

File No. 151215

Committee Item No. 20

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

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance

Date December 9, 2015

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
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| <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                                 |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
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**OTHER** (Use back side if additional space is needed)

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Completed by: Victor Young Date December 4, 2015

Completed by: Victor Young Date \_\_\_\_\_

1 [Real Property Lease - 450 Toland Street - Four Fifty Toland, LLC - \$735,600 per Year -  
2 Purchase and Sale Agreements - 555 Selby Street, and 1975 Galvez Avenue - Selby and  
3 Hudson Corporation, W.Y.L. Five Star Service Industries - \$6,300,000 and \$5,000,000]

4 **Resolution authorizing the execution and acceptance of a Lease by and**  
5 **between the City and County of San Francisco and Four Fifty Toland, LLC, a**  
6 **California Limited Liability Company, for the real property located at 450 Toland**  
7 **Street with an initial lease amount of \$735,600 per year; the execution and**  
8 **acceptance of a Purchase and Sale Agreement by and between City and Selby**  
9 **and Hudson Corporation, a California corporation, for the real property located**  
10 **at 555 Selby Street for \$6,300,000; the execution and acceptance of a Purchase**  
11 **and Sale Agreement by and between the City and W.Y.L. Five Star Service**  
12 **Industries, Inc., a California corporation, for the real property located at 1975**  
13 **Galvez Avenue for \$5,000,000; and finding the proposed transactions are in**  
14 **conformance with the City's General Plan, and the eight priority policies of**  
15 **Planning Code, Section 101.1.**

16  
17 WHEREAS, The SFPUC now seeks to secure land necessary to support its  
18 current and future obligation to provide essential utility services, and there is a very  
19 limited supply of such available land in the vicinity of its existing facilities; and

20 WHEREAS, The Real Estate Division has identified, through both leasing and  
21 purchase, of three separate properties, consisting of the purchases of 555 Selby  
22 Street and 1975 Galvez Avenue ("Acquisition Sites") and a long-term lease of 450  
23 Toland Street ("Leased Site"); and

24 WHEREAS, On October 28, 2015, The Planning Department's CEQA  
25 Coordinator Timothy Johnston issued a notice that this project is categorically exempt

1 under California Environmental Quality Act (CEQA) Guidelines Section 15332 (Infill  
2 Development, Class 32); and

3 WHEREAS, The Planning Department, through General Plan Referral letter  
4 dated November 5, 2015, ("Planning Letter"), which is on file with the Clerk of the  
5 Board of Supervisors under File No. 151215, has verified that the City's acquisition of  
6 1975 Galvez Avenue and 555 Selby Street, and lease of 450 Toland Street are all  
7 consistent with the General Plan, and the eight priority policies under Planning Code,  
8 Section 101.1; and

9 WHEREAS, The Director of Property, in consultation with the SFPUC,  
10 negotiated a proposed Purchase and Sale Agreement for 555 Selby Street  
11 (Assessor's Block No. 5250, Lot No. 015), which is on file with the Clerk of the Board  
12 of Supervisors under File No. 151215 ("Selby Agreement"), with a purchase price of  
13 \$6,300,000; and

14 WHEREAS, The Director of Property, in consultation with the SFPUC,  
15 negotiated a proposed Purchase and Sale Agreement for 1975 Galvez Avenue  
16 (Assessor's Block No. 5250, Lot No. 016), which is on file with the Clerk of the Board  
17 of Supervisors under File No. 151215 ("Galvez Agreement"), with a purchase price of  
18 \$5,000,000; and

19 WHEREAS, The Director of Property, pursuant to review of an independent  
20 third party appraisal of 555 Selby Street, considering adjustments for time of sale,  
21 determined that the proposed purchase prices in the Selby Agreement and Galvez  
22 Agreement are reasonable and represent fair market value for the respective  
23 properties to be acquired; and

24 WHEREAS, The Director of Property, in consultation with the SFPUC,  
25 negotiated a proposed ten-year Lease Agreement for 450 Toland Street (Assessor's

1 Block No. 5230, Lot No. 018), which is on file with the Clerk of the Board of  
2 Supervisors under File No. 151215 ("Toland Agreement"), with an initial year base  
3 lease rate of \$735,600 per year, increasing 3% per year with two (2) additional five-  
4 year renewal option terms; and

5 WHEREAS, The Director of Property, pursuant to review of available leasing  
6 data in the Bayview submarket, determined that the proposed lease rate and terms in  
7 the Toland Agreement are reasonable and represent fair market rental value for the  
8 property to be leased; now, therefore, be it

9 RESOLVED, That the Board of Supervisors hereby finds that the acquisition of  
10 555 Selby Street and 1975 Galvez Avenue, and lease of 450 Toland Street is  
11 consistent with the City's General Plan and Eight Priority Policies of Planning Code  
12 Section 101.1 and hereby incorporates such findings by reference as though fully set  
13 forth in this Resolution; and, be it

14 FURTHER RESOLVED, That in accordance with the recommendation of the  
15 Directors of Property, and the SFPUC General Manager, the jurisdiction of the  
16 Acquisition Sites be assigned upon close of escrow to the SFPUC; and, be it

17 FURTHER RESOLVED, That the execution, delivery and performance of the  
18 Lease is hereby approved and the Director of Property (or his designee) are hereby  
19 authorized to execute the Lease, in substantially the form of Lease referenced herein,  
20 on behalf of the City and any such other documents that are necessary or advisable  
21 to complete the transaction contemplated by the Lease and effectuate the purpose  
22 and intent of this Resolution; and, be it

23 FURTHER RESOLVED, That the execution, delivery and performance of the  
24 Selby Agreement and Galvez Agreement is hereby approved and the Director of  
25 Property (or his designee) are hereby authorized to execute the appropriate

1 Purchase and Sale Agreements, in substantially the form of Agreement referenced  
2 herein, on behalf of the City and any such other documents that are necessary or  
3 advisable to complete the transaction contemplated by the Agreement and effectuate  
4 the purpose and intent of this Resolution; and, be it

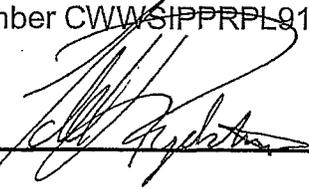
5 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director  
6 of Property (or his designee), in consultation with the City Attorney, to enter into any  
7 additions, amendments or other modifications to the Lease and Purchase  
8 Agreements and any other documents or instruments necessary in connection  
9 therewith, that the Director of Property determines are in the best interests of the City,  
10 do not materially decrease the benefits to the City with respect to the Property, do not  
11 materially increase the obligations or liabilities of the City, and are necessary or  
12 advisable to complete the transaction contemplated in the Lease and Purchase  
13 Agreements and that effectuate the purpose and intent of this Resolution, such  
14 determination to be conclusively evidenced by the execution and delivery by the  
15 Director of Property (or his designee) of any such additions, amendments, or other  
16 modifications; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors authorizes and directs  
18 the Clerk of the Board of Supervisors, the Director of Property, and the SFPUC  
19 General Manager, and any other officer of the City involved in the jurisdictional  
20 transfer to take all action necessary or appropriate to effectuate the purpose of this  
21 Resolution; and, be it

22 FURTHER RESOLVED, That all actions authorized and directed by this  
23 Resolution and heretofore taken are hereby ratified, approved and confirmed by this  
24 Board of Supervisors; and, be it

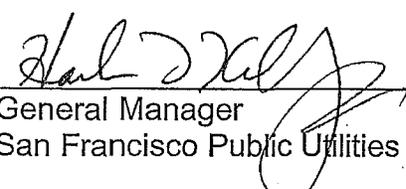
1 FURTHER RESOLVED, That the Director of Property shall provide the Clerk  
2 of the Board of Supervisors a fully executed copy of the Lease and two Purchase and  
3 Sale Agreements within thirty (30) days of signature of same.  
4

5  
6 \$11,698,150 Available  
7 Project Number CWWWSPRPL91

8  
9   
10 Controller  
11 Availability of funds for future fiscal years  
12 subject to the enactment of the annual  
13 appropriation ordinance.

14 RECOMMENDED:

15   
16 Director of Property

17   
18 General Manager  
19 San Francisco Public Utilities Commission  
20  
21  
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24  
25

<p><b>Item</b> File 15-1215</p>	<p><b>Department:</b> Public Utilities Commission (PUC)</p>
<p><b>EXECUTIVE SUMMARY</b></p>	
<p style="text-align: center;"><b>Legislative Objectives</b></p>	
<p>The proposed resolution would authorize (1) a new lease between the City (as tenant) and Four Fifty Toland, LLC (as landlord) for 450 Toland Street for a term of 10 years, with two five-year options to extend, for an initial lease amount of \$735,600 per year with 3 percent annual increases; (2) a purchase and sale agreement between the City (as buyer) and Selby and Hudson Corporation (as seller) for 555 Selby Street for a purchase price of \$6,300,000; and (3) a purchase and sale agreement between the City (as buyer) and W.Y.L. Five Star Service Industries, Inc. (as seller) for 1975 Galvez Avenue for a purchase price of \$5,000,000.</p>	
<p style="text-align: center;"><b>Key Points</b></p>	
<ul style="list-style-type: none"> <li>• The General Services Agency’s (GSA) Central Shops is currently located at 1800 Jerrold Avenue. The Public Utilities Commission (PUC) plans to occupy 1800 Jerrold Avenue, which is adjacent to the Southeast Water Pollution Control Plant (Plant), as part of the PUC Sewer System Improvement Program (SSIP). The City is proposing to lease a property at 450 Toland Street and purchase properties at 555 Selby Street and 1975 Galvez Avenue for the relocation of Central Shops.</li> </ul>	
<p style="text-align: center;"><b>Fiscal Impact</b></p>	
<ul style="list-style-type: none"> <li>• Wastewater Enterprise funds will be used to pay for the 10-year lease at 450 Toland Avenue (\$6,900,000) and purchase of 555 Selby Street (\$6,300,000) and 1975 Galvez Avenue (\$5,000,000), totaling \$18,200,000. Funds in the amount of \$18,200,000 are in the Wastewater Enterprise’s Sewer System Improvement Program budget, previously appropriated by the Board of Supervisors.</li> </ul>	
<p style="text-align: center;"><b>Policy Consideration</b></p>	
<ul style="list-style-type: none"> <li>• PUC will pay GSA the functional replacement costs to relocate Central Shops, which involves a settlement payment of \$73,700,000 from PUC to GSA to pay for the total cost of relocating the Central Shops to the three new locations, including the costs of constructing improvements.</li> <li>• According to the City’s Real Estate Division, the City needs to purchase the two properties at this time to relocate the Central Shops due to the acquisition of 1800 Jerrold Avenue by the PUC for the SSIP. The PUC needs to occupy 1800 Jerrold Avenue by June 30, 2017, and the estimated timeframe to relocate the Central Shops is approximately 18 months.</li> <li>• However, because the Real Estate Division did not obtain new appraisals of the fair market value of 555 Selby Street and 1975 Galvez Avenue, and because the purchase price of \$103.44 per square foot for 1975 Galvez Avenue is higher than the price of comparable properties, ranging from \$57 per square foot to \$96 per square foot, the Budget and Legislative Analyst considers approval of the proposed resolution to be a policy matter.</li> </ul>	
<p style="text-align: center;"><b>Recommendation</b></p>	
<ul style="list-style-type: none"> <li>• Approval of the proposed resolution is a policy matter for the Board of Supervisors.</li> </ul>	

**MANDATE STATEMENT**

Administrative Code Section 23.4 provides that acquisitions of real property are subject to Board of Supervisors approval.

City Administrative Code 23.27 states that, where the City is the tenant, any lease with a term of one year or longer or with rent of \$5,000 or more per month is subject to Board of Supervisors approval.

**BACKGROUND**

The General Services Agency's (GSA) Central Fleet Maintenance Shop (Central Shops) is currently located on a 5.3-acre site at 1800 Jerrold Avenue under the jurisdiction of the City's General Services Agency (GSA). The Board of Supervisors approved purchase of the property and surrounding land (a total of 40 acres) for sewage facilities in 1946. The San Francisco Public Utilities Commission (PUC) completed the Southeast Water Pollution Control Plant facilities in the early 1950s, and did not include the 1800 Jerrold Avenue site, which was instead used for Central Shops.

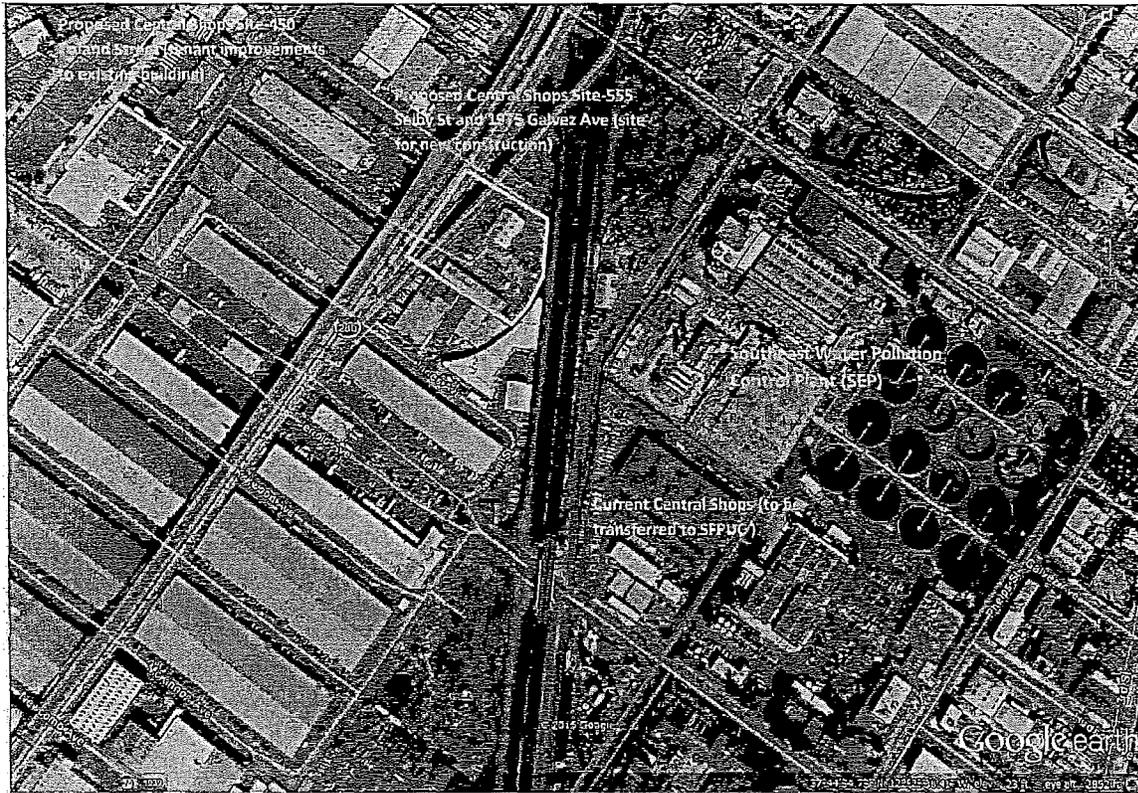
The Public Utilities Commission (PUC) plans to occupy 1800 Jerrold Avenue, which is adjacent to the Southeast Water Pollution Control Plant (Plant), to serve as a staging area for rehabilitation of the Plant. It is also being considered as a potential location for the biosolid digesters<sup>1</sup> as part of the PUC Sewer System Improvement Program (SSIP).

Under the relocation proposal, the General Services Agency (GSA) and the PUC would agree to a jurisdictional transfer of the 1800 Jerrold Avenue site from GSA to the PUC. The GSA plans to relocate Central Shops from 1800 Jerrold Avenue to two sites near its current location. The City would purchase two sites - 1975 Galvez Avenue and 555 Selby Street - for Central Shops heavy duty fleet repair operations. These two adjacent sites would be merged into one site. The City would also enter into a 10-year lease with two five-year options, for 450 Toland Street for the Central Shops light duty fleet repair operations.

A map showing the current and proposed locations for Central Shops are shown in Figure 1 below.

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<sup>1</sup> Biosolid digesters break down solid waste as part of the sewage treatment process. PUC is currently undergoing environmental review for the Biosolids Digester Facilities Project,

**Figure 1: Current and Proposed Locations for Central Shops**

Source: City Staff

Environmental review of the relocation of Central Shops from 1800 Jerrold Avenue to 555 Selby Street, 1975 Galvez Avenue, and 450 Toland Street has been completed.

#### **DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would authorize the following three real estate transactions:

1. A new lease between the City (as tenant) and Four Fifty Toland, LLC (as landlord) for 450 Toland Street for a term of 10 years, with two five-year options to extend, for an initial lease amount of \$735,600 per year (or \$61,300 per month) with 3 percent annual increases;
2. A purchase and sale agreement between the City (as buyer) and Selby and Hudson Corporation (as seller) for 555 Selby Street for a purchase price of \$6,300,000; and
3. A purchase and sale agreement between the City (as buyer) and W.Y.L. Five Star Service Industries, Inc. (as seller) for 1975 Galvez Avenue for a purchase price of \$5,000,000.

The proposed resolution would also find that the proposed use of the three properties is consistent with the City's General Plan and the eight priority policies of San Francisco Planning Code, Section 101.1.<sup>2</sup>

The provisions of the proposed lease are summarized in Table 1 below.

**Table 1: Summary of Lease Terms for 450 Toland Street**

Initial Term	Approximately 10 years from December 15, 2015 through December 14, 2025
Premises	46,221 rentable square feet of building space and land
Permitted Uses	Central shops, vehicle repair and maintenance, equipment storage, public programs, office, and any other use commensurate with existing zoning
Annual Base Rent	\$735,600 (\$15.91 per square foot for the 46,221-square-foot premises)
Rent Adjustments	3% annual increase
Option to Extend	Two five-year options to extend through December 14, 2035
Annual Rent During Extensions	\$988,585 in December 2025 (with 3% annual increase) \$1,146,041 in December 2030 (with 3% annual increase)
Property Management Fee	4% of then-current base rent paid to Landlord by City
Utilities and Maintenance	Paid by City
Janitorial and Security Services	Paid by City
Property Taxes and Insurance	Paid to Landlord by City
Tenant Improvements	City intends to reconfigure the building, modify the parking area, modify building utility systems, and install HVAC systems

The terms of the proposed purchase and sale agreements are summarized in Table 2 below.

<sup>2</sup> The Eight Priorities of City Planning Code Section 101.1 include: (1) existing neighborhood-serving retail uses be preserved and enhanced, and future opportunities for resident employment in and ownership of such businesses enhanced; (2) existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods; (3) the City's supply of affordable housing be preserved and enhanced; (4) commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking; (5) a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced; (6) the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake; (7) landmarks and historic buildings be preserved; and (8) parks and open space and their access to sunlight and vistas be protected from development.

**Table 2: Summary of Purchase and Sale Agreements**

<b>555 Selby Street</b>	
Premises	72,788 square feet of land; a single-story office building with 13,500 square feet of net rentable area; other buildings, structures, and improvements on the site
Purchase Price	\$6,300,000 (\$86.55 per square foot of land)
Security Deposit	\$189,000
City's Closing Costs	Title insurance, escrow and recording fees

<b>1975 Galvez Avenue</b>	
Premises	48,338 square feet of land; a single-story building with 7,050 square feet of net rentable area; other buildings, structures, and improvements on the site
Purchase Price	\$5,000,000 (\$103.44 per square foot of land)
Security Deposit	None
City's Closing Costs	Title insurance, escrow and recording fees, property survey, sales taxes

Currently, Central Shops occupies 80,577 square feet of improvements on a land area of 263,102 square feet at 1800 Jerrold Avenue.

Central Shops will occupy 98,000 square feet of improvements, combined at 450 Toland Street, 555 Selby Street, and 1975 Galvez Avenue, on a combined land area of 167,347 square feet, a reduction of 95,755 square feet of land (or a 36 percent reduction), and an increase of 17,423 square feet of improvements (or an approximately 22 percent increase).

**FISCAL IMPACT**

**Fair Market Value for 450 Toland Street Lease**

According to Mr. Updike, the most recent available leasing data for industrial properties in San Francisco was published by CBRE in January 2015. The CBRE report estimated the average industrial lease rate in San Francisco at \$25.20 per square foot per year. As shown in Table 1 above, the negotiated lease rate for 450 Toland Street is \$15.91 per square foot or \$9.29 per square foot lower than the average industrial lease rate of \$25.20.

**Fair Market Value for 555 Selby Street and 1975 Galvez Avenue Acquisitions**

The Real Estate Division did not conduct new appraisals of 555 Selby Street and 1975 Galvez Avenue prior to negotiating the purchase price with the respective property owners. According to Mr. Updike, the Real Estate Division did not conduct new appraisals because the purchase price for each property was comparable to the sales prices of other industrial properties, which ranged from \$57 per square foot to \$96 per square foot. As noted above the purchase price for 555 Selby Street is \$86.55 per square foot and the purchase price for 1975 Galvez is \$103.44 per square foot.

According to Mr. Updike, the price per square foot of 1975 Galvez Avenue of \$103.44 is reasonable because (1) typically, smaller properties sell for more on a per square foot basis, and (2) the Galvez property has fewer improvements to demolish and a cleaner environmental condition than similar properties in the area, making it more attractive to a buyer looking to redevelop Production Distribution & Repair (PDR) type space, consistent with the zoning for the property.

#### PUC Payment of Costs

Wastewater Enterprise funds will be used to pay for the 10-year lease at 450 Toland Avenue (\$6,900,000)<sup>3</sup> and purchase of 555 Selby Street (\$6,300,000) and 1975 Galvez Avenue (\$5,000,000), totaling \$18,200,000. Funds in the amount of \$18,200,000 are in the Wastewater Enterprise's Sewer System Improvement Program budget, previously appropriated by the Board of Supervisors.

### **POLICY CONSIDERATION**

The Central Shops Relocation Project consists of the following actions:

- Purchase of 555 Selby Street and 1975 Galvez Avenue and 10-year lease with two five-years options to extend at 450 Toland Street (subject of the proposed resolution);
- Jurisdictional transfer of 1800 Jerrold Avenue from GSA to PUC (legislation pending before the Board of Supervisors)
- Approval of the project delivery agreement to manage design and construction of the Central Shops facilities (legislation pending before the Board of Supervisors)
- Approval of the memorandum of understanding (MOU) between GSA and PUC, in which PUC commits Wastewater Enterprise funds of \$73,700,000 to the Central Shops Relocation Project to pay for the purchase of 555 Selby Street and 1975 Galvez Avenue, 10-year lease payments for 450 Toland Street, and design and construction costs of the Central Shops facilities (legislation pending before the Board of Supervisors).

#### **Cost of Functional Replacement**

According to Mr. Updike, PUC will pay GSA the "functional replacement costs" to relocate the Central Shops from 1800 Jerrold Avenue to the three new locations. Functional replacement involves an administrative settlement payment to mitigate GSA's costs of relocation. The payment from PUC to GSA pays for the total cost of relocating the Central Shops to the three new locations, including the costs of constructing improvements.

The acquisition, capitalized 10-year lease expenses, and construction costs to functionally replace the existing Central Shops facilities at the Selby/Galvez and Toland sites are estimated to total approximately \$73,700,000. Under the proposed MOU (for which legislation is pending before the Board of Supervisors), the PUC will pay GSA \$73,700,000 to complete the jurisdictional transfer and relocate the Central Shops.

<sup>3</sup> According to Mr. Updike, the \$6,900,000 for the 10-year Toland Avenue lease is based on monthly rent of \$60,000, less five months' rent abatement for tenant improvements.

**PUC Need for 1800 Jerrold Avenue**

According to Mr. Updike, the City needs to purchase 555 Selby Street and 1975 Galvez Avenue at this time to relocate the Central Shops operations due to the acquisition of 1800 Jerrold Avenue by the PUC for the Sewer System Improvement Program (SSIP). The PUC needs to occupy 1800 Jerrold Avenue by June 30, 2017 in order to meet the SSIP project timeline. The estimated timeframe to relocate the Central Shops, including closing the purchase of 555 Selby Street and 1975 Galvez Avenue, and designing and constructing the new Central Shop facilities will take approximately 18 months, from approximately January 2016 to June 2017.

However, because the Real Estate Division did not obtain new appraisals of the fair market value of 555 Selby Street and 1975 Galvez Avenue, and because the purchase price of \$103.44 per square foot for 1975 Galvez Avenue is higher than the price of comparable properties, ranging from \$57 per square foot to \$96 per square foot, the Budget and Legislative Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors.

**RECOMMENDATION**

Approval of the proposed resolution is a policy matter for the Board of Supervisors because the Real Estate Division did not obtain new appraisals of the fair market value of 555 Selby Street and 1975 Galvez Avenue, and because the purchase price of \$103.44 per square foot for 1975 Galvez Avenue is higher than the price of comparable properties, ranging from \$57 per square foot to \$96 per square foot.





**San Francisco**  
**Water Power Sewer**  
 Services of the San Francisco Public Utilities Commission

525 Golden Gate Avenue, 13th Floor  
 San Francisco, CA 94102  
 T 415.554.3155  
 F 415.554.3161  
 TTY 415.554.3488

**TO: Angela Calvillo, Clerk of the Board**

**FROM: Patrick Caceres, Policy and Government Affairs Manager**

**DATE: November 23, 2015**

**SUBJECT: Lease of 450 Toland Street – Four Fifty Toland LLC - \$735,600 per year initially; Purchase of 555 Selby Street – Selby and Hudson Corporation - \$6,300,000; Purchase of 1975 Galvez Avenue – W.Y.L. Five Star Service Industries - \$5,000,000**

Attached please find an original and two copies of a proposed resolution authorizing the Public Utilities Commission (PUC) to enter into a Lease of 450 Toland Street – Four Fifty Toland LLC - \$735,600 per year initially; Purchase of 555 Selby Street – Selby and Hudson Corporation - \$6,300,000; Purchase of 1975 Galvez Avenue – W.Y.L. Five Star Service Industries - \$5,000,000.

The following is a list of accompanying documents (2 sets):

1. Board of Supervisors Resolution
2. San Francisco Planning Department General Plan Referral,

Case No. 2015-013598GPR

SFPUC is submitting the attached document for introduction at the Board of Supervisors for December 1, 2015. The SFPUC is also working on companion legislation that would be introduced by December 1, 2015 and provided to the Board members at that time.

Please contact Patrick Caceres at 554-0706 if you need any additional information on these items.

**Edwin M. Lee**  
 Mayor

**Ann Moller Caen**  
 President

**Francesca Vietor**  
 Vice President

**Vince Courtney**  
 Commissioner

**Anson Moran**  
 Commissioner

**Ike Kwon**  
 Commissioner

**Harlan L. Kelly, Jr.**  
 General Manager





San Francisco  
Water Power Sewer

Services of the San Francisco Public Utilities Commission

525 Golden Gate Avenue, 13th Floor  
San Francisco, CA 94102  
T 415.554.3155  
F 415.554.3161  
TTY 415.554.3488

RECEIVED  
SAN FRANCISCO  
NOV 23 11:50 AM  
AK

**TO:** Angela Calvillo, Clerk of the Board  
**FROM:** Patrick Caceres, Policy and Government Affairs Manager  
**DATE:** November 23, 2015  
**SUBJECT:** Lease of 450 Toland Street – Four Fifty Toland LLC - \$735,600 per year initially; Purchase of 555 Selby Street – Selby and Hudson Corporation - \$6,300,000; Purchase of 1975 Galvez Avenue – W.Y.L. Five Star Service Industries - \$5,000,000

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- Edwin M. Lee  
Mayor
- Ann Moller Caen  
President
- Francesca Vietor  
Vice President
- Vince Courtney  
Commissioner
- Anson Moran  
Commissioner
- Ike Kwon  
Commissioner
- Harlan L. Kelly, Jr.  
General Manager



AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between

Selby and Hudson Corporation, a California Corporation,  
as Seller

and

CITY AND COUNTY OF SAN FRANCISCO,  
as Buyer

For the purchase and sale of

555 Selby Street, Block 5250, Lot 15  
San Francisco, California

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**AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE**  
(555 Selby Street, Assessor's Block 5250, Lot 15, San Francisco)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this "Agreement") dated for reference purposes only as of date-TBD, 2015("Signing Date") is by and between Selby and Hudson Corporation., a California Corporation("Seller"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Buyer" or "City").

IN CONSIDERATION of the payment of the non-refundable sum of One Hundred Eighty-Nine Thousand Dollars (\$189,000.00) by City, pursuant to the conditions contained in Section 2.1 herein, and the respective agreements also contained herein below, Seller and City agree as follows:

**1. PURCHASE AND SALE**

**1.1 Property Included in Sale.** Seller agrees to sell and convey to City, and City agrees to purchase from Seller, subject to the terms, covenants and conditions hereinafter set forth, the following:

(a) the real property consisting of approximately 72,788 square feet of land, located in the City and County of San Francisco, commonly known as 555 Selby Street, Assessor's Block 5250, Lot 15 and more particularly described in Exhibit A attached hereto (the "Land");

(b) all improvements and fixtures located on the Land, including, without limitation, (i) that certain single-story office building including mezzanine level containing approximately 13,500 square feet of net rentable area and known as 555 Selby Street (the "Building"), as well as all other buildings and structures located on the Land, (ii) all of Seller's right, title and interest in all fixtures and apparatus directly used in connection with the operation or occupancy of the Land and its improvements such as heating and air conditioning systems and facilities used to provide any utility, refrigeration, ventilation, garbage disposal or other services, and (iii) all on-site parking (collectively, the "Improvements");

(c) to the extent assignable, all of Seller's right, title and interest, if any, in and to all rights, privileges, and easements incidental or appurtenant to the Land or Improvements, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Land, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Land, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land or Improvements, and all roads and alleys adjoining or servicing the Land or Improvements (collectively, the "Appurtenances");

(d) all of Seller's right, title and interest, if any, in and to all tangibles located on or in or used in connection with the Land or Improvements as of the Signing Date including, without limitation, equipment, appliances, and those items described in Exhibit B attached hereto; provided, however that the foregoing shall be subject to depletions, replacements and additions which occur in the ordinary course of Seller's business operation of the Property prior to the Closing Date (as defined in Section 6.2 [Closing Date]) and shall expressly exclude any of the same owned by tenants of the Improvements (such tangible personal property shall be referred to herein collectively as, the "Personal Property");

(e) any and all of Seller's right, title and interest in and to the lease of Building (the "Building Lease") affecting the Property that are in effect as of the Closing Date, to the extent expressly approved by City pursuant to Section 5.1(f) of this Agreement or otherwise entered into after the Signing Date pursuant to Section 10.3 of this Agreement (the "Lease"), any guaranties thereof, and any security deposits and prepaid rent paid or deposited by tenants under the Lease;

(f) to the extent assignable all of Seller's right, title and interest, if any, in and to those agreements affecting the Land and the Improvements, other than the Lease, to the extent expressly approved by City and that City elects to assume pursuant to Section 4.1(f) below, or that are the source of obligations that City elects to assume pursuant to Section 10.2 below (collectively, the "Miscellaneous Agreements");

(g) all of Seller's right, title and interest, if any, in and to any other assignable intangible personal property used exclusively in the ownership, use or operation of the Land, Improvements or Personal Property, including, without limitation, the right to use any trade name now used exclusively in connection with the Land or Improvements, all licenses, permits and certificates of occupancy issued by governmental authorities relating to the use maintenance, occupancy and/or operation of the Property, and all warranties and guaranties made by or received from any third party with respect to any building, building component, structure, system, fixture, machinery, equipment, or material situated on, contained in any building or other improvement situated on, or comprising a part of any building or other improvement situated on, any part of the Property (collectively, the "Intangible Property"); and

(h) copies of all books and records relating to tenants, keys, and other materials of any kind owned by Seller and in the possession or control of Seller, its property manager or asset manager, which are used in the continuing operation of the Improvements, other than the Proprietary Material (as defined in Section 5.1(d) below) (collectively, the "Books and Records").

All of the items referred to in Subsections (a), (b), (c), (d), (e), (f), (g) and (h) above are collectively referred to as the "Property."

## 2. PURCHASE PRICE

**2.1 Security Deposit.** A deposit in the sum of \$189,000.00 shall be deposited with the Title Company within three (3) business days after the opening of escrow.

**2.2 Purchase Price.** The total purchase price for the Property is Six Million Three Hundred Thousand and No/100 Dollars (\$6,300,000.00) (the "Purchase Price").

**2.3 Payment.** On the Closing Date (as defined in Section 6.2 [Closing Date]), City shall pay the Purchase Price, in cash, adjusted pursuant to the provisions of Article 7 [Expenses and Taxes], and reduced by any credits due City hereunder, including the Security Deposit pursuant to Section 2.1 herein, which shall be paid to Seller and credited against the Purchase Price.

Seller acknowledges and agrees that if Seller fails at Closing to deliver to City the documents required under items (vi) and (vii) of Sections 6.3(a) [Seller's Delivery of

Documents], City may be required to withhold a portion of the Purchase Price pursuant to Section 1445 of the United States Internal Revenue Code of 1986, as amended (the "Federal Tax Code"), or Sections 18662 and 26131 of the California Revenue and Taxation Code (the "State Tax Code"). Any amount properly so withheld by City shall be deemed to have been paid by City as part of the Purchase Price, and Seller's obligation to consummate the transaction contemplated herein shall not be excused or otherwise affected thereby.

**2.4 Funds.** All payments made by any party hereto shall be in legal tender of the United States of America, by wire transfer of immediately available funds to Old Republic Title Company (the "Title Company"), as escrow agent, arranged through the Title Company's offices located at 275 Battery Street, Suite 1500, San Francisco, CA 94111, Attention: Jennifer Raike.

**2.5 Personal Property.** City and Seller hereby agree that the estimated value of the Personal Property to be conveyed to City as part of the Property does not exceed Five Thousand and No/100 Dollars (\$5,000.00).

**2.6 Intentionally Deleted.**

### **3. TITLE TO THE PROPERTY**

**3.1 Conveyance of Title to the Property.** At the Closing Seller shall convey to City marketable fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the "Deed"), Such Deed shall be subject only to the following (the "Accepted Conditions of Title") (a) general real estate taxes not yet due or payable as of the date of the Closing; (b) rights of tenants under the Lease; (c) all title matters relating to the Property that are (i) discoverable during the Due Diligence Period (as defined below in Section 4.1(a)) by means of an accurate survey or inspection of the Property, or (ii) disclosed to City in writing before the Closing, except for Disapproved Matters (as defined below in Section 5.1(a)(ii)) and Prohibited Title Exceptions (as defined below in Section 5.1(a)(ii)); (iii) all Disapproved Matters that Seller has not agreed, in one or more Seller's Removal Notices (as defined below in Section 5.1(a)(ii)), to cure, except to the extent, if any, that Seller agrees in one or more Seller's Removal Notices to cure the same; and (iv) all other exceptions, if any, that may be created by City or agreed to by City in writing, including, without limitation, any liens arising from labor, material or services provided at the request of City in connection with its inspection of the Property pursuant to this Agreement. Seller's obligation to cure any Disapproved Matters shall be limited as set forth in Section 5.1(a)(ii), below.

**3.2 Title Insurance.** It shall be a condition precedent to City's obligation to close the purchase of the Property that Title Company shall be irrevocably committed to issue to City (i) an ALTA extended coverage owner's policy of title insurance (Form B - 1970 amended 4-6-90), or at City's sole option, a CLTA policy of title insurance (the "Owner Policy" or "Title Policy") in the amount of (the "Owner Title Policy Amount") the Purchase Price (provided that the Title Company shall provide to Seller during the Due Diligence Period confirmation of its willingness to issue title insurance in the Owner Title Policy Amount), insuring fee simple and marketable title to the Land, the Appurtenances (to the extent the Title Company may agree in writing, during the Applicable Period (as defined below), to insure such Appurtenances), and the Improvements in City free of the rights of tenants or other occupants (except for the tenants

under the Lease, provided such exception is limited to the interest of such tenants as tenants only without any rights or options to purchase any of the Property), and all other exceptions, liens and encumbrances except solely for the Accepted Conditions of Title pursuant to Sections 3.1 and 5.1(a) of this Agreement, or (ii) an ALTA extended coverage policy, or at City's sole option, a CLTA policy. The Title Policy shall provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Property (except for any liens arising from labor, material or services provided at the request of City in connection with its inspection of the Property pursuant to this Agreement, shall not contain any exclusion from coverage for creditor's rights or bankruptcy, and shall contain an affirmative endorsement (Form CLTA 100 or equivalent ALTA endorsement) that there are no violations of restrictive covenants, if any, affecting the Property, and such special endorsements as City may reasonably request and as the Title Company may agree in writing, during the Applicable Period (as defined below), to issue at the Closing. As used in this Section 3.2, "Applicable Period" means (i) prior to the Closing, with respect to any Newly Disclosed Title Matter (as defined in Section 5.1(a)(ii) below), or (ii) during the Due Diligence Period, with respect to any other matter. If requested by City, the Title Policy and/or the Leasehold Policy shall also provide for reinsurance with direct access with such companies and in such amounts as City may reasonably request, and the Title Company may agree in writing, during the Due Diligence Period, to provide at the Closing.

**3.3 Bill of Sale.** At the Closing Seller shall transfer title to the Personal Property by bill of sale in the form attached hereto as Exhibit D (the "Bill of Sale"), such title to be free of any liens, encumbrances or interests created by Seller, except for the Accepted Conditions of Title.

**3.4 Assignment of Intangibles.** At the Closing Seller shall transfer title to the Intangible Property by, an assignment of Intangible Property in the form attached hereto as Exhibit E (the "Assignment of Intangible Property").

### **3.5 Assignment of Lease.**

At the Closing Seller shall transfer its title to the Lease by an assignment of leases in the form attached hereto as Exhibit F (the "Assignment of Lease"), such title to be free of any liens, encumbrances or interests created by Seller, except for the Accepted Conditions of Title.

## **4. BUYER'S DUE DILIGENCE INVESTIGATIONS**

### **4.1 Due Diligence**

(a) As used herein, "Due Diligence Period" shall mean the period commencing on the Signing Date and expiring as of the earlier of (i) the date occurring thirty (30) days after the Signing Date, or (ii) the Closing Date, "Due Diligence Expiration Date".

(b) Within fifteen (15) days after the Signing Date, Seller covenants to deliver to City all of the Documents (as defined in Section 5.1(d), below), the Financial Statements (as defined in Section 5.1(e), below), and the Lease Documents (as defined in Section 5.1(f), below) pertaining to the condition and operation of the Property, to the extent such documents exist and are in the possession or control of Seller, its property manager or its asset manager. Seller further agrees to promptly deliver to City any such Documents thereafter discovered, created or received by Seller, its property manager or its asset manager (each, a "Newly Discovered Document"), and the parties agree that if any such Newly Discovered Document is first delivered to City later than ten (10) days before the expiration of the Due Diligence Period, then the Due

Diligence Period shall be extended until the date that is ten (10) days after the date of such delivery. If a Newly Discovered Document is discovered after the Due Diligence Period, but prior to Closing, then the Due Diligence Period shall be extended, for purposes of the City's review and consideration of such Newly Discovered Document, for a period of ten (10) days after the City's receipt of such Newly Discovered Document. City shall provide to Seller copies of any reports or surveys related to the physical condition of the Property obtained by City during its due diligence (the "Purchaser Reports"); provided, however, City shall have no obligation to cause any such tests, reports or studies to be performed on the Property, and City makes no representation or warranty regarding the truth or accuracy of, and shall have no liability as a result of having provided, such Purchaser Reports. In the event that this Agreement is terminated for any reason, City shall promptly return to Seller the originals of all Documents, Financial Statements and Lease Documents previously delivered to City by or on behalf of Seller.

(c) After the Effective Date and continuing until the expiration of the Due Diligence Period, Seller shall afford City and its Agents reasonable access to the Property, subject to the rights of tenants under the Lease, at all reasonable times during Seller's normal business hours, upon not less than twenty-four (24) hours prior oral or written notice (or such longer period as may be required for Seller to comply with the terms of any Lease, in the case of access to any portion of the Property which is subject to any Lease), for the purposes of investigating the Property, either independently or through City's Agents, to satisfy City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of City's Conditions Precedent (as defined in Section 5.1, below), , including, without limitation, such appraisals, inspections, tests, audits, verifications, inventories, investigations and other due diligence regarding the economic, physical, environmental, title and legal conditions of the Property as City deems proper in its sole discretion, as well as the suitability of the Property for City's intended uses; PROVIDED, HOWEVER, THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, CITY SHALL NOT MAKE ANY INVASIVE TESTING ON OR ABOUT THE PROPERTY OR UNDERTAKE ANY ACT WHICH WILL CAUSE DAMAGE TO THE PROPERTY WITHOUT OBTAINING THE PRIOR WRITTEN CONSENT OF SELLER WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD. City will be responsible at its sole expense for performing or arranging any investigations of the Property it elects in its sole discretion to undertake. City shall conduct such entries and any inspections in connection therewith so as to minimize disruption at the Property or interference with Seller's business or with its tenants and in accordance with all applicable laws and otherwise in a manner reasonably acceptable to Seller. Seller shall have the option to have an agent or employee accompany City at all times during its investigation or inspection of the Property. Buyer shall have no right to make inquiries of tenants without Seller's prior consent, which may be conditioned upon an agent or employee of Seller accompanying City and its agents or representatives during such inquiries.

(d) Seller hereby irrevocably authorizes City and its Agents (as defined in Section 12.9, below) to make all inquiries with and applications to any regulatory authority with jurisdiction over the Property as City may reasonably require to complete its due diligence investigations on the Property; provided, however, that no such inquiry or application shall be made prior to the Effective Date and no such application shall impact Seller's ownership of or title to the Property or adversely affect the value thereof, in the event the Closing fails to occur.

(e) City, at its sole expense, shall repair any and all damage resulting from any of the tests, studies, inspections and investigations performed by or on behalf of City that are permitted under this Section 4.1, and City hereby agrees to indemnify and hold Seller, the partners, members, trustees, shareholders, directors, officers and agents of Seller, any party owning a direct or indirect interest in Seller, the affiliates of Seller, and the partners, members, trustees, shareholders, directors, officers, employees, and agents of each of the foregoing parties

(collectively, the "Seller-Related Parties") harmless from any damage or injury to persons or property, and all third party claims, and costs and expenses related thereto, including without limitation reasonable attorney's fees, incurred as a result of investigations of the Property by City or its Agents. Without limiting the generality of the foregoing, City shall remove any mechanic's or other lien which may be recorded against the Property by any party providing labor, materials or services at the request of City. The foregoing repair obligation and indemnity shall not include any damage or injury to the extent the same results from the gross negligence or willful misconduct of Seller or from any pre-existing environmental condition of the Property, except and only to the extent that such environmental condition is exacerbated by City's entry and/or investigation (provided, however, that nothing in this sentence shall affect the rights, obligations or remedies of the parties under subparagraph (c) above). This Section 4.1(e) shall survive the termination of this Agreement or the Closing, as applicable. Notwithstanding the immediately preceding sentence, Seller acknowledges that any claim Seller may have against City arising under this Section 4.1(e) may, as a matter of law, be subject to limitations on timing of presentment pursuant to Section 911.2 and other relevant provisions of the California Government Code; provided, however, that nothing in this sentence shall be deemed to cause any such claim to be subject to such sections of the California Government Code which would not, as a matter of law, be subject to such sections in the absence of this sentence.

(f) City shall notify Seller not later than the expiration of the Due Diligence Period if it desires to receive an assignment of, and to assume Seller's rights and obligations under, any Miscellaneous Agreements pertaining to the Property (other than the Lease and other Miscellaneous Agreements constituting Accepted Conditions of Title), which notice shall specify the Miscellaneous Agreements to be assigned and assumed. Except for the Miscellaneous Agreements set forth in such notice, and except for Miscellaneous Agreements to be assigned to and assumed by City pursuant to any other provisions hereof (such as Lease and other Miscellaneous Agreements constituting Accepted Conditions of Title), Seller shall terminate, at no cost or liability to City all other Miscellaneous Agreements by the Closing Date. Notwithstanding anything herein to the contrary, Seller shall terminate before the Closing, at no cost or liability to City, all management Miscellaneous Agreements affecting the Property.

#### **4.2 City's Right to Terminate.**

Notwithstanding anything in this Agreement to the contrary, City may terminate this Agreement by written notice to Seller at any time before the expiration of the Due Diligence Period. Upon any such termination, the Deposit shall be returned to the City, and neither City nor Seller shall have any further rights or obligations hereunder, except as otherwise expressly provided in this Agreement. This Section 4.2 is subject to, and shall not serve to modify or limit, any right or remedy of City arising under Section 5.1, City's Conditions to Closing, or any other provision of this Agreement; provided, however, that any matters which, under the terms of Section 5.1 below, City is entitled to approve or disapprove during the Due Diligence Period shall be deemed to have been approved by City during the Due Diligence Period if City elects not to terminate this Agreement pursuant to this Section 4.2.

#### **4.3 Energy Consumption**

City acknowledges and agrees that Seller delivered the Disclosure Summary Sheet, Statement of Energy Performance, Data Checklist, and Facility Summary (all as defined in the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Section 1680) for the Property, copies of which are attached as Schedule 1 to this Agreement, no less than 24 hours prior to City's execution of this Agreement.

### **5. ENTRY**

During the Due Diligence Period and at all times prior to the Closing Date Seller shall afford City and its Agents reasonable access to the Property and all books and records located therein for the purposes of satisfying City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of the Conditions Precedent including, without limitation, and subject to the provisions of 4.1(c) the drilling of test wells and the taking of soil borings. City hereby agrees to indemnify and hold Seller harmless from any damage or injury to persons or property caused by the negligence or willful misconduct of City or its Agents during any such entries onto the Property prior to the Closing, except to the extent such damage or injury is caused by the acts or omissions of Seller or any of its Agents. The foregoing Indemnity shall not include any claims resulting from the discovery or disclosure of pre-existing environmental conditions or the non-negligent or willful aggravation of pre-existing environmental conditions on, in, under or about the Property, including the Improvements. In the event this Agreement is terminated for any reason other than Seller's default hereunder, City shall restore the Property to substantially the condition it was found subject to applicable laws. If restoration cannot take place due to applicable laws, Seller shall be compensated for any loss in value of the Property. This indemnity shall survive the termination of this Agreement or the Closing, as applicable, provided that Seller must give notice of any claim it may have against City under such indemnity (i) within three (3) months after the claim is brought by a third party against Seller or (ii) within three (3) months after damage is discovered or should have been discovered by Seller's due diligence if the claim involves damage to Seller's Property caused by Buyer or its Agents.

### **5.1 City's Conditions to Closing**

The following are conditions precedent to City's obligation to purchase the Property (collectively, "City's Conditions Precedent"):

(a) City shall have reviewed and approved title to the Property, as follows:

(i) Within five(5) days after the Effective Date, Seller shall deliver to City a preliminary report on the Real Property, to be issued by Title Company, accompanied by copies of all documents referred to in the report (collectively, the "Preliminary Report"); and

(ii) Within ten (10) days after the later of City's receipt of the Preliminary Report (the "Title Documents") (the "Title Review Period"), City shall designate to Seller in writing any exceptions to title that City approves or disapproves (any such disapproved matters shall be referred to herein as the "Disapproved Matters"). City's failure to so advise Seller within such period shall be deemed approval of title. Seller shall have five (5) days after receipt of City's notice of Disapproved Matters to notify City in writing ("Seller's Removal Notice") as to what, if any, curative action Seller agrees to undertake in order to cure any Disapproved Matters at or prior to Closing, provided that Seller shall be obligated to remove all Prohibited Title Exceptions. As used herein, "Prohibited Title Exceptions" means all liens of any other deeds of trust or security documents created by Seller and reflected in the Preliminary Report, and any other liens or encumbrances against the Property that are knowingly and intentionally created by Seller after the effective date of the Preliminary Report (excluding only those mechanic's liens arising from construction activities by or on behalf of tenants of the Property). In the event Seller does not provide the Seller's Removal Notice to City within said five (5) day period, Seller shall be deemed to have elected not to cure the Disapproved Matters. If Seller gives such Seller's Removal Notice to City electing not to cure any of the Disapproved Matters, or if Seller is deemed to have made such election, then Seller shall not be in default and City shall have five (5) days to elect to proceed with the purchase subject to the Disapproved

Matters (except to the extent that Seller may have agreed in such Seller's Removal Notice to take action to cure the same and to the extent Seller is obligated to cure Prohibited Title Exceptions) or to terminate this Agreement without any liability on the part of Seller, except as otherwise provided in this agreement. If City fails to give Seller notice of its election within such five (5) days, City shall be deemed to have elected to terminate this Agreement. If Seller gives Seller's Removal Notice and agrees therein to take any action to cure any Disapproved Matter and fails to take such action, or if Seller fails to remove any Prohibited Title Exceptions, in either case prior to the Closing, and City is unwilling to take title subject thereto, Seller shall be in default, and City shall have the rights and remedies provided in Section 11.2, below. If any title matter affecting the Property is first disclosed to City after the expiration of the Title Review Period (each, a "Newly Discovered Title Matter"), City shall have five (5) days in which to give Seller written notice approving or disapproving of such Newly Discovered Title Matter. If City fails to give such notice within such time period, City shall be deemed to have disapproved such Newly Discovered Title Matter. If such disapproval notice is timely given, or if City is deemed to have disapproved such Newly Discovered Title Matter, then such matter shall become a Disapproved Matter and Seller shall have five (5) days in which to deliver to City a Seller's Removal Notice relating thereto. The foregoing provisions of this Section 5.1(a)(ii) relating generally to Disapproved Matters shall apply to each Newly Discovered Title Matter, and if Seller delivers a Seller's Removal Notice relating to such Newly Discovered Title Matter and City does not elect to terminate this Agreement, the Closing shall be extended to allow Seller up to thirty (30) days from the date of such Seller's Removal Notice in order to complete any curative action required thereby.

