

File No. 250825

Committee Item No. 4

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date September 3, 2025

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input type="checkbox"/>	<input type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Contract/Agreement
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

**OTHER** (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Base Rent Budget</u>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>RED Presentation 9/3/2025</u>
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Completed by: Brent Jalipa Date August 28, 2025

Completed by: Brent Jalipa Date \_\_\_\_\_

1 [Real Property Lease - STEEL ARC, LLC - 8 Boardman Place - Annual Base Rent of  
2 \$144,000]

3 **Resolution approving and authorizing the Director of Property, on behalf of the City**  
4 **and County of San Francisco ("City"), to lease 4,009 square feet of real property for the**  
5 **Public Defender's Office, located at 8 Boardman Place, for a five year term with two**  
6 **five-year options to extend at 95% of fair market value, at an annual base rent of**  
7 **\$144,000 (\$84,000 in the first year of the lease term), from STEEL ARC, LLC, a California**  
8 **limited liability corporation, effective upon approval of this Resolution and the lease**  
9 **term to commence upon completion of tenant improvements, rent payments will begin**  
10 **three months after lease commencement; and to authorize the Director of Property to**  
11 **enter into any additions, amendments or other modifications to the lease that do not**  
12 **otherwise materially increase the obligation or liabilities of the City to effectuate the**  
13 **purposes of the Lease or this Resolution.**

14  
15 WHEREAS, The Public Defender's Office (the "Office" or "PDR") has provided legal  
16 assistance to indigent individuals charged with violations of California state law by the San  
17 Francisco District Attorney's Office for more than one hundred years; and

18 WHEREAS, PDR, has been in its current office at 555 7th Street since 1989; and

19 WHEREAS, In 2014, PDR had approximately 150 employees at 555 7th Street; and

20 WHEREAS, PDR currently has approximately 245 staff members; and

21 WHEREAS, These office conditions compromise PDR's ability to carry out essential  
22 components of their mission, including attorneys conducting confidential phone calls with  
23 clients, performing high-level legal research and writing, preparing cases for jury trials, and  
24 generally undermining office productivity, efficiency the well-being of current employees and  
25 the ability to recruit new staff; and

1 WHEREAS, PDR seeks to alleviate congestion at the current premises by relocating  
2 approximately 25 to 35 employees into 4,009 square feet of overflow space at 8 Boardman  
3 Place, a ratio of less than 100 square feet per employee; and

4 WHEREAS, The location of the additional space will benefit PDR by its close proximity  
5 to the current office, and immediate access to client proceedings directly across the street, at  
6 the Hall of Justice located at 850 Bryant Street; and

7 WHEREAS, Negotiation of the proposed lease terms leveraging current tenant-  
8 favorable, commercial real estate market conditions, including: the first year of full-service rent  
9 at a below-market rate of \$12,000 per month (\$2.99 per square foot), increasing by \$500 per  
10 month (\$0.13 per square foot), in each successive year of the term; a three-month rent  
11 abatement; two five-year options to extend the lease at 95% of fair market value; now,  
12 therefore, be it

13 RESOLVED, That the Board of Supervisors approve and authorize, the Director of  
14 Property, on behalf of the City, to enter into the five-year initial lease with two five-year  
15 extensions at 8 Boardman Place, and execute any further amendments or modifications to the  
16 lease (including without limitation, the exhibits) that the Director of Property determines, in  
17 consultation with the City Attorney, are in the best interests of the City, do not materially  
18 increase the rent or otherwise materially increase the obligations or liabilities of the City; are  
19 necessary or advisable to effectuate the purposes of the Lease Amendment and this  
20 Resolution; and are in compliance with all applicable laws, including the City Charter; and, be  
21 it

22 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City  
23 with respect to the Lease Amendment are hereby approved, confirmed and ratified; and, be it

24 FURTHER RESOLVED, That within thirty (30) days of full execution of the Lease, Real  
25 Estate shall provide a copy to the Clerk of the Board for inclusion into the official file.

Available: \$ 48,000  
(base rent for period from 3/1/2026  
through 6/30/26)

Fund ID:	10000	Fund Name:	GF Annual Acct Ctrl
Department ID:	232082	Dept Name:	PDR Public Defender
Project ID:	10001889	Project Name:	PD Criminal Defense-GF
Authority ID:	10000	Authority Name:	GF
Account ID:	530110	Account Name:	Property Rent
Activity ID:	0001	Activity Name:	Criminal Defense-GF

/s/  
Michelle Allersma, Budget and Analysis  
Division Director on behalf of  
Greg Wagner, Controller

Funding for Fiscal Year 2025/2026 is  
subject to the enactment of the Annual  
Appropriation Ordinance for Fiscal Year  
2025/2026

RECOMMENDED:

PUBLIC DEFENDER'S OFFICE

/s/  
Matt Gonzalez  
Chief Attorney / Appointing Officer

REAL ESTATE DIVISION

/s/  
Andrico Q. Penick  
Director of Property

OFFICE LEASE

between

STEEL ARC PROPERTIES, LLC  
as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,  
as Tenant

For the lease of

8 Boardman Street  
San Francisco, California

October 1, 2025

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## LIST OF EXHIBITS AND SCHEDULES

- EXHIBIT A.1— As-Is Floor Plan(s) of Premises
- EXHIBIT A.2— Leasehold Improvement Plan
- EXHIBIT B — Notice of Commencement Date
- EXHIBIT C — Rules and Regulations
- EXHIBIT D — Inventory of Furniture, Fixtures and Equipment
- EXHIBIT E — Signage Requirements

OFFICE LEASE

THIS OFFICE LEASE (this “**Lease**”), dated for reference purposes only as of October 1, 2025, is by and between STEEL ARC PROPERTIES, LLC, a California limited liability company (“**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 is deemed to incorporate all of the terms in this Lease pertaining to that item. If there is any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision will control.

Lease Reference Date:	October 1, 2025
Landlord:	STEEL ARC PROPERTIES, LLC
Tenant:	CITY AND COUNTY OF SAN FRANCISCO
Building ( <u>Section 2.1</u> ):	855 Bryant Street San Francisco, CA 94103
Premises ( <u>Section 2.1</u> ):	8 Boardman Place San Francisco, CA 94103
Rentable Area of Premises ( <u>Section 2.1</u> ):	Approximately 4,009 rentable square feet
Estimated Effective Date ( <u>Section 24.22</u> )	October 1, 2025
Term ( <u>Section 3</u> ):	Estimated commencement date: Upon substantial completion of Leasehold Improvements.  Estimated Expiration date: 60 months after the Commencement Date
Extension Option(s) ( <u>Section 3.4</u> ):	Two additional term(s) of 5 years each, exercisable by City by notice to Landlord given not less than 90 days in advance, and not more than 270 days in advance, with rent to be set at 95% of prevailing market value
Base Rent ( <u>Section 4.1</u> ):	Est. Year 1 Base Rent: \$84,000 (annual rate: \$35.92 per sq. ft.).  Monthly payments: \$12,000.00 (\$2.99 per sq. ft.)

Base Rent Abatement (Section 4.1)	Monthly payments of months 1 through 3 of Base Rent are abated.
Base Rent Adjustment; Adjustment Dates (Section 4.2):	<p>Lease Year 2: \$12,500 per Month; \$153,000 per Year</p> <p>Lease Year 3: \$13,000 per Month; \$156,000 per Year</p> <p>Lease Year 4: \$13,500 per Month; \$162,000 per Year</p> <p>Lease Year 5: \$14,000 per Month; \$168,000 per Year</p>
Base Year (Section 4.5):	2025
City's Percentage Share (Section 4.4):	56.5%
Use (Section 5.1):	General office purposes, including legal services and bicycle parking, or any other lawful, code-compliant use.
Leasehold Improvements (Section 6)	<p>Design and Construction of</p> <ul style="list-style-type: none"> <li>• 4 private offices with glass fronts</li> <li>• Paint touch-up and carpet cleaning</li> </ul>
Utilities:	Section 9.1
Janitorial Services:	Section 9.2
Security System and Services:	Section 9.3
Notice Address of Landlord (Section 24.1):	<p>Steel Arc Properties LLC  1101 Sutter Street  San Francisco, CA 94109  ATTN: Patrick McNerney  Managing Partner  Email: <a href="mailto:PMcNerney@martinbuilding.com">PMcNerney@martinbuilding.com</a></p>
Landlord's Key Contact:	<p>Jill Helffenstein  Creative Director  Martin Building Company  1101 Sutter Street  San Francisco, CA 94109  Email: <a href="mailto:jill@martinbuilding.com">jill@martinbuilding.com</a></p>
Landlord's Property Management Contact:	<p>Vive Property Management  1663 Mission Street, Mez 2  San Francisco, CA 94103  ATTN: Christopher Stanley  Email: <a href="mailto:Christopher@LetsVive.com">Christopher@LetsVive.com</a></p>

Tenant's Notice Address (Section 24.1): Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
ATTN: Director of Property  
Re: 8 Boardman (PDR)

with a copy to: Hadi Razzaq  
Asst. Chief Attorney  
Office of the Public Defender  
555 7<sup>th</sup> Street  
San Francisco, CA 94103  
[hadi.razzaq@sfgov.org](mailto:hadi.razzaq@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 & Finance Team  
Re: 8 Boardman (PDR)

Tenant's Key Contact: Hadi Razzaq  
Asst. Chief Attorney  
Office of the Public Defender  
555 7<sup>th</sup> Street  
San Francisco, CA 94103  
[hadi.razzaq@sfgov.org](mailto:hadi.razzaq@sfgov.org)

Tenant Contact Telephone No.: 628-271-9789

Tenant's Alternate Contact: Lyslynn Lacoste  
Chief of Staff  
Office of the Public Defender  
555 7<sup>th</sup> Street  
San Francisco, CA 94103  
[lyslynn.lacoste@sfgov.org](mailto:lyslynn.lacoste@sfgov.org)

Alternate Contact Telephone No.: 1-628-271-9736

Brokers (Section 24.8): None

Included Furniture, Fixtures and Equipment: Section 7.3(c) and **Exhibit D**

## 2. PREMISES

### 2.1. Lease Premises

Landlord leases to City and City leases from Landlord, subject to the provisions of this Lease, those premises in the building identified in the Basic Lease Information (the “**Building**”) and shown on the floor plan(s) attached as **Exhibit A.1** (the “**Premises**”). The Building was constructed in 2019, renovated in 2020, and renovated with seismic upgrades in 2021. The Premises are on two floors of the Building, and are accessed by the Building entrance located at 8 Boardman Place. The rentable area of the Premises are 4,009 square feet, as specified in the

Basic Lease Information. The Building, the land on which the Building is located, and all other improvements on or appurtenances to the land are referred to collectively as the **“Property.”**

## **2.2. Common Areas**

City has the non-exclusive right to use, together with any other tenants in the Building, the lobbies, corridors, elevators, stairways, and other public areas of the Building and the Property (collectively, the “Common Areas”), and the non-exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

## **2.3. Condition of the Premises on Delivery**

Landlord will deliver the Premises to City in good, broom clean condition, fully demised, water tight, with all Building Systems (as defined in Section 8.1 (Landlord’s Repairs)) in good working order, condition, and repair, and all other systems in and serving the Premises in good working order, condition, and repair, and the Premises, the Building, and the Common Areas, in compliance with all applicable Laws, as provided in Section 10.1 (Landlord’s Compliance with Laws; Premises Condition; Indemnity) with the Leasehold Improvements (as defined below) substantially completed by Landlord and confirmed by City under Section 6.1 (Landlord’s Obligation to Construct Improvements), and with the furniture, fixtures and equipment provided for in Section 7.3(c) and inventoried in **Exhibit D**.

## **2.4. 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.

Landlord discloses (i) Landlord has not been issued a disability access inspection certificate as described in California Civil Code (**“CC”**) Section 55.53(e), (ii) pursuant to CC Section 1938, that Landlord has not ordered, performed, or caused to be performed, a Certified Access Specialist (**“CASp”**) inspection of the Premises (sometimes referred to as “premises” or “subject premises” for the herein disclosures), and (iii) Landlord makes the following statutory disclosure per CC Section 1938 (the required **“CASp Disclosure”**):

“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.”

If City elects to obtain an inspection, City and Landlord will mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the CASp inspection fee, and the cost of any repairs necessary to correct violations of construction-related accessibility standards.

### 3. TERM

#### 3.1. Term of Lease

The Premises are leased for a term (the “**Term**”) commencing on the date (the “**Commencement Date**”) that (a) Landlord has delivered and City has accepted the Premises in the condition required under this Lease with the Leasehold Improvements (as defined below) substantially completed (as defined in Section 6.2(d)) by Landlord and confirmed by City under Section 6.1 (Landlord’s Obligation to Construct Improvements), and (b) Landlord has provided City with fully executed termination agreements with any current occupants of the Building, which date may not be before the Effective Date, as provided in Section 24.22 (Effective Date). The Lease Term will end sixty (60) months from the Commencement Date, or the date that this Lease is earlier terminated under the provisions of this Lease, unless City extends the Term pursuant to Section 3.4 (Extension Option(s)), below.

#### 3.2. Commencement Date and Expiration Date

The dates that the Term commences and expires under this Lease are the “**Commencement Date**” and the “**Expiration Date**.” If the Commencement Date occurs on a date other than the Estimated Commencement Date provided in the Basic Lease Information, then Landlord will promptly deliver to City a notice substantially in the form of the attached Exhibit B confirming the actual Commencement Date, but Landlord’s failure to do so will not affect the dates of commencement or expiration of the Term.

#### 3.3. Delay in Delivery of Possession

Landlord will use its best efforts to deliver possession of the Premises in the condition required under this Lease, with all of the Leasehold Improvements substantially completed and accepted by City’s Director of Property under Section 6.1 (Landlord’s Obligation to Construct Improvements) on or before the Estimated Commencement Date. If Landlord is unable to deliver possession of the Premises by the Estimated Commencement Date, then, subject to the provisions of this Section below, the validity of this Lease will not be affected by Landlord’s inability to deliver possession except that City’s obligations to pay Rent will not commence until the Rent Commencement Date. If the Commencement Date is later or earlier than the Estimated Commencement Date, this Lease will still expire on the Expiration Date, unless sooner terminated under the provisions under this Lease. If Landlord is unable to deliver possession of the Premises to City as required under this Lease within sixty (60) days after the Estimated Commencement Date, then, by written notice to Landlord, City may terminate this Lease, without any further liability to Landlord or City.

#### 3.4. Extension Options

Landlord grants City the right to extend the Term at a Base Rent equal to 95% of fair market rent (“**Extension Options**”) for two (2) additional terms of five (5) years each (the “**Extension Terms**”). City may exercise each Extension Option, if at all, by giving written notice (the “**Extension Notice**”) to Landlord no later than ninety (90) days before expiration of the Term to be extended; provided, however, if there is an uncured Event of Default on the date City gives an Extension Notice, then Landlord may reject City’s Extension Notice if City fails to cure the Event of Default within ten (10) days after Landlord’s written demand for City to cure the Event of Default. If City extends the Term as provided in this Section, then the word “Term” will mean and include any Extended Terms.

