

File No. 140309

Committee Item No. 4
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee Date April 30, 2014

Board of Supervisors Meeting Date _____

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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>Port Commission Resolution Nos. 12-79, 12-64</u> |
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Completed by: Linda Wong Date April 11, 2014
Completed by: _____ Date _____

1 [Real Property Lease Amendment - Autodesk, Inc. - Pier 9]
2

3 **Resolution approving the Port Commission's Third Amendment to Lease No. L-15169**
4 **with Autodesk, Inc., a Delaware corporation, for the lease of unimproved shed space at**
5 **Pier 9 in the Northern Waterfront with a 111 month term, to commence upon Board**
6 **approval.**

7
8 WHEREAS, California Statutes of 1968, Chapter 1333 (the "Burton Act") and San
9 Francisco Charter, Sections 4.114 and B3.581, empower the San Francisco Port Commission
10 ("Port Commission") with the power and duty to use, conduct, operate, maintain, manage,
11 regulate and control the lands within Port Commission jurisdiction; and

12 WHEREAS, Autodesk, Inc., a Delaware corporation, ("Autodesk") is a San Francisco
13 based business currently located at Pier 9 pursuant to Port of San Francisco Lease No.
14 L-15169, with a 120-month lease for approximately 27,190 square feet, as approved by the
15 Port Commission on September 11, 2012, by Resolution 12-64 as amended by the First
16 Amendment (the "First Amendment"), and as amended by the Second Amendment (the
17 "Second Amendment") approved by the Port Commission on October 23, 2012, by Resolution
18 12-79 ("Lease"). The Second Amendment resulted in the Lease having an anticipated
19 revenue of one million dollars or more and a term of ten years. The Board of Supervisors
20 approved the Second Amendment by Board of Supervisors Resolution 007-13 (though the
21 Lease was erroneously called "Lease No. L-15150" in line 14 of Resolution 007-13); and

22 WHEREAS, Autodesk and Port staff have mutually agreed on terms and conditions of
23 a Third Amendment (the "Third Amendment") that will add approximately 3,400 square feet of
24 unimproved Pier 9 shed space to the leasehold. The term will not be extended. The initial
25

1 monthly rent prior to any rent credit deduction is \$4,590 per month or \$1.35 per square foot
2 which is slightly higher than the Port Commission parameter rental rate for FY 2013/2014; and

3 WHEREAS, The Third Amendment requires Autodesk to make a significant capital
4 investment in Port property in the amount of \$2,040,500 or \$600 per square foot for base
5 building core and shell and tenant improvements. In consideration, the Third Amendment
6 provides a 180-day rent-abatement period for the purpose of constructing the improvements.
7 The Third Amendment also includes a one-time rent credit for base building core and shell
8 improvements only in the maximum amount of \$400,000 to be deducted in equal installments;
9 and

10 WHEREAS, A copy of the Lease, First Amendment, and Second Amendment are on
11 file with the Clerk of the Board in File No. 121170 and a copy of the Third Amendment is on
12 file with the Clerk of the Board in File No. 140309; and

13 WHEREAS, Pursuant to requirements under the California Environmental Quality Act
14 (CEQA), the environmental effects of the Third Amendment were reviewed and determined to
15 be exempt from CEQA under a General Rule Exclusion issued by the San Francisco Planning
16 Department to the Port, dated February 2, 2012, which allows the Port to lease and manage
17 property where there is no change or substantial intensification of the existing use; and

18 WHEREAS, San Francisco Charter Section 9.118 requires Board of Supervisors
19 approval of an amendment of a real property lease that, when first executed, had a term of ten
20 (10) or more years or an anticipated revenue to the City of One Million Dollars (\$1,000,000) or
21 more; now, therefore, be it

22 RESOLVED, That the Board of Supervisors approves the Third Amendment; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
24 Director of the Port (the "Executive Director") to execute the Third Amendment in substantially
25

1 the form of the Third Amendment on file with the Clerk of the Board of Supervisors as
2 approved by the City Attorney; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors authorizes the Executive
4 Director to enter into any additions, amendments or other modifications to the Lease
5 (including, without limitation, preparation and attachment of, or changes to, any or all of the
6 exhibits and ancillary agreements) that the Executive Director, in consultation with the City
7 Attorney, determines when taken as a whole, are in the best interest of the Port, do not
8 materially increase the obligations or liabilities of the Port or City or materially decrease the
9 public benefits accruing to the Port, and are necessary or advisable to complete the
10 transactions contemplated and effectuate the purpose and intent of this Resolution, such
11 determination to be conclusively evidenced by the execution and delivery by the Executive
12 Director of any such documents; and, be it

13 FURTHER RESOLVED, That within thirty (30) days of the Third Amendment being fully
14 executed by all parties, the Port Commission shall provide the Third Amendment to the Clerk
15 of the Board for inclusion into the official file.

Item 4
File 14-0309

Department:
Port Commission (Port)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a third amendment to the lease agreement between the Port and Autodesk, Inc. (Autodesk) for 3,400 additional square feet of space at Pier 9 to be used as office space and for research and development. The proposed third amendment is for a term of approximately 103 months, through January 22, 2023.

Key Points

- In September 2012, the Port approved a 66-month lease, from October 2012 through March 2018, with Autodesk for approximately 8,391 square feet of office space and unimproved shed space located at Pier 9.
- In January 2013, the Board of Supervisors approved an amendment to the original lease that: (1) extended the term of the lease by 54 months, from 66 months to 120 months; (2) increased the leased space by 18,799 square feet, from 8,391 to 27,190 square feet; (3) required Autodesk to improve the newly leased space; and (4) provided a rent credit for construction of the building shell and building systems.
- The proposed resolution would approve and authorize an amendment to the original lease between the Port and Autodesk to increase the leased premises by 3,400 to be used as laboratory space for research and design in the field of robotics.

Fiscal Impact

- Under the proposed amendment, Autodesk will pay \$1.35 per square foot of rented space per month. The proposed resolution includes a six-month abatement period during which time Autodesk would be improving the leased space and would not be required to pay rent to the Port.
- Under the proposed amendment, Autodesk would be required to improve the space at an estimated cost of \$2,040,500 including major core and building shell improvements of \$987,500 and \$1,053,000 of other improvements required under the proposed amendment. Autodesk will be eligible for a rental credit of up to \$400,000 for costs incurred related to the major core and building shell, which is actually improving Port property.
- After adjusting for the rental credit, the estimated net rent paid by Autodesk to the Port for the full term of the lease, under the proposed amendment, would be \$109,898.

Recommendations

- Amend the proposed resolution to state that the Board of Supervisors finds that competitive bidding for the 3,400 unimproved shed space under the proposed third amendment is impractical.
- Amend the proposed resolution to state that the termination date of the proposed amendment is January 15, 2023.
- Approve the amended resolution.

MANDATE STATEMENT / BACKGROUND**Mandate Statement**

City Charter Section 9.118(c) states that any lease that has a term of ten years or more, including options to extend, or has revenues to the City of \$1,000,000 or more or any amendment to such a lease is subject to Board of Supervisors approval.

Background

Autodesk, Inc. (Autodesk) is a publicly-traded, American multinational corporation that designs modeling software (e.g. Autocad) that is used for a variety of purposes and in a variety of fields. Autodesk currently leases 27,190 square feet of office and unimproved shed space from the Port under a ten-year lease from January 16, 2013 through January 15, 2023. Autodesk is looking to increase its leased space at the Port location to provide for a laboratory for research and development in the field of robotics.

In September 2012, the Port Commission (Port) approved a 66-month lease with Autodesk, for 8,391 square feet of office space and unimproved shed space. That lease was not subject to Board of Supervisors approval since that lease was for a term of less than ten years with an anticipated revenue amount that was less than \$1,000,000.

In January 2013, the Board of Supervisors approved an amendment to the original lease that: (1) extended the term from 66-months to ten years from January 16, 2013 through January 15, 2023, (2) increased the leased premises by 18,799 square feet from 8,391 square feet to a total of 27,190 square feet, (3) required Autodesk to invest a minimum of \$7,000,000 in facility improvements, and (4) provided a \$2,861,311 rent credit to offset costs that Autodesk would incur as a result of improving Port property.

In February 2014, the Port notified the City Planning Department and Board of Supervisors that the proposed expansion of lease space, subject of the proposed resolution, was exempt from the California Environmental Quality Act.¹

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the third amendment to the original lease between the Port and Autodesk to: (1) increase the leased premises by 3,400 square feet, from 27,190 square feet to 30,590 square feet, of unimproved shed space that is currently used as parking, for a term of approximately 105 months, from May 2014 through January 2023; (2) require Autodesk to improve the space, which Autodesk estimates will cost \$2,040,500, including \$987,500 for major core and building shell construction and \$1,053,000 for other tenant improvements; and (3) approve \$400,000 in rental credits to offset costs incurred by Autodesk for constructing the building shell.

¹ The Port submitted the subject leased premises expansion to the Planning Department and the Board of Supervisors listing a 3,545 square feet of space. According to Mr. Jeffrey Bauer, Port Leasing Manager, the 3,545 figure submitted for exemption was reduced to 3,400 square feet as the Port and Autodesk refined plans.

The proposed third amendment to the lease also includes specific tenant improvements that Autodesk must make at its sole cost that include:

- A common corridor to allow exit from the shed space as approved by the Fire Marshall
- Relocation of certain cyclone fencing
- Reinforce the flooring to support the any increased weight

Inconsistent Lease Terms

The original lease as amended by the Board of Supervisors is for a ten-year term that was effective from January 16, 2013 through January 15, 2023. The proposed third amendment provides for a lease termination date of January 22, 2023, which is seven days longer than the currently-approved term.

Additionally, the proposed resolution and the proposed amendment state that the effective term of the proposed amendment would be 111 months from the date the Board of Supervisors approves the proposed resolution. This means that if the Board of Supervisors approves the proposed resolution on April 30, 2014, then the amendment would be in effect for 111 months, or through approximately July 2023.

The Budget and Legislative Analyst's Office recommends amending the proposed resolution to clarify that the expiration date of the third amendment is January 15, 2023, resulting in an approximately 105-month term from May 2014 to January 2023.

FISCAL IMPACT

Rental Rates

The proposed resolution would allow Autodesk to increase its leased premises by 3,400 square feet from 27,190 square feet to 30,590 square feet, effective upon approval by the Board of Supervisors and through January 15, 2023, an approximately 105-month period. Under the terms of the proposed third amendment, Autodesk would pay no rent to the Port for the first six months of the lease while Autodesk improves the space. After the six-month rental abatement period, the total rent amount payable by Autodesk to the Port over the full 105-month term of the amendment is \$509,898 as shown in Table 1 below.

Table 1: Estimated Rent Paid by Autodesk to the Port

Term	Rent per Square Foot per Month	Square Feet	Monthly Rent	Annual Total
Months 0-6	\$0	3,400	\$0	\$0
Months 7-12	1.35	3,400	4,590	27,540
Months 13-24	1.39	3,400	4,726	56,712
Months 25-36	1.43	3,400	4,862	58,344
Months 37-48	1.47	3,400	4,998	59,976
Months 49-60	1.51	3,400	5,134	61,608
Months 61-72	1.55	3,400	5,270	63,240
Months 73-84	1.59	3,400	5,406	64,872
Months 85-96	1.63	3,400	5,542	66,504
Months 97-105 (<i>nine months</i>)	1.67	3,400	5,678	51,102
Total				\$509,898

According to Mr. Jeffrey Bauer, Port Leasing Manager, the initial rental rate of \$1.35 per square foot is eight percent higher than the Port's approved FY 2013-14 parameter rental rate for unimproved shed space of \$1.25 per square foot.² Additionally, the rental rates increase by approximately three percent annually, which is consistent with the terms and provisions of the original lease and approved amendments.

Tenant Improvements and Rental Credit

As shown in Table 2 below, under the terms of the proposed third amendment to the original lease, Autodesk is required to improve the subject 3,400 square feet by an estimated \$2,040,500 including major core improvements and the building shell, which is to be offset with rental credits of up to \$400,000.

² Port real estate staff conducts an annual market survey to analyze current market rents in order to establish parameter rents for Port properties and which are approved by the Port Commission and applied to new and renewing tenancies through the Port's Monthly Rental Rate Schedule.

Table 2: Estimated Costs of Tenant Improvements

Uses	Major Core and Building Shell	Tenant Improvements	Total
Demolition	\$5,500	\$15,000	\$20,500
Site Work	12,000	-	12,000
Substructure	150,000	-	150,000
Superstructure	350,000	-	350,000
Exterior Skin	222,000	-	222,000
Roofing	50,000	-	50,000
Interior Construction	60,000	550,000	610,000
Special Construction	-	25,000	25,000
Plumbing / Process Piping	25,000	45,000	70,000
Fire Protection	6,000	22,000	28,000
Mechanical	20,000	125,000	145,000
Electrical	22,000	190,000	212,000
Jobsite Management	52,000	65,000	117,000
Project Requirement	13,000	16,000	29,000
Total Uses	\$987,500	\$1,053,000	\$2,040,500

As shown in Table 2 above, the major core and building shell costs account for \$987,500, or approximately 48 percent of the total tenant improvement costs. The proposed lease amendment also includes \$400,000 in rental credits that can be used by Autodesk to offset the costs of construction related to the building shell.

According to Mr. Bauer, the up to \$400,000 in rental credits will reduce the monthly rent amount by approximately \$3,914 per month beginning in either seven months or the date when the Port certifies completion of the improvements, whichever comes later. After adjusting for the monthly rental credit, the Port anticipates net revenues of approximately \$109,898 for the 3,400 square feet included in the proposed lease amendment as shown in Table 3 below.

Table 3: Anticipated Rent Payable by Autodesk to the Port Net of Estimated Rental Credits

Term	Monthly Rent	Monthly Rent Credit	Net Monthly Rent	Net Annual Rent
Months 0-6	\$0	\$0	\$0	\$0
Months 7-12	4,590	(3,914)	676	4,057
Months 13-24	4,726	(3,914)	812	9,745
Months 25-36	4,862	(3,914)	948	11,377
Months 37-48	4,998	(3,914)	1,084	13,009
Months 49-60	5,134	(3,914)	1,220	14,641
Months 61-72	5,270	(3,914)	1,356	16,273
Months 73-84	5,406	(3,914)	1,492	17,905
Months 85-96	5,542	(3,914)	1,628	19,537
Months 97-102 (approx. 6 months)	5,678	(3,914)	1,764	8,821
Total				\$109,898

Lost Parking

The Port currently uses the unimproved shed space for parking, which generates revenues to the Port. Under the terms of the proposed lease amendment, Autodesk will be required to repay the Port for any lost parking revenues. Mr. Bauer estimates this amount to be approximately \$75,000 per year.

POLICY CONSIDERATION

City Administrative Code Section 2.6-1 states that leases of City-owned property must be awarded through a competitive process unless the Board of Supervisors finds that the bidding procedures for the leases are impractical or impossible. However, the Port awarded the original lease to Autodesk on a sole source basis without submitting legislation to the Board of Supervisors to exempt the lease from the requirements of the Administrative Code.

According to Mr. Bauer, the Port typically does not award leases on a competitive basis for office, warehouse, shed or unimproved land because of the small size and the associated costs needed for such a process. Instead, the Port Commission approves parameter rental rates for these leases each year, based on the Port's analysis of comparable rent charged in the private sector. Further, according to Mr. Bauer, the Port awarded the original lease to Autodesk on a sole source basis because the Port determined that a competitive process would have been impractical due to the functionally obsolete office space and unimproved shed space.

In order to comply with Administrative Code Section 2.6-1, the proposed resolution should be amended to state that the Board of Supervisors finds that competitive bidding for the 3,400 square feet of unimproved shed space under the proposed third amendment to the subject lease is impractical.

RECOMMENDATIONS

1. Amend the proposed resolution to state that the Board of Supervisors finds that a competitive process for the 3,400 square feet of unimproved shed space under the proposed third amendment of the subject lease is impractical.
2. Amend the proposed resolution to state that the termination date of the proposed amendment is January 15, 2023.
3. Approve the proposed resolution as amended.



ORIGINAL

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

MAR 27 PM 2:37

March 27, 2014

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

Subject: Third Amendment to Lease No. L-15169 with Autodesk, Inc. a Delaware Corporation

Dear Ms. Calvillo:

Attached please find an original and four copies of a proposed resolution for Board of Supervisors approval, approving the Third Amendment to Port Commission Lease No. L-15169 with Autodesk, Inc. a Delaware Corporation for certain real property located at Pier 9 in the City and County of San Francisco.

Attached you will also find the following supporting documents:

1. Five copies of the Port Commission Staff Report and companion Resolution 13-52 (approving the proposed and recommending the lease to the Board of Supervisors);
2. Five copies of the proposed Third Amendment to Port Commission Lease No. L-15169 with Autodesk, Inc. a Delaware Corporation.

Thank you for your consideration. If you should have questions or require additional information I may be contacted at (415) 274-0514.

Sincerely,

Jeffrey A. Bauer, Leasing Manager
Port of San Francisco

140309

PORT OF SAN FRANCISCO

TEL 415 274 0400

TTY 415 274 0587

Pier 1, The Embarcadero

FAX 415 274 0528

www.sfport.com

San Francisco, CA 94111

THIRD AMENDMENT TO LEASE NO. L-15169

This Third Amendment to Lease No. L-15169 (this "Third Amendment"), dated for reference purposes only as of March 26, 2014 is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), operating through the SAN FRANCISCO PORT COMMISSION ("Port"), as landlord, and Autodesk, Inc., a Delaware corporation, as tenant ("Tenant").

RECITALS

A. Port and Tenant entered into Port Lease No. L-15169 which commenced on October 1, 2012 for that certain real property located at Pier 9 as approved by the Port Commission by Resolution 12-64 ("Original Lease"). The Original Lease was for a sixty-six (66) month term for two parcels comprising about 8,391 square feet. The Original Lease was amended on December 5, 2012 by the First Amendment to allow Port to use the Security Deposit provided under the Original Lease to secure Tenant's obligation to pay the Autodesk Contribution as defined in the First Amendment. The Lease was subsequently amended by the Second Amendment, effective January 23, 2013, as approved by the Port Commission by Resolution No. 12-79 and by the Board of Supervisors by Resolution No. 0007-13. The Second Amendment added approximately 18,799 square feet to the Premises; authorized rent credits for additional tenant improvements; revised form lease provisions; and added term until January 22, 2023. Tenant completed all improvements under the Original Lease and the Second Amendment and Port issued a temporary certificate of occupancy on June 20, 2013.

B. Tenant now desires to further expand the Premises and Port agrees under the terms of this Third Amendment. In summary, this Third Amendment: (i) adds approximately 3,400 square feet (the "Third Amendment Expanded Premises") to the existing Premises; (ii) provides for tenant improvements to the new space at Tenant's approximate cost of \$1 million; (iii) provides an available rent credit for shell work of a maximum of \$400,000; (iv) provides for a 180-day construction period during which no rent will be paid for the new space; (v) makes other clarifications and adjustments necessitated by the above changes; and (vi) updates the Lease to include new City and Port provisions.

C. Tenant is in Good Standing.

D. The Original Lease, First Amendment, Second Amendment and this Third Amendment shall collectively be referred to as the "Lease". All capitalized terms used herein but not otherwise defined shall have the meaning given to them in the Original Lease.

