Lease Information; or (b) Landlord at Landlord's address set forth in the Basic Lease Information; or (c) such other address as either Landlord or City may designate as its new address for such purpose by notice given to the other in accordance with this Section. 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 Express Mail for guaranteed next day delivery service, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by telefacsimile to the telefacsimile number set forth in the Basic Lease Information or such other number as may be provided from time to time; however, neither party may give official or binding notice by facsimile.

23.2 No Implied Waiver

No failure by either party to insist upon the strict performance of any obligation of the other party under this Lease or to exercise any right, power or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such term, covenant or condition. No acceptance of full or partial Rent by Landlord while City is in default hereunder shall constitute a waiver of such default by Landlord. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision

hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Landlord or City given in one instance under the terms of this Lease shall not relieve the other party of any obligation to secure the consent to any other or future instance under the terms of the Lease.

23.3 Amendments

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Whenever this Lease requires or permits the giving by City of its consent or approval, the Director of Property, or his or her designee shall be authorized to provide such approval, except as otherwise provided by applicable law, including the Charter of the City and County of San Francisco. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to the mutual written agreement of Landlord and City and may be made upon the sole approval of either the Director of Property or the Director of Transportation, or their designees; provided, however, material amendments or modifications to this Lease (i) changing the legal description of the Premises, (ii) increasing the Term, (iii) increasing the Rent, (iv) changing the general use of the Premises from the use authorized under Section 5.1 of this Lease, (v) any changes to the material terms of the Purchase Option, including, without limitation, increasing the Purchase Price, and (vi) any other amendment or modification which materially increases the City's liabilities or financial obligations under this Lease shall additionally require the approval of the Municipal Transportation Agency's Board of Directors or the City's Board of Supervisors, as required under applicable law.

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 shall be made by or through either City's Director of Property or the Director of Transportation, or their designees, unless otherwise provided in this Lease, subject to any applicable limitations in the City's Charter and Administrative Code.

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

Landlord is solely responsible for payment of any and all brokerage commissions.

23.9 Severability

If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the full extent permitted by law.

23.10 Governing Law

This Lease shall be construed and enforced in accordance with the laws of the State of California and the City's Charter.

23.11 Entire Agreement

The parties intend that this Lease (including all of the attached exhibits, which are made a part of this Lease) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous written or oral agreements or understandings. The parties further intend that this Lease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts hereof and changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Lease.

23.12 Attorneys' Fees

In the event that either Landlord or City fails to perform any of its obligations under this Lease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing

its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Lease, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

23.13 Holding Over

Should City hold over in possession of the Premises after the expiration of the Term with Landlord's consent, such holding over shall not be deemed to extend the Term or renew this Lease, but such tenancy thereafter shall continue as a month-to-month tenancy. Such tenancy shall be on all the terms and conditions set forth in this Lease and at the monthly Base Rent in effect during the last month of the Term of the 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 such holding over shall be one hundred fifty percent (150%) of the monthly Base Rent in effect during the last month of the Term of this Lease.

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 for a period of one year following termination or the applicable statute of limitations whichever is greater, nor shall it effect 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. City agrees to remove such signs upon Lease termination and repair all damages from such removal, subject to reasonable wear and damage by fire or other casualty excepted.

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 (Indemnities), 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 that City's leasehold estate created hereby includes, without limitation, all rights to receive and enjoy all services, facilities and amenities of the Premises and the Building as provided herein, and that if any of such services, facilities or amenities are terminated, or materially limited or restricted on account of any such case or proceeding, or for any other reason, City shall have the right to (i) contract directly with any third-party provider of such services, facilities or amenities to obtain the same, and (ii) offset against the Base Rent or other charges payable hereunder any and all reasonable costs and expenses incurred by City in obtaining such services, facilities or amenities.

23.20 Transfer of Landlord's Interest

Landlord shall have the right to transfer its interest in the Property, the Building or this Lease to any other financially responsible person or entity. In the event of any such transfer, Landlord shall be relieved, upon notice to City of the name and address of Landlord's successor, of any obligations accruing hereunder from and after the date of such transfer and upon delivering to City an express assumption by the transferee of all of Landlord's obligations hereunder.

