

File No. 190502

Committee Item No. 3

Board Item No. 13

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Sub-Committee

Date May 22, 2019

Board of Supervisors Meeting

Date June 4, 2019

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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Completed by: Linda Wong Date May 17, 2019
 Completed by: Linda Wong Date May 24, 2019

1 [Real Property Master Lease - JELANI INC. - 1601 Quesada Avenue - \$217,200 Initial Year]

2
3 **Resolution approving a master lease of a building consisting of approximately**
4 **10,225 square feet located at 1601 Quesada Avenue, with JELANI INC., a**
5 **California non-profit public benefit corporation as landlord, for an initial ten-**
6 **year term, to commence following Board approval no later than September 30,**
7 **2019, at a base rent of \$18,100 per month (\$217,200 per year), plus two**
8 **additional terms of ten years each, increased annually by 1%, for use by the**
9 **Department of Homelessness and Supportive Housing for the purpose of**
10 **creating transitional housing to serve pregnant women experiencing**
11 **homelessness in San Francisco; finding the proposed transaction is in**
12 **conformance with the General Plan, and the eight priority policies of Planning**
13 **Code, Section 101.1.; and adopting California Environmental Quality Act**
14 **findings.**

15
16 WHEREAS, The mission of the Department of Homelessness and Supportive
17 Housing ("HSH") is to prevent homelessness and to make homelessness rare, brief
18 and one time in San Francisco through the provision of coordinated, compassionate,
19 and high-quality services; and

20 WHEREAS, Mayor Breed announced in October 2018 a plan to open 1,000
21 additional shelter beds by 2020, to provide more safe options for people experiencing
22 homelessness to sleep indoors; and

23 WHEREAS, The Real Estate Division and HSH have been investigating
24 potential sites to accommodate shelter and transitional housing to meet this goal; and

25 WHEREAS, 1601 Quesada Avenue affords the City an excellent opportunity to

1 provide these services in a high-need area; and

2 WHEREAS, The Planning Department, through General Plan Referral letter
3 dated July 11, 2018, ("Planning Letter"), which is on file with the Clerk of the Board of
4 Supervisors under File No. 190502, has verified that the City's lease of 1601
5 Quesada Avenue would be consistent with the General Plan, and the eight priority
6 policies under Planning Code, Section 101.1 and is defined as not a project under
7 CEQA; and

8 WHEREAS, At HSH's request, the Real Estate Division and the Landlord have
9 negotiated a Lease, substantially in the form on file with the Clerk of the Board in File
10 No. 190502 (the "Lease"); and

11 WHEREAS, The negotiated rent of \$ 21.24 per square foot per year with 1%
12 annual increases throughout the term was determined to be at or below fair market
13 rent by the Director of Property, such that no appraisal is required under
14 Administrative Code, Chapter 23; now, therefore, be it

15 RESOLVED, That the Board of Supervisors hereby finds that the Lease at
16 1601 Quesada Avenue is consistent with the General Plan and eight priority policies
17 of Planning Code, Section 101.1 and adopts CEQA findings, and hereby incorporates
18 such findings by reference as though fully set forth in this Resolution; and, be it

19 FURTHER RESOLVED, That in accordance with the recommendation of the
20 Director of HSH and the Director of Property, the Board of Supervisors approves the
21 Lease and authorizes the Director of Property to take all actions necessary to enter
22 into and perform the City's obligations under the Lease; and, be it

23 FURTHER RESOLVED, As set forth in the Lease, (i) the term is expected to
24 commence no later than September 30, 2019, for an initial term of ten years plus two
25 ten-year renewal options; (ii) the base rent for the first year of the term shall be

1 \$18,100 monthly (approximately \$21.24 per square foot annually) with 1% annual
2 increases starting on the first anniversary of the Commencement Date; (iii) City shall
3 pay for direct operating expenses incurred for utilities, janitorial, security, and other
4 services required by City; (iv) City shall pay property tax expenses above the base
5 year; (v) City shall pay any required tenant improvement costs, subject to partial
6 reimbursement from Landlord through rent abatement; and (vi) exercising any
7 renewal option, which shall be at an increase of 1% above the previous year's base
8 rent shall be subject to approval by Director of Property; and, be it

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

16 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director
17 of Property to enter into any amendments or modifications to the Lease (including
18 without limitation, the exhibits) that the Director of Property determines, in
19 consultation with the City Attorney, are in the best interest of the City, do not
20 materially increase the obligations or liabilities of the City, do not materially decrease
21 the benefits to the City, or are necessary or advisable to effectuate the purposes of
22 this resolution, and are in compliance with all applicable laws; and, be it

23 FURTHER RESOLVED, Said Lease shall be subject to certification as to funds
24 by the Controller, pursuant to Charter, Section 3.105 and the City shall occupy the
25 Premises for the full term of the Lease unless funds for the City's rental payments are

1 not appropriated in any subsequent fiscal year at which time City may terminate the
2 Lease as set forth in the Lease; and, be it

3 FURTHER RESOLVED, That within thirty (30) days of the execution of the
4 Lease, the Director of Property shall provide a copy to the Clerk of the Board for the
5 Board's file.

6
7 \$181,000 Available (for 10 months of rent in
FY19-20)

8 Fund ID: 10020

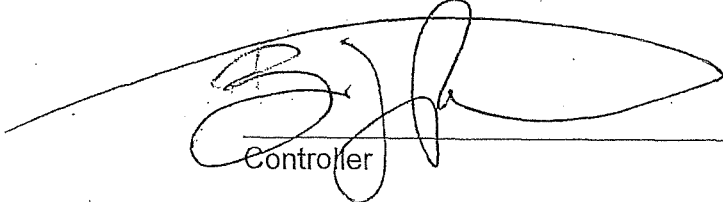
9 Department ID: 203646

10 PS Project ID: 10033287

11 Authority ID: 17129


12 Account ID: 538010

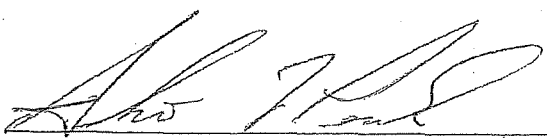
13 Activity ID: 1

14 
Controller

15 Availability of funds for future fiscal years
16 subject to the enactment of the annual
17 appropriation ordinance.

18 RECOMMENDED:

19 
20
21 Director of Homelessness and Supportive Housing

22
23 
24 Director of Property

25 *Armando Q. Perez*

Mayor Breed, Supervisor Walton
BOARD OF SUPERVISORS

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<p>Item 3 File 19-0502</p>	<p>Department: Homelessness and Supportive Housing (HSH), Real Estate Division (RED)</p>
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a lease at 1601 Quesada Avenue between JELANI INC. as landlord and the Department of Homelessness and Supportive Housing as tenant, for a term of ten years, with two ten-year options to extend, and initial annual rent of \$217,200, for transitional housing for homeless pregnant women and mothers with young babies. The proposed resolution would also find the lease to conform with the General Plan and Planning Code, and adopt California Environmental Quality Act findings.

Key Points

- The Jelani House, located at 1601 Quesada Avenue, comprises 10,225 square feet over two stories and a basement, consisting of 17 bedrooms and communal restrooms, kitchen, and living spaces, as well as offices. The building, which was originally purchased in 1990 and renovated in 1991 using City and Redevelopment Agency grants, was assigned to JELANI, Inc., a nonprofit organization. It has been vacant for approximately 18 months.
- The Real Estate Division and Department of Homelessness and Supportive Housing identified Jelani House as a potential site for shelter and transitional housing. The Real Estate Division negotiated a lease with the landlord for initial annual rent of \$217,200, which was determined to be at or below fair market rent.
- The Department of Homelessness and Supportive Housing would use the site for to provide transitional housing for homeless pregnant women and mothers with young infants. It would house 17 women and approximately 7 infants, on average. HSH would provide case management, house activities, wellness services, external referral, and infant needs and services.

Fiscal Impact

- Over the initial ten-year term of the lease, the Department of Homelessness and Supportive Housing would pay \$2,272,391 in rent, approximately \$178,050 in property taxes, and approximately \$900,262 in operating expenses, for total projected expenditures of \$3,350,703.
- The tenant improvement project budget is approximately \$1,091,828. The landlord would pay \$325,037 and HSH would pay \$656,269. A construction contingency of \$110,522 may be paid by either the landlord or HSH; depending on scope of work.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Administrative Code 23.27 states that any lease with a term of one year or longer and where the City is the tenant is subject to Board of Supervisors approval by resolution.

BACKGROUND

The Jelani House, located at 1601 Quesada Avenue in the Bayview District, comprises approximately 10,225 square feet over two stories and a basement, including 17 private bedrooms with in-unit sinks, common restrooms, a shower room with three showers, a nursery room, a communal washing machine and dryer, a kitchen, a dining area, seven offices, a community area, storage space, machine and boiler rooms, and a community room.

In 1990, the Mayor's Office of Housing and Community Development (MOHCD) provided a \$400,000 Community Development Block Grant to Catholic Charities for the acquisition of the property. In 1991, the San Francisco Redevelopment Agency (Redevelopment Agency) provided a \$300,000 grant to Catholic Charities to renovate the property. The regulatory agreements mandated that the property be occupied by low-income households (not to exceed 80 percent of Annual Median Income) for a term of 50 years. In 1995, the grant and regulatory agreements were assigned to and assumed by JELANI INC., a new non-profit borrower. After dissolution of the Redevelopment Agency, the grant and regulatory agreements were assumed by MOHCD. According to Ms. Kerry Abbott, Department of Homelessness and Supportive Housing Deputy Director of Programs, the Jelani House has been vacant for approximately 18 months. It had been used as transitional housing with substance abuse treatment for pregnant and parenting women.

In October 2018, Mayor London Breed announced plans to open 1,000 additional homeless shelter beds by 2020. The Real Estate Division and Department of Homelessness and Supportive Housing have been investigating potential sites to accommodate shelter and transitional housing and identified the Jelani House as a potential site. RED negotiated a lease with the landlord, which has been determined to be at or below fair market rent.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a lease between the Department of Homelessness and Supportive Housing and JELANI, INC. for an initial term of ten years, commencing no later than September 30, 2019, with two ten-year options to extend, and initial annual rent of \$217,200. Rent would increase one percent annually. Under the lease, the Department would also pay property taxes and operating expenses, which are estimated to have initial annual costs of \$16,261 and \$71,575, respectively. According to Mr. Joshua Keene, Real Estate Division Special Projects and Transactions Manager, property taxes are projected to increase two percent annually, as capped by Proposition 13, and operating expenses are projected to increase five percent annually, as an estimate.

An appraisal was not required because the initial annual base rent is \$21.24 per square foot, less than the \$45 per square foot threshold requiring an appraisal in the Administrative Code. According to Mr. Keene, the Real Estate Division determined fair market rent by conducting

internal analysis of comparable transactions and adjusting for the condition of the building. Base rent was reduced due to the City performing certain landlord responsibilities, such as building improvements and property tax payments.

According to Ms. Gigi Whitley, Homelessness and Supportive Housing Deputy Director of Finance, Jelani House would be used as transitional housing for homeless pregnant women and mothers with young babies. The program would provide comprehensive case management and supportive services. The estimated average occupancy is 24, with 17 women and 7 infants. The program would connect participants to coordinated entry and help families exit to permanent housing. According to Ms. Whitley, programs would include case management, counseling, skill-building, community support, wellness classes, health education, prenatal care, parent-child education, mental health services, prenatal yoga, family planning, breastfeeding support, infant care, and provision of in-kind items, such as baby clothes, toiletries, diapers, and strollers. Length of stay would depend on need, unit availability, and entry date, but would generally last from early to mid-pregnancy through approximately one year after giving birth, to allow for concentrated maternal recovery and parent-infant bonding. According to Ms. Whitley, the annual program operating cost is approximately \$820,000, including administrative and program staffing, operations, subcontracts, and start-up costs for furniture and equipment (in the first year).

The proposed resolution would also find that the lease is in conformance with the General Plan and Planning Code, as well as adopt California Environmental Quality Act (CEQA) findings.

FISCAL IMPACT

Over the initial ten-year term of the lease, the Department of Homelessness and Supportive Housing would pay \$2,272,391 in rent, approximately \$178,050 in property taxes, and approximately \$900,262 in operating expenses, for total projected expenditures of \$3,350,703. The initial annual rent would be \$217,200, with one percent annual increases, the initial annual property taxes would be \$16,261, with two percent projected annual increases, and the initial annual operating expenses would be \$71,575, with five percent projected annual increases. Projected annual expenditures are shown in Table 1 below.

Table 1: Projected Annual Expenditures

Year	Rent	Property Taxes	Operating Expenses	Total
Year 1	\$217,200	\$16,261	\$71,575	\$305,036
Year 2	219,372	16,586	75,154	311,112
Year 3	221,566	16,918	78,911	317,395
Year 4	223,781	17,256	82,857	323,894
Year 5	226,019	17,601	87,000	330,620
Year 6	228,279	17,953	91,350	337,582
Year 7	230,562	18,312	95,917	344,791
Year 8	232,868	18,678	100,713	352,259
Year 9	235,196	19,052	105,749	359,997
Year 10	237,548	19,433	111,036	368,017
Total	\$2,272,391	\$178,050	\$900,262	\$3,350,703

Tenant Improvements

According to Mr. Youcef Bouhamama, Public Works Project Manager, the total budget for tenant improvements is approximately \$1,091,828. Of this total, the landlord's responsibility is approximately \$325,037, while the Department of Homelessness and Supportive Housing's responsibility is approximately \$656,269. There is also a construction contingency of \$110,522, which may be paid by either the landlord or HSH, depending on the scope of work. The project budget is shown Table 2 below.