NOW THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, Port and Tenant hereby amend the original Lease as follows:

AGREEMENT

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.
2. Effective Date. This Third Amendment shall be effective and will commence one (1) business day following the full execution and delivery of this Third Amendment by Tenant and Port (which will not occur until after approval by the Board of Supervisors) (the "Third Amendment Commencement Date"). Promptly following the actual Third Amendment Commencement Date, Port and Tenant shall execute a Commencement Date Memorandum substantially in the form attached hereto as *Exhibit B*, confirming the

actual Third Amendment Commencement Date and associated Rent Commencement Date, but either party's failure to do so shall not affect the commencement of the Term.

3. Basic Lease Information. The following sections of the Basic Lease Information shall be revised as indicated effective on the Third Amendment Commencement Date.

3.1 The "Premises" section is deleted and replaced with the following:

<i>Premises:</i>	Portions of the Pier 9 Shed, as more particularly described on <i>Exhibit A Revised – Third Amendment</i> , attached hereto and incorporated by reference herein
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3.2 The "Premises Rentable Square Footage" section is deleted and replaced with the following:

<i>Premises Rentable Square Footage:</i>	A total of approximately 30,590 rentable square feet, comprised of: <u>Parcel A</u> : approximately 21,330 rentable square feet ground and second floor of office space; and <u>Parcel B</u> : approximately 5,860 rentable square feet of ground floor office space; and <u>Parcel C ("Third Amendment Expanded Premises")</u> : approximately 3,400 rentable square feet of unimproved shed space
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3.3 The "Rent Commencement Date" section is deleted and replaced with the following:

<i>Rent Commencement Date:</i>	April 1, 2013 for the Original Premises July 23, 2013 for the Second Amendment Expanded Premises One Hundred Eighty (180) days after the Third Amendment Commencement Date for the Third Amendment Expanded Premises
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3.4 The "Expiration Date" section is deleted and replaced with the following:

<i>Expiration Date:</i>	January 22, 2023
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3.5 The "Permitted Uses" section is deleted and replaced with the following:

<i>Permitted Use:</i>	Original Premises and Second Amendment Expanded Premises (<u>Parcels A and B</u>): Office, research and development and workshop space uses, and all related legal uses. The Workshop space use shall include the placement and operation of machinery and equipment, including, without limitation, mills, lathes, drill press, circular saw, scroll saw, laser cutter, welder and the like, and maintenance, repair and replacement of such equipment. Third Amendment Expanded Premises (<u>Parcel C</u>): Office, research and development, laboratory and workshop space uses, and all
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	<p>related legal uses. The Workshop space use shall include the placement and operation of machinery and equipment, including, without limitation, robotics equipment, mills, lathes, drill press, circular saw, scroll saw, laser cutter, welder and the like, and maintenance, repair and replacement of such equipment.</p> <p>All uses and activities must be conducted in compliance with the Operations Plan (as defined below).</p>
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3.6 The following is added to the "Monthly Base Rent" section:

<i>Monthly Base Rent:</i>	Months	Square Feet	Monthly Base Rate/Square Foot	Total Monthly Base Rent
Parcel C	0-6	3,400	\$0.00*	\$0.00* *Provided there is no Tenant Event of Default
Parcel C	7-12	3,400	\$1.35	\$4,590.00
Parcel C	13-24	3,400	\$1.39	\$4,726.00
Parcel C	25-36	3,400	\$1.43	\$4,862.00
Parcel C	37-48	3,400	\$1.47	\$4,998.00
Parcel C	49-60	3,400	\$1.51	\$5,134.00
Parcel C	61-72	3,400	\$1.55	\$5,270.00
Parcel C	73-84	3,400	\$1.59	\$5,406.00
Parcel C	85-96	3,400	\$1.63	\$5,542.00
Parcel C	97-108	3,400	\$1.67	\$5,678.00
Parcel C	109-111	3,400	\$1.72	\$5,848.00

3.7 The following "Parcel C Initial Tenant Improvements section" is added to the Basic Lease Information with respect to Parcel C only:

<p><i>Parcel C Initial Tenant Improvements:</i></p>	<p>Tenant at Tenant's sole cost and expense, must complete the following improvements: (i) Pier Ingress/Egress; (ii) reconfiguration of access to the San Francisco Bar Pilots Benevolent and Protective Association's ("Bar Pilots") leasehold; (iii) Shell Work; and (iv) lighting, cabinets, fixtures, internal demising walls and other improvements benefiting the Tenant as more particularly described below and in the Scope of Development attached as <i>Attachment 1</i> to the Work Letter attached hereto as <i>Exhibit F</i> (the "Parcel C Work Letter") (the "Parcel C Initial Tenant Improvements").</p> <p>As a component of the Parcel C Initial Tenant Improvements, Tenant shall construct a building shell enclosing Bay Nos. 10 and 12 ("Shell Work"). The Shell Work shall include the costs to construct the shell, install a heating, ventilation and air conditioning system ("HVAC"), all required electrical work, the replacement of any defective windows, installation of new shed demising walls, all required shell and restroom work, fire sprinkler system and structural supports and bracing any required remediation of Hazardous Materials, vertical and horizontal enclosures and directly related work.</p> <p>Tenant estimates the cost of the Parcel C Initial Tenant Improvements to be Two Million Forty Thousand Five Hundred dollars (\$2,040,500.00), \$987,500 of which is for Shell Work.</p> <p>Tenant shall have until the date that is One Hundred Eighty (180) days from the Third Amendment Commencement Date ("Construction Period") to complete the Parcel C Initial Tenant Improvements and obtain from the Port's Building Permitting Group, a certificate of occupancy, final sign-off on the building permit, or such other applicable document to evidence completion of the Parcel C Initial Tenant Improvements ("Certificate of Completion"), subject to extensions by the Executive Director, as described in the Parcel C Work Letter ("Outside Completion Date").</p> <p>Tenant will be entitled to receive a rent credit against the monthly Base Rent for Parcel C otherwise due and payable by Tenant pursuant to this Lease equal to the lesser of Tenant's actual cost of the Shell Work (determined in accordance with generally accepted accounting principles, consistently applied) or \$400, 000 ("Shell Work Costs"). "Soft" costs incurred in connection with the Shell Work, including space planning, architectural and engineering costs and all permitting fees and attorney's fees are explicitly excluded from Shell Work Costs. The Shell Work Costs will be amortized on</p>
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a straight line basis at zero percent (0.00%) interest and the monthly amortization amount allocable to the Shell Work Costs shall be credited by Port against the monthly Base Rent otherwise due and payable by Tenant pursuant to this Lease (“Parcel C Rent Credit”) until the earlier of (i) the Expiration Date, (ii) termination of this Lease, or (iii) until Tenant is credited in full for the Shell Work Costs.

By way of example only, if Tenant spent \$400,000 on Shell Work Costs to construct the Shell Work and completes the work by the Outside Completion Date, the monthly Parcel C Rent Credit would be approximately \$3,913.89 per month for one hundred and two (102) months.

All the Parcel C Initial Tenant Improvements shall be constructed at Tenant's sole cost and expense and in accordance with Section 13 below and the Parcel C Work Letter. Tenant understands and agrees that Parcel C Rent Credits apply only to the Shell Work and that Tenant will not receive any rent abatement, offset, credit, or any other monetary consideration in relation to any other Initial Tenant Improvements.

Within thirty (30) days after completion of the Parcel C Initial Tenant Improvements, Tenant shall provide Port with a summary of the Shell Work Costs incurred in connection with the Shell Work, together with an itemized statement of the actual costs expended by Tenant in connection with the Shell Work, accompanied by documentation substantiating all said expenditures. Such documentation of expenditures shall include, without limitation, (a) copies of executed contracts; (b) copies of invoices for labor, services and/or materials, copies of bills of lading, and/or copies of other bills or receipts for goods, materials and/or services; (c) copies of canceled checks, (d) unconditional lien waivers from all the general contractors and all subcontractors and suppliers; (e) a copy of the as-built final plans for the Tenant Improvements, and (f) such other proofs of expenditure as may be reasonably requested by Port (collectively, “Documents Evidencing Parcel C Shell Work Costs”). Appropriate proofs of expenditure may include copies of canceled checks; copies of contracts or invoices for labor, services and/or materials marked “Paid”, or otherwise evidenced as having been paid, bills of lading marked “Paid”; other bills, contracts, receipts for goods materials and/or services marked “Paid” and such other proofs of expenditure as may be reasonably approved by Port. Shell Work Costs that are eligible for Parcel C Rent Credits shall not include the items listed in (i), (ii) or (iv) above or items related to Tenant's trade fixtures, office equipment and supplies, furniture, communications facilities (whether voice or data) or any other items of personalty not

	<p>intended to become a part of the realty.</p> <p>The Parcel C Rent Credits are personal to Autodesk, Inc. and its Permitted Transferee or Affiliate.</p>
<i>Pier Ingress/Egress:</i>	<p>As part of the Parcel C Initial Tenant Improvements, Tenant, at its sole cost and expense, must construct within the Premises, as required by Law and/or the Port's Fire Marshall, a one hour fire rated common corridor from the interior pier shed drive aisle to the south apron in a location to be mutually agreed by the parties.</p>
<i>Bar Pilots Gate:</i>	<p>If required by Port, in its sole discretion, as part of the Parcel C Initial Tenant Improvements, Tenant, at its sole cost and expense, must (i) reconfigure and relocate the cyclone fence and access gate commonly known as the "Bar Pilots' Gate"; and (ii) work with Port to create a common area drive aisle turn-around area(s) within the shed. Tenant also agrees to pay an amount equal to the Port's lost rents as a result of any reduction of the Bar Pilots' leased premises and conversion of such space into a common drive aisle with no rental income as Additional Rent in the amount determined by Port in writing in its sole discretion.</p>
<i>Security for Completion of Parcel C Initial Tenant Improvements:</i>	<p>If Tenant Transfers its interest in this Lease (including any Affiliate Transfers or Permitted Transfers) at any time prior to issuance of an Certificate of Completion, or if Tenant does not obtain an Certificate of Completion by the Outside Completion Date (as such date may be extended pursuant to Section 1.5 of the Parcel C Work Letter), Tenant must deliver to Port an amount equal to one hundred twenty-five percent (125%) of the estimated cost to complete construction of the Parcel C Initial Tenant Improvements, as reasonably determined at such time by Port and Tenant, but in no event more than \$1,000,000 ("TI Security") within ten (10) business days (i) prior to the effective date of the Transfer, or (ii) following the Outside Completion Date, as applicable.</p> <p>The TI Security may be used by Port to help protect Port against any liability for mechanics' and materialmen's liens, stop notices, to ensure completion of the Parcel C Initial Tenant Improvements, and to compensate Port for any expenses incurred or damage caused as a result of Tenant's failure to obtain the Certificate of Completion by the Outside Completion Date (including, but no limited to, any attorneys' fees and costs), as such date may be extended pursuant to Section 1.5 of the Parcel C Work Letter.</p> <p>The TI Security may be in the form of cash or letter of credit, the requirements of which are described in Attachment 2 of the Parcel C Work Letter. Port will not be required to keep the TI Security</p>

	<p>separate from its general funds, and Tenant will not be entitled to any interest on the TI Security. The amount of the TI Security will not be deemed to limit Tenant's liability for Completion of the Parcel C Initial Tenant Improvements in accordance with the terms and conditions of this Lease. Port will return the unused balance of the TI Security to Tenant within thirty (30) days after issuance of the Certificate of Completion.</p>
<p><i>Parcel C Load Restrictions:</i></p>	<p>The Substructure Report for Parcel C is attached hereto as Schedule 2. Tenant, as part of the Parcel C Initial Tenant Improvements, will, as necessary or if required, reinforce and increase the load-bearing capacity of the floors of the Premises to withstand the weight and load of the equipment to be installed, operated, and used by Tenant in connection with the Permitted Uses. Additionally, although the south apron is not part of the Premises, the maximum load on the south apron is 100 PSF.</p>
<p><i>Location of Asbestos in Parcel C:</i></p>	<p>See Schedule 1</p>
<p><i>Public Access Requirements:</i></p>	<p>Port and Tenant shall negotiate in good faith to enter into an agreement the basic provisions of which would require Tenant at its sole cost and expense and subject to all Regulatory Approvals to: (i) to design and install "public access" improvements in the area of the existing parklet on the marginal wharf between Piers 9 and 15 (approximately 6,594 sq. ft.) in a manner satisfactory to BCDC and Port; (ii) reimburse Port for routine maintenance of the parklet; and (iii) at Port's option, either maintain and repair the improvements or reimburse Port for the cost of maintaining and repairing the improvements. The parties agree that a default of the agreement will be a material default of this Lease and that Port shall have no obligation to execute this Third Amendment should the parties fail to execute such an agreement.</p>

3.8 Terms Apply. Unless otherwise provided herein, all provisions of the Basic Lease Information apply to the Third Amendment Expanded Premises.

3.9 Security Deposit. No later than the date that is three (3) business days after the Third Amendment Commencement Date, Tenant shall increase its Security Deposit to One Hundred Fifty Six Thousand Three Hundred Thirty Four Dollars and 68 Cents (\$156,334.68).

3.10 Operations Plan. On November 19, 2013, Tenant submitted a supplement to its Operations Plan to include the Permitted Activities under this Third Amendment for Port's approval. Port will approve or disapprove the supplemental items (or any re-submissions) within thirty (30) days following Port's receipt of the same. If Port disapproves, Port in the written disapproval will state the reason or reasons for such disapproval and may recommend changes and make other recommendations. Tenant will

resubmit as expeditiously as possible. Tenant will continue making resubmissions until Port approval is obtained.

Based on the supplemental items in the Operations Plan, Port may require an Environmental Oversight Deposit in connection with Tenant's operations in Parcel C. The actual amount of the Environmental Oversight Deposit will be determined by Port in conjunction with its approval of the supplemental items in the Operations Plan.

4. Premises. *Exhibit A- 2nd Amendment* is replaced with "*Exhibit A- 3rd Amendment*" attached to this Third Amendment.

5. As Is Condition. Tenant acknowledges and agrees that Tenant is familiar with the portions of the Premises delivered under this Third Amendment ("**Third Amendment Expanded Premises**") which are being leased and accepted in their "as-is" condition, without any improvements or alterations by Port, without representation or warranty of any kind, and subject to all applicable laws governing their use, occupancy and possession. Tenant represents and warrants to Port that Tenant has received and reviewed the disclosures and schedules attached to this Third Amendment and to the Lease which also apply to the Third Amendment Expanded Premises. Tenant further represents and warrants to Port that Tenant has investigated and inspected, either independently or through agents of Tenant's own choosing, the condition of the Third Amendment Expanded Premises and its suitability for Tenant's business and intended use. Tenant acknowledges and agrees that neither Port nor any of its agents have made, and Port hereby disclaims, any representations or warranties, express or implied, concerning the rentable area, the physical or environmental condition or the Facility (including, but not limited to the substructure), the present or future suitability of for Tenant's business, or any other matter whatsoever relating to the Third Amendment Expanded Premises, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

6. Definitions. Section 2 (Definitions) is revised by deleting and replacing the following terms as shown:

"**Exacerbate**" or "**Exacerbating**" when used with respect to Hazardous Materials means any act or omission by Tenant, its Agents or Invitees that increases the quantity or concentration of Hazardous Materials in the affected area, causes the increased migration of a plume of Hazardous Materials in soil, groundwater, or bay water, causes a Release of Hazardous Materials that had been contained until the act or omission, or otherwise requires Investigation or Remediation that would not have been required but for the act or omission. Exacerbate also includes the disturbance, removal or generation of Hazardous Materials in the course of Tenant's operations, Investigations, maintenance, repair, Improvements and Alterations under this Lease. "**Exacerbation**" has a correlating meaning.

"**Interest Rate**" means five percent (5%) per year.

"**Late Charge**" means a fee equivalent to fifty dollars (\$50.00).

"**Law**" means any present or future law, statute, ordinance, code, resolution, rule, regulation, judicial decision, requirement, proclamation, order, decree, policy (including the Waterfront Land Use Plan), and Regulatory Approval of any Regulatory Agency with jurisdiction over any portion of the Premises, including Regulatory Approvals issued to Port which require Tenant's compliance, and any and all recorded and legally valid covenants, conditions, and restrictions affecting any portion of the Facility, whether in

effect when this Lease is executed or at any later time and whether or not within the present contemplation of the parties, as amended from time to time.

"Original Premises" means the approximately 8,391 square feet which comprised the Premises under the Lease as effective October 1, 2012.

"Port program or project" shall mean (a) any development or renovation, by public and/or private parties, of the building, pier or seawall lot in, on or in the vicinity of the Premises (including, but not limited to the Event as described in Section 3.4 and any Development Project described in the Basic Lease Information), or (b) with respect to any areas owned by Port or under Port's jurisdiction between and including Piers 80-96, maritime uses (by way of example only and not as a limitation, cargo shipping, fishing, passenger cruises, ship repair, ferries and excursion boats, historic ships and recreational boating)."

"Rent" means the Base Rent, Additional Rent and all other sums payable by Tenant to Port hereunder, including, without limitation, any Late Charge any interest assessed pursuant to Section 5.

"Second Amendment Expanded Premises" or **"Expanded Premises"** means those portions of the Premises (approximately 18,799 square feet) added by the Second Amendment effective January 23, 2013.

"Third Amendment Expanded Premises" means those portions of the Premises called Parcel C (of approximately 3,400 square feet) added by the Third Amendment.

7. Development Project. Section 3.3 is deleted and replaced with the following:

"3.3. Proximity of Development Project" Tenant acknowledges that during the Term, a Port program or project and/or the Development Project(s) described in the Basic Lease Information, if any, is scheduled to be, or may be, constructed on property in the vicinity of the Premises. Tenant is aware that the construction of such project(s) and the activities associated with such construction will generate certain adverse impacts which may result in some inconvenience to or disturbance of Tenant. Impacts may include, but are not limited to, increased vehicle and truck traffic, traffic delays and re-routing, loss of street and public parking, dust, dirt, construction noise and visual obstructions. Tenant hereby waives any and all Claims against Port, City and their Agents arising out of such inconvenience or disturbance."

8. America's Cup. Section 3.4 is deleted and replaced with the following:

"3.4. America's Cup. Tenant acknowledges that the Golden Gate Yacht Club has certain rights that may result in the 35th America's Cup being held in San Francisco. The 35th America's Cup could result in activities and impacts on the San Francisco waterfront, all of which are subject to review under the California Environmental Quality Act. The potential activities and impacts include the America's Cup match, pre-match races, other regattas, possible future successive defense(s) of the America's Cup, related events and potential long-term development uses, (collectively the **"Event"**). The Event, if held, will be, or may be, on property, including land and water, in the immediate vicinity of the Premises. Tenant is aware that the Event as proposed will include construction projects, racing in the Bay, and public and private events. The activities associated with the Event, if held, are expected to create certain impacts, some of which may result in some inconvenience to or disturbance of Tenant.

Impacts of the Event may include, but are not limited to, increased pedestrian, vessel, vehicle and truck traffic, traffic delays and re-routing of street traffic, loss of street and public parking, temporary re-routing or interruption of land and water transit, dust, dirt, land- and water-based construction, dredging, and other noise and visual obstructions. Tenant hereby waives any and all Claims against Port, City and their Agents arising out of impacts, inconvenience or disturbance as a result of the Event."

