



AMENDED IN COMMITTEE  
6/29/16

FILE NO. 160428

RESOLUTION NO.

1 [Real Property Lease - Opera Plaza, L.P. - 601 Van Ness Ave. - \$363,132 Rent in Initial Year]

2  
3 **Resolution authorizing a Lease between the City and County of San Francisco, as**  
4 **Tenant, and Opera Plaza L.P. as Landlord, of office space located at 601 Van Ness**  
5 **Avenue in San Francisco, consisting of approximately 8,646 rentable square feet, for an**  
6 **initial term of five years for use by the Human Services Agency of San Francisco at**  
7 **\$30,261 monthly rent, totaling \$363,132 in the initial year, with annual \$1.00 per sq. ft.**  
8 **increases and one, five-year option to extend the term; and finding the proposed**  
9 **transaction is in conformance with the General Plan, and the eight priority policies of**  
10 **Planning Code, Section 101.1.**

11  
12 WHEREAS, The Human Services Agency of San Francisco ("HSA") promotes well-  
13 being and self-sufficiency among individuals, families and communities in San Francisco; and

14 WHEREAS, HSA requires this lease to support its Records Management and MEDS  
15 Unit as there is currently insufficient space at its current location at 1235 Mission Street; and

16 WHEREAS, The Planning Department, through General Plan Referral letter dated April  
17 6, 2016, ("Planning Letter"), which is on file with the Clerk of the Board of Supervisors under  
18 File No. 160428, has verified that the City's lease of 601 Van Ness Avenue is consistent with  
19 the General Plan, and the eight priority policies under Planning Code, Section 101.1; and

20 WHEREAS, At the request of HSA, the Real Estate Division and the Landlord have  
21 negotiated a new lease agreement not above fair market rent; and

22 WHEREAS, The proposed Lease is subject to enactment of a resolution by the Board  
23 of Supervisors and the Mayor, in their respective sole and absolute direction, approving and  
24 authorizing such new Lease; now, therefore, be it

1           RESOLVED, That the Board of Supervisors hereby finds that the lease of 601 Van  
2 Ness Avenue, is consistent with the City's General Plan and Eight Priority Policies of Planning  
3 Code Section 101.1 and hereby incorporates such findings by reference as though fully set  
4 forth in this Resolution; and, be it

5           FURTHER RESOLVED, That in accordance with the recommendation of the Director  
6 of HSA, that the Director of Property on behalf of the City and County of San Francisco, as  
7 Tenant, is hereby authorized to take all actions necessary to execute a Lease with Opera  
8 Plaza, L.P., a California limited partnership, on the terms and conditions contained herein and  
9 in substantially the form as which is on file with the Clerk of the Board of Supervisors in File  
10 No. 160428 at 601 Van Ness Avenue in San Francisco, California which is hereby declared to  
11 be a part of this resolution as if set forth fully herein; and, be it

12           FURTHER RESOLVED, The monthly base rent shall be \$30,261 (\$42.00 per square  
13 foot annually) commencing on or around May 15, 2016, net of electric, subject to annual rent  
14 increases of \$1.00 per sq. ft.; and be it

15           FURTHER RESOLVED, That the Lease shall indemnify and hold harmless the  
16 Landlord from, and agreeing to defend the Landlord against, any and all claims, costs and  
17 expenses, including without limitation, reasonable attorney's fees, incurred as a result of City's  
18 use of the premises, any default by the City in the performance of any of its obligations under  
19 the Master Lease, or any acts or omissions of City, its agents or its subtenants in, on or about  
20 the premises or the property on which the premises are located; and, be it

21           FURTHER RESOLVED, That the Director of Property shall be authorized to enter into  
22 any additions, amendments or other modifications to the Lease (including, without limitations,  
23 the exhibits) that the Director of Property determines, in consultation with the City Attorney,  
24 are in the best interests of the City, do not materially increase the obligations or liabilities of  
25

1 the City, and are necessary or advisable to complete the transaction and effectuate the  
2 purpose and intent of this resolution; and, be it

3 FURTHER RESOLVED, Said Lease shall be subject to certification as to funds by the  
4 Controller as provided in Section 23.23, pursuant to Charter, Section 3.105; and, be it

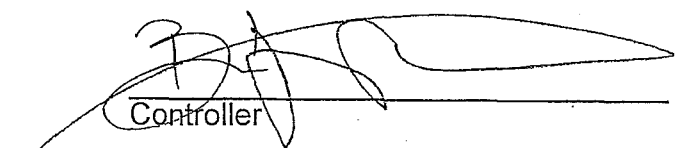
5 FURTHER RESOLVED, That within thirty (30) days of the agreements being fully  
6 executed by all parties, the Director of Real Estate shall provide the agreements to the Clerk  
7 of the Board for inclusion into the official file.

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TFY 15/16 Funds Available: \$62,683.50

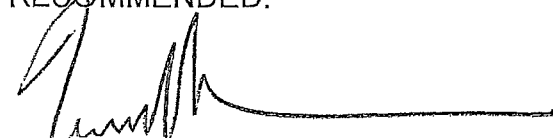
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Sub Object: 03011

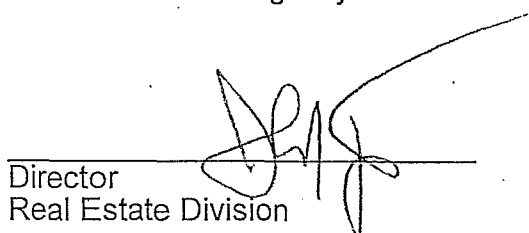
  
\_\_\_\_\_  
Controller

Future funding subject to approval of the FY  
16/17 Annual Appropriation Ordinance

RECOMMENDED:

  
\_\_\_\_\_

Executive Director  
Human Services Agency

  
\_\_\_\_\_

Director  
Real Estate Division

<b>Item 5</b> <b>File 16-0428</b>	<b>Department:</b> Human Services Agency (HSA)
<b>EXECUTIVE SUMMARY</b>	
<b>Legislative Objectives</b>	
<p>The proposed resolution would approve a new lease between Opera Plaza, L.P. as landlord, and the City and County of San Francisco, on behalf of its Human Services Agency (HSA), as tenant. The initial term of the lease is five years, with one five-year option to extend and is for the use of office space located at 601 Van Ness Avenue.</p>	
<b>Key Points</b>	
<ul style="list-style-type: none"> <li>• The proposed new lease is for premises located at 601 Van Ness Avenue, Suite P, which has about 8,646 square feet of office and conference room space to be used for HSA's Medi-Cal Eligibility Data System (MEDS) Unit, records management, and other administrative functions.</li> <li>• The proposed new lease has an estimated commencement date of July 15, 2016 with annual base rent of \$363,132 (\$42.00 per square foot per year) and increases of \$1.00 per square foot per year, for a five-year term, ending in 2021. An option to extend the lease may be exercised for an additional five years, ending in 2026.</li> </ul>	
<b>Fiscal Impact</b>	
<ul style="list-style-type: none"> <li>• The proposed new lease includes a rent abatement provision of 50% for the second and third calendar months of the initial lease term, a \$30,261 benefit to the City.</li> <li>• The proposed new lease would result in \$1,886,990 in rent payments over the initial five-year term</li> </ul>	
<b>Recommendation</b>	
<ul style="list-style-type: none"> <li>• Approve the proposed resolution.</li> </ul>	

**MANDATE STATEMENT**

San Francisco Administrative Code Section 23.37 states that leases on behalf of the City as tenant are subject to approval by the Board of Supervisors by resolution.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve a new five-year lease with one five-year option to extend between Opera Plaza, L.P., as landlord, and the City and County of San Francisco, on behalf of the Human Services Agency (HSA), as tenant, for 8,646 square feet of office space at 601 Van Ness Avenue, Suite P. The estimated commencement date of the lease is July 15, 2016, pending approval by the Board of Supervisors.