23.21 Non-Liability of City Officials, Employees and Agents

Notwithstanding anything to the contrary in this Lease, no elective or appointive board, commission, member, officer, employee or agent of City shall be personally liable to Landlord, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Landlord, its successors and assigns, or for any obligation of City under this Lease.

23.22 MacBride Principles - Northern Ireland

The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, *et seq.* The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Landlord acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

23.23 Controller's Certification of Funds

The terms of this Lease shall be governed by and subject to the budgetary and fiscal provisions of the Charter of the City and County of San Francisco. Notwithstanding anything to the contrary contained in this Lease, there shall be no obligation for the payment or expenditure of money by City under this Lease unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the Charter of the City and County of San Francisco, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year of City after the fiscal year in which the Term of this Lease commences, sufficient funds for the payment of Rent and any other payments required under this Lease are not appropriated, then City may terminate this Lease, without penalty, liability or expense of any kind to City, as of the last date on which sufficient funds are appropriated. City shall use its reasonable efforts to give Landlord reasonable advance notice of such termination. City agrees that it will not nefariously fail to appropriate sufficient funds for the payment of Rent and other payments for the purpose of renting space in another building in which the City will conduct the same operations then being conducted by City in the Premises (except as part of a bond, Certificate of Participation, or other financing vehicle).

23.24 Prevailing Wages for Construction Work

Landlord agrees that any person performing labor in the construction of any Leasehold Improvements or other improvements to the Premises which Landlord provides under this Lease shall be paid not less than the highest prevailing rate of wages and that Landlord shall include, in any contract for construction of such 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 such improvements under this Lease, 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 that relate to payment of prevailing wages. Landlord shall require any contractor to provide, and shall deliver to City every two weeks during any construction period, 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 covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee or, any City employee working with, or applicant for employment with, Landlord in any of Landlord's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Landlord.

(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, in any of its operations in San Francisco or where the work is being performed for the City elsewhere in 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 specified above within the United States, between employees with domestic partners and employees with spouses, and/or between 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 condition set forth in Section 12.B2(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: (i) Landlord executed and submitted to the HRC Form HRC-12B-101 with supporting documentation, and (ii) the HRC approved such form.

(e) Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of property to City are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. Landlord shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Landlord understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Landlord and/or deducted from any payments due Landlord.

23.26 Tropical Hardwood and Virgin Redwood Ban

(a) Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environmental 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 hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

(b) 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.

(c) In the event Landlord fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environmental Code, Landlord shall be liable for liquidated damages for each violation in any amount equal to Landlord's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greatest. Landlord acknowledges and agrees that the liquidated damages assessed shall be payable to the City and County of San Francisco upon demand and may be set off against any monies due to Landlord from any contract with the City and County of San Francisco.

23.27 Bicycle Storage Facilities

Article 1.5, Section 155.1, of the San Francisco Planning Code ("Code") requires the provision of bicycle storage at City leased buildings at no cost to Landlord and if funds are available. In the event public and/or private donations, grants or other funds become available, at any time during the Term of the Lease including any extension thereof, City may, by giving a 60-day advanced written notice to Landlord, install Code complying bicycle storage at the Premises. Landlord, at no cost to Landlord, shall reasonably cooperate with City regarding the location of such spaces in furtherance of the implementation of such requirements of the Code.

23.28 Resource-Efficient City Buildings and Pilot Projects

Landlord acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. To the extent compliance is Landlord's responsibility under the terms of this agreement, Landlord hereby agrees that it shall comply with all applicable provisions of such code sections.

23.29 Counterparts

This Lease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

23.30 Effective Date

The date on which this Lease shall become effective (the "Effective Date") is the date upon which (i) City's Airport Commission, in its sole and absolute discretion, adopts a resolution approving this Lease in accordance with all applicable laws and (ii) this Lease is duly executed and exchanged by the parties hereto.

