

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

INTER-OFFICE MEMORANDUM

TO: Charlie Dunn
Real Estate Division

DATE: February 16, 2011

FROM: Diana Chow 
Aviation Management
Airport Commission

SUBJECT: Lease Amendment at 837 Malcolm Road

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

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

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

Enclosure

FIRST AMENDMENT TO LEASE

837 MALCOLM ROAD

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

RECITALS

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

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

AGREEMENT

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

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

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

April 30, 2015:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Miscellaneous.

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

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

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

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

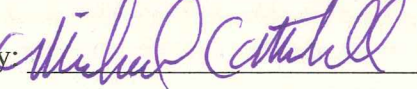
NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL A RESOLUTION OF CITY'S AIRPORT COMMISSION HAS BEEN DULY ENACTED APPROVING THIS AMENDMENT AND AUTHORIZING CONSUMMATION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

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

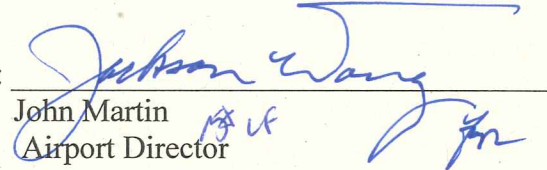
LANDLORD:

MICHAEL C. MITCHELL, an individual

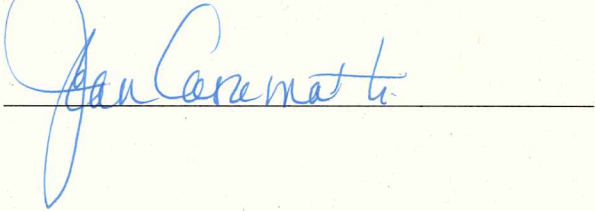
By: 

CITY:

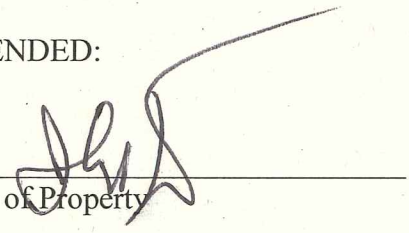
CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: 
John Martin
Airport Director

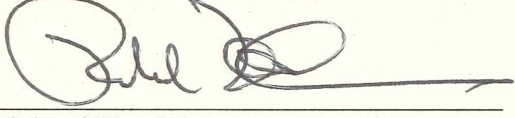
Airport Commission
Resolution: 10-0325
Adopted: October 26, 2010
Attest:



RECOMMENDED:

By: 
Acting Director of Property

APPROVED AS TO FORM:
Dennis Herrera, City Attorney

By: 
Richard Handel
Deputy City Attorney

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AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

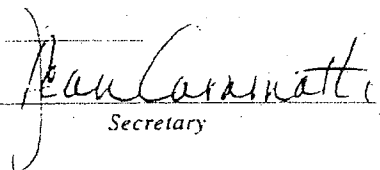
RESOLUTION NO. 10-0325

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

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

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

OCT 26 2010


Secretary



San Francisco International Airport

February 16, 2011

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

Subject: 837 Malcolm Road – First Amendment to Lease

Dear Mike:

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

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

Sincerely,

A handwritten signature in black ink, which appears to read "Diana Chow". The signature is written in a cursive, flowing style.

Diana Chow
Property Manager
Aviation Management

Enclosure

cc: **Charlie Dunn, Real Estate Division**
Diane Artz

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

GAVIN NEWSOM
MAYOR

LARRY MAZZOLA
PRESIDENT

LINDA S. CRAYTON
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

JOHN L. MARTIN
AIRPORT DIRECTOR

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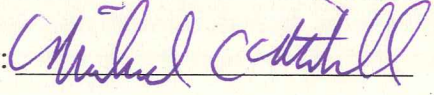
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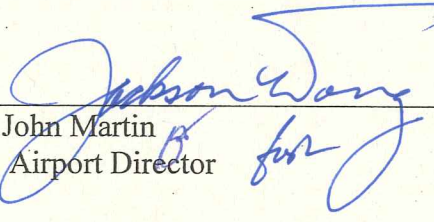
LANDLORD:

MICHAEL C. MITCHELL, an individual

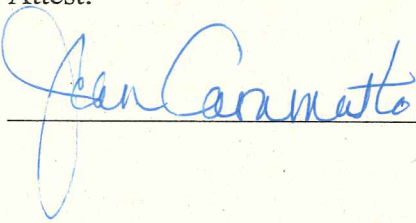
By: 

CITY:

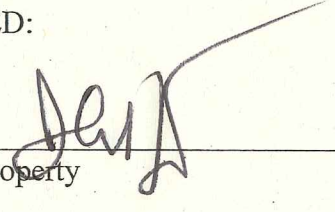
CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: 
John Martin
Airport Director

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

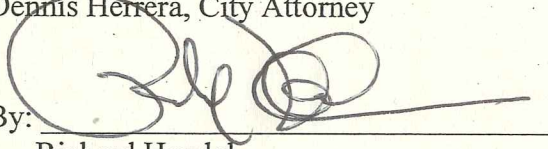


RECOMMENDED:

By: 
Director of Property

APPROVED AS TO FORM:

Dennis Herrera, City Attorney

By: 
Richard Handel
Deputy City Attorney

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 10-0325

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

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

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

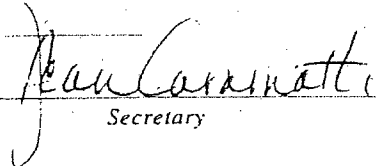
WHEREAS, The Real Estate Division has offered, and the Landlord has accepted, a rent reduction equal to \$4,608 per year (\$384 per month) for the remainder of the Term, as modified, based on a five percent (5%) reduction in the Base Rent and TI Surcharge effective November 1, 2010 in exchange for a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

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

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

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

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


Secretary