The 8,646 square foot space at 601 Van Ness Avenue will provide office space for HSA's Medical Eligibility Data System (MEDS) Unit, records management, and other administrative functions. According to Mr. Robert Walsh, Contracts Manager at HSA, these HSA functions currently operate at 1235 Mission Street and the Department's needs have exceeded the available space, which is presently overcrowded.<sup>1</sup> HSA expects to use the 601 Van Ness Avenue office space for approximately 58 full-time equivalent (FTE) staff.

In addition to the Department's needs for additional space, the 601 Van Ness Avenue office space was selected because HSA desired immediate proximity to City Hall, 24-hour access to facilitate HSA's work shifts, and ground floor location and direct access to the building's loading dock, both of which are necessary for appropriate records management. HSA and the Real Estate Division reviewed other comparable options but none satisfied the above criteria and comparable properties had average rents per square foot greater than the proposed 601 Van Ness Avenue facility.

Table 1 below summarizes the major lease provisions.

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<sup>1</sup> HSA has 2,375 workstations in all of its office locations, which are insufficient for its 2,441 budgeted staff.

<b>Table 1: Summary of the Major Lease Provisions</b>	
Square footage leased	8,646 square feet
Lease Term	Approximately five (5) years, estimated to commence July 15, 2016 and end August 31, 2021
Option to Extend	One five-year option to extend through August 2026
First Year Rent*	\$348,002
Rent per Square Foot	\$42.00 per year
Rent Increases in Initial Term	\$1.00 per square foot per year of the agreement
Rent Adjustment on Exercise of Option to Extend	Increase to Fair Market Value
Rent Increases in Extended Five-Year Term	\$1.00 per square foot per year of the agreement
Utilities	Landlord will be responsible for paying for water and gas service. HSA will be responsible for electricity and telecommunications within the premises.
Services	Landlord will provide janitorial services to the premises and will provide security for the building, but not specifically for the premises.
Maintenance and Repairs	Landlord is responsible for maintenance of the exterior and structural portions of the building and the building systems such as the heating, ventilating, air conditioning, plumbing, and electrical systems. HSA is responsible for maintenance and repairs to the interior portions of the premises.
Tenant Improvement Allowance	None

\*Includes prorated rent from estimated commencement date July 15 through July 31, 2016 and base rent abatement of 50% to \$15,130.50 for the second and third calendar months of the initial lease term, resulting in a savings to the City totaling \$30,261

### **FISCAL IMPACT**

Under the proposed new lease, HSA will pay \$348,002 in first year rent.

The rent payments in the initial five-year lease term total \$1,886,990, as shown in Table 2 below. HSA's FY 2016-17 and FY 2017-18 budgets, pending before the Board of Supervisors, include funds to pay for the proposed lease, subject to appropriation approval by the Board of Supervisors.



**Table 2: Rent Costs for 601 Van Ness Avenue, Suite P for the Initial Five-Year Lease Term**

<b>Lease Year</b>	<b>Rent Costs*</b>
Lease Year 1**	\$348,002
Lease Year 2	371,778
Lease Year 3	380,424
Lease Year 4	389,070
<u>Lease Year 5</u>	<u>397,716</u>
<i>Subtotal five-year initial rent</i>	<i>\$1,886,990</i>

\*Annual increases are \$1 per square foot or \$8,646 per year

\*\*Includes prorated rent from estimated commencement date July 15 through July 31, 2016 and base rent abatement of 50% to \$15,130.50 for the second and third calendar months of the initial lease term

**RECOMMENDATION**

Approve the proposed resolution.

OFFICE LEASE

between

OPERA PLAZA, L.P.  
as Landlord,

and

CITY AND COUNTY OF SAN FRANCISCO,  
as Tenant,

For the lease of  
601 Van Ness Avenue, Suite P  
San Francisco, California 94102

April 11, 2016

601VN Execution Copy

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## OFFICE LEASE

THIS OFFICE LEASE (this "**Lease**"), dated for reference purposes only as of April 11<sup>th</sup>, 2016, is by and between OPERA PLAZA, L.P., a California limited partnership ("**Landlord**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**" or "**Tenant**") (Landlord and City are sometimes referred to individually in this Lease as a "**Party**," and collectively as the "**Parties**").

Landlord and City hereby agree as follows:

### 1. 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:	April 11, 2016
Landlord:-	OPERA PLAZA, L.P.
Tenant:	CITY AND COUNTY OF SAN FRANCISCO
Building ( <u>Section 2.1</u> ):	601 Van Ness Avenue, San Francisco, CA 94102
Premises ( <u>Section 2.1</u> ):	Suite P
Rentable Area of Premises ( <u>Section 2.1</u> ):	Approximately 8,646 rentable square feet.
Initial Term ( <u>Section 3</u> ):	Estimated commencement date: May 1, 2016, subject to <u>Section 3.1</u> below.  Expiration date: The last day of the calendar month in which occurs the fifth (5 <sup>th</sup> ) anniversary of the Commencement Date; provided that if the Commencement Date is the first day of a calendar month, then the Initial Term shall expire on the last day of the sixtieth (60 <sup>th</sup> ) full calendar month of the Term.
Extension Option ( <u>Section 3.4</u> ):	One (1) additional term of five (5) years, exercisable by City by notice to Landlord given within the time frames specified in Section 3.4 below.
Base Rent ( <u>Section 4.1</u> ):	Annual Base Rent: \$363,132 (\$42.00 per sq. ft.) (subject to fifty percent (50%) abatement of monthly installments of Base Rent otherwise due during second and third calendar months of Initial Term).  Monthly payments: \$30,261 (\$3.50 per sq. ft.)

Phone No.: (415) 474-2882  
Fax No.: (415) 929-6716

Key Contact for Landlord: Kathleen Callahan

Landlord Contact Telephone No.: (415) 474-2882

Notice Address for Tenant (Section 22.1): Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Attn: John Updike,  
Director of Property  
Re: 601 Van Ness Avenue  
Fax No.: (415) 552-9216

with a copy to: Human Services Agency  
1650 Mission Street, 5<sup>th</sup> Floor  
San Francisco, California 94103  
Attn: Dave Curto

and to: Office of the City Attorney  
City Hall, Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4682  
Attn: Richard Handel  
Deputy City Attorney  
Re: 601 Van Ness Avenue  
Fax No.: (415) 554-4755

Tenant Contact Telephone No.: 415-557-5581

Alternate Contact for Tenant: Josh Keene

Alternate Contact Telephone No.: 415-554-9859

Brokers (Section 22.8): Kidder Mathews



as used in this Lease shall refer to the Initial Term and any Extended Terms if City exercises the Extension Option as provided below.

### 3.2 Commencement Date and Expiration Date

The dates on which the Term commences and terminates pursuant hereto are referred to respectively as the "**Commencement Date**" and the "**Expiration Date**." If the Commencement Date occurs on a date other than the Estimated Commencement Date, then promptly thereafter Landlord shall deliver to City a notice substantially in the form of the attached Exhibit B, confirming the actual Commencement Date, but Landlord's failure to do so shall not affect the commencement of the Term. Tenant shall acknowledge said notice and return a fully executed copy thereof to Landlord within thirty (30) days after receipt of such notice from Landlord, but the failure to do so in a timely manner shall not be considered as an event of default under this Lease.

### 3.3 Delay in Delivery of Possession

Landlord shall use its best efforts to deliver possession of the Premises in compliance with all applicable Laws (defined in Section 10.1 (Premises Condition and Landlord's Compliance With Laws; Indemnity) below) and in good working order as accepted by City's Director of Property on or before the Estimated Commencement Date. If Landlord is unable to deliver possession of the Premises as provided above, however, 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 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. If Landlord is unable to deliver possession of the Premises to City as required hereunder within ninety (90) days after the Estimated Commencement Date, then, at its option, City may terminate this Lease by notice to Landlord without any further liability under this Lease.