9. Accessibility Inspection Disclosure. Section 3.9 is added to the Lease to read as follows:

"3.9. **Accessibility Inspection Disclosure.** California law requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist ("CASp") to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is hereby advised that the portions of the Premises added by this Third Amendment have not been inspected by a CASp."

10. Sections 5.3 through 5.5 are deleted and replaced with the following:

"5.3. **Default Interest.** Any Rent, if not paid within five (5) days following the due date and any other payment due under this Lease not paid by the applicable due date, shall bear interest from the due date until paid at the Interest Rate. However, interest shall not be payable on Late Charges incurred by Tenant nor on other amounts to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Tenant. Tenant shall also pay any costs, including attorneys' fees incurred by Port by reason of Tenant's failure to pay Rent or other amounts when due under this Lease.

5.4 **Late Charges/Habitual Late Payer.** Tenant acknowledges that late payment by Tenant to Port of Rent or other sums due under this Lease will cause Port increased costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if Tenant fails to pay Rent on the date due, such failure shall be subject to a Late Charge at Port's discretion. Tenant shall also pay any costs including attorneys' fees incurred by Port by reason of Tenant's failure to timely pay Rent. Additionally, in the event Tenant is notified by Port that Tenant is considered to be a Habitual Late Payer, Tenant shall pay, as Additional Rent, an amount equal to Fifty Dollars (\$50.00) (as such amount may be adjusted from time to time by the Port Commission) upon written notification from Port of Tenant's Habitual Late Payer status. The parties agree that the charges set forth in this Section represent a fair and reasonable estimate of the cost that Port will incur by reason of any late payment. Such charges may be assessed without notice and cure periods and regardless of whether such late payment results in an Event of Default. Payment of the amounts under this Section shall not excuse or cure any default by Tenant.

5.5 **Returned Checks.** If any check for a payment for any Lease obligation is returned without payment for any reason, Tenant shall pay, as Additional Rent, an amount equal to Fifty Dollars (\$50.00) (as such amount may be adjusted from time to time by the Port Commission) and the outstanding payment shall be subject to a Late Charge as well as interest at the Interest Rate."

11. Use of Roof. Section 13.7 is added to the Lease to read as follows:

"13.7 Improvements on Roof. Tenant shall not install any equipment on the roof or any other part of the Facility outside of the Premises without Port's prior written consent. If Port consents, then Tenant shall have a non-exclusive revocable license on and over the roof and/or other areas of the Facility necessary to install, maintain and repair the equipment in a location mutually agreeable to Port and Tenant, subject to and consistent with all necessary Regulatory Approvals, including a building or encroachment permit issued by Port. Port makes no representation with respect to Tenant's ability to obtain such Regulatory Approvals. Tenant's use of any licensed areas shall be subject to all the terms and conditions of this Lease and Tenant shall have the obligations and liabilities as if the licensed areas are included in the Premises under this Section, and Sections 3.7, 9-11, 13, 15, 16, 19 and 25 of this Lease. The license granted to Tenant hereunder is for the sole purpose of constructing, maintaining, restoring, replacing and operating Tenant's approved equipment, including any necessary conduits, only in connection with Tenant's Permitted Uses under this Lease and Tenant shall not have the right to install any other equipment outside of the Premises, including without limitation a telecommunications (cell) site or any other equipment that can be used for any commercial purpose. The license granted hereby includes the right of ingress and egress through the Facility during non-business hours for access to or from the Premises and Tenant's equipment, provided that Tenant must notify the Port's designated person set forth above at least 24 hours in advance of any access and shall comply with all reasonable requirements of such designated person with respect to Tenant's requested access. In the event of an emergency, Tenant shall have the right to enter the licensed areas provided it makes good faith efforts if possible to notify Port in advance of such entry.

Nothing in this Section 13.7 shall be deemed to modify the parties' rights under Port License to Use Property, License No. 15698 dated August 20, 2013 for reference purposes between Port as Licensor and Tenant as Licensee which allows Tenant to use portions of the roof of Pier 9 for solar panels."

12. Insurance. Tenant shall deliver to Port certificates of insurance, additional insured policy endorsements and waiver of subrogation endorsements as required by Section 16 using the internet-based insurance compliance tracking system EXIGIS unless otherwise directed by Port. Failure by Tenant or Tenant's broker as applicable to provide evidence of insurance coverage using EXIGIS shall be an Event of Default unless cured within three (3) business days following written notice from Port.

13. Notification Limitations on Contributions. Section 28.13 of the Lease is hereby deleted and replaced with the following:

"28.13. Notification of Limitations on Contributions. Through its execution of this Lease, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Tenant acknowledges that the foregoing restriction applies only if the contract or a combination

or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Tenant further acknowledges that the prohibition on contributions applies to each Tenant; each member of Tenant's board of directors, and Tenant's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Tenant; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Tenant. Additionally, Tenant acknowledges that Tenant must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Tenant further agrees to provide to City the name of each person, entity or committee described above."

14. FEMA Notice. *Schedule 3* is deleted and replaced with *Schedule 3 (Revised)* attached hereto.

15. Hazardous Materials Disclosure. *Schedule 4* is deleted and replaced with *Schedule 4 (Revised)* attached hereto.

16. Parcel C Work Letter. The Parcel C Work Letter for the Parcel C Initial Tenant Improvements under this Third Amendment is attached hereto as *Exhibit F*.

17. Entire Agreement. This Third Amendment contains all of the representations and the entire agreement between the parties with respect to the subject matter of this agreement. Any prior correspondence, memoranda, agreements, warranties, or written or oral representations relating to the subject matter of the Third Amendment are superseded in their entirety by this Third Amendment. No prior drafts of this Third Amendment or changes between those drafts and the executed version of this Third Amendment shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider such drafts in interpreting this Third Amendment.

18. Miscellaneous. This Third Amendment shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Third Amendment is made for the purpose of setting forth certain rights and obligations of Tenant and the Port, and no other person shall have any rights hereunder or by reason hereof as a third party beneficiary of otherwise. This Third Amendment may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this Third Amendment that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. As amended hereby, the Lease is hereby ratified and confirmed in all respects. In the event of any inconsistencies between the terms of this Third Amendment and the Lease, the terms of this Third Amendment shall prevail. Time is of the essence of this Third Amendment. This Third Amendment shall be governed by the laws of the State of California. Neither this Third Amendment nor any of the terms hereof may be amended or modified except by a written instrument signed by all the parties hereto.

19. Full Force and Effect. Except as specifically amended herein, the terms and conditions of the Lease shall remain in full force and effect.

20. Subject to Board of Supervisor's Approval. Notwithstanding anything to the contrary contained in this Third Amendment, Tenant acknowledges and agrees that no officer or employee of City has authority to commit City to this Third Amendment unless and until City's Board of Supervisors shall have duly adopted a resolution approving this Third Amendment and authorizing the transactions contemplated hereby. Therefore, any

obligations or liabilities of City hereunder are contingent upon adoption of such a resolution, and this Third Amendment be null and void if City's Mayor and the Board of Supervisors do not approve this Third Amendment, in their respective sole discretion. Approval of this Third Amendment by any department, commission or agency of City shall not be deemed to imply that such resolution will be enacted, nor will any such approval create any binding obligations on City.

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IN WITNESS WHEREOF, Port and Tenant execute this Third Amendment to Lease No. L-15169 at San Francisco, California, as of the last date set forth below.

PORT: CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION

By: _____
Susan Reynolds
Deputy Director, Real Estate

Dated: _____

TENANT: Autodesk, Inc., a Delaware corporation

By: _____

Name: **JOSEPH CHEN**
Autodesk, Inc
VP, Corporate Real Estate & Facilities

Its: _____

Dated: 3-26-14

APPROVED AS TO FORM: DENNIS J. HERRERA, City Attorney

By: _____
Rona H. Sandler
Deputy City Attorney

Amendment Prepared By: Jeffrey A. Bauer, Senior Leasing Manager _____ (initial)
Port Commission Reso. No.
Board of Supervisors Reso. No.

Exhibit A
3rd Amendment

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THE EMBARCADERO

PIER 15


SAN FRANCISCO BAY

PIER 9

PROPOSED ADDITIONAL
AUTODESK SPACE

SAN FRANCISCO BAY

PIER 7 1/2
(WATERFRONT RESTAURANT)

 SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

TENANT

AUTODESK

DRAWN BY: ECC DATE: SEP 12, 2013

CHECKED BY: J. BAUER SCALE: 1" = 100'

PLACE CODE NO. 1090-00 SHEET NO.

1090-00

OF SHEETS

EXHIBIT B

THIRD AMENDMENT COMMENCEMENT DATE MEMORANDUM

Landlord: **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, operating by and through the **SAN FRANCISCO PORT COMMISSION**

Tenant:

Lease Number:

Third Amendment Date:

Premises: [_____, Suite _____]
San Francisco, California

The Third Amendment Commencement Date is established as _____, 20____. The Third Amendment Rent Commencement Date is _____ and the Expiration Date is January 22, 2023.

PORT: **CITY AND COUNTY OF SAN FRANCISCO**, a municipal corporation, operating by and through the **SAN FRANCISCO PORT COMMISSION**

By: _____
Susan Reynolds
Deputy Director, Real Estate

Date Signed: _____

Tenant:

By: _____
Name: _____
Title: _____

Date Signed: _____

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EXHIBIT F

PARCEL C WORK LETTER

This Parcel C Work Letter sets forth Tenant's obligation to construct the Parcel C Initial Tenant Improvements and shall be deemed part of the Lease. The "Parcel C Initial Tenant Improvements" are described in the Scope of Development attached hereto as *Attachment 1* and associated Port Building Permits and any amendments thereto and include without limitation, those improvements listed in the Basic Lease Information.

1. General Terms

1.1. Definitions. Initially capitalized terms used in this Parcel C Work Letter have the meanings given them when first defined. Any initially capitalized words or acronyms used but not defined in this Parcel C Work Letter shall have the same meanings as in the Lease.

1.2. Relationship between Parcel C Work Letter and the Lease. This Parcel C Work Letter governs Tenant's obligations to construct the Parcel C Initial Tenant Improvements or, in the event Tenant fails to complete such improvements by the Outside Completion Date, as defined in the Basic Lease Information, to such later date Port issues a Certificate of Completion for the Parcel C Initial Tenant Improvements. This Parcel C Work Letter addresses, among other matters, the scope of Tenant's obligations to design and construct the Parcel C Initial Tenant Improvements, Tenant's obligations to obtain final approvals for the Parcel C Initial Tenant Improvements, and the Schedule of Performance. Before the termination of this Parcel C Work Letter, this Work Letter shall control in the event of any inconsistency between this Parcel C Work Letter and the Lease. Upon expiry of this Parcel C Work Letter, the Lease alone will govern the rights and obligations of the parties with respect to use and occupancy of Parcel C.

1.3. Term. This Parcel C Work Letter shall commence and become effective as of the Commencement Date as defined in the Basic Lease Information and shall expire on the date that Port issues a Certificate of Completion for the Parcel C Initial Tenant Improvements.

1.4. Lease Provisions. The provisions of the Lease, except where clearly inconsistent or inapplicable to this Parcel C Work Letter, are incorporated into this Parcel C Work Letter.

1.5. Extensions by Port. Upon the request of Tenant, Port's Executive Director may, by written instrument, extend the time for Tenant's performance of any term, covenant or condition of this Parcel C Work Letter or permit the curing of any default of this Parcel C Work Letter upon such terms and conditions as she or he reasonably determines appropriate, including but not limited to the time within which Tenant must perform such terms and/or conditions, provided, however, that any such extension or permissive curing of any particular default will not operate to relieve Tenant of its obligations to pay Rent (provided the Executive Director may grant up to a 60 day extension in her sole and absolute discretion) or release any of Tenant's obligations nor constitute a waiver of Port's rights with respect to any other term, covenant or condition of this Parcel C Work Letter or the Lease or any other default in, or breach of, the Parcel C Work Letter or the Lease or otherwise effect the time with respect to the extended date or other dates for performance hereunder.

1.6. Port Acting in its Proprietary Capacity. Tenant understands and agrees that any requests for Port's consent or approval is being made to Port in its capacity as a landowner with a proprietary interest in the Premises and not as a Regulatory Agency of the City with certain police powers. Any time limits on Port's period to respond set forth herein relates only to Port in

its capacity as landowner with a proprietary interest in the Premises and in no way modifies or limits the period in which Port, in its regulatory capacity, may respond to Tenant.

2. Construction Of The Parcel C Initial Tenant Improvements

2.1. *Tenant's Construction Obligations.*

(a) Project Requirements. Tenant hereby agrees for itself, successors, and assignees, to complete for the benefit of the Port the construction of the Parcel C Initial Tenant Improvements within One Hundred Eighty (180) days of the Commencement Date, as such dates may be extended by the Executive Director in accordance with Section 1.5 of this Parcel C Work Letter. Tenant shall Complete said construction free of claims, demands, actions and liens for labor, materials or equipment furnished for the construction, and shall be performed in accordance with applicable requirements of (i) all Laws; (ii) this Parcel C Work Letter, including the Scope of Development and Schematic Drawings; (iii) the Port Building Code as applicable; (iv) required Regulatory Approvals; (v) the Waterfront Land Use Plan; (vi) the design approved by the Port and, if required, the Planning Commission, pursuant to Section 240 of the Planning Code; and (vii) the Lease including without limitation Section 13 thereof. All such requirements are sometimes referred to collectively as the "Project Requirements." For purposes of the Lease and this Parcel C Work Letter, "Port Delays" means delays in the issuance of Port permits that are beyond the reasonable control of Tenant, or delays caused by Port's failure to respond within the time periods set forth in this Parcel C Work Letter.

(b) Scope of Development; Schedule of Performance. Tenant shall use commercially reasonable efforts to construct or cause to be constructed the Parcel C Initial Tenant Improvements on the Premises within the times and in the manner set forth in this Parcel C Work Letter and the scope of development comprised of the Schematic Drawings, the Schedule of Performance, the preliminary plans and any narrative description (collectively, the "Scope of Development") attached hereto as *Attachment 1*. All construction with respect to the Initial Tenant Improvements shall be accomplished expeditiously, diligently and in accordance with good construction and engineering practices and applicable Laws. Tenant shall undertake commercially reasonable measures to minimize damage, disruption or inconvenience caused by such work and make adequate provision for the safety and convenience of all persons affected by such work. Tenant, while performing any construction with respect to the Parcel C Initial Tenant Improvements, shall undertake commercially reasonable measures in accordance with good construction practices to minimize the risk of injury or damage to adjoining tenants, properties and improvements, or the risk of injury to members of the public, caused by or resulting from the performance of such construction.

(c) Costs; Private Development. Tenant shall bear all of the cost of construction of all Parcel C Initial Tenant Improvements. Without limiting the foregoing, Tenant shall be responsible for performing all Premises preparation work necessary for construction of the Parcel C Initial Tenant Improvements. Such preparation of the Premises shall include, among other things, asbestos and lead abatement investigation required for development or operation of the Parcel C Initial Tenant Improvements, all structure and substructure work, disabled access improvements and public access improvements and tenant improvements.

2.2. Utilities. Tenant, at its sole expense, shall arrange for the provision and construction of all on-Premises utilities necessary to use the Premises for the Permitted Use. Tenant and Port shall coordinate, if necessary, with respect to installation of any off-Premises utility infrastructure and design of the Parcel C Initial Tenant Improvements, including providing advance notice of trenching requirements, and coordinate any modification of utilities to any adjacent Port tenants or uses.

2.3. Submittals after Completion. Tenant shall furnish Port both design/permit drawings in their finalized form and "As-Built" Drawings, specifications and surveys with respect to the Premises (core and shell, and tenant improvements) within sixty (60) days after Completion of the Parcel C Initial Tenant Improvements. If Tenant fails to provide such surveys and as-built plans and specifications to Port within such period of time, Port after giving notice to Tenant shall have the right, but not the obligation, to cause the preparation by an architect of Port's choice of final surveys and as-built plans and specifications, at Tenant's sole cost, to be paid by Tenant to Port within thirty (30) days after Port's request therefor.

2.4. Insurance. At all times during the construction of the Parcel C Initial Tenant Improvements, in addition to the insurance required to be maintained by Tenant under the Lease, Tenant shall require Tenant's contractor to maintain (a) commercial general liability insurance with limits of not less than Three Million Dollars (\$3,000,000) combined single limit for bodily injury and property damage (including personal injury and death), and contractor's protective liability; and products and completed operations coverage in an amount not less than Five Hundred Thousand Dollars (\$500,000) per incident, One Million Dollars (\$1,000,000) in the aggregate; (b) comprehensive automobile liability insurance with a policy limit of not less than One Million Dollars (\$1,000,000) each accident for bodily injury and property damage, providing coverage at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, "any auto", and insuring against all loss in connection with the ownership, maintenance and operation of automotive equipment that is owned, hired or non-owned; (c) worker's compensation with statutory limits and employer's liability insurance with limits of not less than One Hundred Thousand Dollars (\$100,000) per accident, Five Hundred Thousand Dollars (\$500,000) aggregate disease coverage and One Hundred Thousand Dollars (\$100,000) disease coverage per employee. Tenant shall cause Tenant's Agents (other than Tenant's contractor) to carry such insurance as shall be reasonably approved by Port taking into account the nature and scope of the work and industry custom and practice. In addition, Tenant shall carry "Builder's All Risk" insurance covering the construction of the Parcel C Initial Tenant Improvements as set forth in the Lease. The liability insurance shall be written on an "occurrence" basis and shall name Port as additional insureds (by endorsement reasonably acceptable to Port). All of the insurance required to be carried by Tenant or Tenant's Agents hereunder shall provide that it is primary insurance, and not excess over or contributory with any other valid, existing, and applicable insurance in force for or on behalf of Port, shall provide that Port shall receive thirty (30) days' written notice from the insurer prior to any cancellation or change of coverage, and shall be placed with companies which are rated A-VIII or better by Best's Insurance Guide and licensed to business in the State of California. All deductibles and self-insured retentions under Tenant's policies are subject to Port's reasonable approval, and all insurance, except workers' compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Tenant's compliance with the provisions of this Section 2.4 shall in no way limit Tenant's liability under any of the other provisions of this Parcel C Work Letter or the Lease.

2.5. Security for Completion of the Work. If Tenant Transfers its interest in this Lease (including any Affiliate Transfers or Permitted Transfers) at any time prior to issuance of an Certificate of Completion, or if Tenant does not obtain an Certificate of Completion by the Outside Completion Date (as such date may be extended by Section 1.5 above of this Parcel C Work Letter), Tenant must deliver to Port an amount equal to one hundred twenty-five percent (125%) of the estimated cost to complete construction of the Parcel C Initial Tenant Improvements, as reasonably determined at such time by Port and Tenant, but in no event more than \$1,000,000.00 ("TI Security") within ten (10) business days (i) prior to the effective date of the Transfer, or (ii) following the Outside Completion Date, as applicable. The TI Security may be used by Port to help protect Port against any liability for mechanics' and materialmen's liens, stop notices, to ensure completion of the Parcel C Initial Tenant Improvements, and to compensate Port for any expenses incurred or damage caused as a result of Tenant's failure to obtain the Certificate of Completion by the Outside Completion Date (including, but no limited

to, any attorneys' fees and costs), as such date may be extended by Section 1.5 above of this Parcel C Work Letter. The TI Security may be in the form of cash or letter of credit, the requirements of which are described in *Attachment 2* attached hereto. Port will not be required to keep the TI Security separate from its general funds, and Tenant will not be entitled to any interest on the TI Security. The amount of the TI Security will not be deemed to limit Tenant's liability for Completion of the Tenant Improvements in accordance with the terms and conditions of this Lease. Port will return the unused balance of the TI Security to Tenant within thirty (30) days after issuance of the Certificate of Completion.