**(b)** City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2, within the Due Diligence Period, of the physical and environmental conditions of the Property, including, without limitation, structural, mechanical, electrical and other physical conditions of the Property. Such review may include an examination for the presence or absence of any Hazardous Material (as defined in Section 8.1(h) (ii) below).

**(c)** City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2 within the Due Diligence Period, of the compliance of the Property with all applicable laws, regulations, permits and approvals.

**(d)** City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2, within the Due Diligence Period, of the following documents, all to the extent such documents exist and are in the possession or control of Seller, its property manager or its asset manager: (i) structural calculations for the Improvements; site plans; digital copies of the as-built plans and specifications for the Improvements and measurements of the Building; recent inspection reports by Seller's engineers; (ii) the following contracts and documents, all to the extent such documents are currently obligations of Seller: service contracts; utility contracts; maintenance contracts; management contracts; brokerage and leasing commission agreements which may continue after Closing; (iii) certificates of occupancy for all current tenancies; (iv) presently effective warranties or guaranties received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repair or alteration of the Improvements or any tenant improvements; (v) current certificates of insurance with respect to policies of insurance of tenants at the Property and certificates of insurance for carriers insuring the Property, as well as any information or reports relative to the claims history of the Property; (vi) any environmental reports, studies, surveys, tests and assessments; soils and

geotechnical reports, including without limitation, any reports relating to the presence of asbestos or asbestos containing materials located at the Property; and (vii) and any other contracts or documents necessary for the operation of the Property or which will be binding on the Property after the Closing (collectively, the "Documents"). The Documents shall not include any Proprietary Materials of Seller. As used herein, the "Proprietary Materials" shall mean any material which, in Seller's reasonable good faith opinion, constitutes a part of Seller's unrelated business operations or Seller's financial records (not including operating budgets for the Property), or which is not required for the operation of the Improvements following the Closing in the reasonable judgment of Seller (other than documents relating to legal matters or the physical or environmental condition of the Property), or which Seller is prohibited by contract or applicable law from delivering to City (other than documents consisting of correspondence or notices to and from tenants of the Property or documents relating to the physical or environmental condition of the Property), including without limitation, appraisals and other information concerning the valuation of the Property, internal communications of Seller, communications with real estate brokers or other third parties concerning the sale of the Property, and all information subject to attorney-client or work product privilege or to confidentiality restrictions in favor of any third party.

(e) City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2 within the Due Diligence Period, of any income and expense statements, year-end financial and monthly operating statements for the Property for the three (3) most recent calendar years prior to the Signing Date to the extent available, and for basis calendar year 2014, that may be in the possession or control of Seller or its property manager or asset manager (collectively, the "Financial Statements").

(f) City's review pursuant to Section 4.1(c) and approval pursuant to Section 4.2, within the Due Diligence Period or, if applicable, in accordance with the terms and conditions of Section 10.3 below, of the following documents, all to the extent such documents exist and are in the possession or control of Seller or its property manager or asset manager: (i) all existing and pending leases and other occupancy agreements affecting the Property, (ii) current tenant correspondence files, and (iii) a current rent roll for the Property, prepared by Seller (without warranty as to accuracy or completeness) and listing for each tenant (other than City) the name, location of leased premises, amount of security deposit and rent paid more than thirty (30) days in advance, lease commencement date, defaults and lease termination date, (collectively, the "Lease Documents").

(g) Seller's obtaining and delivering to City, before the Closing Date, tenant estoppel certificates from any and all tenants under any and all leases at the Property. Such certificates shall be substantially in the form attached hereto as Exhibit H. Each tenant estoppel certificate (i) shall be dated not earlier than forty-five (45) days before the Closing Date, (ii) shall be consistent in all material respects with the terms of the applicable Lease as previously delivered to City, (iii) shall disclose no material defaults or alleged material defaults by Seller under such Lease, and (iv) in City's reasonable judgment, shall be substantially consistent with the materials disclosed to City pursuant to Section 4.1(b) above. Seller shall be required to use only commercially reasonable efforts (and in no event shall Seller be required to declare any tenant in default or commence legal action against any tenant) in order to obtain such tenant estoppel certificates. To the extent Seller is unable, despite its such commercially reasonable efforts, to obtain estoppel certificates from Desoto Cab Company or other such tenants as City may specify, Seller shall deliver to City a certificate (each, a "Seller's Lease Certificate") representing and warranting to City, with respect to such tenants, as of the date of such certificate: (A) that the Lease for such tenants are in full force and effect; (B) the amount of such

tenant's security deposit; (C) the date through which rent has been paid; and (D) that neither Seller nor to Seller's knowledge, such tenants are in default under such Lease. City shall accept such Seller's Lease Certificates in lieu of any such missing estoppel certificate. The representations and warranties in the Seller's Lease Certificates shall survive the Closing, provided that each such Seller's Lease Certificate shall terminate upon Seller's delivery to City of a tenant estoppel executed by the applicable tenant in the form required by this subparagraph, and shall further be subject to the limitations set forth in Sections 8.4, 11.2(c) and 11.2(d) below.

**(h)** Seller shall not be in material default in the performance of any covenant or agreement to be performed by Seller under this Agreement, and all of Seller's representations and warranties contained in Section 8.1 below shall have been true and correct in all material respects as of the Signing Date, and those made pursuant to any Seller Lease Certificate shall have been true and correct when made except in each case, as disclosed in the Due Diligence Information (as defined below), and Seller's Closing Certification (as defined in and pursuant to Section 8.4 below) shall not contain any material exceptions or qualifications that were not disclosed in the Due Diligence Information. As used herein, "Due Diligence Information" means all information (i) disclosed in the Documents or other materials provided to City, by Seller during the Due Diligence Period in connection with City's review of matters pertaining to the Property pursuant to this Agreement, including any title report or survey made available to City and/or matters disclosed within the Seller's Due Diligence Certification (as defined in and delivered pursuant to Section 8.4 below), or (ii) otherwise actually known to City (as defined in Section 8.5, below) as of the expiration of the Due Diligence Period.

**(i)** As of the Closing Date, there shall have occurred no material adverse change in the physical condition of the Property since the expiration of the Due Diligence Period, reasonable wear and tear and loss by casualty excepted (subject to the provisions of Article 9 [Risk of Loss and Possession]).

**(j)** Title Company shall be committed at the Closing to issue to City the Owner Title Policy as provided in Section 3.2 [Title Insurance], in the amount of the Owner Title Policy Amount, subject only to the Accepted Conditions of Title together with the title endorsements provided in said Section 3.2.

**(k)** City's review and approval, within the Due Diligence Period, of the Miscellaneous Agreements pursuant to Section 4.1(f).

**(l)** City's Mayor and the Board of Supervisors, in the respective sole discretion of each, shall have enacted a resolution (and taken such other action as may be required) approving, adopting and authorizing this Agreement and the transactions contemplated hereby, and such resolution shall have become effective on or before the expiration of the Due Diligence Period.

**(m)** Seller shall have deposited the items described in Section 6.3(a) below [Seller's Delivery of Documents] into escrow at or before 1:00 p.m. on the day occurring at least two (2) business days before the Closing Date (except as otherwise provided in such Section 6.3(a) below).

**(n)** Within five (5) days after the Effective Date, Seller shall deliver to City a Natural Hazard Disclosure Statement for the Property as required under California law. The Natural Hazards Disclosure Statement shall be based on a report or reports of a licensed engineer, land surveyor, geologist, or expert in natural hazard discovery, which report or reports shall be attached to such Natural Hazards Disclosure Statement. City acknowledges that the Natural Hazard Disclosure Statement shall be based solely on the information contained in the report or reports attached thereto, and Seller shall have no liability for any inaccuracy in such

reports. In no event shall such Natural Hazard Disclosure Statement or any such report be deemed a representation or warranty of Seller or impose any liability or obligation on Seller.

(o) This Agreement shall not have been terminated in accordance with its terms.

The City's Conditions Precedent contained in the foregoing subparagraphs (a) through (o) are solely for the benefit of City. If any of the City's Conditions Precedent are not satisfied, City shall have the right in its sole discretion either to waive in writing the City's Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement, provided that the City's Conditions Precedent described in items (m) and (o) above may not be waived. Except as otherwise provided herein, the waiver of any of the City's Conditions Precedent shall not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant or agreement of Seller. Without limiting Section 4.2 above, if, by the end of the Due Diligence Period, City does not approve or waive City's Conditions Precedent set forth in this Section 5.1, other than Conditions Precedent contained in subparagraphs (g), (h), (i), (j), (m), (n), and (o), then this Agreement shall automatically terminate as provided in Section 4.2 above, and the Deposit shall be returned to City. In addition, the parties shall have the right, but not the obligation, to agree, each in its sole and absolute discretion, to extend the Closing Date, for a reasonable period of time as agreed by the parties, to allow such City's Conditions Precedent to be satisfied; provided however, if such conditions are not satisfied at the expiration of such extension period, City shall have the right to waive in writing such conditions and proceed with the purchase or, in the alternative, terminate this Agreement. Upon such termination, the Deposit shall be returned to City.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of Seller, City shall have the remedies set forth below in Section 11.2.

**5.2 Seller's Conditions to Closing.** The following are conditions precedent to Seller's obligation to convey the Property (collectively, "Seller's Conditions Precedent").

(a) The Effective Date shall have occurred on or before the date that is forty five (45) days after the Signing Date (subject to any extension mutually agreed upon in writing).

(b) City shall not be in material default in the performance of any covenant or agreement to be performed by City under this Agreement, and all of City's representations and warranties contained in Section 8.5 below shall have been true and correct in all material respects as of the Signing Date, and shall be true and correct in all material respects as of the Closing Date.

(c) City shall have deposited the items described in Section 6.4 below [City's Delivery of Documents and Funds] into escrow at or before 1:00 p.m. on the date occurring at least two (2) business days before the Closing Date, except for City's delivery of the Purchase Price which shall occur on or before 10:00 a.m. San Francisco time on the Closing Date.

(d) This Agreement shall not have been terminated in accordance with its terms.

The Seller's Conditions Precedent contained in the foregoing subparagraphs (a) through (d) are solely for the benefit of Seller. If any of the Seller's Conditions Precedent is not satisfied, Seller shall have the right in its sole discretion either to waive in writing the Seller's Condition Precedent in question and proceed with the conveyance or, in the alternative, terminate this

Agreement. In the event of such termination, the Deposit shall be returned to City. The waiver of any of the Seller's Conditions Precedent shall not relieve City of any liability or obligation with respect to any representation, warranty, covenant or agreement of City.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of City, Seller shall have the remedies set forth below in Section 11.1.

## **6. ESCROW AND CLOSING**

### **6.1 Opening of Escrow.**

Within three (3) business days after the Effective Date, the parties shall open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement shall serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and City agree to execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement shall control.

**6.2 Closing Date.** The consummation of the purchase and sale contemplated hereby (the "Closing") shall be held and (except as otherwise provided in Sections 6.3 and 6.4, below) delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Title Company located at Old Republic Title Company, 275 Battery Street, Suite 1500, San Francisco, California 94111, within no greater than thirty (30) days after the Effective Date of this Agreement, and no later than January 15, 2016, or on such earlier or later date as City and Seller may mutually agree in writing (the "Closing Date"), subject to the provisions of Sections 5.1 and 5.2. The Closing shall occur no later than 10:00 A.M. San Francisco time on the Closing Date. The Closing Date may not be extended without the prior written approval of both Seller and City, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Title Company shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, limit the provisions hereof or otherwise relieve either party hereto of any liability it may have for its wrongful failure to close.

### **6.3 Seller's Delivery of Documents.**

(a) At or before 1:00 p.m. on the date occurring at least two (2) business days before the Closing Date, or at such later date as may be indicated below for any specific item, Seller shall deposit into escrow for delivery at Closing to City, through escrow, the following:

(i) a duly executed and acknowledged Deed;

(ii) a duly executed Bill of Sale and a Certificate from the Secretary of State or other appropriate government official of the State of California indicating that, as of the Closing Date, there are no filings against Seller in the office of the Secretary of State or other government official under the Uniform Commercial Code of such State which would be a lien on any of the items specified in the Bill of Sale (other than such filings, if any, as are being released at the time of the Closing);

- (iii) four duly executed counterparts of the Assignment of the Lease;
- (iv) a duly executed Assignment of Intangible Property;
- (v) four duly executed counterparts of the Assignment of Miscellaneous Agreements, if required under Section 3.6, above;
- (vi) a properly executed affidavit pursuant to Section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit I, and on which City is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code;
- (vii) a properly executed California Franchise Tax Board Form 590 certifying that Seller is a California resident if Seller is an individual or that Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation or other evidence satisfactory to City that Seller is exempt from the withholding requirements of Sections 18662 and 26131 of the State Tax Code;
- (viii) such resolutions, authorizations, or other documents or agreements relating to Seller and its shareholders as City or the Title Company may reasonably require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated hereby, and such proof of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller;
- (ix) Seller's Closing Certification (as defined in Section 8.4, below);
- (x) a duly executed owner's declaration substantially in the form attached hereto as Exhibit P.

(b) In conjunction with the Closing Date, Seller shall, to the extent such documents exist and are in the possession or control of any of Seller, its property manager or other Agents, deliver to City outside of escrow, the following:

- (i) Copies of the as-built plans and specifications for the Improvements, Documents, Books and Records, Lease, and Miscellaneous Agreements, if any.
- (ii) All keys to the Property and Improvements located thereon.

The provisions of Section 6.3(b) shall survive the Closing.

#### **6.4 City's Delivery of Documents and Funds.**

At or before 1:00 p.m. on the date occurring at least two (2) business days before the Closing Date, or such later date as may be indicated below for any specific item, City shall deposit the following into escrow for delivery to the Seller:

- (a) an acceptance of the Deed executed by City's Director of Property;
- (b) four duly executed counterparts of the Assignment of Lease;

(c) four duly executed counterparts of the Assignment of Miscellaneous Agreements, if required under Section 3.6, above; and

(d) The Purchase Price, as provided in Article 2 hereof shall be delivered into escrow on the Closing Date.

### 6.5 Other Documents

Seller and City shall each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof; provided, however, that no such instrument shall increase the obligations or diminish the rights of Seller or City under this Agreement or under any of the documents required hereunder to be delivered at Closing by Seller or City, respectively. Without limiting the foregoing, Seller and City shall each deposit an agreement (the "Designation Agreement") designating Title Company as the "Reporting Person" for the transaction pursuant to Section 6045(e) of the Federal Tax Code and the regulations promulgated thereunder, and executed by Seller, City and Title Company. The Designation Agreement shall be substantially in the form attached hereto as Exhibit I and, in any event, shall comply with the requirements of Section 6045(e) of the Federal Tax Code and the regulations promulgated thereunder.

### 6.6 Liquidated Damages

In the event the sale of the Property contemplated hereby is not consummated solely because of a default under this Agreement on the part of City, then City agrees to pay to Seller the sum of One Hundred Eighty-Nine Thousand and no/100 Dollars (\$189,000.00) as liquidated damages. The parties have agreed that Seller's actual damages, in the event of a default by City, would be extremely difficult or impracticable to determine. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST CITY, AT LAW OR IN EQUITY, IN THE EVENT OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF CITY.

INITIALS: Seller \_\_\_\_\_ City \_\_\_\_\_

## 7. EXPENSES AND TAXES

### 7.1 Rent and Other Apportionments

#### (a) Preparation of Prorations.

At least ten (10) days before the Closing Date, Seller shall prepare and deliver, or cause the escrow holder to prepare and deliver, to City an unaudited statement for the Property (the "Preliminary Proration Statement") showing prorations for the items set forth below, calculated as of 12:01 a.m. on the Closing Date, on the basis of a 365-day year. City and its representatives and auditors shall be afforded reasonable access to Seller's books and records with respect to the Property and Seller's work papers pertaining to the Preliminary Proration Statement to confirm the accuracy of the Preliminary Proration Statement. City and Seller shall agree upon any adjustments to be made to the Preliminary Proration Statement before the Closing, and at the Closing, City or Seller, as applicable, shall receive a credit equal to the net amount due City or Seller, as applicable, pursuant to the Preliminary Proration Statement as finally agreed upon by City and Seller. The items to be covered by the Preliminary Proration Statement are as follows:

- (i) rents (which shall be prorated on a cash basis);
- (ii) escalation charges for real estate taxes, parking charges, marketing fund charges, operating expenses, maintenance escalation rents or charges, cost-of-living increases or other charges of a similar nature, if any, and any additional charges and expenses payable under the Lease (but only to the extent collected before the Closing Date); provided that if any of the foregoing are not finally adjusted between the landlord and tenant under any Lease until after the preparation of the Preliminary Proration Statement then proration of such items shall be subject to adjustment pursuant to Section 7.7 below;
- (iii) non-delinquent real property taxes and assessments for the tax year of the Closing; provided that if the real property tax assessment for the fiscal year in which the Closing occurs has not been issued as of the Closing Date, real property taxes shall be prorated based on the most recent assessed value of the Property, multiplied by the current tax rate, and such tax proration shall be subject to adjustment pursuant to Section 7.6 below; general real estate taxes payable for all tax years prior to the year of the Closing shall be paid by Seller in full at or before Closing;
- (iv) any Special Taxes payable with respect to any Mello-Roos Community Facilities District, and any unpaid interest (only) on any improvement bonds which are a lien on the Property;
- (v) water, sewer and utility charges;
- (vi) subject to Section 10.5 below, amounts payable under the Miscellaneous Agreements;
- (vii) permits, licenses and/or inspection fees (calculated on the basis of the period covered), but only to the extent transferred to City;
- (viii) any Tenant Improvement Costs to be credited against the Purchase Price, as set forth in Section 7.5 below; and
- (ix) any other expenses normal to the operation and maintenance of the Property.

**(b) Principles of Prorations; Collections and Payments.** Subject to the prorations to be made pursuant to this Article 7 and the terms of this Section 7.1(b), after the Closing City shall use reasonable efforts to collect all revenues and pay all expenses with respect to the Property, even if such revenues and expenses relate to periods before the Closing. Seller agrees to cooperate with City by endorsing (without recourse) in favor of City any checks which may be received after the Closing, but which are made payable to Seller (or its affiliates). City shall use reasonable efforts consistent with prudent business practices to collect rents or other amounts payable under the Lease (collectively, "Arrearages") that (i) were delinquent as of the Closing Date and relate to a period before the Closing, or (ii) otherwise are or become payable with respect to a period before the Closing; provided, however, that City shall have no obligation to deliver any notice to pay rent or quit the premises, pursue termination of any lease, or commence legal remedies or action against any tenant. To the extent such Arrearages are collected by City, City may deduct from the amount owed to Seller an amount equal to the out-of-pocket third-party collection costs (including attorneys' fees and costs) actually incurred by City in collecting such Arrearages due to Seller. Subject to the foregoing sentence, any rent or other payment collected after the Closing from any tenant which owed any Arrearages shall be applied first, to

such tenant's unpaid monetary obligations under the applicable Lease with respect to any periods from the Closing Date through the end of the month in which such payment is made (or, if such tenant is permitted under its Lease to pay rent in arrears, then through the end of the month immediately preceding the month in which such payment is due), in such order as City may elect, until such monetary obligations have been paid in full; any remaining amount of such payment shall be paid over to Seller, for application against such tenant's Arrearages, in such order as Seller may elect, until such Arrearages have been paid in full; and any remaining amount of such payment shall be retained by City for application against such Tenant's future obligations under the applicable Lease. In addition, Seller shall be entitled to a refund of any utility, municipality or other deposit relating to the Property made by Seller (to the extent such utility, municipality or other party provides such refund), and City shall reasonably cooperate to supply directly to any such utility, municipality or other party such replacement deposit as shall be required for Seller to obtain such refund. To the extent Arrearages are not paid in full, Seller may exercise all available remedies (other than eviction of the tenant) to collect same.

## **7.2 Security Deposits.**

At the Closing, Seller shall assign and deliver to City all prepaid rent, security deposits, letters of credit and other collateral given by any Tenants to Seller or any of its affiliates or predecessors-in-interest pursuant to any of the Lease, less any portions thereof applied in accordance with the respective Lease (together with a statement regarding such applications).

**7.3 Leasing Costs.** Except as provided in Section 10.4, below, Seller shall pay all Commissions and Tenant Improvement Costs (as defined below), if any, related to any existing Lease and any Lease executed on or before the Closing (including, without limitation, Commissions attributable to expansion or extension options which are not exercised until after the Closing). City shall be entitled to a credit against the Purchase Price for any prepaid rent, free rent, operating expense abatements, or other unexpired concessions under any Lease to the extent they apply to any period after the Closing. In the event that Seller enters into a new Lease during the Term, or extends or modifies any existing Lease, and City consents to such new Lease or such extension or modification, then the payments and credits for the Commissions and Tenant Improvement Costs shall be divided as set forth in Section 10.4. As used herein, "Commissions" means, with respect to any Lease, leasing commissions incurred with respect thereto. As used herein, "Tenant Improvement Costs" means, with respect to any Lease, tenant improvement costs (including without limitation, architectural and soft costs) incurred with respect thereto.

**7.4 Post Closing Adjustments.** Notwithstanding anything to the contrary contained in this Article 7, (i) if the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing is determined to be more than the amount of such real property taxes and assessments that is prorated herein (in the case of the current year) or that was paid by Seller (in the case of any prior year), due to a reassessment of the value of the Property or otherwise, Seller and City shall promptly adjust the proration of such real property taxes and assessments after the determination of such amounts, and Seller shall pay to City any increase in the amount of such real property taxes and assessments applicable to any period before Closing; provided, however, that Seller shall not be required to pay to City any portion of such increase that is payable by the tenant under the Lease; and (ii) if the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing is determined to be less than the amount of such real property taxes and assessments that is prorated herein (in the

case of the current year) or that was paid by Seller (in the case of any prior year), due to an appeal of the taxes by Seller, a reassessment of the value of the Property or otherwise, Seller and City shall promptly adjust the proration of such real property taxes and assessments after the determination of such amounts, and (a) City shall pay to Seller any refund received by City representing such a decrease in the amount of such real property taxes and assessments applicable to any period before Closing; provided, however, that City shall not be required to pay to Seller any portion of such refund which is payable to the tenant under the Lease; and (b) Seller shall be entitled to retain any refund received by Seller representing such a decrease in the amount of such real property taxes and assessments applicable to any period before Closing; provided, however, that Seller shall pay to City that portion of any such refund that is payable to the tenant under the Lease. Each party shall give notice to the other party of any adjustment of the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing within thirty (30) days after receiving notice of any such adjustment.

## **7.5 Post Closing Reconciliation**

**(a) Certain Delayed Prorations.** If any tenants are required to pay percentage rents, escalation charges for real estate taxes, parking charges, marketing fund charges, operating expenses, maintenance escalation rents or charges, cost-of-living increases or other charges of a similar nature (“additional rents”), then, with respect to those additional rents which are not finally adjusted between the landlord and any tenant under any lease until after the preparation of the preliminary proration statement pursuant to sections 7.2 and 7.3 above, city shall submit to seller, no later than thirty (30) days after final adjustment of such amounts with such tenants, a supplemental statement for the property (a “supplemental proration statement”) covering any such additional rents or any other items which have been finally adjusted between city and such tenants, containing a calculation of the prorations of such additional rents and such other items, prepared based on the principles set forth in sections 7.2 and 7.3 above, provided that in making such adjustment, the parties shall exclude any additional rents arising from increased real property taxes for the property to the extent such increase results from city’s purchase of the property. In order to enable city to make any year-end reconciliations of additional rents with tenants, within sixty (60) days after the closing, seller shall deliver to city a final statement of all operating expenses for the property which are actually paid by seller and permitted to be passed through to tenants pursuant to the terms of each tenant’s respective lease, with respect to that portion of the calendar year in which the closing occurs (the “closing year”) which precedes the closing (“seller’s closing year actual operating expenses”), together with copies of all documentation evidencing seller’s closing year actual operating expenses, including copies of third-party invoices and copies of seller’s books and records applicable thereto.

**(b) Audit Rights for Supplemental Proration Statements.** Seller and its representatives and auditors shall be afforded the opportunity, at Seller’s sole cost and expense, to review all underlying financial records and work papers pertaining to the preparation of all Supplemental Proration Statements, and City shall permit Seller and its representatives and auditors to have full access to the books and records in the possession of City or any party to whom City has given custody of the same relating to the Property to permit Seller to review the Supplemental Proration Statements. Any Supplemental Proration Statement prepared by City shall be final and binding for purposes of this Agreement unless Seller shall give written notice to City of disagreement with the prorations contained therein within sixty (60) days following

Seller's receipt of such Supplemental Proration Statement, specifying in reasonable detail the nature and extent of such disagreement. If City and Seller are unable to resolve any disagreement with respect to any Supplemental Proration Statement within ten (10) business days following receipt by City of the notice referred to above, either party may pursue any remedy available for the resolution of such dispute.

**(c) Payments for Adjustments.** Any net credit due Seller or City, as the case may be, shall be paid to Seller or City, as the case may be, within seventy-five (75) days after the delivery of a Supplemental Proration Statement to Seller, unless Seller approves any such statement before the expiration of the applicable sixty (60) day period provided in Section 7.5(b) above, in which case such payment shall be made within fifteen (15) days after Seller notifies City of such approval, or unless Seller notifies City of a disagreement with respect to any such statement as provided in Section 7.5 (b) above, in which case such payment (less a hold back sufficient to cover the amount of the disagreement) shall be made within fifteen (15) days after Seller notifies City of such disagreement, and any further payment due after such disagreement is resolved shall be paid within fifteen (15) days after the resolution of such disagreement.

**7.6 Closing Costs.** City shall pay the premium for the Title Policy and the cost of the endorsements thereto, escrow and recording fees, and any documentary transfer taxes applicable to the sale. Seller shall pay the cost of any sales taxes, if any on the Personal Property, and Seller shall be responsible for complying with any bulk sales laws applicable to the Sale. Seller shall be responsible for all costs (including without limitation, any prepayment fees, penalties or other charges) incurred in connection with the removal of any Prohibited Title Exceptions. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section 7.8 or elsewhere in this Agreement shall be allocated in accordance with the closing customs for San Francisco County, as determined by Title Company.

**7.7 Survival.** The provisions of this Article 7 shall survive the Closing.

## **8. REPRESENTATIONS AND WARRANTIES**

**8.1 Representations and Warranties of Seller.** Seller represents and warrants to and covenants with City as follows:

**(a)** To Seller's knowledge, any and all copies of the Lease, Miscellaneous Agreements, and Documents furnished to City pursuant to Section 4.1(b) are true and correct copies thereof.

**(b)** The Schedule of Lease attached hereto as Exhibit K and made a part hereof contains a complete and accurate list, and the Lease Documents include true and correct copies, of all leases and occupancy agreements that (i) were entered into by Seller, or to Seller's knowledge, by any predecessor in interest of Seller, and (ii) except for any such leases hereafter terminated in accordance with the terms of this Agreement, and together with any leases, including any modifications or renewals thereof, hereafter entered into pursuant to Section 10.3, below, will bind the Property following the Closing.

**(c)** The Schedule of Miscellaneous Agreements attached hereto as Exhibit L and made a part hereof contains a complete and accurate list, and the Documents include true and correct copies, of all agreements, other than Lease and other agreements constituting Accepted Conditions of Title, that (i) were entered into by Seller, or to Seller's knowledge, by any predecessor in interest of Seller, and (ii) except for any such agreements hereafter terminated

in accordance with Section 4.1(f), above, and together with any agreements hereafter entered into pursuant to Section 10.2, below, will bind the Property following the Closing.

(d) To Seller's knowledge, except as disclosed on Exhibit M attached hereto and made a part hereof, Seller has not received any written notice of any pending or threatened proceeding relating to any condemnation of all or any portion of the Property, by any governmental or quasi-governmental agency other than City, which would have a material adverse effect on the use, operation or value of the Property. Without limiting the foregoing, to Seller's knowledge, except as disclosed on Exhibit M attached hereto and made a part hereof, Seller has not received any written notice from any tenant under any Lease or from any counterparty to any Miscellaneous Agreement alleging that Seller is in material default thereunder, nor has Seller sent to any tenant under any Lease or to any counterparty to any Miscellaneous Agreement any written notice alleging that such tenant or such counterparty is in material default thereunder, unless in each case such alleged default has been cured.

(e) To Seller's knowledge, except as disclosed on Exhibit M attached hereto and made a part hereof, Seller has not received any written notice of pending or threatened litigation that would have a material and adverse affect on the use, operation or value of the Property or the ability of Seller to perform its obligations under this Agreement.

(f) Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any fee interest in any of the Property which right or option is either superior to the rights granted to City in this Agreement or would be in effect or enforceable following the transfer of the Property to City at Closing.

(g) Seller is duly organized and validly existing under the laws of the State of California and is in good standing under the laws of the State of California; this Agreement and all documents executed by Seller which are to be delivered to City at the Closing are, or at the Closing will be, duly authorized, executed and delivered by Seller, are, or at the Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, and do not, and at the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or, to Seller's knowledge, the Property is subject.

(h) Seller represents and warrants to City that it has not been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state or local governmental agency. In the event Seller has been so suspended, disbarred, disciplined or prohibited from contracting with any governmental agency, it shall immediately notify the City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, debarment, discipline or prohibition may result in the termination or suspension of this Agreement.

(i) Seller knows of no facts that would prevent City from using and operating the Property after Closing in the manner City has advised Seller it is intended to be used.

(j) Seller hereby represents and warrants to and covenants with City that the following statements are true and correct, to the best of Seller's knowledge: (i) during Seller's ownership, the Seller has not received any written notice from any governmental authority having jurisdiction that the Property is in violation of any applicable law, ordinance or regulation, including, without limitation, any Environmental Laws, which remains uncured and which could reasonably have a material adverse effect on the operation of the Property following the Closing; (ii) during Seller's ownership of the Property, the Property has not been used in any manner for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except as described in Schedule 1 ("Seller's Environmental Disclosure");

(iii) to Sellers knowledge, during Seller's ownership of the Property there has been no Release of any Hazardous Material in, on, or under the Property; and (iv) the reports, studies, assessments, investigations and other materials to be made available to City for its review pursuant to Section 4.1(b), above, constitute all written materials in the possession, custody or control of Seller or its property manager relating to the presence of Hazardous Materials at, on or under the Property, and the compliance of the Property with Environmental Laws; provided that, without limiting any other provision hereof, Seller makes no representation or warranty with respect to any such reports, studies, assessments, investigations or other materials, and if City desires to rely on the same, City shall be responsible for obtaining, at its sole cost and expense, written permission from the preparer of any such items. As used herein, the following terms shall have the meanings below:

(i) Environmental Laws shall mean any present federal, state or local laws, ordinances, regulations or policies relating to Hazardous Material (including, without limitation, their use, handling, transportation, production, disposal, discharge or storage) or to health and safety, industrial hygiene or environmental conditions in, on, under or about the Property, including, without limitation, soil, air and groundwater conditions.

(ii) "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Improvements or are naturally occurring substances on or about the Property; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Sections 3011, et seq. Notwithstanding the foregoing, Hazardous Materials shall not include any ordinary office and janitorial supplies which are used, stored and disposed of in customary quantities and in accordance with applicable Environmental Laws.

(iii) "Release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside any of the improvements, or in, on, under the Property. Release shall include, without limitation, "release" as defined in Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601).

(k) At the time of Closing there will be no outstanding written or oral contracts made by Seller for any of the Improvements that have not been fully paid for and Seller shall cause to be discharged all mechanics' or materialmen's liens arising from any labor or materials furnished to the Property prior to the time of Closing pursuant to the order or request of Seller. To Seller's knowledge, there are no obligations in connection with the Property which will be binding upon City after Closing except for matters which are set forth in the Preliminary Report and except for the Lease and Assumed Contracts.

(l) Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code.

(m) There are no free rent, operating expense abatements, incomplete tenant improvements, rebates, allowances, or other unexpired concessions (collectively referred to as "Offsets") or any termination, extension, cancellation or expansion rights under the Lease. Seller has paid in full any of landlord's leasing costs incurred by Seller in connection with any tenant improvements. Seller has agreed that the tenant under the Lease can pay rent on the 15<sup>th</sup> day of the month.

(n) No brokerage or similar fee is due or unpaid by Seller with respect to any Lease. No brokerage or similar fee shall be due or payable on account of the exercise of, without limitation, any renewal, extension or expansion options arising under any Lease.

(o) The copy of the Lease delivered by Seller to City on or before the commencement of the Due Diligence Period contain all of the information pertaining to any rights of any parties to occupy the Property, including, without limitation, all information regarding any rent concessions, over-standard tenant improvement allowances or other inducements to lease. The tenant has not indicated to Seller either orally or in writing its intent to terminate the Lease prior to expiration of the respective term of such Lease.

(p) Seller is familiar with Sections 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 1090 et. seq. of the California Government Code (the "Provisions"), all of which relate to prohibited conflicts of interest in connection with government contracts, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Seller becomes aware of any such fact during the term of this Agreement, Seller shall immediately notify the City.

**8.2 Third-Party Claims.** If (a) Seller breaches one or more of its representations, warranties or covenants hereunder, and (b) under the provisions of this Agreement other than this Section 8.2, Seller has liability to City for such breach, and (c) a third party asserts a claim for monetary or other relief against City based on the facts giving rise to such breach, then Seller, on behalf of itself and its successors and assigns, shall indemnify, defend and hold harmless City, its Agents and their respective successors and assigns (the "City-Related Parties") from and against such third-party claim; provided, however, that (x) if, under the provisions of this Agreement other than this Section 8.2, a survival period exists such that Seller would have no liability to City for such breach if City were to fail to give Seller written notice of its claim asserting such liability before the expiration of such survival period, then Seller shall have no obligation to indemnify, defend or hold harmless the City-Related Parties from or against such third-party claim unless City receives specific written notice of such claim from such third party and tenders such notice to Seller before the expiration of such survival period, and (y) if, under the provisions of this Agreement (other than this Section 8.2), Seller's liability for such breach is subject to any dollar limitation set forth in Section 11.2 hereof, then Seller's obligation to indemnify, defend and hold harmless the City-Related Parties from and against such third-party claim shall also be subject to such dollar limitation (with the cost of performing such obligation to be aggregated with all other liabilities that are subject to such dollar limitation).

**8.3 Seller's Knowledge.** As used in this Agreement or in any documents delivered pursuant hereto, the phrases "to Seller's knowledge" or "known to Seller" (or similar words) shall mean that the representation or warranty (or other provision) qualified by any of such phrases is made without investigation of the matters stated therein and is based solely on the actual knowledge of the Managing Person (as defined below), as such actual knowledge exists on the relevant date, provided, that if the individual who is the Managing Persons on the relevant date was not the Managing Person throughout the entire period from and including the Signing

Date until and including the relevant date, then, in addition, the actual knowledge of any other individual who was the Managing Person during such period, as such actual knowledge existed on the last day on which such individual was the Managing Person. As used herein, "Managing Person" means the individual charged with primary responsibility for the oversight of the operation of the Property. Seller hereby represents that as of the Signing Date Edward Scoble is the Managing Person.

**8.4 Survival of and Limitations on Seller's Representations and Warranties.** All representations and warranties contained in Section 8.1, above, and all representations contained within any Seller's Lease Certificate provided to City pursuant to Section 5.1(g), above, shall be deemed to be qualified by the Due Diligence Information. All representations and warranties of Seller set forth in Section 8.1, above, are made as of the Signing Date. Seller shall use good faith efforts to promptly notify City in writing, during the Due Diligence Period and thereafter at any time prior to the Closing, if Seller becomes aware of any change in fact or circumstance that would render any of the representations or warranties of Seller set forth in Section 8.1, above, to be false or misleading in any material respect. In addition, by 5:00 p.m. on the day before the expiration of the Due Diligence Expiration Date, Seller shall provide City with a certification regarding the accuracy of such representations and warranties as of such date, including any exceptions or qualifications thereto as of such Date of which Seller becomes aware ("Seller's Due Diligence Certification"); provided, however, if Seller's Due Diligence Certification includes any exceptions, qualifications or changes from the representations and warranties of Seller set forth in Section 8.1 above, then the Due Diligence Period shall be extended for ten (10) business days in order to permit City an opportunity to determine whether to terminate this Agreement as permitted under Section 4.2. In addition, as of the Closing Date, Seller shall provide City with a certification regarding the accuracy of such representations and warranties as of such date, including any exceptions or qualifications thereto as of such date of which Seller becomes aware ("Seller's Closing Certification"). Seller shall have no liability to City as a result of any exceptions or qualifications to such representations and warranties set forth in either Seller's Due Diligence Certification or Seller's Closing Certification, except as otherwise set forth in this Section 8.2 or in Section 11.2, below; provided, however, Seller acknowledges and agrees that if the Seller's Closing Certification contains any qualifications or exceptions that were not disclosed in either Seller's Due Diligence Certification or the Due Diligence Information, City's Condition Precedent set forth in Section 5.1(h) shall not be satisfied, and City also shall have the right to terminate this Agreement pursuant to the second-to-last paragraph of Section 5.1. In the event City has actual knowledge that any of the representations or warranties set forth in Section 8.1, above, was not true as of the Signing Date, or that any of the representations contained within Seller's Due Diligence Certification was not true as of the date thereof, or that any of representations contained in either Seller's Closing Certification or any Seller's Lease Certificate will not be true as of the Closing Date, and City nonetheless proceeds with the purchase of the Property, then City shall have no claim for breach of such representation or warranty. Except as otherwise provided in the immediately preceding sentence, the representations and warranties of Seller set forth in Section 8.1, above, in Seller's Due Diligence Certification, in Seller's Closing Certification and/or in any Lease Certificates, are all qualified by the Due Diligence Information and shall survive the Closing for a period of one (1) year from and after the Closing Date (the "Survival Period"); provided, however, that City must give Seller written notice of any claim City may have against Seller for breach of any such representations and warranties before the expiration of the Survival Period, and any such claim

which City may have which is not so asserted prior to the expiration of the Survival Period shall not be valid or effective, and Seller shall have no liability with respect thereto.

**8.5 Representations and Warranties of City.** City represents and warrants to and covenants with Seller as follows:

(a) Upon the Effective Date, this Agreement will be, and at the Closing all documents executed by City which are to be delivered to Seller at the Closing will be duly authorized, executed and delivered by City pursuant to a Resolution adopted by the City's Board of Supervisors and Mayor, each in their respective sole and absolute discretion.

(b) As used in this Agreement or in any documents delivered pursuant hereto, the phrases "to City's knowledge" or "known to City" or "City has actual knowledge" (or similar words) shall mean that the representation or warranty (or other provision) qualified by any of such phrases is made without investigation of the matters stated therein and is based solely on the actual knowledge of the Real Property Officer and the Director of Property (as defined below), as such actual knowledge exists on the relevant date, provided, that if the individual who is the Real Property Officer or the Director of Property on the relevant date was not the Real Property Officer or the Director of Property throughout the entire period from and including the Signing Date until and including the relevant date, then, in addition, the actual knowledge of any other individual who was the Real Property Officer or the Director of Property during such period, as such actual knowledge existed on the last day on which such individual was the Real Property Officer or the Director of Property. As used herein, "Real Property Officer" means the City employee charged with primary responsibility for the oversight of the transaction contemplated by this Agreement. The "Director of Property" means the Director of Property for the City charged with primary responsibility for the oversight of the Real Property Officer and of the transaction contemplated by this Agreement.

## **9. RISK OF LOSS AND POSSESSION**

**9.1 Minor Loss.** City shall be bound to purchase the Property for the full Purchase Price as required by the terms hereof, without regard to the occurrence or effect of any damage to the Property or destruction of any Improvements or condemnation of any portion of the Property, provided that, in the case of a partial condemnation, the value of the portion taken does not exceed One Million and No/100 Dollars (\$1,000,000.00); and upon the Closing, there shall be a credit against the Purchase Price as provided in Section 9.3 below.

**9.2 Major Loss.** In the case of condemnation, if the value of the portion of the Property taken exceeds One Million and No/100 Dollars (\$1,000,000.00), then City may, at its option to be exercised by written notice to Seller within thirty (30) days after the effective date of Seller's written notice to City of the occurrence of the commencement of condemnation proceedings and, in the case of damage or destruction, the effective date of Seller's written notice to City of same, either (a) elect to terminate this Agreement, in which case neither party shall have any further obligations under this Agreement, except for obligations which expressly state that they shall survive termination of this Agreement, or (b) consummate the purchase of the Property for the full Purchase Price as required by the terms hereof, subject to the credits against the Purchase Price provided in Section 9.3, below. If City fails to give Seller notice within such 30-day period, then City will be deemed to have elected to proceed in accordance with clause (a) above.

**9.3 Credit at Closing.** If, notwithstanding the occurrence of any damage, destruction or condemnation to or of the Property, the Closing occurs pursuant to Section 9.1 or 9.2, above, City shall be given a credit against the Purchase Price in an amount determined as follows: If the condemnation award, if any, to be collected by Seller as a result of such condemnation have been collected before the Closing, then the credit shall be equal to the amount of such condemnation award collected by Seller. If the award has not been collected as of the Closing, then such award shall be assigned to City at Closing. Notwithstanding the foregoing, in the case of condemnation, if Seller shall have expended any amount before the Closing to restore the Property in connection with such condemnation, Seller shall reserve from the assignment of the condemnation award to City, the amount so expended; provided, however, Seller's right to reserve shall be subject to and conditioned upon City's reasonable approval of such documentation, invoices, and other reasonably satisfactory evidence of such payments and expenditures by Seller as City may reasonably request.

**9.4 Insurance.** Through the Closing Date, Seller shall maintain or cause to be maintained, at Seller's sole cost and expense, a policy or policies of property insurance in such amounts and insuring against such risks as are consistent with Seller's past practices, as evidenced by the certificate of insurance attached hereto as Exhibit R and made a part hereof. Seller shall furnish City with evidence of such insurance upon request by City. City acknowledges that there shall be no assignment, transfer or continuance of Seller's insurance coverage after the Closing Date.

**9.5 Possession.** Possession of the Property shall be delivered to City on the Closing Date, subject to the Accepted Conditions of Title.

## **10. MAINTENANCE; CONSENT TO NEW CONTRACTS**

### **10.1 Maintenance of the Property by Seller.**

Between the date of Seller's execution of this Agreement and the Closing, Seller perform all work required to be done by the landlord under the terms of any Lease, and shall otherwise maintain, repair and operate the Property in substantially the same manner as Seller has done before the making of this Agreement, as if Seller were retaining the Property normal wear and tear excepted. Notwithstanding the foregoing, Seller shall not be required (i) to seek tenants for any vacant space within the Property under any circumstances, or (ii) except as required under the Lease or applicable law, to make or perform any upgrades, renovations, replacements or other capital improvements to the Property having a cost of greater than Fifty Thousand Dollars (\$50,000), or (iii) to make any change in the manner or quality of operation of the Property.

### **10.2 City's Consent to New Contracts Affecting the Property; Termination of Existing Contracts.**

After the Effective Date, Seller shall not enter into any contract affecting the Property which shall remain in effect after the Closing Date, or any amendment thereof, or waive any rights of Seller under any Miscellaneous Agreement, without in each instance obtaining City's prior written consent thereto. City agrees that it shall not unreasonably withhold or delay any such consent, provided that City's failure to respond to any request for such approval within ten (10) business days shall be deemed to constitute approval by City. Pursuant to Section 4.1(f), above, Seller shall terminate prior to the Closing, at no cost or expense to City, any and all management agreements affecting the Property.

**10.3** Except in accordance with this Section 10.3, after the Effective Date, Seller shall not enter into any lease affecting the Property or any amendment thereof, which shall remain in effect after the Closing Date.

(a) After the Effective Date, Seller shall not amend or modify or (except pursuant to Seller's exercise of remedies if the tenant is in default) terminate any existing Lease without obtaining City's prior written approval, which approval shall not be unreasonably withheld; provided, however, that Seller may enter into any lease modification or amendment that Seller may be required to enter into under the terms of the applicable Lease (such as in connection with a lease expansion). City's failure to respond to any request for such approval within ten (10) business days shall be deemed to constitute approval by City.

(b) Seller covenants that within five (5) days of its receipt of any fully executed document entered into pursuant to this Section 10.3, Seller shall deliver to City copies of any such document, including without limitation, any new leases, or any modifications, amendments, subleases or terminations of any existing Lease.

**10.4 Matters Affecting Existing Lease.** After the Effective Date, if, under the express terms of any Lease, Seller has the right, in its sole and absolute discretion (and without electing to recapture any leased space), to withhold its consent to any proposed sublease or any proposed assignment of such Lease, or to preserve, rather than waive, any material right under such Lease; however, Seller shall not consent to such sublease or assignment, or waive such right, without in each instance said action being subject to the terms and conditions of the Lease, and obtaining City's prior written consent thereto (which consent shall not be unreasonably withheld or delayed).

**10.5 Tenant Improvement Costs.** If Seller enters into any leases of the Property or modifies or extends the existing Lease after the Effective Date and before the Closing Date in accordance with the terms of this Article 10, then, provided the Closing occurs, any Tenant Improvement Costs and Commissions incurred in connection with such new Lease, modifications or extensions of any existing Lease shall be the sole responsibility of Seller and shall be paid in full by Seller.

## **11. DEFAULT AND REMEDIES**

### **11.1 City's Default.**

(a) If City defaults before the Closing under any provision of this Agreement other than Section 4.1(c) or 4.1(e) and Seller has actual knowledge of such default(s) before the Closing, or if City defaults on its obligation to close the transaction contemplated hereby, then Seller shall have the right, as its sole and exclusive remedy for such default(s), to terminate this Agreement and recover liquidated damages as provided in Section 6.6 above, plus attorneys' fees under Section 12.12 (if applicable), and neither party shall have any further liability or obligation to the other hereunder, except for provisions of this Agreement which expressly state that they shall survive the termination of this Agreement.

(b) Seller acknowledges that any claim Seller may have against City arising under this Agreement may, as a matter of law, be subject to limitations on timing of presentment pursuant to Section 911.2 and other relevant provisions of the California Government Code; provided, however, that nothing in this sentence shall be deemed to cause any such claim to be subject to such sections of the California Government Code which would not, as a matter of law, be subject to such sections in the absence of this sentence.

(c) Notwithstanding anything herein to the contrary, in no event shall City be liable to Seller for any indirect, special, consequential or incidental damages (including, without limitation, damages for lost profits) in connection with any provision of this Agreement other than Section 4.1(c).

## 11.2 Seller's Default.

(a) If Seller defaults under this Agreement before the Closing and City has actual knowledge of such default(s) before the Closing, or if Seller defaults on its obligation to close the transaction contemplated hereby, then City may, at its sole election, proceed with one of the following mutually exclusive alternatives with respect to such default(s):

(i) City may terminate this Agreement; the Deposit shall be returned to the City; and City shall recover reimbursement from Seller for City's actual out-of-pocket expenses incurred in connection with its negotiation of this Agreement, its investigation of the Property pursuant hereto, and its preparation to close the transaction contemplated hereby, up to a maximum of \$50,000.00, plus attorneys' fees under Section 12.12 (if applicable), and neither party shall have any further liability or obligation to the other hereunder, except for provisions of this Agreement which expressly state that they shall survive the termination of this Agreement..

(ii) If none of such default(s) consists of Seller's failure to close the transaction contemplated hereby, then City may proceed with the Closing with no reduction in the Purchase Price; provided, however, that: (a) in proceeding with the Closing pursuant to this subparagraph, City shall be deemed to have waived any default(s) of Seller in the performance of Seller's obligations under this Agreement occurring before the Closing which are actually known to City unless (1) before the Closing City gives Seller written notice of such default(s) expressly stating that City intends to preserve one or more post-Closing claims based on such default(s), and (2) City files suit based on such default(s) in a court of competent jurisdiction before the expiration of the Survival Period.

(iii) If any of such default(s) consists of Seller's failure to close the transaction contemplated hereby (whether or not any other pre-Closing default(s) by Seller also exist), City may file in any court of competent jurisdiction an action for specific performance to cause Seller to so close the transaction contemplated hereby (and Seller acknowledges that such a default consisting of Seller's failure to close the transaction contemplated hereby will be conclusively deemed to be a breach of an agreement to transfer real property that cannot be adequately relieved by pecuniary compensation as set forth in California Civil Code Section 3387), but (except in the event of City's election pursuant to subparagraph (a)(i) above) City shall not be entitled to recover monetary damages for Seller's default consisting of Seller's failure to close the transaction contemplated hereby; provided, however, that City may recover damages for other pre-Closing default(s) by Seller as provided below in this Section 11.2(a)(iii). Notwithstanding the foregoing prohibition on the recovery of monetary damages in an action for specific performance: (A) City shall be entitled to recover monetary damages, subject to the limitations set forth below, for any pre-Closing default by Seller which is separate and distinct from Seller's failure to close the transaction contemplated hereby (such as a default due to a breach of a representation or warranty contained in Section 8.1 or a breach of Seller's covenants contained in Section 10.3), it being specifically agreed that in no event will City be entitled to

recover monetary damages on account of Seller's failure to close the transaction contemplated hereby; and (B) this provision will not limit City's right to receive reimbursement for attorney's fees pursuant to Section 12.12, below, nor waive or affect any of Seller's other obligations under this Agreement to be performed after the Closing with respect to any matter other than Seller's failure to close the transaction contemplated hereby. City's right to recover monetary damages for a pre-Closing default by Seller pursuant to clause (A) of this Section 11.2(a)(iii) shall be subject to the following additional limitations: (1) City shall be deemed to have waived such default if City fails to include a cause of action for recovery of damages for such default in its complaint filed in connection with the specific performance action; and (2) in no event shall City be entitled to recover monetary damages for any such default unless such default will not be adequately remedied by the terms of the judgment ordering specific performance (for example, if the court determines that Seller has failed to remove a monetary lien which Seller is required to remove pursuant to Section 5.1(a)(ii), City shall be entitled to recover damages on account of such default only if the judgment for specific performance requires only that Seller convey the Property to City, and does not require that Seller discharge such lien).