### 3.4 Extension Option

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**"). Such Extension Option shall be on all of the terms and conditions contained in this Lease. City may exercise the Extension Option, if at all, by giving written notice to Landlord ("**Extension Notice**") no earlier than four hundred twenty-five (425) days prior to the then existing Expiration Date; provided, however, if City is in material default under this Lease on the date of giving such notice (the "**Extension Notice Date**"), and fails to cure such default as provided in this Lease, Landlord may reject such exercise by delivering written notice of such rejection to City promptly after such failure to cure. Landlord acknowledges and agrees that City's notice of its intent to exercise the Extension Option shall be subject to (a) the Parties' agreement upon the Base Rent for the Extended Term (whether by agreement of the Parties or pursuant to the Base Rent determination process set forth in Section 3.5 [Base Rent in Extended Term]) and (b) enactment of a resolution or ordinance by the Board of Supervisors and the Mayor, at their respective sole and absolute discretion, approving and authorizing the same, both no later than the date (the "**Outside Approval Date**") that is two hundred seventy (270) days before the then existing Expiration Date. Unless the Outside Approval Date is extended by agreement of the Parties, City's failure to so approve and authorize the exercise of the Extension Option on or before the Outside Approval Date shall be deemed a revocation of the exercise of the Extension Option, and the Lease shall expire on the Expiration Date.

selected by such Party, and each Party shall pay one-half of the cost of the third appraiser plus one-half of any other costs incurred in the arbitration.

#### 4. RENT

##### 4.1 Base Rent

(a) 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 thirty (30)-day month.

(b) With respect to the second and third calendar months of the Initial Term only, the monthly installments of Base Rent due with respect to such months shall be reduced fifty percent (50%) from the Base Rent otherwise due during the first twelve (12)-month period of the Term.

##### 4.2 Adjustments in Base Rent

On each date specified in the Basic Lease Information for the adjustment of Base Rent (an "**Adjustment Date**"), the Base Rent payable under Section 4.1(a) (Base Rent) shall be adjusted so that the Base Rent square-foot rate for the twelve (12)-month period commencing on such Adjustment Date shall be increased by \$1.00 per square foot per year above the Base Rent charged during twelve (12)-month period immediately preceding such Adjustment Date. The adjusted Base Rent for the twelve (12)-month period beginning on the first Adjustment Date will be determined based on Base Rent in effect during the first twelve (12)-month period of the Term without reduction for the Base Rent abatement to occur during the second and third months of the Initial Term pursuant to Section 4.1(b) (accordingly, the annual Base Rent of \$42.00 per square foot that will be in effect during the first year of the Term will be raised to \$43.00 per square foot on the first Adjustment Date).

##### 4.3 Additional Charges

City shall pay to Landlord any charges or other amounts required under this Lease as additional rent ("**Additional Charges**"), including the charges for Real Estate Taxes and Operating Costs provided for in this Lease. All such Additional Charges shall be payable to Landlord at the place where the Base Rent is payable. Landlord shall have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent. The Base Rent and Additional Charges are sometimes collectively referred to below as "**Rent**."

##### 4.4 Operating Costs; Definitions

For purposes of this Lease, the following terms shall have the meanings set forth below:

(a) "**Base Year**" means each of the years specified in the Basic Lease Information.

(b) "**City's Percentage Share**" means the percentage specified in the Basic Lease Information.

appropriately adjusted to reflect a one hundred percent (100%) occupancy level. In no event shall Landlord recapture from Tenant more than one hundred percent (100%) of City's Percentage Share of the Operating Costs in any Expense Year.

Notwithstanding the foregoing, "Operating Costs" shall exclude the items described on the attached Exhibit C.

(e) "Real Estate Taxes" means all taxes, assessments, and charges levied upon or with respect to the portion of the Building owned by Landlord, or Landlord's interest in the Building. Real Estate Taxes shall include, without limitation, all general real property taxes and general and special assessments, charges, fees, or assessments for transit, housing, police, fire, or other governmental services, service payments in lieu of taxes that are now or hereafter levied or assessed against Landlord by the United States of America, the State of California, or any political subdivision of either, or any public corporation, district, or any other political or public entity, and shall also include any other tax, fee, or other excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes.

Notwithstanding the foregoing, Real Estate Taxes shall exclude (i) franchise, transfer, inheritance, gross receipts, or capital stock taxes or income taxes of Landlord from all sources unless, due to a change in the method of taxation, any of such taxes is levied or assessed against Landlord as a substitute for, or as an addition to, in whole or in part, any other tax that would otherwise constitute a Real Estate Tax, (ii) any penalties, fines, interest, or charges attributable to the late payment of any taxes, except to the extent attributable to City's failure to pay its portion of Real Estate Taxes under this Lease, (iii) any personal property taxes payable by City under this Lease or by any other tenant or occupant of the Building, or (iv) any increase in Real Estate Taxes resulting from any reassessment upon a transfer during the Initial Term of any of Landlord's interest in the Building or the real property on which the Building is located.

(f) "Tax Year" means each calendar year during the Term, including any partial year during which this Lease may commence; provided that Landlord, upon notice to City, may change the Tax Year from time to time to any other twelve (12)-consecutive month period and, in the event of any such change, City's Percentage Share of Real Estate Taxes shall be equitably adjusted for the Tax Year involved in any such change. No Tax Year shall include any Base Year.

#### 4.5 Payment of Percentage Share of Operating Costs

During the entire Term, commencing after the end of the Base Year, City shall pay to Landlord each month, as Additional Charges, one twelfth (1/12) of City's Percentage Share of the amount, if any, by which Operating Costs for each Expense Year exceed the Operating Costs for the applicable Base Year, subject to the limitations described below. City shall make each such payment, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to City. Landlord may revise such estimates of Operating Costs from time to time and City shall thereafter make payments on the basis of such revised estimates, provided that no such revisions shall be retroactive and Landlord may not make any such revisions more than twice in any given Expense Year and no such revision may be made any earlier than four (4) months subsequent to the prior estimate for such Expense Year. With reasonable promptness not to exceed ninety (90) days after the expiration of each Expense Year, Landlord shall furnish City with a statement ("**Landlord's Expense Statement**"), prepared by Landlord, setting forth in reasonable detail the Operating Costs for such Expense Year and City's Percentage Share thereof. If City's Percentage Share of the increase in actual Operating Costs for such Expense Year exceeds the estimated Operating Costs paid by City for such Expense Year, City shall pay to Landlord, within thirty (30) days after the receipt of Landlord's Expense Statement (whether or not this Lease has terminated), the difference between the amount of estimated Operating

(1) **Prior to Notice Request.** If any Landlord Offer, Buyer's Offer, or Sales Contract has occurred prior to Landlord's receipt of the Notice Request and is still in effect upon Landlord's receipt of the Notice Request, then, within ten (10) days after receipt of the Notice Request, Landlord shall give Tenant a written notice that states that, as the case may be:

(a) with respect to a Landlord Offer, such a Landlord Offer was made or occurred and the date such Landlord Offer first commenced; or

(b) with respect to a Buyer Offer, such a Buyer Offer was made or occurred and the date such Buyer Offer was first communicated to Landlord or its Agents; or

(c) with respect to a Sales Contract, such a Sales Contract exists and the date that the execution and delivery of such Sales Contract was executed by the parties to such Sales Contract.

(2) **After Notice Request.** If, after Landlord's receipt of a Notice Request given as provided above, but prior to City's approval of its exercise of the Extension Option as contemplated by Section 3.4 [Extension Option], Landlord:

(a) determines to make a Landlord Offer, then, at least ten (10) days prior to any such Landlord Offer, Landlord shall give City written notice of its intention to make a Landlord Offer; or

(b) receives any Buyer's Offer, or enters into a Sales Contract, then, within ten (10) days after Landlord's receipt of such Buyer's Offer or the full execution and delivery of a Sales Contract, as the case may be, Landlord shall give City written notice of Landlord's receipt of a Buyer's Offer or a fully executed Sales Contract, as the case may be.

Notices from Landlord under this Section 4.6(b) need not disclose the terms or provisions (financial or otherwise) of any Landlord Offer, Buyer's Offer, or Sales Contract or the identity of any prospective buyer of Landlord's interests in the Building. Landlord shall have no obligation to provide such notices after the occurrence of the Outside Approval Date.