23.31 Conflicts of Interest

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

23.32 Notification of Limitations on Contributions

Through execution of this Agreement, Landlord acknowledges that it is familiar with section 1.126 of City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services or for the furnishing of any material, supplies or equipment to the City, whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making contribution to such an officer, or candidate for such office, or committee controlled by such

officer or candidate at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

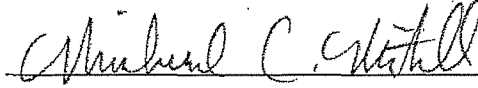
NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL THE CITY'S AIRPORT COMMISSION SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING CONSUMMATION OF THE TRANSACTION CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LEASE SHALL BE NULL AND VOID UNLESS CITY'S AIRPORT COMMISSION APPROVE THIS LEASE, IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS LEASE BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ADOPTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

(REST OF PAGE LEFT INTENTIONALLY BLANK)

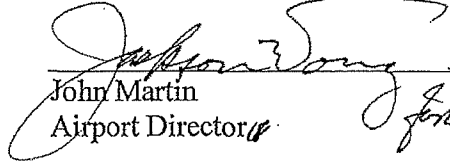
Landlord and City have executed this Lease as of the date first written above.

LANDLORD:

MICHAEL C. MITCHELL



CITY: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation acting by and through
its AIRPORT COMMISSION



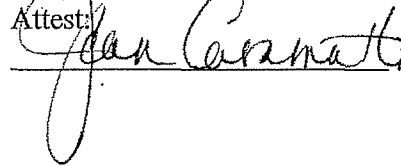
John Martin
Airport Director

Airport Commission

Resolution No. 09-0023

Adopted: January 20, 2009

Attest:



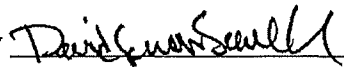
RECOMMENDED:



Director of Property

APPROVED AS TO FORM:

Dennis J. Herrera, City Attorney

By 

Deputy City Attorney

I:\AutoCad\LEASE\misc\MALCOLM.dwg, 1/13/2009 8:05:39 AM

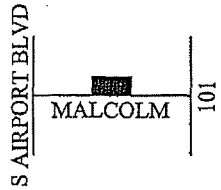
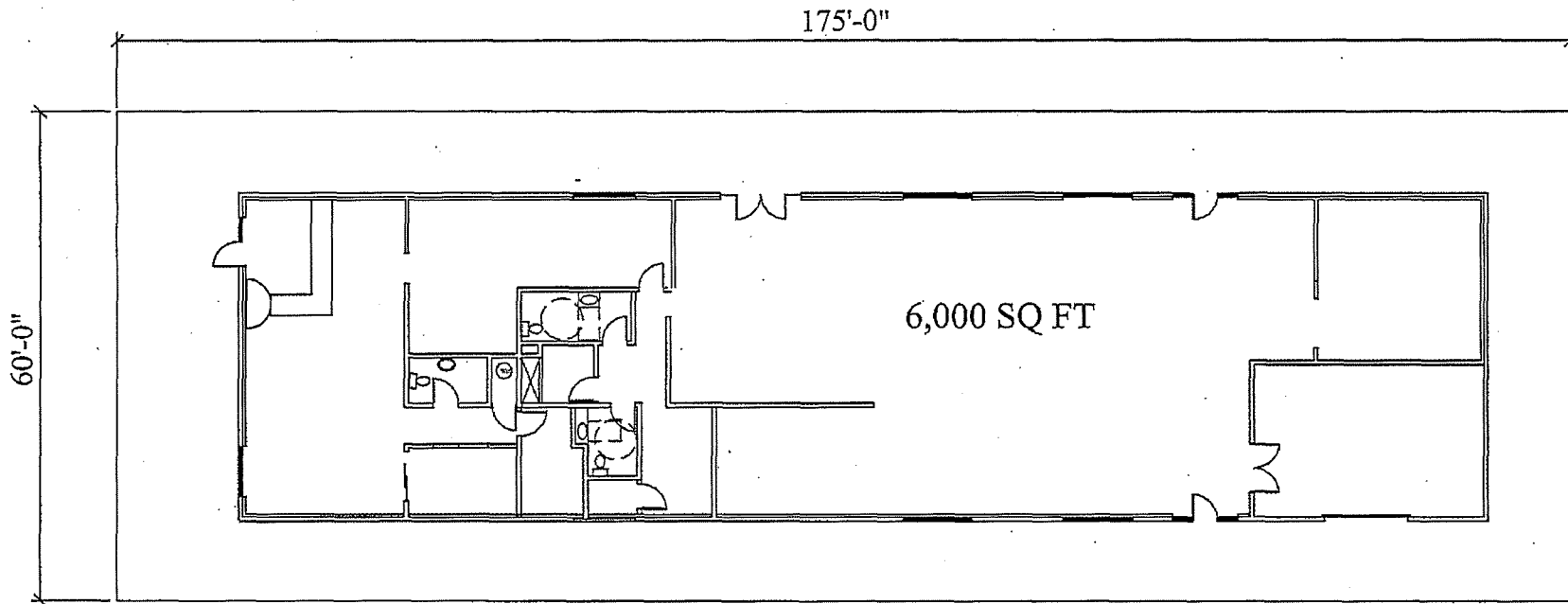