(b) If Seller defaults on any of its obligations under Section 4.1 or 10.1 and such default is not known to City as of the Closing, then, subject to subparagraphs (c) and (d) below, City shall have all of its rights and remedies at law or in equity; provided, however, that, notwithstanding any provision of this Agreement to the contrary, (i) Seller shall have no liability to City for such default unless City gives Seller written notice of any claim City may have against Seller for such default before the expiration of the Survival Period, and (ii) any such claim which City may have which is not so asserted before the expiration of the Survival Period shall not be valid or effective, and Seller shall have no liability with respect thereto.

(c) Notwithstanding any provision of this Agreement to the contrary, in no event shall Seller's liability for any default under this Agreement including liability for breach of any representations or warranties contained in this Agreement (including, without limitation, in Section 8.1 above), Seller's Closing Certification, Seller's Due Diligence Certification or any Seller's Lease Certificate (if applicable), or for Seller's breach of any of its obligations under Section 4.1 or 10.1 hereof (whether or not such breach of Section 4.1 or 10.01 is known to City as of the Closing), exceed One Hundred Thousand Dollars (\$100,000) in the aggregate.

(d) Notwithstanding anything herein to the contrary, in no event shall Seller be liable to City for any indirect, special, consequential or incidental damages (including, without limitation, damages for lost profits) in connection with this Agreement.

(e) **Termination.** Upon the exercise of any right to terminate this Agreement, the Deposit shall be returned to the City, and each of the parties will be discharged from any further obligations and liabilities under this Agreement, except for the obligations and liabilities which have then accrued or that expressly survive such termination under the terms of this Agreement.

## 12. GENERAL PROVISIONS

**12.1 Notices.** Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, against receipt, (ii) one (1) day after being deposited with a reliable overnight courier

service, or (iii) two (2) days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows:

City: Real Estate Division  
City and County of San Francisco  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Attn: Director of Property  
Re: 555 Selby Street  
Facsimile No.: (415) 552-9216

with copy to: Charles Sullivan, Deputy City Attorney  
Office of the City Attorney  
City Hall, Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4682  
Re: 555 Selby Street  
Facsimile No.: (415) 554-4757

Seller: Selby and Hudson Corporation,  
a California Corporation  
Edward Scoble  
864 Page Street  
San Francisco, CA 94117  
Phone: 415-609-8770  
Email: Edwardscoble@att.net  
Facsimile No.: ( )

and

Carr McClellan, P.C.  
216 Park Road  
Burlingame, CA 94010  
Attn: Norm Book  
Phone: (650) 342-9600  
Facsimile: (650) 342-7685

TITLE COMPANY: Jennifer Raike  
Old Republic Title Company  
275 Battery Street, Suite 1500  
San Francisco, CA 94111  
Facsimile No.: (415) 397-1099

or to such other address as either party may from time to time specify in writing to the other upon five (5) days prior written notice in the manner provided above. For convenience of the parties, copies of notices may also be given by telefacsimile, to the telephone number listed above, or such other numbers as may be provided from time to time. However, neither party may give official or binding notice by facsimile. The effective time of a notice shall not be affected by the receipt, prior to receipt of the original, of a telefacsimile copy of the notice. No written notice permitted or required by City hereunder shall be deemed effective unless it is executed by or on behalf of or at the direction of the City's Director of Property. Any notice sent at the direction of the Director of Property shall so state and if so shall be binding upon City.

### **12.1a Brokers and Finders**

Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, 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 purchase and sale contemplated herein, with the exception of DTZ, representing Seller, whose commission, if any is due, shall be the sole responsibility of Seller pursuant to a separate written agreement with such broker, and City shall have no liability whatsoever therefor. In the event that any other broker or finder asserts a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his or her claim shall be responsible for such commission or fee and shall indemnify and hold harmless the other party from all claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified party in defending against the same. The provisions of this Section 12.1a shall survive the Closing.

### **12.2 Successors and Assigns**

This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns. Except in compliance with the preceding sentence, City may not assign this Agreement to any other party without Seller's prior written consent, which consent may be granted, conditioned or denied in Seller's sole and absolute discretion. In the event of any assignment of this Agreement by City, (i) City shall not in any event be released from any of its obligations or liabilities hereunder, including, without limitation, any obligations which survive the Closing, whether contained in this Agreement or any document to be delivered by City at the Closing, even if such document is signed by the assignee of City only; and (ii) City shall indemnify, defend and hold Seller harmless from and against any claim that the assignee of City may assert against Seller which City itself would be barred hereunder from asserting against Seller in the absence of such assignment.

**12.3 Amendments.** Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by City and Seller.

### **12.4 Continuation and Survival of Representations and Warranties**

All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement. They shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement. All statements contained in any Due Diligence Certification or Closing Certification shall constitute representations and warranties hereunder.

**12.5 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

**12.6 Merger of Prior Agreements.** The parties intend that this Agreement (including all of the attached exhibits and schedules, which are incorporated into this Agreement by reference) shall be the final expression of their agreement with respect to the subject matter hereof and thereof and may not be contradicted by evidence of any prior or contemporaneous oral or written agreements or understandings. The parties further intend that this Agreement shall constitute the complete and exclusive statement of their respective terms and that no extrinsic evidence whatsoever (including, without limitation, prior drafts or changes therefrom)

may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

**12.7 Parties and Their Agents.** The term "Seller" as used herein shall include the plural as well as the singular. If there is more than one Seller, then the obligations under this Agreement imposed on Seller shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party.

**12.8 Approvals.** All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through City's Director of Property unless otherwise provided herein, subject to applicable law; provided, however, nothing in this Section 12.10 shall affect the respective rights and obligations of the parties hereunder.

### **12.9 Interpretation of Agreement.**

The article, section and other headings of this Agreement and the table of contents are for convenience of reference only and shall not affect the meaning or interpretation of any provision contained herein. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa, and each gender reference shall be deemed to include the other and the neuter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

### **12.10 Attorneys' Fees.**

If either party hereto fails to perform any of its respective obligations under this Agreement or if any a dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment.. For purposes of this Agreement, the reasonable fees of attorneys of City's Office of City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office.

### **12.11 Sunshine Ordinance**

Seller understands and agrees that under the City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder public records are subject to public disclosure. Seller hereby acknowledges that the

City may disclose any records, information and materials submitted to the City in connection with this Agreement.

### **12.12 Conflicts of Interest**

Through its execution of this Agreement, that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Seller becomes aware of any such fact during the term of this Agreement, Seller shall immediately notify the City.

### **12.13 Notification of Limitations on Contributions**

Through its execution of this Agreement, Seller acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Seller acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Seller further acknowledges that the prohibition on contributions applies to each Seller; each member of Seller's board of directors, and Seller's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Seller; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Seller. Additionally, Seller acknowledges that Seller must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Seller further agrees to provide to City the names of each person, entity or committee described above.

### **12.14 Non-Liability of Officials, Employees, Directors, Officers, Stockholders and Agents**

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

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

### **12.15 Counterparts**

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

#### **12.16 Effective Date**

As used herein, the term "Effective Date" shall mean the date on which the City's Board of Supervisors and Mayor, in the respective sole discretion of each, shall have enacted a resolution (and taken such other action as may be required) approving, adopting, and authorizing this Agreement and the transactions contemplated hereby, following execution of this Agreement by both parties, and such resolution shall have become effective. City shall provide to Seller written notice of the Effective Date within ten (10) days of the occurrence of such date.

#### **12.17 Severability.**

If any provision of this Agreement or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect, so long as the essential nature of the contemplated transaction described herein can be performed.

**12.18 City Charter.** Seller acknowledges that, to the extent required by California law, all of the terms of this Agreement shall be governed by and subject to the applicable provisions of the Charter of the City and County of San Francisco (the "City Charter"); provided, however, that nothing in this sentence shall be deemed to cause this Agreement to be governed by or construed in accordance with such provisions of the City Charter in any respect in which this Agreement would not, as a matter of law, be so governed and construed in the absence of this sentence. There shall be no obligation for the payment or expenditure of money by City under this Agreement unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the 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. If such written certification is not delivered by City to Seller on or before the expiration of the Due Diligence Period, Seller may terminate this Agreement by written notice to City, in which event the Deposit shall be returned to City and neither party shall have any further obligation hereunder except as otherwise expressly provided herein.

#### **12.19 Agreement Not to Market Prior to Effective Date**

Seller agrees that unless and until this Agreement terminates pursuant to its terms, Seller shall not negotiate with any other parties pertaining to the sale of the Property and shall not market the Property to third parties.

#### **12.20 Acceptance of Agreement by Seller; Memorandum of Agreement.**

This Agreement shall be null and void unless Seller accepts it and returns to City four (4) fully executed counterparts hereof on or before 5:00 p.m. San Francisco Time on \_\_\_\_\_, 20\_\_\_\_.

Within two (2) days following the Effective Date, Seller shall execute and acknowledge a memorandum of this Agreement in the form attached hereto as Exhibit T, and deliver such memorandum to City. Upon receipt, City shall execute and acknowledge the memorandum and file it for recordation in the Official Records of the County in San Francisco, California. If this

Agreement terminates, City shall cooperate with Seller in filing and recording a document eliminating the memorandum as a cloud on title.

**12.21 Confidentiality.** As to any records or proprietary information delivered by Seller to City, Seller will clearly designate those financial records which it in good faith determines to be a trade secret or confidential proprietary information protected from disclosure under applicable law. To the extent permitted by law, City will maintain the confidentiality of such financial information as well as any information obtained by City in conducting its investigations of the Property pursuant to Section 4.1 (including, any information disclosed in any Purchaser Reports), consistent with City's general practices for maintaining the confidentiality of such information, provided however that Seller acknowledges and agrees that City will comply with applicable public records laws under state and local law, including City's Sunshine Ordinance, and that such laws may compel disclosure of some or all of such financial information and/or information obtained by City in conducting its investigations of the Property pursuant to Section 4.1 (including, any information disclosed in any Purchaser Reports). City will not under any circumstances be responsible for any damages or losses incurred because of the release of such financial information and/or information obtained by City in conducting its investigations of the Property pursuant to Section 4.1 to the extent such release is required by applicable law.

**12.23 Unavoidable Delay.** Notwithstanding anything to the contrary set forth in this Agreement, the time or times for performance of any act required hereunder shall be extended in the event of any Unavoidable Delay as set forth in this Section. "Unavoidable Delay" shall mean any delay by reason of acts of God, terror attacks, enemy action, civil commotion, war, riots, or by any other reason without fault and clearly beyond the reasonable control of the party obligated to perform and which directly results in a performance delay. In the event of the occurrence of any such Unavoidable Delay, the time or times for performance of the obligations of the delayed party, including the Due Diligence Period or the Closing Date as applicable, will be extended for the period of the delay; provided, however, (i) within five (5) days after the beginning of any such delay, the delayed party shall have first notified the other party in writing by fax or hand messenger and by telephone of the cause or causes of such delay and claimed an extension for the reasonably estimated period of the delay, (ii) the delayed party cannot, through commercially reasonable efforts, make up for the delay within the time period remaining prior to the applicable completion date, and (iii) in no event shall the Unavoidable Delay extend beyond sixty (60) days. Unavoidable Delay shall not apply to monetary obligations.

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

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION OF CITY'S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT

AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH LEGISLATION, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT, IN THEIR RESPECTIVE SOLE DISCRETION WHICH SHALL OCCUR ONLY AFTER THE COMPLETION OF ALL ENVIRONMENTAL REVIEWS REQUIRED BY THE CALIFORNIA ENVIRONMENTAL QUALITY ACT. APPROVAL OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH LEGISLATION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

The parties have duly executed this Agreement as of the respective dates set forth below.

SELLER:

SELBY AND HUDSON CORPORATION,  
a California Corporation

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

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

Date: \_\_\_\_\_

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation through its Department  
of Real Estate

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

John Updike  
Director of Property

Date: \_\_\_\_\_

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

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

Hazel M. Brandt  
Deputy City Attorney

Title Company agrees to act as escrow holder in accordance with the terms of this Agreement and to execute the Designation Agreement (attached hereto as Exhibit J) and act as the Reporting Person (as such term is defined in the Designation Agreement). Title Company's failure to execute below shall not invalidate the Agreement between City and Seller.

TITLE COMPANY:

\_\_\_\_\_  
TITLE INSURANCE COMPANY

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

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

Date:\_\_\_\_\_

**EXHIBIT A**

**REAL PROPERTY DESCRIPTION**

All that certain real property located in the City and County of San Francisco, State of California, described as follows:

**[LEGAL DESCRIPTION TO COME FROM PRELIMINARY REPORT]**

**EXHIBIT B**

**PERSONAL PROPERTY DESCRIPTION**

**[TO COME FROM SELLER]**

**EXHIBIT C**

**GRANT DEED**

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

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

The undersigned hereby declares this  
instrument to be exempt from Recording Fees  
(CA Govt. Code § 27383) and Documentary  
Transfer Tax (CA Rev. & Tax Code § 11922  
and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for Recorder's  
use only)

This transaction is exempt from California Documentary Transfer Tax pursuant to Section  
[ \_\_\_\_ ] of the California Revenue and Taxation Code. This transaction is exempt from  
recording fees pursuant to Section [ \_\_\_\_ ] of the California Government Code.

**GRANT DEED**

(Assessor's Parcel No. \_\_\_\_\_)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Selby  
and Hudson Corporation. ("Grantor"), a California Corporation, , hereby grants to the CITY  
AND COUNTY OF SAN FRANCISCO, a municipal corporation, the real property located in  
the City and County of San Francisco, State of California, described on Exhibit A attached  
hereto and made a part hereof (the "Property").

TOGETHER WITH all of Grantor's right, title, and interest, if any, in and to any and all  
rights, privileges and easements incidental or appurtenant to the Property, including, without  
limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the  
Property, as well as, to the extent assignable, any and all development rights, air rights, water,  
water rights, riparian rights and water stock relating to the Property, and any and all easements,  
rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment  
of the Property and any and all roads and alleys adjoining or servicing the Property.

*[SIGNATURES ON FOLLOWING PAGE]*

This Deed is made and accepted subject to the matters listed on Exhibit B attached hereto and made a part hereof.

Executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

GRANTOR

SELBY AND HUDSON CORPORATION,  
a California corporation

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

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

State of California            )  
  ) ss  
County of San Francisco        )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

---

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by this deed from the first party to \_\_\_\_\_, the City and County of San Francisco, is hereby accepted pursuant to Board of Supervisors' Resolution No. \_\_\_\_\_, approved \_\_\_\_\_, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_

CITY AND COUNTY OF SAN FRANCISCO

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

John Updike  
Director of Property

**EXHIBIT D**

**BILL OF SALE**

For good and valuable consideration the receipt of which is hereby acknowledged, Selby and Hudson Corporation., a California Corporation ("Seller"), does hereby sell, transfer and convey to the CITY AND COUNTY OF SAN FRANCISCO ("Buyer"), without representation or warranty of any kind or nature, except as expressly provided herein, all personal property owned by Seller and located on or in or used in connection with the Land and Improvements (as such terms are defined in that certain Agreement of Purchase and Sale for Real Estate dated as of \_\_\_\_\_, 20\_\_\_\_, between Seller and Buyer (the "Purchase Agreement"), including, without limitation, those items described in Schedule 1 attached hereto.

The Personal Property is in a used condition, and Seller is neither a manufacturer, nor distributor of, nor dealer nor merchant in, said Personal Property. Seller makes no representations, express or implied, as to the condition or state of repair of the Personal Property, including warranties of fitness or merchantability, it being expressly understood that the Personal Property is being sold to Buyer in its present "AS IS, WHERE IS" condition and with all faults. By acceptance of delivery of the Personal Property, Buyer affirms that it has not relied on Seller's skill or judgment to select or furnish said Personal Property for any particular purpose, and that Seller makes no warranty that said Personal Property is fit for any particular purpose and that there are no representations or warranties, express, implied or statutory, except that Seller represents and warrants that Seller has not previously sold or conveyed said Personal Property, and said Personal Property is free and clear of all encumbrances granted by Seller.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**SELLER:**

Selby and Hudson Corporation,  
a California Corporation

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

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

**EXHIBIT E**

**ASSIGNMENT OF  
WARRANTIES AND GUARANTIES  
AND OTHER INTANGIBLE PROPERTY**

THIS ASSIGNMENT is made and entered into as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between Selby and Hudson Corporation, a California Corporation ("Assignor"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Assignee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date (as defined below), Assignor, to the extent assignable, hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under any Intangible Property (as defined in that certain Agreement of Purchase and Sale for Real Estate dated as of \_\_\_\_\_, 20\_\_\_, between Assignor and Assignee (or Assignee's predecessor in interest) (the "Purchase Agreement"), including, without limitation, all warranties and guaranties made by or received from any third party with respect to any building, building component, structure, system, fixture, machinery, equipment, or material situated on, contained in any building or other improvement situated on, or comprising a part of any building or other improvement situated on, any part of that certain real property described in Exhibit A attached hereto.

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Effective Date (as defined below) and arising out of the owner's obligations under the Service Contracts.

2. Effective as of the Effective Date (as defined below), Assignee hereby assumes all of the owner's obligations under the Service Contracts and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating on or subsequent to the Effective Date (as defined below) and arising out of the owner's obligations under the Service Contracts.

3. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, attorneys' fees.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.

5. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

6. For purposes of this Assignment, the "Effective Date" shall be the date of the Closing (as defined in the Purchase Agreement).

7. This Assignment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

*[SIGNATURES ON FOLLOWING PAGE]*

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR:

SELBY AND HUDSON CORPORATION,  
a California Corporation

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

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

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

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

John Updike  
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

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

Hazel M. Brandt  
Deputy City Attorney

## EXHIBIT F

### ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Selby and Hudson Corporation, a California Corporation ("Assignor"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Assignee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date, (as defined below), Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under that certain Lease described on Schedule I attached hereto.

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor represents and warrants that as of the date of the Effective Date the attached Schedule 1 includes all of the Leases and occupancy agreements affecting any of the Property. As of the date hereof and the Effective Date, there are no assignments of or agreements to assign the Leases to any other party. Effective as of the Effective Date, Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Effective Date and arising from Assignor's failure to perform the landlord's obligations under the Lease.
2. Effective as of the Effective Date (as defined below), Assignee hereby assumes all of the landlord's obligations under the Lease and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) arising out of Assignee's failure to perform the landlord's obligations under the Lease on or subsequent to the Effective Date.
3. Any rental and other payments under the Lease shall be prorated between the parties as provided in Article 7 of the Agreement of Purchase and Sale for Real Estate between Assignor, as Seller, and Assignee, as Buyer, dated as of \_\_\_\_\_ (the "Purchase Agreement").
4. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, attorneys' fees.
5. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.
6. This Assignment shall be governed by and construed in accordance with the laws of the State of California.
7. For purposes of this Assignment, the "Effective Date" shall be the date of the Closing (as defined in the Purchase Agreement).
8. This Assignment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

*[SIGNATURES ON FOLLOWING PAGE]*

Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR:

SELBY AND HUDSON CORPORATION,  
a California Corporation

By: \_\_\_\_\_  
[NAME]

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

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

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

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
Hazel M. Brandt  
Deputy City Attorney

## Schedule 1

## EXHIBIT G

### ASSIGNMENT AND ASSUMPTION OF MISCELLANEOUS AGREEMENTS

THIS ASSIGNMENT is made and entered into as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between Selby and Hudson Corporation, a California corporation (“Assignor”), and \_\_\_\_\_ (“Assignee”).

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date (as defined below), Assignor, to the extent assignable, hereby assigns and transfers to Assignee all of Assignor’s right, title, claim and interest in and under those certain agreements described on Schedule 1 attached hereto (collectively, the “Miscellaneous Agreements”) executed with respect to that certain real property commonly known as 555 Selby Street, San Francisco, California (the “Property”).

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Effective as of the Effective Date, Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys’ fees) arising from Assignor’s failure to perform the owner’s obligations under the Miscellaneous Agreements prior to the Effective Date.

2. Effective as of the Effective Date, Assignee hereby assumes all of the owner’s obligations under the Miscellaneous Agreements and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys’ fees) arising from Assignee’s failure to perform the owner’s obligations under the Miscellaneous Agreements on or after the Effective Date.

3. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party’s costs and expenses of such litigation, including, without limitation, attorneys’ fees.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.

5. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

6. For purposes of this Assignment, the “Effective Date” shall be the date of the Closing (as defined in the Agreement of Purchase and Sale for Real Estate, dated as of \_\_\_\_\_, 200\_\_\_, between Assignor, as Seller, and Assignee, as Buyer).

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

Assignor and Assignee have executed this Assignment as of the day and year first written above.

*ASSIGNOR:*

By:

By:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

*ASSIGNEE:*

\_\_\_\_\_,  
a \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

APPROVED AS TO FORM:  
Dennis J. Herrera, City Attorney

By: \_\_\_\_\_  
Hazel M. Brandt  
Deputy City Attorney

**Schedule 1**

**EXHIBIT H**

**TENANT'S ESTOPPEL CERTIFICATE**

DATE: \_\_\_\_\_

TENANT:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PREMISES:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

LEASE DATE:

\_\_\_\_\_

COMMENCEMENT DATE:

\_\_\_\_\_

EXPIRATION DATE:

\_\_\_\_\_

TERM IN MONTHS:

\_\_\_\_\_

DATE RENT AND OPERATING EXPENSE  
PARKING:

\_\_\_\_\_

PAYMENTS ARE DUE:

\_\_\_\_\_

OPTIONS: Check if you have any of these  
options or rights, and provide details in  
Sections 5 or 9 below.

\_\_\_\_\_ Extension Option

\_\_\_\_\_ Termination Option

\_\_\_\_\_ Expansion Option

\_\_\_\_\_ Purchase Option

CURRENT MONTHLY PAYMENTS:

\_\_\_\_\_

BASE RENTAL:

\_\_\_\_\_

TAXES:

\_\_\_\_\_

OP. EXP. CAP:

\_\_\_\_\_

\_\_\_\_\_ Check here if you have rental escalations and provide details in Section 6 below:

SECURITY DEPOSIT:

\_\_\_\_\_

THE UNDERSIGNED, AS TENANT OF THE ABOVE REFERENCED PREMISES ("PREMISES") UNDER THE LEASE DATED AS OF THE ABOVE-REFERENCED LEASE DATE, BETWEEN \_\_\_\_\_ ("LANDLORD") AND TENANT, HEREBY CERTIFIES, ACKNOWLEDGES AND AGREES FOR THE BENEFIT OF THE CITY AND COUNTY OF SAN FRANCISCO ("CITY"), AND ITS ASSIGNEES, AS FOLLOWS:

1. Accuracy. All of the information specified above and elsewhere in this Certificate is accurate as of the date hereof.

2. Lease. The copy of the Lease attached hereto as Exhibit A is a true and correct copy of the Lease. The Lease is valid and in full force and effect. The Lease contains all of the understandings and agreements between Landlord and Tenant and has not been amended, supplemented or changed by letter agreement or otherwise, except as follows (if none, indicate so by writing "NONE" below):

3. Premises. The Premises consist of \_\_\_\_\_, and Tenant does not have any options to expand the Premises except as follows (if none, indicate so by writing "NONE" below):

4. Acceptance of Premises. Tenant has accepted possession of the Premises and is currently occupying the Premises. There are no unreimbursed expenses due Tenant including, but not limited to, capital expense reimbursements.

5. Lease Term. The term of the Lease commenced and will expire on the dates specified above, subject to the following options to renew or unconditional rights to terminate the Lease (if none, indicate so by writing "NONE" below):

6. No Defaults/Claims. To Tenant's knowledge, Landlord is not in default under any terms of the Lease, nor has any event occurred which with the passage of time (after notice, if any, required under the Lease) would become an event of default of Landlord under the Lease. To Tenant's knowledge, Tenant has no claims, counterclaims, defenses or setoffs against Landlord arising from the Lease, except those listed below (if none, indicate so by writing "NONE" below): \_\_\_\_\_. Tenant is not entitled to any concession, rebate, allowance or free rent for any period after this certification, except those listed below (if none, indicate so by writing "NONE" below): \_\_\_\_\_.

7. No Advance Payments. No rent has been paid in advance by Tenant except for the current month's rent.

8. No Purchase Rights. Tenant has no option to purchase, or right of first refusal to purchase, the Premises, the Property or any portion thereof (if none, indicate so by writing "NONE" below): \_\_\_\_\_.

9. Notification by Tenant. From the date of this Certificate and continuing until, Tenant agrees to notify City immediately of the occurrence of any event or the discovery of any fact that would make any representation contained in this Certificate inaccurate as of the date hereof or as of any future date.

10. No Sublease/Assignment. Tenant has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises, except those listed below (if none, indicate so by writing "NONE" below): \_\_\_\_\_.

11. No Notice. Tenant has not received notice of any assignment, hypothecation, mortgage, or pledge of Landlord's interest in the Lease or the rents or other payments payable thereunder, except those listed below (if none, indicate so by writing "NONE" below):\_\_\_\_\_.

12. Hazardous Materials. Tenant has not used, treated, stored, disposed of or released any Hazardous Materials on or about the Premises or the Property. Tenant does not have any permits, registrations or identification numbers issued by the United States Environmental Protection Agency or by any state, county, municipal or administrative agencies with respect to its operation on the Premises, except for any stated below, and except as stated below no such governmental permits, registrations or identification numbers are required with respect to Tenant's operations on the Premises. For the purposes hereof, the term "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids, and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

13. Reliance. Tenant recognizes and acknowledges it is making these representations to City with the intent that City, and any of its assigns, will fully rely on Tenant's representations.

14. Binding. The provisions hereof shall be binding upon and inure to the benefit of the successors, assigns, personal representatives and heirs of Tenant and City.

15. Due Execution and Authorization. The undersigned, and the person(s) executing this Certificate on behalf of the undersigned, represent and warrant that they are duly authorized to execute this Certificate on behalf of Tenant and to bind Tenant hereto.

EXECUTED BY TENANT AS OF THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_.

By:

\_\_\_\_\_  
[NAME]

\_\_\_\_\_  
[TITLE]

By:

\_\_\_\_\_  
[NAME]

\_\_\_\_\_  
[TITLE]

**EXHIBIT I**

**CERTIFICATE OF TRANSFEROR  
OTHER THAN AN INDIVIDUAL  
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by Selby and Hudson Corporation., a California Corporation ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
  2. Transferor's U.S. employer identification number is \_\_\_\_\_; and
  3. Transferor's office address is \_\_\_\_\_
- 

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated: \_\_\_\_\_, 20\_\_.

On behalf of:

SELBY AND HUDSON CORPORATION,  
a California Corporation

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

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

## EXHIBIT J

### DESIGNATION AGREEMENT

This DESIGNATION AGREEMENT (the "Agreement") dated as of \_\_\_\_\_, 20\_\_\_\_, is by and between Selby and Hudson Corporation, a California Corporation ("Seller"), the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), and OLD REPUBLIC TITLE COMPANY ("Title Company").

A. Pursuant to that certain Agreement of Purchase and Sale for Real Estate entered into by and between Seller and Transferee, dated \_\_\_\_\_, 20\_\_\_\_ (the "Purchase Agreement"), Seller has agreed to sell to Transferee, and Transferee has agreed to purchase from Seller, certain real property located in City and County of San Francisco, California, more particularly described in Exhibit A attached hereto (the "Property"). The purchase and sale of the Property is sometimes herein below referred to below as the "Transaction").

B. Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the "Reporting Requirements") require an information return to be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the Transaction.

C. Pursuant to Subparagraph 6.1 of the Purchase Agreement, an escrow has been opened with Title Company, Escrow No. \_\_\_\_\_, through which the Transaction will be or is being accomplished. Title Company is either (i) the person responsible for closing the Transaction (as described in the Reporting Requirements) or (ii) the disbursing title or escrow company that is most significant in terms of gross proceeds disbursed in connection with the Transaction (as described in the Reporting Requirements).

D. Seller, City and Title Company desire to designate Title Company as the "Reporting Person" (as defined in the "Reporting Requirements") with respect to the Transactions.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller, City and Title Company agree as follows:

1. Title Company is hereby designated as the Reporting Person for the Transaction. Title Company shall perform all duties that are required by the Reporting Requirements to be performed by the Reporting Person for the Transaction.

2. Seller and City shall furnish to Title Company, in a timely manner, any information requested by Title Company and necessary for Title Company to perform its duties as Reporting Person for the transaction.

3. Title Company hereby requests Seller to furnish to Title Company Seller's correct taxpayer identification number. Seller acknowledges that any failure by Seller to provide Title Company with Seller's correct taxpayer identification number may subject Seller to civil or criminal penalties imposed by law. Accordingly, Seller hereby certifies to Title Company, under penalties of perjury, that Seller's correct taxpayer identification number is \_\_\_\_\_.

4. The names and addresses of the parties hereto are as follows:

SELLER: Selby and Hudson Corporation., a California Corporation

Attn: \_\_\_\_\_  
Facsimile No.: ( ) \_\_\_\_\_

CITY: Director of Property.  
John Updike  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Facsimile No.: (415) 552-9216

TITLE COMPANY: Old Republic Title Company  
275 Battery Street,  
Suite 1500  
San Francisco, CA 94111

Attn: Jennifer Raike  
Facsimile No.: (415) 397-1009  
Phone No.: (415) 248-7149

5. Each of the parties hereto shall retain this Agreement for a period of four (4) years following the calendar year during which the date of closing of the Transaction occurs.

*[SIGNATURES ON FOLLOWING PAGE]*

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date and year first above written.

SELLER:

Selby and Hudson Corporation., a California Corporation

\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_  
Facsimile No.: ( ) \_\_\_\_\_

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

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

Date: \_\_\_\_\_

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

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

Date: \_\_\_\_\_

Title Company:

OLD REPUBLIC TITLE COMPANY

Date: \_\_\_\_\_

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

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

**EXHIBIT K**  
**SCHEDULE OF LEASES**

[See following page.]

**EXHIBIT L**  
**SCHEDULE OF MISCELLANEOUS AGREEMENTS**

[See following page.]

**EXHIBIT M**

**SCHEDULE OF LITIGATION AND NOTICES OF DEFAULT**

None.

**EXHIBIT N**  
**ENVIRONMENTAL DISCLOSURE**

1. NFA Letter dated July 13, 2001
2. Phase I Environmental Site Assessment dated March 9, 2015
3. Phase 11 Soil sample investigation dated June 27, 2001

**EXHIBIT P**

**FORM OF OWNER'S DECLARATION**

The undersigned hereby declares and certifies to Old Republic Title (the "Title Company"), with respect to that certain real property commonly known as 555 Selby Street, located in the City and County of San Francisco, California (the "Premises"), that:

(1) the undersigned has not entered into any written agreement for any repair, work of improvement or materials furnished to the Premises within the last one hundred eighty (180) days which has not been paid for, and the undersigned has not received any written notice asserting any currently existing claim based on any such repair, work or materials; and

(2) to the actual knowledge of the undersigned, there is no one in possession of the Premises other than the tenants listed on the Rent Roll attached hereto as Exhibit A.

This Declaration is given for the purpose of inducing the Title Company to issue its policy(ies) of title insurance in favor of the City and County of San Francisco or its nominee ("Transferee"), and its lender, which may provide coverage as to the items mentioned above in connection with the undersigned's transfer of the Premises to Transferee on or about the date hereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By: Selby and Hudson Corporation.,  
a California Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_





EXHIBIT S

**MEMORANDUM OF AGREEMENT**

RECORDING REQUESTED BY,  
AND WHEN RECORDED, MAIL TO:

Real Estate Department  
City and County of San Francisco  
25 Van Ness Avenue, Suite 400  
San Francisco, CA 94102  
Attn: Director of Property

FOR RECORDER'S USE ONLY

The undersigned hereby declares this instrument to be exempt from Recording Fees (CA Govt. Code § 27383) and Documentary Transfer Tax (CA Rev. & Tax Code § 11922 and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for Recorder's use only)

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT dated as of \_\_\_\_\_, 20\_\_\_\_, is by and between Selby and Hudson Corporation., a California Corporation ("Seller"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City").

1. Seller and City have entered into that certain Purchase and Sale Agreement (the "Agreement"), dated as of \_\_\_\_\_, pursuant to which City has the right to purchase that certain improved property located at 555 Selby Street, San Francisco, CA (Assessors Block 5250, Lot 15), as \_\_\_\_\_, more particularly described in Exhibit A (the "Property").

2. It is anticipated that the Closing Date for the purchase and sale of the Property shall occur, if at all, on or around [DATE], subject to such extensions as may be permitted in the Agreement.

3. Seller and City have executed and recorded this Memorandum to give notice of the Agreement to all third parties thereunder, and all of the terms and conditions of the Agreement are incorporated herein by reference as if they were fully set forth herein and reference is made to the Agreement itself for a complete and definitive statement of the rights and obligations of Seller and City thereunder.

4. This Memorandum shall not be deemed to modify, alter or amend in any way the provisions of the Agreement. This Memorandum shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective legal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the date first written above.

SELLER:

SELBY AND HUDSON CORPORATION,  
a California Corporation

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

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

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

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

John Updike  
Director of Property

Date: \_\_\_\_\_

State of California            )  
  ) ss  
County of San Francisco        )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

State of California            )  
  ) ss  
County of San Francisco        )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**SCHEDULE 1**  
**ENERGY DISCLOSURE DOCUMENTS**

**DRAFT**

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between

W.Y.L. Five Star Service Industries, Inc., a California Corporation,  
as Seller

and

CITY AND COUNTY OF SAN FRANCISCO,  
as Buyer

For the purchase and sale of

1975 Galvez Avenue, Block 5250, Lot 16  
San Francisco, California

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DRAFT

**AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE**  
(1975 Galvez Avenue, Assessor's Block 5250, Lot 16, San Francisco)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this "Agreement") dated for reference purposes only as of November, 2015 ("Signing Date") is by and between W.Y.L. Five Star Service Industries, Inc., a California Corporation ("Seller"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Buyer" or "City").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, and the respective agreements contained herein below, Seller and City agree as follows:

**1. PURCHASE AND SALE**

**1.1 Property Included in Sale.** Seller agrees to sell and convey to City, and City agrees to purchase from Seller, subject to the terms, covenants and conditions hereinafter set forth, the following:

(a) the real property consisting of approximately 48,338 square feet of land, located in the City and County of San Francisco, commonly known as 1975 Galvez Avenue, Assessor's Block 5250, Lot 16 and more particularly described in Exhibit A attached hereto (the "Land");

(b) all improvements and fixtures located on the Land, including, without limitation, (i) that certain single-story building including mezzanine level containing approximately 7,050 square feet of net rentable area and known as 1975 Galvez Avenue (the "Building"), as well as all other buildings and structures located on the Land, (ii) all of Seller's right, title and interest in all fixtures and apparatus directly used in connection with the operation or occupancy of the Land and its improvements such as heating and air conditioning systems and facilities used to provide any utility, refrigeration, ventilation, garbage disposal or other services, and (iii) all on-site parking (collectively, the "Improvements");

(c) all of Seller's right, title and interest, if any, in and to all rights, privileges, and easements incidental or appurtenant to the Land or Improvements, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Land, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Land, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land or Improvements, and all roads and alleys adjoining or servicing the Land or Improvements (collectively, the "Appurtenances");

(d) all of Seller's right, title and interest, if any, in and to all personal property or tangibles located on or in or used in connection with the Land or Improvements as of the Signing Date, including, without limitation, equipment, appliances, and those items described in Exhibit B attached hereto; provided, however that the foregoing shall be subject to depletions, replacements and additions which occur in the ordinary course of Seller's business operation of the Property prior to the Closing Date (as defined in Section 6.2 [Closing Date]) and shall expressly exclude any of the same owned by tenants of the Improvements (such tangible personal property shall be referred to herein collectively as, the "Personal Property");

(e) any and all of Seller's right, title and interest in and to all leases, including without limitation the lease of Building (the "Blue Line Lease") affecting the Property that are in effect as of the Closing Date, to the extent expressly approved by City pursuant to Section 5.1(f) of this Agreement or otherwise entered into after the Signing Date pursuant to Section 10.3 of this Agreement (collectively, the "Leases"), any guaranties thereof, and any security deposits and prepaid rent paid or deposited by tenants under the Leases;

(f) all of Seller's right, title and interest, if any, in and to those agreements affecting the Land and the Improvements, other than the Leases, to the extent expressly approved by City and that City elects to assume pursuant to Section 4.1(f) below, or that are the source of obligations that City elects to assume pursuant to Section 10.5 below (collectively, the "Miscellaneous Agreements");

(g) all of Seller's right, title and interest, if any, in and to any other assignable intangible personal property used exclusively in the ownership, use or operation of the Land, Improvements or Personal Property, including, without limitation, the right to use any trade name now used exclusively in connection with the Land or Improvements, all licenses, permits and certificates of occupancy issued by governmental authorities relating to the use maintenance, occupancy and/or operation of the Property, and all warranties and guaranties made by or received from any third party with respect to any building, building component, structure, system, fixture, machinery, equipment, or material situated on, contained in any building or other

improvement situated on, or comprising a part of any building or other improvement situated on, any part of the Property (collectively, the "Intangible Property"); and

(h) all books and records relating to tenants, keys, and other materials of any kind owned by Seller and in the possession or control of Seller, its property manager or asset manager, which are used in the continuing operation of the Improvements, other than the Proprietary Material (as defined in Section 5.1(d) below) (collectively, the "Books and Records").

All of the items referred to in Subsections (a), (b), (c), (d), (e), (f), (g) and (h) above are collectively referred to as the "Property."

## 2. PURCHASE PRICE

**2.1 Purchase Price.** The total purchase price for the Property is Five Million and No/100 Dollars (\$5,000,000.00) (the "Purchase Price").

**2.2 Payment.** On the Closing Date (as defined in Section 6.2 [Closing Date]), City shall pay the Purchase Price, adjusted pursuant to the provisions of Article 7 [Expenses and Taxes], and reduced by any credits due City hereunder.

Seller acknowledges and agrees that if Seller fails at Closing to deliver to City the documents required under items (vi) and (vii) of Sections 6.3(a) [Seller's Delivery of Documents], City may be required to withhold a portion of the Purchase Price pursuant to Section 1445 of the United States Internal Revenue Code of 1986, as amended (the "Federal Tax Code"), or Sections 18662 and 26131 of the California Revenue and Taxation Code (the "State Tax Code"). Any amount properly so withheld by City shall be deemed to have been paid by City as part of the Purchase Price, and Seller's obligation to consummate the transaction contemplated herein shall not be excused or otherwise affected thereby.

**2.3 Funds.** All payments made by any party hereto shall be in legal tender of the United States of America, by wire transfer of immediately available funds to Stewart title (the "Title Company"), as escrow agent, arranged through the Title Company's offices located at 100 Pine Street, Suite 450, San Francisco, CA 94111, Attention: Justin Sommer (jsommer@stewart.com).

**2.4 Personal Property.** City and Seller hereby agree that the estimated value of the Personal Property to be conveyed to City as part of the Property does not exceed Five Thousand and No/100 Dollars (\$5,000.00).

**2.5 Intentionally Deleted.**

## 3. TITLE TO THE PROPERTY

**3.1 Conveyance of Title to the Property.** At the Closing Seller shall convey to City, , marketable fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the "Deed"), Such Deed shall be subject only to the following (the "Accepted Conditions of Title") (a) general real estate taxes not yet due or payable as of the date of the Closing; (b) rights of tenants under the Leases; (c) all title matters relating to the Property that are (i) discoverable during the Due Diligence Period (as defined below in Section 4.1(a)) by means of an accurate survey or

inspection of the Property, or (ii) disclosed to City in writing before the Closing, except for Disapproved Matters (as defined below in Section 5.1(a)(ii)) and Prohibited Title Exceptions (as defined below in Section 5.1(a)(ii)); (iii) all Disapproved Matters that Seller has not agreed, in one or more Seller's Removal Notices (as defined below in Section 5.1(a)(ii)), to cure, except to the extent, if any, that Seller agrees in one or more Seller's Removal Notices to cure the same; and (iv) all other exceptions, if any, that may be created by City or agreed to by City in writing, including, without limitation, any liens arising from labor, material or services provided at the request of City in connection with its inspection of the Property pursuant to this Agreement. Seller's obligation to cure any Disapproved Matters shall be limited as set forth in Section 5.1(a)(ii), below.

**3.2 Title Insurance.** It shall be a condition precedent to City's obligation to close the purchase of the Property that Title Company shall be irrevocably committed to issue to City, or its Nominee, (i) an ALTA extended coverage owner's policy of title insurance (Form B - 1970 amended 4-6-90), or at City's sole option, a CLTA policy of title insurance (the "Owner Policy" or "Title Policy") in the amount of (the "Owner Title Policy Amount") the Purchase Price (provided that the Title Company shall provide to Seller during the Due Diligence Period confirmation of its willingness to issue title insurance in the Owner Title Policy Amount), insuring fee simple and marketable title to the Land, the Appurtenances (to the extent the Title Company may agree in writing, during the Applicable Period (as defined below), to insure such Appurtenances), and the Improvements in City or its Nominee, as applicable, free of the rights of tenants or other occupants (except for the tenants under the Leases, provided such exception is limited to the interest of such tenants as tenants only without any rights or options to purchase any of the Property), and all other exceptions, liens and encumbrances except solely for the Accepted Conditions of Title pursuant to Sections 3.1 and 5.1(a) of this Agreement, and (ii) an ALTA extended coverage policy, or at City's sole option, a CLTA policy. The Title Policy shall provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Property (except for any liens arising from labor, material or services provided at the request of City in connection with its inspection of the Property pursuant to this Agreement, shall not contain any exclusion from coverage for creditor's rights or bankruptcy, and shall contain an affirmative endorsement (Form CLTA 100 or equivalent ALTA endorsement) that there are no violations of restrictive covenants, if any, affecting the Property, and such special endorsements as City may reasonably request and as the Title Company may agree in writing, during the Applicable Period (as defined below), to issue at the Closing. As used in this Section 3.2, "Applicable Period" means (i) prior to the Closing, with respect to any Newly Disclosed Title Matter (as defined in Section 5.1(a)(ii) below), or (ii) during the Due Diligence Period, with respect to any other matter. If requested by City, the Title Policy shall also provide for reinsurance with direct access with such companies and in such amounts as City may reasonably request, and the Title Company may agree in writing, during the Due Diligence Period, to provide at the Closing. All costs of Title Insurance shall be paid by City.

**3.3 Bill of Sale.** At the Closing Seller shall transfer title to the Personal Property, if any, by bill of sale in the form attached hereto as Exhibit D (the "Bill of Sale"), such title to be free of any liens, encumbrances or interests created by Seller, except for the Accepted Conditions of Title.

**3.4 Assignment of Intangibles.** At the Closing Seller shall transfer title to the Intangible Property by, an assignment of Intangible Property in the form attached hereto as Exhibit E (the "Assignment of Intangible Property").

**3.3 Assignment of Leases.**

At the Closing Seller shall transfer its title to the Leases by an assignment of leases in the form attached hereto as Exhibit F (the "Assignment of Leases"), such title to be free of any liens, encumbrances or interests created by Seller, except for the Accepted Conditions of Title.

**4. BUYER'S DUE DILIGENCE INVESTIGATIONS**

**4.1 Due Diligence**

(a) As used herein, "Due Diligence Period" shall mean the period commencing on the Effective Date and expiring thirty (30) days thereafter, and the term "Due Diligence Expiration Date" shall mean \_\_\_\_\_.

(b) Within fifteen (15) days after the Effective Date, Seller covenants to deliver to City all of the Documents (as defined in Section 5.1(d), below), the Financial Statements (as defined in Section 5.1(e), below), and the Lease Documents (as defined in Section 5.1(f), below) pertaining to the condition and operation of the Property, to the extent such documents exist and are in the possession or control of Seller, its property manager or its asset manager. Seller further agrees to promptly deliver to City any such Documents thereafter discovered, created or received by Seller, its property manager or its asset manager (each, a "Newly Discovered Document"), and the parties agree that if any such Newly Discovered Document is first delivered to City later than ten (10) days before the expiration of the Due Diligence Period, then the Due Diligence Period shall be extended until the date that is ten (10) days after the date of such delivery. If a Newly Discovered Document is discovered after the Due Diligence Period, then the Due Diligence Period shall be extended but only for purposes of the City's review and consideration of such Newly Discovered Document, for a period of ten (10) days after the City's receipt of such Newly Discovered Document. City shall provide to Seller copies of any reports or surveys related to the physical condition of the Property obtained by City during its due diligence (the "Purchaser Reports"); provided, however, City shall have no obligation to cause any such tests, reports or studies to be performed on the Property, and City makes no representation or warranty regarding the truth or accuracy of, and shall have no liability as a result of having provided, such Purchaser Reports. In the event that this Agreement is terminated for any reason, City shall promptly return to Seller the originals of all Documents, Financial Statements and Lease Documents previously delivered to City by or on behalf of Seller.

(c) After the Effective Date and continuing until the expiration of the Due Diligence Period, Seller shall afford City and its Agents reasonable access to the Property, subject to the rights of tenants under leases, at all reasonable times during Seller's normal business hours, upon not less than twenty-four (24) hours prior oral or written notice (or such longer period as may be required for Seller to comply with the terms of any Leases, in the case of access to any portion of the Property which is subject to any Lease), for the purposes of investigating the Property, either independently or through City's Agents, to satisfy City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of City's Conditions Precedent (as defined in Section 5.1, below), including, without limitation, such appraisals, inspections, tests, audits, verifications, inventories, investigations and other due diligence regarding the economic, physical, environmental, title and legal conditions of the Property as City deems proper in its sole discretion, as well as the suitability of the Property for City's intended uses; PROVIDED, HOWEVER, THAT NOTWITHSTANDING ANYTHING TO THE

CONTRARY CONTAINED HEREIN, CITY SHALL NOT MAKE ANY INVASIVE TESTING ON OR ABOUT THE PROPERTY OR UNDERTAKE ANY ACT WHICH WILL CAUSE DAMAGE TO THE PROPERTY WITHOUT OBTAINING THE PRIOR WRITTEN CONSENT OF SELLER WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD. City will be responsible at its sole expense for performing or arranging any investigations of the Property it elects in its sole discretion to undertake. City shall conduct such entries and any inspections in connection therewith so as to minimize, to the extent commercially reasonable, disruption at the Property or interference with Seller's business or with its tenants and in accordance with all applicable laws and otherwise in a manner reasonably acceptable to Seller. Seller shall have the option to have an agent or employee accompany City at all times during its investigation or inspection of the Property. Buyer shall have no right to make inquiries of tenants without Seller's prior consent, which may be conditioned upon an agent or employee of Seller accompanying City and its agents or representatives during such inquiries.

(d) Seller hereby irrevocably authorizes City and its Agents (as defined in Section 12.9, below) to make all inquiries with and applications to any regulatory authority with jurisdiction over the Property as City may reasonably require to complete its due diligence investigations on the Property; provided, however, that no such inquiry or application shall be made prior to the Effective Date and no such application shall impact Seller's ownership of or title to the Property in the event the Closing fails to occur.

(e) City, at its sole expense, shall repair any and all damage resulting from any of the tests, studies, inspections and investigations performed by or on behalf of City that are permitted under this Section 4.1, and City hereby agrees to indemnify and hold Seller, the partners, members, trustees, shareholders, directors, officers and agents of Seller, any party owning a direct or indirect interest in Seller, the affiliates of Seller, and the partners, members, trustees, shareholders, directors, officers, employees, and agents of each of the foregoing parties (collectively, the "Seller-Related Parties") harmless from any damage or injury to persons or property, and all third party claims, and costs and expenses related thereto, including without limitation reasonable attorney's fees, incurred as a result of investigations of the Property by City or its Agents that are permitted under this Section 4.1. Without limiting the generality of the foregoing, City shall remove any mechanic's or other lien which may be recorded against the Property by any party providing labor, materials or services at the request of City. The foregoing repair obligation and indemnity shall not include any damage or injury to the extent the same results from the gross negligence or willful misconduct of Seller or from any pre-existing environmental condition of the Property, except and only to the extent that such environmental condition is exacerbated by City's entry and/or investigation (provided, however, that nothing in this sentence shall affect the rights, obligations or remedies of the parties under subparagraph (c) above).

(f) City shall notify Seller in writing not later than the expiration of the Due Diligence Period if it desires to receive an assignment of, and to assume Seller's rights and obligations under, any agreements pertaining to the Property (other than the Leases and other agreements constituting Accepted Conditions of Title), which notice shall specify the agreements to be assigned and assumed. Except for the agreements set forth in such notice, and except for agreements to be assigned to and assumed by City pursuant to any other provisions hereof (such as Leases and other agreements constituting Accepted Conditions of Title), Seller shall terminate, at no cost or liability to City all other agreements pertaining to the Property by the Closing Date. Notwithstanding anything herein to the contrary, Seller shall terminate before the Closing, at no cost or liability to City, all management agreements affecting the Property.