## 4. RENT

### 4.1. Base Rent

Beginning on the date that is 90 days after the Commencement Date (the “**Rent Commencement Date**”), City will pay to Landlord the Base Rent specified in the Basic Lease Information (the “**Base Rent**”). The Base Rent is payable in equal monthly payments at the address specified for Landlord in the Basic Lease Information, or other place as Landlord may designate in writing on not less than thirty (30) days’ advance notice. City will pay the Base Rent monthly within thirty (30) days after invoice from Landlord and without any deductions or setoff except as otherwise provided in this Lease. 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 the fractional month will be prorated based on a thirty (30)-day month.

### 4.2. Adjustments in Base Rent

The Base Rent will be adjusted every lease year. The date of adjustment (the “**Adjustment Date**”) will be on the anniversary of the Commencement Date. On each Adjustment Date, the Base Rent payable under Section 4.1 (Base Rent) will be increased by six thousand dollars (\$6,000) per year, payable as an additional five hundred dollars (\$500) per month.

### 4.3. Determination of Base Rent for the Extended Term

At the commencement of any Extended Term, the Base Rent will be adjusted to equal ninety-five percent (95%) of the prevailing market rate for space of comparable size and location to the Premises then being offered for rent in other buildings similar in age, location, and quality to the Building (“**Comparable Space**”) situated within the South of Market (SOMA) area of San Francisco (“**Reference Area**”). As used in this Section, “**prevailing market rate**” means the base rent for Comparable Space, taking into account (i) any additional rent and all other payments and escalations payable under this Lease, (ii) floor location and size of the premises covered by leases of the Comparable Space, (iii) the duration of Extended Term under this Lease and the term of the leases for Comparable Space, (iv) free rent and any other tenant concessions given under the leases for Comparable Space, and (v) tenant improvement allowances and other allowances given under the leases for Comparable Space.

Within thirty (30) days after City’s exercise of the Extension Option, Landlord will notify City of Landlord’s determination of the prevailing market rate for the Premises, together with reasonable supporting documentation. If City disputes Landlord’s determination of the prevailing market rate, City will notify Landlord within fourteen (14) days after Landlord’s notice to City of the prevailing market rate and the dispute will be resolved as follows:

Within thirty (30) days after Landlord’s notice to City of the prevailing market rate, Landlord and City will attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve the disagreement.

If within that thirty (30)-day period Landlord and City cannot agree on the prevailing market rate, then each will select one appraiser to determine the prevailing market rate. Within thirty (30) days after the expiration of the thirty (30)-day consultation period, each party will cause its appraiser to prepare and complete an appraisal report determining the prevailing market rate and submit the report to Landlord and City.

If only one appraisal report is submitted within that thirty (30)-day period, then the prevailing market rate determined in that appraisal report will be used to establish the Base Rent for the

Extended Term. If both appraisal reports are submitted within the thirty (30)-day period, and if the prevailing market rates determined in the two appraisal reports differ by less than ten percent (10%) of the higher of the two, then the average of the two will be the prevailing market rate. If the prevailing market rates in the two appraisal reports differ by more than ten percent (10%) of the higher of the two, then the two appraisers will immediately select a third appraiser. Within ten (10) days after selection, the third appraiser will determine which of the first two appraisal reports specified a value closest to the actual fair market value, which will be the prevailing market rate.

If City's Director of Property does not approve the prevailing market rate as determined by the appraisal procedure specified above, the Director of Property may revoke City's exercise of the Extension Option.

All appraisers must be "MAI" designated members of the Appraisal Institute with not less than five (5) years' recent experience appraising leases of commercial properties similar to the Premises in the Reference Area. Landlord and City will pay the cost of the appraiser it selects and one-half of the cost of the third appraiser.

#### 4.4. Additional Charges

City will pay to Landlord any charges or other amounts required under this Lease as additional rent ("**Additional Charges**"), including the charges for City's Percentage Share of Real Estate Taxes and Operating Costs, as provided below. All Additional Charges are payable to Landlord at the place where the Base Rent is payable. The Base Rent and Additional Charges are sometimes collectively referred to "**Rent.**"

#### 4.5. Definitions

"**Base Year**" means the year specified in the Basic Lease Information.

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

"**Expense Year**" means each calendar year commencing January 1st of each year during the Term, including any partial year in which this Lease commences; provided that Landlord, on advance written notice to City, may change the Expense Year to any other twelve (12) consecutive month period and, in the event of a change, City's Percentage Share of Operating Costs will be equitably adjusted for the Expense Years involved in the change. Expense Year does not include the Base Year.

"**Operating Costs**" means the total reasonable and prudent costs and expenses actually paid or incurred by Landlord in connection with the management, operation, maintenance, and repair of the Building, including: (1) the cost of air conditioning, electricity, steam, water, sewer, heating, mechanical, telephone, ventilating, escalator, and elevator systems and all other utilities, (2) the cost of general maintenance, cleaning, and service contracts, including all supplies, tools, and equipment for that maintenance, cleaning, and service, (3) the cost incurred by Landlord for all insurance required to be carried on the Building, (4) wages, salaries, payroll taxes (not including any taxes imposed under the Business and Tax Regulations Code based on payroll expense), and other labor costs and employee benefits relating to Landlord's employees or its Agents (defined in Section 24.5 (Parties and Their Agents, Approvals) below) engaged in the operation, repair, or maintenance, of the Building, allocated in proportion to the percentage of that person's working time actually spent working in connection with the Building, (5) reasonable management fees, (6) fees, charges, and other costs of all independent contractors engaged by Landlord, allocated in proportion to the percentage of that person's working time actually spent working in connection with the Building, (7) accounting and legal expenses,

(8) depreciation on personal property, including window coverings provided by Landlord, (9) the fair market rental value of offices in the Building for the property manager, and (10) costs of capital repairs, capital improvements, and equipment (A) required by applicable Laws enacted on or after the date of this Lease amortized over the useful life of the improvement and/or equipment, together with interest at the actual interest rate incurred by Landlord in connection those capital repairs, improvements, or equipment, unless caused by Landlord's deliberate or negligent violation of applicable Laws, and except to the extent the improvements are attributable to or are made for the primary benefit of a tenant or occupant other than City, or (B) acquired to cause, in Landlord's good faith judgment, an immediate (i.e., commencing within the first year after completion of the repairs or improvements or installation of equipment) reduction in other Operating Costs, amortized over the useful life of the repairs, improvements, or equipment at an annual rate reasonably calculated to equal the amount of Operating Costs to be saved in each calendar year throughout the Term (as determined at the time Landlord elected to proceed with the capital repair or improvement or acquisition of the capital equipment to reduce Operating Costs), together with interest at the actual interest rate incurred by Landlord.

**"Operating Costs"** expressly do not include the following:

Costs of capital repairs, capital improvements, capital equipment, and capital tools, and rental payments and other related expenses incurred in leasing air conditioning systems, elevators, or other equipment ordinarily considered to be of a capital nature, except as expressly permitted under clause (10) above;

Rentals and other related expenses for items (except when needed in connection with normal repairs and maintenance of permanent systems) that, if purchased rather than rented, would constitute a capital improvement that is specifically excluded in item (i) above (excluding, however, equipment not affixed to the Building that is used in providing janitorial or similar services);

Depreciation, amortization, and interest payments (including interest, principal, points, and fees on debt or amortization payment on any mortgages, deeds of trust, or other debt instruments) except to the extent permitted under clause (10) above and except on materials, tools, supplies, and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party where the depreciation, amortization, and interest payments would otherwise have been included in the charge for the third party's services, all as determined in accordance with sound real estate accounting principles, consistently applied.

Costs incurred by Landlord because of fire, windstorm, or other casualty or by the exercise of the right of eminent domain to the extent Landlord is entitled to be compensated through proceeds or insurance or condemnation awards, or would have been reimbursed if Landlord had in force all of the insurance required to be carried by Landlord under this Lease,

Costs incurred by Landlord if any portion of the Building is made untenable by fire or other casualty required to be insured against under the terms of the Lease and cost of earthquake repairs in excess of one hundred thousand dollars (\$100,000) per earthquake (for this purpose, an earthquake is defined collectively as the initial earthquake and the aftershocks that relate to the initial earthquake);

Costs for which the Landlord is entitled to be reimbursed (other than as a reimbursement of Operating Costs) under any warranty, or by any tenant or occupant of the Building, or by insurance by its carrier or any tenant's carrier, or by anyone else;

Costs, including permit, license, and inspection costs, incurred for the installation of improvements made for other tenants or occupants of the Building or incurred in renovating or

otherwise improving, decorating, painting, or redecorating vacant space for tenants or occupants in the Building;

Leasing commissions, attorneys' and other professionals' fees, space planning costs, and all other costs and expenses in connection with negotiations with present or prospective tenants or other occupants in the Building or any present or future ground lessors or holders of any mortgages or other encumbrances affecting any of the Building;

Leasing commissions, attorneys' fees, costs, and disbursements and other expenses incurred in connection with negotiations or disputes with tenants or other occupants or prospective tenants or other occupants, or associated with the enforcement of any leases or costs of the defense of Landlord's title to the Building or the Property;

Expenses in connection with services or other benefits that are not offered to City or for which City is charged directly but that Landlord provides to another tenant or occupant of the Building;

Costs incurred by Landlord resulting from any dispute under the terms and conditions of any lease, ground lease, mortgage, or deed of trust, or covenants, conditions, or restrictions encumbering the Building or Property, or any violation of applicable Laws by Landlord or any other tenant or occupant of the Building;

Costs incurred in connection with upgrading the Building to comply with disabled access, life, fire and safety codes in effect before the reference date of this Lease, and costs incurred in connection with upgrading the Building to comply with the Americans with Disabilities Act, as amended, Title 24 of the California Code of Regulations (or its successor), the San Francisco Sprinkler Ordinance and the San Francisco Unreinforced Masonry Building Ordinance;

Payments for management or other services in or to the Building, or for supplies or other materials to Landlord's subsidiaries or affiliates, to the extent that the costs of the services, supplies, or materials exceed the costs that would have been paid had the services, supplies, or materials been provided by parties unaffiliated with the Landlord on a competitive basis;

Costs for which Landlord has been compensated by a management fee, and any management fees in excess of management fees normally charged by landlords of comparable buildings in San Francisco;

Any ground lease rental or rental under any other underlying leases;

Except as specifically permitted under clause (10) above, interest, principal, points, and fees on debts or amortization on any mortgage, deed of trust, or any other debt instrument encumbering any of the Building or the Property;

Any compensation paid to clerks, attendants, or other persons in commercial concessions operated by Landlord or in any parking facility at or for the Building;

All items and services for which City, any other tenant or occupant of the Building or anyone else reimburses Landlord (other than through a party's proportionate share of Operating Costs), or that Landlord provides selectively to one or more other tenants or occupants without reimbursement, or that are not provided in reasonable proportion to the Premises but that Landlord provides to another tenant or other occupant of the Building;

Advertising or promotional expenditures, and the costs of acquiring and installing signs in or on any of the Building identifying the owner of the Building or any tenant or occupant of the Building;

Costs of any electric power used by any tenant in the Building for which the tenant directly contracts with the local public service company or of which any tenant is separately metered or submetered and pays Landlord directly (and if any tenant in the Building contracts directly for electric power service or is separately metered or submetered during any portion of the relevant period, the total electric power costs for the Building must be “grossed up” to reflect what those costs would have been had each tenant in the Building used a commercially reasonable, standard amount of electric power);

Services provided, taxes attributable to, and costs incurred in connection with the operation of retail, restaurant, and garage operations in the Building;

“in-house” legal or accounting fees;

Real Estate Taxes, exclusions from Real Estate Taxes as set forth in the definition of that term below, and any tax penalties incurred as a result of Landlord’s negligence or Landlord’s inability or unwillingness to make tax payments when due;

Fines, costs, penalties, or interest resulting from the negligence or fault of other tenants or of the Landlord or their Agents;

Costs arising from the presence of Hazardous Material in, under, or about the Building including groundwater or soil conditions;

Costs, fees, dues, contributions, or similar expenses for or related to charitable or political causes or candidates;

Costs as a result of repairs of latent defects in the design or original construction of the Building, or improvements made or installed by Landlord or any previous owner, or in the Building Systems;

Costs for sculpture, paintings, or other objects of art;

Costs arising from claims, disputes, or potential disputes, including tax disputes where the tenants of the Building would receive benefits if Landlord prevails, in connection with potential or actual claims, litigation, or arbitrations pertaining to Landlord or the Building, including all attorneys’ fees and costs of settlement, judgments, and other similar payments;

All direct cost of refinancing, selling, exchanging, or otherwise transferring ownership of any portion of the Building or the Property or any interest in any portion of the Property, including broker commissions, attorney’s fees, and closing costs;

Reserves for bad debts, rent loss, capital items, future improvements, repairs, or additions, Real Estate Taxes, or Operating Costs;

The wages and benefits of any employee who does not devote substantially all of his or her employed time to the Building unless the wages and benefits are prorated to reflect time spent on operating and managing the Building vis-a-vis time spent on matters unrelated to operating and managing the Building;

Landlord’s general corporate overhead and general and administrative expenses and all costs associated with the operation of the business of the ownership or entity that constitutes “Landlord,” as distinguished from the costs of Building operations, management, maintenance or repair; and

Any other expense that under sound real estate accounting principles would not be considered a maintenance or operating expense by landlord of comparable buildings in San Francisco.

**“Real Estate Taxes”** means all taxes, assessments, and charges levied assessed or imposed on or with respect to the Building (or portion thereof) owned by Landlord, or Landlord’s interest in the Building. Real Estate Taxes include all general or special real property taxes and general and special assessments, charges, fees, or assessments for transit, housing, police, fire, or other governmental services, service payments in lieu of taxes that are now or later levied or assessed against Landlord by the federal, state, or local government, district or public corporation, and will 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. Real Estate Taxes (and Operating Costs) expressly do not include: **(1)** franchise, real property transfer, other transfer, inheritance, gross receipts, business registration, payroll expense, or capital stock taxes, or income taxes of Landlord from all sources unless, due to a change in the method of taxation, any of those taxes are 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, **(3)** any personal property taxes payable by City or by any other tenant or occupant of the Building, **(4)** any increase in Real Estate Taxes due to improvements to another tenant’s premises in the Building or another tenant’s leased space reverts to Landlord, or **(5)** any Early Care and Education Commercial Rents Tax imposed under Article 21 of the Business and Tax Regulations Code (gross receipts received from leases to government entities are exempt from this tax).

**“Tax Year”** means each calendar year during the Term, including any partial year during which this Lease commences; provided that, by notice to City, Landlord may change the Tax Year from time to time to any other twelve (12) consecutive month period and, in the event of that change, City’s Percentage Share of Real Estate Taxes will be equitably adjusted for the Tax Year during the change.