Table 2: Tenant Improvements Project Budget

Sources	Amount
Landlord	\$325,037
HSH	656,269
Contingency (Source dependent on scope of work)	110,522
Total Sources	\$1,091,828
Uses	Amount
Construction Contract Award	\$736,814
Construction Contingency	110,522
<i>Construction Subtotal</i>	<i>\$847,336</i>
DPW Project Management	115,667
Contract Preparation, Legal Fees	7,000
ADA Review	6,000
Construction Management Services	54,363
Hazardous Materials (Oversight and monitoring)	24,621
Project Control Contingency (5% of Construction Contract Award)	36,841
<i>Project Control Subtotal</i>	<i>\$244,492</i>
Total Uses	\$1,091,828

RECOMMENDATION

Approve the proposed resolution.

LEASE

between

JELANI INC., a California non-profit public benefit corporation,

as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,

as Tenant

For the lease of

1601 Quesada Avenue (AKA Block 5339, Lot 001),

San Francisco, California

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LIST OF EXHIBITS AND SCHEDULES

- EXHIBIT A – Floor Plan(s) of Premises
- EXHIBIT B – Notice of Commencement Date
- EXHIBIT C – Notice of Rent Commencement Date
- EXHIBIT D – Pricing Plans

SCHEDULE 1 – Energy Consumption Documents

LEASE

THIS LEASE (this "Lease") is by and between JELANI INC., a California non-profit public benefit corporation ("Landlord"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City" or "Tenant").

Landlord and City hereby agree as follows:

1. BASIC LEASE INFORMATION

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

Lease Reference Date:	May __, 2019
Landlord:	JELANI INC., a California non-profit public benefit corporation
Tenant:	CITY AND COUNTY OF SAN FRANCISCO
Building (Section 2.1):	1601 Quesada Avenue, San Francisco
Premises (Section 2.1):	The entire building consisting of 10,225 square feet of improvements and 7,496 square feet of land as shown on <u>Exhibit A</u>
Rentable Area of Premises (Section 2.1):	Approximately 10,225 rentable square feet
Term (Section 3):	Commencement Date: _____, 2019
	Expiration Date: The date which is ten (10) years after the Commencement Date.
Extension Options (Section 3.4):	Two additional term(s) of ten (10) years (each), exercisable by City by notice to Landlord given not more than 270 days and not less than 180 days in advance, with Base Rent upon commencement of Option Period increased to 101% of the Base Rent for the immediately preceding lease year and annual adjustments in Base Rent in accordance with <u>Section 4.2</u>
Base Rent (Section 4.1):	Annual Base Rent: \$217,200

Base Rent (<u>Section 4.1</u>):	Annual Base Rent: \$217,200 Monthly payments: \$18,100 Rent Commencement Date: the earlier of (i) the date all of the Leasehold Improvements are substantially completed and accepted by City's Director of Property pursuant to <u>Section 6.1</u> (City's Intent to Construct Improvements) and a Temporary Certificate of Occupancy or its functional equivalent is issued for the Leasehold Improvements as defined in <u>Section 6.1(d)</u> ; or (ii) one hundred eighty (180) days after the Commencement Date.
Adjustment Dates (<u>Section 4.2</u>):	Each anniversary of the first full month following the Commencement Date
Base Year (<u>Section 4.4</u>):	2019
City's Percentage Share (<u>Section 4.4</u>):	100%
Use (<u>Section 5.1</u>):	Supportive housing services and related facilities, including general shelter purposes as a transitional residential care facility, and other uses of City's Department of Homelessness and Supportive Housing or City's Department of Public Health that are permitted by existing zoning
Leasehold Improvements (<u>Section 6</u>):	City to construct Leasehold Improvements
Utilities (<u>Section 9.1</u>):	City to obtain and pay for all utilities
Services (<u>Section 9.1(b)</u>):	City may request lease-related services or expenses from time to time, at City's cost approved by the Director of Property, not to exceed Ten Thousand Dollars (\$10,000) in any month
Notice Address of Landlord (<u>Section 23.1</u>):	JELANI INC. Attention: Executive Director Bayview Hunter's Point Foundation 150 Executive Park Blvd, Suite 2800 San Francisco, CA 94134 Fax No.: (415) 468-5104 Email: lillian.shine@bayviewci.org

Key Contact for Landlord:

Lillian Kim Shine
Executive Director

Key Contact Telephone No.:

(415) 468-5106 (Direct)

Notice Address for Tenant (Section 23.1):

Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 1601 Quesada Avenue
Fax No.: (415) 552-9216
Email: andrico.penick@sfgov.org

with a copy to:

Department of Homelessness and Supportive
Housing
P.O. Box 427400
San Francisco, CA 94142
Attn: Director
Fax No.: (415) 355-5288
Email: jeff.kositsky@sfgov.org

and to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attn: Real Estate Team Leader
Deputy City Attorney
Re: 1601 Quesada Avenue
Fax No.: (415) 554-4757

Key Contact for Tenant:

Lindsay Haddix
Department of Homelessness and Supportive
Housing
P.O. Box 427400
San Francisco, CA 94142
Email: Lindsay.haddix@sfgov.org

Tenant Contact Telephone No.:

(415) 355-5311

Alternate Contact for Tenant:

Director of Property

Alternate Contact Telephone No.:

(415) 554-9850

Brokers (Section 23.8):

None involved representing either Party to the
Lease.

Other Noteworthy Provisions (Section 22):

Grant Agreement Obligations;
Right of First Offer

2. PREMISES

2.1. Lease Premises

Landlord leases to City and City leases from Landlord, subject to the provisions of this Lease, the entire building and land identified in the Basic Lease Information and shown on the floor plan(s) attached hereto as Exhibit A (the "**Premises**"). The Premises contain the rentable area and are located on the floor(s) of the building specified in the Basic Lease Information (the "**Building**"). The Building, land upon which the Building is located and all other improvements on or appurtenances to such land are referred to collectively as the "**Property**." The Base Rent stated herein is not subject to adjustment should the square footage of the Premises be different than that stated in the Basic Lease Information.

2.2. Disability Access

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

City is hereby advised that the Premises have not been inspected by a CASp. Pursuant to Civil Code Section 1938(e), Landlord provides the following statutory notice to City:

"A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises."

Unless Landlord separately agrees in writing, all costs for the CASp inspection (if City determines to obtain one) will be borne by City. City does not intend to conduct a CASp inspection. Unless otherwise agreed by Landlord and Tenant in writing, the cost of making any repairs necessary to correct violations of construction-related accessibility standards shall be the responsibility of whichever party is required under the Lease terms to maintain the portion or element of the Premises which is the subject of the necessary repairs (and shall be subject to reimbursement rights contained in the Lease). City shall inform Landlord in writing prior to obtaining a CASp inspection. Any alterations or repairs related thereto shall be subject to all of

the requirements set forth in this Lease, including, without limitation, obtaining Landlord's approval for any alterations or repairs.

2.3. Energy Consumption

Landlord and City consent to Landlord's utility service providers disclosing energy use data for the Premises to City for use under California Public Resources Code Section 25402.10, as implemented under California Code of Regulations Sections 1680-1685, and San Francisco Environment Code Chapter 20, as they may be amended from time to time, and for such data to be publicly disclosed under such laws.

3. TERM

3.1. Term of Lease

The Premises are leased for an initial term (the "**Initial Term**") commencing on the date, with City's written acceptance, as all of the following have occurred: (i) the requirements for the Effective Date set forth in Section 23.30 have been met, (ii) Landlord has delivered possession of the Premises to City; and (iii) Landlord has been approved as a qualified City vendor (the "**Commencement Date**"). The Initial Term of this Lease shall end ten (10) years after the Commencement Date, or such earlier date on which this Lease terminates pursuant to the provisions of this Lease (the "**Expiration Date**"), provided that City shall have the right to extend the Initial Term pursuant to Section 3.4 (Extension Option(s)), below. The word "**Term**" as used herein shall refer to the Initial Term and any Extended Term(s) if City exercises the Extension Option(s) as provided below. If the Commencement Date has not occurred by September 30, 2019, then either City or Landlord may terminate this Lease by written notice given to the other prior to occurrence of the Commencement Date.

3.2. Commencement Date and Expiration Date

Promptly after the Commencement Date Landlord shall deliver to City a notice substantially in the form of Exhibit B attached hereto, confirming the actual Commencement Date, but Landlord's failure to do so shall not affect the commencement of the Term.

3.3. Delivery of Possession

Landlord shall deliver possession of the Premises on the Commencement Date.

3.4. City's Termination Right

City shall use good faith efforts to complete City's Plans (as defined in Section 6.1(a)), obtain permits for the Leasehold Improvements, complete the Leasehold Improvements and to obtain a Certificate of Occupancy or its functional equivalent. If City is unable to complete the Leasehold Improvements as required hereunder within one hundred eighty (180) days after the Estimated Commencement Date, then City may, at its option, terminate this Lease, without any further liability under this Lease, upon written notice to Landlord at any time prior to completion of the Leasehold Improvements.

3.5. Extension Option(s)

City shall have the right to extend the Initial Term of this Lease (the "Extension Option(s)") for the additional term(s) specified in the Basic Lease Information (the "Extended Term(s)"). Such Extension Option(s) shall be on all of the terms and conditions contained in this Lease. City may exercise the Extension Option(s), if at all, by giving written notice to Landlord no earlier than two hundred seventy (270) and no later than one hundred eighty (180) days prior to expiration of the Term to be extended; provided, however, if City is in material default under this Lease: (i) on the date of giving such notice; or (ii) at any time after giving notice and prior to the commencement of the Extended Term, and thereafter fails to cure such default as provided in this Lease, Landlord may reject such exercise by delivering written notice thereof to City promptly after such failure to cure.

The Extension Options are personal to the City and may be exercised only by the City while City or its Approved Operator (as defined in Section 14) is occupying the Premises for supportive housing services and related facilities, including general shelter purposes as a transitional residential care facility, other uses of City's Department of Homelessness and Supportive Housing or City's Department of Public Health that are permitted under existing zoning, without the intent of thereafter assigning this Lease or subletting the Premises or any portion thereof to anyone other than an Approved Operator, and may not be exercised or be assigned, voluntarily or involuntarily, by or to any person or entity other than City. The Extension Options herein granted to City are not assignable separate and apart from this Lease, nor may the Extension Options be separated from this Lease in any manner, either by reservation or otherwise.

4. RENT

4.1. Base Rent

Notwithstanding the Commencement Date, City's obligation to pay to Landlord the annual Base Rent specified in the Basic Lease Information (the "Base Rent") shall commence on the earlier of (i) the date all of the Leasehold Improvements are substantially completed and accepted by City's Director of Property pursuant to Section 6.1 (City's Intent to Construct Improvements) and a Temporary Certificate of Occupancy or its functional equivalent is issued for the Leasehold Improvements as defined in Section 6.1(d); or (ii) one hundred eighty (180) days after the Commencement Date ("Rent Commencement Date"). Promptly after the Commencement Date Landlord shall deliver to City a notice substantially in the form of Exhibit C attached hereto, confirming the actual Rent Commencement Date, but Landlord's failure to do so shall not affect the Rent Commencement Date. The Base Rent shall be payable in equal consecutive monthly payments on or before the first day of each month, in advance, at the address specified for Landlord in the Basic Lease Information, or such other place as Landlord may designate in writing (including by direct deposit into Landlord's bank account in accordance with instructions provided by Landlord from time to time) upon not less than thirty (30) days' advance notice. City shall pay the Base Rent without any prior demand and without any deductions or setoff except as otherwise provided in this Lease. Acceptance by Landlord of a payment which is less than the amount of Rent then due shall not be a waiver of Landlord's rights to receive the balance of such Rent, regardless of Landlord's endorsement of any check

which states otherwise. If the Rent Commencement Date occurs on a day other than the first day of a calendar month or the Expiration Date occurs on a day other than the last day of a calendar month, then the monthly payment of the Base Rent for such fractional month shall be prorated based on a thirty (30)-day month.

4.2. Adjustments in Base Rent

On each date specified in the Basic Lease Information for the adjustment of Base Rent (an "Adjustment Date"), the Base Rent payable under Section 4.1 (Base Rent) shall be adjusted for the following twelve month period to equal one hundred one percent (101%) of the Base Rent for the lease year preceding such Adjustment Date.

4.3. Additional Charges

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

4.4. Definitions

For purposes hereof, the following terms shall have the meanings hereinafter set forth:

- (a) "**Base Year**" means the year specified in the Basic Lease Information.
- (b) "**City's Percentage Share**" means the percentage specified in the Basic Lease Information.
- (c) "**Real Estate Taxes**" means all taxes, assessments and charges levied upon or with respect to the Property or Landlord's interest in the Property. Real Estate Taxes shall include, without limitation, all *ad valorem* and general real property taxes, general and special assessments, charges, fees, or assessments for transit, housing, police, fire, or other governmental services thereof, service payments in lieu of taxes that are now or hereafter levied or assessed against Landlord by the United States of America, the State of California or any political subdivision thereof, public corporation, district, or any other political or public entity, and shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes.