#### **4.2 City's Right to Terminate.**

Notwithstanding anything in this Agreement to the contrary, City may terminate this Agreement by written notice to Seller at any time before the expiration of the Due Diligence Period. Upon any such termination, neither City nor Seller shall have any further rights or obligations hereunder, except as otherwise expressly provided herein. This Section 4.2 is subject to, and shall not serve to modify or limit, any right or remedy of City arising under Section 5.1, City's Conditions to Closing, or any other provision of this Agreement; provided, however, that any matters which, under the terms of Section 5.1 below, City is entitled to approve or disapprove during the Due Diligence Period shall be deemed to have been approved by City during the Due Diligence Period if City elects not to terminate this Agreement pursuant to this Section 4.2.

#### **4.3 Energy Consumption**

City acknowledges and agrees that Seller delivered the Disclosure Summary Sheet, Statement of Energy Performance, Data Checklist, and Facility Summary (all as defined in the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Section 1680) for the Property, copies of which are attached as Schedule 1 to this Agreement, no less than 24 hours prior to City's execution of this Agreement.

### **5. CITY'S CONDITIONS TO CLOSING**

#### **5.1 City's Conditions to Closing**

The following are conditions precedent to City's obligation to purchase the Property (collectively, "City's Conditions Precedent"):

(a) City shall have reviewed and approved title to the Property, as follows:

(i) Within fifteen (15) days after the Effective Date, Seller shall deliver to City a preliminary report on the Real Property, to be issued by Title Company, accompanied by copies of all documents referred to in the report (collectively, the "Preliminary Report"); and

(ii) Within fifteen (15) days after the later of City's receipt of the Preliminary Report (the "Title Documents") (the "Title Review Period"), City shall designate to Seller in writing any exceptions to title that City approves or disapproves (any such disapproved matters shall be referred to herein as the "Disapproved Matters"). City's failure to so advise Seller in writing within such period shall be deemed disapproval of title. Seller shall have fifteen (15) days after receipt of City's notice of Disapproved Matters to notify City in writing ("Seller's Removal Notice") as to what, if any, curative action Seller agrees to undertake in order to cure any Disapproved Matters at or prior to Closing, provided that Seller shall be obligated to remove all Prohibited Title Exceptions. As used herein, "Prohibited Title Exceptions" means all liens of any other deeds of trust or security documents created by Seller and reflected in the Preliminary Report, and any other liens or encumbrances against the Property that are knowingly and intentionally created by Seller after the effective date of the Preliminary Report (excluding only those mechanic's liens arising from construction activities by or on behalf of tenants of the Property). In the event Seller does not provide the Seller's Removal Notice to City within said fifteen (15) day period, Seller shall be deemed to have elected not to cure the Disapproved Matters. If Seller gives such Seller's Removal Notice to City electing not to cure any of the Disapproved Matters, or if Seller is deemed to have made

such election, then Seller shall not be in default and City shall have - fifteen (15) days to elect to proceed with the purchase subject to the Disapproved Matters (except to the extent that Seller may have agreed in such Seller's Removal Notice to take action to cure the same and to the extent Seller is obligated to cure Prohibited Title Exceptions) or to terminate this Agreement without any liability on the part of Seller. If City fails to give Seller notice of its election within such fifteen (15) days, City shall be deemed to have elected to terminate this Agreement. If Seller gives Seller's Removal Notice and agrees therein to take any action to cure any Disapproved Matter and fails to take such action, or if Seller fails to remove any Prohibited Title Exceptions, in either case prior to the Closing, and City is unwilling to take title subject thereto, Seller shall be in default, and City shall have the rights and remedies provided in Section 11.2, below. If any title matter affecting the Property is first disclosed to City after the expiration of the Title Review Period (each, a "Newly Discovered Title Matter"), City shall have five (5) days in which to give Seller written notice approving or disapproving of such Newly Discovered Title Matter. If City fails to give such notice within such time period, City shall be deemed to have disapproved such Newly Discovered Title Matter. If such disapproval notice is timely given, or if City is deemed to have disapproved such Newly Discovered Title Matter, then such matter shall become a Disapproved Matter and Seller shall have five (5) days in which to deliver to City a Seller's Removal Notice relating thereto. The foregoing provisions of this Section 5.1(a)(ii) relating generally to Disapproved Matters shall apply to each Newly Discovered Title Matter, except that (x) each fifteen (15) day notice period otherwise applicable to such Newly Discovered Title Matter shall be reduced to five (5) days, (y) if necessary, the Closing shall be extended to permit the completion of the notice and election procedure described above, subject however to any timing constraints related to the successful issuance, delivery and sale of the Certificates of Participation, and (z) if Seller delivers a Seller's Removal Notice relating to such Newly Discovered Title Matter and City does not elect to terminate this Agreement, the Closing shall be extended to allow Seller a reasonable time (not to exceed sixty (60) days) from the date of such Seller's Removal Notice in order to complete any curative action required thereby.

(iii) City may at its option arrange for an "as-built" survey of the Real Property and Improvements prepared by a licensed surveyor (the "Survey"). Such survey shall be acceptable to, and certified to, City and Title Company and in sufficient detail to provide the basis for and the Title Policy without boundary, encroachment or survey exceptions.

(b) City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2, within the Due Diligence Period, of the physical and environmental conditions of the Property, including, without limitation, structural, mechanical, electrical and other physical conditions of the Property. Such review may include an examination for the presence or absence of any Hazardous Material (as defined in Section 8.1(h) (ii) below).

(c) City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2 within the Due Diligence Period, of the compliance of the Property with all applicable laws, regulations, permits and approvals.

(d) City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2, within the Due Diligence Period, of (i) the following documents, all to the extent such documents exist and are in the possession or control of any Seller, its property manager or its asset manager: structural calculations for the Improvements; site plans; digital copies of the as-

built plans and specifications for the Improvements and measurements of the Building; recent inspection reports by Seller's engineers; (ii) the following contracts and documents, all to the extent such documents are currently obligations of Seller: service contracts; utility contracts; maintenance contracts; employment contracts, management contracts; brokerage and leasing commission agreements which may continue after Closing; (iii) certificates of occupancy for all current tenancies; (iv) presently effective warranties or guaranties received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repair or alteration of the Improvements or any tenant improvements; (v) current certificates of insurance with respect to policies of insurance of tenants at the Property and certificates of insurance for carriers insuring the Property, as well as any information or reports relative to the claims history of the Property; (vi) any environmental reports, studies, surveys, tests and assessments; soils and geotechnical reports, including without limitation, any reports relating to the presence of asbestos or asbestos containing materials located at the Property; and (viii) and any other contracts or documents necessary for the operation of the Property or which will be binding on the Property after the Closing (collectively, the "Documents"). The Documents shall not include any Proprietary Materials of Seller. As used herein, the "Proprietary Materials" shall mean any material which, in Seller's reasonable good faith opinion, constitutes a part of Seller's unrelated business operations or Seller's financial records (not including operating budgets for the Property), or which is not required for the operation of the Improvements following the Closing in the reasonable judgment of Seller (other than documents relating to the legal, physical, or environmental condition of the Property), or which Seller is prohibited by contract or applicable law from delivering to City (other than documents consisting of correspondence or notices to and from tenants of the Property or documents relating to the physical or environmental condition of the Property), including without limitation, appraisals and other information concerning the valuation of the Property, internal communications of Seller, communications with real estate brokers or other third parties concerning the sale of the Property, and all information subject to attorney-client or work product privilege or to confidentiality restrictions in favor of any third party.

(e) City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2 within the Due Diligence Period, of any income and expense statements, year-end financial and monthly operating statements for the Property for years 2013, 2014, and 2015, that may be in the possession or control of Seller or its property manager or asset manager (collectively, the "Financial Statements").

(f) City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2, within the Due Diligence Period; or, if applicable, in accordance with the terms and conditions of Section 10.3 below, of the following documents, all to the extent such documents exist and are in the possession or control of Seller or its property manager or asset manager: (i) all existing and pending leases and other occupancy agreements affecting the Property, (ii) current tenant correspondence files, and (iii) a current rent roll for the Property, prepared by Seller (without warranty as to accuracy or completeness) and listing for each tenant the name, location of leased premises, amount of security deposit and rent paid more than thirty (30) days in advance, lease commencement date, defaults and lease termination date, (collectively, the "Lease Documents").

(g) Seller's obtaining and delivering to City, before the Closing Date, tenant estoppel certificates from any and all tenants under any and all leases at the Property. Such certificates shall be substantially in the form attached hereto as Exhibit H. Each tenant estoppel certificate (i) shall be dated not earlier than forty-five (45) days before the Closing Date, (ii) shall

be consistent in all material respects with the terms of the applicable Lease as previously delivered to City, (iii) shall disclose no material defaults or alleged material defaults by Seller under such Lease, and (iv) in City's reasonable judgment, shall be substantially consistent with the materials disclosed to City pursuant to Section 4.1(b) above. Seller shall be required to use only commercially reasonable efforts (and in no event shall Seller be required to declare any tenant in default or commence legal action against any tenant) in order to obtain such tenant estoppel certificates. To the extent Seller is unable, despite its such commercially reasonable efforts, to obtain estoppel certificates from Blue Line or other such tenants in possession of the Property or as City may specify, Seller shall deliver to City a certificate (each, a "Seller's Lease Certificate") representing and warranting to City, with respect to such tenants, as of the date of such certificate: (A) that the Leases for such tenants are in full force and effect; (B) the amount of such tenant's security deposit; (C) the date through which rent has been paid; and (D) that neither Seller nor Seller's knowledge, such tenants are in default under such Lease. City may accept such Seller's Lease Certificates in lieu of any such missing estoppel certificate. The representations and warranties in the Seller's Lease Certificates shall survive the Closing, provided that each such Seller's Lease Certificate shall terminate upon Seller's delivery to City of a tenant estoppel executed by the applicable tenant in the form required by this subparagraph, and shall further be subject to the limitations set forth in Sections 11.2(c) and 11.2(d) below.

(h) Seller shall not be in material default in the performance of any covenant or agreement to be performed by Seller under this Agreement, and all of Seller's representations and warranties contained in Section 8.1, below shall have been true and correct in all material respects as of the Signing Date, and those made pursuant to any Seller Lease Certificate shall have been true and correct when made, except in each case, as disclosed in the Due Diligence Information (as defined below). In addition, at the Closing Seller shall deliver to City a certificate ("Seller's Closing Certification") certifying that each of Seller's representations and warranties contained in Section 8.1 [Representations and Warranties of Seller] below are true and correct as of the Closing Date. Seller's Closing Certification shall not contain any material exceptions or qualifications that were not disclosed in the Due Diligence Information. As used herein, "Due Diligence Information" means all information (i) disclosed in the Documents or other materials provided to City, by Seller or otherwise, during the Due Diligence Period in connection with City's review of matters pertaining to the Property pursuant to this Agreement, including any title report or survey made available to City and/or matters disclosed within the Seller's Due Diligence Certification (as defined in and delivered pursuant to Section 8.4 below), or (ii) otherwise actually known to City (as defined in Section 8.5, below) as of the expiration of the Due Diligence Period.

(i) As of the Closing Date, there shall have occurred no material adverse change in the physical condition of the Property since the expiration of the Due Diligence Period, reasonable wear and tear and loss by casualty excepted (subject to the provisions of Article 9 [Risk of Loss and Possession]).

(j) Title Company shall be committed at the Closing to issue to City, the Owner Title Policy as provided in Section 3.2 [Title Insurance], in the amount of the Owner Title Policy Amount, subject only to the Accepted Conditions of Title, together with the title endorsements provided in said Section 3.2.

(k) City's review and approval, within the Due Diligence Period, of the Miscellaneous Agreements pursuant to Section 4.1(f).

(l) City's review and approval, within the Due Diligence Period, of a schedule of any employees employed by Seller in the operation of the Property, if any, setting forth name, salary, contract terms and other pertinent information with respect to each employee. Seller

agrees to terminate at Closing any such employees if so requested by City, without any liability to City.

(m) City's Mayor and the Board of Supervisors, in the respective sole discretion of each, shall have enacted a resolution (and taken such other action as may be required) approving, adopting and authorizing this Agreement and the transactions contemplated hereby, and such resolution shall have become effective on or before the expiration of the Due Diligence Period.

(n) Seller shall have deposited the items described in Section 6.3(a) below [Seller's Delivery of Documents] into escrow at or before 1:00 p.m. on the day occurring at least five (5) business days before the Closing Date (except as otherwise provided in such Section 6.3(a) below).

(o) Within two (2) days after the Effective Date, Seller shall deliver to City a Natural Hazard Disclosure Statement by JCP-LGS Disclosures (or similar company) for the Property as required under California law. City acknowledges that the Natural Hazard Disclosure Statement shall be based solely on the information contained in the report or reports attached thereto, and Seller shall have no liability for any inaccuracy in such reports. In no event shall such Natural Hazard Disclosure Statement or any such report be deemed a representation or warranty of Seller or impose any liability or obligation on Seller.

(p) This Agreement shall not have been terminated in accordance with its terms.

The City's Conditions Precedent contained in the foregoing subparagraphs (a) through (p) are solely for the benefit of City. If any of the City's Conditions Precedent are not satisfied, City shall have the right in its sole discretion either to waive in writing the City's Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement, provided that the City's Conditions Precedent described in item (m) above may not be waived. Except as otherwise provided herein, the waiver of any of the City's Conditions Precedent shall not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant or agreement of Seller. Without limiting Section 4.2 above, if, by the end of the Due Diligence Period, City does not approve in writing or waive City's Conditions Precedent set forth in subparagraphs 5.1(b)-(g), (k), and (l) above by electing not to terminate this Agreement pursuant to Section 4.2 above, then this Agreement shall automatically terminate as provided in Section 4.2 above. In addition, the parties shall have the right, but not the obligation, to agree, each in its sole and absolute discretion, to extend the Closing Date, for a reasonable period of time as agreed by the parties, to allow such City's Conditions Precedent to be satisfied; provided however, if such conditions are not satisfied at the expiration of such extension period, City shall have the right to waive in writing such conditions and proceed with the purchase or, in the alternative, terminate this Agreement. In each case where City has the right pursuant to this paragraph to waive in writing one or more of City's Conditions Precedent or terminate this Agreement at or before a specified time, City shall be deemed to have terminated this Agreement if City fails to deliver written notice to Seller waiving such condition(s) before such time.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of Seller, City shall have the remedies set forth below in Section 11.2.

**5.2 Seller's Conditions to Closing.** The following are conditions precedent to Seller's obligation to convey the Property (collectively, "Seller's Conditions Precedent").

(a) The Effective Date shall have occurred on or before the date that is forty five (45) days after the Signing Date (subject to any extension mutually agreed upon in writing).

(b) City shall not be in material default in the performance of any covenant or agreement to be performed by City under this Agreement, and all of City's representations and warranties contained in Section 8.5 below shall have been true and correct in all material respects as of the Signing Date, and shall be true and correct in all material respects as of the Closing Date.

(c) City shall have deposited the items described in Section 6.4 below [City's Delivery of Documents and Funds] into escrow at or before 1:00 p.m. on the date occurring at least two (2) business days before the Closing Date, except for City's delivery of the Purchase Price which shall occur on or before 10:00 a.m. San Francisco time on the Closing Date.

(d) This Agreement shall not have been terminated in accordance with its terms.

The Seller's Conditions Precedent contained in the foregoing subparagraphs (a) through (d) are solely for the benefit of Seller. If any of the Seller's Conditions Precedent is not satisfied, Seller shall have the right in its sole discretion either to waive in writing the Seller's Condition Precedent in question and proceed with the conveyance or, in the alternative, terminate this Agreement. The waiver of any of the Seller's Conditions Precedent shall not relieve City of any liability or obligation with respect to any representation, warranty, covenant or agreement of City.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of City, Seller shall have the remedies set forth below in Section 11.1.

## **6. ESCROW AND CLOSING**

**6.1 Opening of Escrow.** Within three (3) business days after the Effective Date, the parties shall open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement shall serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and City agree to execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement shall control.

### **6.2 Closing Date**

The consummation of the purchase and sale contemplated hereby (the "Closing") shall be held and (except as otherwise provided in Sections 6.3 and 6.4, below) delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Title Company located at Fidelity National Title Company, 601 California Street, Suite 1501, San Francisco, California 94108, within thirty (30) days after the Effective Date of this Agreement, or on such earlier or later date as City and Seller may mutually agree in writing (the "Closing Date"), subject to the provisions of Sections 5.1 and 5.2. The Closing shall occur no later than 10:00 A.M. San Francisco time on the Closing Date. The Closing Date may not be extended without the prior written approval of both Seller and City, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Title Company shall, unless it is notified by both parties to the contrary within

five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, limit the provisions hereof or otherwise relieve either party hereto of any liability it may have for its wrongful failure to close.

### 6.3 1031 Exchange

City is aware that Seller intends to perform an IRC Section 1031 tax deferred exchange. Seller requests City's reasonable cooperation in such an exchange and agrees to hold City harmless from any and all claims, costs, liabilities, or delays in time resulting from such an exchange. City agrees to reasonably cooperate and to execute such documentation as may be reasonably required in connection therewith, subject however to any and all applicable governmental approvals; and provided that City shall not be obligated to incur any additional cost, expense or liability related thereto, or to accept any title to or interest in any other real property; and provided further that, in no event shall Closing be delayed in connection with any election by Seller to transfer the Property in connection with a 1031 Tax deferred transaction, except that the parties agree that Seller shall have a one-time right, by delivering prior written notice to City by no later than fifteen (15) days prior to the existing Closing Date, to unilaterally extend the Closing Date by up to thirty (30) days.

In connection with any such 1031 Tax-Free transaction, Seller acknowledges and agrees that: (a) Seller shall rely solely upon advice from its counsel or advisors, and (b) City has not, and shall not provide any advice, information or representation of any kind or nature related to such transaction.

### 6.4 Seller's Delivery of Documents

(a) At or before 1:00 p.m. on the date occurring at least two (2) business days before the Closing Date, or at such later date as may be indicated below for any specific item, Seller shall deposit into escrow for delivery at Closing to City, through escrow, the following:

- (i) a duly executed and acknowledged Deed;
- (ii) a duly executed Bill of Sale;
- (iii) four duly executed counterparts of the Assignment of Leases;
- (iv) a duly executed Assignment of Intangible Property;
- (v) four duly executed counterparts of the Assignment of Miscellaneous Agreements, if required under Section 3.6, above;
- (vi) a properly executed affidavit pursuant to Section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit I, and on which City is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code;
- (vii) a properly executed California Franchise Tax Board Form 590 certifying that Seller is a California resident if Seller is an individual or that Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation or other evidence satisfactory to City that Seller is exempt from the withholding requirements of Sections 18662 and 26131 of the State Tax Code;
- (viii) such resolutions, authorizations, or other partnership documents or agreements relating to Seller and its partners as City or the Title Company may reasonably

require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated hereby, and such proof of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller;

(ix) Seller's Closing Certification (as defined in Section 5.1(g), above);

(ix) a duly executed owner's declaration substantially in the form attached hereto as Exhibit P.

(b) In conjunction with the Closing Date, Seller shall, to the extent such documents exist and are in the possession or control of any of Seller, its property manager or other Agents, deliver to City, outside of escrow, the following:

(i) originals of the as-built plans and specifications for the Improvements, Documents, Books and Records, Leases, Miscellaneous Agreements and any other items (other than Proprietary Materials) relating to the ownership or operation of the Property not previously delivered to City (all of which must be delivered to City within five (5) days after the Closing Date); and

(ii) all keys to the Property and Improvements located thereon.

The provisions of Section 6.3(b) shall survive the Closing.

#### **6.5 City's Delivery of Documents and Funds.**

At or before 1:00 p.m. on the date occurring at least two (2) business days before the Closing, Date, or such later date as may be indicated below for any specific item, City, at least two (2) business days prior to such date, shall deposit the following into escrow for delivery to the Seller:

(a) an acceptance of the Deed executed by City's Director of Property;

(b) four duly executed counterparts of the Assignment of Leases;

(c) four duly executed counterparts of the Assignment of Miscellaneous Agreements, if required under Section 3.6, above; and

(d) The Purchase Price, as provided in Article 2 hereof shall be delivered into escrow on the Closing Date.

#### **6.6 Other Documents**

Seller and City shall each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof; provided, however, that no such instrument shall increase the obligations or diminish the rights of Seller or City under this Agreement or under any of the documents required hereunder to be delivered at Closing by Seller or City, respectively. Without limiting the foregoing, Seller and City shall each deposit an agreement (the "Designation Agreement") designating Title Company as the "Reporting Person" for the transaction pursuant to Section 6045(e) of the Federal Tax Code and the regulations promulgated thereunder, and executed by Seller, City and Title Company. The Designation Agreement shall be substantially in the form attached hereto as Exhibit [I] and, in any event,

shall comply with the requirements of Section 6045(e) of the Federal Tax Code and the regulations promulgated thereunder.

## 6.7 Liquidated Damages

In the event the sale of the Property contemplated hereby is not consummated solely because of a default under this Agreement on the part of City, then City agrees to pay to Seller the sum of Ten Dollars (\$10.00) as liquidated damages. The parties have agreed that Seller's actual damages, in the event of a default by City, would be extremely difficult or impracticable to determine. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST CITY, AT LAW OR IN EQUITY, IN THE EVENT OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF CITY.

INITIALS: Seller \_\_\_\_\_ City \_\_\_\_\_

## 7. EXPENSES AND TAXES

### 7.1 Rent and Other Apportionments

#### (a) Preparation of Prorations.

At least ten (10) days before the Closing Date, Seller shall prepare and deliver, or cause the escrow holder to prepare and deliver, to City an unaudited statement for the Property (the "Preliminary Proration Statement") showing prorations for the items set forth below, calculated as of 12:01 a.m. on the Closing Date, on the basis of a 365-day year. City and its representatives and auditors shall be afforded reasonable access to Seller's books and records with respect to the Property and Seller's work papers pertaining to the Preliminary Proration Statement to confirm the accuracy of the Preliminary Proration Statement. City and Seller shall agree upon any adjustments to be made to the Preliminary Proration Statement before the Closing, and at the Closing, City or Seller, as applicable, shall receive a credit equal to the net amount due City or Seller, as applicable, pursuant to the Preliminary Proration Statement as finally agreed upon by City and Seller. The items to be covered by the Preliminary Proration Statement are as follows:

- (i) rents (which shall be prorated on a cash basis; provided, however, that rents payable by the City and County of San Francisco shall be prorated on an accrual basis);
- (ii) escalation charges for real estate taxes, parking charges, marketing fund charges, operating expenses, maintenance escalation rents or charges, cost-of-living increases or other charges of a similar nature, if any, and any additional charges and expenses payable under the Leases (but only to the extent collected before the Closing Date); provided that if any of the foregoing are not finally adjusted between the landlord and tenant under any Lease until after the preparation of the Preliminary Proration Statement then proration of such items shall be subject to adjustment pursuant to Section 7.7 below;
- (iii) non-delinquent real property taxes and assessments for the tax year of the Closing; provided that if the real property tax assessment for the fiscal year in which the Closing occurs has not been issued as of the Closing Date, real property taxes shall be prorated based on the most recent assessed value of the Property, multiplied by the current tax rate, and such tax proration shall be subject to adjustment pursuant to Section 7.6 below; general real estate taxes payable for all tax years prior to the year of the Closing shall be paid by Seller in full at or before Closing;

(iv) any Special Taxes payable with respect to any Mello-Roos Community Facilities District, and any unpaid interest (only) on any improvement bonds which are a lien on the Property;

(v) water, sewer and utility charges;

(vi) subject to Section 10.5 below, amounts payable under the Miscellaneous Agreements;

(vii) permits, licenses and/or inspection fees (calculated on the basis of the period covered), but only to the extent transferred to City; and

(viii) any other expenses normal to the operation and maintenance of the Property.

**(b) Principles of Prorations; Collections and Payments**

Subject to the prorations to be made pursuant to this Article 7 and the terms of this Section 7.1(b), after the Closing City shall use reasonable efforts to collect all revenues and pay all expenses with respect to the Property, even if such revenues and expenses relate to periods before the Closing. Seller agrees to cooperate with City by endorsing (without recourse) in favor of City any checks which may be received after the Closing, but which are made payable to Seller (or its affiliates). City shall use reasonable efforts consistent with prudent business practices to collect rents or other amounts payable under the Leases (collectively, "Arrearages") that (i) were delinquent as of the Closing Date and relate to a period before the Closing, or (ii) otherwise are or become payable with respect to a period before the Closing; provided, however, that City shall have no obligation to deliver any notice to pay rent or quit the premises, pursue termination of any lease, or commence legal remedies or action against any tenant. To the extent such Arrearages are collected by City, City may deduct from the amount owed to Seller an amount equal to the out-of-pocket third-party collection costs (including attorneys' fees and costs) actually incurred by City in collecting such Arrearages due to Seller. Subject to the foregoing sentence, any rent or other payment collected after the Closing from any tenant which owed any Arrearages shall be applied first, to such tenant's unpaid monetary obligations under the applicable Lease with respect to any periods from the Closing Date through the end of the month in which such payment is made (or, if such tenant is permitted under its Lease to pay rent in arrears, then through the end of the month immediately preceding the month in which such payment is made), in such order as City may elect, until such monetary obligations have been paid in full; any remaining amount of such payment shall be paid over to Seller, for application against such tenant's Arrearages, in such order as Seller may elect, until such Arrearages have been paid in full; and any remaining amount of such payment shall be retained by City for application against such Tenant's future obligations under the applicable Lease. In addition, Seller shall be entitled to a refund of any utility, municipality or other deposit relating to the Property made by Seller (to the extent such utility, municipality or other party provides such refund), and City shall reasonably cooperate to supply directly to any such utility, municipality or other party such replacement deposit as shall be required for Seller to obtain such refund.

**7.2 Security Deposits**

At the Closing, Seller shall assign and deliver to City all prepaid rent, security deposits, letters of credit and other collateral given by any Tenants to Seller or any of its affiliates or predecessors-in-interest pursuant to any of the Leases, less any portions thereof applied in accordance with the respective Lease (together with a statement regarding such applications).

### 7.3 Leasing Costs

Except as provided in Section 10.4, below, Seller shall pay all Commissions and Tenant Improvement Costs (as defined below), if any, related to any existing Leases and any Lease executed on or before the Closing (including, without limitation, Commissions attributable to expansion or extension options which are not exercised until after the Closing). City shall be entitled to a credit against the Purchase Price for any prepaid rent, free rent, operating expense abatements, or other unexpired concessions under any Leases to the extent they apply to any period after the Closing. In the event that Seller enters into a new Lease during the Term, or extends or modifies any existing Lease, and City consents to such new Lease or such extension or modification, then the payments and credits for the Commissions and Tenant Improvement Costs shall be divided as set forth in Section 10.4. As used herein, "Commissions" means, with respect to any Lease, leasing commissions incurred with respect thereto. As used herein, "Tenant Improvement Costs" means, with respect to any Lease, tenant improvement costs (including without limitation, architectural and soft costs) incurred with respect thereto.

### 7.4 Post Closing Adjustments.

Notwithstanding anything to the contrary contained in this Article 7, (i) if the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing is determined to be more than the amount of such real property taxes and assessments that is prorated herein (in the case of the current year) or that was paid by Seller (in the case of any prior year), due to a reassessment of the value of the Property or otherwise, Seller and City shall promptly adjust the proration of such real property taxes and assessments after the determination of such amounts, and Seller shall pay to City any increase in the amount of such real property taxes and assessments applicable to any period before Closing; provided, however, that Seller shall not be required to pay to City any portion of such increase that is payable by tenants under their respective Leases; and (ii) if the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing is determined to be less than the amount of such real property taxes and assessments that is prorated herein (in the case of the current year) or that was paid by Seller (in the case of any prior year), due to an appeal of the taxes by Seller, a reassessment of the value of the Property or otherwise, Seller and City shall promptly adjust the proration of such real property taxes and assessments after the determination of such amounts, and (a) City shall pay to Seller any refund received by City representing such a decrease in the amount of such real property taxes and assessments applicable to any period before Closing; provided, however, that City shall not be required to pay to Seller any portion of such refund which is payable to tenants under their respective Leases; and (b) Seller shall be entitled to retain any refund received by Seller representing such a decrease in the amount of such real property taxes and assessments applicable to any period before Closing; provided, however, that Seller shall pay to City that portion of any such refund that is payable to tenants under their respective Leases. Each party shall give notice to the other party of any adjustment of the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing within thirty (30) days after receiving notice of any such adjustment.

### 7.5 Post Closing Reconciliation.

(a) **Certain Delayed Prorations.** If any tenants are required to pay percentage rents, escalation charges for real estate taxes, parking charges, marketing fund charges, operating

expenses, maintenance escalation rents or charges, cost-of-living increases or other charges of a similar nature (“Additional Rents”), then, with respect to those Additional Rents which are not finally adjusted between the landlord and any tenant under any Lease until after the preparation of the Preliminary Proration Statement pursuant to Sections 7.1(a) and 7.1(b) above, City shall submit to Seller, no later than thirty (30) days after final adjustment of such amounts with such tenants, a supplemental statement for the Property (a “Supplemental Proration Statement”) covering any such Additional Rents or any other items which have been finally adjusted between City and such tenants, containing a calculation of the prorations of such Additional Rents and such other items, prepared based on the principles set forth in Sections 7.1(a) and 7.1(b) above, provided that in making such adjustment, the parties shall exclude any Additional Rents arising from increased real property taxes for the Property to the extent such increase results from City’s purchase of the Property. In order to enable City to make any year-end reconciliations of Additional Rents with tenants, within sixty (60) days after the Closing and upon written request by City, Seller shall deliver to City a final statement of all operating expenses for the Property which are actually paid by Seller and permitted to be passed through to tenants pursuant to the terms of each tenant’s respective Lease, with respect to that portion of the calendar year in which the Closing occurs (the “Closing Year”) which precedes the Closing (“Seller’s Closing Year Actual Operating Expenses”), together with copies of all documentation evidencing Seller’s Closing Year Actual Operating Expenses, including copies of third-party invoices and copies of Seller’s books and records applicable thereto.

**(b) Audit Rights for Supplemental Proration Statements.** Seller and its representatives and auditors shall be afforded the opportunity, at Seller’s sole cost and expense, to review all underlying financial records and work papers pertaining to the preparation of all Supplemental Proration Statements, and City shall permit Seller and its representatives and auditors to have full access to the books and records in the possession of City or any party to whom City has given custody of the same relating to the Property to permit Seller to review the Supplemental Proration Statements. Any Supplemental Proration Statement prepared by City shall be final and binding for purposes of this Agreement unless Seller shall give written notice to City of disagreement with the prorations contained therein within sixty (60) days following Seller’s receipt of such Supplemental Proration Statement, specifying in reasonable detail the nature and extent of such disagreement. If City and Seller are unable to resolve any disagreement with respect to any Supplemental Proration Statement within ten (10) business days following receipt by City of the notice referred to above, either party may pursue any remedy available for the resolution of such dispute.

**(c) Payments for Adjustments.** Any net credit due Seller or City, as the case may be, shall be paid to Seller or City, as the case may be, within seventy-five (75) days after the delivery of a Supplemental Proration Statement to Seller, unless Seller approves any such statement before the expiration of the applicable sixty (60) day period provided in Section 7.5(b) above, in which case such payment shall be made within fifteen (15) days after Seller notifies City of such approval, or unless Seller notifies City of a disagreement with respect to any such statement as provided in Section 7.5(b) above, in which case such payment (less a hold back sufficient to cover the amount of the disagreement) shall be made within fifteen (15) days after Seller notifies City of such disagreement, and any further payment due after such disagreement is resolved shall be paid within fifteen (15) days after the resolution of such disagreement.

**7.6 Closing Costs.** City shall pay the premium for the Title Policy and the cost of the endorsements thereto, escrow and recording fees, and any documentary and property transfer taxes applicable to the sale. City shall pay the cost of the Survey and the cost of any sales taxes, if any on the Personal Property, and Seller shall be responsible for complying with any bulk sales laws applicable to the Sale. Seller shall be responsible for all costs (including without limitation, any prepayment fees, penalties or other charges) incurred in connection with the removal of any Prohibited Title Exceptions. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section 7.8 or elsewhere in this Agreement shall be allocated in accordance with the closing customs for San Francisco County, as determined by Title Company.

**7.7 Survival.** The provisions of this Article 7 shall survive the Closing.

## **8. REPRESENTATIONS AND WARRANTIES**

**8.1 Representations and Warranties of Seller.** Seller represents and warrants to and covenants with City as follows:

(a) To Seller's knowledge, any and all copies of the Leases, Miscellaneous Agreements, and Documents furnished to City pursuant to Section 4.1(b) are true and correct copies thereof.

(b) The Schedule of Leases attached hereto as Exhibit K and made a part hereof contains a complete and accurate list, and the Lease Documents include true and correct copies, of all current leases and occupancy agreements that were entered into by Seller, or to Seller's knowledge, by any predecessor in interest of Seller, and will bind the Property following the Closing..

(c) The Schedule of Miscellaneous Agreements attached hereto as Exhibit L and made a part hereof contains a complete and accurate list, and the Documents include true and correct copies, of all agreements, other than the Leases and other agreements constituting Accepted Conditions of Title, that were entered into by Seller, or to Seller's knowledge, by any predecessor in interest of Seller, and will bind the Property following the Closing.

(d) To Seller's knowledge, except as disclosed on Exhibit M attached hereto and made a part hereof, Seller has not received any written notice of any pending or threatened proceeding relating to any condemnation of all or any portion of the Property, by any governmental or quasi-governmental agency other than City, which would have a material adverse effect on the use, operation or value of the Property. Without limiting the foregoing, to Seller's knowledge, except as disclosed on Exhibit M attached hereto and made a part hereof, Seller has not received any written notice from any tenant under any Lease or from any counterparty to any Miscellaneous Agreement alleging that Seller is in material default thereunder, nor has Seller sent to any tenant under any Lease or to any counterparty to any Miscellaneous Agreement any written notice alleging that such tenant or such counterparty is in material default thereunder, unless in each case such alleged default has been cured.

(e) To Seller's knowledge, except as disclosed on Exhibit M attached hereto and made a part hereof, Seller has not received any written notice of pending or threatened litigation that would have a material and adverse effect on the use, operation or value of the Property or the ability of Seller to perform its obligations under this Agreement.

(f) Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any fee interest in any of the Property which right or option is either

superior to the rights granted to City in this Agreement or would be in effect or enforceable following the transfer of the Property to City at Closing.

(g) Seller is duly organized and validly existing under the laws of the State of California and is in good standing under the laws of the State of California; this Agreement and all documents executed by Seller which are to be delivered to City at the Closing are, or at the Closing will be, duly authorized, executed and delivered by Seller, are, or at the Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, and do not, and at the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or, to Seller's knowledge, the Property is subject.

(h) Seller represents and warrants to City that it has not been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state or local governmental agency. In the event Seller has been so suspended, disbarred, disciplined or prohibited from contracting with any governmental agency, it shall immediately notify the City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, debarment, discipline or prohibition may result in the termination or suspension of this Agreement.

(i) Seller knows of no facts nor has Seller failed to disclose any material fact that would prevent City from using and operating the Property after Closing in the normal manner in which it is intended.

(j) Seller hereby represents and warrants to and covenants with City that the following statements are true and correct and will be true and correct as of the Closing Date: (i) during Seller's ownership, the Seller has not received any written notice from any governmental authority having jurisdiction that the Property is in violation of any applicable law, ordinance or regulation, including, without limitation, any Environmental Laws, which remains uncured and which could reasonably have a material adverse effect on the operation of the Property following the Closing; (ii) during Seller's ownership of the Property, the Property has not been used in any manner for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except as described in Schedule 1 ("Seller's Environmental Disclosure"); (iii) during Seller's ownership of the Property there has been no Release of any Hazardous Material in, on, or under the Property; and (iv) the reports, studies, assessments, investigations and other materials to be made available to City for its review pursuant to Section 4.1(b), above, constitute all written materials in the possession, custody or control of Seller or its property manager relating to the presence of Hazardous Materials at, on or under the Property, and the compliance of the Property with Environmental Laws; provided that, without limiting any other provision hereof, Seller makes no representation or warranty as to whether City is entitled to rely on any such reports, studies, assessments, investigations or other materials, and if City desires to rely on the same, City shall be responsible for obtaining, at its sole cost and expense, written permission from the preparer of any such items. As used herein, the following terms shall have the meanings below:

(i) "Environmental Laws" shall mean any present or future federal, state or local laws, ordinances, regulations or policies relating to Hazardous Material (including, without limitation, their use, handling, transportation, production, disposal, discharge or storage) or to health and safety, industrial hygiene or environmental conditions in, on, under or about the Property, including, without limitation, soil, air and groundwater conditions.

(ii) "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to

the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Improvements or are naturally occurring substances on or about the Property; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Sections 3011, et seq.. Notwithstanding the foregoing, Hazardous Materials shall not include any ordinary office and janitorial supplies which are used, stored and disposed of in customary quantities and in accordance with applicable Environmental Laws.

(iii) "Release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside any of the improvements, or in, on, under the Property. Release shall include, without limitation, "release" as defined in Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601).

(k) At the time of Closing there will be no outstanding written or oral contracts made by Seller for any of the Improvements that have not been fully paid for, and Seller shall cause to be discharged all mechanics' or materialmen's liens arising from any labor or materials furnished to the Property prior to the time of Closing. There are no obligations in connection with the Property which will be binding upon City after Closing except for the matters which are set forth in the Preliminary Report and except for the Leases and Assumed Contracts.

(l) Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code.

(m) There are no free rent, operating expense abatements, incomplete tenant improvements, rebates, allowances, or other unexpired concessions (collectively referred to as "Offsets") or any termination, extension, cancellation or expansion rights under any existing or pending Leases (with the exception of those summarized in Schedule 2 attached hereto); and all of the Leases are absolutely net (including the full pass-through of management fees), except for replacement of major capital items, such as roof, foundation and structural components. Seller has paid in full any of landlord's leasing costs incurred by Seller in connection with any tenant improvements.

(n) No brokerage or similar fee is due or unpaid by Seller with respect to any Lease. No brokerage or similar fee shall be due or payable on account of the exercise of, without limitation, any renewal, extension or expansion options arising under any Leases.

(o) The copies of the Leases delivered by Seller to City on or before the commencement of the Due Diligence Period contain all of the information pertaining to any rights of any parties to occupy the Property, including, without limitation, all information regarding any rent concessions, over-standard tenant improvement allowances or other inducements to lease. None of the tenants of the Property have indicated to Seller either orally or in writing its intent to terminate its respective Lease prior to expiration of the respective term of such Lease.

(p) Seller is familiar with the provisions of Sections 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 1090 et. seq. of the California Government Code (the "Provisions"), all of which relate to prohibited conflicts of interest in connection with government contracts, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Seller becomes aware of any such fact during the term of this Agreement, Seller shall immediately notify the City

## 8.2 Third-Party Claims.

. If (a) Seller breaches one or more of its representations, warranties or covenants hereunder, and (b) under the provisions of this Agreement other than this Section 8.2, Seller has liability to City for such breach, and (c) a third party asserts a claim for monetary or other relief against City based on the facts giving rise to such breach, then Seller, on behalf of itself and its successors and assigns, shall indemnify, defend and hold harmless City, its Agents and their respective successors and assigns (the "City-Related Parties") from and against such third-party claim; provided, however, that (x) if, under the provisions of this Agreement other than this Section 8.2, a survival period exists such that Seller would have no liability to City for such breach if City were to fail to give Seller written notice of its claim asserting such liability before the expiration of such survival period, then Seller shall have no obligation to indemnify, defend or hold harmless the City-Related Parties from or against such third-party claim unless City receives specific written notice of such claim from such third party and tenders such notice to Seller before the expiration of such survival period, and (y) if, under the provisions of this Agreement (other than this Section 8.2), Seller's liability for such breach is subject to any dollar limitation set forth in Section 11.2 hereof, then Seller's obligation to indemnify, defend and hold harmless the City-Related Parties from and against such third-party claim shall also be subject to such dollar limitation (with the cost of performing such obligation to be aggregated with all other liability that is subject to such dollar limitation).

**8.3 Seller's Knowledge.** As used in this Agreement or in any documents delivered pursuant hereto, the phrases "to Seller's knowledge" or "known to Seller" (or similar words) shall mean that the representation or warranty (or other provision) qualified by any of such phrases is made without investigation of the matters stated therein and is based solely on the actual knowledge of the Managing Person (as defined below), as such actual knowledge exists on the relevant date, provided, that if the individual who is the Managing Persons on the relevant date was not the Managing Person throughout the entire period from and including the Signing Date until and including the relevant date, then, in addition, the actual knowledge of any other individual who was the Managing Person during such period, as such actual knowledge existed on the last day on which such individual was the Managing Person. As used herein, "Managing Person" means the individual charged with primary responsibility for the oversight of the operation of the Property. Seller hereby represents that as of the Signing Date James Lew is the Managing Person.

**8.4 As-Is.** Except as expressly set forth in Section 8.1 [Representations and Warranties of Seller] above, in Seller's Closing Certification, or in any Lease Certificates, City specifically acknowledges and agrees that Seller is selling and City is purchasing the Property on an "AS IS WITH ALL FAULTS" basis and that City is not relying on any representations or warranties of

any kind whatsoever, express or implied, from Seller as to any matter concerning the Property, including, without limitation: (i) the quality, nature, adequacy and physical condition and aspects of the Property, including, but not limited to, the structural elements, seismic aspects of the Property, foundation, appurtenances, access, landscaping, parking facilities and the electrical, mechanical, plumbing, sewage, and utility systems, facilities and appliances, or the square footage of the Property, (ii) the quality, nature, adequacy, and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Property, (iv) the development potential of the Property, and the Property's use, habitability, merchantability, or fitness, suitability, value or adequacy of the Property for any particular purpose, (v) the zoning or other legal status of the Property or any other public or private restrictions on use of the Property, (vi) the compliance of the Property or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (vii) the presence of Hazardous Materials on, under or about the Property or the adjoining or neighboring property, (viii) any documents or agreements affecting the Property, or (ix) the value or economics of the operation or income potential of the Property.

#### **8.5 Survival of and Limitations on Seller's Representations and Warranties.**

All representations and warranties contained in Section 8.1, above shall be deemed to be qualified by the Due Diligence Information (as defined in Section 5.1(g) above). All representations and warranties of Seller set forth in Section 8.1, above, are made as of the Effective Date. Seller shall use good faith efforts to promptly notify City in writing, at any time prior to the Closing, if Seller becomes aware of any change in fact or circumstance that would render any of the representations or warranties of Seller set forth in Section 8.1, above, to be false or misleading in any material respect. In addition, as of the Closing Date, Seller shall provide City with a Seller's Closing Certification (as defined in Section 5.1(g) above) regarding the accuracy of such representations and warranties as of such date, including any exceptions or qualifications thereto as of such date. Seller shall have no liability to City as a result of any exceptions or qualifications to such representations and warranties set forth in Seller's Closing Certification, except as otherwise set forth in Section 11.2, below; provided, however, Seller acknowledges and agrees that if the Seller's Closing Certification contains any qualifications or exceptions that were not disclosed in the Due Diligence Information, City's Condition Precedent set forth in Section 5.1(g) shall not be satisfied, and City also shall have the right to terminate this Agreement pursuant to the second-to-last paragraph of Section 5.1. In the event City has actual knowledge prior to the Closing that any of the representations or warranties set forth in Section 8.1, above, was not true as of the Effective Date, or that any of representations contained in either Seller's Closing Certification will not be true as of the Closing Date, and City nonetheless proceeds with the purchase of the Property, then, except as otherwise set forth in Section 11.2, below, City shall have no claim for breach of such representation or warranty. Except as otherwise provided in the immediately preceding sentence, the representations and warranties of Seller set forth in Section 8.1, above and in Seller's Closing Certification, are all qualified by the Due Diligence Information and shall survive the Closing for a period of twelve (12) months from and after the Closing Date (the "Survival Period"); provided, however, that City must give Seller written notice of any claim City may have against Seller for breach of any such representations and warranties before the expiration of the Survival Period, and any such

claim which City may have which is not so asserted prior to the expiration of the Survival Period shall not be valid or effective, and Seller shall have no liability with respect thereto.

**8.6 Representations and Warranties of City.** City represents and warrants to and covenants with Seller as follows:

(a) Upon the Effective Date, this Agreement will be, and at the Closing all documents executed by City which are to be delivered to Seller at the Closing (i) will be duly authorized, executed and delivered by City, pursuant to a resolution adopted by the City's Board of Supervisors and approved by the Mayor.

(b) As used in this Agreement or in any documents delivered pursuant hereto, the phrases "to City's knowledge" or "known to City" or "City has actual knowledge" (or similar words) shall mean that the representation or warranty (or other provision) qualified by any of such phrases is made without investigation of the matters stated therein and is based solely on (i) the actual knowledge of the Real Property Officer and the Director of Property (as defined below), as such actual knowledge exists on the relevant date, provided, that if the individual who is the Real Property Officer or the Director of Property on the relevant date was not the Real Property Officer or the Director of Property throughout the entire period from and including the Signing Date until and including the relevant date, then, in addition, the actual knowledge of any other individual who was the Real Property Officer or the Director of Property during such period, as such actual knowledge existed on the last day on which such individual was the Real Property Officer or the Director of Property. As used herein, "Real Property Officer" means the City employee charged with primary responsibility for the oversight of the transaction contemplated by this Agreement. The "Director of Property" means the Director of Property for the City charged with primary responsibility for the oversight of the Real Property Officer and of the transaction contemplated by this Agreement.

## 9. RISK OF LOSS AND POSSESSION

### 9.1 Minor Loss.

(a) City shall be bound to purchase the Property for the full Purchase Price as required by the terms hereof, without regard to the occurrence or effect of any damage to the Property or destruction of any Improvements or condemnation of any portion of the Property, provided that: (a) the cost to repair any such damage or destruction, as certified to Seller and City in writing by an independent architect chosen by Seller, but unaffiliated with Seller and reasonably acceptable to City (an "Architect's Certification"), does not exceed One Million and No/100 Dollars (\$1,000,000.00), or, in the case of a partial condemnation, the value of the portion taken does not exceed One Million and No/100 Dollars (\$1,000,000.00); and (b) upon the Closing, there shall be a credit against the Purchase Price as provided in Section 9.3, below. Notwithstanding the foregoing, if damage or destruction due to either an uninsured casualty or an earthquake occurs and the cost to repair such damage or destruction, as certified by an Architect's Certification, exceeds Five Hundred Thousand Dollars (\$500,000.00), then unless Seller notifies City in writing within twenty (20) days after the occurrence thereof that it will waive the Five Hundred Thousand Dollar (\$500,000.00) limitation on the credit to City set forth

in items (I) and (II) of Section 9.3 below, then such loss, damage or destruction shall be governed by Section 9.2 below.

**9.2 Major Loss.** If (1) the cost to repair such damage or destruction, as certified by an Architect's Certification, exceeds One Million and No/100 Dollars (\$1,000,000.00), or (2) in the case of damage or destruction due to either an uninsured casualty or an earthquake, Seller fails to notify City in writing within twenty (20) days after the occurrence thereof that it will waive the Five Hundred Thousand Dollar (\$500,000.00) limitation on the credit to City set forth in items (I) and (II) of Section 9.3 below, or (3) in the case of condemnation, if the value of the portion of the Property taken exceeds One Million and No/100 Dollars (\$1,000,000.00), then City may, at its option to be exercised by written notice to Seller within thirty (30) days after the effective date of Seller's written notice to City of the occurrence of the damage or destruction or the commencement of condemnation proceedings and, in the case of damage or destruction, the effective date of Seller's written notice to City of the Architect's Certification, either (a) elect to terminate this Agreement, in which case neither party shall have any further obligations under this Agreement, except for obligations which expressly state that they shall survive termination of this Agreement, or (b) consummate the purchase of the Property for the full Purchase Price as required by the terms hereof, subject to the credits against the Purchase Price provided in Section 9.3, below. If City fails to give Seller notice within such 30-day period, then City will be deemed to have elected to proceed in accordance with clause (a) above.