#### **4.6. Adjustments to Base Year**

**Operating Costs.** If the Building is not at least one hundred percent (100%) occupied during all or a portion of the Base Year or any Expense Year, then Landlord will make an appropriate adjustment to the components of Operating Costs for that year to determine the amount of Operating Costs that would have been incurred had the Building been one hundred percent (100%) occupied; and the amount Landlord determines will be deemed to have been the amount of Operating Costs for that year. If Landlord does not carry earthquake or terrorism insurance for the Building during the Base Year but subsequently obtains earthquake or terrorism insurance for the Building during the Lease Term, then from and after the date that Landlord obtains earthquake or terrorism insurance, as the case may be, and continuing throughout the period during which Landlord maintains that insurance, Operating Costs for the Base Year will be deemed to be increased by the amount of the premium Landlord would have incurred had Landlord maintained that insurance for the same period of time during the Base Year. If during the Base Year or any Expense Year, Landlord does not furnish any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Costs) to a tenant who has undertaken that work or service in lieu of Landlord, Operating Costs will be deemed to be increased by an amount equal to the additional Operating Costs that would reasonably have been incurred during that period by Landlord if it had furnished the work or service to the tenant. Further, if after the Base Year, Landlord changes its custom and practice in operating the Building, adds services, or incurs expenses relating to separate items or categories or subcategories of Operating Costs that were not part of Operating Costs during the entire Base Year, then the Operating Costs for the Base Year will be grossed up to reflect what Operating Costs would have been if the custom or practice, additional services, separate items, or

categories or subcategories of Operating Costs been provided during the entire Base Year. Operating Costs for the Base Year will not include market-wide labor-rate increases resulting from extraordinary circumstances, including boycotts and strikes, and utility rate increases resulting from extraordinary circumstances including conservation surcharges, boycotts, embargoes or other shortages, or amortized costs relating to capital improvements.

**Taxes.** If a new type of Real Estate Tax is imposed or the method of calculating a particular Real Estate Tax is modified after the Base Year, then Real Estate Taxes for the Base Year will be adjusted on a basis consistent with sound real estate accounting principles, to reflect Real Estate Taxes as if the new type of tax or method had been in effect in the Base Year. If the property tax assessment for the Building or Real Estate Taxes for the Base Year or any Expense Year does not reflect an assessment or Real Estate Taxes for a 100% occupied building, then Real Estate Taxes for the Base Year or Expense Year (as applicable) will be adjusted to reflect Real Estate Taxes for a 100% occupied Building. If, after the Base Year, the Building is sold or improved and the Property and Building are reassessed, the Real Estate Taxes will be grossed up for the Base Year to reflect what they would have been had the Real Estate Taxes been calculated based on the reassessment value.

#### **4.7. Calculation of Operating Costs and Real Estate Taxes**

**Calculation of Operating Costs.** The calculation of Operating Costs will be made in accordance with sound real estate accounting principles. With respect to the costs of capital repairs, improvements, or equipment included in Operating Costs under clause (10) of the definition of Operating Costs, those costs will be included in Operating Costs only after the capital Improvement is completed and put into service and will be amortized over the useful life of the capital improvements, together with interest on the unamortized balance at a rate per annum equal to three percent (3%) over the Treasury Rate charged at the time the capital improvement is constructed, but not more than the maximum rate permitted by law at the time the capital improvement is constructed. Landlord will not collect or be entitled to collect Operating Costs from all of its tenants in the Building an amount that is more than 100% of the Operating Costs actually paid by Landlord in connection with the Building.

**Calculation of Real Estate Taxes.** The calculation of Real Estate Taxes will be made in accordance with sound real estate accounting principles. The amount of Real Estate Taxes for the Base Year and any Expense Year will be calculated without taking into account any decreases in real estate taxes obtained in connection with any Proposition 8 reduction in Real Estate Taxes, and, therefore, the Real Estate Taxes in the Base Year and/ or an Expense Year may be greater than those actually incurred by Landlord, but nonetheless will be the Real Estate Taxes due under this Lease; provided that (i) any costs and expenses incurred by Landlord in securing any Proposition 8 reduction will not be deducted from Real Estate Taxes or included in Operating Costs for purposes of this Lease, and (ii) tax refunds under Proposition 8 will not be deducted from Real Estate Taxes or refunded to City, but will be Landlord's sole property.

#### **4.8. Payment of City's Percentage Share of Operating Costs**

Commencing the first month after the end of the Base Year, City will pay to Landlord each month, as Additional Charges, one twelfth (1/12) of City's Percentage Share of the amount, if any, by which Operating Costs for each Expense Year exceed the Operating Costs for the Base Year. City will make the payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to City at least four (4) months before the first payment of City's Percentage Share of Operating Costs is due. Landlord will update its estimates of Operating Costs each Lease year, but none of the revised estimates will be retroactive. Landlord must provide any revised estimates to City at least four (4) months before the Expense Year. With reasonable promptness not to exceed sixty (60) days after the expiration of each Expense Year, Landlord will furnish City with a statement ("**Landlord's Expense Statement**"), prepared

by an independent certified public accountant, setting forth in reasonable detail the actual Operating Costs for the Expense Year and City's Percentage Share. If City's Percentage Share of the actual Operating Costs for the Expense Year exceeds the estimated Operating Costs paid by City for that Expense Year, City will pay to Landlord (whether or not this Lease has terminated) the difference between the amount of estimated Operating Costs paid by City and City's Percentage Share of the actual Operating Costs within thirty (30) days after the receipt of Landlord's Expense Statement. If the total amount paid by City for its Percentage Share of Operating Costs exceeds City's Operating Costs Share of the actual Operating Costs for the Expense Year, the excess will be credited against the next installments of City's Percentage Share of Operating Costs or refunded to City, at City's option. Excluding increased allowable costs for utility rates, insurance premiums and union mandated or prevailing wages required by Section 66.13 of the San Francisco Administrative Code, City's Percentage Share of Operating Cost increases may not exceed six percent (6%) for any Expense Year, or thirty-four (34%) over the Lease Term.

#### **4.9. City's Percentage Share of Real Estate Taxes**

Commencing the first month after the end of the Base Year, City will pay 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 will make those payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to City at least four (4) months before the first payment of City's Percentage Share of Real Estate Taxes is due. With reasonable promptness not to exceed thirty (30) days after Landlord has received the tax bills for any Tax Year, Landlord will furnish City with a statement ("**Landlord's Tax Statement**") setting forth the actual amount of Real Property Taxes for the Tax Year and City's Percentage Share. If City's Percentage Share of the actual Real Estate Taxes for the Tax Year exceeds the estimated Real Estate Taxes paid by City for that Tax Year, City will 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 the Tax Year exceeds City's Percentage Share of the actual Real Estate Taxes, the excess will be credited against the next installments of City's Percentage Share of Real Estate Taxes, or at City's option, the excess will be refunded to City.

#### **4.10. Proration**

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

#### **4.11. Audits**

After not less than five (5) business days' notice to Landlord, City may audit the books and records of the Building related to Operating Costs and Real Estate Taxes. If the audit discloses any discrepancies that would result in a reduction of City's Percentage Share of Operating Costs for any Expense Year, Landlord will immediately refund to City the amount of any overpayment by City. City will pay the cost of the audit, but if an audit discloses any discrepancies that result in a reduction of City's Percentage Share of Operating Costs and/or Real Estate Taxes by three percent (3%) or more for any Expense Year or Tax Year, then Landlord will pay the costs of the audit.

#### **4.12. Records**

Landlord will maintain at the Building or at its offices in San Francisco in a safe, complete, and organized manner all of its records related to this Lease, Real Estate Taxes, Operating Costs, and any other charges paid by City under this Lease, for at least three (3) years after the Expiration Date or earlier termination of the Term. Landlord will maintain the records on a current basis and in sufficient detail to facilitate adequate review and audit. All books and records will be available for inspection, copying, and audit by City and its representatives, at City's expense, subject to the provisions of Section 4.11 (Audits).

#### **4.13. Payments by City**

Landlord acknowledges that City cannot make any payments to Landlord unless Landlord is qualified as an approved vendor in City's financial and payment system. Therefore, City will not be in default of any monetary obligation under this Lease and no interest or late charge will apply, if Landlord is not an approved vendor with City. More information about being an approved vendor with City is available at <https://sfcitypartner.sfgov.org/Vendor/BecomeSupplier>. All Rent that has accrued while Landlord was not an approved vendor will be payable within twenty (20) after City receives Landlord's written notice and the Contract Monitoring Division confirms that Landlord has been approved as a City vendor.

#### **4.14. Landlord's Compliance with City Business and Tax Regulations Code**

Landlord acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Landlord under this Lease is withheld, then City will not be in breach or default under this Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Landlord, without interest, late fees, penalties, or other charges, upon Landlord coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

#### **4.15. Additional Services**

City may request that Landlord provide or arrange for additional services for the Premises, which Landlord may provide or arrange in its reasonable discretion. If Landlord elects to provide the requested additional services and City has approved the cost and scope of those services in advance, then City will pay Landlord as Additional Charges the cost of those services plus a ten percent (10%) administrative fee. Landlord may not contract for or provide any services (and City will not be obligated to pay for such services) without City's prior written approval of the cost of the additional services (which may be the known costs, or an hourly rate and maximum number of hours, or a cost estimate with a not-to-exceed maximum amount) in writing before Landlord incurs any costs. City will pay for the cost of the additional services and the administrative fee within thirty (30) days after receipt of an invoice; provided, however, that City may elect to provide any deposit or other prepayment that City determines is appropriate given the nature of the requested services. Any additional terms for the additional services will be memorialized by a written agreement, which, upon execution by Landlord and City, will be considered a part of this Lease.

## 5. USE

### 5.1. Permitted Use

City may use the Premises for general office uses, and any other uses specified in the Basic Lease Information, and for no other use without Landlord's prior written consent, which may not be unreasonably withheld, conditioned, or delayed.

### 5.2. Observance of Rules and Regulations

City will observe the rules and regulations for the Building attached to this Lease as **Exhibit C** (the "**Rules and Regulations**"), but the provisions of this Lease will govern over any conflicting Rules and Regulations. Landlord may make reasonable changes to the Rules and Regulations, but all changes must be applicable to all other Building tenants and the changes may not **(a)** reduce Landlord's obligations under the Lease, **(b)** conflict with the provisions of this Lease, **(c)** materially increase City's burdens or obligations, **(d)** impose a charge on City for services that this Lease expressly states are to be provided to City at no charge, or **(e)** materially adversely affect any permitted use of the Premises. The changes permitted under this Section will be binding on City within a reasonable implementation period after delivery of Landlord's written notice of the changes to City. Landlord will administer the Rules and Regulations in a fair and nondiscriminatory manner and use reasonable efforts to cause other Building tenants to comply with them. Landlord will notify City of any waiver of or special dispensation under the Rules and Regulations granted by Landlord to any other tenant in the Building and on request, City will be entitled to the same waiver or special dispensation.

### 5.3. Interference with Access

Landlord will provide to City uninterrupted access to the Building and the Premises twenty-four (24) hours per day, seven (7) days per week, including during any power outages affecting the Premises or any portion of the Building; but Landlord may, after consultation with City's Administrator, interrupt City's access to the Premises or the Building if there is an immediate threat that will render the Premises, the Common Areas, or any other portion of the Building unsafe for human occupancy. If City's use of any of the Premises, the Common Areas, or access to the Premises is interrupted because the Premises or any other portion of the Building is unsafe for human occupancy due to Landlord's failure to comply with its obligations under this Lease or for any other reason other than an Event of Default, then Landlord will immediately undertake all necessary steps to correct the condition. If the condition impairs City's ability to carry on its business in the Premises, then the Rent will be abated based on the extent to which the condition interferes with City's ability to normally and safely carry on its business at the Premises. If the condition continues for thirty (30) days or more after City's use is interrupted or impaired then, without limiting any of its other rights under this Lease, City may 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 after the date City's use was interrupted or impaired, and City's full use is actually restored within that sixty (60)-day period. Nothing in this Section will limit City's rights with respect to any disruption due to casualty under Section 12 (Damage and Destruction).

## 6. LEASEHOLD IMPROVEMENTS

### 6.1. Tenant Improvement Plan and Finishes

The Tenant Improvement Plan (“**TI Plan**”), attached as **Exhibit A.1**, represents the City’s general space design and construction specifications for the Premises. Upon Landlord’s execution of this Lease, Landlord, or Landlord’s design professional with a working knowledge of City’s construction code (“**Code**”) shall meet with Tenant’s Key Contact and Tenant’s Alternate Contact (collectively, “**City Contacts**”) at which time Landlord will provide its preliminary findings as to whether the TI Plan conforms to Code, and if Landlord deems the TI Plan will not meet Code, Landlord, with City’s input, will propose one or more design alternatives which Landlord estimates to be Code compliant; provided that if such design alternatives cause an adverse impact to City’s ability to perform its work, Landlord will endeavor to pursue a Code-compliant alternative without such adverse impact. In the event no such alternative is available, and Landlord and City are unable to agree on a mutually acceptable design alternative, either City or Landlord shall have the right, in their sole discretion, to terminate this Lease by giving written notice to the other of such termination.

### 6.2. Landlord’s Obligation to Construct Improvements

At no cost to City, and in accordance with the provisions of this Section, Landlord, through its licensed general contractor, will perform the work, and make the installations in the Premises and the Common Areas as provided in the Construction Documents (as defined in this Section below) approved by City. The construction, work and installations are referred to as the “**Leasehold Improvement Work**” and “**Leasehold Improvements.**”

#### (a) Plans and Specifications

Landlord will cause its architect or space planner approved by City (such approval not to be unreasonably withheld, conditioned or delayed) to prepare and submit to City for its approval an architectural plan, electrical plan, reflected ceiling plan, floor plans, and tenant finish specifications for the Leasehold Improvements, based on City’s program requirements for use of the Premises, and in form and detail sufficient for purposes of contractor pricing (the “**Proposed Construction Documents**”). Within five (5) business days after City’s receipt of the Proposed Construction Documents, City shall either approve or disapprove the Proposed Construction Documents, such approval not to be unreasonably withheld, conditioned or delayed. If City has not approved or disapproved the Proposed Construction Documents within such five (5) business day period, Landlord may deliver a written notice (a “**Proposed Construction Documents Reminder Notice**”) to City stating that City has failed to inform Landlord of its approval or disapproval of the Proposed Construction Documents within such five (5) business day period. If City does not inform Landlord of its approval or disapproval of the Proposed Construction Documents within two (2) business days after Landlord’s delivery to City of such Proposed Construction Documents Reminder Notice, City shall be deemed to have approved the Proposed Construction Documents. If City disapproves the Proposed Construction Documents, then City shall state in reasonable detail the changes that City requires to be made thereto. Landlord shall submit to City revised Proposed Construction Documents within five (5) business days after Landlord’s receipt of City’s disapproval notice. City shall use good faith efforts to give Landlord written notice of its approval or disapproval of the revised Proposed Construction Documents within two (2) business days after the date of City’s receipt thereof. If City has not approved or disapproved the revised Proposed Construction Documents within such two (2) business day period, Landlord may deliver a Proposed Construction Documents Reminder Notice to City stating that City has failed to inform Landlord of its approval or disapproval of the revised Proposed Construction Documents within such two (2) business day period. If City does not inform Landlord of its approval or disapproval of the revised Proposed Construction Documents within two (2) business days after Landlord’s delivery to City of such Proposed

Construction Documents Reminder Notice, City shall be deemed to have approved the revised Proposed Construction Documents. If City disapproves the revised Proposed Construction Documents, then Landlord and City shall continue to follow the procedures set forth in this Section 6.1(a) until Landlord and City reasonably approve such Proposed Construction Documents in accordance with this Section 6.1(a), provided that if Landlord and City have not mutually approved the Proposed Construction Documents within two (2) business days after Landlord's delivery of the third (3<sup>rd</sup>) iteration of the same to City, then the Rent Commencement Date will be accelerated day-for-day thereafter. The Proposed Construction Documents that are mutually approved by Landlord and City shall hereafter be called the "**Construction Documents**". Notwithstanding Landlord's obligation for the cost of Leasehold Improvement Work, in the event City exceeds the number of days allocated for its review and approval of the Construction Documents, Landlord reserves the right to assess City a charge equal to any additional architectural fees incurred by Landlord at the same rate of payment specified by Landlord's contract for architectural services.