2.6. Compliance with Laws. At its sole cost and expense, Tenant shall comply (taking into account any variances or other deviations properly approved) with: (i) all Laws; (ii) all Regulatory Approvals which place requirements on the Parcel C Initial Tenant Improvements; (iii) all requirements of all policies of insurance which may be applicable to the Premises as to the Parcel C Initial Tenant Improvements or Tenant's Personal Property; and (iv) all other applicable Project Requirements. It is expressly understood and agreed that the performance required of Tenant by the preceding sentence shall include the obligation to make, at Tenant's sole cost and expense, all additions to, modifications of, and installations on the Premises which may be required by any Laws regulating the Premises or any insurance policies covering the Premises as to the Parcel C Initial Tenant Improvements or Tenant's Personal Property. Tenant shall, promptly upon request, provide Port with reasonable evidence of compliance with Tenant's obligations under this Section.

2.7. Port and Other Governmental Permits. Tenant has the sole responsibility, at its sole cost and expense, for obtaining all necessary permits for the Parcel C Initial Tenant Improvements and shall make application for such permits directly to the applicable Regulatory Agency; provided, however, that where Port is required to act as a co-permittee for any permit Tenant shall apply for such permit in accordance with Section 10.2 of the Lease.

2.8. Port Rights of Access. Without limiting the rights of Port in its regulatory capacity, Port and its Agents will have the right of access to the Premises to the extent reasonably necessary to carry out the purposes of this Parcel C Work Letter, including, but not limited to, the inspection of the work being performed in constructing the Parcel C Initial Tenant Improvements upon reasonable prior written notice to Tenant during regular business hours; provided, however, Port shall take such reasonable action necessary to minimize any interference with Tenant's construction activities. Port will provide Tenant promptly upon request with a copy of any written reports prepared by Port or its Agents with respect to the Parcel C Initial Tenant Improvements under any such inspection, subject to withholding documents otherwise privileged or confidential. Port disclaims any warranties, representations and statements made in any such reports, will have no liability or responsibility with respect to any such warranties, representations and statements, and will not be estopped from taking any action (including, but not limited to, later claiming that the construction of the Parcel C Initial Tenant Improvements is defective, unauthorized or incomplete) nor be required to take any action as a result of any such inspection.

2.9. Construction Signs and Barriers. Tenant shall provide appropriate construction barriers, construction signs and a project sign or banner describing the Parcel C Initial Tenant Improvements, and shall post the signs on the Premises during the period of construction. The size, design, test and location of such signs and the composition and appearance of any non-moveable construction barriers shall be submitted to Port for approval before installation pursuant to Port's sign policy, which approval may not be withheld unreasonably. Failure by Port to disapprove any such submission within fifteen (15) days after submittal of all such documents required or requested by Port, will be deemed to be an approval.

3. Preparation And Approval Of Plans

3.1. The Construction Documents.

(a) Definition of Construction Documents. The Construction Documents shall be as follows:

(i) "Schematic Drawings" for the Parcel C Initial Tenant Improvements which shall generally include, without limitation, the following:

(1) Perspective drawings sufficient to illustrate the Parcel C Initial Tenant Improvements.

(2) A site plan at appropriate scale showing relationships of the Parcel C Initial Tenant Improvements with their respective uses, designating public access areas, open spaces, walkways, buildings, loading areas, streets, parking, and adjacent uses. Adjacent existing and proposed streets, piers, arcades and structures should also be shown.

(3) Building plans, floor plans and elevations sufficient to describe the development proposal, the general architectural character, and the location and size of uses.

(4) Building sections showing height relationships of those areas noted above.

(ii) "Preliminary Construction Documents" in sufficient detail and completeness to show that the Parcel C Initial Tenant Improvements and the construction thereof shall comply with the Project Requirements, and which shall generally include, without limitation:

(1) Premises plan(s) at appropriate scale showing the buildings, streets, boat docks, walkways, and other open spaces. All land uses shall be designated. All Premises development details and bounding streets, points of vehicular and pedestrian access shall be shown.

(2) All building plans and elevations at appropriate scale.

(3) Building sections showing all typical cross sections at appropriate scale.

(4) Floor plans.

(5) Preliminary interior improvement plans.

(6) Plans for proposed public access areas showing details including but not limited to, walls, fences, railings, benches, bicycle racks, street furniture, markers, plaques, models, paving, exterior lighting, signs, and trash containers.

(7) Outline specifications for materials, finishes and methods of construction.

(8) Interior and Exterior Signage Plans.

(9) Exterior lighting plans.

(10) Material and color samples.

(11) Roof plans showing all mechanical and other equipment.

(iii) "Final Construction Documents" which shall include all plans and specifications required under applicable codes to be submitted with an application for a Premises Permit.

(b) Exclusion. As used in this Parcel C Work Letter "Construction Documents" do not mean any contracts between Tenant and any contractor, subcontractor, architect, engineer or consultant.

(c) In preparing the construction Documents, Tenant shall use good faith efforts to include energy conservation and other green building improvement measures including but not limited to solar panels, energy efficient light fixtures; Energy Star appliances; recycling of demolition debris and use of recycled building materials; composting services for customers including in bathrooms (for paper towels).

3.2. Scope of Tenant Submissions of Construction Documents. The following provisions apply to all stages of Tenant's submission of Construction Documents. Each of the Construction Document stages is intended to constitute a further development and refinement from the previous stage. The elements of the Preliminary Construction Documents requiring Port's approval shall be in substantial conformance with the Schematic Drawings and the Scope of Development, and shall incorporate conditions, modifications and changes specified by Port or required as a condition of Regulatory Approvals as approved by Port. Preliminary Construction Documents shall be in sufficient detail and completeness to show that the Parcel C Initial Tenant Improvements and the construction of the Parcel C Initial Tenant Improvements will be in compliance with the Project Requirements and matters previously approved. The Final Construction Documents shall be a final development of, and be based upon and conform to, the approved Preliminary Construction Documents. The elements of the Final Construction Documents requiring Port approval shall incorporate conditions, modifications and changes required by Port for the approval of the Preliminary Construction Documents. The Final Construction Documents shall include all drawings, specifications and documents necessary for the Parcel C Initial Tenant Improvements to be constructed and completed in accordance with this Parcel C Work Letter.

3.3. Construction Document Review Procedures.

(a) Method of Port Action/Prior Approvals. Port shall approve, disapprove or approve conditionally the Construction Documents (with Port's approval not to be unreasonably withheld, conditioned, or delayed; provided, however, that Port shall have the right in its sole and absolute discretion to approve or disapprove any Alterations or Improvements which affect the structural portions of the Premises, the Facility or the Facility Systems), in writing, in accordance with the Schedule of Performance, but, in any event, within twenty-one (21) days after submittal, so long as the applicable Construction Documents are properly submitted in accordance with the Schedule of Performance. If Port has not responded in writing to Tenant's request within such twenty-one (21) day period, Tenant shall deliver a second notice to Port requesting Port's approval (the "Second Notice"). The Second Notice shall display prominently on the envelope enclosing such request and the first page of such request, substantially the following: "**APPROVAL REQUEST FOR AUTODESK ALTERATIONS AT PIER 9. IMMEDIATE ATTENTION REQUIRED; FAILURE TO RESPOND WITHIN FIVE BUSINESS DAYS WILL RESULT IN THE REQUEST BEING DEEMED APPROVED.**" If Port fails to approve, disapprove, or conditionally approve within five (5) business days following receipt of the Second Notice, Port's failure to respond shall be deemed approval.

(b) Timing of Port Disapproval/ Conditional Approval and Tenant Resubmission. If Port disapproves of the Construction Documents in whole or in part, Port in

the written disapproval shall state the reason or reasons and may recommend changes and make other recommendations. If Port conditionally approves the Construction Documents in whole or in part, the conditions shall be stated in writing and a time shall be stated for satisfying the conditions. Tenant shall make a resubmittal as expeditiously as possible. Tenant may continue making resubmissions until the approval of the submissions or the time specified in any conditional approval.

3.4. *Changes in Construction Documents.*

(a) Approval of Changes in Construction Documents. Tenant shall not make or cause to be made any material changes in any Port-approved Construction Documents without Port's express written approval in its reasonable discretion as provided in Section 3.4(b) below. Prior to making any changes that Tenant considers to be non-material to any Port-approved Construction Documents, including, without limitation, substituting materials which are the architectural equivalent as to aesthetic appearance, quality, color, design and texture, Tenant shall notify Port in writing. If Port in its reasonable discretion determines that such noticed changes are material, then such changes shall be subject to Port's approval under Section 3.4(b). Port's determination of whether such changes are material will be conclusive. Without otherwise limiting the requirements of this Section 3.4(a), any changes that cost Five Thousand Dollars (\$5,000.00) or less in the aggregate and that would not otherwise affect the structural elements of the Parcel C Initial Tenant Improvements shall be presumed to be non-material changes.

(b) Response. Tenant shall request in writing Port's approval in connection with all material changes to the Construction Documents. Port shall respond to Tenant in writing within twenty-one (21) days after receipt of Tenant's request. If Port has not responded in writing to Tenant's request within such twenty-one (21) day period, Tenant shall deliver a second notice to Port requesting Port's approval (the "Second Notice"). The Second Notice shall display prominently on the envelope enclosing such request and the first page of such request, substantially the following: "**APPROVAL REQUEST FOR AUTODESK ALTERATIONS AT PIER 9. IMMEDIATE ATTENTION REQUIRED; FAILURE TO RESPOND WITHIN FIVE BUSINESS DAYS WILL RESULT IN THE REQUEST BEING DEEMED APPROVED.**" If Port fails to approve, disapprove, or conditionally approve within five (5) business days following receipt of the Second Notice, Port's failure to respond shall be deemed approval.

3.5. *Progress Meetings/Consultation.* During the preparation of Construction Documents, Port staff and Tenant agree to hold regular progress meetings, as appropriate considering Tenant's Construction Document progress, to coordinate the preparation of, submission to, and review of Construction Documents by Port. Port staff and Tenant (and its applicable consultants) agree to communicate and consult informally as frequently as is reasonably necessary to assure that the formal submittal of any Construction Documents to Port can receive prompt and speedy consideration.

4. No Force Majeure

4.1. *Completion of Construction.* Tenant shall use its commercially reasonable good faith efforts to commence, prosecute and Complete the Parcel C Initial Tenant Improvements by the dates set forth in the Schedule of Performance. During the Construction Period, Tenant shall submit written progress reports to City, in form and detail as may be required reasonably by Port, but at least on a monthly basis.

4.2. *No Force Majeure.* Tenant's obligation to Complete construction of the Parcel C Initial Tenant Improvements as set forth in Section 4.1 above shall be final and absolute and shall not be subject to Force Majeure, Port delays, Regulatory Approval delays or any other

delays, unless the Executive Director extends the time to perform as described in *Section 1.5* of this Parcel C Work Letter.

4.3. Port's Remedy for Tenant's Failure to Timely Complete Construction. In the event Tenant fails to complete the Parcel C Initial Tenant Improvements in a manner sufficient to cause Port to issue a Certificate of Completion for the Parcel C Initial Tenant Improvements by the Outside Completion Date, notwithstanding anything to the contrary contained in this Lease, Tenant will not be entitled to apply any Parcel C Rent Credit against the monthly installment of Base Rent payable to Port until Port has issued a Certificate of Completion for the Parcel C Initial Tenant Improvements.

5. Certificate Of Completion

5.1. Certificate of Completion.

(a) Issuance Process.

(i) After Tenant has Completed the construction of the Parcel C Initial Tenant Improvements in accordance with all the provisions of this Parcel C Work Letter, including, but not limited to, the Project Requirements, Tenant may request a Certificate of Completion for the Parcel C Initial Tenant Improvements in writing.

(ii) Port shall act on Tenant's request for a Certificate of Completion within sixty (60) days of receipt.

(b) **Condition to Approval.** If there remain uncompleted (i) finishing details, minor omissions, decorations and mechanical adjustments of the type normally found on an architectural "punch list", (ii) landscaping, (iii) exterior finishes (to the extent Tenant can demonstrate to Port's reasonable satisfaction that such exterior finishes would be damaged during the course of later construction of Interior Improvements), or (iv) any other item that Port approves in writing in its sole and absolute discretion (collectively "Deferred Items"), Port may reasonably condition approval upon Tenant performing all the Deferred Items. The obligations set forth in this subsection shall survive a termination of the Lease.

(c) **Definition of Completed.** For purposes of this Parcel C Work Letter and Port's issuance of a Certificate of Completion in accordance with the provisions of Section 5.1(a) above, "Completed" means completion by Tenant of all aspects of the Parcel C Initial Tenant Improvements as the case may be in accordance with the Project Requirements, and in compliance with all Regulatory Approvals needed for the occupancy and development of the Project or provision of security satisfactory to Port for Deferred Items under Section 5.1(b), and issuance of the Certificate of Completion.

6. Termination Of Lease.

6.1. Plans and Data. If the Lease terminates as a result of an Event of Default by Tenant before Completion of the Parcel C Initial Tenant Improvements, Tenant shall assign and deliver to Port (without cost to Port) any and all copies of reports in its possession regarding the Premises and all Construction Documents in the possession of or prepared for Tenant, for the contracting of the Parcel C Initial Tenant Improvements within thirty (30) days after written demand from Port. Port may use said reports and Construction Documents for any purpose whatsoever relating to the Premises; provided, however, Port shall release Tenant and Tenant's contractor, architect, engineer, agents, employees and other consultants from any Losses arising out of Port's use of such reports and Construction Documents except to the extent such contractor, architect, engineer, agent, employee or other consultant is retained by Port to complete the Parcel C Initial Tenant Improvements. Tenant shall include in all contracts and

authorizations for services pertaining to the planning and design of the Parcel C Initial Tenant Improvements an express agreement by the Person performing such services that Port may use such reports or Construction Documents as provided in this Section 6.1 without compensation or payment from Port in the event such reports or Construction , provided that Port agrees (i) not to remove the name of the preparer of such reports of Construction Documents without the preparer's written permission or (ii) to remove it at their written request.

6.2. Return of Premises. If the Lease terminates pursuant to this Section 6, Tenant shall, at its sole expense and as promptly as practicable, return the Premises to Port in a safe condition, and unless otherwise requested by Port, shall promptly remove all Improvements, loose building materials and debris present at the Premises resulting from Tenant's construction activities. In the event that Tenant is required to return the Premises as aforesaid, Tenant shall obtain those permits customary and necessary to enter upon the Premises in order to complete such work and shall otherwise comply with applicable Law. In such event, Port shall cooperate with Tenant in Tenant's efforts to obtain such permits, provided that Port will not be required to expend any money or undertake any obligations in connection therewith. The provisions of this Section shall survive any termination of the Lease.

ATTACHMENTS

ATTACHMENT 1
ATTACHMENT 2

SCOPE OF DEVELOPMENT
LETTER OF CREDIT REQUIREMENTS

ATTACHMENT 1
SCOPE OF DEVELOPMENT
[TO BE ATTACHED]

Scope of Development Pier 9
 Estimated Construction Costs for the Pier 9 Robotics Lab

<u>Category</u>	<u>Core & Shell</u>		<u>Tenant Improvements</u>		<u>Total</u>
	<u>Improvements</u>				
Demolition	\$ 5,500.00	\$	15,000.00	\$	20,500.00
Sitework	\$ 12,000.00	\$	-	\$	12,000.00
Substructure	\$ 150,000.00	\$	-	\$	150,000.00
Superstructure	\$ 350,000.00	\$	-	\$	350,000.00
Exterior Skin	\$ 222,000.00	\$	-	\$	222,000.00
Roofing	\$ 50,000.00	\$	-	\$	50,000.00
Interior Construction	\$ 60,000.00	\$	550,000.00	\$	610,000.00
Conveying	\$ -	\$	-	\$	-
Special Construction	\$ -	\$	25,000.00	\$	25,000.00
Plumbing/ Process Piping	\$ 25,000.00	\$	45,000.00	\$	70,000.00
Fire Protection	\$ 6,000.00	\$	22,000.00	\$	28,000.00
Mechanical	\$ 20,000.00	\$	125,000.00	\$	145,000.00
Electrical	\$ 22,000.00	\$	190,000.00	\$	212,000.00
JobSite Management	\$ 52,000.00	\$	65,000.00	\$	117,000.00
Project Requirements	\$ 13,000.00	\$	16,000.00	\$	29,000.00
	\$ 987,500.00	\$	1,053,000.00	\$	2,040,500.00

ATTACHMENT 2

LETTER OF CREDIT REQUIREMENTS

(a) If Tenant is required at any time prior the issuance of the Certificate of Completion to deliver the TI Security and Tenant elects to deliver a standby letter of credit (the "Letter of Credit") in the amount equal to the TI Security (the "LC Value"), as (i) as security for Port's recovery of costs of inspection, monitoring, enforcement, and administration during Tenant's operations under this Lease, and/or (ii) collateral to protect Port against any liability for mechanics' and materialmen's liens, stop notices, to ensure completion of the Initial Tenant Improvements, and to compensate Port for any expenses incurred or damage caused as a result of Tenant's failure to obtain the Certificate of Completion by the Outside Completion Date (as such date may be extended by Section 1.5 above of this Parcel C Work Letter), including, but not limited to, any attorneys' fees and costs (the "Secured Obligations"). Neither the Letter of Credit nor any portion of the proceeds ("LC Proceeds") will be deemed an advance of Rent, an advance of any other payment due to Port under this Lease, a security deposit subject to the California Civil Code, or a measure of Port's damages upon an Event of Default.

(b) The Letter of Credit must:

(i) be in a form reasonably acceptable to Port and issued by a nationally-chartered bank with capitalization of at least \$100 million, and otherwise reasonably satisfactory to Port (the "Issuer");

(ii) be replaced, renewed, or extended at least sixty (60) days before any expiration date stated in the Letter of Credit, if necessary to ensure that the full LC Value is available to Port at all times until sixty (60) days after the Expiration Date;

(iii) be Issuer's irrevocable, unconditional independent and binding obligation to honor any draw, including partial and multiple draws, presented to Issuer at sight upon the presentation at a branch in San Francisco of Port's signed statement certifying to the Issuer (1) that a default of the Secured Obligations has occurred and is continuing under this Lease, and any applicable grace period has expired, or Port is otherwise entitled to draw on the Letter of Credit; or (2) requesting an extension of the Letter of Credit's expiration date to the maximum time allowed, or, in the alternative, a draw of the full LC Value, because Tenant has not presented Port with a replacement, renewal, or extension as required under this Section, all in accordance with applicable rules; and

(iv) be freely transferable upon Port's (or Port's successors') delivery of any documents required by Issuer confirming a transfer.

(c) Port may draw against the Letter of Credit the amount necessary to cure any Tenant default of the Secured Obligations or to compensate Port for any damage Port incurs as a result of Tenant's default of the Secured Obligations. If Port makes a draw in any amount, Tenant must deliver to Port an amendment to the Letter of Credit or a replacement Letter of Credit providing Port with the full LC Value within ten (10) business days after written notice from Port to Tenant specifying the amount of the draw and the particular purpose to which the LC Proceeds were applied.