Notwithstanding the foregoing, Real Estate Taxes shall exclude (1) franchise, transfer, inheritance, gross receipts, or capital stock taxes or income taxes of Landlord from all sources unless, due to a change in the method of taxation, any of such taxes is levied or assessed against Landlord as a substitute for, or as an addition to, in whole or in part, any other tax that would otherwise constitute a Real Estate Tax, (2) any penalties, fines, interest or charges attributable to the late payment of any taxes, except to the extent attributable to City's failure to pay its portion of Real Estate Taxes hereunder, (3) any personal property taxes payable by City hereunder or by any other tenant or occupant of the Building, (4) any increase in Real Estate Taxes due to any reassessment upon a transfer of any of Landlord's interest in the Building or the real property on

which the Building is located; or (5) any increase in Real Estate Taxes due to any loss of a real estate tax exemption by Landlord.

(d) "Tax Year" means each calendar year during the Term, including any partial year during which this Lease may commence; provided that Landlord, upon notice to City, may change the Tax Year from time to time to any other twelve (12) consecutive month period and, in the event of any such change, City's Percentage Share of Real Estate Taxes shall be equitably adjusted for the Tax Year involved in any such change. Tax Year shall not include the Base Year.

4.5. Intentionally Deleted.

4.6. Payment of Percentage Share of Real Estate Taxes

During the Term, commencing after the end of the Base Year, City shall pay to Landlord each month, as Additional Charges, one twelfth (1/12) of City's Percentage Share of the amount, if any, by which Real Estate Taxes for each Tax Year exceed Real Estate Taxes for the Base Year. City shall make such payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to City. As soon as reasonably possible after the end of each Tax Year not to exceed thirty (30) days after Landlord has received the tax bills for any Tax Year, Landlord shall furnish City with a statement ("**Landlord's Tax Statement**") setting forth the amount of Real Property Taxes for such Tax Year and City's Percentage Share thereof. If City's Percentage Share of the actual Real Estate Taxes for such Tax Year exceeds the estimated Real Estate Taxes paid by City for such Tax Year, City shall pay to Landlord (whether or not this Lease has terminated) City's Percentage Share of the actual Real Estate Taxes within thirty (30) days after the receipt of Landlord's Tax Statement. If the total amount of estimated Real Estate Taxes paid by City for such Tax Year exceeds City's Percentage Share of the actual Real Estate Taxes for such Tax Year, such excess shall be credited against the next installments of Real Estate Taxes due from City hereunder, or at City's option, such excess shall be refunded to City.

4.7. Proration

If the Commencement Date or Expiration Date shall occur on a date other than the first or last day of a Tax Year, City's Percentage Share of Real Estate Taxes for the Tax Year in which the Commencement Date or Expiration Date occurs, shall be prorated based on a three hundred sixty-five (365)-day year.

4.8. Audits

City shall have the right, upon not less than five (5) business days' notice to Landlord, to audit the books and records related to the Building, Premises and/or Real Estate Taxes. If the audit shows an overpayment by City to Landlord for any Expense Year, Landlord shall immediately refund to City the amount of any overpayment by City. City shall pay the cost of such audit, provided that if such audit discloses any overpayment of five percent (5%) or more for any Expense Year, then Landlord shall pay the costs of such audit. In no event shall City be allowed to use an auditor or other third party that is paid on a commission, paid a percentage of any refund due to City as a result of such audit or by other similar method.

4.9 Records

Landlord shall maintain at the Building or its offices in San Francisco in a safe, complete and organized manner all of its records pertaining to this Lease and Real Estate Taxes, and any other charges paid by City pursuant hereto, for a period of not less than three (3) years following expiration of the Term. Landlord shall maintain such records on a current basis and in sufficient detail to facilitate adequate audit and review thereof. All such books and records shall be available for inspection, copying and audit by City and its representatives, at City's expense, subject to the provisions of Section 4.8 (Audits).

5. USE

5.1. Permitted Use

City may use the Premises for supportive housing services and related facilities, including general shelter purposes as a transitional residential care facility, other uses of City's Department of Homelessness and Supportive Housing or City's Department of Public Health that are permitted under existing zoning, and such other uses as may be specified in the Basic Lease Information, and for no other use without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed.

5.2. Interference with Access

Landlord shall provide to City access to the Building and the Premises twenty-four (24) hours per day, seven (7) days per week, together with uninterrupted access thereto to the maximum extent possible, including, without limitation, during any power outages affecting the Premises or any portion of the Building; provided, however, that Landlord may, after consultation with the City's Director of Property, interrupt City's access to the Premises or the Building in the event of an immediate threat of the Premises or any other portion of the Building being rendered unsafe for human occupancy. If City's use of any of the Premises or access thereto is interrupted as a result of the Premises or any other portion of the Building being rendered unsafe for human occupancy due to Landlord's failure to comply with its obligations under this Lease, then Landlord shall immediately undertake all necessary steps to correct such condition. In the event such condition continues for seven (7) consecutive days and impairs City's ability to carry on its business in the Premises, the Rent payable hereunder shall be abated based on the extent to which such default interferes with City's ability to carry on its business at the Premises. If any such default by Landlord shall continue for thirty (30) days or more after City's use is interrupted and impairs City's ability to carry on its business in the Premises, then City shall have the right, without limiting any of its other rights under this Lease to terminate this Lease, unless Landlord supplies City with evidence reasonably satisfactory to City that City's normal and safe use will be restored within sixty (60) days of the date City's use was interrupted, and such use is actually restored within such 60-day period. Nothing in this Section shall limit City's rights with respect to any disruption due to casualty pursuant to Section 12 (Damage and Destruction) hereof.

6. LEASEHOLD IMPROVEMENTS

6.1. City's Intent to Construct Improvements

City, through its general contractor, shall perform the work and make the installations in the Premises at City's sole cost in accordance with the Pricing Plans (as defined in this Section below) approved by both City and Landlord, and in accordance with the provisions of this Section below. Such work and installations are referred to as the "**Leasehold Improvement Work**" and "**Leasehold Improvements.**" Landlord approves City's general contractor, W. Wong Construction Inc., to construct the Leasehold Improvements.

(a) Plans and Specifications

Before the reference date of this Lease, City submitted to Landlord for its approval a space plan and description of desired improvements based on City's program requirements for use of the Premises, and in form and detail sufficient for purposes of contractor estimated pricing ("**Pricing Plans**"). Landlord hereby approves City's Pricing Plans, attached hereto as Exhibit D.

(b) Permits

City shall secure and pay for any building and other permits and approvals, government fees, licenses and inspections necessary for the proper performance and completion of the Leasehold Improvement Work shown on the Pricing Plans. Promptly following the Commencement Date, City shall apply for any permits, approvals or licenses necessary to complete such construction and shall provide copies to Landlord promptly following receipt thereof. City shall be responsible for arranging for all inspections required by City's Bureau of Building Inspection.

(c) Construction

Promptly following the Commencement Date and City's procurement of all necessary permits and approvals, City or its contractor shall commence construction and shall cause the Leasehold Improvements to be completed in a good and professional manner in accordance with sound building practice. City shall obtain Landlord's prior written consent for any changes to the approved Pricing Plans that would materially modify the Building's Structure or the Building's heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security, and other mechanical, electrical, and communications systems of the Building ("**Building Systems**"), which approval Landlord shall grant or deny along with any reasons for denial within five (5) business days of submittal to Landlord. Landlord's approval shall not be unreasonably withheld, conditioned or delayed. If Landlord fails to approve or disapprove a material change to the Pricing Plans within such five-day period, the revisions to the Pricing Plans shall be deemed approved. City shall comply with and give notices required by all laws, rules, regulations, ordinances, building restrictions and lawful orders of public authorities bearing on construction of the Leasehold Improvements. Without limiting the foregoing, construction of the Leasehold Improvements shall comply with all applicable disabled access laws, including, without limitation, the Americans With Disabilities Act of 1990, Title 24 of the California Code of Regulations (or its successor) and City's requirements for program accessibility. City shall pay prevailing wages in connection with construction of the Leasehold

Improvement Work as further provided in Section 23.24 (Prevailing Wages and Working Conditions), below, and shall not use tropical hardwood wood products, or virgin redwood wood products as further provided in Section 23.26 (Tropical Hardwood and Virgin Redwood Ban), below.

Landlord, without cost to itself other than staff time, shall cooperate with City in securing building and other permits and authorizations needed in connection with the Leasehold Improvements, provided that Landlord shall not be entitled to any construction or other administrative fee in connection with the Leasehold Improvements. City shall not be required to remove any Leasehold Improvements upon the expiration or sooner termination of this Lease.

(d) Construction Schedule; Substantial Completion

City shall keep Landlord apprised on a regular basis of the status of plan preparation, permit issuance and the progress of construction. When construction progress so permits, but not less than fifteen (15) days in advance of completion, City shall notify Landlord of the approximate date on which the Leasehold Improvement Work will be substantially completed in accordance with the Pricing Plans. City shall revise such notice of the approximate substantial completion date as appropriate from time to time and shall immediately notify Landlord when the Leasehold Improvement Work is in fact substantially completed and the Premises are ready for occupancy by City.

The Leasehold Improvement Work shall be deemed to be "**substantially completed**" for purposes of this Lease when the Leasehold Improvements are sufficiently completed in accordance with the Pricing Plans so that City can occupy the Premises based upon issuance of a Temporary Certificate of Occupancy or its functional equivalent, and conduct its business for its intended uses and City, through its Director of Property, has approved the Leasehold Improvements. City may, at its option, approve the Leasehold Improvements even though there may remain minor details that would not interfere with City's use.

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

6.2. Intentionally Deleted

6.3. Installation of Telecommunications and Other Equipment

City shall be responsible for installing telecommunications, data and computer cabling facilities and equipment, provided that Landlord shall furnish access to City and its consultants and contractors to the main telephone service serving the Premises and all other parts of the Building for which access is needed for proper installation of all such facilities and equipment including, but not limited to, wiring.

6.4. Construction of Improvements that Disturb or Remove Paint

City shall comply with all requirements of the San Francisco Building Code Chapter 34 and all other applicable local, state, and Federal laws, including but not limited to the California and United States Occupational and Health Safety Acts and their implementing regulations, when the work of improvement or alteration disturbs or removes exterior or interior lead based or "presumed" lead-based paint. The costs paid by City that are associated with any necessary removal or remediation of exterior lead based paint shall be allocated as set forth in Exhibit D and are already included in the discounted rent rate.

7. ALTERATIONS

7.1. Alterations by City

City shall not make or permit any alterations, installations, additions or improvements (collectively, "**Alterations**") to the Premises without first obtaining Landlord's written consent, which Landlord shall not unreasonably withhold or delay. However, the installation of furnishings, fixtures, equipment or decorative improvements, none of which affect the Building's Structure or structural integrity of the Building, and the repainting and recarpeting of the Premises shall not constitute Alterations requiring Landlord's consent. Any Alterations permitted hereunder shall be made at City's cost and shall be constructed in compliance with applicable Laws (as defined in Section 10.1). Landlord shall, without cost to itself, cooperate with City in securing building and other permits and authorizations needed in connection with any permitted Alterations. Landlord shall not be entitled to any construction or other administrative fee in connection with any Alteration. City shall not be required to remove any Alterations upon the expiration or sooner termination of this Lease unless Landlord notifies City in writing at the time Landlord approves such Alterations that they must be removed at the Expiration Date.

7.2. Title to Improvements

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

7.3. City's Personal Property

All furniture, furnishings, equipment, trade fixtures and articles of movable personal property installed in the Premises by or for the account of City and that can be removed without structural damage to the Premises (collectively, "**City's Personal Property**") shall be and remain City's property. At any time during the Term or at the expiration thereof, City may remove any of City's Personal Property, provided City shall repair any damage to the Premises resulting therefrom. Upon the expiration or earlier termination of this Lease, City shall remove City's Personal Property from the Premises in accordance with Section 20 (Surrender of Premises), below. Landlord acknowledges that some of City's Personal Property may be financed by an equipment lease financing otherwise subjected to a security interest, or owned by

an equipment company and leased to City. Landlord, upon City's reasonable request, shall execute and deliver any reasonable document required by any supplier, lessor, or lender in connection with the installation in the Premises of any items of City's Personal Property, pursuant to which Landlord waives any rights it may have or acquire with respect to City's Personal Property, so long as the supplier, equipment lessor or lender agrees that it (i) will remove the Property from the Premises within thirty (30) days after the Expiration Date (but if it does not remove City's Personal Property within such time it shall have waived any rights it may have had to City's Personal Property), and (ii) will repair any damage caused by the removal of City's Personal Property. Landlord shall recognize the rights of any supplier, lessor or lender who has an interest in any items of City's Personal Property to enter the Premises and remove such property at any time during the Term or within thirty (30) days after the Expiration Date.

7.4. Alteration by Landlord

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

8. REPAIRS AND MAINTENANCE

8.1. Landlord's Repairs

Landlord's maintenance and repair obligations under this Lease are limited to the maintenance, repair and replacement of the Building's roof, the foundation and structural members of the exterior walls and load bearing columns within the Premises and the Building, skylights, subflooring, exterior fencing, hardscape, the heating, ventilating, plumbing, electrical, fire protection, fire suppression, life safety, elevator, security and other mechanical, electrical and communications systems within the Building, exterior facing windows (unless damage is caused directly by City or its invitees) and retaining walls (collectively, the "**Building's Structure**"). Landlord shall repair and maintain, at its cost and in good condition, the Building Structure within thirty (30) days of notice from City that repair or maintenance is necessary. Except to the extent covered by Landlord's insurance, if any repair or replacement is required due to the acts or omissions of City, its Agents or Invitees, City shall reimburse Landlord for the actual and reasonable cost of such repair or replacement, but shall not be responsible for any Landlord administrative fee. Without limiting the foregoing, Landlord shall maintain the Building's Structure in a clean, safe and attractive manner.