(b) Permits

Landlord will secure and pay for any building permits 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 Construction Documents. Promptly after City's approval of the Construction Documents, Landlord will apply for any permits, approvals, or licenses necessary to complete the Leasehold Improvement Work and will provide copies to City promptly following receipt. Landlord will be responsible for arranging for all inspections required by City's Department of Building Inspection.

(c) Construction

Immediately after approval of the Construction Documents and Landlord's receipt of all necessary permits and approvals, Landlord will commence construction and cause the Leasehold Improvements to be completed in a good and professional manner in accordance with sound building practices. Landlord will comply with and give notices required by all Laws (defined in Section 10.1 (Landlord's Compliance with Laws)), related to construction of the Leasehold Improvements. Without limiting the foregoing, construction of the Leasehold Improvements must comply with all applicable disabled access laws, including the most stringent requirements of the Americans with Disabilities Act of 1990, California Code of Regulations Title 24 (or its successor) and City's requirements for program accessibility. Landlord will pay prevailing wages in connection with construction of the Leasehold Improvement Work as further provided in Section 23.3 (Prevailing Wages and Working Conditions), and may not use tropical hardwood wood products, or virgin redwood wood products as further provided in Section 23.5 (Tropical Hardwood and Virgin Redwood Ban). Landlord and City will cooperate with each other at all times in timely completing the Leasehold Improvements, and undertake to resolve any and all disputes arising out of the Leasehold Improvement Work in a manner that will allow the Leasehold Improvement Work to proceed expeditiously.

(d) Construction Schedule; Substantial Completion

Landlord will keep City apprised on a regular basis of the status of plan preparation, permit issuance, and the progress of construction. From time to time during the design and construction of the Leasehold Improvements, after reasonable advance oral or written notice to Landlord, City may enter the Premises at reasonable times to inspect the Premises, and City will use reasonable efforts not to materially interfere with the construction. Landlord or its representative may accompany City during any inspection. When construction progress permits, but not less than fifteen (15) days before completion, Landlord will notify City of the approximate date that the Leasehold Improvement Work will be substantially completed in accordance with the Construction Documents. Landlord will revise the notice of the approximate substantial

completion date as appropriate from time to time and will immediately notify City when the Leasehold Improvement Work is substantially completed and the entire Premises are ready for occupancy by City. On a mutually agreeable date as soon as practicable after Landlord's notice to City that the Leasehold Improvements have been substantially completed, City and its authorized representatives will accompany Landlord or its architect on an inspection of the Premises.

The Leasehold Improvement Work will be deemed to be "**substantially completed**" or to have achieved "**substantial completion**" (as applicable) for purposes of this Lease when the Leasehold Improvements have been sufficiently completed in accordance with the approved Construction Documents so that City can occupy the entire Premises and conduct its business for its intended uses, Landlord has procured any required temporary or final certificate of occupancy, or final permit sign-off, for the Premises, and City, through its Director of Property, has approved the Leasehold Improvements, such approval not to be unreasonably withheld, conditioned or delayed. At its option, City may approve the Leasehold Improvements even though there may remain incomplete minor details that would not interfere with City's use. Landlord will promptly and diligently cause all incomplete details to be completed. Within thirty (30) days after acceptance of the Premises or as soon after acceptance as practicable, City may present to Landlord a written punchlist of any items that have not been finished in accordance with the Construction Documents. Within thirty (30) days after the delivery of the punchlist, Landlord will promptly complete all defective or incomplete items identified in the punchlist. City's failure to include any item on the punchlist will not alter Landlord's obligation under this Lease to complete all Leasehold Improvement Work in accordance with the approved Construction Documents, or constitute a waiver of any latent defects.

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

### **6.3. Intentionally Omitted**

### **6.4. Installation of Telecommunications and Other Equipment**

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

## **7. ALTERATIONS**

### **7.1. Alterations by City**

City may not make or permit any alterations, installations, additions, or improvements (collectively, "**Alterations**") to the Premises without first obtaining Landlord's written consent, which Landlord will not unreasonably withhold, condition, or delay. Installation of furnishings, fixtures, equipment, or decorative improvements that do not affect the Building Systems or structural integrity of the Building, and the repainting and recarpeting of the Premises do not

constitute Alterations and do not require Landlord's consent. Any Alterations permitted under this Lease will be made at City's cost in compliance with applicable Laws (as defined in Section 10.1 (Landlord's Compliance with Laws)). Without cost to itself, Landlord will cooperate with City in securing building and other permits and authorizations needed for any permitted Alterations. Landlord will not be entitled to any construction or other administrative fee in connection with any Alteration. City will not be required to remove any Alterations on the expiration or sooner termination of this Lease unless Landlord notifies City in writing at the time Landlord approves the Alterations that they must be removed. City is not required to remove any improvements not requiring Landlord's consent.

## 7.2. Title to Improvements

Except for City's Personal Property (as defined in the Section 7.3) 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 will be and will remain Landlord's property. City may not remove Landlord's property without Landlord's written approval.

## 7.3. City's Personal Property

(a) All furniture, furnishings, equipment, trade fixtures, and articles of movable personal property owned or leased by City and installed in the Premises by City and that can be removed without structural damage to the Premises (collectively, "**City's Personal Property**") are and will remain City's property. If City requests, Landlord may assist City by ordering and installing City's Personal Property and City will reimburse Landlord for all fees, costs, and expenses approved by City in advance within thirty (30) days after receipt of an invoice; provided, however, that City may elect to provide any deposit or other expense required at the time of ordering City's Personal Property. To the extent possible, any maintenance contract or warranty in connection with the purchase or lease of tangible personal property will be optional (namely, City may, but is not required to, purchase a maintenance contract or warranty). To the extent feasible, Landlord and any vendors of Landlord will separately itemize any shipping charges. Although Landlord may order and install City's Personal Property, all items will remain City's Personal Property and not be considered Leasehold Improvements or constitute any component of the Leasehold Improvements. With regard to any personal property purchased by Landlord on behalf of City or leased by City under this Lease, (a) Landlord represents that it is fully compliant with the California Sales and Use Tax Law and warrants to City that Landlord that it will fulfill its use tax obligations under that law with respect to the subject transaction; (b) Landlord will accept a Use Tax Direct Payment Exemption Certificate in lieu of any use tax payment if the City, in its sole discretion, elects to provide such Certificate to Landlord; (c) If the City pays use tax to Landlord, Landlord will remit the entire amount of the use tax payment to the state and provide the City with a receipt in accordance with the California Sales and Use Tax Law; and (d) Landlord will be liable to the City for all amounts of use tax paid to Landlord that Landlord fails to remit to the State. This obligations of Landlord under the foregoing sentence will survive and termination or expiration of the Lease.

(b) At any time during the Term, City may remove any of City's Personal Property, and City will repair any damage to the Premises resulting from that removal. On the expiration or earlier termination of this Lease, City will remove City's Personal Property from the Premises in accordance with Section 20 (Surrender of Premises). 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 ("**Secured Personal Property**"). Landlord recognizes the rights of any supplier, lessor, or lender who has an interest in any items of Secured Personal Property to enter the Premises and remove that Secured Personal Property at any time during the Term or within thirty (30) days after the Expiration Date. On City's reasonable request, Landlord will execute and deliver any

document required by any supplier, lessor, or lender in connection with the installation of any items of Secured Personal Property in the Premises, under which Landlord waives any rights it may have or acquire with respect to the Secured Personal Property, so long as the supplier, equipment supplier, lessor, or lender agrees that it (i) will remove the Secured Personal Property from the Premises within thirty (30) days after the Expiration Date (and if it does not remove the Secured Personal Property within that time the equipment supplier, lessor, or lender will have waived any rights it may have had to the Secured Personal Property), and (ii) will repair any damage caused by the removal of the Secured Personal Property.

(c) All furniture, fixtures and equipment (“**Included FF&E**”) located in the Premises as of June 26, 2025, is owned by Landlord, and included in the Premises at no additional cost to City. Landlord shall have no responsibility or liability for the Included FF&E after the Commencement Date, and any repairs or replacement will be the responsibility of City, normal wear and tear excepted.

(i) Inventory of FF&E. City and Landlord jointly inventoried the FF&E on the Premises on June 26, 2025, to document the number, category, manufacturer and condition of each piece, as included in **EXHIBIT E**.

(ii) Disposition of FF&E. City will notify Landlord in the event City wishes to dispose of any Items, and Landlord will advise City whether or not it wishes to retain ownership of the Item. City will be responsible for the cost of shipping disposed Items by direct payment to the shipper, and only to the extent the destinations for shipped Items is in San Francisco.

#### 7.4. Alteration by Landlord

Landlord will 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, including any leasehold improvement work for other tenants in the Building. Landlord will promptly remedy any interference or disruption on receiving City’s notice thereof.

### 8. REPAIRS AND MAINTENANCE

#### 8.1. Landlord’s Repairs

At its cost, Landlord will repair and maintain the exterior and structural portions of the Building in first-class condition, including, the roof, foundation, bearing and exterior walls, windows, doors, door frames, demising walls, and subflooring, and the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security, and other mechanical, electrical, and communications systems of the Building (collectively, the “**Building Systems**”) and the Common Areas. Without limiting the foregoing, Landlord will maintain the Building in a clean, safe, and attractive manner, will provide exterior graffiti removal with reasonable frequency, and will not permit any other tenants of the Building to disturb or interfere with City’s use of the Premises or permit to be done in or about the Building or the Common Areas anything that is illegal, is dangerous to persons or property, or constitutes a nuisance.

#### 8.2. City’s Repairs

Subject to Landlord’s warranty under Section 10.1 (Premises Condition), any construction warranties or guaranties received in connection with Landlord’s completion of the Leasehold Improvements, and Landlord’s repair and maintenance obligations under this Lease, City will repair and maintain at its cost the interior portions of the Premises and will keep the Premises in good working order and in a safe and sanitary condition, except for ordinary wear and tear and damage by casualty or condemnation. City will make any required repairs and

replacements to the interior of the Premises that Landlord specifies in writing **(a)** at City's cost, **(b)** by contractors or mechanics selected by City and reasonably approved by Landlord, **(c)** so that the interior portions of the Premises will be at least substantially equal in quality, value, and utility to the original work or installation before the damage, **(d)** in a manner and using equipment and materials that will not materially interfere with or impair the operations, use, or occupation of the Building or the Building Systems, and **(e)** in compliance with all applicable Laws, including any applicable contracting requirements under City's Charter and Administrative Code. At all times during the Term, promptly after City's reasonable notice, Landlord will provide City and its Agents with access to those portions of the Building that are necessary to maintain or repair the telecommunications and data and computer cabling facilities and equipment installed by City.

### **8.3. Liens**

City will keep the Premises free from liens arising out of any work performed, material furnished, or obligations incurred by City during the Term, at City's sole cost and expense. Landlord may post on the Premises any notices permitted or required by Laws or that are needed for the protection of Landlord, the Premises, or the Building, from mechanics' and material suppliers' liens. City will give Landlord at least ten (10) days' prior written notice of commencement of any repair or construction by City on the Premises.

## **9. UTILITIES AND SERVICES**

### **9.1. Landlord's Provision of Utilities**

Landlord will furnish the following utilities and services to the Premises: **(a)** heating, air conditioning, and ventilation in amounts required for City's comfortable use and occupancy of the Premises, during the period from 7:00 a.m. to 6:00 p.m., seven (7) days per week, except holidays generally recognized in San Francisco; **(b)** electric current in amounts required for normal lighting and for the operation of personal computers and other normal office machines and equipment, on a twenty-four (24) hours-a-day, three hundred sixty-five (365) days-a-year basis ("**Daily Basis**"); and **(c)** water for lavatory, kitchen, and drinking purposes on a Daily Basis. Without limiting Landlord's obligations under this Section, Landlord will furnish all utilities and services required under this Lease in a manner consistent with utilities and services normally provided in other first-class buildings similar to the Building in the San Francisco South of Market (SOMA) District.

### **9.2. Janitorial Services**

Intentionally Omitted.

### **9.3. Security System and Services**

City may use the unmonitored electronic security alarm system in the Premises as of the Commencement Date. With Landlord's consent, which will not be unreasonably withheld, City may enhance and upgrade the existing security system to provide monitoring and notification functionalities.

City is responsible for developing and managing access control and employee and visitor screening procedures and policies with respect to the Premises, and for providing other security services as needed to ensure the security and safety of City employees and invitees.

#### 9.4. Conservation

Landlord may establish reasonable measures to conserve energy and water, including automatic light shut off after hours and efficient lighting forms, so long as these measures do not unreasonably interfere with City's use of the Premises.

#### 9.5. Disruption in Essential Utilities or Services

If any failure, stoppage, or interruption of any utilities or services to be furnished by Landlord occurs, Landlord will immediately notify City of the failure, stoppage, or interruption; diligently attempt to restore service as promptly as possible; and keep City apprised of its efforts. If Landlord is unable to supply any of the Building's sanitary, electrical, heating, air conditioning, water, elevator, fire protection and security, audio, video or electronic communications, hazard detection and alarm, or other essential services serving the Premises (collectively, "**Essential Services**") and that inability of Landlord impairs City's ability to carry on its business in the Premises for **(a)** one (1) or more business days and it is in Landlord's reasonable control to restore the Essential Services or **(b)** ten (10) or more consecutive business days if the failure is not within Landlord's reasonable control, then the Rent will be abated based on the extent that the lack of the Essential Services impairs City's ability to normally carry on its business in the Premises, or, alternatively at City's election, City may provide the Essential Services and offset the reasonable cost against the Rent next due under this Lease. The abatement or right to provide the Essential Services and offset against Rent will continue until the Essential Services have been restored so that the lack of any remaining Essential Services no longer materially impairs City's ability to carry on its business in the Premises. Landlord will use its best efforts to restore disrupted Essential Services as soon as possible. If the failure to provide any Essential Services occurs for any reason for fifteen (15) days or more in any sixty (60)-day period and that failure interferes with City's ability to normally carry on its business in the Premises, then, without limiting any of its other rights or remedies under this Lease or at law or in equity, City may terminate this Lease on written notice to Landlord, unless Landlord supplies City with evidence reasonably satisfactory to City that the Essential Services will be reliably restored within sixty (60) days after the date City's use was first interrupted, and the Essential Services are actually restored and reliable within the sixty (60)-day period. City will not be entitled to any abatement of Rent or right to terminate if Landlord's inability to supply Essential Services to City results solely to the negligent acts or omissions of City and its Agents.