EXHIBIT A

| TENANT PERMIT LOCATION DRAWING | | LOCATION | TENANT | CAT | AREA | CONTRACT | EFF DATE |
|--|-------------------|----------|--------|-----|-------|----------|----------|
| LOCATION: 837 MALCOLM ROAD, BURLINGAME | | | | | 6000' | | |
| CITY & COUNTY OF SAN FRANCISCO | DWG: MALCOLM | | | | | | |
| AIRPORTS COMMISSION | SCALE: 1/8"=1'-0" | | | | | | |
| SAN FRANCISCO INTERNATIONAL AIRPORT | DATE: 01/08/2009 | | | | | | |

WORK PLAN

837 MALCOLM RD, BURLINGAME CA

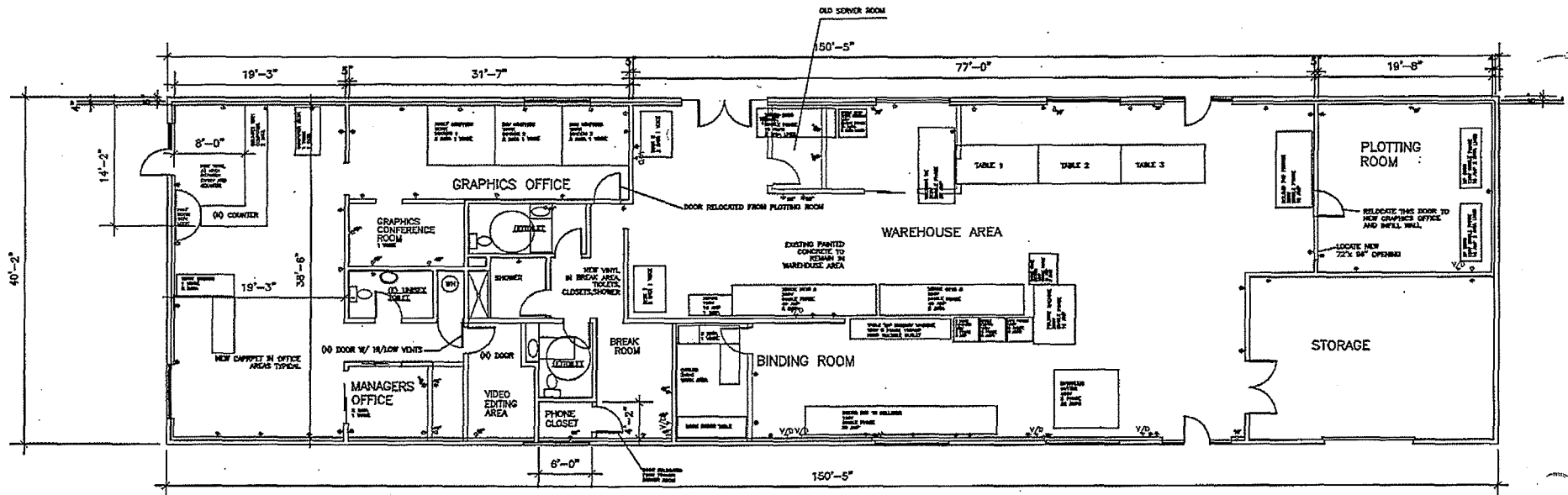
LANDLORD IMPROVEMENTS

1. Remove former server room walls and connected sidewalls at mid-building.
 - a. Clean and match floor coating with adjacent warehouse flooring
2. Remove Walls in
 - a. Graphics Office
 - b. Binding Room
3. Remove door into Plotting Room, fill opening as needed.
 - a. Provide 6' wide x 8' high opening into Plotting Room in lieu of door. Start opening 1'-6" off interior side wall.
4. Restrooms – repair/replace/upgrade all appliances. Provide ADA hardware as required.
5. Rebuild/reactivate front restroom to unisex
 - a. Service and or replace hot water heater.
6. Repair/replace ceiling tiles in Graphics Office
7. Patch/repair/paint all office walls/partitions
 - a. Replace with new baseboard through out front office restroom areas.
8. Install linoleum type (commercial grade vinyl) floor cover in
 - a. Break Room
 - b. Adjacent hallway
 - c. Woman's restroom
 - d. Men's restroom
 - e. Shower room
 - f. Binding Room (former storage room)
 - g. Entry way at front door
 - h. Phone closet
9. Install commercial grade carpet.
 - a. Manager's Office
 - b. Open front reception area. (Option to keep Pergo flooring being considered)
 - c. Graphics Office and Graphics Office Conference Room

10. Repair as necessary the epoxy floor in warehouse area.
11. Repair/replace/modify HVAC system to accommodate two-zone system.
 - a. Separate control front office
 - b. Separate control warehouse
12. Build customer service counter as indicated in front office reception area plus 1/2 door.