**9.3 Credit at Closing.** If, notwithstanding the occurrence of any damage, destruction or condemnation to or of the Property, the Closing occurs pursuant to Section 9.1 or 9.2, above, City shall be given a credit against the Purchase Price in an amount determined as follows: If the insurance proceeds or condemnation awards, if any, to be collected by Seller as a result of such damage or destruction or condemnation have been collected before the Closing, then the credit shall be equal to (a) the amount of such insurance proceeds or condemnation awards collected by Seller, plus (b) in the case of damage or destruction, the lesser of (i) \$1,000,000.00, or (ii) the sum of (A) the amount of any insurance deductible, plus (B) the amount of the cost to repair any portion of such damage or destruction which is uninsured, as certified by an Architect's Certification; provided, however, notwithstanding anything to the contrary herein, with respect to any damage or destruction due to either an uninsured casualty or an earthquake, the aggregate amount of the credits pursuant to items (A) and (B) with respect to such damage or destruction shall be limited to Five Hundred Thousand Dollars (\$500,000.00), unless such limitation is waived in writing by Seller in the time period provided in Section 9.1 above. If the proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to City at Closing, and, in the case of damage or destruction, City shall receive a credit from Seller at Closing equal to the lesser of (1) \$1,000,000.00, or (2) the sum of (i) the amount of the deductible under any policy of insurance pursuant to which such assigned proceeds will be paid, plus (ii) the amount of the cost to repair any portion of such damage or destruction which is uninsured, as certified by an Architect's Certification; provided, however, notwithstanding anything to the contrary herein, with respect to any damage or destruction due to either an uninsured casualty or an earthquake, the aggregate amount of the credits pursuant to items (i) and (ii) with respect to such damage or destruction shall be limited to Five Hundred Thousand Dollars (\$500,000.00), unless such limitation is waived in writing by Seller in the time period provided in Section 9.1 above. Notwithstanding the foregoing: (x) in the case of damage or destruction, if Seller shall have expended any sums before Closing to repair or restore such damage or destruction, the amount so expended by Seller shall first be deducted from any credit due City for the deductible under any insurance policy and/or for the cost to repair any portion of such damage or destruction which is uninsured, and if the amount so expended by Seller exceeds the total amount of such deductible and/or such repair cost, Seller shall reserve from any assignment of insurance proceeds to City, the amount of such excess; and (y) in the case of condemnation, if Seller shall have expended any amount before the Closing to restore the Property in connection with such condemnation, Seller shall reserve from the assignment of

condemnation awards to City, the amount so expended; provided, however, Seller's right to deduct or reserve the amounts described in the foregoing clauses (x) and (y) shall be subject to and conditioned upon City's reasonable approval of such documentation, invoices, and other reasonably satisfactory evidence of such payments and expenditures by Seller as City may reasonably request.

**9.4 Insurance.** Through the Closing Date, Seller shall maintain or cause to be maintained, at Seller's sole cost and expense, a policy or policies of property insurance in such amounts and insuring against such risks as are consistent with Seller's past practices, as evidenced by the certificate of insurance attached hereto as Exhibit R and made a part hereof. Seller shall furnish City with evidence of such insurance upon request by City. City acknowledges that there shall be no assignment, transfer or continuance of Seller's insurance coverage after the Closing Date.

**9.5 Possession.** Possession of the Property shall be delivered to City on the Closing Date, subject to the Accepted Conditions of Title.

## **10. MAINTENANCE; CONSENT TO NEW CONTRACTS**

### **10.1 Maintenance of the Property by Seller.**

Between the date of Seller's execution of this Agreement and the Closing, Seller shall perform all work required to be done by the landlord under the terms of any Lease, and shall otherwise maintain, repair and operate the Property in substantially the same manner as Seller has done before the making of this Agreement, as if Seller were retaining the Property, normal wear and tear excepted. Notwithstanding the foregoing, Seller shall not be required (i) to seek tenants for any vacant space within the Property under any circumstances, or (ii) except as required under any Lease or applicable law, to make or perform any upgrades, renovations, replacements or other capital improvements to the Property, or (iii) to make any change in the manner or quality of operation of the Property.

### **10.2 City's Consent to New Contracts Affecting the Property; Termination of Existing Contracts.**

After the Effective Date, Seller shall not enter into any contract affecting the Property which shall remain in effect after the Closing Date, or any amendment thereof, or waive any rights of Seller under any Miscellaneous Agreement, without in each instance obtaining City's prior written consent thereto. City agrees that it shall not unreasonably withhold or delay any such consent, provided that City's failure to respond to any request for such approval within ten (10) business days shall be deemed to constitute approval by City. Seller agrees that it shall be reasonable for City to withhold such consent to any proposed contract that could reasonably affect the tax-exempt status of the Certificates of Participation, in which case City may withhold such consent in its sole and absolute discretion. Pursuant to Section 4.1(f), above, Seller shall terminate prior to the Closing, at no cost or expense to City, any and all management agreements affecting the Property.

(a) Except in accordance with this Section 10.3, after the Effective Date, Seller shall not enter into any lease affecting the Property or any amendment thereof, which shall remain in effect after the Closing Date.

(b) After the Effective Date, Seller shall not amend or modify or (except pursuant to Seller's exercise of remedies if the tenant is in default) terminate any existing Lease without obtaining City's prior written approval, which approval shall not be unreasonably withheld; provided, however, that Seller may enter into any lease modification or amendment that Seller may be required to enter into under the terms of the applicable Lease (such as in connection with a lease expansion). City's failure to respond to any request for such approval within ten (10) business days shall be deemed to constitute approval by City.

(c) Seller covenants that within five (5) days of its receipt of any fully executed document entered into pursuant to this Section 10.3, Seller shall deliver to City copies of any such document, including without limitation, any new leases, or any modifications, amendments, subleases or terminations of any existing Leases.

**10.3 Matters Affecting Existing Leases.** After the Effective Date, if, under the express terms of any Lease, Seller has the right, in its sole and absolute discretion (and without electing to recapture any leased space), to withhold its consent to any proposed sublease or any proposed assignment of such Lease, or to preserve, rather than waive, any material right under such Lease, then Seller shall not consent to such sublease or assignment, or waive such right, without in each instance obtaining City's prior written consent thereto, in City's sole discretion.

**10.4 Tenant Improvement Costs.** If Seller enters into any Leases of the Property or modifies or extends any existing Leases after the Effective Date and before the Closing Date in accordance with the terms of this Article 10, then, provided the Closing occurs, any Tenant Improvement Costs and Commissions incurred in connection with such new Leases, modifications or extensions of any existing Leases shall be the sole responsibility of Seller and shall be paid in full by Seller, unless Seller obtains City's prior written consent and approval of any such Tenant Improvement Costs and Commissions. If Seller obtains City's prior written consent and approval to any such Tenant Improvement Costs and Commissions together with

any contracts pursuant to which any such obligations are incurred (the "Leasing Cost Contracts"), then (a) Seller shall be given a credit at Closing for all unamortized amounts paid by Seller for such City approved Tenant Improvement Costs or Commissions in connection with such new Leases, and modifications or extensions of any existing Leases, and (b) if any such City approved Commissions or Tenant Improvement Costs are payable after the Closing Date with respect to such new Leases, modifications or extensions of any existing Lease, City shall assume the obligation to pay the same, together with any Leasing Cost Contracts relating thereto..

## **11. DEFAULT AND REMEDIES**

### **11.1 City's Default.**

(a) If City defaults before the Closing under any provision of this Agreement and Seller has actual knowledge of such default(s) before the Closing, or if City defaults on its obligation to close the transaction contemplated hereby, then Seller shall have the right, as its sole and exclusive remedy for such default(s), to terminate this Agreement and recover liquidated damages pursuant to Section 6.7 plus reimbursement from City for Seller's actual out-of-pocket expenses incurred in connection with its negotiation of this Agreement and its preparation to close the transaction contemplated hereby, up to a maximum of \$50,000, plus attorneys' fees under Section 12.12 (if applicable), and neither party shall have any further liability or obligation to the other hereunder, except for provisions of this Agreement which expressly state that they shall survive the termination of this Agreement.

(b) Seller acknowledges that any claim Seller may have against City arising under this Agreement may, as a matter of law, be subject to limitations on timing of presentment pursuant to Section 911.2 and other relevant provisions of the California Government Code; provided, however, that nothing in this sentence shall be deemed to cause any such claim to be subject to such sections of the California Government Code which would not, as a matter of law, be subject to such sections in the absence of this sentence.

(c) Notwithstanding anything herein to the contrary, in no event shall City be liable to Seller for any indirect, special, consequential or incidental damages (including, without limitation, damages for lost profits) in connection with any provision of this Agreement.

### **11.2 SELLER'S DEFAULT.**

(a) In the event the sale of the Property is not consummated because of a default under this Agreement on the part of Seller or if a Condition Precedent cannot be fulfilled because Seller frustrated such fulfillment by some affirmative act or negligent omission, and Seller has failed to cure such default within ten (10) business days after Seller's receipt of City's notice of Seller's default, City may, at its sole election, elect to do one of the following: (1) waive the default or the applicable Condition(s) Precedent and proceed to Closing, (2) terminate this Agreement by delivery of notice of termination to Seller, whereupon Seller shall pay to City any actual out of pocket expenses incurred in connection with City's negotiation of this Agreement, its investigation of the Property pursuant hereto, and its preparation to close the transaction contemplated hereby, up to a maximum amount of Fifty Thousand and no/100 Dollars (\$50,000.00), plus attorneys' fees under Section 12.12 (if applicable), and neither party shall

have any further liability or obligation to the other party hereunder, except for provisions of this Agreement which expressly state that they shall survive the termination of this Agreement, or (3) continue this Agreement pending City's action for specific performance and/or damages hereunder, including without limitation, City's costs and expenses incurred hereunder.

(b) Notwithstanding any provision of this Agreement to the contrary, in no event shall Seller's liability for breach of any representations or warranties contained in this Agreement (including, without limitation, in Section 8.1 above), Seller's Closing Certification, or any Seller's Lease Certificate, or for Seller's breach of any of its obligations under Section 4.1 or 10.1 hereof (whether or not such breach of Section 4.1 or 10.01 is known to City as of the Closing), exceed Two Million Dollars (\$2,000,000) in the aggregate.(c) Notwithstanding anything herein to the contrary, in no event shall Seller be liable to City for any indirect, special, consequential or incidental damages (including, without limitation, damages for lost profits) in connection with this Agreement.

**11.3 Termination.** Upon any termination provided for in this Agreement, each of the parties will be discharged from any further obligations and liabilities under this Agreement, except for the obligations and liabilities that expressly survive such termination under the terms of this Agreement.

## 12. GENERAL PROVISIONS

**12.1 Notices.** Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, against receipt, (ii) one (1) day after being deposited with a reliable overnight courier service, or (iii) two (2) days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows:

City:

Real Estate Division  
City and County of San Francisco  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Attn: Director of Property  
**Re: 1975 Galvez Avenue**  
Facsimile No.: (415) 552-9216

with copy to:

Charles Sullivan, Deputy City Attorney  
Office of the City Attorney  
City Hall, Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4682  
**Re: 1975 Galvez Avenue**  
Facsimile No.: (415) 554-4757 \_\_\_\_\_

Seller: W.Y.L. Five Star Service Industries, Inc. a California Corporation.  
Facsimile No.: ( ) \_\_\_\_\_

With copy to: Santino DeRose  
466 Green Street, Ste #203  
San Francisco, CA 94133  
Facsimile Number: 415-781-7701

**TITLE COMPANY:** Justine Sommer  
Stewart Title Guaranty Company  
100 Pine Street, Suite 450  
San Francisco, CA 94111  
**Facsimile No.: (415) 986-5973**

or to such other address as either party may from time to time specify in writing to the other upon five (5) days prior written notice in the manner provided above. For convenience of the parties, copies of notices may also be given by telefacsimile, to the telephone number listed above, or such other numbers as may be provided from time to time. However, neither party may give official or binding notice by facsimile. The effective time of a notice shall not be affected by the receipt, prior to receipt of the original, of a telefacsimile copy of the notice. No written notice permitted or required by City hereunder shall be deemed effective unless it is executed by or on behalf of or at the direction of the City's Director of Property.

### **12.2 Brokers and Finders**

Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, 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 purchase and sale contemplated herein, with the exception of DTZ, representing Seller, whose commission, if any is due, shall be the sole responsibility of Seller pursuant to a separate written agreement with such broker, and City shall have no liability whatsoever therefor. In the event that any other broker or finder asserts a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his or her claim shall be responsible for such commission or fee and shall indemnify and hold harmless the other party from all claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified party in defending against the same. The provisions of this Section 12.2 shall survive the Closing.

### **12.3 Successors and Assigns**

This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns. City may not assign this Agreement to any other party without Seller's prior written consent, which consent may be granted, conditioned or denied in Seller's sole and absolute discretion. In the event of any assignment of this Agreement by City, (i) City shall not in any event be released from any of its obligations or liabilities hereunder, including, without limitation, any obligations which survive the Closing,

whether contained in this Agreement or any document to be delivered by City at the Closing, even if such document is signed by the assignee of City only; and (ii) City shall indemnify, defend and hold Seller harmless from and against any claim that the assignee of City may assert against Seller which City itself would be barred hereunder from asserting against Seller in the absence of such assignment.

**12.4 Amendments.** Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by City and Seller.

**12.5 Continuation and Survival of Representations and Warranties**

All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to be, and shall remain, true and correct as of the Closing, shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement for a time period ending as of the date occurring twelve (12) months after the Closing Date. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in conjunction with the transaction contemplated hereby shall constitute representations and warranties hereunder.

**12.6 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

**12.7 Merger of Prior Agreements.** The parties intend that this Agreement (including all of the attached exhibits and schedules, which are incorporated into this Agreement by reference) shall be the final expression of their agreement with respect to the subject matter hereof and thereof and may not be contradicted by evidence of any prior or contemporaneous oral or written agreements or understandings. The parties further intend that this Agreement shall constitute the complete and exclusive statement of their respective terms and that no extrinsic evidence whatsoever (including, without limitation, prior drafts or changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

**12.8 Parties and Their Agents.**

The term "Seller" as used herein shall include the plural as well as the singular. If there is more than one Seller, then the obligations under this Agreement imposed on Seller shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party.

**12.9 Approvals.** All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through City's Director of Property unless otherwise provided herein, subject to applicable law; provided, however, nothing in this Section 12.10 shall affect the respective rights and obligations of the parties hereunder.

**12.10 Interpretation of Agreement.**

The article, section and other headings of this Agreement and the table of contents are for convenience of reference only and shall not affect the meaning or interpretation of any provision

contained herein. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa, and each gender reference shall be deemed to include the other and the neuter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

#### **12.11 Attorneys' Fees.**

If either party hereto fails to perform any of its respective obligations under this Agreement or if any a dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment. For purposes of this Agreement, the reasonable fees of attorneys of City's Office of City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office.

#### **12.12 Sunshine Ordinance**

Seller understands and agrees that under the City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder public records subject to public disclosure. Seller hereby acknowledges that the City may disclose any records, information and materials submitted to the City in connection with this Agreement.

#### **12.13 Conflicts of Interest**

Through its execution of this Agreement, Seller acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Seller becomes aware of any such fact during the term of this Agreement, Seller shall immediately notify the City.

#### **12.14 Notification of Limitations on Contributions**

Through its execution of this Agreement, Seller acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer,

the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Seller acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Seller further acknowledges that the prohibition on contributions applies to each Seller; each member of Seller's board of directors, and Seller's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Seller; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Seller. Additionally, Seller acknowledges that Seller must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Seller further agrees to provide to City the names of each person, entity or committee described above.

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

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

### **12.16 Counterparts**

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

### **12.17 Effective Date**

As used herein, the term "Effective Date" shall mean the date on which the City's Board of Supervisors and Mayor, in the respective sole discretion of each, shall have enacted a resolution (and taken such other action as may be required) approving, adopting, and authorizing this Agreement and the transactions contemplated hereby, following execution of this Agreement by both parties, and such resolution shall have become effective. City shall provide to Seller written notice of the Effective Date within ten (10) days of the occurrence of such date.

### **12.18 Severability.**

If any provision of this Agreement or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect, so long as the essential nature of the contemplated transaction described herein can be performed..

**12.19 City Charter.** Seller acknowledges that, to the extent required by California law, all of the terms of this Agreement shall be governed by and subject to the applicable provisions of the Charter of the City and County of San Francisco (the "City Charter"); provided, however, that nothing in this sentence shall be deemed to cause this Agreement to be governed by or construed in accordance with such provisions of the City Charter in any respect in which this Agreement would not, as a matter of law, be so governed and construed in the absence of this

sentence. There shall be no obligation for the payment or expenditure of money by City under this Agreement unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the 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. If such written certification is not delivered by City to Seller on or before the Closing Date, Seller may terminate this Agreement by written notice to City, in which event neither party shall have any further obligation hereunder except as otherwise expressly provided herein.

### **12.20 Agreement Not to Market Prior to Effective Date**

Seller agrees that unless and until this Agreement terminates pursuant to its terms, Seller shall not negotiate with any other parties pertaining to the sale of the Property and shall not market the Property to third parties.

#### **12.21 Acceptance of Agreement by Seller.**

This Agreement shall be null and void unless Seller accepts it and returns to City four (4) fully executed counterparts hereof on or before 5:00 p.m. San Francisco Time on \_\_\_\_\_, 20\_\_\_\_.

**12.22 Confidentiality.** As to any records or proprietary information delivered by Seller to City, Seller will clearly designate those financial records which it in good faith determines to be a trade secret or confidential proprietary information protected from disclosure under applicable law. To the extent permitted by law, City will maintain the confidentiality of such financial information as well as any information obtained by City in conducting its investigations of the Property pursuant to Section 4.1 (including, any information disclosed in any Purchaser Reports), consistent with City's general practices for maintaining the confidentiality of such information, provided however that Seller acknowledges and agrees that City will comply with applicable public records laws under state and local law, including City's Sunshine Ordinance, and that such laws may compel disclosure of some or all of such financial information and/or information obtained by City in conducting its investigations of the Property pursuant to Section 4.1 (including, any information disclosed in any Purchaser Reports). City will not under any circumstances be responsible for any damages or losses incurred because of the release of such financial information as set forth above and/or information obtained by City in conducting its investigations of the Property pursuant to Section 4.1.

**12.23 Unavoidable Delay.** Notwithstanding anything to the contrary set forth in this Lease, the time or times for performance of any act required hereunder shall be extended in the event of any Unavoidable Delay as set forth in this Section. "Unavoidable Delay" shall mean any delay by reason of acts of God, terror attacks, enemy action, civil commotion, war, riots, or by any other reason without fault and clearly beyond the reasonable control of the party obligated to perform and which directly results in a performance delay. In the event of the occurrence of any such Unavoidable Delay, the time or times for performance of the obligations of the delayed party, including the Due Diligence Period or the Closing Date as applicable, will

be extended for the period of the delay; provided, however, (i) within five (5) days after the beginning of any such delay, the delayed party shall have first notified the other party in writing by fax or hand messenger and by telephone of the cause or causes of such delay and claimed an extension for the reasonably estimated period of the delay, (ii) the delayed party cannot, through commercially reasonable efforts, make up for the delay within the time period remaining prior to the applicable completion date, and (iii) in no event shall the Unavoidable Delay extend beyond sixty (60) days.

Failure to comply with any requirement contained in this Section shall constitute a material breach by Seller of the terms of this Agreement. If, within thirty (30) days after Seller receives written notice of such a breach, Seller fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Seller fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law.

#### **12.24 Cooperative Drafting.**

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

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION OF CITY'S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH LEGISLATION, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT, IN THEIR RESPECTIVE SOLE DISCRETION WHICH SHALL OCCUR ONLY AFTER THE COMPLETION OF ALL ENVIRONMENTAL REVIEWS REQUIRED BY THE CALIFORNIA ENVIRONMENTAL QUALITY ACT. APPROVAL OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH LEGISLATION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

The parties have duly executed this Agreement as of the respective dates set forth below.

SELLER:

W.Y.L. Five Star Service Industries, Inc. a  
California Corporation.

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

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

Date: \_\_\_\_\_

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation, through its Department  
of Real Estate

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

Date: \_\_\_\_\_

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
Hazel M. Brandt  
Deputy City Attorney

**DRAFT**

Title Company agrees to act as escrow holder in accordance with the terms of this Agreement and to execute the Designation Agreement (attached hereto as Exhibit J) and act as the Reporting Person (as such term is defined in the Designation Agreement). Title Company's failure to execute below shall not invalidate the Agreement between City and Seller.

TITLE COMPANY:

---

TITLE INSURANCE COMPANY

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

Date: \_\_\_\_\_

**EXHIBIT A**

**REAL PROPERTY DESCRIPTION**

All that certain real property located in the City and County of San Francisco, State of California, described as follows:

**[LEGAL DESCRIPTION TO COME FROM PRELIMINARY REPORT]**

**DRAFT**

**EXHIBIT B**

**PERSONAL PROPERTY DESCRIPTION**

**[TO COME FROM SELLER]**

**EXHIBIT C**  
**GRANT DEED**

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

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

The undersigned hereby declares this instrument to be  
exempt from Recording Fees (CA Govt. Code § 27383)  
and Documentary Transfer Tax (CA Rev. & Tax Code  
§ 11922 and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for Recorder's use only)

This transaction is exempt from California Documentary Transfer Tax pursuant to Section [ \_\_\_\_ ] of the California Revenue and Taxation Code. This transaction is exempt from recording fees pursuant to Section [ \_\_\_\_ ] of the California Government Code.

**GRANT DEED**

(Assessor's Parcel No. \_\_\_\_\_)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, W.Y.L. Five Star Service Industries, Inc., a California Corporation ("Grantor"), hereby grants to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the real property located in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and made a part hereof (the "Property").

TOGETHER WITH all of Grantor's right, title, and interest, if any, in and to any and all rights, privileges and easements incidental or appurtenant to the Property, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Property, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Property, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Property and any and all roads and alleys adjoining or servicing the Property.

*[SIGNATURES ON FOLLOWING PAGE]*

DRAFT

This Deed is made and accepted subject to the matters listed on Exhibit B attached hereto and made a part hereof.

Executed as of this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

GRANTOR:

W.Y.L. Five Star Service Industries, Inc, a California Corporation

\_\_\_\_\_, By: \_\_\_\_\_  
NAME

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

\_\_\_\_\_, By: \_\_\_\_\_  
NAME

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

State of California            )  
  ) ss  
County of San Francisco    )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

---

**DRAFT**

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by this deed from the first party to \_\_\_\_\_, the City and County of San Francisco, is hereby accepted pursuant to Board of Supervisors' Resolution No. \_\_\_\_\_, approved \_\_\_\_\_, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_

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

**EXHIBIT D**  
**BILL OF SALE**

For good and valuable consideration the receipt of which is hereby acknowledged, WYL Five Star Service Industries, Inc., a California Corporation ("Seller"), does hereby sell, transfer and convey to the CITY AND COUNTY OF SAN FRANCISCO ("Buyer"), without representation of warranty of any kind or nature, except as expressly provided herein, all personal property owned by Seller and located on or in or used in connection with the Land and Improvements (as such terms are defined in that certain Agreement of Purchase and Sale for Real Estate dated as of \_\_\_\_\_, 20\_\_\_\_, between Seller and Buyer (or Buyer's predecessor in interest), including, without limitation, those items described in Schedule 1 attached hereto.

The Personal Property is in a used condition, and Seller is neither a manufacturer, nor distributor of, nor dealer nor merchant in, said Personal Property. Seller makes no representations, express or implied, as to the condition or state of repair of the Personal Property, including warranties of fitness or merchantability, it being expressly understood that the Personal Property is being sold to Buyer in its present "AS IS, WHERE IS" condition and with all faults. By acceptance of delivery of the Personal Property, Buyer affirms that it has not relied on Seller's skill or judgment to select or furnish said Personal Property for any particular purpose, and that Seller makes no warranty that said Personal Property is fit for any particular purpose and that there are no representations or warranties, express, implied or statutory, except that Seller represents and warrants that Seller has not previously sold or conveyed said Personal Property, and said Personal Property is free and clear of all encumbrances granted by Seller.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

SELLER:

WYL Five Star Service Industries, Inc. ,  
a California Corporation

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

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

**EXHIBIT E**

**ASSIGNMENT OF  
WARRANTIES AND GUARANTIES  
AND OTHER INTANGIBLE PROPERTY**

THIS ASSIGNMENT is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between WYL Five Star Service Industries, Inc. a California Corporation ("Assignor"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Assignee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date (as defined below), Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under:

A. all warranties and guaranties made by or received from any third party with respect to any building, building component, structure, system, fixture, machinery, equipment, or material situated on, contained in any building or other improvement situated on, or comprising a part of any building or other improvement situated on, any part of that certain real property described in Exhibit A attached hereto including, without limitation, those warranties and guaranties listed in Schedule 1 attached hereto (collectively, "Warranties"); and

B. any other Intangible Property (as defined in that certain Agreement of Purchase and Sale of Real Estate dated as of \_\_\_\_\_, 20\_\_\_\_, between Assignor and Assignee (or Assignee's predecessor in interest) (the "Purchase Agreement").

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Effective Date (as defined below) and arising out of the owner's obligations under the Service Contracts.

2. Except as otherwise set forth in the Purchase Agreement, effective as of the Effective Date (as defined below), Assignee hereby assumes all of the owner's obligations under the Service Contracts and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating on or subsequent to the Effective Date (as defined below) and arising out of the owner's obligations under the Service Contracts.

3. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, reasonable attorneys' fees.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.

5. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

6. For purposes of this Assignment, the "Effective Date" shall be the date of the Closing (as defined in the Purchase Agreement).

7. This Assignment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

*[SIGNATURES ON FOLLOWING PAGE]*

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR: WYL Five Star Service Industries, Inc.

a California Corporation

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

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

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

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

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

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

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

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

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
Hazel M. Brandt  
Deputy City Attorney

**EXHIBIT F**

**ASSIGNMENT AND ASSUMPTION OF LEASES**

THIS ASSIGNMENT is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between WYL Five Star Service Industries, Inc., a California Corporation ("Assignor"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Assignee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date (as defined below), Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under those certain leases described on Schedule I attached hereto (collectively, the "Leases"), executed with respect to that certain real property commonly known as 1975 Galvez Avenue, San Francisco, California, as more fully described in Schedule 2 attached hereto (the "Property").

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor represents and warrants that as of the date of this Assignment and the Effective Date the attached Schedule 1 includes all of the Leases and occupancy agreements affecting any of the Property. As of the date hereof and the Effective Date, there are no assignments of or agreements to assign the Leases to any other party.
2. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Effective Date (as defined below) and arising out of the landlord's obligations under the Leases.
3. Effective as of the Effective Date (as defined below), Assignee hereby assumes all of the landlord's obligations under the Leases and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) arising out of Assignee's failure to perform the landlord's obligations under the Leases on or subsequent to the Effective Date.
4. Any rental and other payments under the Leases shall be prorated between the parties as provided in Article 7 of the Agreement of Purchase and Sale for Real Estate between Assignor, as Seller, and Assignee, as Buyer, dated as of \_\_\_\_\_ (the "Purchase Agreement").
5. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, attorneys' fees.
6. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.
7. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

8. For purposes of this Assignment, the "Effective Date" shall be the date of the Closing (as defined in the Purchase Agreement).

9. This Assignment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

*[SIGNATURES ON FOLLOWING PAGE]*

Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR: WYL Five Star Service Industries, Inc

a California Corporation

By: \_\_\_\_\_  
[NAME]

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

By: \_\_\_\_\_  
[NAME]

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

By: \_\_\_\_\_  
[NAME]

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

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

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

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
Hazel M. Brandt  
Deputy City Attorney

EXHIBIT G

ASSIGNMENT AND ASSUMPTION OF MISCELLANEOUS AGREEMENTS

THIS ASSIGNMENT is made and entered into as of this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between WYL Five Star Service Industries, Inc. a California corporation ("Assignor"), and \_\_\_\_\_ ("Assignee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date (as defined below), Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under those certain agreements described on Schedule 1 attached hereto (collectively, the "Miscellaneous Agreements") executed with respect to that certain real property commonly known as 1650 Mission Street, San Francisco, California, as more fully described in Schedule 2 attached hereto (the "Property").

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Effective as of the Effective Date, Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) arising from Assignor's failure to perform the owner's obligations under the Miscellaneous Agreements prior to the Effective Date.
2. Effective as of the Effective Date, Assignee hereby assumes all of the owner's obligations under the Miscellaneous Agreements and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) arising from Assignee's failure to perform the owner's obligations under the Miscellaneous Agreements on or after the Effective Date.
3. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's reasonable costs and expenses of such litigation, including, without limitation, reasonable attorneys' fees.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.
5. This Assignment shall be governed by and construed in accordance with the laws of the State of California.
6. For purposes of this Assignment, the "Effective Date" shall be the date of the Closing (as defined in the Agreement of Purchase and Sale for Real Estate, dated as of \_\_\_\_\_, 201\_\_\_, between Assignor, as Seller, and Assignee, as Buyer).

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

Assignor and Assignee have executed this Assignment as of the day and year first written above.

*ASSIGNOR:*

By:

By:

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

Name: \_\_\_\_\_

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

*ASSIGNEE:*

\_\_\_\_\_

a \_\_\_\_\_

\_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

APPROVED AS TO FORM:  
Dennis J. Herrera, City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

**EXHIBIT H**

**TENANT'S ESTOPPEL CERTIFICATE**

DATE: \_\_\_\_\_

TENANT: \_\_\_\_\_  
\_\_\_\_\_

PREMISES: \_\_\_\_\_  
\_\_\_\_\_

LEASE DATE: \_\_\_\_\_

COMMENCEMENT DATE: \_\_\_\_\_

EXPIRATION DATE: \_\_\_\_\_

TERM IN MONTHS: \_\_\_\_\_

DATE RENT AND OPERATING EXPENSE  
PARKING: \_\_\_\_\_

PAYMENTS ARE DUE: \_\_\_\_\_

OPTIONS: Check if you have any of these  
options or rights, and provide details in  
Sections 5 or 9 below.

\_\_\_\_\_ Extension Option

\_\_\_\_\_ Termination Option

\_\_\_\_\_ Expansion Option

\_\_\_\_\_ Purchase Option

CURRENT MONTHLY PAYMENTS: \_\_\_\_\_

BASE RENTAL: \_\_\_\_\_

TAXES: \_\_\_\_\_

OP. EXP. CAP: \_\_\_\_\_

\_\_\_\_\_ Check here if you have rental escalations and provide details in Section 6 below:

SECURITY DEPOSIT: \_\_\_\_\_

THE UNDERSIGNED, AS TENANT OF THE ABOVE REFERENCED PREMISES  
("PREMISES") UNDER THE LEASE DATED AS OF THE ABOVE-REFERENCED LEASE  
DATE, BETWEEN \_\_\_\_\_  
("LANDLORD") AND TENANT, HEREBY CERTIFIES, ACKNOWLEDGES AND AGREES

FOR THE BENEFIT OF THE CITY AND COUNTY OF SAN FRANCISCO ("CITY"), AND ITS ASSIGNEES, AS FOLLOWS:

1. Accuracy. All of the information specified above and elsewhere in this Certificate is accurate as of the date hereof.
2. Lease. The copy of the Lease attached hereto as Exhibit A is a true and correct copy of the Lease. The Lease is valid and in full force and effect. The Lease contains all of the understandings and agreements between Landlord and Tenant and has not been amended, supplemented or changed by letter agreement or otherwise, except as follows (if none, indicate so by writing "NONE" below):
3. Premises. The Premises consist of \_\_\_\_\_, and Tenant does not have any options to expand the Premises except as follows (if none, indicate so by writing "NONE" below):
4. Acceptance of Premises. Tenant has accepted possession of the Premises and is currently occupying the Premises. There are no unreimbursed expenses due Tenant including, but not limited to, capital expense reimbursements.
5. Lease Term. The term of the Lease commenced and will expire on the dates specified above, subject to the following options to renew or unconditional rights to terminate the Lease (if none, indicate so by writing "NONE" below):
6. No Defaults/Claims. To Tenant's knowledge, Landlord is not in default under any terms of the Lease, nor has any event occurred which with the passage of time (after notice, if any, required under the Lease) would become an event of default of Landlord under the Lease. To Tenant's knowledge, Tenant has no claims, counterclaims, defenses or setoffs against Landlord arising from the Lease, except those listed below (if none, indicate so by writing "NONE" below): \_\_\_\_\_. Tenant is not entitled to any concession, rebate, allowance or free rent for any period after this certification, except those listed below (if none, indicate so by writing "NONE" below): \_\_\_\_\_.
7. No Advance Payments. No rent has been paid in advance by Tenant except for the current month's rent.
8. No Purchase Rights. Tenant has no option to purchase, or right of first refusal to purchase, the Premises, the Property or any portion thereof (if none, indicate so by writing "NONE" below): \_\_\_\_\_.
9. Notification by Tenant. From the date of this Certificate and continuing until, Tenant agrees to notify City immediately of the occurrence of any event or the discovery of any fact that would make any representation contained in this Certificate inaccurate as of the date hereof or as of any future date.
10. No Sublease/Assignment. Tenant has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises, except those listed below (if none, indicate so by writing "NONE" below): \_\_\_\_\_.
11. No Notice. Tenant has not received notice of any assignment, hypothecation, mortgage, or pledge of Landlord's interest in the Lease or the rents or other payments payable thereunder, except those listed below (if none, indicate so by writing "NONE" below): \_\_\_\_\_.

12. Hazardous Materials. Tenant has not used, treated, stored, disposed of or released any Hazardous Materials on or about the Premises or the Property. Tenant does not have any permits, registrations or identification numbers issued by the United States Environmental Protection Agency or by any state, county, municipal or administrative agencies with respect to its operation on the Premises, except for any stated below, and except as stated below no such governmental permits, registrations or identification numbers are required with respect to Tenant's operations on the Premises. For the purposes hereof, the term "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids, and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

13. Reliance. Tenant recognizes and acknowledges it is making these representations to City with the intent that City, and any of its assigns, will fully rely on Tenant's representations.

14. Binding. The provisions hereof shall be binding upon and inure to the benefit of the successors, assigns, personal representatives and heirs of Tenant and City.

15. Due Execution and Authorization. The undersigned, and the person(s) executing this Certificate on behalf of the undersigned, represent and warrant that they are duly authorized to execute this Certificate on behalf of Tenant and to bind Tenant hereto.

EXECUTED BY TENANT AS OF THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 20 \_\_\_\_.

By:

\_\_\_\_\_  
[NAME]

\_\_\_\_\_  
[TITLE]

By:

\_\_\_\_\_  
[NAME]

\_\_\_\_\_  
[TITLE]

**EXHIBIT I**

**CERTIFICATE OF TRANSFEROR  
OTHER THAN AN INDIVIDUAL  
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by WYL Five Star Service Industries, Inc., a California Corporation ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor's U.S. employer identification number is \_\_\_\_\_; and
3. Transferor's office address is \_\_\_\_\_

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated: \_\_\_\_\_, 20\_\_.

On behalf of:

WYL Five Star Service Industries, Inc.,

a California Corporation

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

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

**EXHIBIT J**

**DESIGNATION AGREEMENT**

This DESIGNATION AGREEMENT (the "Agreement") dated as of \_\_\_\_\_, 20 \_\_, is by and between WYL Five Star Service Industries, Inc., a California Corporation ("Seller"), the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), and FIDELITY NATIONAL TITLE COMPANY ("Title Company").

A. Pursuant to that certain Agreement of Purchase and Sale for Real Estate entered into by and between Seller and Transferee, dated \_\_\_\_\_, 20 \_\_ (the "Purchase Agreement"), Seller has agreed to sell to Transferee, and Transferee has agreed to purchase from Seller, certain real property located in City and County of San Francisco, California, more particularly described in Exhibit A attached hereto (the "Property"). The purchase and sale of the Property is sometimes hereinbelow referred to below as the "Transaction").

B. Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the "Reporting Requirements") require an information return to be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the Transaction.

C. Pursuant to Subparagraph 6.1 of the Purchase Agreement, an escrow has been opened with Title Company, Escrow No. \_\_\_\_\_, through which the Transaction will be or is being accomplished. Title Company is either (i) the person responsible for closing the Transaction (as described in the Reporting Requirements) or (ii) the disbursing title or escrow company that is most significant in terms of gross proceeds disbursed in connection with the Transaction (as described in the Reporting Requirements).

D. Seller, Transferee and Title Company desire to designate Title Company as the "Reporting Person" (as defined in the "Reporting Requirements") with respect to the Transactions.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller, Transferee and Title Company agree as follows:

1. Title Company is hereby designated as the Reporting Person for the Transaction. Title Company shall perform all duties that are required by the Reporting Requirements to be performed by the Reporting Person for the Transaction.

2. Seller and Transferee shall furnish to Title Company, in a timely manner, any information requested by Title Company and necessary for Title Company to perform its duties as Reporting Person for the transaction.

3. Title Company hereby requests Seller to furnish to Title Company Seller's correct taxpayer identification number. Seller acknowledges that any failure by Seller to provide Title Company with Seller's correct taxpayer identification number may subject Seller to civil or criminal penalties imposed by law. Accordingly, Seller hereby certifies to Title Company, under penalties of perjury, that Seller's correct taxpayer identification number is \_\_\_\_\_.

4. The names and addresses of the parties hereto are as follows:

SELLER:

W.Y.L. Five Star Service Industries, Inc., a  
California Corporation

Attn: \_\_\_\_\_  
Facsimile No.: ( ) \_\_\_\_\_

CITY:

Director of Property  
John Updike  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Facsimile No.: (415) 552-9216  
Stewart Title Guaranty Company

TITLE COMPANY:

\_\_\_\_\_ 100  
Pine Street, Suite 450  
\_\_\_\_\_  
San Francisco, CA 94111  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
Facsimile No.: ( ) \_\_\_\_\_

5. Each of the parties hereto shall retain this Agreement for a period of four (4) years following the calendar year during which the date of closing of the Transaction occurs.

*[SIGNATURES ON FOLLOWING PAGE]*

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date and year first above written.

SELLER:

W.Y.L. Five Star Service Industries, Inc., a  
California Corporation

\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_  
Facsimile No.: ( ) \_\_\_\_\_

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

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

Date: \_\_\_\_\_

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

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

Date: \_\_\_\_\_

Title Company:

STEWART TITLE GUARANTY COMPANY

Date: \_\_\_\_\_

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

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

**DRAFT**

**EXHIBIT K**  
**SCHEDULE OF LEASES**

[See following page.]

**DRAFT**

**EXHIBIT L**

**SCHEDULE OF MISCELLANEOUS AGREEMENTS**

[See following page.]

**EXHIBIT M**

**SCHEDULE OF LITIGATION AND NOTICES OF DEFAULT**

None.

**DRAFT**

**EXHIBIT N**

**ENVIRONMENTAL DISCLOSURE**

1. Environmental Site Assessment, dated as of April 12, 2000, prepared by Dames & Moore, Project No. 39737-013.

**EXHIBIT P**

**FORM OF OWNER'S DECLARATION**

The undersigned hereby declares and certifies to Fidelity National Title Company (the "Title Company"), with respect to that certain real property commonly known as 1975 Galvez Street, located in the City and County of San Francisco, California (the "Premises"), that:

(1) the undersigned has not entered into any written agreement for any repair, work of improvement or materials furnished to the Premises within the last one hundred eighty (180) days which has not been paid for, and the undersigned has not received any written notice asserting any currently existing claim based on any such repair, work or materials; and

(2) to the actual knowledge of the undersigned, there is no one in possession of the Premises other than the tenants listed on the Rent Roll attached hereto as Exhibit A.

This Declaration is given for the purpose of inducing the Title Company to issue its policy(ies) of title insurance in favor of the City and County of San Francisco or its nominee ("Transferee"), and its lender, which may provide coverage as to the items mentioned above in connection with the undersigned's transfer of the Premises to Transferee on or about the date hereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By: W.Y.L Five Star Service Industries, Inc.,  
a California Corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DRAFT**

**EXHIBIT Q**

**BROKERAGE FEE DISCLOSURE**

Brokerage fee shall be paid per separate agreement between Seller and Broker.

**DRAFT**

**EXHIBIT R**  
**SELLER'S INSURANCE CERTIFICATE**

[See following pages.]

**DRAFT**

State of California )  
 ) ss  
County of San Francisco )

On \_\_\_\_\_, before me, \_\_\_\_\_, a notary public in and for said State, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**DRAFT**

**SCHEDULE 1**  
**ENERGY DISCLOSURE DOCUMENTS**



**DRAFT**

LEASE

between

FOUR FIFTY TOLAND LLC, as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,  
as Tenant

For the lease of  
450 Toland Street  
San Francisco, California

[December 1<sup>st</sup> 2015]

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**SCHEDULE 1** – Energy Consumption Documents [LL to provide]

**LEASE**

THIS LEASE (this "Lease"), dated for reference purposes only as of [December 1<sup>st</sup>, 2015], is by and between Four Fifty Toland, 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 shall be deemed to incorporate all of the terms in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

Lease Reference Date:	December 1st, 2015
Landlord:	Four Fifty Toland, LLC
Tenant:	CITY AND COUNTY OF SAN FRANCISCO
Building ( <u>Section 2.1</u> ):	450 Toland Street
Premises ( <u>Section 2.1</u> ):	The building and land located at Assessor's Block 5230, Lot 18, containing approximately 46,221 rentable square feet.
Term ( <u>Section 3</u> ):	Estimated commencement date: December 15 <sup>th</sup> , 2015  Expiration date: December 14 <sup>th</sup> , 2025
Extension Options ( <u>Section 3.4</u> ):	Two (2) additional term(s) of five (5) years (each), exercisable by City by notice to Landlord given not less than 12 months in advance, with rent determined pursuant to Section 4.2.
Base Rent ( <u>Section 4.1</u> ):	Annual Base Rent: \$735,600  Monthly payments: \$61,300  Base Rent is subject to partial abatement for the month of July during each of the first five years of the Term pursuant to Section 4.1.
Base Year ( <u>Section 4.3</u> ):	December 2015

Adjustment Dates (Section 4.2): On each anniversary date of the Lease Commencement, the Monthly Base Rent shall be adjusted upward by 3%.

Additional Charges (Section 4.3): Property Management Fee equal to 4% of the monthly rent.

Use (Section 5.1): City shall have the right to use the Premises for the City's central shops, vehicle repair and maintenance, public equipment storage, public programs, general office and any other purpose commensurate with existing zoning and for no other purposes without prior written consent of Landlord which consent shall not be unreasonably withheld or delayed.

Alterations (Section 6) Landlord shall permit/facilitate and authorize City to engage architect and contractors of City's selection to construct, at City's cost, improvements to the property. City shall present plans to the Landlord prior to construction for Landlord's approval which shall not be unreasonably withheld or delayed.

Utilities (Section 9.1): City at its sole cost shall be responsible for its electricity, gas and water. Landlord shall provide and maintain existing main lines for electricity, gas, water and sewer.

Services (Section 9.2): City at City's sole cost shall be responsible for window washing, parking lot and tree maintenance, recycling and refuse removal, pest control and security. City shall also be responsible for CRAC (Computer Room Air Conditioning), maintenance and an emergency generator and UPS maintenance, if installed.

Notice Address of Landlord (Section 23.1): Four Fifty Toland, LLC.  
c/o Robert Stoops  
16 Bien Venida  
Orinda, CA 94563  
Fax No.: (925) 254-6008

Key Contact for Landlord: Mr. Robert Stoops

Landlord Contact Telephone No.: (925) 408-1840

Notice Address for Tenant (Section 23.1): Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Attn: John Updike,  
Director of Property  
Re: 450 Toland Street  
Fax No.: (415) 552-9216

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  
Re: 450 Toland  
Fax No.: (415) 554-4755

Key Contact for Tenant: Jeff Suess

Tenant Contact Telephone No.: 415-554-9873

Alternate Contact for Tenant: Marta Bayol

Alternate Contact Telephone No.: 415-554-9865

Brokers (Section 23.8): Cushman & Wakefield  
Tim Garlick & Matt Squires  
201 California Street Suite 800  
San Francisco, CA 94111

Other Noteworthy Provisions (Section 27): Right of first refusal to Purchase: In the event  
Landlord desires to sell the property (without  
any obligation to do so) City shall be offered  
the first opportunity to purchase the property.  
As set forth in section 27.1 below and in the  
attached Exhibit C.

## 2. PREMISES

### 2.1 Lease Premises

In consideration of the obligation of City to pay Rent as herein provided and in consideration of the other terms, covenants, and conditions hereof, Landlord leases to City and City leases from Landlord, subject to the provisions of this Lease, those premises identified in the Basic Lease Information, which includes the real property described and shown on the attached Exhibit A, and the Building and any other improvements located on such real property (collectively, the "Premises").

### 2.2 Disability Access

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

accessibility requirements. City is hereby advised that the Premises have not been inspected by a CASp.

### **2.3 Energy Consumption**

City acknowledges and agrees that Landlord delivered the Data Verification Checklist (as defined in the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Section 1680) for the Premises, copies of which are attached as Schedule 1 to this Lease, no less than 24 hours prior to City's execution of this Lease.

## **3. TERM**

### **3.1 Term of Lease**

The Premises are leased for an initial term (the "Initial Term") commencing on the date specified in the Basic Lease Information as the estimated commencement date (the "Estimated Commencement Date"), or such later date or earlier date, with City's written acceptance, as Landlord shall have delivered the Premises to City vacant and free of other tenancies and occupants and the Premises shall have been accepted by City pursuant to approval by City's Mayor and Board of Supervisors of the transaction contemplated by this Lease, in their respective sole and absolute discretion, as further provided in this Lease. The Initial Term of this Lease shall end on the expiration date specified in the Basic Lease Information, or such earlier date on which this Lease terminates pursuant to the provisions of this Lease, provided that City shall have the right to extend the Initial Term pursuant to Section 3.4 (Extension Option(s)), below. The word "Term" as used herein shall refer to the Initial Term and any Extended Term(s) if City exercises the Extension Option(s) as provided below.

### **3.2 Commencement Date and Expiration Date**

The dates on which the Term commences and terminates pursuant hereto are referred to respectively as the "Commencement Date" and the "Expiration Date." If the Commencement Date occurs on a date other than the Estimated Commencement Date, then promptly thereafter Landlord shall deliver to City a notice substantially in the form of Exhibit B attached hereto, confirming the actual Commencement Date, but Landlord's failure to do so shall not affect the commencement of the Term

### **3.3 Delay in Delivery of Possession**

Landlord shall use its best efforts to deliver possession of the Premises on or before the Estimated Commencement Date. However, if Landlord is unable to deliver possession of the Premises as provided above, then, subject to the provisions of this Section below, the validity of this Lease shall not be affected by such inability to deliver possession except that City's obligations to pay Base Rent or any other charges shall not commence until such time as Landlord has delivered the Premises as required under this Lease. If the Term commences later or earlier than the Estimated Commencement Date, this Lease shall nevertheless expire on the Expiration Date, unless sooner terminated pursuant to the provisions under this Lease. If Landlord is unable to deliver possession of the Premises to City as required hereunder within Thirty (30) days after the Estimated Commencement Date, then City may, at its option, terminate this Lease, without any further liability under this Lease, upon written notice to Landlord.

### **3.4 Extension Option(s)**

City shall have the right to extend the Initial Term of this Lease (the "Extension Option(s)") for the additional term(s) specified in the Basic Lease Information (the "Extended

Term(s)"). Such Extension Option(s) shall be on all of the terms and conditions contained in this Lease, except that Base Rent for the first twelve (12) months of an Extended Term, and each twelve (12) months thereafter, shall be adjusted as set forth in Section 4.2(b). City may exercise the Extension Option(s), if at all, by giving written notice to Landlord no later than Three hundred and sixty five (365) days prior to expiration of the Term to be extended; provided, however, if City is in material default under this Lease on the date of giving such notice and fails to cure such default as provided in this Lease, Landlord may reject such exercise by delivering written notice thereof to City within five (5) business days after Landlord learns of such failure to cure. Landlord acknowledges and agrees that City's notice of its intent to exercise an Extension Option shall be subject to enactment of a resolution by the Board of Supervisors and the Mayor, in their respective sole and absolute discretion, approving and authorizing the same, within sixty (60) days after the date such notice of exercise is given.

#### **4. RENT**

##### **4.1 Base Rent; Scheduled Rent Abatement**

Beginning on the Commencement Date, City shall pay to Landlord during the Term the annual Base Rent specified in the Basic Lease Information (the "Base Rent") provided that the Base Rent (but not Additional Charges) shall be abated in full for the month of July for each of the first five (5) years of the Term. The Base Rent shall be payable in equal consecutive monthly payments on or before the first day of each month, in advance, at the address specified for Landlord in the Basic Lease Information, or such other place as Landlord may designate in writing upon not less than thirty (30) days' advance notice. City shall pay the Base Rent without any prior demand and without any deductions or setoff except as otherwise provided in this Lease. If the Commencement Date occurs on a day other than the first day of a calendar month or the Expiration Date occurs on a day other than the last day of a calendar month, then the monthly payment of the Base Rent for such fractional month shall be prorated based on a thirty (30)-day month.

##### **4.2 Adjustments in Base Rent**

###### **(a) Adjustment Date.**

On each date specified in the Basic Lease Information for the adjustment of Base Rent (an "Adjustment Date"), the Base Rent payable under Section 4.1 shall be adjusted as follows: On each Adjustment Date, the Base Rent for the following twelve month period shall be adjusted to equal one hundred and three percent (103%) of the Base Rent for the lease year preceding such Adjustment Date.

###### **(b) Extension Term(s).**

City's exercise of each Extension Option shall be subject to authorizing legislation within seventy five (75) days following the determination of the Base Rent for each Extension Term as follows:

At the commencement of an Extension Term, the Base Rent shall be adjusted to equal ninety five percent (95%) of the prevailing market rate for space of comparable size, age, and condition as existed prior to City's improvements and alterations. Specifically, City's Leasehold Improvements shall not be included in determining the prevailing market rate for an Extension

Term. Location is defined by the following boundaries ("Reference Area"). The Bayshore District of San Francisco with a western boundary of Bayshore Blvd., a northern boundary of Cesar Chavez, a southern boundary of Silver Street to Quint Street connecting at Oakdale, and Third Street to the East; provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to commencement of such Extended Term. As used herein, the term "prevailing market rate" shall mean the base rental for such comparable space, taking into account (i) any additional rental and all other payments and escalations payable hereunder, (ii) floor location, size, and condition of the premises covered by leases of such comparable space as existed prior to any City Leasehold Improvements or other Alterations, (iii) the duration of the renewal term and the term of such comparable leases, (iv) free rent given under such comparable leases and any other tenant concessions, and (v) building standard tenant improvement allowances and other allowances given under such comparable leases.