### 10. COMPLIANCE WITH LAWS; PREMISES CONDITION

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

Subject to City's obligation under Section 8.2 (City's Repairs), Landlord will at all times during the Term maintain, at its cost, the Property, Building, Common Areas, and the Building Systems in compliance with applicable present or future federal, state, local, and administrative laws, rules, regulations, orders, and requirements (collectively, "**Laws**"). Landlord represents and warrants to City, and covenants with City, as follows to the Landlord's actual knowledge: **(a)** the physical structure, fixtures, and permanent improvements of the Premises (including the Leasehold Improvements) and all portions of the Property and the Building (including the Building entrances, Common Areas, restrooms, elevators, lobbies, telephone banks, and drinking fountains) are now, and as of the Commencement Date will be, in compliance with the requirements of the Americans With Disabilities Act of 1990, California Code of Regulations Title 24, and all other applicable Laws intended to provide equal accessibility for persons with disabilities (collectively, "**Disabilities Laws**"); **(b)** the Building is not an unreinforced masonry building, and is now, and as of the Commencement Date will be, in compliance with all applicable Laws relating to seismic safety (collectively, "**Seismic Safety Laws**"); **(c)** the Building, the Common Areas, and Building Systems serving the Premises are now, and as of the Commencement Date will be, in full compliance with all applicable Laws relating to fire and life

safety (including the San Francisco High-Rise Sprinkler Ordinance) (collectively, “**Life Safety Laws**”); **(d)** the Building, the Common Areas, and Building Systems serving the Premises are now, and as of the Commencement Date will be, in compliance with all other applicable Laws; and **(e)** there are not now, and as of the Commencement Date will not be, any material physical or mechanical defects in the Premises, Building, or the Building Systems that would materially adversely affect City’s intended use of the Premises. Without limiting Section 16.2 (Landlord’s Indemnity), Landlord will Indemnify City against any and all Claims (defined in Section 16.1 (City’s Indemnity) below) arising out of **(i)** any failure of the Property, Building, Common Areas, Building Systems (or any portion of any of them) to comply with applicable Laws; or **(ii)** any misrepresentation by Landlord under this Section.

### **10.2. City’s Compliance with Laws; Indemnity**

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

### **10.3. City’s Compliance with Insurance Requirements**

City will not conduct any use in or about the Premises that would: **(a)** invalidate or be in conflict with any fire or other casualty insurance policies covering the Building or any property located in the Building, **(b)** result in a refusal by casualty insurance companies of good standing to insure the Building or property in the Building 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 casualty insurance premium for the Building unless City agrees to pay the increase, or **(d)** subject Landlord to any liability or responsibility for injury to any person or property solely because of the business operation conducted by City in the Premises; provided, however, Landlord will provide City with reasonable prior written notice of any applicable insurance requirements and no insurance requirements will materially and adversely interfere with City’s normal business in the Premises.

## **11. SUBORDINATION**

**(a)** Subject to subsection (b) below, this Lease is subject and subordinate at all times to the following (each an “**Encumbrance**”): **(i)** any reciprocal easement agreements, ground leases, or other underlying leases that may later be executed affecting Landlord’s interest in the Property (or any portion of it), and **(ii)** the lien of any mortgages or deeds of trust and renewals, modifications, consolidations, replacements, and extensions of any of the foregoing that may be executed by Landlord at any time in any amount for which any part of the Property, any ground lease, or underlying lease, or Landlord’s interest or estate in them is subject. But, if the ground lessor, mortgagee, trustee, or holder of any mortgage or deed of trust (each an “**Encumbrancer**”) elects to have City’s interest in this Lease be superior to its Encumbrance, then, on City’s receipt of a notice from the Encumbrancer, this Lease will be deemed superior, whether this Lease was executed before or after the date of the Encumbrance or the date of its recording. The provisions of this subsection are self-operative and no further instrument will be

required. At Landlord's request, however, City will enter into a subordination, non disturbance, and attornment agreement ("SNDA") with Encumbrancer in a form reasonably acceptable to City and Encumbrancer evidencing the subordination or superiority of this Lease. City's covenant under this subsection (a) to subordinate this Lease to any Encumbrance is conditioned on each senior instrument containing the commitments in subsection (b) below.

(b) If 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 if any ground lease or underlying lease to which this Lease is subordinate is terminated, then this Lease will not be barred, terminated, cut off, or foreclosed and the rights and possession of City under this Lease will not be disturbed unless an Event of Default has occurred and is continuing. City will attorn to and become the tenant of the successor-in-interest to Landlord, provided that City has received proper written notice of the succession and the name and address of the successor landlord. The provisions of this Section are self-operative and no further instrument will be required. Landlord agrees, however, upon request by City and in a form reasonably acceptable to City to cause any Encumbrancer to execute an SNDA evidencing the foregoing non-disturbance provisions together with the priority or subordination of this Lease with respect to any such Encumbrance.

## 12. DAMAGE AND DESTRUCTION

(a) If the Premises, the Building, or any Building Systems are damaged by fire or other casualty, Landlord will repair the same without delay (and if Landlord is then carrying insurance on the Leasehold Improvements or if, at its sole option, City makes sufficient funds available to Landlord, Landlord will also repair the Leasehold Improvements) so long as the repairs can be made under applicable Laws within sixty (60) days after Landlord obtains all necessary permits but not later than two hundred ten (210) days after the date of the damage (the "**Repair Period**"). 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) Within twenty (20) days after the date of the damage, Landlord will notify City whether, in Landlord's reasonable judgment made in good faith, the repairs can be made within the Repair Period. If the repairs cannot be made within the Repair Period, then either party may terminate this Lease by giving written notice to the other given within thirty (30) days after the date of Landlord's notice. The termination date will be the date specified in the termination notice, which date may be not less than thirty (30) or more than sixty (60) days after Landlord's notice. If either party elects to terminate this Lease, then the Rent will be reduced by a proportionate amount based on the extent to which the damage interferes with the normal conduct of City's business in the Premises, and City will pay the reduced Rent up to the date of termination. Landlord will refund to City any Rent previously paid for any period after the date of termination.

(c) Notwithstanding the foregoing, if the Premises are damaged or destroyed by flood or earthquake, and the damage or destruction is not fully covered by insurance proceeds payable under the insurance policies Landlord is required to carry under this Lease (excluding any deductible, for which Landlord is solely responsible), then Landlord may terminate this Lease by written notice to City within thirty (30) days after the date Landlord receives written notice that the damage is not covered by insurance. Landlord's termination notice must include

adequate written evidence of the denial of insurance coverage. If Landlord does not elect to terminate this Lease, then subsections (a) and (b) will apply.

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

(e) The parties intend that the provisions of this Section fully govern their rights and obligations in the event of damage or destruction. Accordingly, Landlord and City each 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 now or later in effect, to the extent those rights are inconsistent with the provisions of this Section.

### **13. EMINENT DOMAIN**

#### **13.1. Definitions**

“**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.

“**Date of Taking**” means the earlier of (a) the date on which title to the portion of the Property taken passes to and vests in the condemnor or (b) the date on which City is dispossessed.

“**Award**” means all compensation, sums, or anything of value paid, awarded or received for a Taking, whether under any 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 the Building or any interest in this Lease, the rights and obligations of the parties will be determined under this Section. City and Landlord intend that the provisions of this Section govern fully in the event of a Taking and accordingly, Landlord and City each waives 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 later in effect.

#### **13.3. Total Taking; Automatic Termination**

If there is a total Taking of the Premises, then this Lease will 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 will 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 or access to the Premises, (ii) the condition

rendering the Premises untenable or unsuitable or that materially adversely affects City's normal operations or limits access to the Premises either is not curable or is curable but Landlord is unwilling or unable to cure the condition, and **(iii)** City elects to terminate.

**(b)** If a partial Taking of a substantial portion of the Building occurs, but subsection (a) above does not apply, then within thirty (30) days after the Date of Taking either City or Landlord may terminate this Lease by written notice to the other, provided that, as a condition to City's right to terminate, the portion of the Building taken must, 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 or access to the Premises.

**(c)** If either party elects to terminate this Lease under this Section, then this Lease will terminate on the later of the thirtieth (30<sup>th</sup>) day after the written notice is given or the Date of Taking.

### **13.5. Termination of Lease; Rent and Award**

On termination of this Lease in its entirety under Section 13.3 (Total Taking; Automatic Termination) or under Section 13.4 (Partial Taking; Continuation of Lease), then: **(a)** City's obligation to pay Rent will continue up until the date of termination and then will cease, and **(b)** Landlord will be entitled to the entire Award, except that City will receive any portion of the Award for the unamortized cost of any Leasehold Improvements paid for by City and 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 and this Lease is not terminated in its entirety under Section 13.4 (Partial Taking; Continuation of Lease) above, then this Lease will terminate as to the portion of the Premises taken, but will remain in effect as to the portion not taken, and the rights and obligations of the parties will be as follows: **(a)** Rent will be equitably reduced depending on the configuration of the Premises and the portion taken (for instance, if the area of the Premises taken has no special or significant use, then the reduction may be 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 before the Date of Taking), and **(b)** Landlord will be entitled to the entire Award in connection therewith, provided that City will receive any portion of the Award for the unamortized cost of any Leasehold Improvements paid for by City in the portion of the Premises taken and 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 of the Premises occurs for sixty (60) consecutive days or fewer, this Lease will remain unaffected by the temporary Taking, and City will continue to pay Rent and to perform all of the terms, conditions, and covenants of this Lease. In the event of a temporary Taking, City will 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 and any out-of-pocket costs incurred by City due to the temporary Taking for the period of the Taking.

## **14. ASSIGNMENT AND SUBLETTING**

Except as provided in this Section, City may 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 created by this Lease or permit all or any portion of the Premises to be occupied by anyone other than itself or sublet all or any portion of the Premises, without Landlord's prior written consent in each instance, which will not be unreasonably withheld, conditioned, or delayed. From time to time, on notice to Landlord, but without Landlord's consent, City may transfer this Lease or use and occupancy of all or any of the Premises to any department, commission, or agency of the City and County of San Francisco for uses permitted under this Lease.

## **15. DEFAULT; REMEDIES**

### **15.1. Events of Default by City**

Any of the following will constitute an **"Event of Default"** by City:

After Landlord is qualified as an approved vendor as provided in Section 4.13 (Payments by City) above, City fails to make any timely payment of Rent and to cure the nonpayment within five (5) business days after receipt of written notice of nonpayment from Landlord, provided that for the first two (2) monthly payments of Rent at the beginning of the Term and for the first monthly payment of Rent after the beginning of each new fiscal year for City or any Adjustment Date, City will have twenty (20) days after written notice from Landlord to cure any nonpayment.

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

City's failure to perform any other of its covenants or obligations under this Lease (not involving the payment of money) and failure to cure the non-performance within thirty (30) days of the date of receipt of Landlord's notice of the failure, provided that if more than thirty (30) days are reasonably required for the cure, no Event of Default will occur if City commences the cure within the thirty (30)-day period and diligently prosecutes the cure to completion.

### **15.2. Landlord's Remedies**

On the occurrence and during the continuance of any Event of Default by City, Landlord will have all rights and remedies available under law or granted pursuant to this Lease, including the following:

The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate City's right to possession of the Premises and to recover (a) the worth at the time of award of the unpaid rent which had been earned at the time of termination; (b) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rent loss that Tenant proves could reasonably have been avoided; (c) 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 under subsection (b) of Section 1951.2; and (d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom. The "worth at the time of award" of the amount referred to in clauses (a) and (b) above is computed by allowing interest at the discount rate of the Federal Reserve Bank of San Francisco plus five percent (5%) per annum at date of termination, but in no event in excess of the maximum rate of interest permitted by law. The worth at the time of award of the amount referred to in clause (c) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%). For the purpose of determining unpaid rent under clause (c) above, the monthly

rent reserved in this Lease shall be deemed to be the sum of the Base Rent and the prorated Additional Charges last payable by Tenant as reimbursement of expenses pursuant to Sections 4.8 and 4.9 hereof for the calendar year in which Landlord terminated this Lease as provided herein. Tenant waives any rights of redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other applicable present or future law, if Tenant is evicted or Landlord takes possession of the Premises by reason of any Event of Default.

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), at its sole option, City may cure the default at Landlord's expense if the default continues after ten (10) days after the date City gives notice to Landlord of City's intention to perform the cure. However, if a default occurs because of a cause beyond Landlord's control (excluding any financial inability to perform), and Landlord cannot with due diligence cure the default within the ten (10)-day period, then the ten (10)-day period will be extended if, promptly on receipt of City's notice, Landlord advises City of Landlord's intention to take all steps required to cure the default, and Landlord promptly commences the cure and diligently prosecutes the cure to completion. But if any default by Landlord continues for sixty (60) days and impairs City's ability to carry on its normal business in the Premises, then City may terminate this Lease on written notice to Landlord within thirty (30) days after the expiration of the sixty (60)-day period. Subject to the other provisions of this Lease relating to abatement of Rent, if Landlord fails to cure any default within the ten (10)-day cure period provided above (as it may be extended as provided above), then, whether or not City elects to cure Landlord's default, the Rent will be abated based on the extent to which the default interferes with City's ability to carry on its normal business at the Premises. City's rights under this Section and under any other provisions of this Lease will not limit in any way any of its other rights and remedies under this Lease or at law or in equity.

## **16. INDEMNITIES**

### **16.1. City's Indemnity**

City will indemnify, defend, and hold harmless ("**Indemnify**") Landlord and its Agents from and against any and all claims, losses, damages, costs, and expenses, including reasonable attorneys' fees (collectively, "**Claims**"), incurred as a result of (a) City's use of the Premises, or (b) any negligent acts or omissions of City or its Agents in, on, or about the Premises or the Property; provided, however, City will 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 because of a Claim Indemnified by City under this Section, at its sole option, City may elect to defend the Claim by attorneys in City's Office of the City Attorney, by other attorneys selected by City, or both. City will have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that Landlord will have the right, but not the obligation, to participate in the defense of the Claim at its sole cost. City's obligations under this Section will survive the termination of the Lease.

## **16.2. Landlord's Indemnity**

Landlord will 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 will 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 because of a Claim Indemnified by Landlord under this Section, at its sole option, Landlord may elect to defend the Claim by attorneys selected by Landlord. Landlord will have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that City will have the right, but not the obligation, to participate in the defense of any Claim at its sole cost. Landlord's obligations under this Section will 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 City is not be required to carry any insurance with respect to this Lease. City assumes the risk of damage to any of City's Personal Property, except for damage caused by Landlord or its Agents.

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

**(a)** At all times during the Term, Landlord will maintain the following:

**(i)** Property insurance covering the Building against damage and destruction by fire, vandalism, malicious mischief, sprinkler damage (including earthquake sprinkler leakage) and other perils customarily covered under an all-risk form property insurance policy, including loss of rent coverage, in an amount equal to one hundred percent (100%) of the full insurance replacement value (including debris removal and demolition) and loss of rents; and

**(ii)** Commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Two Hundred Fifty Thousand Dollars (\$250,000)), personal injury, products and completed operations, and explosion, collapse, and underground (XCU); and

**(iii)** worker's compensation insurance in the amounts required by applicable Laws and employer's liability with limits not less than One Million Dollars (\$1,000,000) each accident, injury, illness, or disease and policy(ies) must include a waiver of subrogation in favor of City.