Landlord shall maintain the parking areas, sidewalks, driveways, alleys and grounds surrounding the Premises in a clean and sanitary condition, including, without limitation, maintenance, repairs and replacements of (i) the exterior of the Building (including painting), (ii) irrigation systems, (iii) utility, sewer, and plumbing lines from the street to the Building, and (iv) any other items normally associated with the foregoing.

8.2. City's Repairs

Subject to Landlord's warranty under Section 10.1 (Premises Condition) and Landlord's repair and maintenance obligations hereunder, City shall repair and maintain at its cost (i) the

interior portions of the Premises, (ii) doors, and (iii) shall keep the Premises in good working order and in a safe and sanitary condition, except for ordinary wear and tear and damage by casualty. City shall make any such required repairs (i) at City's cost, (ii) by contractors or mechanics selected by City and reasonably approved by Landlord, (iii) so that same shall be at least substantially equal in quality, value and utility to the original work or installation prior to damage thereof, (iv) in a manner and using equipment and materials that will not materially interfere with or impair the operations, use or occupation of the Building or the Building's Structure, and (v) in compliance with all applicable Laws, including, without limitation, any applicable contracting requirements under City's Charter and Administrative Code.

City acknowledges that Landlord is not providing security services of any kind to the Premises or for City's property. At its expense, City shall provide whatever additional security and/or alarm systems City deems necessary or appropriate for the protection of the Premises and of City's Personal Property and personnel located therein.

City hereby waives and releases its rights under Sections 1941 and 1942 of the California Civil Code or under any similar law now or hereafter in effect relating to Landlord's obligation to maintain the Premises or City's right to make repairs in the Premises, except to the extent expressly provided for herein.

8.3. Liens

City shall keep the Premises free from liens arising out of any work performed, material furnished or obligations incurred by City during the Term. Landlord shall have the right to post on the Premises any notices permitted or required by law or that are needed for the protection of Landlord, the Premises, or the Building, from mechanics' and material suppliers' liens. City shall give Landlord at least ten (10) days' prior written notice of commencement of any repair or construction valued at over \$10,000 to be performed by City on the Premises.

9. UTILITIES AND SERVICES

9.1. City's Provision of Utilities

City shall obtain and pay for all water, gas, electricity, heat, telephone, sewer, refuse removal, sprinkler charges and other utilities and services used at the Premises, together with any taxes, penalties, surcharges, deposits, maintenance charges, and the like pertaining to City's use of such utilities within the Premises.

(a) Janitorial Service; Pest Control; Property Management

City shall provide at its cost janitorial service, pest control, and property management services for the Premises.

(b) Additional Services

City reserves the right to request that Landlord, at City's cost not to exceed Ten Thousand Dollars (\$10,000) in any month, perform lease-related services or incur additional expenses not covered under this Lease that City may require from time to time, as requested by City in writing and approved by the Director of Property. City shall reimburse Landlord for such expenses as they are incurred, at rates and up to the maximum costs agreed upon in advance. Landlord shall not unreasonably withhold or delay its consent to City's request for such lease-related services.

9.2. Disruption in Essential Utilities or Services

In the event of any failure, stoppage or interruption of the Building's sanitary, electrical, water, or other essential services serving the Premises (collectively, "Essential Services") that impairs City's ability to carry on its business in the Premises for a period of five (5) or more consecutive business days and is not within the reasonable control of City, then the Rent shall be abated based on the extent that City's ability to carry on its business in the Premises is impaired. Such abatement shall continue until the Essential Services have been restored so that City can carry on its business in the Premises. City shall use its best efforts to restore disrupted Essential Services as soon as possible. City shall not be entitled to any abatement of Rent or right to terminate if the inability to supply Essential Services to City is due solely to the acts, omissions or negligence of City and its Agents.

10. COMPLIANCE WITH LAWS; PREMISES CONDITION

10.1. City's Compliance with Laws; Indemnity

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

10.2. City's Compliance with Insurance Requirements

City shall not conduct any use in or about the Premises that would: (a) invalidate or be in conflict with any fire or other casualty insurance policies covering the Building or any property located therein, (b) result in a refusal by fire insurance companies of good standing to insure the Building or any such property in amounts reasonably satisfactory to Landlord or the holder of any mortgage or deed of trust encumbering the Building, (c) cause an increase in the fire insurance premium for the Building unless City agrees to pay such increase, or (d) subject

Landlord to any liability or responsibility for injury to any person or property by reason solely of any business operation being conducted by City in the Premises; provided, however, Landlord shall provide City with reasonable prior written notice of any applicable insurance requirements and no such insurance requirements shall materially and adversely interfere with City's normal business in the Premises.

11. SUBORDINATION

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

(b) In the event any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, or in the event any ground lease or underlying lease to which this Lease is subordinate is terminated, this Lease shall not be barred, terminated, cut off, or foreclosed nor shall the rights and possession of City hereunder be disturbed if City shall not then be in default in the payment of rental or other sums due hereunder or otherwise be in default under the terms of this Lease. City shall attempt to and become the tenant of the successor-in-interest to Landlord, provided that City has received proper written notice of such succession and the name and address of the successor landlord. City's covenant under subsection (a) above to subordinate this Lease to any Encumbrance or other hypothecation hereafter executed is conditioned upon each such senior instrument containing the commitments specified in this subsection (b). The provisions of this Section shall be self-operative and no further instrument shall be required other than as provided in this Section. City agrees, however, to execute upon request by Landlord and in a form reasonably acceptable to City, any additional documents evidencing the priority or subordination of this Lease with respect to any such Encumbrance as provided herein.

12. DAMAGE AND DESTRUCTION

(a) If the Premises, the Building or any Building Systems are damaged by fire or other casualty, and such damage prevents City's use of thirty three percent (33%) or less of the Premises, then Landlord shall promptly repair the same to substantially the same condition as they were in immediately before destruction. If Landlord is obligated to repair as provided above, then this Lease will remain in full force and effect, except that City will be entitled to an

abatement of Rent until the Premises are restored to their condition before the casualty. The abatement in Rent will be based on the extent to which the damage, the making of the repairs, and reoccupying the repaired Premises interferes with City's use of the Premises. Landlord's repairs will not include, and the Rent will not be abated as a result of, any damage by fire or other cause to City's Personal Property or any damage caused by the negligence or willful misconduct of City or its Agents that is not covered by insurance.

(b) If the Premises, the Building or any Building Systems are damaged by fire or other casualty, and such damage prevents the City's use of more than thirty three percent (33%) of the Premises, then Landlord shall provide City, within forty five (45) days of such casualty event, Landlord's good faith estimate of the time required to repair the damage and restore the Premises. Provided that such repairs can be made under applicable Laws within one hundred twenty (120) days after Landlord obtains all necessary permits for such repairs but not later than two hundred ten (210) days after the date of such damage (the "**Repair Period**"), this Lease shall remain in full force and effect, except that City shall be entitled to an abatement of Rent. Such abatement in Rent shall be based upon the extent to which such damage, the making of such repairs, and reoccupying the repaired Premises interferes with City's use of the Premises. If such repairs cannot be made within the Repair Period, then either party may, by written notice to the other given within thirty (30) days after the date Landlord provides City with its estimate of the time required for necessary repairs, terminate this Lease as of the date specified in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given by Landlord. In case of termination, the Rent shall be reduced by a proportionate amount based upon the extent to which such damage interferes with the conduct of City's use of the Premises, and City shall pay such reduced Rent up to the date of termination. Landlord shall refund to City any Rent previously paid for any period of time subsequent to such date of termination. If this Lease is not terminated pursuant to this Section 12 (Damage and Destruction), then Landlord shall promptly repair the Premises to substantially the same condition as they were in immediately before destruction.

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

(d) If at any time during the last six (6) months of the Term of this Lease there is substantial damage that Landlord would be required to repair hereunder, Landlord or City may, at the respective option of each, terminate this Lease as of the date such damage occurred by giving written notice to the other party of its election to do so within thirty (30) days after the date of such damage; provided, however, Landlord may terminate this Lease only if it would take more than thirty (30) days to repair such damage.

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

13. EMINENT DOMAIN

13.1. Definitions

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

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

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

13.2. General

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

13.3. Total Taking; Automatic Termination

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

13.4. Partial Taking; Election to Terminate

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

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

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

13.5. Termination of Lease; Rent and Award

Upon termination of this Lease in its entirety pursuant to Section 13.3 (Total Taking; Automatic Termination), or pursuant to an election under Section 13.4 (Partial Taking; Continuation of Lease) above, then: (a) City's obligation to pay Rent shall continue up until the date of termination and thereafter shall cease, and (b) Landlord shall be entitled to the entire Award in connection therewith, except that City shall receive any Award made specifically for City's relocation expenses or the interruption of or damage to City's business or damage to City's Personal Property.

13.6. Partial Taking; Continuation of Lease

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

13.7. Temporary Taking

Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to the Premises for a limited period of time not in excess of sixty (60) consecutive days, this Lease shall remain unaffected thereby, and City shall continue to pay Rent and to perform all of the terms, conditions and covenants of this Lease. In the event of such temporary Taking, City shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total Rent owing by City for the period of the Taking.

14. ASSIGNMENT AND SUBLETTING

(a) City shall have the right, upon notice to but without the consent of Landlord, to transfer the use and occupancy of all or any of the Premises (but not to assign this

Lease) to any department, vendor, service provider, grantee or contractor of the City and County of San Francisco (collectively, "Approved Operator") for uses permitted under this Lease, provided that the Approved Operator indemnifies Landlord to the same extent that City has indemnified Landlord in Section 16 of this Lease. Except for the use and occupancy of the Premises by an Approved Operator, City shall not directly or indirectly sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder or permit all or any portion of the Premises to be occupied by anyone other than itself or sublet all or any portion of the Premises, without Landlord's prior written consent in each instance, which shall not be unreasonably withheld or delayed.

(b) Regardless of Landlord's consent, no subletting or assignment shall release City of City's obligation or alter the primary liability of City to pay the Rent and to perform all other obligations to be performed by City hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by any assignee of City or any successor of City in the performance of any of the terms hereof, Landlord may proceed directly against City without the necessity of exhausting remedies against such assignee.

15. DEFAULT; REMEDIES

15.1. Events of Default by City

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

(a) Provided that Landlord is an approved vendor of City, City's failure to make any timely payment of Rent and to cure such nonpayment within five (5) business days after receipt of written notice thereof from Landlord, except that for the first two (2) monthly payments of Rent at the beginning of the Term and for the first monthly payment of Rent after the beginning of each new fiscal year for City or any Adjustment Date, City shall have twenty (20) days to cure any such nonpayment after written notice thereof from Landlord. City acknowledges that as of April 1, 2019, Landlord is an approved vendor of City. If Landlord is not an approved vendor of City, any Rent otherwise due shall accrue and be payable once Landlord becomes an approved vendor.

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

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

15.2. Landlord's Remedies

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

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

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

15.3. Landlord's Default

If Landlord fails to perform any of its obligations under this Lease, then (without limiting any of City's other cure rights under this Lease) City may, at its sole option, cure such default at Landlord's expense if such default continues after ten (10) days from the date City gives notice to Landlord of City's intention to perform such cure. However, in the case of a default which for causes beyond Landlord's control (excluding any financial inability to perform) cannot with due diligence be cured within such ten (10)-day period, such ten (10)-day period shall be extended if Landlord, promptly upon receipt of City's notice, advises City of Landlord's intention to take all steps required to cure such default, and Landlord promptly commences such cure and diligently prosecutes the same to completion. Subject to the other provisions of this Lease relating to abatement of Rent, if Landlord fails to cure any default within the cure period provided above, then, whether or not City elects to cure Landlord's default as provided herein, the Base Rent and any other charges hereunder shall be abated based on the extent to which such default interferes with City's ability to carry on its business at the Premises. Notwithstanding the foregoing, if any such default by Landlord continues for sixty (60) days and impairs City's ability to carry on its business in the Premises, then City shall have the right to terminate this Lease upon written notice to Landlord within thirty (30) days after the expiration of such sixty (60)-day period. City's rights hereunder shall not limit in any way any of its other rights and remedies hereunder or at law or in equity.

16. INDEMNITIES

16.1. City's Indemnity

City shall indemnify, defend and hold harmless ("**Indemnify**") Landlord and its Agents from and against any and all claims, costs and expenses, including, without limitation, reasonable attorneys' fees (collectively, "**Claims**"), incurred as a result of (a) City's use of the Premises, (b) any default by City in the performance of any of its material obligations under this

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

16.2. Landlord's Indemnity

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

17. INSURANCE

17.1. City's Self-Insurance

Landlord acknowledges that City maintains a program of self-insurance and agrees that City shall not be required to carry any insurance with respect to this Lease. City assumes the risk of damage to any of City's Personal Property, except for damage caused by the negligence or willful misconduct of Landlord or its Agents.

17.2. Landlord's Insurance

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

loss or damage to the Premises or any other part of the Property, to the extent covered by Landlord's property insurance.

In addition, Landlord, at no cost to City, shall procure and keep in effect at all times during the Term insurance as follows: (a) Commercial general liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse and underground (XCU); and (b) Worker's Compensation Insurance with Employer's Liability Limits not less than One Million Dollars (\$1,000,000) each accident. If commercially available from Landlord's insurance carrier, all insurance policies required to be maintained by Landlord hereunder shall be endorsed to provide for thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to Landlord.