(d) Tenant agrees that Port:

(i) will not be required to keep LC Proceeds segregated from its other funds or to deposit them into an interest-bearing account;

[PAGE INTENTIONALLY LEFT BLANK]

(ii) may apply that portion of the LC Proceeds necessary for payment of any and all sums reasonably necessary to compensate Port for any other loss or damage, foreseeable or unforeseeable, caused by Tenant's default of its Secured Obligations;

(iii) intentionally omitted.

(iv) will have until sixty (60) days after the Expiration Date (or later date of Port's acceptance of Tenant's surrender of the Premises) to return any LC Proceeds drawn but not applied towards Port costs or damages; and

(v) will have no further liability to Tenant with respect to the Letter of Credit or LC Proceeds following a transfer of the beneficial interest to a transferee in accordance with the Issuer's requirements.

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SCHEDULE 1

**ASBESTOS NOTIFICATION AND INFORMATION
NOTICE TO EMPLOYEES,
OWNERS, LESSEES, SUBLESSEES, AGENTS AND CONTRACTORS
PARCEL C**

[Attachment on following page(s)]

[PAGE INTENTIONALLY LEFT BLANK]

**NOTICE TO EMPLOYEES,
OWNERS, LESSEES, SUBLESSEES, AGENTS AND CONTRACTORS**

ASBESTOS IN BUILDINGS

FOR PERIOD THROUGH: March 2013

It is the responsibility of the master tenant to provide this notice to any subtenant within their leasehold.

In January of 1989, Assembly Bill 3713 was signed into law and added to the California Health and Safety Code. This bill provides for written notice to employees concerning specific matters related to working in a building with asbestos containing construction materials. It applies to building built before 1979 where the owner knows that the building contains asbestos-containing materials; it does not require that a building be surveyed to determine the presence of asbestos.

WHAT IS ASBESTOS?

Asbestos is a naturally occurring group of fibrous minerals which have been used extensively in public buildings, apartment buildings and homes. Asbestos was incorporated into pipe insulation, acoustic plaster, acoustic tile, duct and furnace insulation, floor tiles, textiles and hundreds of other building materials. In most City buildings, asbestos is located in insulation on piping systems, acoustic plaster on ceilings, acoustic ceiling tiles, vinyl asbestos floor tiles, and structural fireproofing. Asbestos may be found in soils as well, especially if soil is non-native or commingled with municipal waste (land fill).

WHY IS ASBESTOS HAZARDOUS?

Asbestos is a concern because of the potential health risks associated with breathing asbestos fibers. It is important for you to know that most people with asbestos-related diseases were asbestos workers before 1972. These workers were repeatedly exposed to high levels of asbestos each working day with little or no protection. Asbestos workers today are required to follow specific work practices and wear appropriate protection to minimize exposure.

Significant exposure to asbestos fibers can lead to asbestosis and certain forms of cancer. Asbestosis is one of the many dust-related lung diseases. It is associated with chronic exposure to relatively high levels of asbestos and is characterized by the permanent deposition of asbestos fibers in the respiratory tract. The earliest and most prominent clinical finding, breathlessness upon exertion, rarely becomes apparent until at least a decade of exposure.

In addition to asbestosis, the association of asbestos and lung cancer has been well established over the past two decades. Scientists have studied insulation and shipyard workers who were exposed to HIGH AIRBORNE LEVELS of asbestos. These studies indicated that asbestos workers were about five times as likely to get lung cancer as non-asbestos workers who did not smoke. Asbestos workers who also smoke were found to be at much greater risk (about 50 times) of dying of lung cancer than non-smoking non-asbestos workers. Mesothelioma, a rare form of cancer of the chest or abdominal cavity, occurs among occupational groups exposed to certain types of asbestos.

ASBESTOS SAMPLING RESULTS

A variety of exposure standards and health action levels have been established for various purposes:

The Occupational Safety and Health Administration (OSHA) asbestos standards (Title 29 of the Code of Federal Regulations), which apply to employees who actually work with asbestos, mandate a permissible exposure limit (PEL) of 0.1 fibers per cubic centimeter of air (f/cc) determined as an 8 hour time weighted average (TWA) and an excursion limit of 1 f/cc as a 30 minute TWA. When employees are exposed at these levels, OSHA and Cal/OSHA (Title 8 of the California Code of Regulations) require medical monitoring and other control methods.

The Environmental Protection Agency (EPA) has recommended a "clearance level" for asbestos of 0.01 f/cc, as measured by phase contrast microscopy (PCM). If measured by the transmission electron microscopy (TEM) method described in 40 CFR Part 763, the Asbestos Hazard Emergency Response Act (AHERA), the clearance level is either 0.02 structure/cc or 70 structures per square millimeter of filter (s/mm²). This means that once an operation involving asbestos (such as removal) is complete, the area is "safe" for re-occupancy as long as the asbestos air concentrations are less than or equal to the "clearance level". These same levels have also been adopted in the California Education Code (Section 494200.7) as the school abatement clearance level.

The state of California has an additional requirement relating to disclosure of the presence of asbestos. Proposition 65, which was voted into law by the state citizens, basically requires posting of area where anyone is exposed to a carcinogen at a level where there is a significant risk of cancer. The California Health and Welfare Agency has established this level at 100 fibers of asbestos per day.

GENERAL PROCEDURES AND HANDLING RESTRICTIONS

As you can see, the concern is with asbestos fibers in the air. When asbestos materials are in good condition, it is unlikely that fibers will be released into the air, unless the asbestos materials are damaged or disturbed. Asbestos-containing materials must not be disturbed so that fibers do not get into the air. Do not cut into, drill into, nail, or pin anything onto, sand, move bump, rub against or otherwise disturb any asbestos containing materials. If you should discover any damaged asbestos-containing material, do not touch it; do not attempt to clean it up. Contact your supervisor or property manager immediately and report the situation.

City employees required to enter areas and perform work activities that might involve the disturbance of asbestos materials have been trained in the proper procedures to minimize exposure. Work that requires major disturbances of asbestos materials (such as removal) is performed under specifications which include work practice procedures, removal techniques, clean up and clearance air sampling.

If any construction, maintenance, or remodeling is conducted in an area of the building where there is the potential for employees to come in contact with, or release or disturb asbestos containing building materials, it is required that the area be posted with a clear and conspicuous warning sign. The warning sign must read:

**"CAUTION. ASBESTOS
CANCER AND LUNG DISEASE HAZARD
DO NOT DISTURB WITHOUT PROPER TRAINING AND EQUIPMENT"**

Much of this information may be new to you. If you have questions about asbestos, you may call the Department of Public Health Bureau of Environmental Health Management at 252-3800.

This written announcement fulfills the asbestos notification requirement of Division 20, Chapter 10.4, Section 25915 of the California Health and Safety Code (Assembly Bill 3713).

SITE SPECIFIC INFORMATION

At this time, the Port has not sampled for asbestos in your building. The following materials, if present in your building, are assumed to contain asbestos and should be treated as such:

Insulation on pipes and ducts; Fireproofing; Drywall and associated taping compound; Plaster; Texturing or acoustic materials on walls or ceilings; Stucco; ceiling tiles; floor tiles or sheet flooring; roofing; fire door core insulation; carpet, baseboard, flooring, and ceiling tile mastics; window glazing compound; ceramic tile grout and mastic. Asbestos may also be found in soil due to natural or man-made conditions.

These materials must not be drilled into, sanded, demolished or otherwise disturbed by unauthorized personnel. Prior to any renovation activities or other activities which may disturb asbestos, please contact your property manager.

The asbestos coordinator for this building is Tim Felton, who can be reached at 274-0582.

SCHEDULE 2

SUBSTRUCTURE REPORT(S) FOR PARCEL C

[Attachment on following page(s)]

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SUBSTRUCTURE RAPID STRUCTURAL ASSESSMENT FORM (rev 07-2009)

Facility Name: Pier 9 Substructure

FIN: 1090-ALL-ALL

Inspection Number: 1090-ALL-ALL-2012

Report Posting Date: 05/18/2012

Inspector's Name: Sherban A. Duncan, P.E.

Affiliation: Port of San Francisco

Inspection Date: 05/10/2012

Start Time: 10:30 A.M.

End Time: 11:30 A.M.

Purpose of Inspection-(periodic insp., maritime request, real estate request, tenant move-in, tenant move-out, etc.): Periodic Inspection

Rating Criteria:

Green – Unrestricted use. May require some minor repair, or minimal barricading.

Yellow – Restricted use. May require further review, may require load limits, limiting access and barricading until repairs completed.

Red – Unsafe notice. Shall be barricaded to prevent public access and use.

Overall Rating: Green **XX** Yellow Red

Immediate Actions: N.A.

Required Repairs: N.A.

Condition Assessment Summary:

Condition	Yes	No	More Review Needed
1) Severe seawall failure		X	
2) Many missing piles		X	
3) Many significantly damaged piles		X	
4) Significant beam deterioration		X	
5) Significant slab deterioration		X	
6) Other hazard present		X	

Comments:

The pier structure under the shed is generally in good condition.
See RSAs for North Apron and South Apron for Apron Structural Assessments.

Attachments:

Appendix A- Facility Data

Appendix B- Photographs

Appendix C- Structural Rating Map

SUBSTRUCTURE RAPID STRUCTURAL ASSESSMENT FORM (rev 07-2009)

Appendix A – Facility Data

Name of Facility: Pier 9 Substructure

Facility Code: 1090

Address:

Lease Number(s):

Building Data

Building Structure FIN: 1490-SHEDA-ALL

No. of stories: 1

Support over water: Yes

Support over land: No

Construction type (Wood, concrete, steel, masonry or combination): combination

Occupancy Type (Commercial, office, industrial, assembly, residential, emergency service etc.): industrial

Detailed Building Description (If available):

Roof wood sheathing, steel trusses on steel columns, precast concrete walls.

Substructure/Foundation Data:

Substructure FIN: 1090-ALL-ALL

Piling type: Concrete piling

Substructure Deck Type: Concrete slab on concrete beams

Apron Type: Wood deck

Detailed Substructure Description (if available):

SUBSTRUCTURE RAPID STRUCTURAL ASSESSMENT FORM (rev 07-2009)

Appendix B – Photographs

FIN: 1090-ALL-ALL

Inspection Date: 05/10/2012

Facility Name: Pier 9 Substructure

Inspection Number: 1090-ALL-ALL-2012

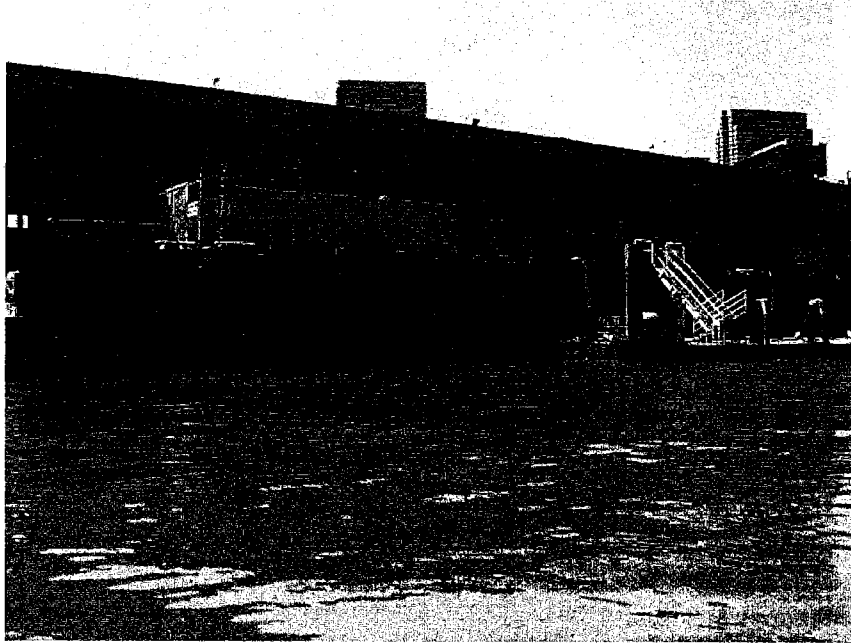


Photo 1. Exterior view from the North

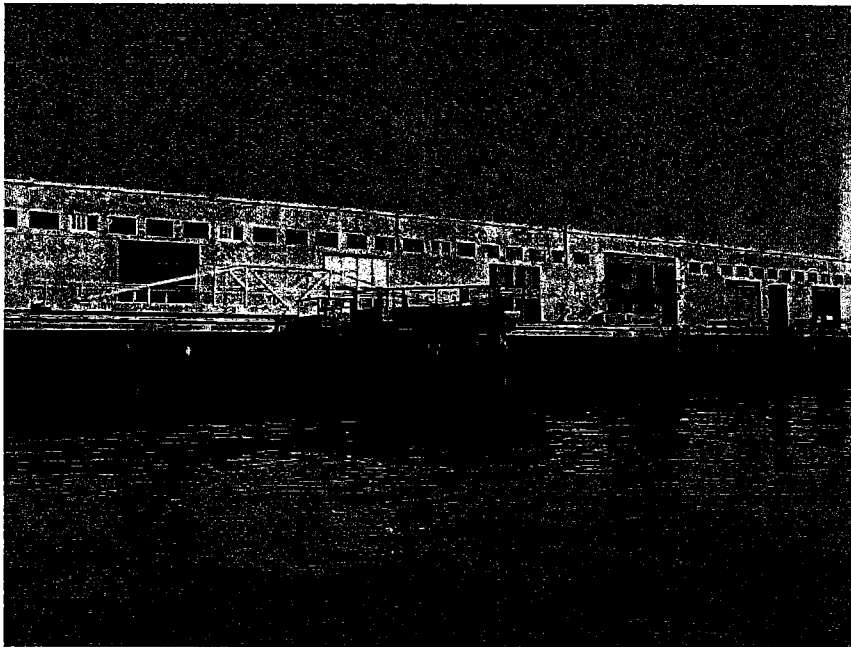


Photo 2. Exterior view from the South

SUBSTRUCTURE RAPID STRUCTURAL ASSESSMENT FORM (rev 07-2009)

Appendix B – Photographs

FIN: 1090-ALL-ALL

Inspection Date: 05/10/2012

Facility Name: Pier 9 Substructure

Inspection Number: 1090-ALL-ALL-2012

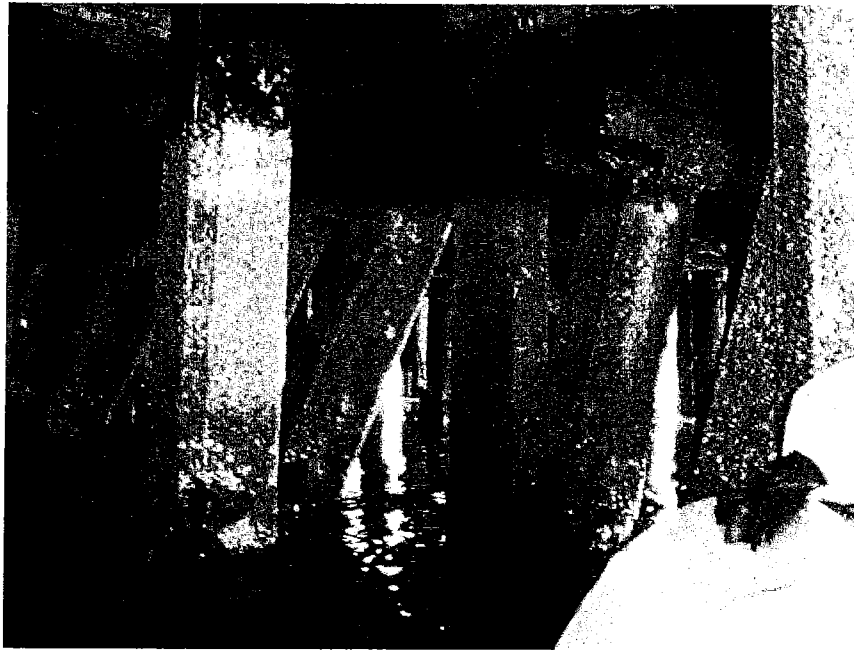
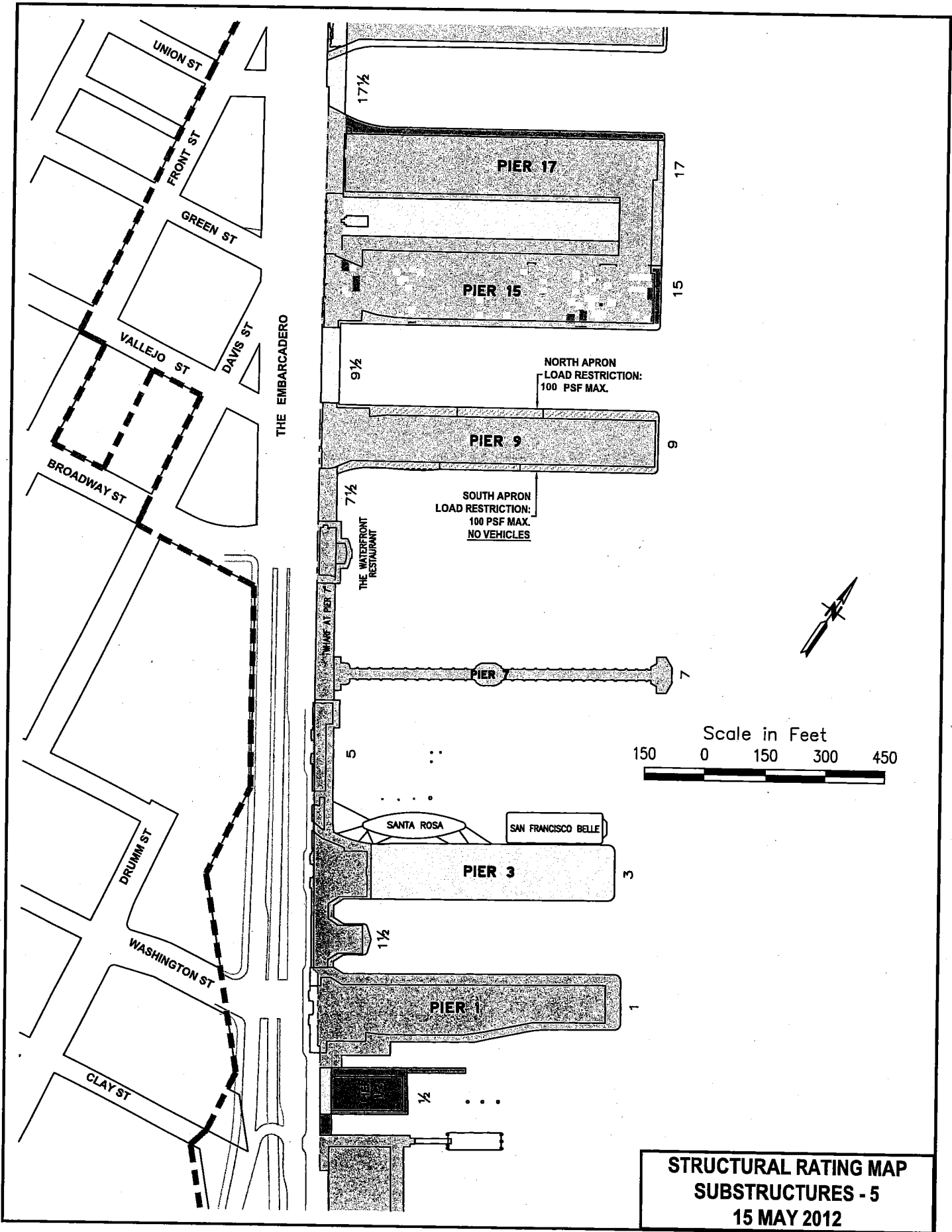


Photo 3. Typical section at batter piling along North Apron



Photo 4. Bulkhead area



**STRUCTURAL RATING MAP
SUBSTRUCTURES - 5
15 MAY 2012**

SCHEDULE 3 REVISED

Fema Disclosure Notice

The Federal Emergency Management Agency ("FEMA") is revising Flood Insurance Rate Maps ("FIRMs") for San Francisco Bay Area communities. As part of this effort, FEMA plans to prepare a FIRM for the City and County of San Francisco for the first time. That process may have significant impacts for developing new structures and reconstructing or repairing existing structures on San Francisco's waterfront.