13. Install used door in Graphics Office as indicated.
14. Remove rear wall in Manager's Office. Rebuild wall further back. Install used door into video editing area behind Manager's Office.
15. Install new vented (high and low vents) door in water heater closet.
16. Change proposed server room location from Storage room to Phone closet shown on drawing.
17. Improvements to Phone Closet:
 - a. Install used door as shown in drawing.
 - b. Install plywood telephone backboard.
 - c. Provide new 4-plex electrical outlet at 96" above finished floor
18. Sheetrock over pocket door between manager's office and the corridor to the video editing area.

TENANT IMPROVEMENTS

1. Provide electrical power drops as needed.
2. Upgrade electrical service to building, if required in Engineering Analysis.
3. Install voice/data lines as needed
4. Provide professional architectural or engineering services necessary to complete the requested changes and improvements.



WORK PLAN
837 MALCOLM ROAD

REVISED 1/8/2000

LEGEND
 ===== WALLS TO BE DEMOLISHED
 ===== NEW WALLS
 VP = EXISTING VOICE DATA AND POWER

1
11

FIRST AMENDMENT TO LEASE

837 MALCOLM ROAD

This First Amendment to Lease (this "**Amendment**"), dated as of October 1, 2010 for reference purposes (the "**Amendment Reference Date**"), is made by and between MICHAEL C. MITCHELL, an individual ("**Landlord**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation acting by and through its Airport Commission ("**City**").

RECITALS

A. Landlord and City are parties to that certain Office Lease dated as of January 12, 2009 (the "**Lease**"), pursuant to which Landlord leased to City the premises described in the Lease, and more commonly known as the entire property located at 837 Malcolm Road, Burlingame, California. The leased Premises consists of approximately 6,000 rentable square feet of improvements on 10,500 square feet of land. The Lease term expires on February 28, 2014.