(c) **Landlord's Failure to Provide Required Notice.** If Landlord fails to provide a notice as required by this Section 4.6(b), and the Landlord Offer, Buyer's Offer, or Sales Contract that was not so disclosed results in a Reassessment Increase (defined in Section 4.6(c) below) during the Extended Term, notwithstanding anything else in this Section 4.6, City shall have no obligation to pay City's Percentage Share of any such Reassessment Increase.

(d) **Suspension Period for Reassessment Increases during Extended Term.** Notwithstanding anything to the contrary in Section 4.6(a) above, if, during the Extended Term, there is any increase in Real Estate Taxes based upon an increase in assessed value of the Building resulting from a sale or transfer of the Building (a "Reassessment Increase"), City's payment of City's Percentage Share of such Reassessment Increase shall be

## 5. USE

### 5.1 Permitted Use

City may use the Premises for general office uses and such other uses as may be specified in the Basic Lease Information, and for no other use without Landlord's prior written consent, which shall not be unreasonably withheld or delayed so long as such use is not reasonably incompatible with a first-class office building in San Francisco and does not violate any previous agreement by Landlord with another Building tenant regarding such tenant's exclusive rights to use for a particular purpose a portion of the Building. Tenant acknowledges that Opera Plaza is a mixed-use development subject to the Master Association CC&Rs (the "CC&Rs"), and accepts this Lease subject thereto, and to any modifications and amendments, and to all matters disclosed thereby. Notwithstanding the foregoing, Landlord represents and covenants (a) that to Landlord's actual knowledge (without duty of inquiry), no existing provision of the CC&Rs conflicts in any material manner with the terms and conditions of this Lease, materially detracts from, or conflicts with, City's rights under this Lease, or materially increases City's obligations under this Lease, and (b) that at no time during the Term will any future provision of the CC&Rs conflict in any material manner with the terms and conditions of this Lease, materially detract from, or conflict with, City's rights under this Lease, or materially increase City's obligations under this Lease.

### 5.2 Observance of Rules and Regulations

City shall observe Landlord's reasonable rules and regulations for the Building subject to the provisions of this Lease (the "**Rules and Regulations**"). There are no Rules and Regulations currently in effect as of the Effective Date. Landlord may subsequently adopt Rules and Regulations and, thereafter make reasonable additions or modifications to the Rules and Regulations, which shall be binding upon City within a reasonable implementation period upon Landlord's delivery to City of a copy of any such adopted, amended, or modified Rules and Regulations, provided that any adopted, amended, or modified Rules and Regulations shall not reduce Landlord's obligations under this Lease nor interfere with City's business in the Premises, and such Rules and Regulations must be applicable to the other Building tenants, shall not conflict with the provisions of this Lease, shall not materially increase the burdens or obligations upon City, shall not impose a charge upon City for services that this Lease expressly states are to be provided to City at no charge, and shall not materially adversely affect the conduct of any business in the Premises that City is permitted to conduct pursuant to Section 5.1 (Permitted Use) above. Landlord shall administer the Rules and Regulations in a fair and nondiscriminatory manner and use reasonable efforts to cause other Building tenants to comply with them. City shall be entitled upon request to any waiver or special dispensation granted by Landlord to any other tenant in the Building with respect to the Rules and Regulations, and Landlord shall notify City of any such waiver or special dispensation.

### 5.3 Interference with Access

Landlord shall provide to City access to the Premises twenty-four (24) hours per day, seven (7) days per week, together with uninterrupted access to the Premises and the Common Areas to the maximum extent possible, including, without limitation, during any power outages affecting the Premises or any portion of the Building; provided, however, that Landlord may, after consultation with City's Administrator, interrupt City's access to the Premises or the Building in the event of an immediate threat of the Premises, the Common Areas, or any other portion of the Building being rendered unsafe for human occupancy. If City's use of, or access to, any of the Premises is interrupted as a result of the Premises, the Common Areas, or any other portion of the Building being rendered unsafe for human occupancy because of Landlord's failure to comply with its obligations under this Lease or for any other reason other than City's default under this Lease, then Landlord shall immediately undertake all necessary steps to correct

wash without containment barriers; (d) abrasive blasting or sandblasting without containment barriers or a HEPA vacuum exhaust tool; and (e) heat guns operating above 1,100 degrees Fahrenheit. Landlord shall comply with the requirements of Title 17 of the California Code of Regulations when taking measures that are designed to reduce or eliminate lead hazards. Under this Section, paint on the exterior or interior of buildings built before January 1, 1979 is presumed to be lead-based paint unless a lead-based paint test, as defined by Chapter 34 of the San Francisco Building Code, demonstrates an absence of lead-based paint on the interior or exterior surfaces of such buildings. Under this Section, lead-based paint is "disturbed or removed" if the work of improvement or alteration involves any action that creates friction, pressure, heat, or a chemical reaction upon any lead-based or presumed lead-based paint on a surface so as to abrade, loosen, penetrate, cut through, or eliminate paint from that surface.

## 7. ALTERATIONS

### 7.1 Alterations by City

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

### 7.2 Title to Improvements

Except for City's Personal Property (defined in Section 7.3 (City's Personal Property) below), 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 to such removal.

### 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 of the Term, City may remove any of City's Personal Property, provided City shall repair any damage to the Premises resulting from such removal. Upon the expiration or earlier termination of this Lease, City shall remove City's Personal Property from the Premises in accordance with Article 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. Upon City's reasonable request, and subject to Landlord's reasonable approval, which shall not be withheld or delayed, Landlord 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

with Landlord's repair and maintenance obligations under this Lease, City shall repair and maintain at its cost the interior portions of the Premises and all communication, data, and computer lines/cabling exclusively serving the Premises in good working order and in a safe and sanitary condition, except for ordinary wear and tear and damage by casualty. City shall make any such required repairs and replacements that Landlord specifies in writing (a) at City's cost, (b) by contractors or mechanics selected by City and reasonably approved by Landlord, (c) so that same shall be at least substantially equal in quality, value, and utility to the original work or installation prior to the damage that requires such repair or replacement, (d) 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 (e) in compliance with all applicable Laws, including, without limitation, any applicable contracting requirements under City's Charter and Administrative Code. At all times during the Term of this Lease, upon reasonable notice by City, Landlord shall afford City and its Agents with access to those portions of the Building that are necessary to maintain or repair the telecommunications and data and computer cabling facilities and equipment installed by City. Subject to the provisions of Article 12 (Damage and Destruction), City shall also repair all damage (excluding ordinary wear and tear) to the Building and Common Areas caused by Tenant's negligence or willful misconduct, including making replacements if necessary; provided Landlord may elect to repair such damage caused by Tenant, in which event Tenant shall reimburse Landlord for the reasonable costs incurred in making the necessary repairs/replacements.

### 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 may post on the Premises any notices permitted or required by law or that are needed for the protection of Landlord, the Premises, or the Building, from mechanics' and material suppliers' liens. City shall give Landlord at least ten (10) days' prior, written notice of commencement of any repair or construction by City on the Premises by any third-party contractors.

## 9. UTILITIES AND SERVICES

### 9.1 Landlord's Provision of Utilities

Landlord shall furnish, or cause to be furnished, to the Premises, at Landlord's cost, gas and water, as set forth in the attached Exhibit D. Landlord shall furnish, or cause to be furnished, necessary electricity, gas, and water to the Building and the Common Areas, subject to any rights Landlord may have to recover those costs from tenants.

### 9.2 Electricity

On or before the Commencement Date, Landlord shall cause the Premises to be equipped with electrical service. City shall contract with, and pay directly, the appropriate electrical utility for the provision of electricity within the Premises.

### 9.3 Services

#### (a) Janitorial Service.

Landlord shall provide, at Landlord's cost, janitorial service within the Premises and for the Building in accordance with the specifications contained in the attached Exhibit E. If City continually overburdens the collection process above that of a typical tenant such that it materially increases Landlord's cost or hinders the Landlord's ability to provide first class janitorial services to the rest of the Building, City shall be responsible for reimbursing Landlord for its actual incremental costs so incurred.