FIRMs identify areas that are subject to inundation during a flood having a 1% chance of occurrence in a given year (also known as a "base flood" or "100-year flood"). FEMA refers to an area that is at risk from a flood of this magnitude as a special flood hazard area ("SFHA").

On September 21, 2007, FEMA issued a preliminary FIRM of San Francisco tentatively identifying SFHAs along City's shoreline in and along the San Francisco Bay consisting of "A zones" (areas subject to inundation by tidal surge) and "V zones" (areas subject to the additional hazards that accompany wave action). These zones generally affect City property under the jurisdiction of the Port of San Francisco and other areas of the San Francisco waterfront, including parts of Mission Bay, Hunters Point Shipyard, Candlestick Point, Treasure and Yerba Buena Islands, and an area adjacent to Islais Creek.

FEMA prepares the FIRMs to support the National Flood Insurance Program ("NFIP"), a federal program that enables property owners, businesses, and residents in participating communities to purchase flood insurance backed by the federal government. The San Francisco Board of Supervisors has adopted a floodplain management ordinance governing new construction and substantial improvements in flood prone areas of San Francisco and authorizing the City's participation in NFIP (as amended, the "Floodplain Ordinance"). The Floodplain Ordinance imposes requirements on any new construction or substantial improvement of structures in city-designated flood zones that are intended to minimize or eliminate flood hazard risks. NFIP regulations allow a local jurisdiction to issue variances to its floodplain management ordinance under certain narrow circumstances, without jeopardizing the local jurisdiction's eligibility in the NFIP. However, the particular projects that are granted variances by the local jurisdiction may be deemed ineligible for federally-backed flood insurance by FEMA.

FEMA is performing detailed coastal engineering analyses and mapping of the San Francisco Bay shoreline in accordance with FEMA's February 2005 Pacific guidelines for new coastal studies. The San Francisco Bay Area Coastal Study includes both regional hydrodynamic and wave modeling of the San Francisco Bay, as well as detailed onshore coastal analysis used to estimate wave runup and overtopping, as well as overland wave propagation. These onshore analyses will form the basis for potential revisions to the Base Flood Elevations (BFEs) and Special Flood Hazard Areas (SFHAs) within the coastal areas. The new coastal study will revise and update the flood and wave data based on current conditions within the coastal Flood Insurance Study reports and Flood Insurance Rate Maps for each of the nine counties. For San Francisco, the preliminary FIRMs will replace the preliminary FIRMs issued in 2007. FEMA expects to issue preliminary FIRMs for San Francisco in early 2014, with an intended effective date in mid-2015.

The federal legislation and regulations implementing the NFIP are located at 42 U.S.C. §§ 4001 et seq.; 44 C.F.R. Parts 59-78, §§ 59.1-78.14. FEMA also publishes "Answers to Questions About the NFIP" and FEMA Publication 186 entitled "Mandatory Purchase of Flood Insurance Guidelines." Additional information on this matter can be found on the City's and FEMA's websites at the following links:

<http://www.fema.gov/plan/prevent/fhm/index.shtml>; [http://www.r9map.org/Docs/Oct13-SanFranCo-FEMA_Factsheet_rev%20\(2\).pdf](http://www.r9map.org/Docs/Oct13-SanFranCo-FEMA_Factsheet_rev%20(2).pdf); <http://www.fema.gov/business/nfip/index.shtml>; and <http://www.sfgov.org>.

SCHEDULE 4 REVISED
HAZARDOUS MATERIALS DISCLOSURE

Environmental Reports and Documents Regarding Hazardous Materials

Autodesk, LLC

November 2013

Pier 9

Final Hazardous Material Inspection Report; Autodesk Tenant Space; Pier 9, Van Brunt Associates, January 2, 2013.

Hazardous Materials Inspection Report; Parcel A, Suite 116; Parcel B, Bays 1 through 3; Pier 9, Van Brunt Associates, September 5, 2012.

Infrared thermal imaging report; Pier 9 Bldg 116, Environmental Services, 2/24/2010.

Mold Inspection Report; Limited Microbial Investigation; Pier 9 Bldg 116, Environmental Services, February 26, 2010.

Preliminary Mold Inspection Report; Pier 9; Building 116, ProTech Consulting and Engineering, April 2010.

Tenant Improvement/Renovation Asbestos and Lead Inspection Pier 9, Van Brunt Associates, February 13, 2001.



SAN FRANCISCO PLANNING DEPARTMENT

Certificate of Determination EXEMPTION FROM ENVIRONMENTAL REVIEW

Case No.: 2012.0099E
Project Title: Various Properties of the Port of San Francisco
Project Sponsor: Kanya Dorland, Port of San Francisco
Staff Contact: Brett Bollinger – (415) 575-9024
brett.bollinger@sfgov.org

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PROJECT DESCRIPTION:

The Port, in the course of managing its maritime and non-maritime properties, often enters into leases or similar agreements with tenants who continue an existing land use, with no substantial physical changes to the site or substantial intensification of use. This document, prepared on a three-year basis, shall serve as the CEQA determination for such Port Projects.

EXEMPT STATUS:

General Rule Exclusion [State Guidelines, Section 15061 (b)(3)]

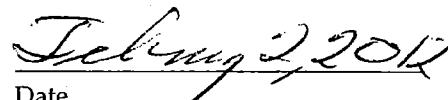
REMARKS:

No new construction or other physical change, other than repair or renovation of existing facilities, would be involved. There would be no change or substantial intensification in the on-going activities occurring on the site. Therefore, it can be seen with certainty that there would be no significant environmental impacts.

DETERMINATION:

I do hereby certify that the above determination has been made pursuant to State and Local requirements.


Bill Wycko
Environmental Review Officer


Date

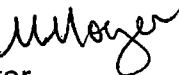
cc: Project Sponsor



MEMORANDUM

December 6, 2013

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Leslie Katz
Hon. Willie Adams
Hon. Mel Murphy

FROM: Monique Moyer 
Executive Director

SUBJECT: Request approval of Third Amendment to Lease No. L-15169 with Autodesk, Inc. a Delaware corporation ("Autodesk") for approximately 3,400 square feet of unimproved shed space located at Pier 9, subject to approval by the Board of Supervisors

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary

Port staff is seeking approval of a Third Amendment to Port Lease No. L-15169 with Autodesk, Inc. a Delaware corporation ("Lease") to add approximately 3,400 square feet of unimproved Pier 9 shed space to its Premises ("Amendment") subject to approval by the Board of Supervisors. The Amendment is an expansion of Autodesk's existing premises and will be converted to laboratory space.

I. BACKGROUND

Autodesk is an American multinational corporation that focuses on 3D design software for use in the architecture, engineering, construction, manufacturing, media and entertainment industries. Autodesk is a tenant in good standing.

On September 11, 2012 the Port Commission first approved the Lease for approximately 8,391 square feet of Pier 9 space for a term of sixty-six (66) months. At the October 23, 2012 meeting the Port Commission approved a lease amendment that added approximately 18,499 square feet making the total Premises approximately 27,190 square feet and extending the term to ten (10) years. The Board of Supervisors approved the amendment in Board of Supervisors Resolution 0007-13 and the amended Lease became effective on January 23, 2013.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

The Lease expires on January 22, 2023. To date, Autodesk has made \$12 million in capital improvements to Pier 9 and is currently paying \$443,940.00 in annual rent net of any rent credits as provided by the Lease.

Autodesk now desires to lease additional space to accommodate its robotics research and development laboratory. Port staff and Autodesk have mutually agreed on terms and conditions contained in the proposed Amendment now before the Port Commission for approval. The Amendment adds approximately 3,400 square feet of Pier 9 shed space that is currently unimproved (i.e. un-built) and is used for passenger vehicle parking. See attached location map.

The Amendment requires Autodesk to invest a minimum of \$2,040,500 dollars in base building core and shell and tenant improvements. The project includes enclosing the site and construction of a 2,000 square foot second floor mezzanine, incorporating the new premises with the existing premises, site preparation and demolition, structural and interior upgrades to the floor slab, beams and girders, new wall enclosures, new stairs for circulation and exiting, and Americans with Disabilities compliant bathroom, new plumbing (i.e. water, sewer lines to service the premises), new heating, ventilation, and air conditioning system, new electrical service and distribution, new store fronts within the exterior roll up door openings along the south side of the pier, installing rolling doors to access the drive aisles, replacement of a portion of the steel sash windows consistent with the Secretary of the Interior Standards for the Rehabilitation of Historic Buildings, and other interior and exterior improvements. The existing parking spaces in the site area would be eliminated.

II. ANALYSIS

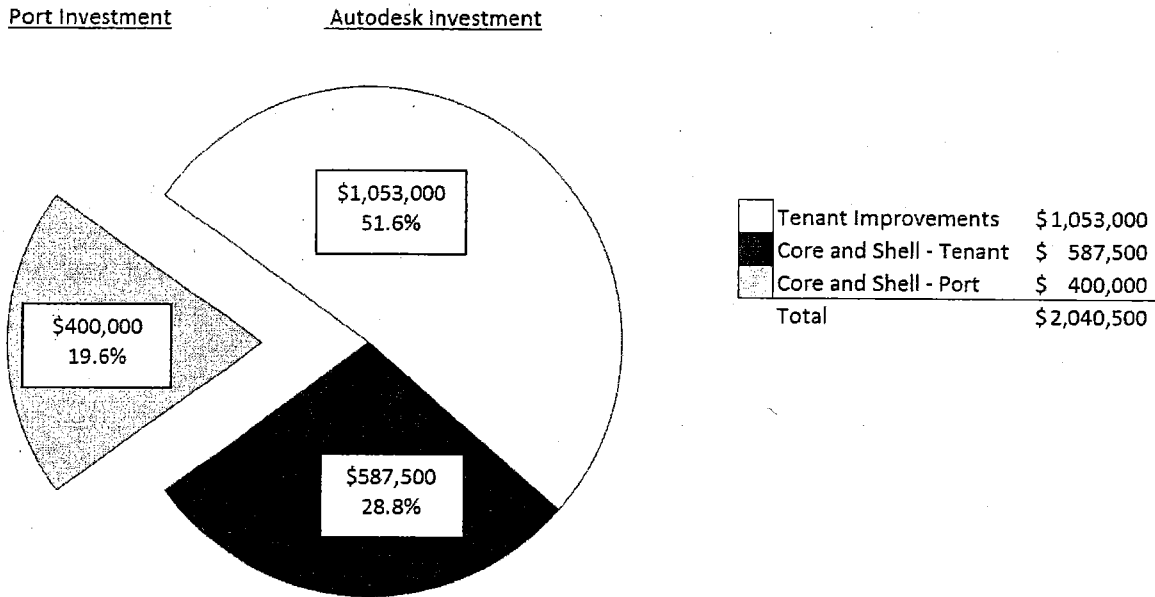
This Amendment is brought before the Port Commission because the lease term, the rent abatement period, and the amortized credit exceed the criteria found in the Commission approved business parameters. Except as noted below, all other terms and conditions, including rental rate, conform to the Port Commission's previously approved business parameter terms and conditions.

The initial monthly rent prior to rent credit deductions is \$4,590 or \$1.35 per square foot for the unimproved shed space which is slightly higher than the Port Commission parameter rental rate for FY 2013/2014 for unimproved shed space at Pier 9.

Autodesk will make a significant capital investment in Port property in the amount of approximately \$2,040,500 or \$600 per square foot for base building core and shell and tenant improvements. In consideration of this investment into Port property, the Amendment provides for a 180-day rent-abatement period in the amount of \$27,540.00 or \$8.10 per square foot for the construction of the Improvements. Section 1.5 of the Work Letter a material part of the Lease does allow the Executive Director at her sole discretion the ability to extend the time for tenant's performance including granting up to a 60-day extension to the rent abatement period. In such instances it is incumbent upon the tenant to demonstrate that Port actions contributed or caused delays to the completion of the project.

The Amendment also includes rent credits only for the base building core and shell improvements in the amount of \$400,000 that may be deducted in equal installments of \$3,704 per month starting the later of month 7 or the date the Port issues a certificate of completion for the Improvements until expiration of the term. The total rent credit equals \$118 per square foot or 19.6% of the total construction budget. The difference between Autodesk's investment and the rent abatement is \$482.14 per square foot equaling \$1,639,299 in net capital investment made directly by Autodesk into Port property or 80.4% of the total construction budget.

This chart summarizes the amount of improvements at the premises that will be funded by the Port through rent credits and improvements funded by Autodesk.



This chart summarizes the type of improvements at the premises that will be funded by rent credits.

Major Core and Shell improvements (Reimbursed by Credits)	Tenant Improvements Not Funded By Credits
ADA Bathroom	Carpet, Paint, and Wall Coverings
Wall Construction to Enclose Premise	Cabinets and Fixtures
Heating Venation and Air-conditioning	Lighting System
Fire Sprinkler System	Kitchen and Appliances
Floors	Internal Demising Walls
New Electrical and Natural Gas Service	Interior Doors and Windows
Structure Supports and Seismic Bracing	Room/Space Partitions

Assuming maximum rent credits are given, the net rent paid to the Port for the expansion premise for the lease term is shown in the table below.

Total Rents Paid	Core and Shell Credit	Total Net Rent Received
\$542,916.53	(\$400,000.00)	\$142,916.53

In the previous negotiations for this Lease, the Port and Autodesk agreed to some changes to the Port's form lease. Below is a summary of material differences between the Lease and the Port's form lease which will also apply to the Third Amendment.

- Autodesk, a multi-billion dollar corporation, not a single-asset entity, is signing the Lease. Accordingly, in lieu of a payment and performance bond generally required for construction of improvements on Port property, Port will instead receive a deposit in the form of cash or letter of credit to protect the Port if Autodesk fails to complete the Improvements (as defined in Section II of this staff report) within 180 days after commencement of the term.
- In the event Port fails to maintain and repair the exterior portions of Pier 9 (such as the roof, roof membrane, and exterior walls and doors), then Autodesk at its sole cost and expense, is permitted to make repairs to the exterior portions of the Pier 9 facility with Port's prior consent.
- The standard language in the Port's form lease does not allow a tenant that may be displaced by damage and destruction any right to re-lease its premises following repairs therefor. The Lease provides Autodesk with a right of first offer to re-lease the premises following damage and destruction to its premises or to Pier 9.
- This Lease includes a modification to the definition of Habitual Late Payer (reflected in italics) to mean tenant has received (a) at least two (2) notices of *material* monetary default, or (b) at least three (3) notices of *any material non-monetary default* within a twelve (12) month period. In exchange for modifying the definition, if Autodesk is deemed to be Habitual Late Payer, Autodesk will be obligated to pay rent in advance on a quarterly basis.
- This Lease does not provide Port with an option to recapture any proposed sublease area if Autodesk requests Port's consent to a sublease. All other sublease provisions remain unchanged.
- Other than Autodesk's indemnification obligations related to hazardous materials and hold over obligations, neither Port nor Autodesk is liable for any indirect, consequential, special, exemplary, incidental or punitive damages arising from the Lease.
- Port has no unilateral right to terminate in connection with Port development projects.
- This Lease provides that monthly rent for holding over after expiration of the term with Port consent will be increased by 125%; and without Port consent, by 150%.
- This Lease provides for a 5% default interest rate.
- This Lease includes a unilateral right for Autodesk to terminate until the last day of the sixtieth-month (60th) of the Lease without penalty provided that it

completes all required improvements; Autodesk will not have rights to any unamortized or outstanding rent credits if it terminates.

III. CLIMATE CHANGE

The original Autodesk lease was built to a LEED Platinum standard. The Phase 1 office was the Port's first LEED Platinum Commercial Interior (CI) project. The proposed Third Amendment will also be built to a LEED Platinum standard and shall include proposed solutions to reduce negative environmental impacts of the building operations. Areas to address are: installation of a roof top solar voltaic system to reduce Green House Gas ("GHG") emissions, installation of electric vehicle charging stations, providing car and bike share facilities, limits on idling vehicles and other such measures as prudently practical.

IV. AMENDMENT TERMS

Tenant:	Autodesk, Inc. a Delaware corporation
Lease Number:	L-15169
Expanded Premises:	Approximately 3,400 square feet of unimproved shed space located at Pier 9.
Lease Commencement Date:	Upon approval by Board of Supervisors
Rent Commencement Date:	One-Hundred Eighty (180) days after the Commencement Date
Lease Expiration Date:	January 22, 2023
Initial Monthly Rent:	\$4,590.00
Rent Adjustment	3% increase on each anniversary of the Rent Commencement Date.
Use:	Research and development office and work space
Tenant Improvements:	No less than \$2,040,500 of core and shell and tenant improvements, including a one hour fire rated common corridor from the interior pier shed drive aisle to the south apron, within 180 days of the Commencement Date
Bar Pilots Gate:	As part of the Tenant Improvements, Tenant, at its sole cost and expense, must reconfigure the Bar Pilots access gate. Tenant is required to provide a letter from the Bar Pilots agreeing to the gate reconfiguration prior to Port's execution of the Amendment.
Rent Abatement Period:	180 days (can be extended by an additional 60 days by Executive Director)

Rent Credit:	Tenant shall receive a maximum rent credit in the amount of \$400,000.00 that may be deducted from the monthly rent starting the later of month 7 or the date Port issues a certificate of completion for the Improvements until expiration of the term. Rent credits are only for core and shell improvements and are contingent on the completion of the Improvements.
Performance Bond:	In lieu of a payment and performance bond generally required for construction of improvements on Port property, Port will instead receive a deposit in the form of cash or letter of credit to protect the Port if Autodesk fails to complete the Improvements (as defined in Section II of this staff report) within 180 days after commencement of the term.
Security Deposit:	Tenant shall add to its existing Security Deposit to equal to two (2) month's total Base Rent due in the last year of Lease.
As Is:	The Expanded Premises shall be accepted in its "as is" condition.
Insurance:	Tenant shall provide standard insurance coverage acceptable to Port and City Risk Manager.
City Requirements:	The Amendment will include updated City and Port requirements.