**(b)** Upon City's request, Landlord will provide to City a certificate of insurance issued by the insurance carrier, evidencing the required insurance.

**(c)** At City's request, the parties agree that the minimum policy amounts of insurance coverages set forth in this Section 17.2 will be re-evaluated no more frequently than one (1) time every five (5) years and increased to the extent consistent with similarly situated landlords and properties.

### **17.3. Waivers of Subrogation**

Notwithstanding anything to the contrary in this Lease, Landlord waives any right of recovery against City for any loss or damage relating to the Building or the Premises or any operations or contents in the Building, whether or not the loss is caused by City's fault or negligence, or to the extent the loss or damage is covered by Landlord insurance that is required under this Lease or any other insurance coverage otherwise held by Landlord or its Agents. Landlord will obtain a waiver of subrogation endorsement from applicable insurance carriers issuing policies relating to the Building or the Premises, but Landlord's failure to do so will not affect the above waiver. Notwithstanding anything to the contrary in this Lease, City waives any right of recovery against Landlord for any loss or damage relating to the Premises, City's Personal Property, or any operations or contents in the Premises, whether or not the loss is caused by Landlord's fault or negligence, or to the extent the loss or damage is covered by any insurance coverage held by City or its Agents, or by any self-insurance program maintained or operated by City. City will obtain a waiver of subrogation endorsement from any applicable insurance carriers issuing policies relating to the Building or the Premises, but City's failure to do so will not affect the above waiver.

### **18. ACCESS BY LANDLORD**

Landlord reserves for itself and any of its designated Agents the right to enter the Premises at all reasonable times and, except in cases of emergency (in which event Landlord will give any reasonable notice), after giving City at least twenty four (24) hours' advance written notice, to (a) inspect the Premises, (b) supply any service to be provided by Landlord under this Lease, (c) show the Premises to any prospective purchasers, mortgagees or, during the last six (6) months of the Term, tenants, (d) post notices of non-responsibility, and (e) alter, improve, or repair the Premises and any portion of the Building, and, for that purpose, Landlord may erect, use, and maintain necessary structures in and through the Premises where reasonably required by the work to be performed, provided that the entrance to the Premises may not be blocked. Landlord may not interfere with City's use of the Premises.

### **19. ESTOPPEL CERTIFICATES**

From time to time during the Term, by not less than ten (10) days' prior written notice to the other party, either party may request the other party to execute, acknowledge, and deliver to the persons or entities designated by the other party a certificate stating: (a) the Commencement Date and Expiration Date of this Lease, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, 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**

On the expiration or sooner termination of this Lease, City will surrender the Premises to Landlord in good order and condition, excepting reasonable use and wear and damage by fire or other casualty or condemnation. Within ten (10) days after the Expiration Date, City will 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 under the provisions of Section 7.1 (Alterations by City). City will repair or pay the cost of repairing any damage to the Premises or the Building resulting from that removal. City will not be required to demolish or remove from the Premises any of the Leasehold Improvements. City's obligations under this Section will survive the expiration or earlier termination of this Lease.

## 21. HAZARDOUS MATERIALS

### 21.1. Definitions

As used in this Lease, the following terms are defined below:

**“Environmental Laws”** means any Law relating to industrial hygiene, environmental conditions, or Hazardous Material, whether now in effect or later adopted.

**“Hazardous Material”** means 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 any material or substance defined as a “hazardous substance,” or “pollutant” or “contaminant” under 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 under California Health & Safety Code Section 25316; any “hazardous waste” listed under California Health & Safety Code Section 25140; any asbestos and asbestos containing materials whether or not those 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.

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

### 21.2. Landlord’s Representations and Covenants

Landlord represents and warrants to City that, to the best of Landlord’s knowledge, the following statements are true and correct and will be true and correct as of the Commencement Date: **(a)** the Property is not in violation of any Environmental Laws; **(b)** the Property is not now, and has not been, used for the manufacture, use, storage, discharge, deposit, transportation, or disposal of any Hazardous Material, except for the use of Hazardous Material in limited quantities as are customarily used in offices, which limited use is and has been 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 contain any asbestos-containing materials or have building materials that contain any other Hazardous Material, and the Premises or the Common Areas of the Building do not contain any lead-based paints; **(e)** there is and has been 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 the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in the Building or in, on, under, or about the Property, or the migration of Hazardous Material from or to other real property. Subject to City’s obligations under this Section below, Landlord will maintain the Property throughout the Term in compliance with all Environmental Laws that could affect the health, safety, and welfare of City’s employees or City’s use, occupancy, or enjoyment of the Premises for their intended purposes.

### 21.3. Landlord’s Environmental Indemnity

Without limiting Landlord’s Indemnity in Section 16.2 (Landlord’s Indemnity), Landlord will Indemnify City and its Agents against any and all Claims arising during or after the Term **(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, unless City or its Agents caused the Release.

#### **21.4. City's Covenants**

Neither City nor its Agents will cause any Hazardous Material to be brought on, 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.

#### **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 will Indemnify Landlord against any and all Claims arising during or after the Term as a result of the Release, except to the extent Landlord or its Agents is responsible for the Release. The foregoing Indemnity will 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 before City's occupancy.

### **22. SPECIAL PROVISIONS**

#### **22.1. Prior Lease Termination Agreement**

As a condition precedent to approval of this Lease, Landlord and the tenant that is leasing the Premises as of the date of Landlord's signature on this Lease ("**Prior Tenant**" or "**Prior Tenancy**") have fully executed a lease termination agreement ("**Prior Lease Termination Agreement**"), effective as of the full execution of this Lease by Landlord and City. The Prior Lease Termination Agreement, is (a) irrevocable; (b) specifies disposition of the Prior Tenant's furniture, fixtures and equipment, as described in Section 7.3(c); (c) fulfills, resolves or otherwise addresses all remaining obligations and liabilities associated with the Prior Tenancy; and (d) has been fully executed by Landlord and Prior Tenant.

### **23. CITY PROVISIONS**

#### **23.1. MacBride Principles - Northern Ireland**

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

#### **23.2. Controller's Certification of Funds**

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

### **23.3. Prevailing Wages and Working Conditions**

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

Landlord will 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 Construction Contract must 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 will constitute a material breach of this Lease. A Contractor’s or Subcontractor’s failure to comply with this Section will enable City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party.

### **23.4. Non Discrimination in City Contracts and Benefits Ordinance**

#### **(a) Covenant Not to Discriminate**

In the performance of this Lease, Landlord will not to discriminate against any employee of Landlord, any City employee working with Landlord, any 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 those protected classes, or in retaliation for opposition to discrimination against those classes.

#### **(b) Subcontracts**

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

#### **(c) Non-Discrimination in Benefits**

Landlord does not as of the date of this Lease, and will not during the Term, in any of its operations in San Francisco, on real property owned by City, or where the work is

being performed for 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 the employees, where the domestic partnership has been registered with a governmental entity under state or local law authorizing that registration, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2(b).

**(d) CMD Form**

As a condition to this Lease, Landlord will 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 represents that before execution of the Lease: **(i)** Landlord executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and **(ii)** the CMD approved the form.

**(e) Incorporation of Administrative Code Provisions by Reference**

The provisions of San Francisco Administrative Code Chapters 12B and 12C relating to non-discrimination by parties contracting for the lease of property to City are incorporated into this Section by reference and made a part of this Lease as though fully set forth. Landlord will comply fully with and be bound by all of the provisions that apply to this Lease under Administrative Code Chapters 12B and 12C, including the remedies provided in those Chapters. Without limiting the foregoing, Landlord understands that under San Francisco Administrative Code Section 12B.2(h) a penalty of Fifty Dollars (\$50) for each person for each calendar day during which that 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.

**23.5. Tropical Hardwood and Virgin Redwood Ban**

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

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.

If Landlord fails to comply in good faith with any of the provisions of San Francisco Environment Code Chapter 8, Landlord will 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 will be payable to the City and County of San Francisco on demand and may be set off against any monies due to Landlord from any contract with City.

**23.6. Bicycle Parking**

During the Term, City will have the right to install and maintain, at no cost to Landlord, any bicycle parking required by Article 1.5, Section 155.3 of the San Francisco Planning Code. Landlord acknowledges that bicycle parking on the Premises is a Permitted Use under the terms of this Lease.

### **23.7. Resource-Efficient City Buildings**

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 will comply with all applicable provisions of those code sections.

### **23.8. Sunshine Ordinance**

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

### **23.9. Conflicts of Interest**

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

### **23.10. Notification of Prohibition on Contributions**

By executing this Lease, Landlord acknowledges its obligations under Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who leases, or seeks to lease, to or from any department of the City any land or building from making any campaign contribution to (a) a City elected official if the lease must be approved by that official, (b) a candidate for that City elective office, or (c) a committee controlled by that elected official or a candidate for that office, at any time from the submission of a proposal for the lease until the later of either the termination of negotiations for the lease or twelve (12) months after the date the City approves the lease. Landlord acknowledges that the foregoing restriction applies only if the lease or a combination or series of leases or other contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one hundred thousand dollars (\$100,000) or more. Landlord further acknowledges that (i) the prohibition on contributions applies to each prospective party to the lease; any person with an ownership interest of more than 10 percent (10%) in Landlord; any subcontractor listed in the lease; and any committee that is sponsored or controlled by Landlord; and (ii) within thirty (30) days of the submission of a proposal for the Lease, the City department with whom Landlord is leasing is obligated to submit to the Ethics Commission the parties to the lease and any subcontractor. Additionally, Landlord certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the lease, and has provided the names of the persons required to be informed to the City department with whom it is leasing.

### **23.11. 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 Environment Code Section 1304. The term "preservative-treated wood containing arsenic" means wood treated

**MENT CONTAINS ANY RELEASE OR INDEMNITY BY THE CITY OR ANY LIQUIDATED DAMAGES PROVISION BASED ON ANY DEFAULT BY THE CITY, SUCH PROVISIONS SHOULD BE SPECIFICALLY HIGHLIGHTED IN THE RESOLUTION OF ANY COMMISSION APPROVING THE TRANSACTION AND THE LEGISLATION TO BE APPROVED BY THE BOARD.**

with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including 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" means a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

## **24. GENERALLY APPLICABLE PROVISIONS**

### **24.1. Notices**

Except as otherwise specifically provided in this Lease, any notice given under this Lease must 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 City'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)** any other address designated by as either Landlord or City as its new address for notices by notice given to the other in accordance with this Section. A properly addressed notice transmitted by one of the foregoing methods will be deemed received upon confirmed delivery, attempted delivery, or rejected delivery. For convenience of the parties, copies of notices may also be given by email to the email address number set forth in the Basic Lease Information or any other email address as may be provided from time to time, but, neither party may give official or binding notice by email.

### **24.2. No Implied Waiver**

No failure by either party to insist on the strict performance of any obligation of the other party under this Lease or to exercise any right, power, or remedy after a breach of this Lease will constitute a waiver of any breach or of term, covenant, or condition. No acceptance of full or partial Rent by Landlord while City is in default will constitute a waiver of the default by Landlord. No express written waiver of any default or the performance of any provision if this Lease will affect any other default or performance, or cover any other period of time, other than the default, performance, or time specified in the express waiver. One or more written waivers of a default or the performance of any provision of this Lease will 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 will not relieve the other party of any obligation to secure the consent to any other or future instance under the terms of the Lease.

### **24.3. Amendments**

The terms and provisions of this Lease may only be changed, waived, discharged, or terminated by a written instrument signed by both parties. No waiver of any breach will affect or alter this Lease, and each and every term, covenant, and condition of this Lease will continue in full force and effect with respect to any other then-existing or subsequent breach. Whenever this Lease requires or permits City's consent or approval, the Director of Property, or his or her designee, will be authorized to provide the consent or approval, except as otherwise provided by applicable Law, including the Charter of the City and County of San Francisco. City's agreement to any amendments or modifications to this Lease (including the exhibits) may be made on 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), and **(e)** any other

amendment or modification that materially increases City's liabilities or financial obligations under this Lease will also require the approval of City's Board of Supervisors.

#### **24.4. 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 or any applicable Laws. If Landlord is a corporation, limited liability company, or a partnership, each person executing this Lease on behalf of Landlord, by their signature, covenants and warrants that Landlord is a duly authorized and existing entity, that Landlord is qualified to do business in California, that Landlord has the full right and authority to enter into this Lease, and that each person signing on behalf of Landlord is authorized to do so. On City's request, Landlord will provide City with evidence reasonably satisfactory to City confirming these representations and warranties.

#### **24.5. Parties and Their Agents; Approvals**

If applicable, the word "**Landlord**" will include the plural as well as the singular. The term "**Agents**" when used with respect to either party includes the agents, employees, officers, and contractors of the party, and the term "**Invitees**" when used with respect to City will 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 City's exercise of any option, must be made by or through City's Director of Property unless otherwise provided in this Lease, subject to any applicable limitations in City's Charter. If there is more than one entity that comprises Landlord, the obligations and liabilities under this Lease imposed on Landlord are joint and several.

#### **24.6. 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 will in no way define or limit the scope or intent of any provision of this Lease. Except as otherwise specifically provided in this Lease, wherever Landlord or City is required or requested to give its consent or approval to any matter or action by the other, the consent or approval will not be unreasonably withheld or delayed and the reasons for disapproval of consent will be stated in reasonable detail in writing. Provisions in this Lease relating to number of days will be calendar days, unless otherwise specified. If the last day of any period to give notice, reply to a notice, or to take any other action occurs on a Saturday, Sunday, or a bank or City holiday, then the last day for taking the action or giving or replying to the notice will be the next succeeding business day. The words "**include**" or "**including**" or similar words will not be construed to limit any general term, statement, or other matter in this Lease or any of its attached exhibits, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

#### **24.7. Successors and Assigns**

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

#### **24.8. Brokers**

Neither party has had any contact or dealings or communications regarding leasing the Premises 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 of the Premises, except for the broker, if

any, identified in the Basic Lease Information. That broker's commission is Landlord's sole responsibility under a separate written agreement between Landlord and the broker, and City has no liability for that commission. If any other broker or finder perfects a claim for a commission or finder's fee based on any contact, dealings, or communication, the party through whom the broker or finder makes his claim will be responsible for the commission or fee and will Indemnify the other party from any and all Claims incurred by the indemnified party. The provisions of this Section will survive any termination of this Lease.

#### **24.9. Severability**

If any provision of this Lease or its application to any person, entity, or circumstance is found to be invalid or unenforceable, the remainder of this Lease, or the application of the provision to persons, entities, or circumstances other than those as to which it is invalid or unenforceable, will not be affected by that finding, and each other provision of this Lease will 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.

#### **24.10. Governing Law**

This Lease will be construed and enforced in accordance with the laws of the State of California and City's Charter. Any legal suit, action, or proceeding arising out of or relating to this Lease shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Lease has been brought in an inconvenient forum.

#### **24.11. Entire Agreement; Incorporation of Exhibits**

The parties intend that this Lease (including all of the attached exhibits, which are made a part of this Lease by this reference) are the final expression of their agreement with respect to the lease of the Premises 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 will constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts and changes) may be introduced in any judicial, administrative, or other legal proceeding involving this Lease.