## 10. COMPLIANCE WITH LAWS; PREMISES CONDITION

### 10.1 Premises Condition and Landlord's Compliance with Laws; Indemnity

Landlord represents and warrants to City, and covenants with City, that, to its actual knowledge: (a) as of the Commencement Date, the physical structure, fixtures, and permanent improvements of the Premises, and all portions of the Property and the Building along the path of travel to the Premises (including, but not limited to, the Premises entrances, Common Areas, restrooms, elevators, lobbies, drinking fountains) will comply with the requirements of the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable federal, state, local, and administrative laws, rules, regulations, orders, and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabilities Laws"); (b) the Building, the Common Areas and Building Systems serving the Premises will, as of the Commencement Date, be in full compliance with all applicable building codes; and (c) as of the Commencement Date there will not be any material physical or mechanical defects in the Premises, the Building, or the Building Systems that would materially adversely affect City's intended use of the Premises for general office purposes. Landlord shall at all times during the Term maintain the Property, Building, Common Areas, and the Building Systems serving the Premises in compliance with all applicable present or future federal, state, local, and administrative laws, rules, regulations, orders, and requirements (collectively, "Laws"), except to the extent, if any, that the Property is otherwise "grandfathered" and thus exempt from compliance. Without limiting Section 16.2 (Landlord's Indemnity), Landlord shall indemnify City against any and all Claims arising out of any failure of any portion of any of the Property, Building, Common Areas, or Building Systems to comply with applicable Laws as provided in this Section or any misrepresentation by Landlord under this Section, except to the extent such failure to comply results from Tenant's negligence or willful misconduct.

### 10.2 City's Compliance with Laws; Indemnity

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

### 10.3 City's Compliance with Insurance Requirements

City shall not conduct any use in or about the Premises that would: (a) invalidate or be in conflict with any fire or other casualty insurance policies covering the Building or any property located in the Building, (b) result in a refusal by fire insurance companies of good standing to insure the Building or any such property in amounts reasonably satisfactory to Landlord or the holder of any mortgage or deed of trust encumbering the Building, (c) cause an increase in the fire insurance premium for the Building unless City agrees to pay such increase, or (d) subject Landlord to any liability or responsibility for injury to any person or property by reason solely of any business operation being conducted by City in the Premises; provided, however, Landlord shall provide City with reasonable prior, written notice of any applicable insurance requirements.



by fire or other cause to City's Personal Property or any damage caused by the negligence or willful misconduct of City or its Agents.

Within twenty (20) days after the date of any casualty damage, Landlord shall notify City whether or not, in Landlord's reasonable judgment made in good faith, (a) such repairs can be made within the Repair Period, and (b) any materially adverse effect on Tenant's business can be eliminated within the Repair Period. If such repairs cannot be made within the Repair Period or any materially adverse effect upon Tenant's business cannot be eliminated within the Repair Period, then by written notice to the other Party given within thirty (30) days after the date of such damage, either Party may 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.

Notwithstanding the foregoing, in the event the Premises are damaged or destroyed by reason of flood, earthquake, or other casualty that is not covered by insurance required to be purchased by Landlord pursuant to this Lease, and such damage or destruction is not fully covered by insurance proceeds payable under the insurance policies Landlord is required to carry under this Lease (excluding any deductible), Landlord may terminate this Lease by written notice to City within thirty (30) days of the date Landlord receives written notice that such damage is not fully covered by insurance. Such notice from Landlord shall include adequate written evidence of the lack of full insurance coverage. If Landlord does not elect to terminate this Lease as provided above, this Lease shall remain in full force and effect, and Landlord shall repair and restore the Premises as provided above.

If at any time during the last six (6) months of the Term of this Lease there is any damage caused to the Premises by fire or other casualty, each Party, at its respective option, may 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 of this Article 12.

### 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.

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 with such partial Taking, 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 sixty (60) 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

Except as provided in this Section below, 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 under this Lease, or permit all or any portion of the Premises to be occupied by anyone other than itself, or sublet all or any portion of the Premises, without Landlord's prior written consent in each instance, which shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, City shall have the right, without Landlord's consent, to allow use of the Premises by any of City's departments, commissions, or agencies (a "City Affiliate") for uses permitted under this Lease and such use shall not be subject to Landlord's consent considered a sublease. Landlord shall not have the right to recapture in the event of an attempted assignment or sublease that violates the terms of this Lease. In the event of any assignment of this Lease to a person or entity that is not a City Affiliate or a sublease to a person or entity that is not a City Affiliate (each a "Non-Affiliate"), to the extent that any amounts paid to City for occupancy of the Premises by such Non-Affiliate exceed amounts then payable by City as Base Rent for the portion of the Premises occupied by such Non-Affiliate ("Excess Rent"), City shall pay to Landlord fifty percent (50%) of all Excess Rent received by City from any such Non-Affiliate.

## 15. DEFAULT; REMEDIES

### 15.1 Events of Default by City

Any of the following shall constitute an event of default by City under this Lease:

(a) City's failure to make any timely payment of Rent and to cure such nonpayment within five (5) business days after receipt of Landlord's written notice specifying such failure, 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 Landlord's written notice;

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

(c) City's failure to perform any other covenant or obligation of City under this Lease (not involving the payment of money) and to cure such non-performance within

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 under this Lease, at its sole option, City may 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 to the extent 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 under this Lease, at its sole option, Landlord may 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 this Lease.

## **17. INSURANCE**

### **17.1 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 to the extent such damage is caused by a risk that could be covered by a Special Form Policy of property insurance and, notwithstanding the provisions of Section 17.3 [Waiver of Subrogation] below, will not seek any recovery from Landlord or its insurers for the loss of City's Personal Property unless, and only to the extent, caused by the willful misconduct of Landlord or its Agents.

### **17.2 Landlord's Insurance**

At all times during the Term, Landlord shall keep the Building (excluding the land upon which it is located) insured against damage and destruction by fire, vandalism, malicious mischief, sprinkler damage, and other perils customarily covered under a cause of loss-special form property insurance policy in an amount equal to one hundred percent (100%) of the full insurance replacement value (replacement cost new, including, debris removal and demolition) thereof. Upon City's request, Landlord shall provide to City a certificate of insurance issued by the insurance carrier, evidencing the insurance required above. Each certificate will provide that Landlord shall receive not less than thirty (30) days' notice (ten (10) days' in the event of cancellation for nonpayment) of any nonrenewal or material reduction in any insurance coverage. Landlord shall inform Tenant promptly of Landlord's receipt of any such notice.

In addition, Landlord shall procure and keep in effect at all times during the Term insurance as follows: (a) Commercial general liability insurance with limits not less than One

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 set forth below:

(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. Section 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 Landlord's actual knowledge and without duty of inquiry, 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, restaurants, and retail facilities, 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 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 stated in this Article below, Landlord shall maintain the Property throughout the Term in compliance with all Environmental Laws that could affect the health, safety, and welfare of City's employees or City's use, occupancy, or enjoyment of the Premises for their intended purposes.

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.

### **22.3 Amendments**

Neither this Lease nor any of its terms or provisions 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 of this Lease. 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 City's Charter. 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 Parties' mutual written agreement, 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 that (a) change the legal description of the Premises, (b) increase the Term, (c) increase the Rent, (d) change the general use of the Premises from the use authorized under Section 5.1 (Permitted Use) of this Lease, or (e) materially increase City's liabilities or financial obligations under this Lease shall additionally require the approval of City's Board of Supervisors.

### **22.4 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.

### **22.5 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 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 City's Charter or other applicable Laws.

### **22.6 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 in this Lease 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 in this Lease, 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

## **22.12 Attorneys' Fees**

If either Landlord or City fails to perform any of its obligations under this Lease or if 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 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 prevailing Party, 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.

## **22.13 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 Base Rent payable by City during the period of 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, and such tenancy shall otherwise be on the terms and conditions contained in this Lease.