B. Landlord and City desire to make certain modifications amending the Lease as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Effective Date. This Amendment shall become effective on, and the Lease shall be amended as of November 1, 2010, (the "**First Amendment Effective Date**")
2. Definitions. Capitalized terms not otherwise defined in this Amendment have the meanings set forth in the Lease.
3. Amendment of Section 1: Basic Lease Information. Section 1 of the Lease entitled "Basic Lease Information" is amended as follows:

(a) The subparagraph entitled "Term (Section 3)" is amended by deleting the date and language "February 28, 2014 (approximately 5 years)" that follows the words "Expiration Date" and replacing the deleted language with:

April 30, 2015:

(b) The subparagraph entitled "Base Rent (Section 4.1)" is amended by deleting the existing language and replacing the deleted language with:

Commencing on the First Amendment Effective Date, the Annual Base Rent (exclusive of the Tenant Improvement Surcharge contained in Section 6.2) for the Premises shall be

\$80,352.00 per year (\$13.39 per square foot of building area) and the Monthly Base Rent payment shall be \$6,696.00 per month (\$1.12 per square foot).

Commencing on November 1, 2011, the Annual Base Rent for the Premises shall be \$84,672.00 per year (\$14.11 per square foot of building area) and the Monthly Base Rent payment shall be \$7,056.00 per month (\$1.18 per square foot).

(c) The subparagraph entitled "Tenant Improvement Surcharge Section 6.2)" is amended as follows to clarify the City's obligation:

City shall pay \$600 per month through April 30, 2014 as a monthly amortized surcharge to Base Rent to reimburse Landlord for its costs paid for certain Landlord-installed Tenant Improvements.

(d) The subparagraph entitled "Notice Address for Tenant (Section 23.1)" is amended as follows:

(i) Delete the addressee immediately following the words "and to" and replace the deleted language with the following addressee:

*Office of the City Attorney
City Hall, Room 234
Attn: Richard Handel, Deputy City Attorney
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Fax No.: (415) 554-4755*

4. Amendment of Section 4.2: Adjustments in Base Rent. Section 4.2 of the Lease entitled "Adjustments in Base Rent" is amended by deleting the existing language and replacing the deleted language with:

On and after November 1, 2011 the Annual Base Rent for the Premises for the balance of the Initial Term shall increase to \$84,672.00 per year (\$14.11 per square foot of building area) and the Monthly Base Rent payment shall be \$7,056.00 per month (\$1.18 per square foot).

5. Amendment of Section 4.4: Base Rent During Extension Period(s). Section 4.4 of the Lease entitled "Adjustments in Base Rent" is amended as follows:

(a) The first sentence of the section is amended by deleting the date "March 1, 2014" and replacing the deleted language with "May 1, 2015."

(b) The last sentence of the third paragraph of the section is amended by deleting the words "for each year of the initial term" and replacing the deleted language with "during the twelve (12)- month period immediately prior to the Adjustment Date

6. Addition of Section 23.34: Sunshine Ordinance. The Lease is further amended by adding the following language as (new) Section 23.34:

23.34 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 that is covered by this Section will be made available to the public upon request.

7. Miscellaneous.

7.1 Reference. No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended by this Amendment.

7.2 No Other Amendment. Except as expressly amended as provided herein, the Lease shall continue unmodified and remain in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement between Landlord and City and may not be modified except by an instrument in writing signed by the party to be charged. In the event of any conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall control.

7.3 Applicable Law. This Amendment shall be governed by, construed, and enforced in accordance with the laws of the State of California.

7.4 Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL A RESOLUTION OF CITY'S AIRPORT COMMISSION HAS BEEN DULY ENACTED APPROVING THIS AMENDMENT AND AUTHORIZING CONSUMMATION OF THE MATTERS CONTEMPLATED HEREIN. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ENACTMENT OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL BE NULL AND VOID UNLESS CITY'S AIRPORT COMMISSION APPROVE THIS AMENDMENT IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS AMENDMENT BY ANY DEPARTMENT OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

Remainder of the page intentionally left blank

IN WITNESS WHEREOF, Landlord and City have executed this Amendment effective as of the First Amendment Term Commencement Date.