17.3. Waiver of Subrogation

Notwithstanding anything to the contrary in this Lease, Landlord hereby waives any right of recovery against City for any loss or damage relating to the Building or the Premises or any operations or contents therein, whether or not such loss is caused by the fault or negligence of City, to the extent such loss or damage is covered by insurance that Landlord is required to purchase under this Lease or is otherwise actually recovered from insurance held by Landlord or its agents. Landlord agrees to obtain a waiver of subrogation endorsement from applicable insurance carriers issuing policies relating to the Building or the Premises; provided, Landlord's failure to do so shall not affect the above waiver.

18. ACCESS BY LANDLORD

Landlord reserves for itself and any designated Agent the right to enter the Premises at all reasonable times and, except in cases of emergency (in which event Landlord shall give any reasonable notice), after giving at least forty eight (48) hours' advance written or oral notice to City's Department of Homelessness and Supportive Housing at the address for notices set forth in the Basic Lease information and to its Approved Operator at the Premises, for the purpose of (a) inspecting the Premises, (b) supplying any service to be provided by Landlord hereunder, (c) showing the Premises to any prospective purchasers, mortgagees or, during the last six (6) months of the Term of this Lease, tenants, (d) posting notices of non-responsibility, and (e) altering, improving or repairing the Premises and any portion of the Building, and Landlord may for that purpose erect, use and maintain necessary structures in and through the Premises where reasonably required by the character of the work to be performed, provided that the entrance to the Premises shall not be blocked thereby, and further provided that City's use shall not be unreasonably interfered with.

19. ESTOPPEL CERTIFICATES

Either party, from time to time during the Term upon not less than ten (10) days' prior written notice from the other party, may reasonably request the other party to execute, acknowledge and deliver to such persons or entities designated by such other party a certificate

stating: (a) the Commencement Date, Rent Commencement Date and Expiration Date of this Lease, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, this the Lease is in full force and effect as modified and stating the modifications), (c) that there are no defaults under this Lease (or if so, specifying the same), and (d) the date to which Rent has been paid.

20. SURRENDER OF PREMISES

Upon the expiration or sooner termination of this Lease, City shall surrender the Premises to Landlord in good order and condition, reasonable use and wear and damage by fire or other casualty excepted. Within ten (10) days after the Expiration Date, City shall remove from the Premises all of City's Personal Property, City's telecommunications, data and computer facilities and any Alterations City desires or is required to remove from the Premises pursuant to the provisions of Section 7.1 (Alterations by City), above. City shall repair or pay the cost of repairing any damage to the Premises or the Building resulting from such removal. Notwithstanding anything to the contrary in this Lease, City shall not be required to demolish or remove from the Premises any of the Leasehold Improvements. City's obligations under this Section shall survive the expiration or earlier termination of this Lease.

21. HAZARDOUS MATERIALS

21.1. Definitions

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

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

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

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

21.2. Landlord's Representations and Covenants

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

21.3. Landlord's Environmental Indemnity

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

21.4. City's Covenants

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

21.5. City's Environmental Indemnity

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

22. SPECIAL PROVISIONS

22.1. Grant Agreement Obligations of Landlord

Landlord is party to (i) that certain Housing Site Acquisition Program Agreement dated September 5, 1990, between Catholic Charities of the Archdiocese of San Francisco, a California non-profit corporation ("Catholic Charities") and City (the "Acquisition Agreement"), as assigned to Landlord by that certain Amendment to and Assignment and Assumption of San Francisco Housing Site Acquisition Program Loan Documents dated as of December 21, 1995 and (ii) that certain Regulatory and Grant Agreement between Catholic Charities and the Redevelopment Agency of the City and County of San Francisco, a public body corporate and politic dated July 2, 1991 (the "Grant Agreement"), as assigned to Landlord by that certain Amendment to and Assignment and Assumption of San Francisco Redevelopment Agency Regulatory and Grant Agreement dated November 21, 1995. City is the successor in interest to the Agency under the Grant Agreement. The Acquisition Agreement and the Grant Agreement are collectively referred to herein as the "Agreements". The Agreements require that the Property be used to provide low income housing for a period of fifty (50) years, through at least August of 2040.

22.2. Replacement Reserve Account

In furtherance of the Agreements and in keeping with Landlord's obligations to maintain the Property under this Lease, on or before the Commencement Date Landlord shall establish or cause to be established a segregated interest-bearing replacement reserve depository account (the "Replacement Reserve Account") at a financial institution acceptable to City. On or before the 15th day of each month following the Rent Commencement Date, Landlord shall make monthly deposits from Base Rent into the Replacement Reserve Account in the amount necessary to meet the requirements of this Section. City may review the adequacy of deposits to the Replacement Reserve Account periodically and require adjustments as it deems necessary. Landlord shall provide City with a bank statement documenting the balance of the Replacement Reserve Account within thirty (30) days of the Commencement Date and on each anniversary of the Commencement Date. Any default of Landlord's obligations set forth in this Section 22.1 shall be a material default of this Lease.

Landlord shall make an initial deposit into the Replacement Reserve Account in an amount equal to \$9,000 when the Replacement Reserve Account is established. From and after the Rent Commencement Date, Landlord shall make monthly deposits of Nine Thousand Dollars (\$9,000) into the Replacement Reserve Account until the account balance reaches One Hundred Thousand Dollars (\$100,000). If the Landlord draws down the Replacement Reserve Account to repair or replace a Building's Structure, then Landlord shall deposit half (50%) of the funds received in Base Rent until the Replacement Reserve Account reaches at least One Hundred Thousand Dollars (\$100,000). Nothing in this Section shall prevent the Landlord from funding the Replacement Reserve Account through fundraising or from other sources so long as the other method equals or exceeds the minimum deposit amounts required by this Section.

Landlord shall deliver to City a 20 year capital needs assessment or analysis of replacement reserve requirements pertaining to the Building ("CNA") for City's approval

eighteen (18) months after the Commencement Date, and shall deliver an updated CNA to City for approval each five (5) years thereafter. Each CNA shall be produced at Landlord's sole cost and must conform with the CNA policy of the Mayor's Office of Housing and Community Development of City ("MOHCD") as it may be amended from time to time. Landlord's deposits into the Replacement Reserve Account shall be adjusted in accordance with its approved CNA.

Landlord may withdraw funds from the Replacement Reserve Account solely to fund capital improvements for the Property, such as replacing or repairing structural elements, fixtures or equipment of the Property that are reasonably required to preserve the Property. Landlord may not withdraw funds (including any accrued interest) from the Replacement Reserve Account for any purpose without City's prior written approval.

22.3. First Offer to Purchase

In the event Landlord decides to sell the Property during the Term of the Lease, Landlord shall first offer the Property to the City at the purchase price that the Property will be offered to the real estate market. Landlord shall specify the purchase price in a written notice ("Sale Notification") from Landlord to City. The City shall have thirty (30) days from receipt of the Sale Notification to submit (i) an acceptance of the purchase at the price contained in the Sale Notification or (ii) a counter offer at a lesser price and otherwise upon the other business terms contain herein.

City's offer to purchase shall be subject to the approval of the Board of Supervisors and the Mayor within seventy five (75) days of execution of a Purchase and Sale Agreement, incorporating the terms herein and other reasonable and customary terms, a title company's issuance of an ALTA Title Insurance policy acceptable to City, and, at City's option, City's successful issuance of a debt type instrument to fund the purchase. The Property shall be purchased on an "As-Is" basis.

City and Landlord agree to work diligently and in good faith in negotiating the Purchase and Sale Agreement. Within three (3) days of the execution of a Purchase and Sale Agreement, Landlord shall deliver copies of all reports, appraisals and other documents in Landlord's possession, not previously delivered to City. Landlord shall cooperate with the City in its due diligence investigation.

Close of escrow shall occur on or before one hundred and twenty (120) days from the date of City's notice of the approval by City's Board of Supervisors and Mayor of the purchase.

At closing, City shall pay for the cost of the premium of the extended coverage title insurance policy, one half the escrow fees, and one half of the other typical closing expenses. Landlord shall pay transfer taxes, one half the escrow fees and one half the other typical closing expenses such as notary fees and overnight express charges. Landlord shall deliver the following (among other customary items) through a mutually agreeable escrow company:

(i) a grant deed conveying good and marketable title subject only to taxes not yet due and payable, and other exceptions reasonably acceptable to City,

- (ii) a bill of sale for all personal property on the Property, and
- (iii) a written disclosure of all facts actually known to Landlord (without a duty of inquiry) (including any property inspection reports) which would reasonably affect the marketability or City's intended use of the Property.

If City does not agree to purchase the Property for the purchase price contained in the Sale Notification and does not make any counter offer within thirty (30) days of the Sale Notification, then City's right of first offer shall terminate and Landlord shall be free to sell the Property to any person whomever and upon any terms whatsoever without any obligation to City.

If City has made an all-cash-on-closing counter offer for a purchase price other than that specified in the Sale Notification ("**City's Counter Offer**") within thirty (30) days of the Sale Notification that has not been accepted by Landlord, then Landlord may sell the Property, free of any claim of City, to any potential buyer who is willing to pay a gross purchase price (an amount determined without regard to any brokerage commission liability, but reduced by any Landlord credits or give backs to the potential buyer for such items as existing building conditions or improvements) exceeding the amount of City's Counter Offer.

In the event Landlord is unable to sell the Property for a gross purchase price more than City's Counter Offer, Landlord shall give another Sale Notification to City if Landlord intends to sell the Property at a later date, and the above procedure for City's first right of purchase shall be repeated.

This right of first offer to purchase shall terminate and be of no further effect if a sale of the Property to an arm's length third party is consummated in accordance with the foregoing provisions.

23. GENERAL PROVISIONS

23.1. Notices

Except as otherwise specifically provided in this Lease, any notice given under this Lease shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested, or Express Mail, return receipt requested, with postage prepaid, to: (a) City at Tenant's address set forth in the Basic Lease Information; or (b) Landlord at Landlord's address set forth in the Basic Lease Information; or (c) such other address as either Landlord or City may designate as its new address for such purpose by notice given to the other in accordance with this Section. Any notice hereunder shall be deemed to have been given and received two (2) days after the date when it is mailed if sent by first-class, certified mail, one day after the date when it is mailed if sent by Express Mail, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by telefacsimile to the telefacsimile number set forth in the Basic Lease Information or such other number as may be provided from time to time; however, neither party may give official or binding notice by facsimile.

23.2. No Implied Waiver

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

23.3. Amendments

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

23.4. Authority

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

23.5. Parties and Their Agents; Approvals

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

23.6. Interpretation of Lease

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

23.7. Successors and Assigns

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

23.8. Brokers

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

Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

23.9. Severability

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

23.10. Governing Law

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

23.11. Entire Agreement

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

23.12. Attorneys' Fees

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

fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

23.13. Holding Over

Should City hold over in possession of the Premises after the expiration of the Term with Landlord's consent, such holding over shall not be deemed to extend the Term or renew this Lease, but such tenancy thereafter shall continue as a month-to-month tenancy. Such tenancy shall be on all the terms and conditions set forth in this Lease and at the monthly Base Rent in effect during the last month of the Term of this Lease or such other rental as Landlord and City may mutually agree in writing as a condition to Landlord's consent to such holding over, and City shall continue as a month-to-month tenant until the tenancy shall be terminated by Landlord giving City or City giving Landlord at least thirty (30) days' prior written notice of termination. Should City hold over without Landlord's consent, the rent payable by City during the period of such holding over shall be one hundred fifty percent (150%) of the monthly Base Rent in effect during the last month of the Term of this Lease, and such tenancy shall otherwise be on the terms and conditions contained herein.

23.14. Cumulative Remedies

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

23.15. Time of Essence

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

23.16. Survival of Indemnities

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

23.17. Signs

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

23.18. Quiet Enjoyment and Title

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

23.19. Bankruptcy

Landlord represents and warrants to City that Landlord has neither filed nor been the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Landlord's knowledge, no such filing is threatened. Landlord and City agree that City's leasehold estate created hereby includes, without limitation, all rights to receive and enjoy all services, facilities and amenities of the Premises and the Building as provided herein, and that if any of such services, facilities or amenities are terminated, or materially limited or restricted on account of any such case or proceeding, or for any other reason, City shall have the right to (a) contract directly with any third-party provider of such services, facilities or amenities to obtain the same, and (b) offset against the Base Rent or other charges payable hereunder any and all reasonable costs and expenses incurred by City in obtaining such services, facilities or amenities.

23.20. Transfer of Landlord's Interest

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

23.21. Non-Liability of City Officials, Employees and Agents

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

23.22. MacBride Principles - Northern Ireland

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

23.23. Controller's Certification of Funds

The terms of this Lease shall be governed by and subject to the provisions of the City's Charter. Notwithstanding anything to the contrary in this Lease, there shall be no obligation for the payment or expenditure of money by the City and County of San Francisco for the performance of the budgetary and fiscal provisions of Section 3.105 of the City's Charter, that there is a valid appropriation of money by City under this Lease unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the payments required under this Lease are not appropriated, then City may terminate this Lease, without penalty, liability or expense of any kind to City, as of the last day on which sufficient funds are appropriated. City shall use its best efforts to give Landlord advance notice of such termination at least thirty (30) days.

23.24. Prevailing Wages and Working Conditions

Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.61. Landlord agrees to require its Contractors and Subcontractors performing (i) labor in the construction of a "public work" as defined in California Labor Code Section 1720 et seq. (which includes certain construction, alteration, maintenance, demolition, installation, repair, carrying out, or refuse hauling if paid for in whole or part out of public funds), or (ii) Covered Construction at the Premises to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, "Prevailing Wage Requirements"). Landlord agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

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

23.25. Non Discrimination in City Contracts and Benefits Ordinance

(a) Covenant Not to Discriminate

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

(b) Subcontracts

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

(c) Non-Discrimination in Benefits

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

(d) CMD Form

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

(e) Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of property to City are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. Landlord shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies

provided in such Chapters. Without limiting the foregoing, Landlord understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Landlord and/or deducted from any payments due Landlord.