## **22.14 Cumulative Remedies**

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

## **22.15 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.

## **22.16 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 of this Lease. Each Party 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 that actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent, or false, which obligation

## **22.22 MacBride Principles - Northern Ireland**

The provisions of San Francisco Administrative Code §12F are incorporated into this Lease by this reference and made part of this Lease. By signing this Lease, Landlord confirms that Landlord has read and understood that 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.

## **22.23 Controller's Certification of Funds**

The terms of this Lease shall be governed by and subject to the budgetary and fiscal provisions of 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 City's Controller first certifies, pursuant to Section 3.105 of 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. Therefore, if Landlord provides City with a notice of nonpayment of rent pursuant to Section 15.1(a) of this Lease, and City's Controller provides Landlord, within the five (5)-day cure period set forth in said Section 15.1(a), that City has not appropriated funds for Rent, then, as its sole and exclusive remedy, Landlord may terminate this Lease upon twenty (20) days' written notice to Tenant given at any time prior to City's payment of all then due Rents. 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.

## **22.24 Prevailing Wages for Construction Work**

Any person performing labor in the construction of "Qualified Improvements" (defined below) to the Premises that Landlord may provide under or in connection with this Lease shall be paid not less than the prevailing rate of wages consistent with the requirements of Section 6.22(E) of the San Francisco Administrative Code, and shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar qualified construction performed in San Francisco County. In any contracts for construction of such qualified improvements to the Premises, Landlord shall include a requirement that all persons performing labor under such contract shall be paid not less than the prevailing rate of wages as required by applicable Laws for the labor so performed. "**Qualified Improvements**" means improvements that cost six hundred thousand dollars (\$600,000) or more (labor and materials collectively).

## **22.25 Non Discrimination in City Contracts and Benefits Ordinance; Covenant Not to Discriminate**

(a) In the performance of this Lease, Landlord shall not discriminate against any employee of Landlord or applicant for employment with Landlord, any City employee working 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) City 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) If 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 City upon demand and may be set off against any monies due to Landlord from any contract with City.

### **22.27 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 locations approved by Landlord and as otherwise required by applicable Laws.

### **22.28 Resource-Efficient City Buildings and Pilot Projects**

Landlord acknowledges that City 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 hereby agrees that it shall comply with all applicable provisions of such code sections with respect to new construction on or about the Premises.

### **22.29 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.

### **22.30 Effective Date**

The date on which this Lease shall become effective (the "**Effective Date**") is the date upon which: (a) City's Mayor and Board of Supervisors, at their sole and absolute discretion, adopt a resolution or enact an ordinance approving this Lease in accordance with all applicable Laws and (b) this Lease is duly executed by the Parties.

### **22.31 Certification by Landlord**

By executing this Lease, Landlord certifies that, to Landlord's actual knowledge, neither Landlord nor any of its officers or members have been suspended, disciplined, or disbarred by, or prohibited from contracting with, any federal, state, or local governmental agency. If Landlord learns that it or any of its officers or members have been so suspended, disbarred, disciplined, or prohibited from contracting with any governmental agency, it shall immediately notify City of same and the reasons therefor together with any relevant facts or information requested by City. Any such suspension, disbarment, discipline, or prohibition may result in the termination or suspension of this Lease. Landlord acknowledges that this certification is a material term of this Lease.

### **22.32 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



### 22.36 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.

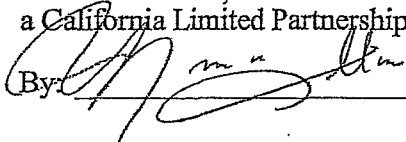
NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS LEASE UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION OR ENACTED AN ORDINANCE APPROVING THIS LEASE AND AUTHORIZING CONSUMMATION OF THE TRANSACTION CONTEMPLATED BY THIS LEASE. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY UNDER THIS LEASE ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LEASE SHALL BE NULL AND VOID UNLESS CITY'S MAYOR AND BOARD OF SUPERVISORS APPROVE THIS LEASE, AT 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 OF CITY.

[Signatures on following page]

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

LANDLORD:

OPERA PLAZA, L.P.  
a California Limited Partnership

By:  \_\_\_\_\_

Its: managing partner \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
JOHN UPDIKE  
Director of Property

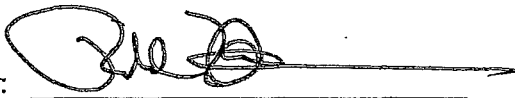
RECOMMENDED:



Human Services Agency

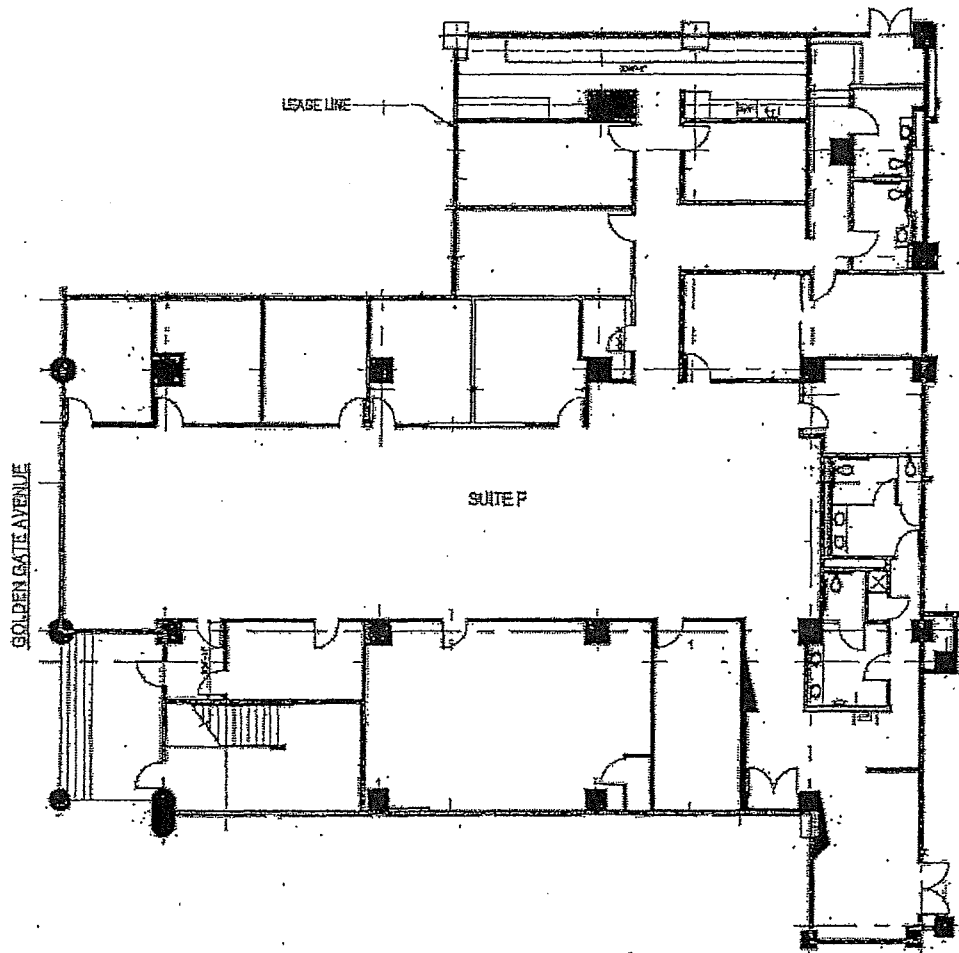
APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: 

Richard Handel,  
Deputy City Attorney

EXHIBIT A  
FLOOR PLAN(S)



601 Van Ness Avenue, Suite F

**EXHIBIT B**

**NOTICE OF COMMENCEMENT DATE**

[Date]

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

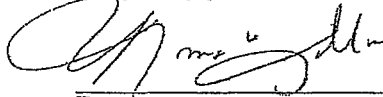
RE: Acknowledgement of Commencement Date, Lease between OPERA PLAZA, L.P., a California limited partnership ("Landlord"), and the CITY AND COUNTY OF SAN FRANCISCO, a California municipal corporation ("City"), for premises known as Suite P located at 601 Van Ness Avenue, Suite P San Francisco, CA 94102.