Within thirty (30) days following City's exercise of an Extension Option, Landlord shall notify City of Landlord's determination of the prevailing market rate for the Premises. If City disputes Landlord's determination of the prevailing market rate, City shall so notify Landlord within fourteen (14) days following Landlord's notice to City of the prevailing market rate and such dispute shall be resolved as follows:

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

(ii) If within this thirty (30)-day period Landlord and City cannot reach agreement as to the prevailing market rate, they shall each select one appraiser to determine the prevailing market rate. Each such appraiser shall arrive at a determination of the prevailing market rate and submit his or her conclusions to Landlord and City within thirty (30) days of the expiration of the thirty (30) day consultation period described in (a) above.

(iii) If only one appraisal is submitted within the requisite time period, it shall be deemed to be the prevailing market rate. If both appraisals are submitted within such time period, and if the two appraisals so submitted differ by less than ten percent (10%) of the higher of the two, then the average of the two shall be the prevailing market rate. If the two appraisals differ by more than ten percent (10%) of the higher of the two, then the two appraisers shall immediately select a third appraiser who will within thirty (30) days of his or her selection make a determination of the prevailing market rate and submit such determination to Landlord and City. This third appraisal will then be averaged with the closer of the two previous appraisals and the result shall be the prevailing market rate.

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

(v) All appraisers specified herein shall be "MAI" designated members of the Appraisal Institute with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises situated

within the Reference Area. Landlord and City shall each pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser plus one-half of any other costs incurred in the arbitration.

#### 4.3 Additional Charges

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

#### 4.4 Definitions

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

(a) "Base Year" means the year specified in the Basic Lease Information.

(b) "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, upon advance written notice to City, may change the Expense Year to any other twelve (12) consecutive month period and, in the event of any such change, the Management Fee shall be equitably adjusted for the Expense Years involved in any such change.

(c) "Management Fee" means a property management fee, equal to 4% of the then-current Base Rent.

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

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

(e) "Tax Year" means each calendar year during the Term, including any partial year during which this Lease may commence; provided that Landlord, upon notice to City, may change the Tax Year from time to time to any other twelve (12) consecutive month period and, in the event of any such change, the Real Estate Taxes shall be equitably adjusted for the Tax Year involved in any such change. Real Estate Taxes during any partial Tax Year within the Term shall be prorated per Section 4.6.

#### **4.5 Payment of Additional Expenses**

During the Term, commencing after the end of the Base Year, City shall pay to Landlord each month, as additional rent, one twelfth (1/12) of the Additional Charges. City shall make such payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to City. Landlord may revise such estimates of Additional Charges from time to time and City shall thereafter make payments on the basis of such revised estimates, provided that no such revisions shall be retroactive and Landlord may not make any such revisions more than twice in any given Expense Year and no such revision may be made any earlier than four (4) months subsequent to the prior estimate for such Expense Year. With reasonable promptness not to exceed the date which is the later of (a) sixty (60) days after the expiration of each Expense Year or (b) thirty (30) days after Landlord has received the tax bills for any Tax Year, Landlord shall furnish City with a statement (herein called "Landlord's Expense Statement"), prepared by Landlord's independent certified public accountant, setting forth in reasonable detail the Additional Charges for such Expense Year. If the Additional Charges for such Expense Year exceeds the additional rent paid by City for such Expense Year, City shall pay to Landlord (whether or not this Lease has terminated) the difference between the amount of additional rent paid by City and the Additional Charges within thirty (30) days after the receipt of Landlord's Expense Statement. If the total additional rent paid by exceeds the actual Additional Charges for such Expense Year, such excess shall be credited against the next installments of Additional Charges due from City to Landlord hereunder, or refunded to City, at City's option.

#### **4.6 Proration**

If the Commencement Date or Expiration Date shall occur on a date other than the first or last day of a Tax Year or Expense Year, then Real Estate Taxes, Landlord's Insurance Costs, and the Management Fee for the Tax Year or Expense Year in which the Commencement Date or Expiration Date occurs shall be prorated based on a three hundred sixty-five (365)-day year.

#### **4.7 Audits**

City shall have the right, upon not less than ten (10) business days' notice to Landlord, to audit the books and records related to the Management Fee, Landlord's Insurance Costs, and Real Estate Taxes. If such audit discloses any discrepancies which would result in a reduction of Management Fee or Landlord's Insurance Costs for any Expense Year, Landlord shall immediately refund to City the amount of any overpayment by City. City shall pay the cost of such audit, provided that if such audit discloses any discrepancies which result in a reduction of the Management Fee or Landlord's Insurance Costs of five percent (5%) or more for any Expense Year, then Landlord shall pay the costs of such audit.

#### **4.8 Records**

Landlord shall maintain at its offices, in a safe, complete and organized manner all of its records pertaining to this Lease and Real Estate Taxes, the Management Fee, Landlord's Insurance Costs and any other charges paid by City pursuant hereto, for a period of not less than

three (3) years following expiration of the Term. Landlord shall maintain such records on a current basis and in sufficient detail to facilitate adequate audit and review thereof. All such books and records shall be available for inspection, copying and audit by City and its representatives, at City's expense, subject to the provisions of Section 4.7 above. At City's request, Landlord shall delivery copies of such records to City within ten (10) business days; City shall pay the actual costs for copying and delivery.

**5. USE**

**5.1 Permitted Use**

City may use the Premises for the City's central shops, vehicle repair and maintenance, public equipment storage, public programs, general office use and any other purpose commensurate with existing zoning, and the construction of Alterations related to the forgoing, and for no other purposes without prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed.

**5.2 Interference with Access**

Landlord shall provide to City access to the Building and the Premises twenty-four (24) hours per day, seven (7) days per week, together with uninterrupted access thereto to the maximum extent possible, including, without limitation, during any power outages affecting the Premises or any portion of the Building; provided, however, that Landlord may, after consultation with the City's Administrator, interrupt City's access to the Premises or the Building in the event of an immediate threat of the Premises or any portion of the Building being rendered unsafe for human occupancy. If City's use of any of the Premises or access thereto is interrupted as a result of the Premises being rendered unsafe for human occupancy due to Landlord's failure to comply with its obligations under this Lease or for any other reason other than City's (or a Subtenant's) default hereunder, then Landlord shall immediately undertake all necessary steps to correct such condition. In the event such condition continues for five (5) business days and impairs City's ability to carry on its business in the Premises, the Rent payable hereunder shall be abated based on the extent to which such default interferes with City's ability to carry on its business at the Premises. If any such default by Landlord shall continue for thirty (30) days or more after City's use is interrupted and impairs City's ability to carry on its business in the Premises, then City shall have the right, without limiting any of its other rights under this Lease to terminate this Lease, unless Landlord supplies City with evidence reasonably satisfactory to City that City's normal and safe use will be restored within sixty (60) days of the date City's use was interrupted, and such use is actually restored within such 60-day period. Nothing in this Section shall limit City's rights with respect to any disruption due to casualty pursuant to Section 12 (Damage and Destruction) hereof.

**6. PREPARATION OF PREMISES.**

Landlord shall deliver the Premises in broom clean condition, vacant and free of other tenancies and occupants and free of the personal property of Landlord or any previous tenant, provided, that existing furniture, racking, cold storage infrastructure and equipment will be left in place for either the use of or removal by City, in its sole discretion.

**7. ALTERATIONS**

**7.1 Alterations by City**

(a) City shall not make or permit any alterations, installations, additions or improvements (collectively, "Alterations") to the Premises without first obtaining Landlord's

written consent, which Landlord shall not unreasonably withhold or delay. However, the installation of furnishings, fixtures, equipment (including trade fixtures used in the maintenance, repair, storage of vehicles and equipment as well as related supporting functions of the use described in Section 5.1 (Permitted Use)), painting, replacement or installation of flooring surfaces and cosmetic improvements, none of which affect the Building Systems or structural integrity of the Building, shall not constitute Alterations requiring Landlord's consent.

(b) Landlord acknowledges that City intends to construct, at City's cost, certain substantial Alterations to the Premises, which may include, without limitation, (i) reconfiguration of the Building, including but not limited to modifications of or new openings, new roof penetrations, removal of existing walls, or installation of new walls, new windows, doors, structural modifications, or seismic upgrades; (ii) changes or modification of the parking area and loading docks, including but not limited to, installation of ramps or reconfiguration of this area, including removal of loading docks, or changes to the elevations; (iii) changes to the Building Systems; plumbing and electrical, including but not limited to new service, additional panels, outlets or power required to support installed equipment, lighting, drains, pipes, sinks, restrooms; (iv) installation of HVAC systems, filtration systems, building management systems, or any other modifications required, in City's sole discretion to modify the Premises to suit the uses described in Section 5.1 (Permitted Use), and Landlord hereby authorizes City to engage a construction manager, architect and other contractors of City's selection to construct such Alterations (collectively, the "Leasehold Improvements"). City, at its sole cost and expense (except as otherwise specifically set forth herein), and through a general contractor approved by City (the "Contractor"), shall furnish and install within the Premises the Leasehold Improvements, as shown on the Construction Documents finally approved by Landlord pursuant to this Section 7.1 in accordance with the provisions of this Section 7.1(b).

1. Plans and Specifications.

a. Schematic Design Documents; Design Development Documents. City shall cause schematic design plans for the Leasehold Improvements (the "Schematic Design Documents") to be prepared in accordance with the program requirements of City. Based on the Schematic Design Documents as approved by Landlord pursuant to Section 7.1(b)1.c., below, and any adjustments approved by City and Landlord, City or City's construction manager shall cause its architect or space planner approved by City in City's sole and absolute discretion (the "Architect") and its qualified and licensed engineer approved by City in City's sole and absolute discretion (the "Engineer") to prepare and submit to Landlord for its approval plans and specifications expanding in greater detail the representations of the Schematic Design Documents and fixing and describing the size and character of the Leasehold Improvements, including, without limitation, architectural, structural, mechanical, electrical, fire and life safety systems, materials and such other elements as may be appropriate, together with fully developed floor plans, interior elevations, reflected ceiling plans, wall and building sections (collectively, the "Design Development Documents"). The Schematic Design Documents and the Design Development Documents shall be subject to approval by Landlord in accordance with Paragraph 7.1(b)1.c below.

b. Construction Documents. Based on the approved Design Development Documents and any further adjustments approved by Landlord, City or City's construction manager shall cause its Architect and Engineer to prepare and submit to Landlord for its approval final plans, specifications and working drawings for the Leasehold Improvements, setting forth in detail all aspects of the design, function and construction of the Leasehold Improvements, in form sufficient for bidding of all elements of construction, and in conformity with all of the requirements of this Section 7.1 (collectively, the "Construction Documents"). Such Construction Documents shall be subject to approval by Landlord in accordance with Paragraph 7.1(b)1.c, below.

c. Landlord's Approval of Plans. The Schematic Design Documents, Design Development Documents and Construction Documents (and any Change Orders thereto, as described below) shall be subject to approval by Landlord, which approval shall not be unreasonably withheld or delayed, in accordance with the following procedure. After submission of the Schematic Design Documents, Design Development Documents, Construction Documents or proposed Change Order by City to Landlord, Landlord shall have ten (10) days to disapprove any element thereof. If Landlord does so, then Landlord shall notify City within such period of its disapproval and of the revisions that Landlord reasonably requires in order to obtain approval consistent with the terms of this Lease. City shall submit to Landlord documents incorporating the required revisions. Such revisions shall be subject to approval by Landlord, which shall not be unreasonably withheld or delayed. Such revisions shall be deemed approved by Landlord if Landlord fails to notify City of any objection within ten (10) days after receipt of the revision.

d. Change Orders. If following Landlord's approval of the Construction Documents, City requests or is required to make any material change, addition or alteration thereto relating to the design or specifications of the Leasehold Improvement Work ("Change Order"), City shall provide Landlord with proposed plans and specifications with respect to such change, addition or alteration. Any such Change Order shall be subject to Landlord's prior written approval, in accordance with Paragraph 7.1(b)1.c, above. City shall be solely responsible for the cost of the Change Order, including, without limitation, the costs of preparing the plans and specifications relating thereto.

2. Responsibility for Obtaining Permits. City shall have the responsibility for obtaining all governmental permits and approvals required to commence and complete the Leasehold Improvement Work and any other Alterations if applicable, and promptly upon receipt thereof shall deliver copies of all of such permits and approvals to Landlord. Landlord shall, without cost to itself, cooperate with City in securing building and other permits and authorizations needed in connection with any permitted Alterations. Landlord shall not be entitled to any construction or other administrative fee in connection with any Alteration.

3. Construction of Leasehold Improvements. Following Landlord's approval of the Construction Documents, City shall cause the Leasehold Improvements to be constructed and installed in a good and professional manner in accordance with sound building practice and in conformity with the Construction Documents, as revised by any Change Orders, and the terms of this Lease. City shall not have any obligation with respect to any such work other than as provided herein.

4. Cooperation. Landlord shall cooperate at all times with City in bringing about the timely completion of the Leasehold Improvements. Landlord shall resolve any and all disputes between Landlord and City arising out of the construction of the Leasehold Improvements in a manner which shall allow work to proceed expeditiously.

5. Landlord's Duty to Notify City. Landlord shall promptly notify City in writing of (i) any written communication that Landlord may receive from any governmental, judicial or legal authority, giving notice of any claim or assertion that the Premises, Building or Leasehold Improvements fail in any respect to comply with applicable laws, rules and regulations; and (ii) any known material adverse change in the physical condition of the Premises, including, without limitation, any damage suffered as a result of earthquakes.

## 7.2 Title to Improvements

Except for City's Personal Property (as defined in the next Section), all appurtenances, fixtures, improvements, equipment, additions and other property permanently installed in the

Premises as of the Commencement Date or during the Term shall be and remain Landlord's property. City may not remove such property unless Landlord consents thereto.

### **7.3 City's Personal Property**

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

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

### **7.4 Interference by Landlord**

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

## **8. REPAIRS AND MAINTENANCE**

### **8.1 Reserved**

### **8.2 City's Repairs**

Subject to Landlord's repair, maintenance and replacement obligations under Article 9 (Utilities), City shall repair, maintain and/or replace (a) the exterior portions of the Premises including the roof, sidewalk, exterior walls, and Building Systems, (b) 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 (c) the interior portions of the Building, and shall keep the Premises in good working order and in a safe and sanitary condition, except for ordinary wear and tear and damage by casualty fully covered by Landlord's insurance subject to Article 12. City shall perform any such required repairs, maintenance and replacements that are City's responsibility hereunder **(i)** at City's cost, **(ii)** by contractors or mechanics selected by City and reasonably approved by Landlord, **(iii)** so that same shall be at least substantially equal in quality, value and utility to the original work or installation prior to damage thereof, **(iv)** in a manner and using equipment and

materials that will not materially interfere with or impair the operations, use or occupation of the Building or the Building Systems, and (v) in compliance with all applicable Laws, including, without limitation, any applicable contracting requirements under City's Charter and Administrative Code. Landlord shall assign to City any construction warranty or other warranties or guaranties held by Landlord with respect to the Premises or any part or component thereof.

### 8.3 Liens

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

## 9. UTILITIES AND SERVICES

### 9.1 Landlord's Provision of Utilities

Landlord shall be responsible for maintaining the existing main lines for electricity, gas, water and sewer utilities to the Building in a good condition. Without limiting Landlord's obligations hereunder, Landlord shall provide such maintenance in a manner consistent with such utilities and services normally provided in other buildings similar to the Building in the San Francisco Bayview District.

### 9.2 Services

#### (a) Janitorial Service

City shall provide, at City's cost, janitorial service to the Premises.

#### (b) HVAC

City shall maintain, throughout the term of the Lease, a service contract with a licensed and qualified contractor for maintenance of heating, ventilation and air conditioning ("HVAC") at City's sole cost. The scope of such services shall be in accordance with the requirements of Exhibit C and Title 8 California Code of Regulations, Chapter 4. Division of Industrial Safety, Subchapter 7. General Industry Safety Orders, Group 16. Control of Hazardous Substances, Article 107. Dusts, Fumes, Mists, Vapors and Gases Section 5142, Mechanically Driven Heating, Ventilating and Air Conditioning (HVAC) Systems to Provide Minimum Building Ventilation. City, at City's option, shall have the right to also (i) perform such service with qualified City personnel, or (ii) request that Landlord, at City's cost, engage Landlord's contractor to provide the services described herein, which shall be treated as an Additional Service as described below.

#### (c) Additional Services

City reserves the right to request that the Landlord, at City's sole cost, perform minor Lease related services or incur additional expenses not covered under this Lease from time to time, as reasonably requested by the City and approved by the Real Estate Division, acting through the Director of Property or his or her designee. If Landlord, in its sole discretion, agrees to perform such services or incur such additional expenses, which shall be capped at \$2,500 per month, City shall reimburse Landlord for the pre-approved cost for such expenses as Additional

Charges within thirty (30) days after receipt of Landlord's estimate for such service or expense, which cost may include a three (3%) percent Landlord administrative fee. Landlord shall provide an invoice for the actual cost of the service or expense, including reasonable backup documentation, as promptly as possible, and any difference between the estimated and actual cost will be subject to true-up adjustment pursuant to Section 4.3.

### **9.3 Disruption in Essential Utilities or Services**

In the event of any failure, stoppage or interruption of any utilities or services to be furnished by Landlord hereunder, City shall immediately notify Landlord of such failure, stoppage or interruption, and Landlord shall diligently attempt to restore service as promptly as possible and shall keep City apprised of its efforts. In the event Landlord is unable to supply any of the Building's sanitary, electrical, water or other essential services serving the Premises pursuant to Section 9.1 (collectively, "Essential Services") and such inability of Landlord impairs City's ability to carry on its business in the Premises for (i) a period of three (3) or more business days if such failure is in the reasonable control of Landlord or (ii) a period of one hundred twenty (120) or more consecutive business days if such failure is not within the reasonable control of Landlord, then the Rent shall be abated based on the extent such inability of Landlord impairs City's ability to carry on its business in the Premises. At City's election but only with Landlord's written approval, not to be unreasonably withheld, City shall have the option to provide such services and offset the reasonable cost thereof against the Rent next due under this Lease. Such abatement, or right to provide the services and offset against Rent, shall continue until the Essential Services have been restored so that the lack of any remaining services no longer materially impairs City's ability to carry on its business in the Premises. Landlord shall use commercially reasonable efforts to restore disrupted Essential Services as soon as possible. However, if such failure to provide any Essential Services continues for any reason for over hundred twenty (120) days and such failure interferes with City's ability to carry on its business in the Premises, then City may, without limiting any of its other rights or remedies hereunder or at law or in equity, terminate this Lease upon written notice to Landlord, unless Landlord supplies City with evidence reasonably satisfactory to City that the Essential Services will be restored within sixty (60) days of the date of City's notice of termination, and the Essential Services are actually restored within such 60 day period. City shall not be entitled to any abatement of Rent or right to terminate if Landlord's inability to supply Essential Services to City is due to the acts, omissions or negligence of City and its Agents at the Premises.

## 10. COMPLIANCE WITH LAWS; PREMISES CONDITION

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

Landlord represents and warrants to City, and covenants with City, as follows: (i) Landlord has good and marketable title to the Premises, (ii) there are no property defects or conditions which would affect the City's intended use of the Premises, (iii) Landlord has no knowledge of any hazardous materials or contaminations in or about the Premises. Landlord shall at all times during the Term perform its obligations under this Lease, at its cost, in compliance with applicable present or future federal, state, local and administrative laws, rules, regulations, orders and requirements (collectively, "Laws"), including, without limitation, Disabilities Laws, Seismic Safety Laws, and Life Safety Laws. Subject to the forgoing and all other express representations and warranties provided explicitly in this Lease, Tenant acknowledges and agrees that the Premises are being leased and accepted in their "as is" condition. Without limiting Section 16.2 (Landlord's Indemnity), Landlord shall Indemnify City against any and all Claims arising out of any misrepresentation by Landlord under this Section.

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

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

### 10.3 City's Compliance with Insurance Requirements

City shall not conduct any use in or about the Premises that would: (a) invalidate or be in conflict with any fire or other casualty insurance policies covering the Building or any property located therein, (b) result in a refusal by fire insurance companies of good standing to insure the Building or any such property in amounts reasonably satisfactory to Landlord or the holder of any mortgage or deed of trust encumbering the Building, (c) cause an increase in the fire insurance premium for the Building unless City agrees to pay such increase, or (d) subject Landlord to any liability or responsibility for injury to any person or property by reason solely of any business operation being conducted by City in the Premises; provided, however, Landlord shall provide City with reasonable prior written notice of any applicable insurance requirements and no such insurance requirements shall materially and adversely interfere with City's normal business in the Premises.

## 11. SUBORDINATION

(a) Without the necessity of any additional document being executed by City for the purpose of effecting a subordination, and subject to subsection (b) below, this Lease shall be subject and subordinate at all times to the following (each an "Encumbrance"): (a) any reciprocal easement agreements, ground leases or other underlying leases that may hereafter be executed affecting Landlord's interest in the Property, or any portion thereof, and (b) the lien of any mortgages or deeds of trust and renewals, modifications, consolidations, replacements and extensions of any of the foregoing that may hereafter be executed by Landlord in any amount for

which any part of the Property, any ground lease or underlying lease, or Landlord's interest or estate therein is subject. Notwithstanding the foregoing, if the ground lessor, mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have City's interest in this Lease be superior to any such instrument, then upon notice thereof to City, this Lease shall be deemed superior, whether this Lease was executed before or after the date of said instrument or the recording thereof. At City's request, the holder of the Encumbrance shall enter into a subordination and nondisturbance agreement with City in a form reasonably acceptable to City evidencing such subordination or superiority of this Lease.

(b) In the event any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, or in the event any ground lease or underlying lease to which this Lease is subordinate is terminated, this Lease shall not be barred, terminated, cut off, or foreclosed nor shall the rights and possession of City hereunder be disturbed if City shall not then be in default in the payment of rental or other sums due hereunder or otherwise be in default under the terms of this Lease, and as a condition to City's subordination under Section 11(a) above, any Encumbrance shall provide for the foregoing. City shall attorn to and become the tenant of the successor-in-interest to Landlord, provided that City has received proper written notice of such succession and the name and address of the successor landlord. City's covenant under subsection (a) above to subordinate this Lease to any Encumbrance or other hypothecation hereafter executed is conditioned upon each such senior instrument containing the commitments specified in this subsection (b). The provisions of this Section shall be self-operative and no further instrument shall be required other than as provided in this Section. City agrees, however, to execute upon request by Landlord and in a form reasonably acceptable to City, any additional documents evidencing the priority or subordination of this Lease with respect to any such Encumbrance as provided herein.

## 12. DAMAGE AND DESTRUCTION

### 12.1 Minor Damage

If the Premises, the Building or any Building Systems are damaged by fire or other casualty not principally resulting from any willful or negligent act or omission of City, its Agents or its Invitees, such that less than 33% of the Premises is deemed to not be of beneficial use to the City, Landlord shall repair the same without delay (and if Landlord is then carrying insurance on the Alterations or if City at its sole option makes funds available to Landlord, Landlord shall also repair the Alterations), provided that such repairs can be made under applicable laws within sixty (60) days after Landlord obtains all necessary permits for such repairs but not later than two hundred ten (210) days after the date of such damage (the "Repair Period"). In such event, this Lease shall remain in full force and effect, except that City shall be entitled to an abatement of Rent while such repairs are being made. Such abatement in Rent shall be based upon the extent to which such damage and the making of such repairs interfere with City's business in the Premises. Landlord's repairs shall not include, and the Rent shall 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 or Invitees.

Within twenty (20) days after the date of such damage, Landlord shall notify City whether or not, in Landlord's reasonable judgment made in good faith, such repairs can be made within the Repair Period ("Repair Notice"). If such repairs cannot be made within the Repair Period, then City may, by written notice, given within thirty (30) days after the date of receipt of the Repair Notice, terminate this Lease as of the date specified in City's notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given by City. In case of termination, the Rent shall be reduced by a proportionate amount based upon the extent to which such damage interferes with the conduct of City's business in the Premises, and City shall pay

such reduced Rent up to the date of termination. Landlord shall refund to City any Rent previously paid for any period of time subsequent to such date of termination.

## 12.2 Major Damage

If the Premises, the Building or any Building Systems are damaged by fire or other casualty not principally resulting from any willful or negligent act or omission of City, its Agents or its Invitees, such that 33% or more of the Premises is deemed to not be of beneficial use to the City, Landlord shall repair the same without delay (and if Landlord is then carrying insurance on the Alterations or if City at its sole option makes funds available to Landlord, Landlord shall also repair the Alterations), provided that such repairs can be made under applicable laws within sixty (60) days after Landlord obtains all necessary permits for such repairs but not later than seven hundred and thirty (730) days after the date of such damage (the "Major Repair Period"). In such event, this Lease shall remain in full force and effect, except that City shall be entitled to an abatement of Rent while such repairs are being made. Such abatement in Rent shall be based upon the extent to which such damage and the making of such repairs interfere with City's business in the Premises. Landlord's repairs shall not include, and the Rent shall 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 or Invitees.

Within forty five (45) days after the date of such damage, Landlord shall notify City whether or not, in Landlord's reasonable judgment made in good faith, such repairs can be made within the Major Repair Period ("Major Repair Notice"). If such repairs cannot be made within the Major Repair Period, then City may, by written notice, given within thirty (30) days after the date of receipt of the Major Repair Notice, terminate this Lease as of the date specified in City's notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given by City. If such repairs cannot be made within one thousand and ninety five (1,095) days, then Landlord may, by written notice, given within thirty (30) days after the date of such damage, terminate this Lease as of the date specified in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given by City.

In case of termination, the Rent shall be reduced by a proportionate amount based upon the extent to which such damage interferes with the conduct of City's business in the Premises, and City shall pay such reduced Rent up to the date of termination. Landlord shall refund to City any Rent previously paid for any period of time subsequent to such date of termination.

## 12.3 Rights and Obligations; Waiver

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

## 13. EMINENT DOMAIN

### 13.1 Definitions

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

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

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

### **13.2 General**

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

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

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

### **13.4 Partial Taking; Election to Terminate**

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

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

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

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

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

### **13.6 Partial Taking; Continuation of Lease**

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

### **13.7 Temporary Taking**

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

## **14. ASSIGNMENT AND SUBLETTING**

### **14.1 Assignment; Subletting**

Except as provided in Section 14.2 below, City shall not directly or indirectly sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder or permit all or any portion of the Premises to be occupied by anyone other than itself or sublet all or any portion of the Premises, without Landlord's prior written consent in each instance, which shall not be unreasonably withheld or delayed. If Landlord consents to a sublease or assignment of fifty one percent (51%) or more of City's interest in the Premises to a third party, fifty percent (50%) of any rent that City receives under such assignment or sublease in excess of the Base Rent and Additional Charges payable hereunder (or the amount thereof proportionate to the portion of the Premises subject to such assignment or sublease) shall be paid to Landlord after City first recovers any costs it incurs in connection with such assignment or sublease. Landlord's consent to any assignment or sublease of City's interest in this Lease or the Premises shall not release City of its obligations under this Lease. Should City desire to sublease in excess of fifty one percent (51%) of the property, Landlord shall have the right to recapture the premises, provided that Landlord provides ninety (90) days' notice of its election to exercise its recapture right concurrently with its approval of said sublease or assignment.

### **14.2 Permitted Transfers**

Notwithstanding the forgoing, City shall have the right from time to time, upon notice to but without the consent of Landlord, to transfer this Lease or use and occupancy of all or any of the Premises for the uses permitted under this Lease to any (i) department, commission, or agency of City, or (ii) non-profit organization, if City provides funds to such non-profit organization for such uses. Any transfer by City to a non-profit organization pursuant to the foregoing sentence shall not release City from its obligations under this Lease. The sublease or assignment of all or any part of Premises to any City Departments, non-profits, vendors or contractors of City shall not be subject to Landlord approval and shall not entitle Landlord to any profit participation under Section 14.1.

## **15. DEFAULT; REMEDIES**

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

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

(a) City's failure to make any timely payment of Rent and to cure such nonpayment within five (5) business days after receipt of written notice thereof from Landlord of the date due, provided that for the first two (2) monthly payments of Rent at the beginning of the Term and for the first monthly payment of Rent after the beginning of each new fiscal year for City, City shall have twenty (20) days to cure any such nonpayment after written notice thereof from Landlord.

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

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

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

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

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

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

### **15.3 Landlord's Default**

If Landlord fails to perform any of its obligations under this Lease, then (without limiting any of City's other cure rights under this Lease) City may, at its sole option, cure such default at Landlord's expense if such default continues after ten (10) days from the date City gives notice to Landlord of City's intention to perform such cure. However, in the case of a default which for causes beyond Landlord's control (excluding any financial inability to perform) cannot with due diligence be cured within such ten (10)-day period, such ten (10)-day period shall be extended if Landlord, promptly upon receipt of City's notice, advises City of Landlord's intention to take all steps required to cure such default, and Landlord promptly commences such cure and diligently prosecutes the same to completion. Subject to the other provisions of this Lease relating to abatement of Rent, if Landlord fails to cure any default within the cure period provided above, then, whether or not City elects to cure Landlord's default as provided herein, the Base Rent and

any other charges hereunder shall be abated based on the extent to which such default interferes with City's ability to carry on its business at the Premises. Notwithstanding the foregoing, if any such default by Landlord continues for sixty (60) days and impairs City's ability to carry on its business in the Premises, then City shall have the right to terminate this Lease upon written notice to Landlord within thirty (30) days after the expiration of such sixty (60)-day period. City's rights hereunder and under Section 3.3 (Delay in Delivery of Possession), Section 5.2 (Interference with Access), and Section 9.4 (Disruption in Essential Services), shall not limit in any way any of its other rights and remedies hereunder or at law or in equity.

## **16. INDEMNITIES**

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

City shall indemnify, defend and hold harmless ("Indemnify") Landlord and its Agents from and against any and all claims, costs and expenses, including, without limitation, reasonable attorneys' fees (collectively, "Claims"), incurred as a result of (a) City's use of the Premises, (b) any default by City in the performance of any of its material obligations under this Lease, or (c) any negligent acts or omissions of City or its Agents in, on or about the Premises or the Property; provided, however, City shall not be obligated to Indemnify Landlord or its Agents to the extent any Claim arises out of the negligence or willful misconduct of Landlord or its Agents. In any action or proceeding brought against Landlord or its Agents by reason of any Claim Indemnified by City hereunder, City may, at its sole option, elect to defend such Claim by attorneys in City's Office of the City Attorney, by other attorneys selected by City, or both. City shall have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that Landlord shall have the right, but not the obligation, to participate in the defense of any such Claim at its sole cost. City's obligations under this Section shall survive the termination of the Lease.

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

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

## **17. INSURANCE**

### **17.1 City's Self-Insurance**

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

## 17.2 Landlord's Insurance

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

In addition, Landlord shall procure and keep in effect at all times during the Term insurance as follows: **(a)** Commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse and underground (XCU); and **(b)** Worker's Compensation Insurance with Employer's Liability Limits not less than One Million Dollars (\$1,000,000) each accident. All insurance policies required to be maintained by Landlord hereunder shall be endorsed to provide for thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to Landlord.

The actual costs of all insurance policies required to be maintained by Landlord hereunder ("Landlord Insurance Costs") shall be reimbursed by City under this Lease as Additional Rent.

## 17.3 Waiver of Subrogation

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

## 18. ACCESS BY LANDLORD

Landlord reserves for itself and any designated Agent the right to enter the Premises at all reasonable times and, except in cases of emergency (in which event Landlord shall give any reasonable notice), after giving City at least twenty four (24) hours' advance written or oral notice, for the purpose of **(a)** inspecting the Premises, **(b)** supplying any service to be provided by Landlord hereunder, **(c)** showing the Premises to any prospective purchasers, mortgagees or, during the last nine (9) months of the Term of this Lease, tenants, **(d)** posting notices of non-responsibility, and **(e)** altering, improving or repairing the Premises and any portion of the Building, and Landlord may for that purpose erect, use and maintain necessary structures in and through the Premises where reasonably required by the character of the work to be performed, provided that the entrance to the Premises shall not be blocked thereby, and further provided that City's use shall not be unreasonably interfered with.

**19. ESTOPPEL CERTIFICATES**

Either party, from time to time during the Term upon not less than ten (10) days' prior written notice from the other party, may reasonably request the other party to execute, acknowledge and deliver to such persons or entities designated by such other party a certificate stating: (a) the Commencement Date and Expiration Date of this Lease, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, this the Lease is in full force and effect as modified and stating the modifications), (c) that there are no defaults under this Lease (or if so, specifying the same), and (d) the date to which Rent has been paid.

**20. SURRENDER OF PREMISES**

Upon the expiration or sooner termination of this Lease, City shall surrender the Premises to Landlord in good order and condition, broom clean and free of debris, in good operating order, condition and state of repair reasonable use and wear and damage by fire or other casualty excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good and ordinary maintenance practices. City shall remove from the Premises on or prior to the Expiration Date all of City's Personal Property, trade fixtures, City's telecommunications, data and computer facilities, hazardous substances brought onto the Premises by or for the City and any Alterations City desires to remove from the Premises, provided, that at Landlord's written notice prior to expiration of the Term, City will not remove any HVAC equipment or systems installed by it. City shall repair or pay the cost of repairing any damage to the Premises or the Building resulting from such removal. Notwithstanding anything to the contrary in this Lease, City shall not be required to demolish or remove from the Premises any Alterations, including without limitation any Leasehold Improvements. City's obligations under this Section shall survive the expiration or earlier termination of this Lease.

**21. HAZARDOUS MATERIALS**

**21.1 Definitions**

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

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

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

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

## 21.2 Landlord's Representations and Covenants

Landlord represents and warrants to City that, to 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, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except for the use of such substances in such limited quantities as are customarily used in offices, which limited use has been and is in compliance with Environmental Laws; (c) the Property does not consist of any landfill or contain any underground storage tanks; (d) the Building does not consist of any asbestos-containing materials or building materials that contain any other Hazardous Material, nor do the Premises or the common areas of the Building contain any lead-based paints; (e) there has been and is no Release of any Hazardous Material in the Building or in, on, under or about the Property; and (f) the Property is not subject to any claim by any governmental regulatory agency or third party related to the Release of any Hazardous Material, and there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in the Building or in, on, under or about the Property, or the migration of Hazardous Material from or to other real property. Subject to City's obligations under this Section below, Landlord shall maintain the Property throughout the Term in compliance with all Environmental Laws that could affect the health, safety and welfare of City's employees or City's use, occupancy or enjoyment of the Premises for their intended purposes.

## 21.3 Landlord's Environmental Indemnity

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

## 21.4 City's Covenants

Neither City nor its Agents or Invitees shall cause any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or the Property, or transported to or from the Premises or the Property, in violation of any Environmental Laws, provided that City may use such substances in such limited amounts as are customarily used for office purposes, to store vehicles and to operate a vehicle repair and maintenance shop, public equipment storage, public programs, and in connection with such uses may use substances such as cleaning fluids, gasoline, diesel, oil, coolant, brake fluid and other vehicle fluids, paints and solvents, so long as such use is in compliance with all applicable Environmental Laws.

## 21.5 City's Environmental Indemnity

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

## 22. SPECIAL PROVISIONS

### 22.1 Right of First Refusal to Purchase

In the event Landlord desires to sell the property (without any obligation to do so), City shall be offered the first opportunity to purchase property pursuant to the terms attached hereto as Exhibit C.

### 22.2 Existing Lease Termination

Landlord shall be responsible for all costs associated with the termination of any existing leases of the Premises.

## 23. GENERAL PROVISIONS

### 23.1 Notices

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

### 23.2 No Implied Waiver

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

### 23.3 Amendments

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Whenever this Lease requires or permits the giving by City of its consent or

approval, the Director of Property, or his or her designee, shall be authorized to provide such approval, except as otherwise provided by applicable law, including the Charter of the City and County of San Francisco. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to the mutual written agreement of City and Landlord, and City's agreement may be made upon the sole approval of the Director of Property, or his or her designee; provided, however, material amendments or modifications to this Lease (a) changing the legal description of the Premises, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Premises from the use authorized under Section 5.1 of this Lease, and (e) any other amendment or modification which materially increases City's liabilities or financial obligations under this Lease shall additionally require the approval of City's Board of Supervisors.

#### **23.4 Authority**

Landlord represents and warrants to City that the execution and delivery of this Lease by Landlord has been duly authorized and does not violate any provision of any agreement, law or regulation to which Landlord or the Property is subject.

#### **23.5 Parties and Their Agents; Approvals**

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

#### **23.6 Interpretation of Lease**

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

#### **23.7 Successors and Assigns**

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

**23.8 Brokers**

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

**23.9 Severability**

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

**23.10 Governing Law**

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

**23.11 Entire Agreement**

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

**23.12 Attorneys' Fees**

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

incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees were incurred. The term "costs" shall mean the costs and expenses of counsel to the parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

**23.13 Holding Over**

Should City hold over in possession of the Premises after the expiration of the Term with Landlord's consent, such holding over shall not be deemed to extend the Term or renew this Lease, but such tenancy thereafter shall continue as a month-to-month tenancy. Such tenancy shall be on all the terms and conditions set forth in this Lease, except that the monthly Base Rent during the holdover period shall be one hundred twenty percent (120%) of the monthly Base Rent in effect during the last month of the Term of this Lease, or such other rental as Landlord and City may mutually agree in writing as a condition to Landlord's consent to such holding over, and City shall continue as a month-to-month tenant until the tenancy shall be terminated by Landlord giving City or City giving Landlord at least thirty (30) days' prior written notice of termination. Cumulative Remedies

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

**23.14 Time of Essence**

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

**23.15 Survival of Indemnities**

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

**23.16 Signs**

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

**23.17 Quiet Enjoyment and Title**

Landlord covenants and represents that it has full right, power and authority to grant the leasehold estate hereunder, and covenants that City, upon paying the Rent hereunder and performing the covenants hereof, shall peaceably and quietly have, hold and enjoy the Premises and all appurtenances during the full Term of this Lease as against all persons or entities claiming by and through Landlord or on account of any action, inaction or agreement of

Landlord or its Agents. Landlord further represents and warrants that there are no property defects or conditions which would affect City's intended use of the Premises and there are no Encumbrances on the Premises as of the Lease Reference Date. Without limiting the provisions of Section 16.2 (Landlord's Indemnity), Landlord agrees to Indemnify City and its Agents against Claims arising out of any assertion that would interfere with City's right to quiet enjoyment as provided in this Section.

**23.18 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. Landlord and City agree that City's leasehold estate created hereby includes, without limitation, all rights to receive and enjoy all services, facilities and amenities of the Premises and the Building as provided herein, and that if any of such services, facilities or amenities are terminated, or materially limited or restricted on account of any such case or proceeding, or for any other reason, City shall have the right to (a) contract directly with any third-party provider of such services, facilities or amenities to obtain the same, and (b) offset against the Base Rent or other charges payable hereunder any and all reasonable costs and expenses incurred by City in obtaining such services, facilities or amenities.

**23.19 Transfer of Landlord's Interest**

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

**23.20 Non-Liability of Officials, Employees, Agents and Others**

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

**23.21 MacBride Principles - Northern Ireland**

The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Landlord acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

**23.22 Controller's Certification of Funds**

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

**23.23 Prevailing Wages for Construction Work**

Landlord agrees that any person performing labor in the construction of improvements or repair or maintenance on the Premises, if any, which Landlord provides under this Lease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Landlord shall include, in any contract for construction of such improvements to the Premises, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Landlord shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing labor in the construction of any improvements to the Premises.

**23.24 Non Discrimination in City Contracts and Benefits Ordinance**

**(a) Covenant Not to Discriminate**

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

**(b) Subcontracts**

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

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

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

**(d) CMD Form**

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

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

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of property to City are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. Landlord shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Landlord understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Landlord and/or deducted from any payments due Landlord.

**23.25 Tropical Hardwood and Virgin Redwood Ban**

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

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

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

### **23.26 Bicycle Parking Facilities**

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

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

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

### **23.28 Counterparts**

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

### **23.29 Effective Date**

The date on which this Lease shall become effective (the "Effective Date") is the date upon which (a) City's Mayor and Board of Supervisors, in their sole and absolute discretion, adopt a resolution approving this Lease in accordance with all applicable laws and (b) this Lease is duly executed by the parties hereto.

### **23.30 Memorandum of Lease**

On the Effective Date, Landlord and City shall execute the memorandum of lease in the form attached hereto as Exhibit D (the "Memorandum of Lease"), and Landlord shall cause the Memorandum of Lease to be recorded in the Official Records of the City and County of San Francisco within two (2) business days thereafter. Upon termination of the Right of First Refusal, City shall execute in recordable form such documents as reasonably requested by Landlord to establish that the Property is no longer subject to the Right of First Refusal.

### **23.31 Sunshine Ordinance**

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

### **23.32 Conflicts of Interest**

Through its execution of this Lease, Landlord acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 *et seq.* and Section 1090 *et seq.* of the Government Code of the State of California, and certifies that it does not know of any

facts which would constitute a violation of said provisions, and agrees that if Landlord becomes aware of any such fact during the Term of this Lease, Landlord shall immediately notify City.

### **23.33 Notification of Limitations on Contributions**

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

### **23.34 Preservative-Treated Wood Containing Arsenic**

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

### **23.35 Cooperative Drafting**

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

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING CONSUMMATION OF THE

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

[SIGNATURES ON FOLLOWING PAGE]

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

LANDLORD:

FOUR FIFTY TOLAND, LLC  
a California Limited Liability Company

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

Its: Manager

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

Its: Manager

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

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

JOHN UPDIKE  
Director of Property

RECOMMENDED:

\_\_\_\_\_  
*[Department Authority]*

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

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

Deputy City Attorney

**EXHIBIT A**

**FLOOR PLAN(S)**

CONSISTING OF \_\_\_\_\_ PAGE(S)

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**EXHIBIT B**

**NOTICE OF COMMENCEMENT DATE**

[Date]

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

RE: Acknowledgement of Commencement Date, Lease Between \_\_\_\_\_  
(Landlord), and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises  
known as \_\_\_\_\_ located at \_\_\_\_\_

Dear Mr. Updike:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as  
defined in Section 3.2 of the Lease) is \_\_\_\_\_, 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: \_\_\_\_\_  
John Updike  
Director of Property

Dated: \_\_\_\_\_

**Exhibit C****Right of First Refusal to Purchase.**

In the event Landlord should decide to sell the property containing the Premises (the "Property") during the Term of the Lease, or if Landlord receives an offer to purchase the Property, Landlord shall first offer the Property to the City at the purchase price that the Property will be offered to the real estate market or contained in the prior offer, as applicable. Said purchase price shall be contained in a written notice ("Sale Notification") from Landlord to City and said purchase price shall be subject to adjustment as provided below. The City shall have thirty (30) days from the Sale Notification date by Landlord to submit (i) an offer to purchase at the price contained in the notice or (ii) counteroffer at a lesser price and otherwise upon the other business terms contained herein.

City's offer to purchase shall be subject to the approval of the Board of Supervisors and the Mayor within sixty (60) days of execution of a purchase agreement on City's standard form that provides for the City to purchase the Property on the terms herein (the "Purchase and Sale Agreement"), the title company being willing to issue ALTA Title Insurance acceptable to City, and in the event of a purchase in excess of \$5,000,000, City's successful issuance of debt to fund the purchase.

Within seven (7) days of the execution of a Purchase and Sale Agreement, Landlord shall deliver copies of all reports, appraisals and other documents in Landlord's possession reasonably necessary to City's due diligence investigation, not previously delivered to City. Landlord shall cooperate with the City in its due diligence investigation.

Close of escrow shall occur on or before thirty (30) days from the date of City's notice of the approval by City's Board of Supervisors and Mayor of the purchase.

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

- (i) a grant deed conveying ALTA insurable title subject only to taxes not yet due and payable, and other exceptions acceptable to City,
- (ii) a bill of sale for all personal property on the Property, and
- (iii) a written disclosure of all known facts (including any and all property inspection reports) which would affect the marketability or City's intended use of the Property.

This right of first refusal shall terminate and Landlord shall be free to sell the Property to any person whomever and upon any terms whatsoever without any obligation to City if: (a) City does not agree to purchase the property upon purchase price contained in the Notification and does not make any counter offer within the thirty (30) day period; (b) after agreeing to purchase the property upon the purchase price contained in the Notification (or any counter offer duly accepted by Landlord), City fails to obtain any required approvals or funding, or to close escrow, within the

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deadlines set forth herein. If, however, City while not accepting the purchase price set forth in the Sale Notification, has made an all- cash- on – closing counter offer (the "City's Counter Offer") within the thirty (30) day period that has not been accepted by Landlord, then Landlord may sell the property, free of any claim of City, to any potential buyer who is willing to pay a gross purchase price (an amount determined without regard to any brokerage commission liability, but reduced by any Landlord credits or give backs to the potential buyer for such items as existing building conditions or improvements herein after to referred to as "Gross Purchase Price") exceeding the amount of City's Counter Offer.

In the event Landlord is unable to sell the Property for more than the City Counter Offer, Landlord shall deliver another Sale Notification with a reduced purchase price and the above procedure for City's right of first refusal shall be repeated.

This right of first refusal shall terminate and be of no further effect if a sale of the Property to an arm's length third party is consummated in accordance with the foregoing provisions. If Landlord sells or otherwise transfers the Property to a third party, Landlord must deliver to City an express assumption of all of Landlord's obligations under this Lease fully executed by the proposed transferee and in a form reasonably acceptable to City.

**EXHIBIT D**

**FORM OF MEMORANDUM OF LEASE**

RECORDING REQUESTED BY, AND  
WHEN RECORDED, MAIL TO:

City and County of San Francisco  
Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Attn: Director of Property

Exempt from recording fees pursuant to Government  
Code Section 27383.

Documentary Transfer Tax: NONE – Exempt pursuant  
to San Francisco Business and Tax Regulations Code  
Section 1105

(Space above this line reserved for Recorder's use only)

**MEMORANDUM OF LEASE**

This Memorandum of Lease ("Memorandum"), dated for reference purposes as of \_\_\_\_\_, 20\_\_, is by and between \_\_\_\_\_, a California [corporation/limited liability company] ("Landlord"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City").

**Recitals**

A. Concurrently herewith, Landlord and City have entered into that certain Lease, dated \_\_\_\_\_, 2015 (the "Lease"), pursuant to which Landlord leased to City and City leased from Landlord the real property more particularly described in the attached Exhibit A (the "Property"), which is incorporated by this reference.

B. The Lease provides City a right of first refusal to purchase the Property (the "Right of First Refusal") on the terms specified in Section 22 of the Lease.

C. Landlord and City desire to execute this Memorandum to provide constructive notice of the Lease and the Right of First Refusal to all third parties, and all of the terms and conditions of the Lease are incorporated herein by reference as if they were fully set forth herein and reference is made to the Lease itself for a complete and definitive statement of the rights and obligations of Landlord and Tenant thereunder.

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Term. Pursuant to the terms of the Lease, Landlord leased the Property to City for a term commencing on the date Landlord delivers possession of the Property to City as set forth in the Lease. The Term of the Lease shall expire on December 14, 2025, subject to two

(2) five (5)-year options to extend (subject to the terms and conditions of the Lease), unless earlier terminated in accordance with the terms of the Lease.

2. Lease Terms. The lease of the Property to City is made pursuant to the Lease, which is incorporated in this Memorandum by reference. This Memorandum shall not be deemed to modify, alter or amend in any way the provisions of the Lease. In the event any conflict exists between the terms of the Lease and this Memorandum, the terms of the Lease shall govern. Except as otherwise defined in this Memorandum, capitalized terms shall have the meanings given them in the Lease.

3. Successors and Assigns. This Memorandum and the Lease shall bind and inure to the benefit of the parties and their respective heirs, successors, and assigns, subject, however, to the provisions of the Lease.

IN WITNESS WHEREOF, Landlord and City have executed this Memorandum of Lease as of the day and year first above written.

LANDLORD:

\_\_\_\_\_  
a California [corporation/limited liability company]

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

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

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

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

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation,

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

JOHN UPDIKE  
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA  
City Attorney

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

Deputy City Attorney

[ALL SIGNATURES MUST BE NOTARIZED]

**EXHIBIT A**

**Legal Description of Property**





# SAN FRANCISCO PLANNING DEPARTMENT

## General Plan Referral

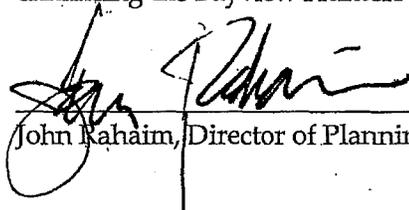
*Date:* November 5, 2015  
*Case No.* 2015-013598GPR  
SFPUC Central Shops Relocation and Land Transfer Project  
(1975 Galvez Avenue, 555 Selby Street, 450 Toland Street)

*Block/Lot No.:* 5250/016  
*Project Sponsor:* Yinlan Zhang  
San Francisco Public Utilities Commission  
525 Golden Gate Avenue, 6<sup>th</sup> Floor  
San Francisco, CA 94102

*Applicant:* Same as Above

*Staff Contact:* Lisa Fisher – (415) 558-6308  
[lisa.fisher@sfgov.org](mailto:lisa.fisher@sfgov.org)

*Recommendation:* Finding the project, on balance, is in conformity with the General Plan, with three main areas for further enhancing the Bayview Hunters Point Area Plan

*Recommended By:*   
John Kahaim, Director of Planning

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

### PROJECT DESCRIPTION

The proposed Project involves the relocation of the City's General Services Administration (GSA)'s Central Fleet Maintenance Shop (Central Shops) from 1800 Jerrold Avenue, to help meet the San Francisco Public Utilities Commission's need for additional space to support its adjacent Southeast Water Pollution Control Plan (SEP). The two entities have agreed to a jurisdictional transfer of the 1800 Jerrold Street to the SFPUC and the relocation of Central Shops to two sites: 1975 Galvez / 555 Selby Street (to be purchased) and a 10-year lease of 450 Toland Street by GSA using SFPUC funds.