23.26. Tropical Hardwood and Virgin Redwood Ban

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

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

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

23.27. Bicycle Parking Facilities

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

23.28. Resource Efficient City Buildings and Pilot Projects

Landlord acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 713 relating to green building requirements for the design, construction and operation of City buildings. Landlord hereby agrees that it shall comply with all applicable provisions of such code sections.

23.29. Counterparts

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

23.30. Effective Date

The date on which this Lease shall become effective (the "**Effective Date**") is the date upon which: (a) City's Mayor and Board of Supervisors, in their sole and absolute discretion, adopt a resolution approving this Lease in accordance with all applicable laws and (b) this Lease is duly executed by the parties hereto and delivered to the other party. Landlord shall have the ability to withdraw this Lease from consideration any time prior to submittal of this Lease to City's Clerk of the Board of Supervisors for approval of City's Board of Supervisors.

23.31. Certification by Landlord

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

23.32. Acceptance of Lease by Landlord

This Lease shall be null and void unless Landlord accepts it and returns to City three (3) fully executed counterparts hereof on or before 5:00 p.m. San Francisco Time on May 3, 2019.

23.33. Sunshine Ordinance

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

23.34. Conflicts of Interest

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

23.35. Notification of Limitations on Contributions

Through its execution of this Lease, Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or

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

23.36. Preservative-Treated Wood Containing Arsenic

Landlord may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code, Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Landlord may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Landlord from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

23.37. Cooperative Drafting

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

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING CONSUMMATION OF THE TRANSACTION CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF

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

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

LANDLORD:

JELANI INC., a California nonprofit public benefit corporation

By: Wayzet Kulla

Its: Board Vice President

By: [Signature]

Its: Board Secretary

CITY:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

RECOMMENDED:

By: [Signature]
Jeff Kositsky
Director, Department of Homelessness and Supportive Housing

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: [Signature]

Deputy City Attorney

EXHIBIT A

FLOOR PLAN(S)

CONSISTING OF _____ PAGE(S)

EXHIBIT B

NOTICE OF COMMENCEMENT DATE

[Date]

Mr. Andrico Q. Penick
Acting Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

RE: Acknowledgement of Commencement Date; Lease Between Jelani Inc. (Landlord), and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises located at 1601 Quesada Avenue, San Francisco

Dear Mr. Penick:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is _____, 20__.

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

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____
Andrico Q. Penick
Director of Property

Dated:

EXHIBIT C
NOTICE OF RENT COMMENCEMENT DATE

[Date]

Mr. Andrico Q. Penick
Acting Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

RE: Acknowledgement of Rent Commencement Date, Lease between Jelani Inc. (Landlord),
and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises located at
1601 Quesada Avenue, San Francisco

Dear Mr. Penick:

This letter will confirm that for all purposes of the Lease, the Rent Commencement Date (as
defined in Section 4.1 of the Lease) is _____, 20__.

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

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____
Andrico Q. Penick
Director of Property

Dated:

EXHIBIT D

CITY PRICING PLANS

CONSISTING OF _____ PAGES



Bayview Hunters Point Foundation for Community Improvement, Inc.

150 Executive Park Blvd., Suite 2800, San Francisco, CA 94134
Telephone (415) 468-5100. Fax (415) 468-5104

www.bayviewci.org

1971-2019

Celebrating Over 47 Years
Of Community Service

INTERIM EXECUTIVE DIRECTOR
James McElroy

BOARD OF DIRECTORS

SHIRLEY JONES
President

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Vice President

DEANNA ABMA
Secretary

SUSAN WATSON
Treasurer

Claude Everhart
James Kendrix

An Equal Opportunity Employer

PROPOSED BOARD RESOLUTION FOR JELANI PROPERTY LEASE

During early 2017 The Bayview Hunters Point Foundation for Community Improvement, Inc. ("Foundation") in consultation with its funder had discussions about closing down the Prenatal MediCal Services Program located in the Foundation's Jelani House property at 1601 Quesada Avenue, San Francisco, California 94124. By June 1, 2017 the transition program was in-process and the Prenatal MediCal officially ended August 31, 2017.

During the transition period there were discussions with the Department of Public Health ("DPH") and Department of Homelessness and Supportive Housing ("HSH") representatives about the use of the property. DPH and HSH wanted to ensure that services would continue at this location and proposed that the agency lease the property to the City and County who in turn would house residential program. Subsequently, meetings were held between the Foundation and City regarding lease terms.

The Foundation was represented by Lillian Shine, Executive Director, James Kendrix, Board Member and Greg C. Brandt, Attorney at Law.

The City was initially represented by Nina Marinkovich, Real Estate Development Analyst, John Updike, Director of Real Estate, and is currently represented by Lindsay Haddix, Real Estate Development Analyst, and Andrico Q. Penick, Acting Real Estate Director.

Members of the Foundation's Board met with the City to discuss the use of the property and upgrades that would be required at the facility on January 23, 2018.

During the early Spring 2018 the Foundation began discussions with the Real Estate Division of the City and County of San Francisco regarding the Foundation leasing the property to the City to house a City sponsored program.

"To Build a Community that is empowered, clean, safe and healthy."

At the April 2018 Board of Directors meeting the Board approved the Letter of Intent (Proposal to Lease, 1601 Quesada Avenue property).

Initially the teams were trying to reach a contractual agreement prior to early May of 2018 in order to allow review and hopefully approval by the Board of Supervisors at their May 2018 meeting. As a result of the difficulty encountered by the Department of Public Works ("DPW") in obtaining the cost estimates to complete the necessary and required maintenance and rehabilitation work to the property several long negotiating delays were encountered. However, on April 24, 2019 the Foundation received what became the Final Draft of the Property Lease all parties accepted.

Whereas, On Tuesday April 30, 2019 at approximately 1:00 p.m. a conference telephone call took place with the Foundation's negotiation team: James McElroy, Interim Executive, James Kendrix, Board Member, Claude Everhart, Board Member, Greg C. Brandt, Attorney, Al Middlebrooks, CFO, Brad Akard, Senior Accountant and Lillian Shine, Consultant, and Andrico Q. Penick, Acting Real Estate Director to review and discuss the remaining open items to the proposed Jelani Property Lease.

Whereas, The primary discussion during the conference call centered around three notable changes in the property lease made by the City:

The City would like to change the term of the lease from 20 years (10 years with 2 five year options) to 30 years (10 years with 2 ten year options). Originally, 10 years with 2 five year options (Rent at \$217,000 annually/\$18,000 per month was already discounted to cover the up-front facility/site maintenance/upgrade costs to be paid by the City on behalf of both parties. (Basically fronting Landlord's portion by discounting annual/monthly rent payable by City. *(Extension Options (Section 3.4).*

The City would like the capital reserves increased from \$51,000 to \$100,000 to be funded at \$9,000 per month from rent revenue until the \$100,000 mark is reach. (Landlord retains the option but not the obligation to fund the reserve from fundraising or other sources.) If the reserves are drawn down below \$100,000 then half of the gross rent revenue on a monthly basis will go into replenishing the reserves. (Landlord retains the option but not the obligation to replenish the reserve from fundraising or other sources so long as it is equal or greater to half the gross monthly rent revenue. *(Replacement of Reserves (Section 22.2).*

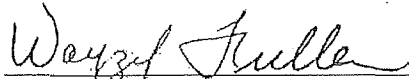
"To Build a Community that is empowered, clean, safe and healthy."

The City wants to change the definition of Building Structures so that the Landlord repair responsibilities and what the reserves can be used for match. As drafted, the landlord could have capital reserves but not the responsibility to make the capital repairs which could be paid for out of reserves or through insurance. (Landlord's Repairs (Section 8.1)).

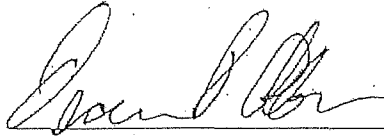
Whereas, The Foundation's negotiation team hereby recommends that Board of Directors accepts the three changes requested by the City, previously identified within this resolution.

NOW THEREFORE BE IT RESOLVED THAT, The Bayview Hunters Point Foundation for Community Improvement, Inc. on this May 2, 2019 hereby agrees to enter into said property lease for the Jelani House property located at 1601 Quesada Avenue, San Francisco, California 94124 for the Term, Rent and Conditions as stated in said document: LEASE between JELANI INC., a California non-profit public benefit corporation as Landlord and CITY AND COUNTY OF SAN FRANCISCO as Tenant For the lease of 1601 Quesada Avenue (AKA Block 5339, Lot 001), San Francisco, California (017443.0001\5219529.1)

Date this 2nd day May, 2019



Wayzel Fuller, Board Vice President



Deanna Abma, Board Secretary

JELANI HOUSE RENOVATION

Owner's Responsible List

Based on Walter Wong construction proposal dated 04/04/2019

Last update: 04/23/2019

Items	Description	Amount	Overhead and Profit	Amount	Notes
Exterior Work					
4abc	Window replacement/servicing	\$ 79,104	included	\$ 79,104	
6abcd	Exterior painting	\$ 60,901	included	\$ 60,901	
C6	Paint and repair fence at rear deck	\$ 800	15%	\$ 920	
D1	Trim trees prior to exterior painting	\$ 4,500	15%	\$ 5,175	
D3	Inspect main sewer line with camera	\$ 1,500	15%	\$ 1,725	
G	Exterior Haz Mat remediation	\$ 16,625	15%	\$ 19,119	
Subtotal				\$ 166,944	
Code/ ADA Compliance					
1k	Exterior deck tread stripes	\$ 300	included	\$ 300	
2c	Remove existing cabinets and counter and install ADA compliant sink	\$ 2,700	included	\$ 2,700	
2d	Remove and install rough in Kitchen waste/vent	\$ 2,200	included	\$ 2,200	
2f	Install new sinks with new vanity cabinets (2) ADA	\$ 5,675	included	\$ 5,675	Cost for item 2f is \$48,238 however only (2) sinks need to be ADA compliant
3h	Install GFCI outlets	\$ 2,590	included	\$ 2,590	
5a	Install new ADA compliant type 1 steel handrail at center of stair #1,2	\$ 58,650	included	\$ 58,650	
5e	Pop up tilting fence with concrete footing	\$ 4,500	included	\$ 4,500	
5h	INTAL ADA compliant signs for all bedrooms	\$ 640	included	\$ 640	
A1	Audible and visual strobes (17)	\$ 11,400	15%	\$ 13,110	
A2	Replace existing emergency exit signs and emergency lights	\$ 2,412	15%	\$ 2,774	
A4	Install hardwire combo smoke/carbon monoxide detectors	\$ 8,923	15%	\$ 10,261	
A7	Color coding of exposed gas lines in Kitchen	\$ 150	15%	\$ 173	
A5	Remove existing hollow wood door and install new fire rated doors	\$ 24,000	15%	\$ 27,600	
A8	Walkway pipe - trip hazard	\$ 100	15%	\$ 115	
C4	Replace existing counter sink with ADA compliant vanity cabinet top/sink in the Nursery room	\$ 1,840	15%	\$ 2,116	
E1	Exterior ADA wayfinding signs	\$ 378	15%	\$ 435	
E2	Install ADA sinks with vanity in two accessible toilet rooms	\$ 1,980	15%	\$ 2,277	
F1	Install ADA signage for restrooms	\$ 750	15%	\$ 863	
Subtotal				\$ 136,978	
Total Hard Cost				\$ 303,922	
Total Hard Cost with escalation			1.5%	\$ 308,481	
Soft Cost					
F2	Architectural Services (50% of Architectural Service Cost of \$15K)	\$ 7,500	15%	\$ 8,625.00	
	HazMat Survey and Work Plan (50% of total cost of \$15,862.5)	\$ 7,931		\$ 7,931.25	
Total (Owner Scope List)				\$ 325,036.83	

Notes: a- Costs for Items (1-8) are base scope and already include O&P cost; Costs for Items (A-G) were added and include a 15% O&P.
 b- It's anticipated there would be added cost contributed to exterior and code compliant work during construction. The project is holding a 15% construction contingency to cover any added work and would be difficult before commencement of construction to assign which added work would be under Owner's responsibility.