Dear Mr. Updike:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is \_\_\_\_\_, 2016.

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

Very truly yours,



By: \_\_\_\_\_  
Title: managing partner

Accepted and Agreed:

By: \_\_\_\_\_  
John Updike  
Director of Property

Dated: \_\_\_\_\_, 2016

## EXHIBIT C

### EXCLUSIONS FROM OPERATING COSTS

1. Costs of new capital improvements or equipment (as opposed to repairs or replacements that are capitalizable), except for those (a) required by laws enacted on or after the date of the Lease amortized over the useful life of the improvement and/or equipment together with interest at the actual interest rate incurred by Landlord in connection with such capital improvements, or (b) acquired to cause, in Landlord's good faith judgment, an immediate (i.e., commencing within the first year after completion of such repairs or improvements or installation of such equipment) reduction in other Operating Costs, amortized over five (5) years at an annual rate reasonably calculated to equal the amount of Operating Costs to be saved in each calendar year throughout the Term (as determined at the time Landlord elected to proceed with the capital improvement or acquisition of the capital equipment to reduce operating expenses), together with interest at the actual interest rate incurred by Landlord;
2. Rentals and other related expenses for items (except when needed in connection with normal replacements, repairs, and maintenance of permanent systems) which if purchased rather than rented, would constitute a capital improvement which is specifically excluded in item 1 above (excluding, however, equipment not affixed to the Building which is used in providing janitorial or similar services);
3. Costs incurred by Landlord for the repair of damage to the Building, to the extent that Landlord is reimbursed by insurance proceeds and costs occasioned by the exercise of the right of eminent domain;
4. Costs, including, without limitation, permit, license, and inspection costs, incurred with respect to the installation of improvements made for other tenants or occupants of the Building or incurred in renovating or otherwise improving, decorating, painting, or redecorating vacant space for other tenants or occupants in the Building;
5. Depreciation, amortization, and interest payments, except to the extent provided pursuant to items 1(i) and 1(ii) above and except on materials, tools, supplies, and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party where such depreciation, amortization, and interest payments would otherwise have been included in the charge for such third party's services, all as determined in accordance with generally accepted accounting principles, consistently applied (as applied to commercial real estate), and when depreciation or amortization is permitted or required, the item shall be amortized over its reasonably anticipated useful life (as reasonably determined by Landlord);
6. Leasing commissions, attorneys' and other professionals' fees, space planning costs, and all other costs and expenses in connection with negotiations with present or prospective tenants or other occupants in the Building or any present or future ground lessors or holders of any mortgages or other encumbrances affecting any of the Building or the defense of Landlord's title to the Building or the real property on which it is located;
7. Expenses in connection with services or other benefits that are not offered to City or for which City is charged directly but which are provided to another tenant or occupant of the Building;
8. Costs incurred by Landlord resulting from violation by Landlord or any other tenant or occupant of the Building of applicable laws, rules, or regulations, the terms and conditions of any lease, ground lease, mortgage, or deed of trust, or other covenants, conditions, or restrictions encumbering the Building or the real property on which it is located;

9. Overhead and profit increments paid to Landlord or to subsidiaries or affiliates of Landlord, or to any party as a result of a non-competitive selection process, for management, or other services, supplies, or materials, to the extent the same exceed the costs of such goods and/or services rendered by unaffiliated third parties on a competitive, arms-length basis;
10. Any ground lease rental or rental under any other underlying leases;
11. Except as specifically permitted by items 1(i) and 1(ii) above, interest, principal, points, and fees on debts or amortization on any mortgage, deed of trust, or any other debt instrument encumbering any of the Building or the real property on which it is located;
12. Any compensation paid to clerks, attendants, or other persons in commercial concessions operated by Landlord or in the parking garage in the Building;
13. All items and services for which City or any other tenant or occupant of the Building separately reimburses Landlord (other than through such tenant's or occupant's proportionate share of operating expenses), or that Landlord provides selectively to one or more other tenants or occupants without reimbursement, or that are not provided in reasonable proportion to the space leased by City but that Landlord provides to another tenant or other occupant of the Building;
14. Advertising or promotional expenditures, and the costs of acquiring and installing signs in or on any of the Building identifying the owner of the Building or any other tenant or occupant of the Building;
15. Electric power costs for which any tenant or occupant directly contracts with the local public service company (provided that the charge for such services shall be computed for purposes of the gross-up provision of the Lease (i.e., expenses to be grossed up to reflect full occupancy of the Building) to reflect an average charge for power costs);
16. Services provided to or for, taxes attributable to, and costs incurred in connection with the operation of retail, restaurant and garage operations in the Building;
17. Costs incurred in connection with upgrading the Building to comply with disabled access, life, fire and safety codes in effect prior to the date of the Lease, and costs incurred in connection with upgrading the Building to comply with the Americans with Disabilities Act of 1990 and Title 24 of the California Code of Regulations (or its successor), the San Francisco Sprinkler Ordinance and the San Francisco Unreinforced Masonry Building Ordinance;
18. Tax penalties incurred as a result of Landlord's negligence, inability, or unwillingness to make payments when due;
19. Costs arising from the presence of Hazardous Material in or about the Building including groundwater or soil conditions, except if such Hazardous Material is brought onto the Building by City in violation of applicable laws;
20. Landlord's charitable or political contributions;
21. To the extent the following costs arise during any applicable warranty periods, costs as a result of repairs of latent defects in the Building core and shell or improvements installed by Landlord or in the Building Systems, and any costs incurred by Landlord in the event any portion of the Building is made untenable by fire or other casualty required to be insured against pursuant to the terms of the Lease;
22. Capital costs for sculpture, paintings, or other objects of art;

23. Costs (including all attorneys' fees and costs of settlement, judgments, and payments in lieu thereof) arising from claims, disputes, or potential disputes, including tax disputes where the tenants of the Building would receive benefits if Landlord prevails) in connection with potential or actual claims, litigation or arbitrations pertaining to Landlord or the Building;
24. All direct cost of refinancing, selling, exchanging, or otherwise transferring ownership of the Building or the real property on which it is located or any interest therein or portion thereof, including broker commissions, attorney's fees, and closing costs;
25. Reserves for bad debts, rent loss, capital items, or further Operating Costs; and
26. Landlord's general corporate overhead and general and administrative expenses not related to the operation or management of the Building.

## EXHIBIT D

### STANDARDS FOR UTILITIES AND SERVICES

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

(a) Elevators. Unattended automatic passenger elevator facilities serving the floor(s) on which the Premises are located, on a 24-hours a day, 7-days a week basis. Freight elevator service is available Monday through Friday, from 8a.m. to 5 p.m.

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

(c) Electricity. Subject to City's obligations pursuant to Section 9.2 of the Lease, electric current to the Premises on a 24-hours a day, 7-days a week basis, in capacities as currently available. At all times, City's use of electric current shall not exceed the capacity of feeders to the Premises or the risers or wiring installation with respect to the Premises.

(d) Water. Hot and cold water shall be available at current points of supply on a 24-hours-a-day, 7-days-a-week basis.



EXHIBIT E

**STANDARDS FOR JANITORIAL SERVICES**

Trash removal and vacuuming nightly, Monday through Friday, except holidays.