The project at 1975 Galvez / 555 Selby Street will include the demolition of existing structures and the development of a new building for GSA's heavy equipment repair. The lease of Toland Street will include improvements to existing structures to use for GSA's lighter equipment repair. Public Works has prepared a preliminary design that prescribes the limits of the proposed Central Shops in terms of maximum dimensions, bulk, height, and usable

space. Once the purchase agreements, construction agreements, and lease have been approved by the Board of Supervisors, a developer engaged by GSA would carry out the design and construction without exceeding the limits.

The submittal is for a General Plan Referral to recommend whether the Project is in conformity with the General Plan, pursuant to Section 4.105 of the Charter, and Section 2A.52 and 2A.53 of the Administrative Code.

### ENVIRONMENTAL REVIEW

The project was determined to be categorically exempt under CEQA Guidelines Section 15332 on 10/28/15 (Planning Record No. 2015-004781ENV).

### GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The Project is the City's proposed jurisdictional transfer, lease, and redevelopment of three total sites to be used as its Central Shops. The Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 from the City's General Plan, as well as other specific policies, all of which are described in the body of this letter. It is also mainly on balance and in conformity with the Bayview Hunters Point Area Plan. Several of its key objectives and policies are highlighted below, some of which are set to be met by the current Project and some of which will require further attention in the next stages of the project development. The entire Area Plan may be accessed on the Planning Department website:

[http://www.sf-planning.org/ftp/general\\_plan/Bayview\\_Hunters\\_Point.htm#BHP\\_LUS\\_1\\_5](http://www.sf-planning.org/ftp/general_plan/Bayview_Hunters_Point.htm#BHP_LUS_1_5)

### CITY OF SAN FRANCISCO GENERAL PLAN, COMMERCE AND INDUSTRY ELEMENT

[http://www.sf-planning.org/ftp/General\\_Plan/12\\_Commerce\\_and\\_Industry.htm#CAI\\_IND\\_4\\_10](http://www.sf-planning.org/ftp/General_Plan/12_Commerce_and_Industry.htm#CAI_IND_4_10)

**POLICY 2.1: Seek to retain existing commercial and industrial activity and to attract new such activity to the city.**

*The proposed project is retaining its current industrial use and employment numbers as it relocates within the same neighborhood PDR zone, which is called for in the General Plan. The Plan seeks for new development to help achieve better transportation access, parking, room for expansion, security and a pleasant neighborhood environment for employees to work in.*

**POLICY 4.7: Improve public and private transportation to and from industrial areas.**

*It is important that industrial job centers are accessible by a wide range of suitable employees via public transportation services. Currently many industrial areas are inadequately served by public transportation*

*routes and transit times from surrounding residential areas are prohibitive. Improved transit service would reduce pressure for private vehicle ownership and parking problems around the project.*

**POLICY 4.10: Enhance the working environment within industrial areas.**

*Public efforts to enhance the environment of industrial areas should also be pursued to influence the attractiveness and appeal of industrial neighborhoods. The promotion of a limited number of small retail areas, restaurants, small parks, and pleasant sidewalks would serve to improve the environment of many dreary industrial areas. The current development at 555 Selby provides an outdoor seating and dining area for employees with potted plants and trees, all of which should be considered along with the new facility.*

**POLICY 6.1: Encourage emission reduction through energy conservation to improve air quality.**

*Any form of energy consumption ranging from using electricity to operating an automobile uses energy which, in the process of generation or consumption, usually creates some air pollution. Encouraging conservation of energy facilitates improvements in air quality. The Bayview Hunters Point neighborhood, especially along the I-280 corridor has some of the poorest air quality and highest rates of asthma and other respiratory health impacts in the city. New development should seek ways to help improve local air quality issues. Given this, as well as the building's sizeable flat roof and location alongside the I-280 gateway corridor into San Francisco make it a key opportunity for the inclusion of a living roof. The Planning Department's Living Roof Program <<http://www.sf-planning.org/livingroof>> supports new development in achieving a long list of co benefits, including energy efficiency, stormwater management, air quality improvements, ecological benefits, and usable open space.*

**BAYVIEW HUNTERS POINT AREA PLAN**

**INDUSTRIAL LAND USE**

**Policy 1.5: Encourage a wider variety of light industrial uses throughout the Bayview by maintaining the newly established Production, Distribution and Repair zoning, by more efficient use of industrial space, and by more attractive building design.**

**Policy 8.1: Maintain industrial zones for production, distribution, and repair activities in the Northern Gateway, South Basin, Oakinba, and India Basin Industrial Park subdistricts.**

*The Project helps maintain PDR and related industrial uses in the Bayview. It relocates and maintains its current range and intensity of light industrial uses, mainly the repair and maintenance of City vehicles, including lighter vehicles (police, fire-related automobiles and pick-up trucks) and heavier service vehicles (dump trucks, fire engines, street cleaning). The new locations are adjacent to and in close proximity to other complementary light industrial uses in a larger PDR zone.*

**MOBILITY**

**Policy 4.2:** Develop the necessary improvements in public transit to move people efficiently and comfortably between different neighborhoods of Bayview Hunters Point, to and from Candlestick Park Point, and to and from Downtown and other parts of the region.

**Policy 4.5:** Create a comprehensive system for pedestrian and bicycle circulation.

**Policy 11.2:** Increase awareness and use of the pedestrian/bicycle trail system that links subareas in Bayview Hunters Point with the rest of the City.

*The Plan encourages the City to continue to refine and give special attention to the bicycle and pedestrian needs of Bayview Hunters Point. Special attention should be given to pedestrian and bicycle linkages across physical barriers created by elevated highways, rail corridors, and large lots. Given the topography and existing built environment conditions, bicycling is often a convenient alternative to walking. The project should support the development of safe bicycle routes that connect to Project to the existing surrounding bicycle routes on Evans, Oakdale, and Barneveld. There may be an opportunity to extend the City's Bicycle Plan through the area with the use of abandoned rail lines. The Project should also consider enhanced pedestrian connections to proximate MUNI service.*

**ENERGY CONSERVATION**

**Policy 17.1:** Promote the Bayview as an area for implementing energy conservation and alternative energy supply initiatives.

**Policy 17.2:** Strengthen linkages between district energy planning efforts and overall community development goals and objectives.

**Policy 18.3:** Promote effective energy management practices in new and existing commercial and industrial facilities to increase energy efficiency and maintain the economic viability of businesses.

*Per the Area Plan, every attempt should be made to integrate energy planning with other community goals and revitalization efforts. Especially within the industrial / PDR sectors, which use substantial amounts of electricity for lighting, air conditioning, industrial operations such as welding and painting. The greatest energy savings can be achieved through improved design, management and maintenance of lighting, heating, ventilation and air conditioning (HVAC) systems. The ideal time to address energy use in existing buildings, for example, is during major rehabilitation. Energy efficiency can help minimize operating costs, reduce GHG emissions to improve air quality, and upgrade existing public facilities by implementing energy saving programs and capital improvements, thereby expanding the power of tax dollars and improving the comfort and aesthetics of facilities. Onsite renewable electricity production is a priority of the City and State, and the Project site location and building design are ideal for hosting*

significant rooftop solar (Photo Voltaic, PV) use. Furthermore, conservation and renewable energy technologies can also provide opportunities for addressing job training and employment needs. Community talents, resources and businesses can be brought together in a coordinated effort to both establish new job opportunities and train workers in skills that will help bring about community energy savings.

### PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

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

#### Eight Priority Policies Findings

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

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

*There are no existing neighborhood-serving retail uses within the proposed project area and the project would not affect any existing neighborhood-serving retail uses. The proposed project would be carried out on PDR-zoned land in an industrial area of the Bayview neighborhood, consistent with the character of other surrounding PDR zoned uses.*

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

*The proposed project would not affect existing housing, as it is located on PDR zoned land surrounded by other PDR zoned land, where Residential use is prohibited. The project is designed in context with its industrial neighborhood, similar to other proximate, large, utilitarian, warehouse structures in the area. The project would be subject to Civic Design Review at the Arts Commission, which will ensure the neighborhood character is conserved and protected.*

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

*The proposed project is located in a PDR-zoned area, which does not permit residential uses. Retaining space for the storage and maintenance of the City's vehicle fleet and the wastewater treatment plant in its current neighborhood helps maintain space for new affordable housing to be constructed in other more appropriate areas.*

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

*The proposed project would not generate additional commuter traffic as the project would not expand the use of Central Shops but would simply relocate the use to sites nearby. The project is located on the route of the MUNI bus number 23. The project would implement a traffic control plan during construction to ensure that the MUNI transit service is not affected. After construction there would be adequate off-street parking to serve the Central Shops employees during work hours. Because the project is located in an area of the City zoned for production, distribution and repair where residential uses are not permitted, neighborhood parking is not an issue. As discussed above, the project would also need to ensure safe bicycle and pedestrian access.*

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

*The proposed project maintains industrial uses in the current neighborhood, as zoned, and does not include commercial office space. The Central Shops would relocate and maintain current employees in the production, distribution and repair sector, supporting the City's diverse economic base.*

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

*The proposed project would be constructed in compliance with the City's building codes and seismic safety requirements. The new Central Shops facility would allow GSA to better serve the City's emergency services vehicles, including fire trucks, ambulances, and police cars, and ensure they are ready for use during an earthquake or other emergency response.*

7. That landmarks and historic buildings be preserved.

*The proposed project would not affect designated landmarks or architecturally significant buildings. None of the industrial warehouse buildings that would be demolished or renovated are considered eligible for designation as a City landmark building.*

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

*The proposed project would not affect any existing parks or open space. It is located in a PDR-zoned area with no parks or open space in its vicinity. As mentioned above, the project would be encouraged to provide outdoor space for its employees and those from the surrounding area.*

**RECOMMENDATION:**                      **Finding the Project, on balance, in-conformity with the General Plan**



# SAN FRANCISCO PLANNING DEPARTMENT

## CEQA CATEGORICAL EXEMPTION FORM

PROJECT NAME: Central Shops Relocation and Land Transfer Project

PROJECT LOCATION: Bayview/Hunters Point

CASE NUMBER: 2015-004781ENV

PROJECT TYPE:  New Facility  Replacement Facility/Equipment  
 Repair/Maintenance/Upgrade  Other: \_\_\_\_\_

### 1. EXEMPTION CLASS

- Class 1: Existing Facilities
- Class 2: Replacement or Reconstruction
- Class 3: New Construction or Conversion of Small Structures
- Class 6: Information Collection
- Other: Class 32 - In-fill Development

### 2. CEQA Impacts

For any box checked below, refer to the attached Environmental Evaluation Application with supporting analysis and documentation.

**Air Quality:** Would the project affect sensitive receptors (specifically schools, colleges, universities, day care facilities, hospitals, residential dwellings, or senior-care facilities)? Would project construction or operations exceed air quality screening criteria using either the SFPUC Air Quality Screening Tool or CalEEMOD?

**Noise:** Would the project conflict with the applicable local Noise Ordinance?

**Hazardous Materials:** Would the project be located on a site included on any list compiled pursuant to Section 65962.5 of the Government Code, or impact an area with known hazardous materials such as a former gas station, auto repair, dry cleaners, heavy manufacturing use, or site with underground storage tanks? If the project site is suspected of containing hazardous materials, would the project involve 50 cubic yards or more of soil disturbance?

**Soils Disturbance/Modification:** Would the project result in soil disturbance greater than 2 feet below grade in an archeological sensitive area or 8 feet in a non-archeological sensitive area?

**Slope/Geological Hazards:** If located on slopes of 20% or greater, in a landslide or liquefaction zone, does the project involve excavation of 50 cubic yards of soil or more, new construction, or square footage expansion greater than 1,000 sq. ft. outside of the existing building footprint?

**Hydrology/Water Quality:** Would the project cause flooding impacts, violate water quality standards, result in on- or off-site erosion impacts, or otherwise substantially degrade water quality?

**Biology:** Would the project have the potential to impact sensitive species, rare plants or designated critical habitat? Is the project consistent with the applicable tree protection ordinance?

**Visual:** Is the project located within or adjacent to a designated scenic roadway, or would the project have the potential to impact scenic resources that are visible from public locations?

**Transportation:** Would project construction or operation have the potential to adversely affect existing traffic patterns, transit operations, pedestrian and/or bicycle safety (hazards), or the adequacy of nearby transit, pedestrian and/or bicycle facilities?

**Historical Resources:** Is the project located on a site with a known or potential historical resource?

Other: \_\_\_\_\_

### 3. CATEGORICAL EXEMPTION DETERMINATION

Further Environmental Review Required.

Notes: \_\_\_\_\_

No Further Environmental Review Required. Project is categorically exempt under CEQA.

Timothy J. Johnston  
Digitally signed by Timothy J. Johnston  
DN: dc=org, dc=sfgov, dc=cityplanning, ou=CityPlanning,  
ou=Environmental Planning, cn=Timothy J. Johnston,  
email=timothy.johnston@sfgov.org  
Date: 2016.10.28 11:16:13 -0700  
\_\_\_\_\_  
Planner's Signature

10/28/2015  
\_\_\_\_\_  
Date

Timothy Johnston, CEQA Coordinator  
\_\_\_\_\_  
Name, Title

Project Approval Action: Public Hearing

Once signed and dated, this document constitutes a categorical exemption pursuant to CEQA Guidelines and Chapter 31 of the Administrative Code.



# SAN FRANCISCO PLANNING DEPARTMENT

## ENVIRONMENTAL EVALUATION APPLICATION COVER MEMO - PUBLIC PROJECTS ONLY

In accordance with Chapter 31 of the San Francisco Administrative Code, an appeal of an exemption determination can only be filed within 30 days of the project receiving the first approval action.

Please attach this memo along with all necessary materials to the Environmental Evaluation Application.

Project Address and/or Title:	Central Shops Relocation and Land Transfer Project
Funding Source (MTA only):	
Project Approval Action:	SFPUC Commission Hearing
Will the approval action be taken at a noticed public hearing?	<input checked="" type="checkbox"/> YES* <input type="checkbox"/> NO
* If YES is checked, please see below.	

### IF APPROVAL ACTION IS TAKEN AT A NOTICED PUBLIC HEARING, INCLUDE THE FOLLOWING CALENDAR LANGUAGE:

End of Calendar: CEQA Appeal Rights under Chapter 31 of the San Francisco Administrative Code If the Commission approves an action identified by an exemption or negative declaration as the Approval Action (as defined in S.F. Administrative Code Chapter 31, as amended, Board of Supervisors Ordinance Number 161-13), then the CEQA decision prepared in support of that Approval Action is thereafter subject to appeal within the time frame specified in S.F. Administrative Code Section 31.16. Typically, an appeal must be filed within 30 calendar days of the Approval Action. For information on filing an appeal under Chapter 31, contact the Clerk of the Board of Supervisors at City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102, or call (415) 554-5184. If the Department's Environmental Review Officer has deemed a project to be exempt from further environmental review, an exemption determination has been prepared and can be obtained on-line at <http://sf-planning.org/index.aspx?page=3447>. Under CEQA, in a later court challenge, a litigant may be limited to raising only those issues previously raised at a hearing on the project or in written correspondence delivered to the Board of Supervisors, Planning Commission, Planning Department or other City board, commission or department at, or prior to, such hearing, or as part of the appeal hearing process on the CEQA decision.

**Individual calendar items:** This proposed action is the Approval Action as defined by S.F. Administrative Code Chapter 31.

### THE FOLLOWING MATERIALS ARE INCLUDED:

- 2 sets of plans (11x17)
- Project description
- Photos of proposed work areas/project site
- Necessary background reports (specified in EEA)
- MTA only: Synchro data for lane reductions and traffic calming projects



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PLANNING  
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## APPLICATION PACKET FOR

# Environmental Evaluation

Pursuant to the California Environmental Quality Act (CEQA), public agencies must review the environmental impacts of proposed projects. The CEQA process is codified in the California Public Resources Code, Sections 21000 et seq., the California Code of Regulations, Title 14, Sections 15000 et seq., and Chapter 31 of the San Francisco Administrative Code.

### WHAT IS ENVIRONMENTAL EVALUATION?

Environmental evaluation pursuant to CEQA is an objective process that is intended to disclose to decision makers and the public the significant environmental effects of proposed projects, to require agencies to reduce or avoid environmental effects, to disclose reasons for agency approval of projects with significant environmental effects, to enhance public participation, and to foster intergovernmental coordination. In San Francisco, the Environmental Planning Division of the San Francisco Planning Department administers the CEQA review process. More information on the environmental review process and how it is administered in San Francisco is available on the Planning Department's Environmental Planning web pages.

### WHEN IS ENVIRONMENTAL EVALUATION NECESSARY?

Projects subject to CEQA are those actions that require a discretionary decision by the City; have the potential to result in a direct or reasonably foreseeable indirect physical change in the environment; or fall within the definition of a "project" as defined by the CEQA Guidelines in Sections 15060(e) and 15378. A project may be determined to be statutorily or categorically exempt from CEQA or may require an initial study to determine whether a negative declaration or environmental impact report (EIR) is required. Planners at the Planning Information Center (PIC) counter (1660 Mission Street, First Floor) may issue an exemption stamp or require that the project sponsor file an Environmental Evaluation Application.

Projects that create six or more dwelling units, and/or projects that involve the construction of a new building or addition of 10,000 square feet or more must first undergo a Preliminary Project Assessment (PPA). If your project meets these thresholds, you must first submit a PPA Application before you submit the Environmental Evaluation Application.

### HOW DOES THE PROCESS WORK?

The Environmental Evaluation Application may be filed prior to or concurrently with the building permit application; however, the City may not approve projects or issue permits until the environmental review process is complete.

No appointment is required but Environmental Planning staff are available to meet with applicants upon request. The Environmental Evaluation Application will not be processed unless it is completely filled out and the appropriate fees are paid in full. See the current Schedule of Application Fees (available online). Checks should be made payable to the San Francisco Planning Department. Fees are generally non-refundable.

## WHO MAY SUBMIT AN ENVIRONMENTAL EVALUATION APPLICATION?

Only the property owner or a party designated as the owner's agent may submit an Environmental Evaluation Application. (A letter of agent authorization from the owner must be attached.)

## WHAT TO INCLUDE ON THE PROJECT DRAWINGS

Project drawings submitted with the Environmental Evaluation Application must be in 11x17 format and, in most cases, must include existing and proposed site plans, floor plans, elevations, and sections, as well as all applicable dimensions and calculations for existing and proposed floor area and height. The plans should clearly show existing and proposed structures on both the subject property and on immediately adjoining properties; off-street parking and loading spaces; driveways and trash loading areas; vehicular and pedestrian access to the site, including access to off-street parking and parking configuration; and bus stops and curbside loading zones within 150 feet of the site.

## SPECIAL STUDIES THAT MAY BE NEEDED

To assist in the environmental evaluation process, the project sponsor may be required to provide supplemental data or studies, as determined by Planning staff, to address potential impacts on cultural, paleontological, or historical resources, soils, traffic, biological resources, wind, shadows, noise, air quality, or other issue areas. Neighborhood notification may also be required as part of the environmental review processes.

## HISTORIC RESOURCE REVIEW

All properties over 45 years of age in San Francisco are considered potential historic resources. If the proposed project involves physical alterations to a building over 45 years in age, you may be requested by Planning staff to provide additional information to determine (1) whether the property is a historic resource, and (2) whether the proposed project may cause a substantial adverse change in the significance of a historic resource. If requested by a Planner, you must submit the Supplemental Information for Historic Resource Evaluation form with the Environmental Evaluation Application.

The property may have already been evaluated as a historic resource through previous survey or analysis. Please consult the Preservation tab of the Property Information Map on the Planning Department's website. Certain types of projects will require a complete Historic Resource Evaluation (HRE) to be prepared by a professional preservation consultant. For further information, please consult with a preservation planner at the PIC counter.

## COMMUNITY PLAN EXEMPTION

Community plan exemption (CPE) from CEQA review may be issued for projects within adopted plan areas that would not otherwise be exempt, if they are determined not to create significant impacts beyond those identified in the applicable area plan EIR. There are three possible outcomes of this process: Preparation of (1) a CPE only, (2) a CPE and a focused initial study/mitigated negative declaration, or (3) a CPE and a focused EIR.

## PROJECTS THAT ARE DETERMINED NOT TO BE EXEMPT

Projects that require mitigation measures are not eligible for environmental exemption. If Planning staff determines that the project is not exempt from CEQA review, an initial study will be required. The applicable environmental evaluation fee is based on the construction cost of the proposed project. Based on the analysis of the initial study, Planning staff will determine that the project will be issued either (1) a negative declaration stating that the project would not have a significant effect on the environment, or (2) an EIR if there is substantial evidence of one or more significant impacts.

## HOW TO SUBMIT THE APPLICATION

The complete Environmental Evaluation Application should be submitted as follows: For projects that underwent Preliminary Project Assessment and already received the PPA letter, send the Environmental Evaluation Application to the attention of Chelsea Fordham. For all other projects, including those that require historical resource review only, send the Environmental Evaluation Application to the attention of Jeanie Poling. A preservation planner will be assigned to complete the historical review. Once an application is submitted, historical review questions may be directed to Tina Tam.

Chelsea Fordham  
(415) 575-9071  
chelsea.fordham@sfgov.org

Jeanie Poling  
(415) 575-9072  
jeanie.poling@sfgov.org

Tina Tam  
Senior Preservation Planner  
(415) 558-6325  
tina.tam@sfgov.org

# APPLICATION FOR Environmental Evaluation

## 1. Owner/Applicant Information

PROPERTY OWNER'S NAME: San Francisco Public Utilities Commission	
PROPERTY OWNER'S ADDRESS: SFPUC 525 Golden Gate Ave., 9th Floor San Francisco, CA 94102	TELEPHONE: ( 415 ) 551-4586 EMAIL: www.sfwater.org

APPLICANT'S NAME: Irina P. Torrey <span style="float: right;">Same as Above <input type="checkbox"/></span>	
APPLICANT'S ADDRESS: SFPUC 525 Golden Gate Ave., 6th Floor San Francisco, CA 94102	TELEPHONE: ( 415 ) 554-3232 EMAIL: ltorrey@sfwater.org

CONTACT FOR PROJECT INFORMATION: YinLan Zhang <span style="float: right;">Same as Above <input type="checkbox"/></span>	
ADDRESS: SFPUC 525 Golden Gate Ave., 6th Floor San Francisco, CA 94102	TELEPHONE: ( 415 ) 487-5201 EMAIL: YZhang@sfwater.org

## 2. Location and Classification

STREET ADDRESS OF PROJECT: 1975 Galvez Avenue; 555 Selby Street; 450 Toland Street	ZIP CODE: 94124
CROSS STREETS: Jerrold Avenue; Hudson Avenue	

ASSESSORS BLOCK/LOT: N/A / N/A	LOT DIMENSIONS: N/A	LOT AREA (SQ FT): N/A	ZONING DISTRICT: M-2; P; PDR-2	HEIGHT/BULK DISTRICT: 65-J; 80-E
COMMUNITY PLAN AREA (IF ANY): N/A				

## 3. Project Description

(Please check all that apply) <input checked="" type="checkbox"/> Change of Use <input type="checkbox"/> Change of Hours <input checked="" type="checkbox"/> New Construction <input checked="" type="checkbox"/> Alterations <input type="checkbox"/> Demolition <input type="checkbox"/> Other Please clarify: _____	<b>ADDITIONS TO BUILDING:</b> <input type="checkbox"/> Rear <input type="checkbox"/> Front <input type="checkbox"/> Height <input type="checkbox"/> Side Yard	<b>PRESENT OR PREVIOUS USE:</b> Taxi company and equipment rental at Selby and vacant at 450 Toland St.
	<b>PROPOSED USE:</b> New single story building and tenant improvements.	
	<b>BUILDING APPLICATION PERMIT NO.:</b> N/A	<b>DATE FILED:</b> N/A

#### 4. Project Summary Table

If you are not sure of the eventual size of the project, provide the maximum estimates.

	EXISTING USES.	EXISTING USES TO BE RETAINED:	NET NEW CONSTRUCTION AND/OR ADDITION:	PROJECT TOTALS:
<b>PROJECT FEATURES</b>				
Dwelling Units	N/A	N/A	N/A	N/A
Hotel Rooms	N/A	N/A	N/A	N/A
Parking Spaces	540	450	N/A	450
Loading Spaces	N/A	N/A	N/A	N/A
Number of Buildings	3	1	1	2
Height of Building(s)	30', 28'	28'	35'	N/A
Number of Stories	1	1	1	1
Bicycle Spaces	N/A	N/A	N/A	6
<b>GROSS SQUARE FOOTAGE (GSF)</b>				
Residential	N/A	N/A	N/A	N/A
Retail	N/A	N/A	N/A	N/A
Office	N/A	N/A	N/A	N/A
Industrial	61000	45000	53000	98,000
PDR Production, Distribution, & Repair	N/A	N/A	N/A	N/A
Parking				
Other (Specify Use)	N/A	N/A	N/A	N/A
<b>TOTAL GSF</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

Please provide a narrative project description that summarizes the project and its purpose or describe any additional features that are not included in this table. Please list any special authorizations or changes to the Planning Code or Zoning Maps if applicable.

The proposed project includes the SFPUC purchasing two parcels (1975 Galvez Avenue, Assessor's Block 5250 lot 016 and 555 Selby Street, Assessor's Block 5250 lot 015) for use by the San Francisco General Services Agency (GSA) and the GSA leasing one parcel (450 Toland Street Assessor's Block 5230 lot 018) for the site of the new Central Shops. The proposed project also includes demolition of existing structures and construction of a new Central Shops building on the two parcels at Selby and Galvez, and making tenant improvements to the existing structure on 450 Toland Street; relocation of Central Shops operations to the new sites; and minor clean up at the existing Central Shops site for use by the SFPUC Southeast Water Pollution Control Plant (SEP) for its near term repair and replacement (R&R) needs.

5. Environmental Evaluation Project Information

1. Would the project involve a major alteration of a structure constructed 45 or more years ago or a structure in a historic district?  YES  NO

If yes, submit the *Supplemental Information for Historic Resource Evaluation* application.

2. Would the project involve demolition of a structure constructed 45 or more years ago or a structure located in a historic district?  YES  NO

If yes, a historic resource evaluation (HRE) report will be required. The scope of the HRE will be determined in consultation with Preservation Planning staff.

3. Would the project result in excavation or soil disturbance/modification?  YES  NO

If yes, please provide the following:

Depth of excavation/disturbance below grade (in feet): 5

Area of excavation/disturbance (in square feet): \_\_\_\_\_

Amount of excavation (in cubic yards): 7650

Type of foundation to be used (if known) and/or other information regarding excavation or soil disturbance modification:

*Note: A geotechnical report prepared by a qualified professional must be submitted if one of the following thresholds apply to the project:*

- The project involves a lot split located on a slope equal to or greater than 20 percent.
- The project is located in a seismic hazard landslide zone or on a lot with a slope average equal to or greater than 20 percent and involves either
  - excavation of 50 or more cubic yards of soil, or
  - building expansion greater than 1,000 square feet outside of the existing building footprint.

*A geotechnical report may also be required for other circumstances as determined by Environmental Planning staff.*

4. Would the project involve any of the following: (1) construction of a new building, (2) relocation of an existing building, (3) addition of a new dwelling unit, (4) addition of a garage or parking space, (5) addition of 20 percent or more of an existing building's gross floor area, or (6) paving or repaving of 200 or more square feet of an existing building's front setback?  YES  NO

If yes, please submit a *Tree Planting and Protection Checklist*.

5. **Would the project result in any construction over 40 feet in height?**

YES  NO

If yes, please submit a *Shadow Analysis Application*. This application should be filed at the PIC and should not be included with the Environmental Evaluation Application. (If the project already underwent Preliminary Project Assessment, this application may not be needed. Please refer to the shadow discussion in the PPA letter.)

6. **Would the project result in a construction of a structure 80 feet or higher?**

YES  NO

If yes, an initial review by a wind expert, including a recommendation as to whether a wind analysis is needed, may be required, as determined by Planning staff. (If the project already underwent Preliminary Project Assessment, please refer to the wind discussion in the PPA letter.)

7. **Would the project involve work on a site with an existing or former gas station, auto repair, dry cleaners, or heavy manufacturing use, or a site with underground storage tanks?**

YES  NO

If yes, please submit a Phase I Environmental Site Assessment (ESA) prepared by a qualified consultant. If the project is subject to Health Code Article 22A, Planning staff will refer the project sponsor to the Department of Public Health for enrollment in DPH's Maher program.

8. **Would the project require any variances, special authorizations, or changes to the Planning Code or Zoning Maps?**

YES  NO

If yes, please describe.

9. **Is the project related to a larger project, series of projects, or program?**

YES  NO

If yes, please describe.

# Estimated Construction Costs

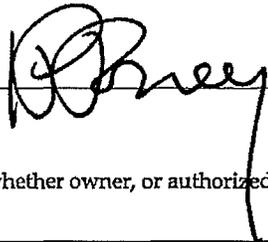
TYPE OF APPLICATION: N/A	
OCCUPANCY CLASSIFICATION: N/A	
BUILDING TYPE: N/A	
TOTAL GROSS SQUARE FEET OF CONSTRUCTION:  98000	BY PROPOSED USES: Repair and maintenance of the City's service vehicles
ESTIMATED CONSTRUCTION COST: 40,000,000	
ESTIMATE PREPARED BY: SFPUC	
FEE ESTABLISHED: N/A	

## Applicant's Affidavit

Under penalty of perjury the following declarations are made:

- a: The undersigned is the owner or authorized agent of the owner of this property.
- b: The information presented is true and correct to the best of my knowledge.
- c: Other information or applications may be required.

Signature: \_\_\_\_\_



Date: \_\_\_\_\_

10/8/15

Print name, and indicate whether owner, or authorized agent:

Irina P. Torrey

Owner / Authorized Agent (circle one)



# Environmental Evaluation Application Submittal Checklist

APPLICATION MATERIALS	PROVIDED	NOT APPLICABLE
Two originals of this application signed by owner or agent, with all blanks filled in.	<input type="checkbox"/>	
Two hard copy sets of project drawings in 11" x 17" format showing existing and proposed site plans with structures on the subject property and on immediately adjoining properties, and existing and proposed floor plans, elevations, and sections of the proposed project.	<input type="checkbox"/>	
One CD containing the application and project drawings and any other submittal materials that are available electronically. (e.g., geotechnical report)	<input type="checkbox"/>	
Photos of the project site and its immediate vicinity, with viewpoints labeled.	<input type="checkbox"/>	
Check payable to San Francisco Planning Department.	<input type="checkbox"/>	
Letter of authorization for agent.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Supplemental Information for Historic Resource Evaluation</i> , as indicated in Part 5 Question 1.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Historic Resource Evaluation</i> , as indicated in Part 5 Question 2.	<input type="checkbox"/>	<input type="checkbox"/>
Geotechnical report, as indicated in Part 5 Question 3.	<input type="checkbox"/>	<input type="checkbox"/>
<i>Tree Planting and Protection Checklist</i> , as indicated in Part 5 Question 4.	<input type="checkbox"/>	<input type="checkbox"/>
Phase I Environmental Site Assessment, as indicated in Part 5 Question 7.	<input type="checkbox"/>	<input type="checkbox"/>
Additional studies (list).	<input type="checkbox"/>	<input type="checkbox"/>

For Department Use Only

Application received by Planning Department:

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

Date: \_\_\_\_\_



SAN FRANCISCO  
PLANNING  
DEPARTMENT

**FOR MORE INFORMATION:**  
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October 9, 2015

Timothy Johnston, MP, Environmental Planner  
 Environmental Planning Division  
 San Francisco Planning Department  
 1650 Mission Street, Fourth Floor  
 San Francisco, CA 94103

RE: CEQA Exemption Request for  
 Central Shops Relocation and  
 Land Transfer  
 Project Number CWWSIPRPL91  
 Index Code Number 573910

Dear Timothy:

The San Francisco General Services Agency (GSA) is the owner of a property at 1800 Jerrold Avenue which has been used as the City Central Fleet Maintenance Shop (Central Shops). The San Francisco Public Utilities Commission (SFPUC) and GSA request your review under the California Environmental Quality Act (CEQA) of the proposed Central Shops Relocation and Land Transfer (Project). The purposes of this letter are to: 1) Provide the Environmental Planning Division (EP) with information on the proposed Project; and 2) Request EP review and concurrence that the Project is categorically exempt under CEQA.

CEQA Guidelines Section 15332 provides exemptions for "In-Fill Development", Class 32, which consists of projects meeting the following conditions:

- (a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations.
- (b) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.
- (c) The project site has no value as habitat for endangered, rare or threatened species.
- (d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.
- (e) The site can be adequately served by all required utilities and public services.

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 Mayor

**Ann Moller Caen**  
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**Francesca Vietor**  
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**Vince Courtney**  
 Commissioner

**Anson Moran**  
 Commissioner

**Ike Kwon**  
 Commissioner

**Harlan L. Kelly, Jr.**  
 General Manager



The following description and analysis of the proposed activities demonstrates that the proposed project satisfies the above requirements for a categorically exemption under CEQA Guidelines Section 15332.

## **BACKGROUND**

### The Central Shops Site at 1800 Jerrold Avenue

The 1800 Jerrold Avenue site is approximately 5.3 acres and is currently occupied by the City's Central Fleet Maintenance Shop (Central Shops) under the jurisdiction of the City's General Services Administration (GSA). Purchase of the property and surrounding land (a total of 40 acres) was approved by the Board of Supervisors (BOS) for sewage facilities in 1945. The SFPUC Southeast Water Pollution Control Plant (SEP) facilities, completed in the early 1950's, did not include the 1800 Jerrold Avenue area and the site was put to the use of Central Shops, the purpose of which is to repair and maintain the City's service vehicles.

### The SFPUC Need for Industrial Space near the SEP

The SFPUC has an immediate need in the vicinity of the SEP for an area of at least six acres for storage of equipment and vehicles and temporary relocation of existing uses while it undertakes scheduled repair and replacement (R&R) projects in the next two years. Many of SEP's facilities have reached the end of their useful life and are in need of substantial and constant maintenance. In the longer term, the SFPUC anticipates a continuing need for more space for capital improvement wastewater treatment projects that are in the planning stages related to existing facilities and upgrades to the sewer system as part of its Sewer System Improvement Program (SSIP), including the proposed Biosolids Digester Facilities Project, which is currently undergoing separate environmental review.

The SFPUC has found it difficult to locate suitable industrial space near the SEP for its need for immediate storage and temporary uses. The highly competitive real estate market conditions in San Francisco reflect a strong economy in which there is a shortage of industrial space. In particular such space is not easily available in the vicinity of the SEP. The 1800 Jerrold Avenue site is highly desirable for SFPUC's needs because of its ample size and adjacency to existing SEP facilities.

### Opportunity to Relocate 1800 Jerrold Street Operations

The GSA has determined that it would be feasible to relocate Central Shops activities on two separate sites near its current location with one site serving heavy equipment repair and the other serving lighter equipment repair. Under the relocation proposal, GSA and the SFPUC would agree to a jurisdictional transfer of the 1800 Jerrold site to the SFPUC and the relocation of Central Shops to two sites: one to be purchased and the other to be leased by the GSA

using SFPUC funds. Because of the immediate availability of the two identified sites, and the difficulty of locating suitable industrial space nearby in the currently highly competitive real estate market, the GSA desires to proceed quickly to secure the two proposed sites for Central Shops future use.

### Project Components

The project consists of the following components:

#### 1975 Galvez Avenue and 555 Selby Street

- Purchase of 1975 Galvez Avenue (Assessor's Block 5250 lot 016) and 555 Selby Street (Assessor's Block 5250 lot 015) by GSA.
- Demolition of existing structures on both parcels.
- Construction of a new building to house the heavy equipment repair operation of Central Shops.

#### 450 Toland Street

- Lease of 450 Toland Street parcel, (Assessor's Block 5230 lot 018) by GSA
- Improvements to the existing structure to house the light equipment repair operation of Central Shops.

#### 1800 Jerrold Avenue

- Relocation of Central Shops Operations
- Site preparation of 1800 Jerrold Avenue for SFPUC uses (debris removal and installation of replacement perimeter security fencing).

### Project Agreements and Approvals

In order to implement the proposed project, the following agreements will need to be executed between GSA and the SFPUC and the following approval actions by various City entities would be necessary:

1. SFPUC approval of a Memorandum of Understanding between the SFPUC and the GSA for the Jurisdictional Transfer of the existing Central Shops site at 1800 Jerrold from GSA to SFPUC.
2. SFPUC approval of funding to GSA for the Jurisdictional Transfer and Central Shops relocation.
3. Board of Supervisors approval of the Jurisdictional Transfer of 1800 Jerrold Avenue.
4. Board of Supervisors approval of purchase agreements for the 1975 Galvez and 555 Selby parcels; assigning jurisdiction of the parcels to SFPUC, and authorizing GSA to enter into a construction management agreement with a developer to construct Central Shops facilities on the parcels.

5. Board of Supervisor approval authorizing GSA to enter into a 10-year lease for 450 Toland Street, and authorizing GSA to enter into a construction management agreement with a developer to implement tenant improvements.

GSA would enter into construction agreements with a developer to carry out design and construction of the new Central Shops facilities. The San Francisco Department of Public Works (DPW) has prepared a preliminary design that prescribes the limits of the proposed Central Shops in terms of maximum dimensions, bulk, height, and usable space. Once the purchase agreements, construction agreements, and lease have been approved by the Board of Supervisors, a developer engaged by GSA would carry out the design and construction without exceeding the limits established by DPW in the preliminary design and the following approvals would be required from City agencies:

1. Approval of Lot Line Adjustment (merger) of Block 5250 Lot 016 (1975 Galvez Avenue) and Block 5250 Lot 015 (555 Selby Street by DPW Bureau of Street Use and Mapping
2. Civic Design Review and Approval by the San Francisco Arts Commission
3. Issuance of the necessary Building, Plumbing and Electrical permits by the Department of Building Inspection.

## **PROJECT SETTING**

### Current Central Shops (1800 Jerrold Avenue)

The Central Shops site, which encompasses approximately 5.3 acres, is located on the northwest corner of the intersection of Jerrold Avenue and Quint Street, at 1800 Jerrold Avenue, (Assessor's Block 5262 lot 009). The site is currently used to maintain the City's service vehicle fleet (i.e. police, fire, and ambulance, etc.) and is located adjacent to the SFPUC's SEP in the Bayview Hunters Point neighborhood. The north quadrant of the site is zoned M-2 (Heavy Industrial) and the south quadrant of the site is zoned P (Public). The SEP is north and east of the site and the Caltrain railroad right-of-way is west of the site. South of the site is DPW's decommissioned asphalt plant. Other land uses near the site are industrial buildings including warehouses and distribution facilities. Surrounding parcels are zoned M-1 (Light Industrial), M-2, P, and PDR (Production, Distribution and Repair) (see Figure 1. Project Location).

When the proposed relocation takes place, the Central Shops operation would occupy two locations at 1975 Galvez Avenue and 555 Selby Street and at 450 Toland Street.

#### Selby Street Site

1975 Galvez Avenue and 555 Selby Street are two contiguous parcels collectively referred to here as the Selby Street site, which is approximately 500 feet northwest of the existing Central Shops, across the Caltrain tracks. The Selby Street site is approximately 2.8 acres. The two lots (are zoned PDR-2 (Core Production, Distribution and Repair) in an 80-E height and bulk district. The Interstate 280 Freeway is an elevated freeway located directly above the western portion of the site. It is surrounded by other PDR zoned parcels and adjacent land uses include Circosta Ironworks (scrap metal recycling) to the northeast, the current Central Shops and the former asphalt plant to the east, and industrial warehouses and distribution facilities to the south and east.

#### 450 Toland Street

450 Toland Street is zoned PDR-2 in a 65-J height and bulk district. It is located northwest of the Toland Street and Jerrold Avenue intersection and west of the Interstate 280 Freeway. The site is approximately 1,500 feet northwest of the current Central Shops, and 850 feet west of the Selby Street site. The site is 1.27 acre surrounded by other PDR zoned parcels and adjacent land uses include the produce distribution facility to the south, a commercial warehouse and school bus depot to the west, construction equipment storage to the north, and other industrial warehouses to the east (see Figure 1. Project Location).

### **DESCRIPTION OF THE PROPOSED PROJECT**

The proposed project includes the demolition of the two existing buildings and the construction of a new single story building at the Selby Street site and tenant improvements to the existing building at 450 Toland Street. The project also includes site preparation at the 1800 Jerrald Street site involving debris removal and installation of replacement of perimeter security fencing at the current Central Shops site.

#### Proposed Activities at New Central Shops Sites

##### *Selby Street Site*

555 Selby Street is a 72,788 square-foot lot with a 9,600 square-foot, 30 feet tall corrugated metal building used by two taxi companies for dispatch, maintenance repairs, and storage of approximately 150 taxi cabs. 1975 Galvez Avenue is a 48,338 square-foot parcel with a 7,050 square-foot 30 foot tall corrugated metal warehouse building. It is used by a construction equipment rental company with approximately 15 employees and 75 pieces of equipment and vehicles parked on site including bobcats, compressors, generators and lighting systems. After the City purchases the two lots, it is anticipated that the taxi business would close and the construction equipment rental company would relocate to an un-determined site.

The proposed project would demolish the two existing buildings on 555 Selby Street and 1975 Galvez Avenue properties, remove two above ground fuel storage tanks, and construct a larger building that would be within the two lots. The lots would be merged prior to approval and issuance of the building permit. The proposed new building would be a triangular-shape 35 foot tall single story structure that would be 240 feet wide on average and 286 feet long and approximately 53,000 square feet in area (See Figure 2. Project Plans). Maximum depth of excavation for the proposed building would be down to five feet and piling for the foundation would be drilled as deep as 90 feet below grade. The new building would be used for maintenance and repair of medium and heavy duty vehicles, such as fire trucks, heavy equipment transporters, dump trucks, and street sweepers, as well as for offices and employee amenities.

#### *450 Toland Street*

450 Toland Street has an approximately 45,000 square-foot industrial building onsite. The building is approximately 170 feet wide, 250 feet long and 28 feet tall (See Figure 3. Project Plans). It was previously occupied by a wholesale produce distribution business but is currently vacant. The site is surrounded by similar large, warehouse structures.

The proposed project would make improvements to the existing building without any changes to the footprint or height. The majority of the work would be interior modifications including installation of new partitions, new plumbing and construction of ramps and an elevator, which would bring the building into compliance with Americans with Disabilities Act (ADA) requirements. Exterior work would consist of demolition of the loading dock, replacement of three existing 8 foot wide by 10 foot tall roll up doors on the southern face of the building with two larger roll up doors each 14 feet wide and 14 feet high, replacement of existing 6-foot tall chain link perimeter fence with new 10-foot high chain link perimeter fencing, and restriping of the parking spaces. The maximum depth of excavation would be three feet for the installation of the elevator shaft.

Once construction is complete, 450 Toland would be used for maintenance and repair of light duty vehicles, i.e. the City's automobile fleet and pickup trucks, ladder shop, body and paint shop, and metal fabrication and welding shop, and would also include administrative offices and breakrooms and lockers for employees.

#### *Construction*

Construction activities would require the use of excavators, loaders, bobcats, dump trucks, a crane, compressors, and hand tools. Demolition and new construction would be completed in approximately 12 months at the Selby Street site and within 9 months to alter the building at 450 Toland Street. Construction would take place between the hours of 7:00 a.m. and 6:00 p.m.

Monday through Friday with occasional work on Saturdays as needed. Evening work would not be required.

#### *Post-Construction*

Once construction at the new Central Shops sites has been completed, the current Central Shops employees and operations would be relocated to the Selby Street site and 450 Toland Street. 46 employees would move to the Selby Street site and 45 employees would move to 450 Toland Street.

#### Site Preparation at Current Central Shops (1800 Jerrold Avenue)

Once the relocation of current Central Shops operations to the new site is complete, the existing Central Shops site at 1800 Jerrold Avenue would be readied for SFPUC's use. The SFPUC would implement the following activities:

- Remove debris, including any discarded equipment, vehicles, personal property, lumber, equipment, trash, or building materials left at the site, such as generators, above-ground tanks, hazardous material cabinets, and a shack.
- Once the site has been cleared of debris, install an eight-foot tall chain link fence covered with non-climbable fabric to replace the existing fence and secure the site.

Proposed activities would not include removal or alteration of any buildings nor would excavation be required. Equipment to be used for the proposed site preparation activities would include loaders, bobcats, pickup trucks and dump trucks to haul off debris. Debris removal would require approximately 45 truck trips. The debris removal would be completed in approximately four weeks. The SFPUC would then proceed to use the site for vehicle and equipment storage and temporary uses associated with ongoing repair and maintenance activities at the SEP.

#### ***Compliance with Section 15332 of CEQA Guidelines***

CEQA Guidelines Section 15332, or Class 32, provides an exemption from environmental review for in-fill development projects that meet the following conditions. As discussed below, the proposed project satisfies the terms of the Class 32 exemption.

- a) *The project is consistent with applicable general plan designations and policies as well as with applicable zoning designations.*

The proposed project is located in the City's Bayview neighborhood and is covered under the Bayview Hunters Point Area Plan of the San Francisco General Plan. The proposed project would be consistent with the following applicable policies of the Bayview Hunters Point Area Plan:

Land Use Policy 1.3 *Maintain buffer zones where housing and industry occur in close proximity to each other to better define the configuration of residential neighborhoods and areas reserved for industrial activity.*

The current Central Shops site is located approximately 700 feet from the nearest residential areas. The proposed project would relocate the operation of Central Shops further away from residential areas, toward the industrial zone north and west of the existing Central Shops, thereby concentrating industrial uses and better defining the configuration of industrial activity.

Land Use Policy 1.5 *Encourage a wider variety of light industrial uses throughout the Bayview by maintaining the newly established Production, Distribution and Repair zoning, by more efficient use of industrial space, and by more attractive building design.*

The proposed project would maintain the Production, Distribution and Repair zoning of the Selby Street site and 450 Toland Street. The project would use the parcels more efficiently by demolishing two smaller industrial structures and constructing a larger structure that would consolidate the functions and services of Central Shops at the Selby Street site. The new building would have a modern, attractive building design that would be approved by the San Francisco Arts Commission's Civic Design Review process.

### Zoning

#### *Selby Street Site*

The Selby Street site is in the PDR-Use District 2 (Core Production, Distribution, and Repair) and 80-E Height and Bulk District in the Bayview neighborhood of San Francisco. The proposed project would use the sites for maintenance and repair of the City's service vehicles, and this use (automotive repair) is a principally permitted use in the PDR-2 District.

The proposed 35-foot-tall building would comply with the 80-E Height and Bulk District. There are no setbacks required for buildings on PDR zoned lots. The Floor Area Ratio (FAR) for the proposed new building is 0.43 and meets the 6.0 FAR for the designated zoning district and height and bulk district. The Ground Floor Standards for buildings in PDR zone require a minimum 17 foot floor-to-floor height. The proposed building would provide a ground floor height of 35 feet. The proposed project would reduce the number of off-street parking spaces on the Selby Street site from 522 to 428, however, this still exceeds the requirements of 30 parking spaces for the approximately 53,000 square foot occupied floor area of the new construction.

For PDR districts the required bicycle parking is a minimum of two spaces and four Class 2 spaces for any use larger than 50,000 gross square feet. The proposed project would have a minimum of four bicycle parking spaces at the Selby Street site since the new building would be approximately 53,000 square feet.

Section 202.7 of the Planning Code requires demolished buildings in PDR districts be replaced and that if the building proposed for demolition represents 0.4 FAR or less, then the replacement building shall include at least two square feet of Industrial Use for each square foot of Industrial Use in the building proposed for demolition. The total square footage of buildings to be demolished at the Selby Street site is 16,650, on two parcels that total 121,126 square feet, which means that the existing FAR is 0.14, less than 0.4. The new building would be approximately 53,000 square feet which is more than three times the size of the demolished buildings. Therefore the proposed project would comply with the provisions of Section 202.7 of the Planning Code.

*450 Toland Street*

450 Toland Street is in the PDR-Use District 2 (Core Production, Distribution, and Repair) and 65-J Height and Bulk District in the Bayview neighborhood of San Francisco. The proposed project would use the sites for maintenance and repair of the City's service vehicles, and this use (automotive repair) is a principally permitted use in the PDR-2 District. The existing building at 450 Toland Street is 28 feet tall and complies with the 65-J Height and Bulk District. The FAR for the existing building at 450 Toland Street is 0.81 and meets the 5.0 FAR for the designated zoning district and height and bulk district. The building at 450 Toland Street has ground floor height of 28 feet, which complies with the 17 foot floor-to-floor height requirement. 450 Toland Street site would have 23 parking spaces and two bicycle parking spaces, which meet the requirement in the PDR-2 zone.