LANDLORD:

MICHAEL C MITCHELL, an individual

By: Michael Mitchell

CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: John Martin
John Martin
Airport Director

Airport Commission
Resolution: 10-0325
Adopted: October 26, 2010
Attest:

Jan Caranillo

RECOMMENDED:

By: [Signature]
Director of Property

APPROVED AS TO FORM:
Dennis Herrera, City Attorney

By: [Signature]
Richard Handel
Deputy City Attorney

I:\WORK\CDUNN\64\64BB RENT REDUCTION REQUEST\837 MALCOM\837 MALCOM RD AMENDMENT 11 2010.DOC



San Francisco International Airport

April 13, 2018

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Subject: Approval of the Second Amendment to Lease No. L09-0023 between the Michael C. Mitchell and the City and County of San Francisco at 837 Malcolm Road, Burlingame, California, to extend the term of the Lease, modify the rent and provide for certain early termination rights and tenant improvement work.

Dear Ms. Calvillo:

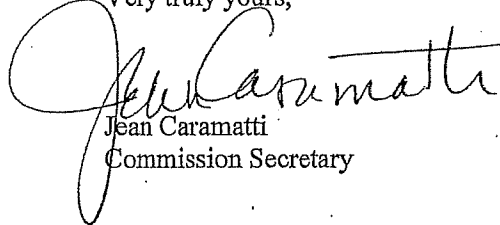
Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors' approval, the Second Amendment to Lease No. L09-0023 (the "Lease") between the City and County of San Francisco, acting by and through its Airport Commission ("Airport"), and the Michael C. Mitchell for space occupied by the Airport's Reprographics Department at 837 Malcolm Road, Burlingame, California. The Second Amendment will: 1) extend the term by additional five years, with two one-year options for further extensions; 2) modify the annual rent to \$126,000, 3) grant an early lease termination right at the Airport's discretion, and 4) provide for certain tenant improvement work. The Second Amendment was approved by Airport Commission Resolution No. 18-0105, adopted April 3, 2018 (the "Second Amendment").

The following is a list of accompanying documents (five sets):

- Board of Supervisors Resolution;
- Approved Airport Commission Resolution No. 18-0105;
- Commission Memorandum dated April 3, 2018; and
- Lease L09-0023.
- First Amendment to the Lease
- Second Amendment to the Lease
- Attachment #1 – Summary of Lease Amendment Details

You may contact Cathy Widener, Governmental Affairs Manager, at (650) 821-5023 regarding this matter.

Very truly yours,


Jean Caramatti
Commission Secretary

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2018 APR 16 PM 12:08

Enclosures

cc: Cathy Widener

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

| | | | | | | |
|-----------------------|----------------------------|------------------------------------|---------------|-----------------------|----------------|------------------------------------|
| MARK FARRELL MAYOR | LARRY MAZZOLA PRESIDENT | LINDA S. CRAYTON VICE PRESIDENT | ELEANOR JOHNS | RICHARD J. GUGGENHIME | PETER A. STERN | IVAR C. SATERO AIRPORT DIRECTOR |
|-----------------------|----------------------------|------------------------------------|---------------|-----------------------|----------------|------------------------------------|

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: Michael C. Mitchell, an individual | |
| 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. | |
| 1. N/A 2. N/A 4. Michael C. Mitchell 5. N/A | |
| Contractor address: 480 Alameda Ave. Half Moon Bay CA 94019-1364 | |
| Date that contract was approved: | Amount of contract: \$668,951.11 over 5 years |
| Describe the nature of the contract that was approved: Renewal of an existing Lease at 837 Malcom Ave, Burlingame for the San Francisco International Airport Commission | |
| Comments: | |

This contract was approved by (check applicable):

the City elective officer(s) identified on this form (Mayor, Edwin Lee)

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: Angela Calvillo, Clerk of the Board | Contact telephone number: (415) 554-5184 |
| Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102 | E-mail: Board.of.Supervisors@sfgov.org |

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