EXHIBIT F

**STANDARDS FOR SECURITY SERVICE**

Landlord shall furnish security services as follows:

SECURITY GUARDS: 2 unarmed security guards at all times

OTHER SECURITY SERVICES: none





# SAN FRANCISCO PLANNING DEPARTMENT

## General Plan Referral

1650 Mission St.  
Suite 400  
San Francisco,  
CA 94103-2479

Reception:  
415.558.6378

Fax:  
415.558.6409

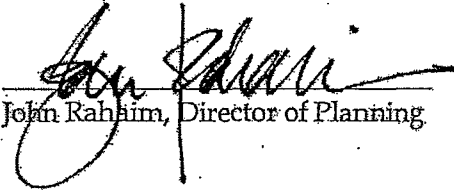
Planning  
Information:  
415.558.6377

*Date:* April 6, 2016  
*Case No.:* Case No. 2016-003775GPR  
*Block/Lot No.:* City Lease of 601 Van Ness Avenue of Office Space  
0762/027  
*Project Sponsor:* Josh Keene  
San Francisco Real Estate Department  
25 Van Ness Ave. Suite 400  
San Francisco, CA 94102

*Applicant:* Same as Above

*Staff Contact:* Jessica Look- (415) 575-6812  
[jessica.look@sfgov.org](mailto:jessica.look@sfgov.org)

*Recommendation:* Finding the project, on balance, is in conformity with the General Plan

*Recommended By:*   
John Rahim, Director of Planning

### PROJECT DESCRIPTION

The Project is for the City's proposed 5-year office lease of approximately 8,640 square feet located on the ground floor in Suite P at 601 Van Ness Avenue. If the Project is approved, the City's Human Services Agency (HSA) will utilize the space for administrative functions to digitize HSA's historical files and future files and records. The site was most recently used as administrative offices for a private brokerage firm and is a legal nonconforming general office use. This use was approved in building permit application 2001.04.25.7659, which conversion to office use was permitted at that time by the Redevelopment Agency.

HSA is a department of the City and County of San Francisco and the central resource for public assistance in the City. Their mission is to promote well-being and self-sufficiency among individuals, families and communities in San Francisco. The submittal is for a General Plan Referral to recommend whether the Project is in conformity with the General Plan, pursuant to Section 4.105 of the Charter, and Section 2A.52 and 2A.53 of the Administrative Code.

## ENVIRONMENTAL REVIEW

The project was determined to be categorically exempt under CEQA Guidelines Section 15301 on 3/30/16 (Planning Record No. 2016-003775GPR).

## GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The Project is the City's proposed 5 year office lease on the ground floor of approximately 8,640 square feet for use by the City's Human Services Agency. The Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 as described in the body of this letter and is, on balance, in conformity with the following Objectives and Policies of the General Plan:

### COMMERCE AND INDUSTRY ELEMENT

#### POLICY 7.1

Promote San Francisco, particularly the Civic Center, as a location for local, regional, state and federal governmental functions.

In a manner similar to other economic functions such as office uses and institutions, physical proximity of various governmental activities is important to the efficient functioning of daily activities of related agencies. The city should strengthen the locational advantages of this clustering of governmental services by insuring provision of an adequate amount of space in the Civic Center area to serve this function without endangering surrounding residential areas.

*The Human Services Agency provides services to all resident throughout the City, in particular families, seniors and adults with disabilities. It is vital that the City strengthens the locational advantage of consolidating government services within close proximity of each other. In addition, since the main use of this office space is to digitize historical and future files, it is imperative that this office be located within close proximity of other HSA offices, also located within Civic Center. Centralized government activities also serve as a resource for government employees, as they are able to utilize the transit services that are located within Civic Center and lessen the need to utilize private automobiles.*

### CIVIC CENTER AREA PLAN

#### Policy 2.3

Encourage governmental activities of each level of government to locate within a "sphere of influence" within the Civic Center to avoid inefficient dispersal of these activities throughout the area.

*The Project, which would include an office lease on the ground floor for use by the City's Human Services Agency, is consistent with this policy. The location of this office space within Civic Center will enhance and encourage cooperation with other government offices and nearby HSA sites. The proposed Project's site will be located within close proximity of HSA administrative offices located at 170 Otis Street, 1650*

*Mission Street and 160 South Van Ness Avenue. In addition, HSA's client services are also located in close proximity to Civic Center.*

**PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1**

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project, demolition and replacement of the Chinese Recreation Center, is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

**Eight Priority Policies Findings**

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

The proposed project is found to be consistent with the eight priority policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

*The Project would have no adverse effect on neighborhood serving retail uses or opportunities for employment in or ownership of such businesses. The previous use of the premise was office space, and the proposed lease to the City is for office space.*

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

*The Project would have no adverse effect on the City's housing stock or on neighborhood character. The existing housing and neighborhood character will be not be negatively affected.*

3. That the City's supply of affordable housing be preserved and enhanced.

*The Project would have no adverse effect on the City's supply of affordable housing.*

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

*The Project would not result in commuter traffic impeding MUNI's transit service, overburdening the streets or altering current neighborhood parking.*

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

*The Project would not affect the existing economic base in this area. The previous use of the premise was office space, and the proposed lease to the City is for office space.*

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

*The Project would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake. It would improve the City's ability to respond to injuries caused by earthquakes and other emergencies.*

7. That landmarks and historic buildings be preserved.

*This site and building are not landmarks or of historic significance. The structure was constructed in the last 30 years.*

8. That our parks and open space and their access to sunlight and vistas be protected from development.

*The Project would have no adverse effect on parks and open space or their access to sunlight and vista. If the City purchases or leases the site for use by the Department of Technology, no new structures would be added to the site.*

<b>RECOMMENDATION:</b> Finding the Project, on balance, in-conformity with the General Plan
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**Attachments:**

Site Plan -- 601 Van Ness Avenue

Office Layout -- Suite P -- 601 Van Ness Avenue

cc: Joshua Keene, Real Estate

I:\Citywide\General Plan\General Plan Referrals\2016\2016-003775GPR - 601 Van Ness Avenue\2016-003775GPR - 601 Van Ness Avenue.docx

# City and County of San Francisco



*Edwin M. Lee, Mayor*

# Human Services Agency

Department of Human Services  
Department of Aging and Adult Services

*Trent Rhorer, Executive Director*

April 22, 2016

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

**RE: Office Lease – 601 Van Ness Avenue**

Dear Board Members:

Attached for your consideration is a proposed resolution approving and authorizing the Director of Property to execute an office lease between the City and Opera Plaza, L.P. for the lease to the City of approximately 8,646 rentable square feet in the building located at 601 Van Ness Avenue. The office space will be used by the Human Services Agency to support its MEDS Unit and Records Management amongst other functions.

The Human Services Agency is supportive of this lease as negotiated by the City's Real Estate Division. If you have questions regarding this proposed legislative package, please do not hesitate to contact me.

Respectfully,

A handwritten signature in black ink, appearing to read "Trent Rhorer", followed by a long horizontal line extending to the right.

Trent Rhorer  
Executive Director





Received in Board  
4/26/16 - BS

# Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion, or Charter Amendment)
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [ ] inquires"
- 5. City Attorney request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Question(s) submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission     Youth Commission     Ethics Commission
- Planning Commission     Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative Form.**

**Sponsor(s):**

Breed

**Subject:**

Real Property Lease - Opera Plaza, L.P. - 601 Van Ness Ave. - \$363,132 Rent in Initial Year

**The text is listed below or attached:**

Resolution authorizing a Lease between the City and County of San Francisco, as Tenant, and Opera Plaza L.P. as Landlord, of office space located at 601 Van Ness Avenue in San Francisco, consisting of approximately 8,646 rentable square feet, for an initial term of five years for use by the Human Services Agency of San Francisco at \$30,261 monthly rent, totaling \$363,132 in the initial year, with annual three (3%) percent increases and one, five-year option to extend the term; and finding the proposed transaction is in conformance with the City's General Plan, and the eight priority policies of Planning Code, Section 101.1.

Signature of Sponsoring Supervisor: \_\_\_\_\_

For Clerk's Use Only:

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

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: Opera Plaza, L.P.	
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. None 2. Thomas Callinan – President, Urban Pacific Properties Nathan Nishiguchi – COO, Urban Pacific Properties 3. N/A 4. None 5. None	
Contractor address: 601 Van Ness Avenue, San Francisco, CA 94102	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: \$363,132 in initial year; \$1,902,120 for 5-year contract
Describe the nature of the contract that was approved: 5-year office lease for Human Services Agency; Building located at 601 Van Ness Avenue, San Francisco, CA 94102	
Comments: One (1), Five-Year (5 yrs.) Option to Extend	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

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

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

Print Name of Board

<b>Filer Information</b> <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