VI. RECOMMENDATION

Port staff recommends that the Port Commission approve the attached Resolution approving the Third Amendment to Lease No. L-15169 with Autodesk, Inc. a Delaware corporation, for additional premises located at Pier 9 on such additional terms and conditions as described in this staff report, subject to Board of Supervisors' approval.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

For: Susan Reynolds, Director of Real Estate

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 13-52

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and
- WHEREAS, Pier 9, located at Broadway and The Embarcadero in the City and County of San Francisco, is in the Northeast Waterfront area of the Waterfront Land Use Plan; and
- WHEREAS, Autodesk, Inc. a Delaware corporation ("Autodesk") currently leases approximately 27,190 square feet in Pier 9 under Lease No. 15169 which expires on January 22, 2023 (as amended, the "Lease") which was approved by the Port Commission and the Board of Supervisors; and
- WHEREAS Port staff has negotiated a third amendment to the Lease to add the adjacent approximately 3,400 rentable square feet to the Lease, at an initial rental rate of \$4,590.00 per month or \$1.35 per square foot, on the terms described in the staff report accompanying this resolution; and
- WHEREAS, the Amendment provides for a one hundred eighty (180) day free rent period and total rent credits in the maximum amount of \$400,000.00 in consideration for Tenant's construction, at its sole expense, of a minimum of \$2,040,500 of core and shell and tenant improvements (collectively, "Improvements") which will have value to the Port following the end of the Lease term; and
- WHEREAS, the Lease contains other material terms and conditions that differ from the Port's form lease that were previously approved by the Port Commission, which differences are further described in the staff report accompanying this Resolution; and
- WHEREAS, the permitted uses in the Amendment are a continuation of existing and related uses and are therefore covered under the General Rule Exclusion pursuant to the California Environmental Quality Act; now, therefore be it
- RESOLVED, that the Port Commission approves the Amendment subject to approval by the Board of Supervisors and upon such approval authorizes the Executive Director or her designee to execute the Amendment; and, be it further

RESOLVED,

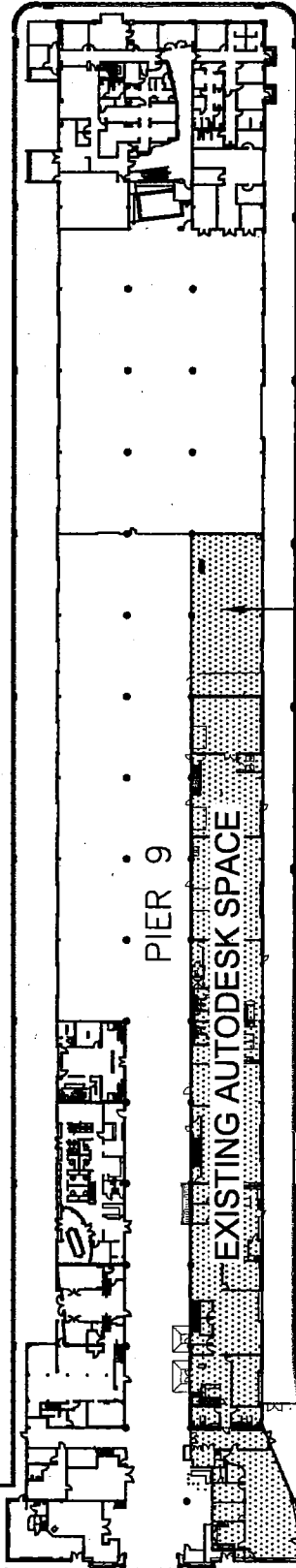
that the Port Commission authorizes the Executive Director or her designee to enter into any additions, amendments or other modifications to the Amendment that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port or materially decrease the benefits to the City or Port, and are necessary or advisable to complete the transactions which the Amendment contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of the Amendment, and any such amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 12, 2013.

Secretary

PIER 15

SAN FRANCISCO BAY



PROPOSED ADDITIONAL
AUTODESK SPACE

PIER 9

EXISTING AUTODESK SPACE

SAN FRANCISCO BAY

PIER 7 1/2
(WATERFRONT RESTAURANT)

THE EMBARCADERO

TEWANT

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING



AUTODESK

DRAWN BY: ECC
CHECKED BY: J. BAUER
PLACE CODE NO. 1090-00

DATE: SEP 12, 2013
SCALE: 1" = 100'

SHEET NO.
OF SHEETS



2014.0287E

February 19, 2014

Jeanie Poling, Environmental Planning
 San Francisco Planning Department
 1650 Mission Street, Suite 400
 San Francisco, CA 94103

Re: Monthly CEQA Exemption Report for Port Lease Agreements & Permits

Dear Ms. Poling:

I am writing to inform your department of the anticipated Port property agreements that will be entered into by relying on the General Rule Exclusion (GRE) category issued by Environmental Planning on February 2, 2012, effective through 2015; in addition Port Repair and Maintenance Projects, Encroachments and Special Events Permits that will be approved by relying on the Exemption from Environmental Review for these types of projects issued by Environmental Planning on February 21, 2013 effective through February 21, 2014 for the month of February 2014.

February GRE Leases

The Port is completing or has completed negotiations for eleven new property agreements for the month of February 2014. These property agreements fall within the scope of routine leasing activities on Port property with tenants who: (1) continue an existing land use; (2) will not make any substantial physical changes to their leased site; and (3) will not generate a substantial intensification of the existing use through their operations. Please find below site information for these new lease agreements.

LEASE TYPE	TENANT NAME	LOCATION	USE	SF or LF
New	Bay Institute Aquarium Foundation	Pier 98/32 Jennings	Education Center	2,292
Previous	Literacy for Environmental Justice	Pier 98/32 Jennings	Education Center	2,292
New	Portco	SWL 302	Maritime, Retail, Office & Storage	20,915
Previous	Coast Marine	SWL 302	Maritime, Retail, Office & Storage	20,915
New	deBreeze Interactive LLC	Agi Bldg., Suite 115	Office	627
Previous	Garth Collier	Agi Bldg., Suite 115	Office	627
New	Permasteelisa North America	Pier 50, Sheds A&B	Storage	1,720
Previous	Z-Collection	Pier 50, Sheds A&B	Storage	3,508
New	Autodesk	Pier 9	Office	3,545
Previous	Good Tidings	Pier 9	Office	3,545
New	ARG Conservation Services	Pier 50, Shed A	Storage	800
Previous	Operation USA	Pier 50, Shed A	Storage	800
Renewal	SomaArts	SWL 349, Bldg. 21	Storage	3,417



LEASE TYPE	TENANT NAME	LOCATION	USE	SF or LF
Renewal	Michael Patrick Mann	Pier 90	Storage	1,600
Renewal	John Runfola	Pier 9, Suite 100	Office	3,325
Renewal	Alcatraz Enterprise	Pier 33	Maritime & Storage	1,230
Renewal	Kuldip Singh Sian	Pier 50, Shed B	Shed 50 B	1,700

February Special Event Exemptions

These activities are determined to be categorically exempt under State CEQA Guidelines Section 15304(e) or Class 4(e) and Section 15311(c) or Class 11(c)

Location	Name/Sponsor	Date & Duration	Attendees	Event Improvements
Pier 48	McKinsey Conference	3/27 - 4/09	1,400	Temporary Improvements
AT&T Park & Pier 48	Burbank Birthday	3/11 - 3/16	200	Temporary Improvements
The Embarcadero	Sunday Streets	3/9	20,000	Temporary Improvements

Our intent is to provide Environmental Planning monthly reports on proposed lease agreements, basic repair and maintenance, encroachment and special event projects that the Port intends to permit before they are approved by staff or the Port Commission. We are providing this lease information to Environmental Planning pursuant to Section 31.08 (f) of Chapter 31 of the Administrative Code, which provides for posting and noticing of General Rule Exclusions. We are providing this basic repair and maintenance, encroachment and special event project information in accordance with the conditions of the Port Exemption from Environmental Review issued for these types of projects. Please do not hesitate to contact me at (415) 274-0264, if you have any questions regarding these projects, or if you require any additional information. Thank you for your assistance.

Sincerely,

Kanya T. Dorland, Planner

MEMORANDUM

October 18, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request approval of a Second Amendment to Lease No. L-15169 ("Lease") with Autodesk, Inc. a Delaware corporation ("Autodesk"), to add approximately 18,499 square feet of office space and unimproved shed space located at Pier 9 (the "Expanded Premises") to its current Lease for use as office and manufacturing space and to extend the term of the Lease to a total of 120 months, subject to Board of Supervisors' approval

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

Executive Summary

Port staff and Autodesk have mutually agreed on the terms and conditions of a Second Amendment to Lease No. L-15169 to provide additional space at Pier 9. The Amendment is being brought before the Port Commission because the amended lease term, total rent, rent abatement period, and the rent credit amounts exceed the criteria found in the Port Commission approved business parameters. The Amendment requires Board of Supervisors approval as well because the total rent exceeds \$1,000,000 and the term is ten (10) years.

I. BACKGROUND

On September 11, 2012 the Port Commission approved Lease No. L-15169 with Autodesk, Inc. a Delaware corporation, for approximately 8,391 square feet of office space and unimproved shed space located at Pier 9 with a term of 66 months (Resolution No. 12-64). Lease No. L-15169 commenced on October 1, 2012; Autodesk is already doing preliminary demolition work and the Port is process permits. Autodesk is a tenant in good standing.

THIS PRINT COVERS CALENDAR ITEM NO. 9A

Autodesk is an American multinational corporation that focuses on 3D design software for use in the architecture, engineering, construction, manufacturing, media and entertainment industries.

Autodesk now desires to lease additional space to accommodate its rapid expansion and associated space needs. The expansion space at Pier 9 will house Autodesk's consumer products division. The initial Lease approved in September by the Port Commission is to relocate and house its newly acquired company instructables.

Port staff and Autodesk have agreed on terms and conditions found in the Second Amendment to Lease No. L-15169 now before the Port Commission for approval. The Second Amendment adds approximately 18,499 square feet of existing office space and 8,691 square feet of previously unimproved shed space located at Pier 9 (see attached location map). The expanded premises amount will be approximately 27,190 square feet. The majority of the office spaces are now functionally obsolete. Two of the four office spaces that will be incorporated into the expansion premise have been vacant since 2010.

The unimproved shed space is an open area, currently being used for a trash compactor for the Waterfront Restaurant, construction material storage, parking, and a nonoperational stevedore restroom facility.

Autodesk will construct a minimum of \$7,000,000 of improvements consisting of: enclosing existing unimproved shed space to construct a 5,058 square foot workshop-space, new non-permeable floors, wall construction and window installation (floor to ceiling windows), replacement of existing doors and windows, complete renovation of the existing office space, installation of Heating Ventilation and Air Conditioning system, new electrical service and data systems, constructing of American's with Disabilities Act ("A.D.A") compliant bathrooms, paths of travel, an accessible entry-way, a demonstration kitchen, and an elevator. Core and shell improvements represent \$3,000,000 of the total project costs, which total \$7,000,000.

The new initial monthly rent prior to rent credit deductions is \$55,444.00 per month or \$2.25 per square foot for the office space and \$1.25 per square foot for the unimproved shed space. Both rates are in-line with the FY 2012/2013 Port Commission approved parameter rates for Pier 9 office and shed space. The monthly rent will be increased by 3% annually beginning on the first anniversary date of the Lease Amendment.

In general, core and shell improvements consist of the building envelope and building level systems. Tenant improvements in general are alterations made to rental premises in order to customize it for the specific needs of a tenant such as painting, installing partitions, changing the flooring, putting in customized light fixtures and so on. Typically, these improvements increase the value and the marketability of rental space.

The Lease provides for a one hundred and twenty (120) month term starting on the effective date of the Second Amendment that includes a 180-day (180) rent abatement period during which no rent is paid to account for construction of the core and shell and tenant improvements.

Rent will commence one hundred eighty-one days (181) from the Second Amendment commencement date regardless of whether or not the improvements are completed. All improvements will remain on the Premises at the expiration of the Lease at no additional cost to Port.

The rent under the initial Lease No. L-15169 is scheduled to commence April 1, 2012, two months prior to the rent commencement of the additional space in the Second Amendment, anticipated to be June 1, 2013. To account for the two months beginning April 1st, the Port will include those months' rent in the amount of \$13,821.75 in months 5 and 6 (April 2013 & May 2013) in the Second Amendment.

To accommodate Autodesk's expansion, an existing Pier 9 tenant, DNA Direct, has to terminate their lease. This Second Amendment provides for the termination of the lease with DNA Direct for approximately 8,451 square feet of office subject to Port Commission approval. The Autodesk Second Amendment rental rates are in-line with DNA Direct rental rates.

The other necessary termination / relocation are Cabouchon Properties that occupies approximately 2,206 square feet of office space at Pier 9, suite 112. Cabouchon has agreed to relocate to suite 105 at Pier 9. Under the terms of Cabouchon's Lease, the Port is required to provide Cabouchon with a functionally equivalent relocation space and Autodesk has agreed to pay for the construction of up to \$75,000 of tenant improvements at suite 105 in order to provide Cabouchon a comparable improved office.

Autodesk will pay for improvements to Pier 9 Suite 105 that will make it equivalent to Cabouchon's current leasehold and will pay Cabouchon's relocation costs. In exchange, Cabouchon will terminate its current lease and enter into a new 5-year lease with Port for Suite 105 which includes the requirement to improve the space (Lease No. L-15202). Port is amenable to these arrangements, provided that it incurs no liability and is protected from Autodesk's default on its promise to fund the improvements in the new Cabouchon space.

Autodesk and the Port have entered into a First Amendment to provide that the security deposit under Autodesk's Lease may be used to secure Autodesk's payment for the improvements in the new Cabouchon leasehold. Cabouchon has agreed to release Port from any obligations under its current lease through a mutual termination agreement.

If Autodesk completes the improvements, it will have the right to early termination of the Lease until the last day of the sixtieth-month (60th) of the Lease without penalty, provided, Autodesk will have no rights to any unamortized or outstanding rent credits. Port staff believes the work-shop space can easily be converted to high-demand open plan office space should Autodesk execute its termination rights.

III. ANALYSIS

The Second Amendment is being brought before the Port Commission because the lease term, the total rent, rent abatement period, and the amortized credit exceed the

criteria found in the Port Commission approved business parameters. Below is a summary of material differences between the proposed Lease and the Port's standard form lease that the Port Commission previously approved as part of the original Lease and that will continue to apply to the amended Lease.

- In lieu of a payment and performance bond generally required for construction of improvements on Port property, Port will instead receive a deposit in the form of cash or letter of credit to protect the Port if Autodesk fails to complete the Improvements (as defined in Section II of this staff report) within 180 days after commencement of the Second Amendment.
- In the event Port fails to maintain and repair the exterior portions of Pier 9 (such as the roof, roof membrane, and exterior walls and doors), then Autodesk at its sole cost and expense, is permitted to make repairs to the exterior portions of the Pier 9 facility with Port's prior consent.
- A right of first offer to release the premises following damage and destruction to its premises or to the facility.
- The definition of Habitual Late Payer is revised to mean tenant has received (a) at least two (2) notices of *material* monetary default, or (b) at least three (3) notices of *any material non-monetary default* within a twelve (12) month period. In exchange for modifying the definition, if Autodesk is deemed to be a Habitual Late Payer, Autodesk will be obligated to pay rent in advance on a quarterly basis.
- In addition to the improvements, Autodesk must also, at its sole cost, relocate the existing trash compactor serving the Waterfront Restaurant or build out a new waste management system.
- Port does not have an option to recapture any proposed sublease area if Autodesk requests Port's consent to a sublease.
- Neither Port nor Autodesk is liable for any indirect, consequential, special, exemplary, incidental or punitive damages arising from the Lease.
- Port has no unilateral right to terminate in connection with Port development projects.

Autodesk will make a significant capital investment in Port property in the amount of approximately \$7,000,000 or \$257.45 per square foot for core and shell and tenant improvements. In consideration of this investment into Port property, the Lease provides for a 180-day rent-abatement period in the amount of \$11.22 per square foot for the construction of the improvements. The Lease also includes rent credits for the core and shell improvements only in the amount of \$2,833,668 (\$104.22 per square

foot) that may be deducted in equal installments of \$24,856.74 per month, starting month 7 and continuing through month 120. The total direct investment made by Autodesk is 59% of the total project costs.

	Minimum Investment		
Category	Total	Port	Autodesk
Core and Shell	\$3,000,000	\$2,883,667	\$116,333
Tenant Improvements	\$4,000,000		\$4,000,000
Total	\$7,000,000	\$2,883,667	\$4,116,333
Percent		41%	59%

The difference between Autodesk's investment and the rent abatement is \$153.23 per square foot or \$4,166,332 in net capital investment made directly by Autodesk into Port property.

The chart below compares a similar development lease in which significant capital investments were made into Port property and where credits were provided for core and shell improvements.

Year Commenced	2012		2008
	Autodesk		Pilara
Initial Rate PSF	\$2.25	\$1.25	\$1.02
Terms in Months	120		120
Premise Total SF	27,190		27,311
Credit PSF	\$104.22		\$108.00
Capital Invest PSF	\$257.45		\$439.00
Net Capital Investment	\$153.23		\$331.00
Capital Investment	\$7 million		\$12 million

This chart summarizes the type of improvements at the Premises that will be funded by rent credits.

Major Core and Shell improvements (Reimbursed by Credits)	Tenant Improvements Not Funded By Credits
ADA Elevator	Carpet, Paint, and Wall Coverings
Wall Construction to Enclose Parcel B	Cabinets and Fixtures
Heating Venation and Air-conditioning	Lighting System
Fire Sprinkler System	Kitchen and Appliances
Floors	Internal Demising Walls
New Electrical and Natural Gas Service	Interior Doors and Windows
Structure Supports and Seismic Bracing	Room/Space Partitions

Assuming maximum rent credits are given, the net rent paid to the Port over a 114 month period is shown in the table below.

Total Gross Rent	Total Rent Credit	Total Net Rent
\$7,294,575.89	\$2,833,668.00	\$4,460,907.89

IV. LEASE TERMS

Tenant:	Autodesk, Inc. a Delaware corporation
Lease Number:	L-15169
Premises:	Approximately 21,330 square feet of office space and approximately 5,860 square feet of unimproved shed space located at Pier 9
Term:	120 months
Second Amendment Commencement Date:	Anticipated by December 1, 2012
Rent Commencement Date:	Anticipated June 1, 2013
Lease Expiration Date:	Anticipated November 30, 2022
Initial Monthly Rent:	\$55,444.00
Rent Adjustment	3% increase on each anniversary of the Rent Commencement Date
Use:	Office, research and development and workshop space
Tenant Improvements:	No less than \$7,000,000 of core and shell and tenant improvements within 180 days of the Commencement Date
Rent Abatement Period:	180 days for initial Lease and 180 days for expanded premises
Rent Credit:	Tenant shall receive a maximum rent credit in the amount of \$2,833,668.00 that may be deducted from the monthly rent starting the latter of month 7 or the date Port issues a certificate of completion for the Improvements until expiration of the term. Rent credit is only for core and shell improvements and contingent on the completion of the Improvements.
Maintenance and Repairs:	In the event Port fails to maintain and repair the exterior portions of Pier 9 (such as the roof, roof membrane, and exterior walls and doors), then Autodesk at its sole cost and expense, is permitted to make repairs to the exterior portions of the Pier 9 facility with Port's prior consent.

Holding Over:	Monthly rent for holding over after expiration of the term with Port consent shall be increased by 125%; without consent, by 150%
Security Deposit:	Tenant shall provide a Security Deposit equal to two (2) month's Base Rent due in the last year of Lease.
As Is:	The Premises shall be accepted in its "as is" condition.
Insurance:	Tenant shall provide standard insurance coverage acceptable to Port and City Risk Manager.
Default Interest:	Default interest paid on unpaid rent balance changed from 10% per year to 5% per year.
City Requirements:	The lease includes provisions requiring Tenant to comply with all applicable City laws, including but not limited to, Non-Discrimination, First Source Hiring, Health Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws.