#### **24.12. Holding Over**

If City holds over in possession of the Premises after the expiration of the Term with Landlord's consent, that holding over will not be deemed to extend the Term or renew this Lease, and City's tenancy will continue as a month-to-month tenancy until the tenancy is terminated by either party by giving least thirty (30) days' prior written notice of termination. The month-to-month tenancy will be on all the terms and conditions of this Lease and at the monthly Base Rent in effect during the last month of the Term or as Landlord and City may mutually agree in writing. If City holds over without Landlord's consent, the monthly Base Rent payable by City during the period of holding over will be \$15,000 for the first twelve (12) months, and after such 12-month period, will be an amount to be determined by Landlord and City. If, as provided in Section 20 (Surrender of Premises) above, City fails to remove its furniture, furnishings, equipment, City's Personal Property and designated Alterations by the Expiration Date, then City's continued possession will be deemed a holding over, but Base Rent will not be payable for a ten (10)-day period so long as City complies with Section 20 (Surrender of Premises) by no later than the last day of such ten (10)-day period; if City remains in

possession of the Premises beyond that ten (10)-day period, then City's possession will be deemed a holding over and Base Rent will be payable for the entire hold over period (including the 10 days) as set forth in this Section.

#### **24.13. Cumulative Remedies**

All rights and remedies of either party set forth in this Lease are cumulative, except as otherwise specifically provided in this Lease.

#### **24.14. Time of Essence**

Time is of the essence for all provisions of this Lease.

#### **24.15. Survival of Indemnities**

Termination of this Lease will not affect the right of either party to enforce any indemnities and representations and warranties given or made to the other party, and it will not affect any provision of this Lease that expressly states it will survive termination. With respect to each of the indemnities contained in this Lease, the indemnitor has an immediate and independent obligation to defend the indemnitees from any claim that actually or potentially falls within the indemnity provision even if the claim is or may be groundless, fraudulent, or false, and the obligation to defend arises at the time the claim is tendered to the indemnitor by the indemnitee and continues at all times until resolved.

#### **24.16. Signs**

City may erect or post exterior signs on or about the Premises with Landlord's prior approval. Landlord reserves the right to review and approve the placement, design, and plan for before erecting or posting any sign, which review and approval will not be unreasonably withheld or delayed. Interior signs not visible from the exterior of the Premises are permitted as provided under Article 7 (Alterations). Signage Guidelines are attached to the Lease as **Exhibit F.**

#### **24.17. Quiet Enjoyment and Title**

Landlord covenants and represents that it has full right, power, and authority to grant the leasehold estate as provided in this Lease, and covenants that City, on paying the Rent and performing the covenants contained in this Lease, will peaceably and quietly have, hold, and enjoy the Premises and all related rights during the Term as against all persons or entities 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 will 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.

#### **24.18. 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. City's leasehold estate under this Lease includes all rights to receive and enjoy all services, facilities, and amenities of the Premises and the Building as provided in this Lease. If any of the services, facilities, or amenities are terminated, or materially limited or restricted because of any such case or proceeding, or for any other reason, City may (a) contract directly with any third-party provider

of those services, facilities, or amenities, and **(b)** offset against the Rent all reasonable costs and expenses incurred by City in obtaining those services, facilities, or amenities.

#### **24.19. Transfer of Landlord's Interest**

Landlord may transfer its interest in the Property, the Building, or this Lease to any other financially responsible person or entity. If Landlord transfers its interest in the Property, the Building, or this Lease to another other financially responsible person or entity, then Landlord will be relieved of Landlord's obligations under this Lease accruing from and after the date of the transfer when **(a)** Landlord has provided notice to City of the name and address of Landlord's successor, **(b)** Landlord has provided City with supporting documentation reasonably acceptable to City demonstrating the transferee's financial ability to assume this obligations transferred to it by Landlord, **(c)** Landlord has transferred the Security Deposit to the transferee, and **(d)** Landlord has delivered to City an express written assumption by the transferee of all of Landlord's obligations under this Lease.

#### **24.20. Non-Liability of City Officials, Employees, and Agents**

Notwithstanding anything to the contrary in this Lease, no elected or appointed board, commission, member, officer, employee, or other Agent of City will be personally liable to Landlord, its successors, or its assigns for any City default or breach or for any amount that may become due to Landlord or its successors or assigns, or for any obligation of City under this Lease.

#### **24.21. Counterparts**

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

#### **24.22. Effective Date**

This Lease will become effective on the date (the "**Effective Date**") that **(a)** City's Mayor and Board of Supervisors, at 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 Landlord and City.

#### **24.23. 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. If Landlord or any of its officers or members have been suspended, disbarred, disciplined, or prohibited from contracting with any governmental agency, it will immediately notify City of that fact and the reasons for the suspension, disbarment, discipline, or prohibition together with any relevant facts or information requested by City. If there is any suspension, disbarment, discipline, or prohibition that may result in the termination or suspension of this Lease, City may terminate this Lease on written notice to Landlord. Landlord acknowledges that this certification is a material term of this Lease.

#### **24.24. Acceptance of Lease by Landlord** Intentionally Omitted

#### **24.25. Memorandum of Lease** Intentionally Omitted

## **24.26. 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 Landlord. No party will be considered the drafter of this Lease, and no presumption or rule that an ambiguity will be construed against the party drafting the clause will apply to the interpretation or enforcement of this Lease.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LANDLORD ACKNOWLEDGES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS LEASE UNLESS CITY'S BOARD OF SUPERVISORS HAS DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING CONSUMMATION OF THE TRANSACTION CONTEMPLATED BY THIS LEASE. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY UNDER THIS LEASE ARE CONTINGENT ON ADOPTION OF THAT RESOLUTION, AND THIS LEASE WILL BE NULL AND VOID UNLESS CITY'S MAYOR AND BOARD OF SUPERVISORS APPROVE THIS LEASE, AT THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS LEASE BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY WILL NOT BE DEEMED TO IMPLY THAT THE RESOLUTION WILL BE ADOPTED AND NO SUCH APPROVAL WILL CREATE ANY BINDING OBLIGATIONS ON CITY.

***[SIGNATURES ON FOLLOWING PAGE]***

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

LANDLORD:

STEEL ARC PROPERTIES, LLC,  
a California limited liability company

By: Martin McNerney Development, Inc., a  
California corporation, its Manager

DocuSigned by:  
By: Patrick McNerney 7/10/2025  
Patrick McNerney

Its: President

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
ANDRICO Q. PENICK  
Director of Property

RECOMMENDED:

DocuSigned by:  
Matt Gonzalez  
7EC41F442A39438...  
MATT GONZALEZ  
Chief Attorney / Appointing Officer  
Office of the Public Defender

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

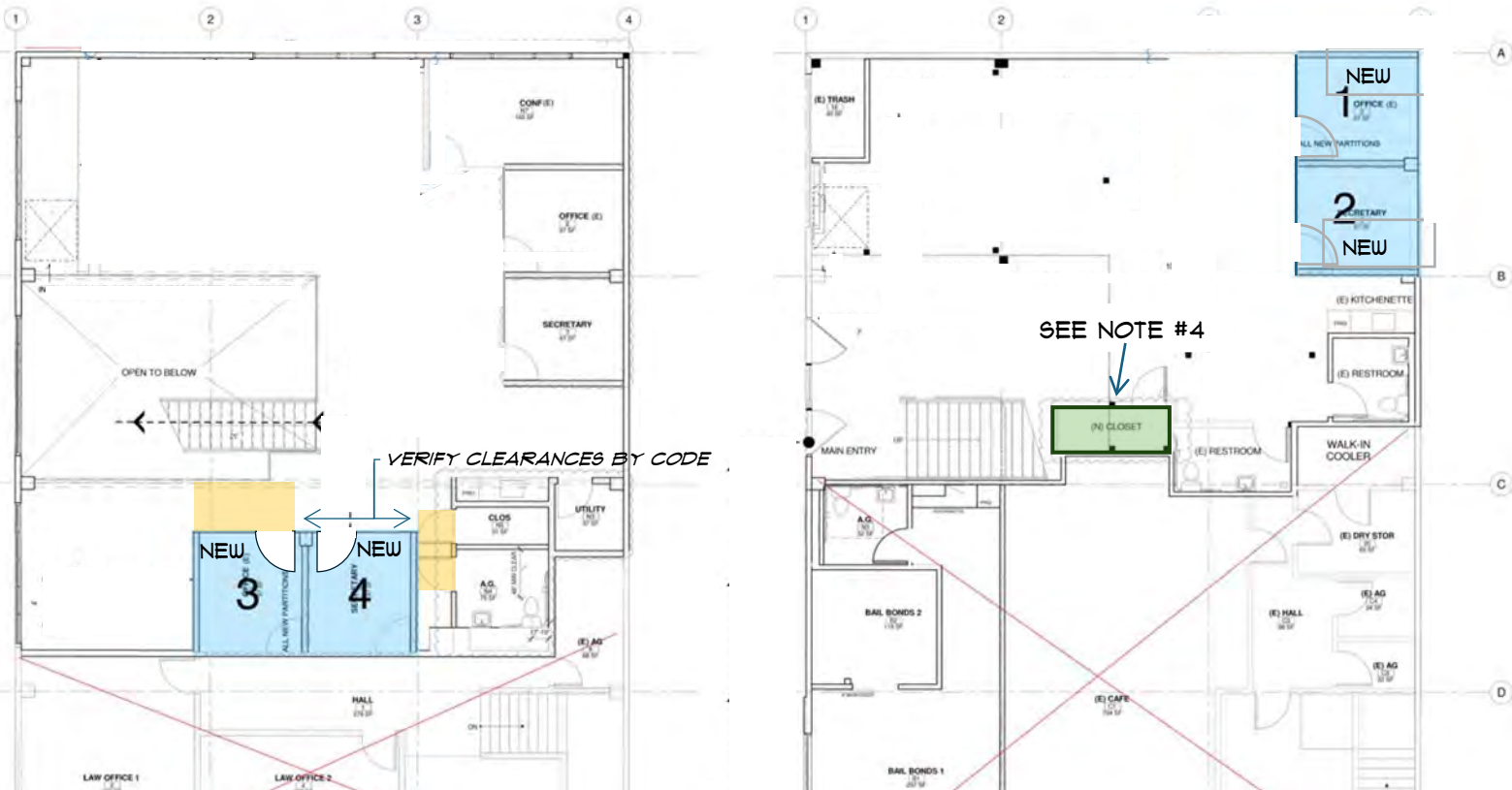
Signed by:  
By: Elizabeth A. Dietrich  
773AED1C76FF416...  
Elizabeth A. Dietrich  
Deputy City Attorney

**EXHIBIT A.1**

**AS-IS FLOOR PLAN OF PREMISES**

## EXHIBIT A.2

### LEASEHOLD IMPROVEMENT PLAN



#### GENERAL SPECIFICATIONS (NOT A COMPLETE SCOPE OF WORK):

1. PAINT TOUCH-UP AS NEEDED AND CARPET CLEANING..
2. RESTROOM REPAIRS AS NEEDED.
3. NEW PRIVATE OFFICES.
  - A. ADDITIONAL POWER AS NEEDED
  - B. MATCH EXISTING GLAZING, HARDWARE, PAINT, FLOOR COVERING.
  - C. PROVIDE STANDARD LEVEL OF ILLUMINATION, HVAC SUPPLY & RETURN, AND SPRINKLERS PER CODE.
  - D. INSTALL AND DRAPE BAT OR COMPARABLE SOUND ATTENUATION MATERIALS BETWEEN ALL PARTITIONING (NEW AND EXISTING).
4. ONE (1) NEMA L5-2ØR 12ØV, DUPLEX, ELECTRICAL OUTLETS + TWO (2) NEMA L5-3ØR 12ØV, DUPLEX ELECTRICAL OUTLETS IN CLOSET..
5. DATA CABLING PERFORMED BY CITY.

**EXHIBIT B**

**NOTICE OF COMMENCEMENT DATE**

[Date]

Mr. Andrico Q. Penick  
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  
\_\_\_\_\_ (Landlord), and the CITY AND COUNTY OF  
SAN FRANCISCO (Tenant), for premises known as  
\_\_\_\_\_ located at \_\_\_\_\_

Dear Mr. Penick:

This letter confirms 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**

### **BUILDING RULES AND REGULATIONS**

1. Except as provided in the Lease or required by Landlord in accordance with building standards, no sign, placard, picture, advertisement, name or notice shall be inscribed, displayed, printed, painted or affixed by Tenant on or to any part of the Building or exterior of the Premises leased to Tenants or to the door or doors thereof without the written consent of Landlord first obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.
2. [Intentionally Deleted].
3. The sidewalks, halls, passages, exits, entrances, elevators and stairways of the Building shall not be obstructed by Tenants or used by them for any purpose other than for ingress and egress from their respective Premises. The halls, passages, exits, entrances, elevators, stairways, balconies and roofs of the Building are not for the use of the general public and Landlord in all cases reserves the right to control the same and prevent access thereto by all persons whose presence, in the judgment of the Landlord, is or may be prejudicial to the safety, character, reputation or interests of the Building and its Tenants; provided however, that Landlord shall not prevent such access to persons with whom Tenants deal in the ordinary course of business unless such persons are engaged in illegal activities. No person shall go upon the roofs of the Building unless expressly so authorized by Landlord.
4. Tenants shall not alter any lock nor install any new or additional locks or any bolts on any interior or exterior door of any Premises leased to Tenant. Landlord may make a reasonable charge for any additional keys, and Tenant shall pay Landlord a \$50.00 deposit for each additional key. If all keys provided to Tenant are not returned to Landlord at the end of the Lease Term, then Landlord shall retain the full key deposit to allow for building re- keying as may be required by Landlord.
5. The doors, windows, light fixtures and any lights or skylights that reflect or admit light into halls or other places of the Building shall not be covered or obstructed. The toilet rooms, toilets, urinals, wash bowls or other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown or placed therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees, causes such expense.
6. Tenants shall not mark, drive nails, screw or drill into the walls, woodwork, brick, concrete or plaster or in any way deface the Building or any Premises leased Tenant. Tenant shall be permitted to hang/display artwork, mirrors and the like on the wall of the Premises.
7. All damage to the Building or Premises occupied by Tenants caused by moving or maintaining any property of a Tenant shall be repaired at the expense of such Tenant.
8. Tenants shall not cause any unnecessary labor by carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to any Tenant for loss of property on the Premises, however occurring, or for any damage to the property of any Tenant caused by the employees or independent contractors of Landlord or by any other person. Window cleaning shall be done at the times determined by Landlord for such services.
9. No Tenant shall sweep or throw, nor permit to be swept or thrown, any dirt or other substance into any of the corridors, halls or elevators or out of the doors or stairways of the Building; use or keep, nor permit to be used or kept, any foul or noxious gas or substance; nor bring or keep,

nor permit to be brought or kept, in the Building any animal life form, other than human, except seeing-eye dogs when in the company of their masters.