Owner's Responsible list - 04/23/2019



W. Wong Construction Co., Inc.

License No. 400494

205 13th Street
San Francisco, CA 94103
(415) 861-0763

QUOTATION

To: Youcef Bouhamama
San Francisco Department of Public Works
30 Van Ness Ave, Suite 4100, San Francisco, CA 94102

4/4/2019
Q18-07001R5

Re: Estimate for Renovation Work at Jelani House, 1601 Quesada Ave., SF., CA

12/10/2018 4/4/2019 TABULATION

ITEM	DESCRIPTION	AMOUNT	AMOUNT	
BASE	BASE ITEMS			
BASE 1	Flooring	\$105,978	\$105,978	\$123,415
	a Install approximately 6,000 sq. ft. of Marmoleum sheet per manufacturer recommendation where carpet and tiles were removed by Hazmat sub-contractor, including Family Living, Conference Room, Bedrooms; and Stair Landings.		Included	
	b ADD: Install Marmoleum instead of Medallion material for 1a above		\$18,000	
	c ADD: Install Marmoleum for elevators (2) as courtesy.		Courtesy	
	d ADD: Install approximately 600 sq. ft. of Marmoleum sheet in Dining Room after tile removal by Eco Bay.		\$12,398	
	e CREDIT: Replace approximately 40 ceramic tiles in kitchen area (note: new tiles may not match existing remaining tiles)		-\$7,680	
	f CREDIT: Carpet at 2nd floor hallway and concrete floor at basement storage to remain (approx 800 sq. ft. total)		-\$16,530	
	g ADD: Steam clean 2nd floor hallway carpet and scrub clean basement concrete floor to acceptable storage use		\$1,600	
	h Install 1/4" round wood base to match wall base color.		Included	
	i Install interior rubber stair tread/riser		Included	
	j Paint 2" stripping on top and bottom interior treads		Included	
	k ADD: Paint 2" stripping on every concrete and wooden deck exterior treads		\$300	
	l ADD: Install aluminum transition threshold at interior doors throughout (approx. 40)		\$4,800	
	m ADD: Replace four (4) tiles in hallway east of ramp and One (1) tile at 1st floor elevator lobby. Replacement tile may not match existing.		\$250	
	n ADD: Replace single 2" x 2" tile in bathroom as courtesy. Replacement tile may not match existing.		Courtesy	
	o ADD: Install clear sealer over existing ceramic tile in Kitchen, vestibule, ramp, entry, bathrooms, and on any exposed tiles to remain.		\$4,300	
BASE 2	Plumbing	\$51,438	\$51,438	\$77,438
	a Remove old kitchen sink and install new stainless pot and pan sink and new faucet at SE corner of kitchen.		Included	
	b ADD: Install commercial garbage disposal at SE corner of kitchen (existing outlet)		\$1,900	
	c ADD: Remove lower cabinets and counter at the North wall kitchen, install commercial garbage disposal (existing outlet), and install stainless steel counter with ADA-compliant sink to be provided by HSH (assume flooring and subflooring under cabinets are satisfactory).		\$2,700	
	d Remove and re-install rough-in at kitchen waste/vent system that is currently tied to roof drainage systems to meet current Code.		Included	\$2,200
	e Remove and dispose of all wood shelving, mirrors, light above mirrors, towel bars, medicine cabinets, and sinks in all bedrooms (17).		Included	
	f Install new sinks with new vanity cabinets, countertops, sinks, and faucets in all bedrooms (17), including ADA compliant for Rooms #5 and #9. Adjust P-trap to fit, patch, and paint as required.		Included	\$48,238
	g ADD: Install LED light fixtures above mirror for 17 bedrooms		\$3,400	
	h ADD: Paint wall heater removable vent grill (approx. 40), install missing metal end cap(s) (approx. 60), secure wall heaters in place as required (loose) (approx. 40), and secure existing thermostats (loose). Paint and end caps may not match existing.		\$18,000	
	i ADD: Test heating units and thermostats as a courtesy. Any repairs or replacements will be change orders.		Courtesy	
BASE 3	Electrical	\$45,336	\$45,336	\$40,336
	a Remove unused wire (visible or loose) throughout and Replace 3 broken face plates.		Included	
	b Replace can light bulbs with new LED 2 pin lamp bulbs (53 units) (bulbs only, no fixture)		Included	
	c Replace 2' x 2' and 2' x 4' drop in light fixtures with new LED light fixtures (82 units)		Included	
	d Replace surface mounted 2' x 2' fixtures in offices and stairwell with new LED light fixtures (17 units)		Included	
	e ADD: Replace approximately 12 bulbs in elevators and existing standard exterior light fixtures as courtesy.		Courtesy	
	f Replace 50 existing light switches with in-kind switches		Included	
	g CREDIT: Replace 7 existing switches with motion sensor switches in 5 restrooms/bathrooms and 2 laundry rooms (reduced from 57 to 7 units)		-\$5,000	
	h Install GFCI outlets as needed (37 units)		Included	\$2,590
BASE 4	Glass & Windows	\$79,104	\$79,104	\$80,379
	a Remove and replace single hung window sash with double insulated glass and 4" operating stop for 21 windows as shown as "R" symbol on plans.		Included	
	b ADD: Replace additional one (1) window in Room #9 as courtesy.		Courtesy	
	c Service all existing windows to operational condition (open and close) and check if existing windows are lockable and include 4" operating stop. Proper opening, closing, and locking are not guaranteed after servicing.		Included	
	d NEW: Install frameless mirrors (approx. 24" x 30") above sink for 17 bedrooms		\$1,275	
BASE 5	Carpenter	\$69,000	\$69,000	\$68,140
	a Install new ADA-compliant Type 1 steel handrails at center of Stair #1 and Stair #2, with installation above existing wooden handrails. Relocate to compliant height and paint the existing metal handrails along sides of both stairs.		Included	\$58,650
	b Replace 12 damaged acoustical ceiling tiles at Office #1-2, 1st floor Conference Room, and Basement Storage Room. Credit for damaged ceiling tile removal by Hazmat subcontractor is in Eco Bay Services section below.		Included	
	c Trim and adjust one (1) door at Bedroom #15		Included	
	d Remove existing and install new doors (2) at Bedroom #17 and Storage Room (across from restroom with 4 toilets)		Included	
	e ADD: Prop up tilting fence with concrete footings and wood planks outside of Office 1-7	(\$4,500)	\$4,500	
	f ADD: Prep and paint two (2) sets of double doors at both laundry areas (instead of removal).		\$1,000	
	g ADD: Install double cylinder deadbolts on two (2) connecting doors between Rooms 13/14 and 15/16.		\$500	
	h ADD: Install ADA-compliant signs for all bedrooms (17) (increased from 9 to 17).		\$640	
	i ADD/CREDIT: Basement nursery area will be storage room instead. Patch drywall where Hazmat sub-contractor removed. No painting. Restroom tile to remain. Remove 12 light fixtures (after Hazmat sub-contractor removes bulbs) and install 2 LED light fixtures (instead of 12). Restroom fixtures and electrical wiring to remain. Install new ceiling tiles (10) where light fixtures were removed. Assume no further hazmat remediation required.		-\$7,500	
BASE 6	Paint	\$174,003	\$174,003	\$174,003

	a	Exterior: Prep building wall surfaces, power wash, fill in cracks, and apply elastomeric paint (1 primer, 2 coats, and 2 colors to match existing). Excludes steel fence, main door gate, perimeter fence, window bars, and steel doors. Note: Do not paint existing red tiles on building wall surfaces.		Included	\$60,102
	b	ADD: Paint both exterior concrete stairs within property line along Quesada as courtesy.		Courtesy	
	c	ADD: Paint exterior handrails within property line along Quesada as courtesy.		Courtesy	
	d	ADD: Paint property perimeter walls (below metal fence) along Quesada and corner of Quesada/Lane as courtesy.		Courtesy	
	e	Interior: Prep surfaces, fill in cracks, and paint (1 primer, 2 coats, max. 3 base, max. 3 trim). Paint interior surfaces, including but not limited to, walls, wall bases, ceilings, doors, trims, stairway handrails, cabinets in family room, and handrail in reception area. Use semi-gloss paint on all trims, wall bases, window trims, doors, walls, and ceilings. Use eggshell paint elsewhere.		Included	\$113,102
BASE	7	Pipe Insulation - Insulate 2 existing pipes to heater at 14 locations	\$1,236	\$1,236	\$1,236
BASE	8	Western Exterminator - Fog 17 bedrooms and carpeting throughout and bed bug canine inspection of bedrooms	\$2,678	\$2,678	\$2,678
		Sub-Total for Base Items:	\$528,773	\$567,625	\$567,625

A	SF FIRE DEPARTMENT				\$54,399
		ADD: Subcontractor SF Fire Protection to add the following to the existing fire alarm system: Remote power supply (1), IDP-Photo addressable smoke detectors (3), visual notification appliance (1), and audible/visual low frequency appliances (17). Subcontractor to obtain permit for this scope of work.			\$11,400
	2	Replace existing emergency exit signs and emergency lights (18) (assumes existing wires and electrical are sufficient and in working condition). Removal by Eco Bay.	\$2,412	\$2,412	
	3	Replace and add panic hardware for 4 sets of exterior double doors at 1st floor (8 doors) and 1 interior door at in basement by elevator and stair #1 (decreased from 9 to 8 doors).	\$8,340	\$7,413	
	4	Install hardwire combo smoke/carbon monoxide detectors (assumes existing wires and electrical are sufficient and in working condition) in all bedrooms, 2 laundry rooms, and 2 basement nursery rooms (52 units).	\$6,864	\$8,923	
	5	ADD: Remove hollow wood doors and install new fire-rated doors, hardware with privacy lock, and door closers for Bedrooms #3-17 (15 total).			\$24,000
	6	ADD: Install hardware with privacy lock and door closers (to match other 15 bedrooms) to existing solid wood doors for Bedrooms #1-2 as courtesy.			Courtesy
	7	Color-coding of exposed gas lines in kitchen	\$150	\$150	
	8	Trim and add cover to open pipe that sticks out 3/4" above ground in walkway next to basement storage (assume abandoned pipe)	\$700	\$100	
B	ELECTRICAL				\$10,575
	1	Replace existing light and/or fan fixtures with new ceiling light/fan combo (100 CFM), including cutting, patching, and painting sheetrock as needed, in 5 restrooms, 2 shower rooms, 2 laundry rooms, and 1 water heater room (assumes new combo fixture will use existing electrical and duct).	\$4,100	\$4,100	
	2	Relocate one lightswitch to opposite wall (1 unit, surface mount, 25' max. distance)	\$425	\$425	
	3	Replace all outlets (non-GFCI) with tamper-resistant outlets (110 units)	\$6,050	\$6,050	
C	MISC. TENANT IMPROVEMENTS				\$16,706
	1	Replace all existing urinals/toilets with low-flow urinals/toilets (8)	\$4,880	\$4,880	
	2	Replace seven (7) existing faucets with low-flow faucets (reduced from 24 to 7)	\$2,544	\$742	
	3	Replace all existing shower heads with low-flow shower heads (6)	\$444	\$444	
	4	Replace existing counter sinks with ADA compliant vanity/cabinet/counter-top/sink at one (1) two (2) child care locations. Adjust P-trap to fit, patch, and paint as required.	\$3,680	\$1,840	
	5	Install two (2) sets of combo washers and electrical dryers, including dryer vent flex hose (assumes existing plumbing, electrical, and ducts are sufficient)	\$6,000	\$8,000	
	6	Paint 2-piece fence at rear deck and repair/adjust hinge to level	\$800	\$800	
D	MISC. ITEMS				\$9,800
	1	Trim all exterior trees along Quesada prior to exterior painting	\$3,500	\$4,500	
	2	Boundary Survey	\$3,800	\$3,800	
	3	Inspect main sewer line with video camera	\$1,500	\$1,500	
	4	ADD: Install burglar alarm as courtesy (\$5,000)			Courtesy
E	ADA Issues per John Paul Scott (DPW)				\$2,358
	1	Install two (2) ISA wayfinding signs (one 6" x 6", and one 6" x 9") (reduced from 8 to 2 signs). The 6" x 9" ISA sign to be installed in front of main entrance on Quesada should read "ACCESSIBLE ENTRY ON LANE STREET"; the 6" x 6" ISA sign is to be installed on the right side of the accessible entry on Lane Street.	\$1,512	\$378	
	2	Install ADA sink with vanity in two accessible toilet rooms (2)	\$1,980	\$1,980	
	**	9 line items from 12/10/2018 quote were excluded (790+5740+2500+1560+900+300+3000+5500+15000)	\$35,290		
		15% overhead + 10% profit	\$25,168	\$93,838	\$93,838
		15% overhead and profit		\$14,076	\$14,076
		Sub-Total for Misc. Additions:	\$120,139	\$107,913	\$107,913

F	NEW ITEMS				\$15,750
	1	NEW: Install ADA signage for restrooms (6)			\$750
	2	NEW: Architectural services (assume no change of use or principally permitted by zoning)			\$15,000
	3	Final clean-up			Included
	**	3 line items from 12/10/2018 quote were excluded (18000+36000+255000)	\$309,000		
		Sub-Total for New Items:	\$309,000	\$15,750	\$15,750

G	ECO BAY SERVICES				\$37,075
	A	Lump Sum Price is for select interior abatement Per Terracon's Hazmat work plan dated 3/20/2019. Which includes removal of light tubes, ballast, 10 ceiling tiles and scraping loose and flaking paint on windows and the building's exterior and select demolition in basement storage room. Eco Bay will provide all necessary EPA, OSHA, DBI, BAAQMD Notifications and Submittals. Manifesting, hauling and disposal of all debris and waste to approved facilities. All work shall be per Eco Bay Services proposal, dated 4/3/2019, including the noted assumptions and exclusions. The Eco Bay proposal is attached as part of this quotation.			\$30,950
	B	ADD Alternate Price 1: Removal of window blinds throughout building. Note: Dispose all bedroom blinds. Label and store all other blinds onsite for HSH.			\$1,200
	C	ADD Alternate Price 2: Removal of 6 tritium exit signs			\$1,800
	D	ADD: Scaffolding rental (Eco Bay indicated no shrink wrap required and approx. 1 week for exterior work)			\$3,125
	*	15% overhead and profit			\$5,561
	*	CREDIT: Removal and disposal of various Hazmat materials by Eco Bay			-\$8,000
		Sub-Total for Eco Bay Services:		\$34,636	\$34,636

TOTAL	COMBINED TOTALS				
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	Sub-Total for Base Items:	\$528,773	\$567,625	
	Sub-Total for Misc. Additions:	\$120,139	\$107,913	
	Sub-Total for Optional Items:	\$99,207	\$0	
	Sub-Total for New Items:	\$309,000	\$15,750	
	Sub-Total for Eco Bay Services:		\$34,636	
	TOTAL:	\$1,057,119	\$725,925	\$725,925
	No contingency		\$0	\$0
	1.5% Cost Escalation		\$10,889	\$10,889
	GRAND TOTAL:	\$1,057,119	\$736,814	\$736,814

COMMENTS & NOTES

- All life safety items are recommendations only, not exclusive, and do not comport to comply with all fire and safety requirements. 5-year sprinkler report, sprinklers, fire extinguishers, evacuation plans, and related annual inspections are excluded. Client is encouraged to test the ability to open security bars on all exterior windows. Client is encouraged to inspect and test the kitchen hood exhaust system.
- Contractor will not commence any work until Terracon Consultants and Eco Bay Services have completed the abatement work plan, with such work to be accepted by Client.
- Excluded work or work by others may not commence until after Contractor has completed all of its work, unless Contractor provides written authorization based on a written request with scope of work and time schedule.
- Permits, special inspections, or reports are excluded unless noted. LEED certification is excluded.
- Permit fees are excluded.
- Eco Bay Services is solely responsible to carry out the work plan by Terracon Consultants.
- Proposal excludes upgrades or repairs that are unexpected or not readily visible.
- This quotation is valid for 90 days from the date indicated above.