V. RECOMMENDATION

Port staff recommends that the Port Commission approve the Second Amendment to Lease No. L-15169 with Autodesk, Inc., a Delaware corporation, as described in this staff report, subject to Board of Supervisors' approval.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

For: Susan Reynolds, Director of Real Estate

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 12-79

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and
- WHEREAS, Pier 9, located at Broadway and The Embarcadero in the City and County of San Francisco, is in the Northeast Waterfront area of the Waterfront Land Use Plan; and
- WHEREAS, Port staff has negotiated a Second Amendment to Lease No. L-15169 with Autodesk, Inc. a Delaware corporation that provides a one hundred twenty month (120) month term extension for an approximately additional 18,499 square feet of office and unimproved shed space located at Pier 9 at an initial rental rate of \$55,444.00 per month or \$2.25 per square foot for office space and \$1.25 for unimproved shed space, and other terms and conditions described in the staff report accompanying this resolution; and
- WHEREAS, the Second Amendment provides for a one hundred eighty (180) day free rent period and total rent credits in the maximum amount of \$2,833,668.00 in consideration for Tenant's construction, at its sole expense, of a minimum of \$7,000,000 million of core and shell and tenant improvements which will have value to the Port following the end of the Lease; and
- WHEREAS, the permitted uses in the Lease are a continuation of existing and related uses and are therefore covered under the General Rule Exclusion pursuant to the California Environmental Quality Act; now, therefore be it
- RESOLVED, that the Port Commission approves the Second Amendment to Lease No. L-15169 subject to the Board of Supervisors approval and upon such approval authorizes the Executive Director or her designee to execute said Lease; and, be it further

RESOLVED, that the Port Commission authorizes the Executive Director or her designee to enter into any additions, amendments or other modifications to the Second Amendment that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port or materially decrease the benefits to the City or Port, and are necessary or advisable to complete the transactions which the Second Amendment contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of the Second Amendment, and any such amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 23, 2012.

Secretary

MEMORANDUM

September 6, 2012

TO: MEMBERS, PORT COMMISSION
Hon. Doreen Woo Ho, President
Hon. Kimberly Brandon, Vice President
Hon. Willie Adams
Hon. Leslie Katz

FROM: Monique Moyer
Executive Director

SUBJECT: Request Approval of Lease No. L-15169 ("Lease") with Autodesk, Inc. a Delaware corporation ("Autodesk"), for approximately 8,391 square feet of office space and unimproved shed space located at Pier 9 (the "Premises") at the foot of Broadway and The Embarcadero for a term of 66 months

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

This item was presented as an informational item at the August 14, 2012 Port Commission meeting and is now before the Port Commission for approval to execute a Lease with Autodesk.

In the ensuing month, Port staff and Autodesk have continued to negotiate Lease terms. Below is a summary of material differences between the proposed Lease and the Port's form lease that were not described in the staff report submitted to the Port Commission for the August 14, 2012 presentation.

- Autodesk, a multi-billion dollar corporation, not a single-asset entity, is signing the Lease. Accordingly, in lieu of a payment and performance bond generally required for construction of improvements on Port property, Port will instead receive a deposit in the form of cash or letter of credit to protect the Port if Autodesk fails to complete the Improvements (as defined in Section II of this staff report) within 180 days after commencement of the term.
- In the event Port fails to maintain and repair the exterior portions of Pier 9 (such as the roof, roof membrane, and exterior walls and doors), then Autodesk at its sole cost and expense, is permitted to make repairs to the exterior portions of the Pier 9 facility with Port's prior consent.

THIS PRINT COVERS CALENDAR ITEM NO. 8A

- Traditionally, the Port's form Lease does not allow for tenants that may be displaced by damage destruction to have any right to release its premise following repairs. Autodesk is requesting modification to this Lease Section 17, Damage and Destruction to provide them a right of first offer to release the premise following damage and destruction to its premise or to the facility.
- Autodesk is requesting modification to the definition of Habitual Late Payer (reflected in italics) to mean tenant has received (a) at least two (2) notices of *material* monetary default, or (b) at least three (3) notices of *any material non-monetary default* within a twelve (12) month period. In exchange for modifying the definition, if Autodesk is deemed to be Habitual Late Payer, Autodesk will be obligated to pay rent in advance on a quarterly basis.
- In addition to the Improvements, Autodesk must also, at its sole cost, relocate the existing trash compactor serving the Waterfront Restaurant or build out a new waste management system.
- Autodesk is requesting to modify Lease Section 20 sublease language so the Port would not have an option to recapture any proposed sublease area if Autodesk requests Port's consent to a sublease. All other sublease provisions remain unchanged.
- Other than Autodesk's indemnification obligations related to hazardous materials and hold over obligations, neither Port nor Autodesk is liable for any indirect, consequential, special, exemplary, incidental or punitive damages arising from the Lease.
- Autodesk is requesting that Section 4.2 of the Lease which allows the Port to terminate the Lease in certain circumstances be modified to include no termination by Port in connection with Port development projects.

In summary Autodesk is making a significant capital investment into Port property. The requested changes, while material, do not weaken the Port's position and, in fact, in the majority of changes may even strengthen the Port's position.

I. BACKGROUND

Autodesk is an American multinational corporation that focuses on 3D design software for use in the architecture, engineering, construction, manufacturing, media and entertainment industries.

Autodesk was founded in 1982 by John Walker a co-author of the first versions of the company's flagship CAD software product. Autodesk software has been used in the design of everything from the New York Freedom Tower to Tesla electric cars.

Autodesk recently acquired Instructables, a web-based company that specializes in user-created and uploaded do-it-yourself projects. Instructables is dedicated to step-by-step collaboration among members to build a variety of projects. Users post

instructions to their projects, usually accompanied by visual aids, and then interact through comment sections below each Instructables step as well as in topic forums.

The Lease provides for approximately 3,333 square feet of office space and approximately 5,058 square feet of unimproved shed space located at Pier 9 (see attached location map). The office space was originally constructed in 1996 and is now functionally obsolete. The office space has been vacant since 2010. The unimproved shed space is an open area, currently being used for a trash for the Waterfront Restaurant, construction material storage, and parking.

The initial monthly rent prior to rent credit deductions is \$13,821.75 per month or \$2.25 per square foot for the office space and \$1.25 per square foot for the unimproved shed space. Both rates are in-line or slightly higher than the FY 2012/2013 Port Commission approved parameter rates for Pier 9 office and shed space. The monthly rent will be increased by 3% annually beginning on the first anniversary date of the Lease.

The Lease provides for a sixty-six (66) month term that includes a 180-day (180) rent abatement period during which no rent is paid to account for construction of the core and shell and tenant improvements (the "Improvements").

In general, core and shell improvements consist of the building envelope and building level systems. Tenant improvements in general are alterations made to rental premises in order to customize it for the specific needs of a tenant such as painting, installing partitions, changing the flooring, putting in customized light fixtures and so on. Typically, these improvements increase the value and the marketability of rental space.

Autodesk will construct a minimum of \$3,230,745 of Improvements consisting of: enclosing existing unimproved shed space to construct a 5,058 square foot workshop-space, new non-permeable floors, wall construction and window installation (floor to ceiling windows), replacement of existing doors and windows, complete renovation of the existing office space, installation of Heating Ventilation and Air Conditioning system, new electrical service and data systems, constructing of American's with Disabilities Act ("A.D.A") compliant bathrooms, paths of travel, an accessible entry-way, a demonstration kitchen, and an elevator. Core and shell improvements represent \$1,635,383 of the total project costs, which total \$3,230,745.

Autodesk may at some point in the term of the Lease install a solar panel system on the Pier 9 roof-top to supplement and minimize its electrical usage from the power grid. All of these Improvements will have added value to the premises at the end of the Lease term.

Rent will commence one hundred eighty-one days from the lease commencement date regardless of whether or not the Improvements are completed. All Improvements will remain on the Premises at the expiration of the Lease at no additional cost to Port.

Autodesk will have the right to early termination of the Lease until the last day of the thirty-sixth month (36th) of the Lease without penalty, provided, Autodesk will have no rights to any unamortized or outstanding rent credits. All Improvements will remain at the Premises upon termination of the Lease. Port staff believes the work-shop space

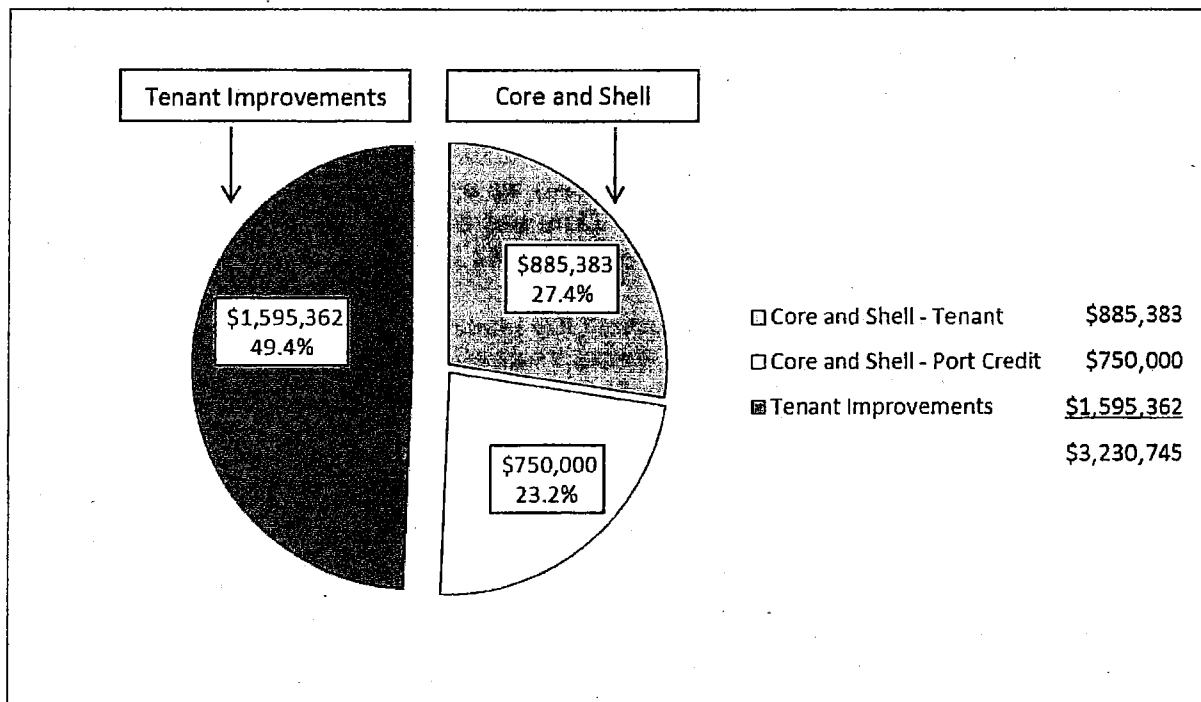
can easily be converted to high-demand open plan office space.

III. ANALYSIS

The Lease is being brought before the Port Commission because the lease term, the rent abatement period, and the amortized credit exceed the criteria found in the Port Commission approved business parameters. Additionally, material differences between the Lease and the form lease are also described above in this staff report and require Port Commission approval. All other terms and conditions, including rental rate, conform to the Port Commission's previously approved parameter terms and conditions.

The initial monthly rent prior to rent credit deductions is \$13,821.75 or \$2.25 per square foot for the office space and \$1.25 per square foot for the unimproved shed space and both are in-line or slightly higher than the Port Commission parameter rental rate for the 2012/2013 for office and shed space at Pier 9.

Autodesk will make a significant capital investment in Port property in the amount of approximately \$3,230,383 or \$385 per square foot for core and shell and tenant improvements. In consideration of this investment into Port property, the Lease provides for a 180-day rent-abatement period in the amount of \$82,930.50 or \$9.89 per square for the construction of the Improvements. The Lease also includes rent credits for the core and shell improvements only in the amount of \$667,069.50 that may be deducted in equal installments of \$11,117.83 per month starting the later of month 7- 66 or the date Port issues a certificate of completion for the Improvements until expiration of the term. The total rent credit and free rent period represents about 23.4% of the total construction budget.



The difference between Autodesk's investment and the rent abatement is \$295.61 per square foot or \$2,480,745 million in net capital investment made directly by Autodesk into Port property.

This chart compares a similar development lease in which significant capital investments were made into Port property and where credits were provided for core and shell improvements.

Year commenced	2012		2008	
	Autodesk		Pilara	
Initial Rate psf	\$2.25	\$1.25	\$	1.02
Term in months	66		120	
Premise total sf	8,391		27,311	
Credit PSF	\$79.14		\$ 108.00	
Capital Invest. PSF	\$381.36		\$ 439.00	
Net Capital Invest.	\$302.22		\$ 331.00	
Capital Investment	\$3.2 Million		\$12 Million	

This chart summarizes the type of Improvements at the Premises that will be funded by rent credits.

Major Core and Shell improvements (Reimbursed by Credits)	Tenant Improvements Not Funded By Credits
ADA Elevator	Carpet, Paint, and Wall Coverings
Wall Construction to Enclose Parcel B	Cabinets and Fixtures
Heating Venation and Air-conditioning	Lighting System
Fire Sprinkler System	Kitchen and Appliances
Floors	Internal Demising Walls
New Electrical and Natural Gas Service	Interior Doors and Windows
Structure Supports and Seismic Bracing	Room/Space Partitions

Assuming maximum rent credits are given, the net rent paid to the Port is shown in the table below.

Month	Monthly Rent	Annual Rent
7-12	\$2,571	\$15,426
13-24	\$3,007	\$36,084
25-36	\$3,443	\$41,316
37-48	\$3,911	\$46,932
49-60	\$4,431	\$53,172
61-66	\$4,951	\$57,276
		Total \$250,206

IV. LEASE TERMS

Tenant:	Autodesk, Inc. a Delaware corporation
Lease Number:	L-15169

Premises:	Approximately 3,333 square feet of office space and approximately 5,058 square feet of unimproved shed space located at Pier 9.
Term:	66 months
Lease Commencement Date:	Anticipated by October 1, 2012.
Rent Commencement Date:	Anticipated April 1, 2013.
Lease Expiration Date:	Anticipated February 2017
Tenant's Right of First Offer to Extend Term	Autodesk has one-time right to make an offer to extend the term for an additional 60 months.
Early Termination by Tenant:	No later than the last day of month 36 or if Port is unable to deliver the premises by January 1, 2013.
Initial Monthly Rent:	\$13,821.75
Rent Adjustment	3% increase on each anniversary of the Rent Commencement Date.
Use:	Office, research and development and workshop space.
Tenant Improvements:	No less than \$3,230,745 of core and shell and tenant improvements within 180 days of the Commencement Date.
Rent Abatement Period:	180 days
Rent Credit:	Tenant shall receive a maximum rent credit in the amount of \$667,069 that may be deducted from the monthly rent starting the later of month 7 or the date Port issues a certificate of completion for the Improvements until expiration of the term. Rent credit is only for core and shell improvements and contingent on the completion of the Improvements.
Maintenance and Repairs:	In the event Port fails to maintain and repair the exterior portions of Pier 9 (such as the roof, roof membrane, and exterior walls and doors), then Autodesk at its sole cost and expense, is permitted to make repairs to the exterior portions of the Pier 9 facility with Port's prior consent.
Holding Over:	Monthly rent for holding over after expiration of the term with Port consent shall be increased by 125%; without consent, by 150%
Security Deposit:	Tenant shall provide a Security Deposit equal to two (2) month's Base Rent due in the last year of Lease.
As Is:	The Premises shall be accepted in its "as is" condition.

Insurance:	Tenant shall provide standard insurance coverage acceptable to Port and City Risk Manager.
City Requirements:	The lease includes provisions requiring Tenant to comply with all applicable City laws, including but not limited to, Non-Discrimination, First Source Hiring, Health Benefits Coverage, Limitation on Contributions, Prevailing Wages and other applicable laws.

V. RECOMMENDATION

Port staff recommends that the Port Commission approve the attached Resolution approving Lease No. L-15169 with Autodesk, Inc. a Delaware corporation, for premises located at Pier 9 for a term of 66 months and on such additional terms and conditions as described in this staff report.

Prepared by: Jeffrey A. Bauer, Senior Leasing Manager

For: Susan Reynolds, Director of Real Estate

**PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 12-64

- WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and
- WHEREAS, Pier 9, located at Broadway and The Embarcadero in the City and County of San Francisco, is in the Northeast Waterfront area of the Waterfront Land Use Plan; and
- WHEREAS, Port staff has negotiated a sixty-six (66) month lease ("Lease") with Autodesk, Inc. a Delaware corporation ("Autodesk") for a portion of Pier 9, comprised of office and unimproved shed space consisting of approximately 8,391 rentable square feet, at an initial rental rate of \$13,821.75 per month or \$2.25 per square foot for office space and \$1.25 for unimproved shed space, on the terms described in the staff report accompanying this resolution; and
- WHEREAS, the Lease provides for a one hundred eighty (180) day free rent period and total rent credits in the maximum amount of \$667,069 in consideration for Tenant's construction, at its sole expense, of a minimum of \$3.2 million of core and shell and tenant improvements (collectively, "Improvements") which will have value to the Port following the end of the Lease; and
- WHEREAS, the Lease provides Autodesk the right to terminate the Lease as of the last date of the thirty-sixth month (36th) of the Lease without penalty provided that Autodesk will have no rights to any unamortized or outstanding rent credits. All improvements will remain at the termination of the Lease; and
- WHEREAS, the Lease contains other material terms and conditions that differ from the form lease previously approved by the Port Commission, which differences are further described in the staff report accompanying this Resolution; and
- WHEREAS, the permitted uses in the Lease are a continuation of existing and related uses and are therefore covered under the General Rule Exclusion pursuant to the California Environmental Quality Act; now, therefore be it
- RESOLVED, that the Port Commission approves the Lease and authorizes the Executive Director or her designee to execute said Lease; and, be it further

RESOLVED,

that the Port Commission authorizes the Executive Director or her designee to enter into any additions, amendments or other modifications to the Lease that the Executive Director, in consultation with the City Attorney, determines are in the best interest of the Port, do not materially increase the obligations or liabilities of the City or Port or materially decrease the benefits to the City or Port, and are necessary or advisable to complete the transactions which the Lease contemplates and effectuate the purpose and intent of this Resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director or her designee of the Lease, and any such amendments thereto.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 11, 2012

Secretary

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

City Elective Officer Information <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
Contractor Information <i>(Please print clearly.)</i>	
Name of contractor: Autodesk, a Delaware corporation	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i> See attached Carl Bass, President and Chief Executive Officer Joseph Chen, Director of Real Estate	
Contractor address: Contractor address: 111 McInnis Parkway San Rafael, CA 94903 See attached.	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contracts: \$ 417,750
Describe the nature of the contract that was approved: Third Amendment to Lease No. L-15169 with Autodesk, a Delaware corporation	
Comments: The amendment requires Board of Supervisors approval because prior amendments required Board approval	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

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

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

Print Name of Board

Filer Information <i>(Please print clearly.)</i>	
Name of filer: 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