10. No Tenant shall use or keep in the Premises or the Building any kerosene, gasoline or flammable or combustible fluid or material, or, without Landlord's prior written approval, use any method of heating or air-conditioning other than that supplied or consented to by Landlord.
11. Tenant must comply with any government imposed codes and regulations concerning the use or storage of any substances on the Premises.
12. No boring or cutting for telephone or electric wires shall be allowed without the consent of Landlord and any such wires permitted shall be introduced at the place and in the manner described by Landlord. The location of telephones, speakers, fire extinguisher and all other office equipment affixed to Premises occupied by Tenants shall be subject to the approval of Landlord. Each Tenant shall pay all expenses incurred in connection with the installation of its equipment, including any telephone and electricity distribution equipment.
13. No Tenant shall affix any floor covering in any manner except as approved by the Landlord. The expense of repairing any damage caused by removal of any such floor covering shall be borne by the Tenant by whom, or by whose contractors, employees or invitees, the damage shall have been caused.
14. No furniture, packages, supplies, equipment, merchandise or deliveries of any kind will be received in the Building. Such deliveries shall be delivered directly to the Premises during Tenant's regular business hours. USPS mail shall be delivered to Tenant's dedicated mailbox located in the Building's common area lobby adjacent to the Premises..
15. The exterior, general entrance doors to the Building shall remain locked from the outside at all times, unless otherwise determined by the Landlord. No Tenant shall cause the doors to remain in the unlocked or open position, thereby sacrificing the general security of the Building.
16. Landlord may exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.
17. Each Tenant shall be liable to Landlord for any loss, cost, expense, damage or liability, including attorneys' fees, caused or occasioned by the failure of such first named Tenant to comply with these rules, but Landlord shall have no liability for such failure or for failing or being unable to enforce compliance therewith by any Tenant and such failure by Landlord or non-compliance by any other Tenant shall not be a ground for termination of the Lease to which these rules and regulations are attached by the Tenant thereunder.
18. Each Tenant shall maintain the portions of its Premises which are visible from outside of the Building or from hallways or other public areas of the Building, in a neat, clean and orderly condition.
19. [Intentionally Deleted].
20. No Tenant shall install any radio or television antennae, loudspeaker or other device on the roof or exterior walls of the Building without prior written consent of Landlord.
21. Each Tenant shall store all its trash and garbage within its Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the City of San Francisco without being in violation of any law or ordinance governing such

disposal. All garbage and refuse disposal shall be made only through entryways and elevators provided for such purpose and at such times as Landlord shall designate.

22. Canvassing, peddling, soliciting, and distribution of handbills or any other written materials in or about the Building are prohibited, and each Tenant shall cooperate to prevent the same.
23. Landlord performs repairs and improvements to the Building on a regular basis with reasonable advance notice (except that in the event of an emergency, advance notice shall not be required). Tenant is aware of the possible noise and minor inconveniences associated with repairs and improvements, and shall cooperate with Landlord's performance of such repairs and improvements.
24. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular Tenant or Tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations against any or all of the Tenants of the Building.
25. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of Premises in the Building. In the event of any conflict between the terms of these Rules and Regulations and the attached Lease, the terms of the attached Lease shall be controlling.
26. [Intentionally Deleted].

Landlord reserves the right to make such other reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building and for the preservation of good order therein.

**EXHIBIT E**  
**SIGNAGE REQUIREMENTS**

**GENERAL RULES GOVERNING EXTERIOR SIGNAGE FOR  
8 BOARDMAN PLACE**

1. All signage is subject to Landlord approval, and must also be approved by the appropriate permitting agencies of the City and County of San Francisco, except that design of the City and/or Public Defender logo or a reasonable variation thereof are hereby approved.
2. Primary structure shall be aluminum, stainless steel (316 or 316L solid S.S. only), painted aluminum, or painted steel. All types of vinyl and polycarbonates are prohibited.
3. Text shall be painted, silk-screened, clear aluminum, or stainless steel on standoffs. Ancillary text is to be silk-screened or painted.
4. Text illumination options are as follows: A) neon stencil over sans serif painted or silkscreened letters B) cast aluminum or stainless steel letters on standoffs with neon ambient illumination.
5. Ambient or non-visible signage lighting shall be any light source permitted by applicable City and County of San Francisco codes.
6. Colors shall be compatible with exterior coloring of the Building.
7. Banner: size, location and dimensions to be determined by Landlord.
8. Blade sign: size, location and dimensions to be determined by Landlord. Blade signs shall not project more than 4 feet from building face. Illumination (if visible) is to be neon or led neon only.
9. City shall have the option of applying decal signage on the exterior or interior of the entry door to the Premises in simple font or with the San Francisco Public Defender logo as depicted below, which may include the building address, office hours and a contact telephone number. City will be responsible for removing decal and any residue upon surrender of the Premises.





# 8 BOARDMAN PLACE

**REAL PROPERTY LEASE**  
PUBLIC DEFENDER'S OFFICE

**BUDGET AND FINANCE COMMITTEE** | SEPTEMBER 3, 2025

REAL ESTATE DIVISION

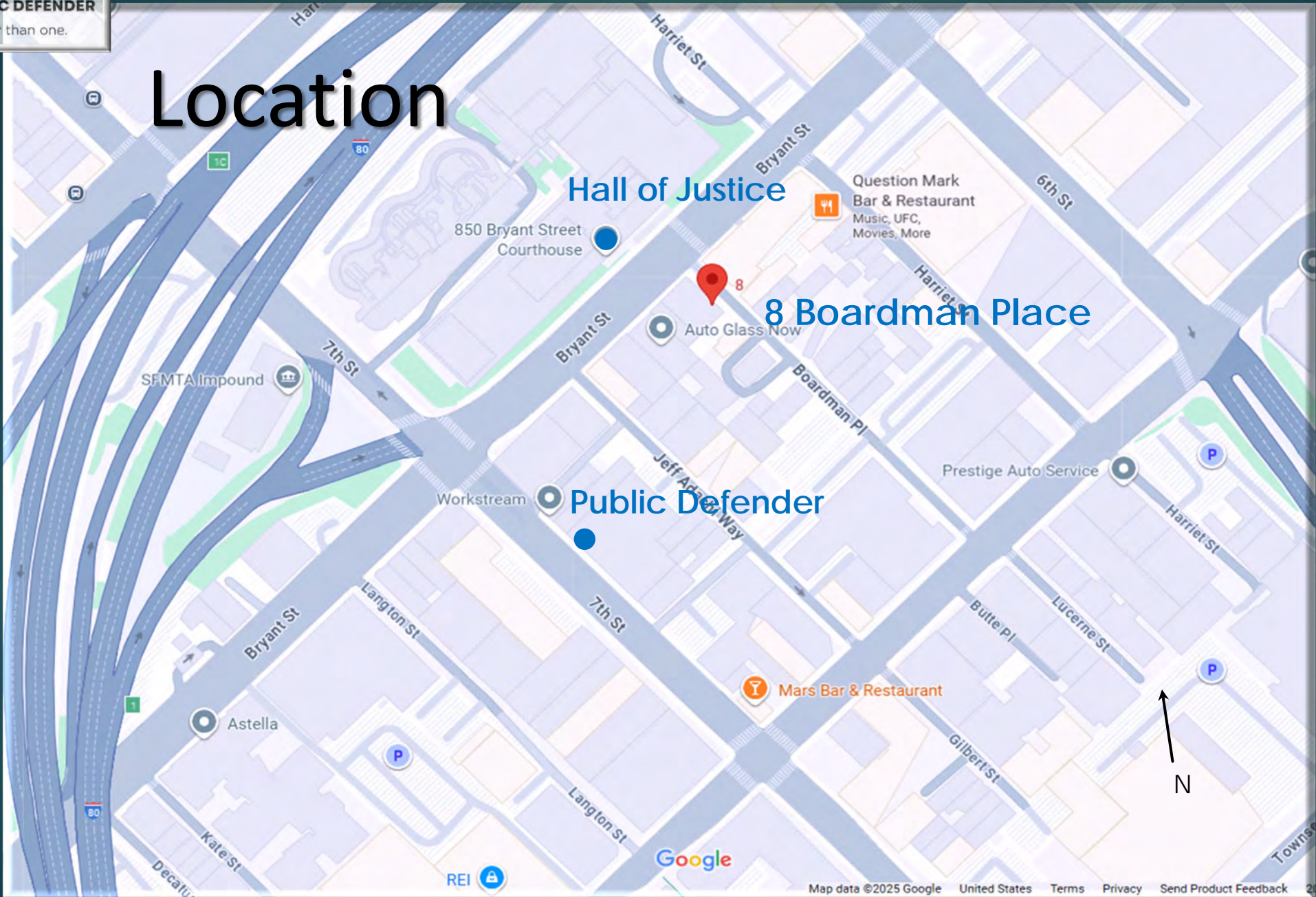
# Background

- In 2014, the Public Defender's office (PDR) had 150 employees in the City owned building at 555 7th Street, which has since increased to a staff count of 245. The current ratio of usable square feet to employee is 195.
- Overcrowding at the office has required placing 4 attorneys in a private office, and another 3 employees sharing a converted janitor's closet. Consequences have impacted to ability to conduct confidential phone calls, recruit staff and support employee well-being.
- The new office at 8 Boardman will accommodate up to 30 employees, relieving some of the congestion, and reducing density to 136 square feet per person.

# Terms of Agreement

- Premises: 4,009 square feet, located across the street from the Hall of Justice, and approximately one block from the existing PDR office at 555 7<sup>th</sup> Street.
- Lease Term: 5-years, with two options to extend by 5 years each at 95% of fair market value.
- Annual Base Rent: \$144,000 per year (\$35.92 per square foot) with annual increases of \$6,000 (\$1.50 per square foot); rent is abated for the first 3 months of the term.
- Tenant Improvements include construction of two private offices at landlord's cost, and use of the previous tenant's furniture, in very good condition, at no cost to the City.

# Location





**SAN FRANCISCO  
PUBLIC DEFENDER**

Greater than one.

# QUESTIONS?

REAL ESTATE DIVISION

## Base Rent Budget - 8 Boarmdan Place Lease

Premises (SF) 4,009

Term: 5 years

Est. Commencement: October 1, 2025 <sup>1</sup>

<b>LEASE YR</b>	<b><u>Yr 1</u></b>	<b><u>Yr 2</u></b>	<b><u>Yr 3</u></b>	<b><u>Yr 4</u></b>	<b><u>Yr 5</u></b>
OCT	TI CONST	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
NOV	TI CONST	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
DEC	FREE RENT	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
JAN	FREE RENT	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
FEB	FREE RENT	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
MAR	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
APR	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
MAY	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
JUN	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
JUL	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
AUG	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
SEP	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
<b>TOTAL</b>	<b>\$ 84,000</b>	<b>\$ 150,000</b>	<b>\$ 156,000</b>	<b>\$ 162,000</b>	<b>\$ 168,000</b>

<b><u>FISCAL YR</u></b>	<b><u>25/26</u></b>	<b><u>26/27</u></b>	<b><u>27/28</u></b>	<b><u>28/29</u></b>	<b><u>29/30</u></b>	<b><u>30/31</u></b>
JUL		\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
AUG		\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
SEP		\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000
OCT	TI CONST	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000	
NOV	TI CONST	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000	
DEC	FREE RENT	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000	
JAN	FREE RENT	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000	
FEB	FREE RENT	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000	
MAR	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000	
APR	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000	
MAY	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000	
JUN	\$ 12,000	\$ 12,500	\$ 13,000	\$ 13,500	\$ 14,000	
<b>TOTAL</b>	<b>\$ 48,000</b>	<b>\$ 148,500</b>	<b>\$ 154,500</b>	<b>\$ 160,500</b>	<b>\$ 166,500</b>	<b>\$ 42,000</b>

**Note:**

1. Actual Commencement Date upon Mayor's approval.
2. Assumes 2 months for design and construction of tenant improvements.
3. Excludes utilities and janitorial exps.



## San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org) . [www.sfethics.org](http://www.sfethics.org)

Received On:

File #: 250825

Bid/RFP #:

### Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

#### 1. FILING INFORMATION

##### TYPE OF FILING

Original

##### DATE OF ORIGINAL FILING (for amendment only)

##### AMENDMENT DESCRIPTION – Explain reason for amendment

#### 2. CITY ELECTIVE OFFICE OR BOARD

##### OFFICE OR BOARD

Board of Supervisors

##### NAME OF CITY ELECTIVE OFFICER

Members

#### 3. FILER'S CONTACT

##### NAME OF FILER'S CONTACT

Angela Calvillo

##### TELEPHONE NUMBER

415-554-5184

##### FULL DEPARTMENT NAME

Office of the Clerk of the Board

##### EMAIL

Board.of.Supervisors@sfgov.org

#### 4. CONTRACTING DEPARTMENT CONTACT

##### NAME OF DEPARTMENTAL CONTACT

Burt Hirschfeld

##### DEPARTMENT CONTACT TELEPHONE NUMBER

415-554-9850

##### FULL DEPARTMENT NAME

ADM Real Estate Division

##### DEPARTMENT CONTACT EMAIL

realestateadmin@sfgov.org

5. CONTRACTOR	
<b>NAME OF CONTRACTOR</b> Martin Building Company	<b>TELEPHONE NUMBER</b> 415-348-4664
<b>STREET ADDRESS (including City, State and Zip Code)</b> 1101 Sutter St, San Francisco CA 94109	<b>EMAIL</b> PMcNerney@martinbuilding.com

6. CONTRACT		
<b>DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)</b>	<b>ORIGINAL BID/RFP NUMBER</b>	<b>FILE NUMBER (If applicable)</b> 250825
<b>DESCRIPTION OF AMOUNT OF CONTRACT</b> Term obligation \$780,000		
<b>NATURE OF THE CONTRACT (Please describe)</b> 60 month term, 4,009 SF lease at 8 Boardman Pl. for Public Defender's Office. Tenant responsible for utilities and janitorial. Term obligation \$780,000		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

# **9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	McNerney	Patrick	CEO
2			
3			
4			
5			
6			
7			
8			
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12			
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19			

**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20			
21			
22			
23			
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27			
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38			

### 9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			

☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

### 10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

**SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK**

**DATE SIGNED**

BOS Clerk of the Board

OFFICE OF THE MAYOR  
SAN FRANCISCO



DANIEL LURIE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Adam Thongsavat, Liaison to the Board of Supervisors  
RE: Real Property Lease - STEEL ARC, LLC - 8 Boardman Place - Annual Base Rent of \$144,000  
DATE: July 29, 2025

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Resolution approving and authorizing the Director of Property, on behalf of the City and County of San Francisco ("City"), to lease 4,009 square feet of real property for the Public Defender's Office, located at 8 Boardman Place, for a five year term with two five-year options to extend at 95% of fair market value, at an annual base rent of \$144,000 (\$84,000 in the first year of the lease term), from STEEL ARC, LLC, a California limited liability corporation, effective upon approval of this Resolution and the lease term to commence upon completion of tenant improvements, and rent payments will begin three months after lease commencement; and enter into any additions, amendments or other modifications to the lease that do not otherwise materially increase the obligation or liabilities of the City to effectuate the purposes of the Lease or this Resolution.

Should you have any questions, please contact Adam Thongsavat at [adam.thongsavat@sfgov.org](mailto:adam.thongsavat@sfgov.org)