JELANI HOUSE RENOVATION

Owner's Responsible List

Based on Walter Wong construction proposal dated 04/04/2019

Last update: 04/23/2019

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3h	Install GFCI outlets	\$ 2,590	included	\$ 2,590	
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A1	Audible and visual strobes (17)	\$ 11,400	15%	\$ 13,110	
A2	Replace existing emergency exit signs and emergency lights	\$ 2,412	15%	\$ 2,774	
A4	Install hardware combo smoke/carbon monoxide detectors	\$ 8,923	15%	\$ 10,261	
A7	Color coding of exposed gas lines in Kitchen	\$ 150	15%	\$ 173	
A5	Remove existing hollow wood door and Install new fire rated doors	\$ 24,000	15%	\$ 27,600	
A8	Walkway pipe - trip hazard	\$ 100	15%	\$ 115	
C4	Replace existing counter sink with ADA compliant vanity cabinet top/sink in the Nursery room	\$ 1,840	15%	\$ 2,116	
E1	Exterior ADA wayfinding signs	\$ 378	15%	\$ 435	
E2	Install ADA sinks with vanity in two accessible toilet rooms	\$ 1,980	15%	\$ 2,277	
F1	Install ADA signage for restrooms	\$ 750	15%	\$ 863	
	Subtotal			\$ 136,978	
	Total Hard Cost			\$ 303,922	
	Total Hard Cost with escalation		1.5%	\$ 308,481	
Soft Cost					
F2	Architectural Services (50% of Architectural Service Cost of \$15K)	\$ 7,500	15%	\$ 8,625.00	
	HazMat Survey and Work Plan (50% of total cost of \$15,862.5)	\$ 7,931		\$ 7,931.25	
	Total (Owner Scope List)			\$ 325,036.83	

Notes: a- Costs for Items (1-8) are base scope and already include O&P cost; Costs for Items (A-G) were added and include a 15% O&P.
 b- It's anticipated there would be added cost contributed to exterior and code compliant work during construction. The project is holding a 15% construction contingency to cover any added work and would be difficult before commencement of construction to assign which added work would be under Owner's responsibility.



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

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

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

Date: July 11, 2018
Case No. Case No. 2018-008769GPR
City Lease of 1601 Quesada Ave

Block/Lot No.: 5339/001
Project Sponsor: City and County of San Francisco
Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Applicant: Charlie Dunn
City and County of San Francisco
Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
(415) 554-9861
charlie.dunn@sfgov.org

Staff Contact: Patrick Race -- (415) 575-9132
patrick.race@sfgov.org

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

Recommended
By: 
John Rahaim, Director of Planning

PROJECT DESCRIPTION

The Project is the City's proposed lease of the property located at 1601 Quesada Avenue in the City and County of San Francisco. The City is interested in leasing for ten (10) years with options to extend the term. The property will be leased for use by the San Francisco Department of Homelessness and Supportive Housing or its service provider and is identified as a Shelter Crisis Site in Board of Supervisors Ordinance 29-18 for "temporary housing to 17 women experiencing homelessness, with priority given to pregnant and medically vulnerable women". Ground floor portions will be used to provide supportive services to the residents. The City will be making improvements to correct deferred maintenance issues under a separate application and permit. The submittal is for a General Plan Referral to recommend whether the Project is

in conformity with the General Plan, pursuant to Section 4.105 of the Charter, and Section 2A.52 and 2A.53 of the Administrative Code.

ENVIRONMENTAL REVIEW

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it does not result in a direct or reasonably foreseeable physical change in the environment.

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The Project is the City's proposed 10-year lease of property containing an existing two-story plus basement wood frame building of approximately 10,098 gross square feet for use by the Department of Homelessness and Supportive Housing. The Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 as described in the body of this letter and is, on balance, *in-conformity* with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

OBJECTIVE 1

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

POLICY 1.1

Plan for the full range of housing needs in the City and County of San Francisco, especially affordable housing.

The project would allow for the supply of housing consistent with the program set forth by the Department of Homelessness and Supportive Housing, thereby satisfying the need for housing support for homeless, at-risk individuals.

OBJECTIVE 2

RETAIN EXISTING HOUSING UNITS, AND PROMOTE SAFETY AND MAINTENANCE STANDARDS, WITHOUT JEOPARDIZING AFFORDABILITY.

POLICY 2.4

Promote improvements and continued maintenance to existing units to ensure long term habitation and safety.

The long-term lease will allow the City to invest capital in the property to upgrade and address items of disrepair and maintenance in order to ensure that the structure remains a viable support residence into the future.

OBJECTIVE 4
FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

POLICY 4.2
Provide a range of housing options for residents with special needs for housing support and services.

The project seeks to provide supportive housing for homeless, at-risk individuals. The Department of Homelessness and Supportive Housing would be providing support for those who have special housing and service needs.

OBJECTIVE 6
REDUCE HOMELESSNESS AND THE RISK OF HOMELESSNESS.

POLICY 6.1
Prioritize permanent housing and service-enriched solutions while pursuing both short- and long-term strategies to eliminate homelessness.

The project will provide a service-based housing solution for individuals based in the Bayview. These service-based solutions will potentially contribute to long-term strategies that will reduce the incidence of homelessness and crisis.

POLICY 6.2
Prioritize the highest incidences of homelessness, as well as those most in need, including families and immigrants.

The site will be identified as a Shelter Crisis Site and will house women, with priority given to women who are pregnant or medically vulnerable.

POLICY 6.3
Aggressively pursue other strategies to prevent homelessness and the risk of homelessness by addressing its contributory factors.

Ground floor portions will be used to provide supportive services to the residents and may contribute to reducing the incidence of homelessness by addressing crisis factors and providing services not otherwise available.

POLICY 6.4

Improve coordination among emergency assistance efforts, existing shelter programs, and health care outreach services.

The project will provide shelter housing and services for homeless individuals who are at-risk, including women who are pregnant. By providing shelter and improved access to health support services, the project will be increasing coordination among assistance efforts, programs and services.

OBJECTIVE 7

SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

POLICY 7.6

Acquire and rehabilitate existing housing to maximize effective use of affordable housing resources.

The project will lease and provide deferred maintenance to the existing structure at 1601 Quesada Avenue. The lease will allow the Department of Homelessness and Supportive Housing to effectively utilize the structure for shelter and support services for homeless, at-risk individuals.

OBJECTIVE 11

SUPPORT AND RESPECT THE DIVERSE AND DISTINCT CHARACTER OF SAN FRANCISCO'S NEIGHBORHOODS.

POLICY 11.1

Promote the construction and rehabilitation of well-designed housing that emphasizes beauty, flexibility, and innovative design, and respects existing neighborhood character.

As part of the long-term lease and maintenance upgrades, the structure will be upgraded but not changed substantially to alter its appearance. It will respect the neighborhood character and remain integrated into the neighborhood fabric.

POLICY 11.5

Ensure densities in established residential areas promote compatibility with prevailing neighborhood character.

The project will provide for residential density above that of surrounding single-family homes but will remain consistent with the past use of the building and will not adversely affect neighborhood character.

URBAN DESIGN ELEMENT

OBJECTIVE 2

IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

POLICY 2.5

Use care in remodeling of older buildings, in order to enhance rather than weaken the original character of such buildings.

The long-term lease will allow the City to address deferred maintenance concerns, enhancing the integrity of the 1922 building. While no remodeling is proposed, maintenance and upkeep of the building will be performed to ensure that all facilities can adequately serve the occupants of the space.

BAYVIEW HUNTERS POINT AREA PLAN

OBJECTIVE 5

PRESERVE AND ENHANCE EXISTING RESIDENTIAL NEIGHBORHOODS.

POLICY 5.1

Preserve and enhance the existing character of residential neighborhoods.

The project will address deferred maintenance issues for the 1922-built structure at 1601 Quesada Ave without altering its massing or appearance. Addressing maintenance issues will potentially enhance the character of the residential neighborhood in which the structure is sited.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

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

Eight Priority Policies Findings

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

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

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

The Project would have no adverse effect on neighborhood serving retail uses or opportunities for employment in or ownership of such businesses.

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

The Project would have no adverse effect on the City's housing stock or on neighborhood character. The existing housing and neighborhood character will not be negatively affected and may be enhanced by addressing deferred maintenance of the subject property.

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

The Project would have no adverse effect on the City's supply of affordable housing and will increase the amount supportive housing for homeless, at-risk individuals.

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

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

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

The Project would not affect the existing economic base in this area.

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

The Project would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake.

7. That landmarks and historic buildings be preserved.

This site and building are not landmarks or of historic significance. The structure was constructed in 1922.

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

The Project would have no adverse effect on parks and open space or their access to sunlight and vista.

RECOMMENDATION:	Finding the Project, on balance, in-conformity with the General Plan
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DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

May 1, 2019

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

Subject: 17- ROOM TRANSITIONAL HOUSING PROPERTY – 10 YEARS

Dear Ms. Calvillo:

Attached please find the proposed resolution for Board of Supervisors approval, authorizing the lease of the building located at 1601 Quesada Avenue, San Francisco, California ("Building"), between the City and County of San Francisco ("City") and JELANI INC., ("Landlord"), on behalf of the Department of Homelessness and Supportive Housing (HSH) for the purpose of creating transitional housing to serve pregnant women experiencing homelessness in San Francisco. The Building contains 17 bedrooms and community/service space. This proposed new lease was found to be in conformance with the City's General Plan via the enclosed letter dated July 11, 2018.

HSH, in partnership with a nonprofit service provider, will operate the Building as a transitional housing program for pregnant women and mothers with infants, who are experiencing homelessness. Homeless pregnant and post-partum women face significant and unique challenges to stable housing. HSH's service provider will provide comprehensive, intensive case management and supportive services to all participants on site with the intention that these participants stay at the residence through the birth of their babies and during their post-partum bonding/healing period. Furthermore, in conjunction with various partners, the service provider will help these families exit to permanent, safe and stable housing.

HSH seeks Board of Supervisors approval and authorization of the negotiated lease agreement for an initial ten-year term at a base rent of \$18,100 per month (\$217,200 per year). The proposed lease terms state that annual rent shall increase by one percent (1%) on each anniversary date of the lease. The lease includes two (2) options to extend the term for an additional ten (10) years each. The total potential term under the proposed lease is 30 years.

Sincerely,

Jeff Kositsky
Director

P. O. BOX 427400
SAN FRANCISCO, CA 94142-7400
415.252.3232
<http://hsh.sfgov.org>



OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR

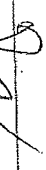
TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Sophia Kittler
RE: Real Property Master Lease – JELANI INC. – 1601 Quesada Avenue -
\$217,200 in Initial Year
DATE: May 7, 2019

SK

Resolution approving a master lease of a building consisting of approximately 10,225 square feet located at 1601 Quesada Avenue, with JELANI INC., a California non-profit public benefit corporation as Landlord, for an initial 10-year term at a base rent of \$18,100 per month (\$217,200 per year), plus two additional terms of ten (10) years (each), increased annually by one percent (1%), for use by the Department of Homelessness and Supportive Housing (“HSH”) for the purpose of creating transitional housing to serve pregnant women experiencing homelessness in San Francisco; finding the proposed transaction is in conformance with the City’s General Plan, and the eight priority policies of Planning Code, Section 101.1.; and adopting CEQA findings.

Please note that Supervisor Walton is a co-sponsor of this legislation.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2019 MAY -7 PM 4:32
BY 

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: Jelani Inc.	
<i>(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</i>	
(1) Shirley Jones, Dr. Wayzel Fuller, Claude Everhart, James Kendrix, Deanna Abma, and Susan Watson	
(2) CEO: James McElroy; CFO: Albert Middelbrooks; COO: James McElroy	
(3) N/A	
(4) N/A	
(5) N/A	
Contractor address: 150 Executive Park Blvd, Suite 2800; San Francisco, CA 94134	
Date that contract was approved:	Amount of contract: \$2,272,392.56 (\$217,200 in first year * 101% each year thereafter through year 10)
Describe the nature of the contract that was approved: 10-year lease with two 10-year options to extend (up to 30 years total)	
Comments: N/A	

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