The proposed project is consistent with applicable General Plan policies and objectives and applicable Planning Code requirements.

*b) The development occurs within city limits on a site of less than five acres surrounded by urban uses.*

The Selby Street site and 450 Toland Street total 4.07 acres. They are located within a fully developed area of San Francisco. The surrounding uses near the project site include industrial storage and distribution, freeway overpass and off ramps, Caltrain railroad tracks, and the SEP. The proposed project, therefore, would be properly characterized as in-fill development of less than five acres, completely surrounded by urban uses.

*c) The project site has no habitat for endangered, rare or threatened species.*

The project site is within a developed urban area and occupied by industrial warehouses and vehicle and heavy equipment parking. There are no trees or landscaping at either project site. Thus, the project sites have no value as habitat for rare, threatened, or endangered species.

- d) *Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality.*

### Traffic

The proposed project would relocate the current Central Shops operation to two sites approximately 500 and 1,500 feet away. The project would not generate new vehicle trips but would relocate the existing traffic to other locations nearby. Currently, Central Shops has 89 employees and serves approximately 6,000 city vehicles per year. The new Central Shops would operate from two separate locations; 46 employees would be at the Selby Street site and 43 employees would be at 450 Toland Street.

#### *Proposed Central Shops (Selby Street Site and 450 Toland)*

The Selby Street site currently serves two separate businesses, including a taxi company that dispatches up to 150 vehicles per day and another business with approximately 15 employees. Central Shops would replace the existing businesses operating at the Selby Street site and would be occupied by 46 employees and generate approximately 30 truck trips per day from vehicles that would be serviced at the site. Overall vehicle trips to and from the site could be lower compared to current uses of the site.

450 Toland Street is currently vacant; it would be used by 43 employees and generate a maximum of 40 vehicle trips per day from City vehicles that would be serviced at the site. These vehicle trips would be relocated from the current Central Shops and would not represent an overall increase in traffic to and from the local area. In addition the truck trips would be spread throughout the day and would not be concentrated in the peak AM and PM hours.

Overall, the proposed project would not result in an increase in vehicle trips but would relocate existing traffic from the current Central Shops location to locations nearby within the same transportation and air quality setting conditions. The project could lower traffic from existing uses at the Selby Street site and would result in an insignificant level of increase in traffic to and from the 450 Toland Street site. Therefore, adverse traffic effects are not anticipated.

Construction would not require the closure of any roads or generate a substantial number of vehicle trips. There would be approximately 300 truck trips at the Selby Street site and 150 truck trips at 450 Toland Street, over the 18 month long construction period. There is adequate space at both the Selby Street site and 450 Toland Street to accommodate construction staging and laydown, therefore on-street parking would not be affected.

#### *Current Central Shops (1800 Jerrold Avenue)*

After the jurisdictional transfer and site preparation activities, use of the current Central Shops site by the SFPUC would consist primarily of staging, storage, and other miscellaneous uses which would not increase vehicle trips from the

current use of the site. Potential use of the site for capital improvement projects would be subject to further environmental review including traffic analyses.

Overall, no adverse effects to traffic and transportation are anticipated.

### Noise

Ambient noise in this industrial area includes Interstate Highway 280 traffic noise, freight movement in diesel trucks, and passenger train service on the adjacent Caltrain tracks.

#### *Proposed Central Shops (Selby Street Site and 450 Toland)*

There are no residences within 1,000 feet of the Selby Street site or 450 Toland Street. Construction activities would be limited to the hours between 7:00 AM and 8:00 PM and noise would be restricted to 80 dBA at 100 feet to comply with the San Francisco Noise Ordinance.

#### *Current Central Shops (1800 Jerrold Avenue)*

The closest residences to the existing Central Shops site are approximately 700 feet south. Noise generated during proposed debris removal activities at the current Central Shops site would be very limited due to the short duration and limited scope of work. The work would also be limited to the hours between 7:00 AM and 8:00 PM and noise would be restricted to 80 dBA at 100 feet to comply with the San Francisco Noise Ordinance.

In summary, no adverse noise effects would occur.

### Air Quality

The proposed project would relocate the existing Central Shops to two new locations approximately 500 and 1,500 feet away. The air quality setting is the same for all these properties. The proposed project would not expand the operation of Central Shops. The current Central Shops site, once vacated, would be used for SEP operations related to maintenance activities currently conducted at the SEP. Therefore, no additional operational vehicle trips would be generated by the proposed project.

The proposed construction of the new Central Shops facilities would entail use of construction equipment listed above and would generate approximately 300 truck trips for the Selby site and 150 truck trips for the 450 Toland Street site to haul construction materials. Estimated emissions of criteria pollutants calculated by SFPUC Bureau of Environmental Management staff using the SFPUC Air Quality Screening Tool would not exceed Bay Area Air Quality Management District's (BAAQMD) CEQA guidelines and are presented in the table below:

Pollutant	Project Emissions (lbs/day)	Threshold (lbs/day)
PM <sub>10</sub>	0.15	82
PM <sub>2.5</sub>	0.14	54
NO <sub>x</sub>	20.10	54
ROG	0.32	54

The contractor would comply with the City's Dust Control Ordinance which requires the preparation and implementation of a dust control plan.

The proposed project is located in an Air Pollutant Exposure Zone (APEZ) as defined in the City's Clean Construction Ordinance. The project would comply with the amended Clean Construction Ordinance, which requires construction in an APEZ to use off-road equipment with engines that meet or exceed either United States Environmental Protection Agency or State Air Resources Board (ARB) Tier 2 off-road emission standards, and have been retrofitted with an ARB Level 3 verified diesel emission control strategy (VDECS) while limiting idling to two minutes and ensuring that construction equipment is properly maintained and tuned.

Because the project would not generate emissions greater than the thresholds specified in the BAAQMD CEQA guidelines, and would comply with the Dust Control and Clean Construction Ordinances, adverse effects on air quality would not occur.

#### Water Quality

There are no wetlands, creeks or other natural water bodies located at the current or proposed Central Shops sites. Project construction would comply with the City's Construction Site Runoff Ordinance to ensure that polluted sediment does not enter the sewer system during construction. Post construction, the project would comply with the City's Stormwater Management Ordinance to minimize run-off from impervious surfaces.

Due to lack of waterbodies nearby and compliance with the City's construction and post construction water quality regulations, no adverse effects to water quality or other waters are anticipated.

- e) *The site can be adequately served by all required utilities and public services.*

The project sites are located in a dense urban area where all public services and utilities are available. The proposed project would be connected to the City's water, electric, and wastewater services. Prior to receiving building permits, the project would be reviewed by the City to ensure compliance with City and State fire and building code regulations concerning building standards and fire protection. The proposed project would not result in a substantial

increase in intensity of use or demand for utilities or public services that would necessitate any expansion of public utilities or public service facilities.

## **OTHER ENVIRONMENTAL INFORMATION**

### ***Aesthetics***

#### Selby Street Site

The Selby Street site (is located in an industrial area of the City surrounded by other industrial uses consisting of large, utilitarian warehouse complexes. Approximately 1/4<sup>th</sup> of the site is located under the Interstate 280 freeway and the Cesar Chavez Street off-ramp. The site is visible from the freeway but is not a designated scenic highway and the overall visual quality of the site and surrounding area is poor. The proposed project at the Selby Street site would demolish two corrugated metal warehouse buildings and construct a new building in similar, utilitarian style. The two structures to be demolished total approximately 16,000 square feet and are approximately 30 feet tall. The new building would contain approximately 53,000 square feet of floor area and would be 35 feet tall. While the new building would be larger and taller than the demolished buildings, there are other similarly sized warehouse buildings in the vicinity. The warehouse building south of the Selby Street site, across Jerrold Avenue, is approximately 50,000 square feet and the warehouse building west of the site is approximately 60,000 square feet. The proposed new building at the Selby Street site would result in development similar in style and mass to the industrial structures in the surrounding area and be visually compatible with existing development. The proposed building would require Civic Design Review at the Arts Commission prior to issuance of a building permit. Adverse effects on aesthetics from the new building are not expected.

#### 450 Toland Street

Proposed improvements to the building at 450 Toland Street would not result in changes to the footprint or height of the building. The majority of the tenant improvements would be interior renovations. Only minor improvements to the exterior would be made including demolition of the loading dock, replacement of the three smaller roll up doors with two larger roll up doors, and replacement of the existing 6-foot tall chain link perimeter fence with a 10-foot tall chain link perimeter fence. These exterior modifications would not result in any significant visual changes to the building, therefore no adverse effects on aesthetics are anticipated.

#### Current Central Shops(1800 Jerrold Avenue)

Debris removal activities at the existing Central Shops site would not result in any significant change in visual appearance because no buildings would be altered or demolished. An existing 6-foot high fence surrounds the site. The proposed security fence would be 2-feet taller and covered with non-climbable fabric. The site would be less visible from the street as the result of the

installation of the replacement fence (non-climbable fences consist of one-inch openings compared to the larger openings in the current fence). However, due to the industrial nature of the site and the surrounding areas, the proposed fencing would not alter the visual quality of the site. Therefore, adverse effects to the visual environment at the Central Shops site are not anticipated

### **Cultural Resources**

#### Archaeological Resources

Sally Morgan, Registered Professional Archaeologist, reviewed the proposed project locations in the confidential archaeological GIS database at Environmental Planning. The closest suspected historic resource is about 0.4 mile distant. This is the location of Butchertown, which consisted of slaughterhouses and meat and hide processing facilities located on the Islais Creek channel. There also are known or suspected prehistoric shell midden deposits between 0.3 and 0.5 mile to the northwest and south. No known or suspected archaeological sites are present at any of the proposed Project sites.

#### *Proposed Central Shops Sites (Selby Street Site and 450 Toland)*

The two sites proposed for relocation of the Central Shops facility lie within the area of the Islais Creek marsh as illustrated on the 1869 U.S. Coast Survey map. This marsh area was filled in the 1920s and '30s as part of a reclamation project. Historic archaeological deposits from before this fill period would be unlikely in this wet marsh setting. While it is possible that historic archaeological deposits dating subsequent to the fill placement could be present, none has been recorded in historic mapping.

Modeling of pre-bay topography presented in Far Western's report of geoarchaeological testing at SEP Building 521 (June 2015: Figure 7, on file at EP), illustrates a basal landform at elevation -40 feet at the Central Shops relocation sites. This suggests a steep bay bottom slope where early prehistoric deposits are unlikely to have developed or survived. While it is possible that prehistoric sites may have been present within the marsh, the anticipated shallow depth of proposed Project excavation at these sites for demolition and new construction (maximum 5 foot depth) is unlikely to penetrate the marsh fill and therefore is unlikely to encounter prehistoric archaeological sites. While it is possible that deeply buried prehistoric archaeological sites could be encountered by pile driving if pile foundations are required for the new warehouse, pile driving would not bring any material to the surface for examination. Further, as noted above, the presence of older deeply buried sites is unlikely based on pre-Bay topography. However, if it appears that a pile-driven foundation is required, a geoarchaeological assessment would be conducted determine whether prehistoric deposits associated with the earliest settlement of the bayshore may be present..

Consistent with the adopted policies of the SFPUC, compliance with SFPUC Standard Construction Measure Number 9 (archaeological measures) is included in this project. Archaeological Measure Number 1 would be implemented during construction. Under this measure, construction crews would be informed of the potential to encounter archaeological materials and suspension of work requirements in the event of a discovery. In addition, archaeological measures 2 and/or 3 would be implemented to assess pile driven foundation, to provide for geoarchaeological assessment and geoarchaeological data recovery if a pile driven foundation is required.

*Current Central Shops (1800 Jerrold Avenue)*

Proposed activities at the existing Central Shops location would not involve any grading or excavation. Therefore the proposed debris removal at 1800 Jerrold has no potential to result in adverse effects to archaeological resources, should any be present. Geoarchaeological testing at the site in 2015 did not reveal any evidence of archaeological resources at this site.

With the inclusion of these measures, no significant impacts to archaeological resources would occur.

Historic Built Environment

*Proposed Central Shops Sites (Selby Street Site and 450 Toland)*

Environmental Science Associates (ESA) conducted an evaluation of the two structures to be demolished at the Selby Street site and the building at 450 Toland Street (Attachment B), and concluded that the properties do not appear eligible for listing in the National Register of Historic Places, the California Register of Historical Resources, or local designation because the buildings lack historic significance and integrity. Therefore, the proposed project would not affect any historic resources.

*Current Central Shops (1800 Jerrold Avenue)*

JRP Historical Consulting evaluated the current Central Shops site (Attachment A) and determined that two of three buildings on site appear to meet the criteria for listing on the National Register of Historic Places (NRHP) and the California Register of Historical Resources (CRHR). However, the proposed Project would not affect any of these buildings. Debris removal and uses listed above are proposed for the current Central Shops site. None of these activities would involve any new building construction or alteration or demolition of the existing vehicle maintenance buildings that have been determined to be historical resources.

In conclusion, the project would not result in adverse effects to cultural resources.

### ***Hazards and Hazardous Materials***

#### Proposed Central Shops (Selby Street Site and 450 Toland)

The proposed project would disturb approximately 7,600 cubic yards of soil for construction of the new building at the Selby Street site and less than 50 cubic yards of soil for improvements to the building at 450 Toland Street. SFPUC Bureau of Environmental Management (BEM) staff reviewed the State Water Resources Control Board (SWRCB) GeoTracker and Department of Toxic Substances Control (DTSC) Envirostor databases, which did not identify any "Open" sites within the vicinity (150 feet) of the project sites.

Phase I environmental assessments conducted for 555 Selby Street and 1975 Galvez Avenue, where the new building would be constructed, revealed both parcels have permitted above ground fuel storage tanks. However the reports did not identify any ongoing contamination. The proposed project would remove the fuel storage tanks.

The Selby Street site and 450 Toland Street are located within the "Expanded Maher Area" mapped by the San Francisco Department of Public Health. The construction contractor would comply with Article 22A of the San Francisco Health Code ("Maher Ordinance") to address any hazardous materials discovered on site. The Maher Ordinance requires the identification, transportation and disposal of hazardous material, should they be encountered during project excavation, which would ensure that neither people nor the environment are exposed to hazardous materials. Therefore, adverse effects related to potential exposure of workers or the public to hazardous materials would not occur.

#### Current Central Shops (1800 Jerrold Avenue)

No ground disturbing activities are proposed at the current Central Shops site. However the proposed activities would involve removal of hazardous materials that have been stored on site. The SFPUC contractor would comply with applicable federal, State and local regulations (including SFPUC or SFPDW standard contract technical specifications) related to the characterization, transportation and disposal of hazardous materials, and therefore, no adverse effects from exposure of the public or construction workers to hazardous materials, contaminated groundwater, soil or vapor would occur.

### **CEQA Compliance/Recommendation**

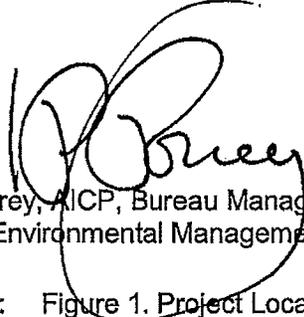
Based on the above description, the SFPUC recommends EP determine the proposed Project is categorically exempt under CEQA Guidelines Section 15332, In-fill development.

If you have any questions, please contact YinLan Zhang, Environmental Project Manager, Bureau of Environmental Management, at 415-487-5201.

Timothy Johnston, MP, Environmental Planner  
Environmental Planning Division, San Francisco Planning Department  
CEQA Exemption Request for the Central Shops Relocation and Land Transfer  
October 9, 2015  
Page 17

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Irina P. Torrey", is written over a circular stamp or seal.

Irina P. Torrey, AICP, Bureau Manager  
Bureau of Environmental Management

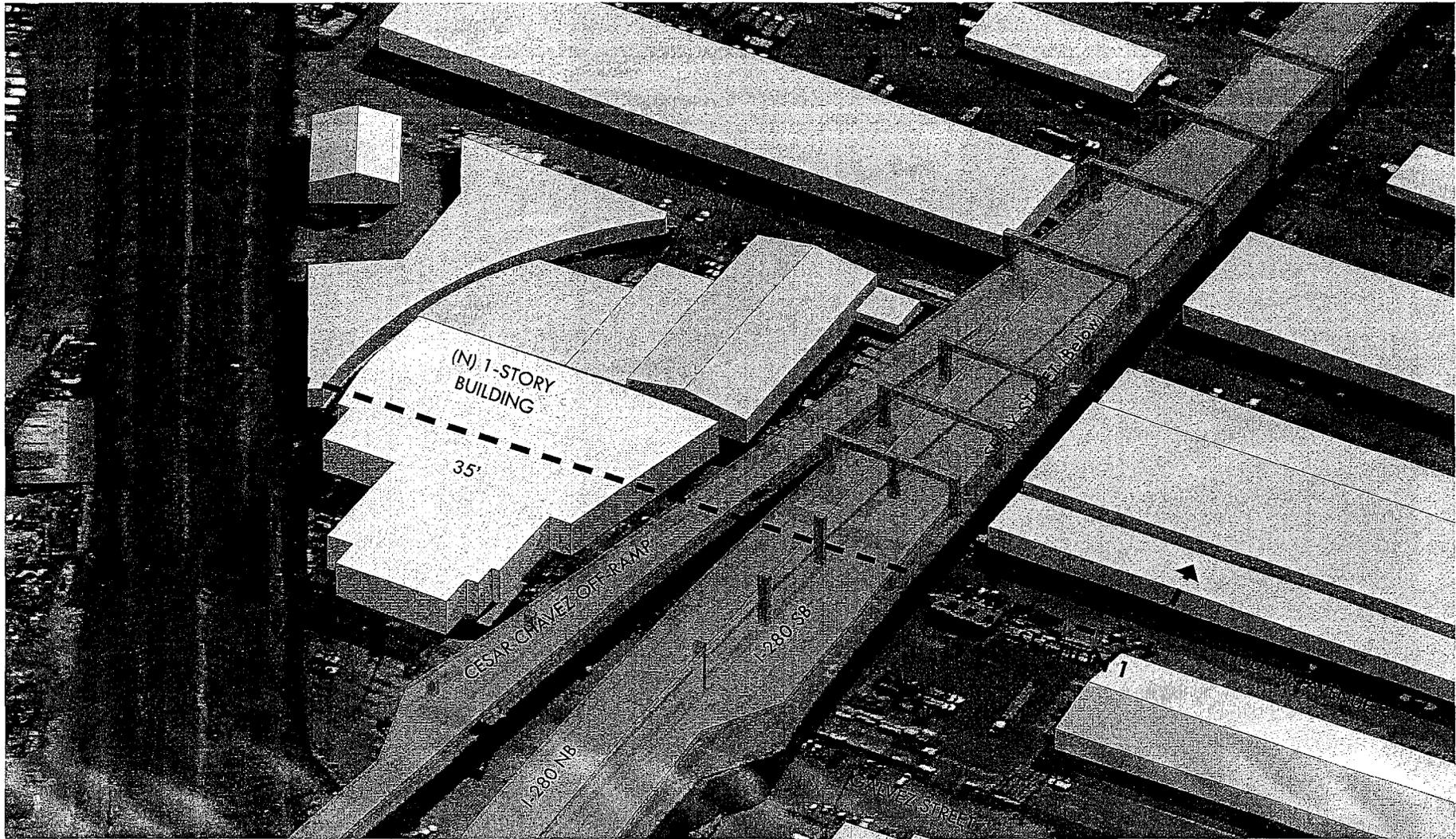
Enclosures: Figure 1. Project Location  
Figure 2. Project Plans for the Selby Street Site  
Figure 3. Project Plans for 450 Toland Street  
Figure 4. Site Photos  
Attachment A: DPR Forms for Current Central Shops Site  
Attachment B: DPR Forms for Proposed Central Shops Sites  
Attachment C: Preliminary Archeological Checklist

cc: Shelby Campbell, SFPUC, Project Management Bureau  
Rosanna Russell, SFPUC, Real Estate Services  
John Updike, GSA, Real Estate Department  
YinLan Zhang, SFPUC, Bureau of Environmental Management  
Boris Deunert, DPW

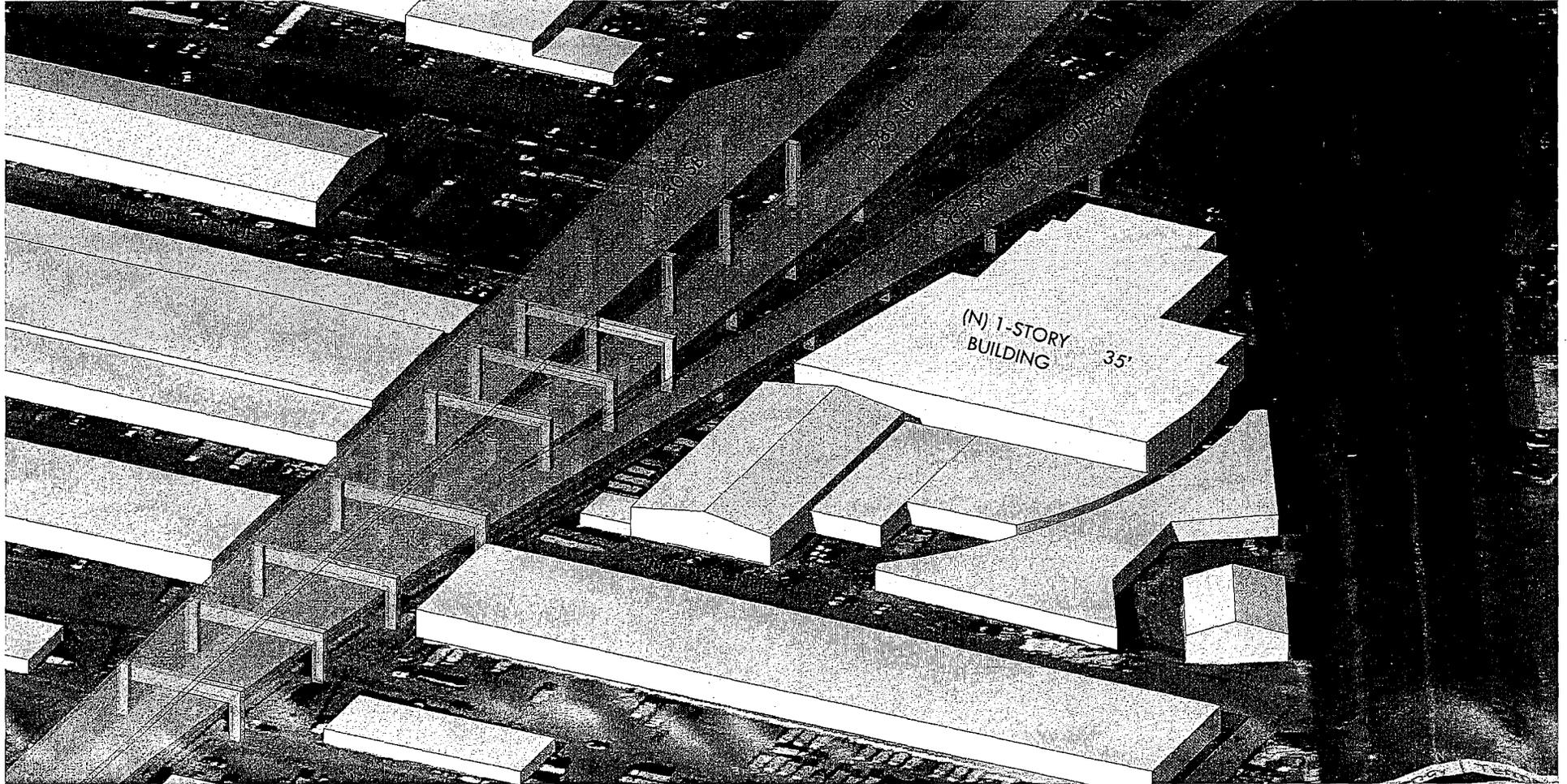


Figure 1. Project Location Map

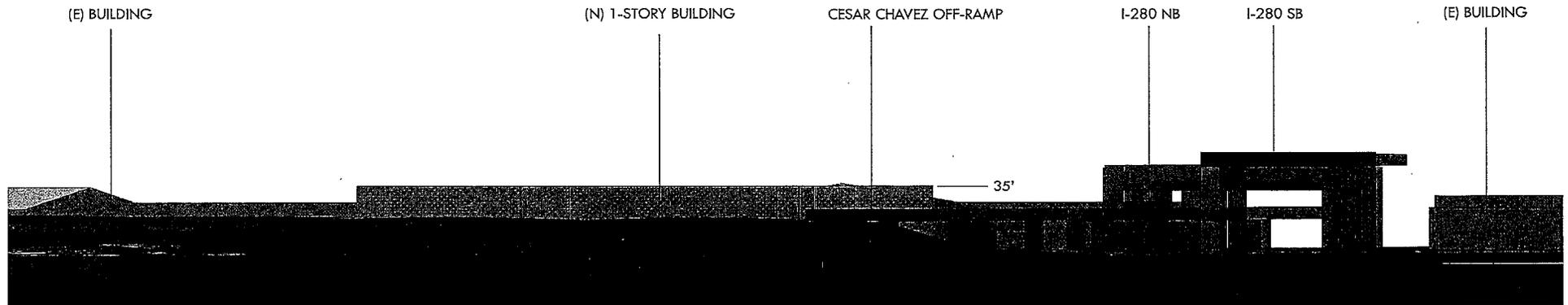
PROPOSED SITE MASSING



PROPOSED SITE MASSING



**SITE SECTION**





BUILDING DESIGN AND  
CONSTRUCTION  
DEPARTMENT OF PUBLIC WORKS  
CITY AND COUNTY OF SAN FRANCISCO  
301 N. BASS STREET  
SAN FRANCISCO, CA 94102-8028  
PHONE (415) 357-4100  
FAX (415) 357-4101

PROJECT NAME	450 Toland
DRAWING TITLE	FLOOR PLAN - LEVEL 1
DATE	08/04/15
SCALE	1" = 30'-0"
JOB NO.	
AUTHOR	
SHEET A1	

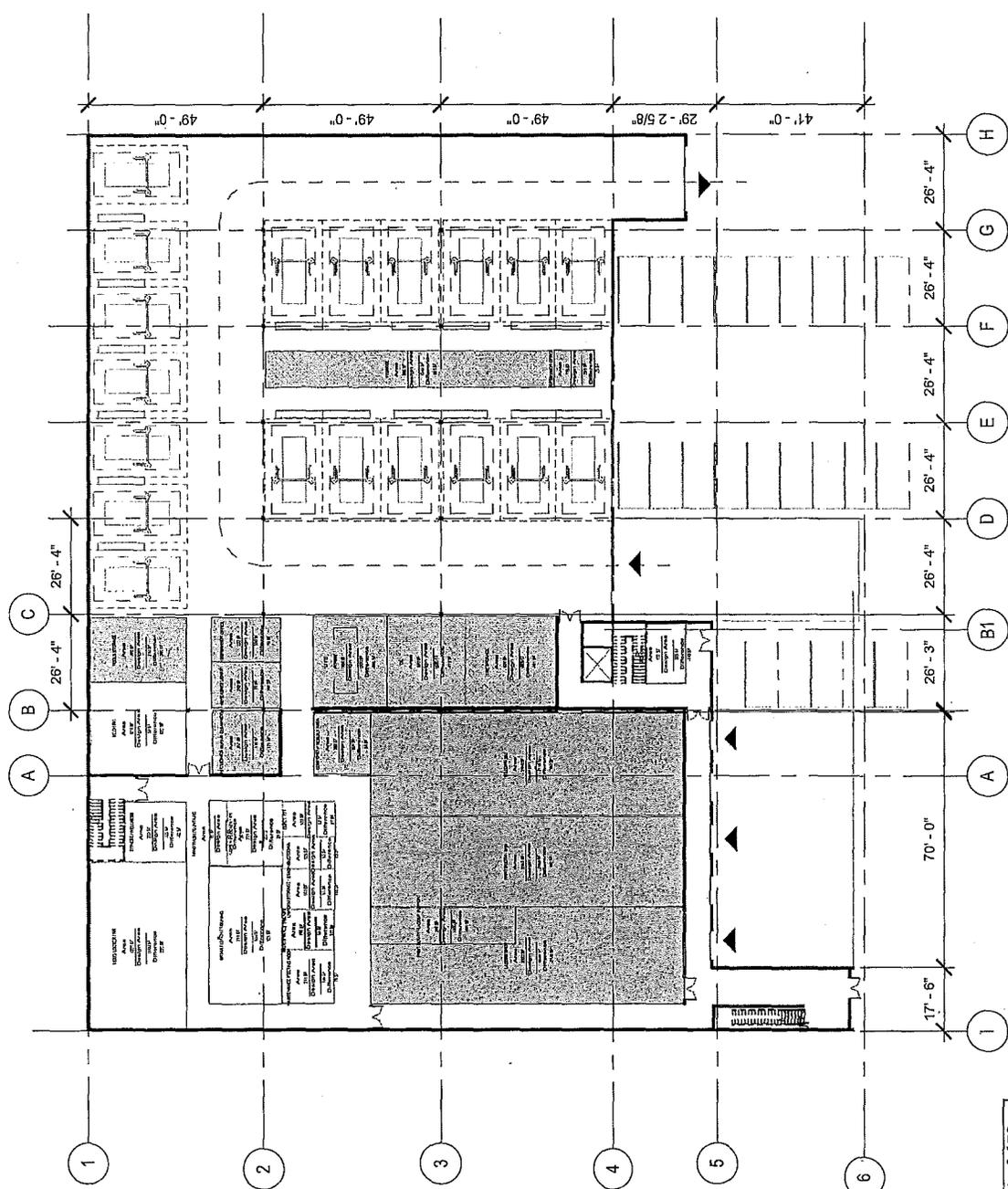
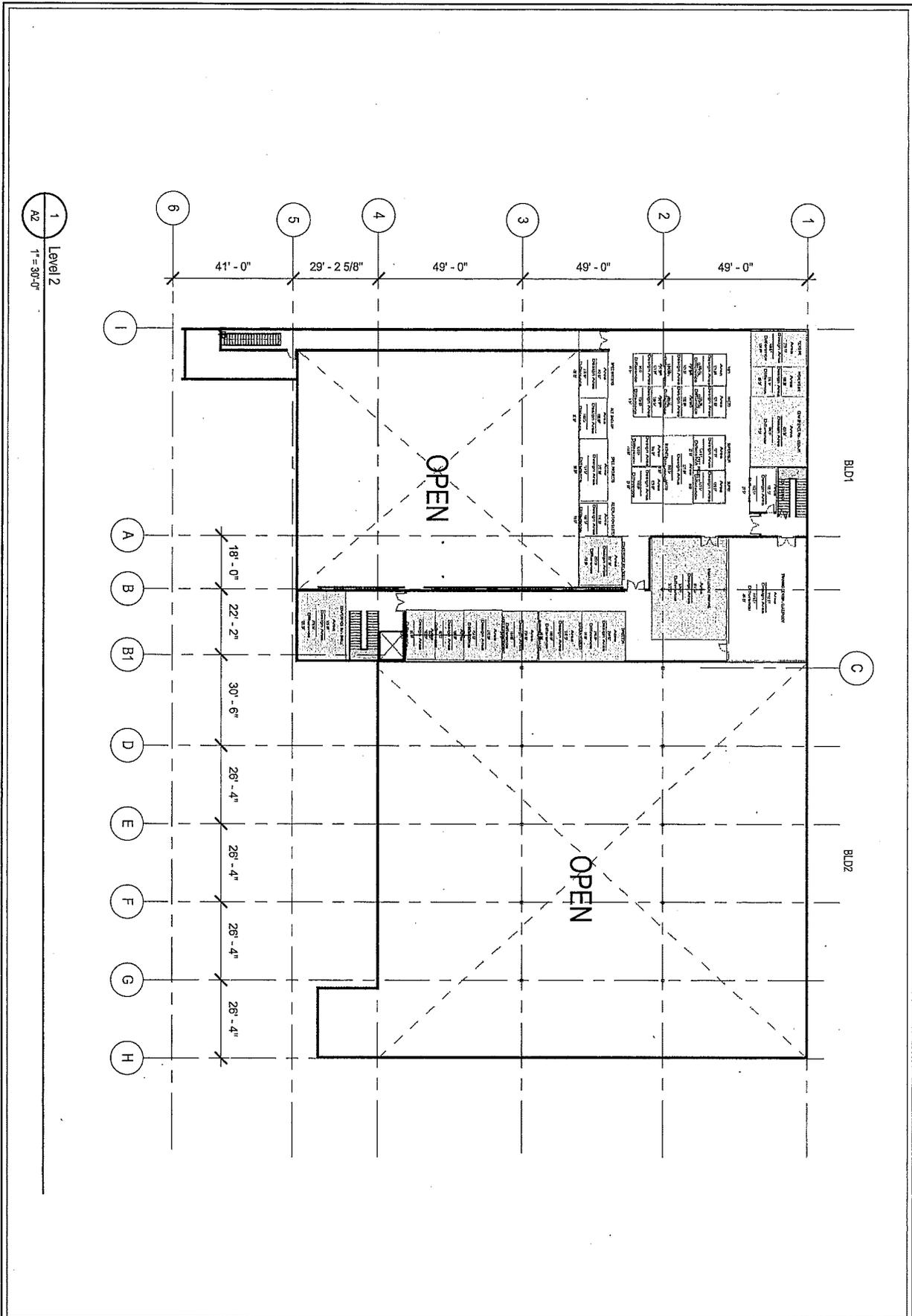


Figure 3. Proposed Interior Layout of 450 Toland St.



**BUILDING DESIGN AND CONSTRUCTION**  
 DEPARTMENT OF PUBLIC WORKS  
 CITY AND COUNTY OF SAN FRANCISCO  
 30 Van Ness Avenue  
 San Francisco, CA 94102-6028  
 (415) 557-4700  
 (415) 557-4701

PROJECT NAME  
**450 Toland**

DRAWING TITLE  
**FLOOR PLAN - LEVEL 2**

DATE  
**06/24/15**

DRAWN  
**Author**

SCALE  
**1" = 30'-0"**

JOB No.

SHEET  
**A2**

555 Selby Street Site Photos

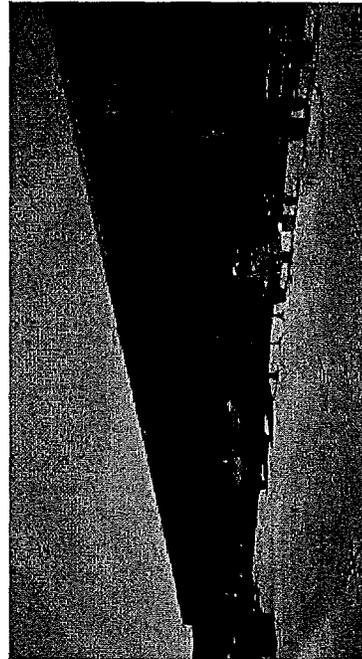
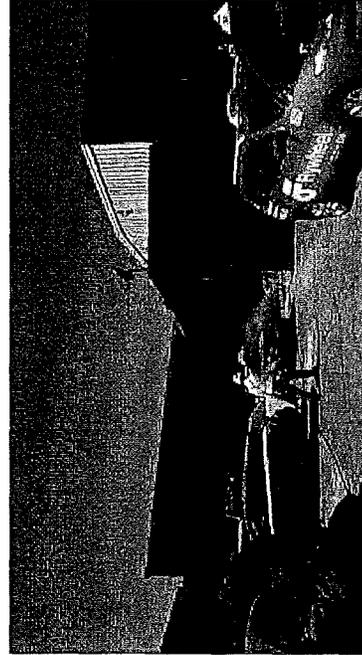
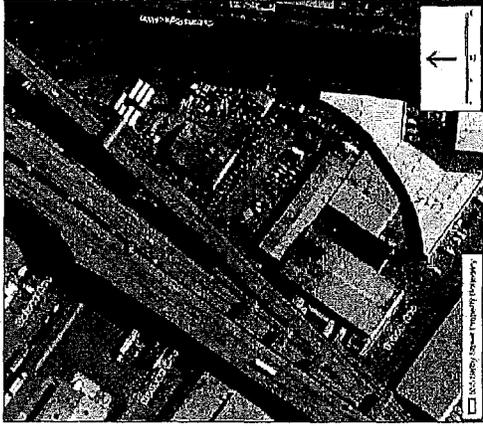
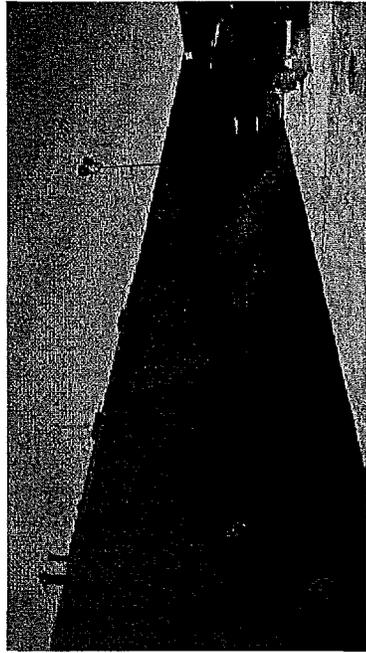
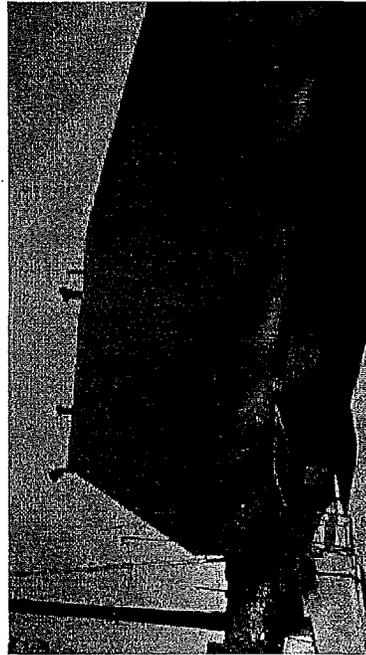
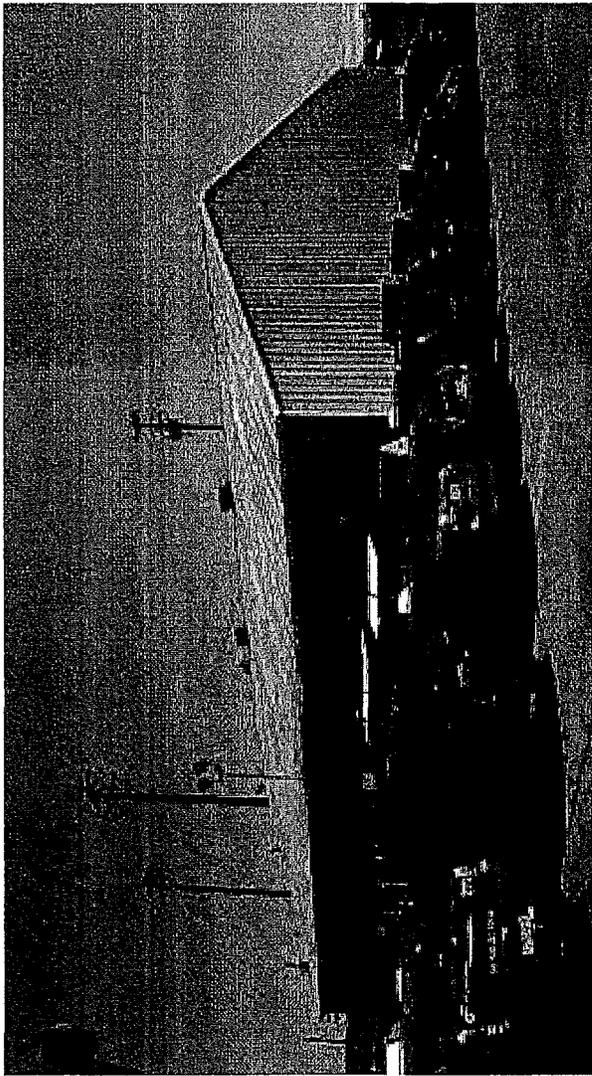
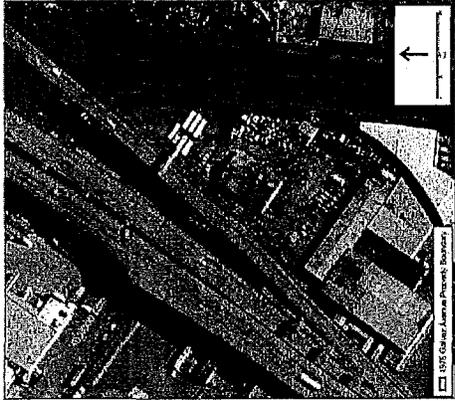
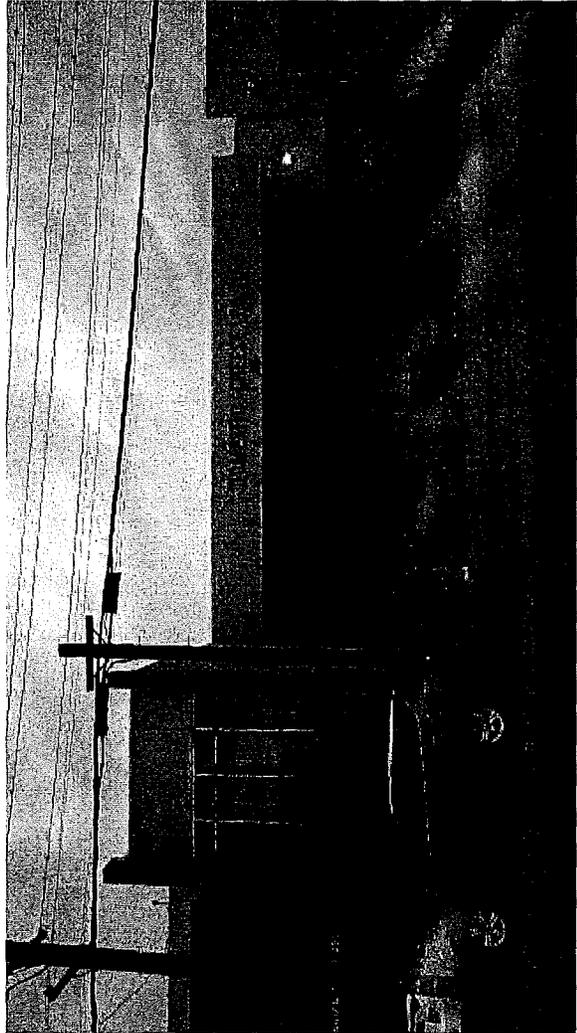
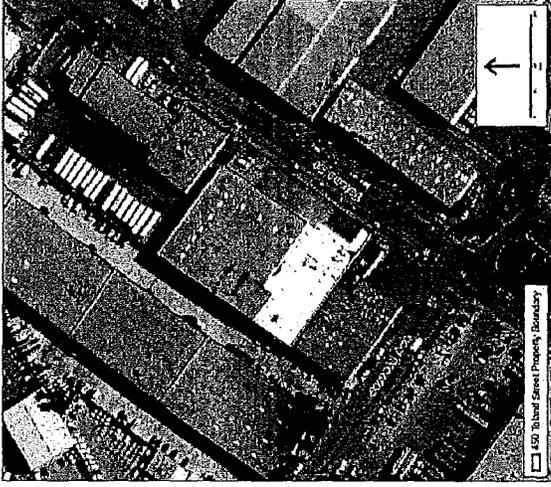


Figure 4. Site Photos

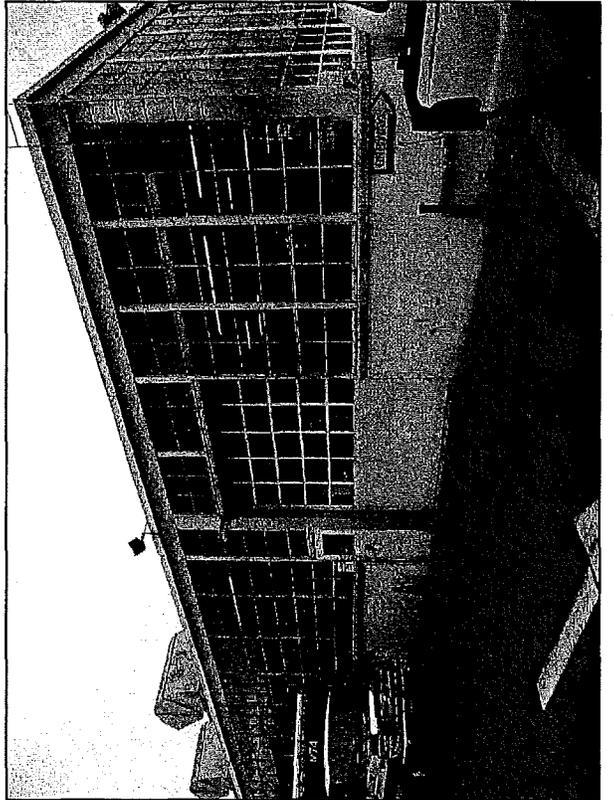
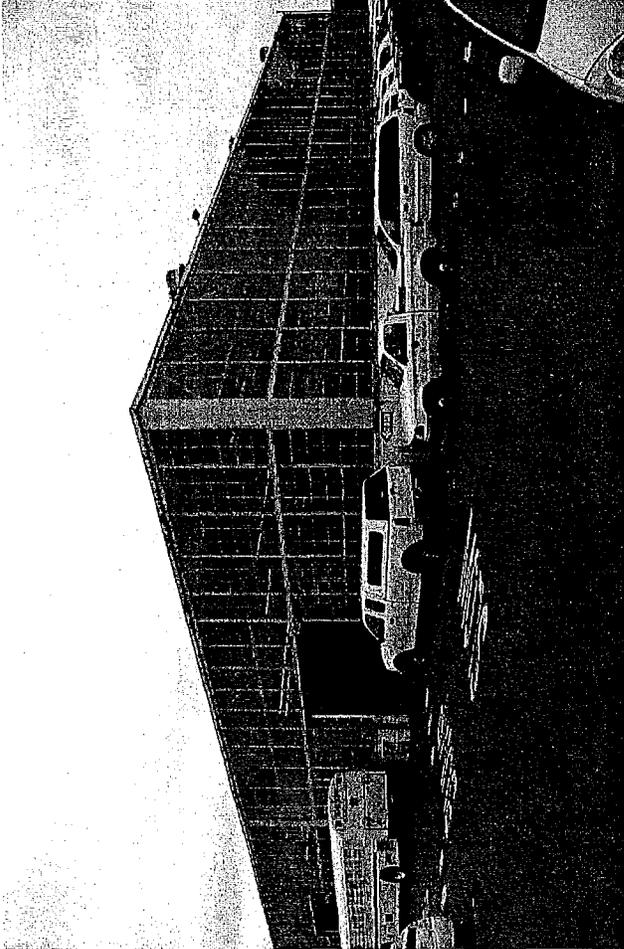
1975 Galvez Avenue Photos



450 Toland Street Photos



1800 Jerrold Avenue Photos





Attachment A

2850 Spafford Street • Davis, CA 95618 • (530) 757-2521 • (530) 757-2536 Fax • www.jrphistorical.com

Stephen R. Web, Principal / President  
Rand F. Herbert, Principal / Vice President  
Meta Bunse, Partner  
Christopher D. McMorris, Partner

December 4, 2014

YinLan Zhang  
San Francisco Public Utilities Commission  
Bureau of Environmental Management  
525 Golden Gate Avenue, 6th Floor  
San Francisco, CA 94102

*YinLan*  
Dear Ms. Zhang:

I pleased to submit to you the DPR 523 form for the Central Shops facility at 1800 Jerrold Avenue in San Francisco that JRP Historical Consulting, LLC (JRP) prepared at your request.

The Central Shops at 1800 Jerrold Avenue appears to meet the criteria for individual listing in the National Register of Historic Places (NRHP) under Criterion C and the California Register of Historical Resources (CRHR) under Criterion 3. The property is significant at the local level and it retains historic integrity to convey its significance. Its period of significance is 1959, when it was constructed, and the boundary of the historic property / historical resource is the footprint and layout of Building A and Building B described on the DPR 523 form. This property has been evaluated in accordance with Section 15064.5(a)(2)-(3) of the California Environmental Quality Act (CEQA) Guidelines, using the criteria outlined in Section 5024.1 of the California Public Resources Code and is a historical resource for the purposes of CEQA.

Thank you.

Sincerely,

  
Christopher McMorris

<b>State of California – The Resources Agency</b> <b>DEPARTMENT OF PARKS AND RECREATION</b> <b>PRIMARY RECORD</b>	Primary # _____ HRI # _____ Trinomial _____ NRHP Status Code <u>3S</u>
	Other Listings _____ Review Code _____ Reviewer _____ Date _____

\*Resource Name or # (Assigned by recorder) 1800 Jerrold Avenue

**P1. Other Identifier:** 1800 Jerrold Avenue

\*P2. Location:  Not for Publication  Unrestricted  
 and (P2b and P2c or P2d. Attach a Location Map as necessary.)

\*a. County San Francisco

\*b. USGS 7.5' Quad San Francisco South Date 1993 T \_\_\_\_\_; R \_\_\_\_\_; Sec \_\_\_\_\_; \_\_\_\_\_ B.M.

c. Address 1800 Jerrold Avenue City San Francisco Zip 94124

d. UTM: (give more than one for large and/or linear resources) Zone \_\_\_\_\_; \_\_\_\_\_mE/ \_\_\_\_\_mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate)

Assessor Parcel Number (APN): 5262-009

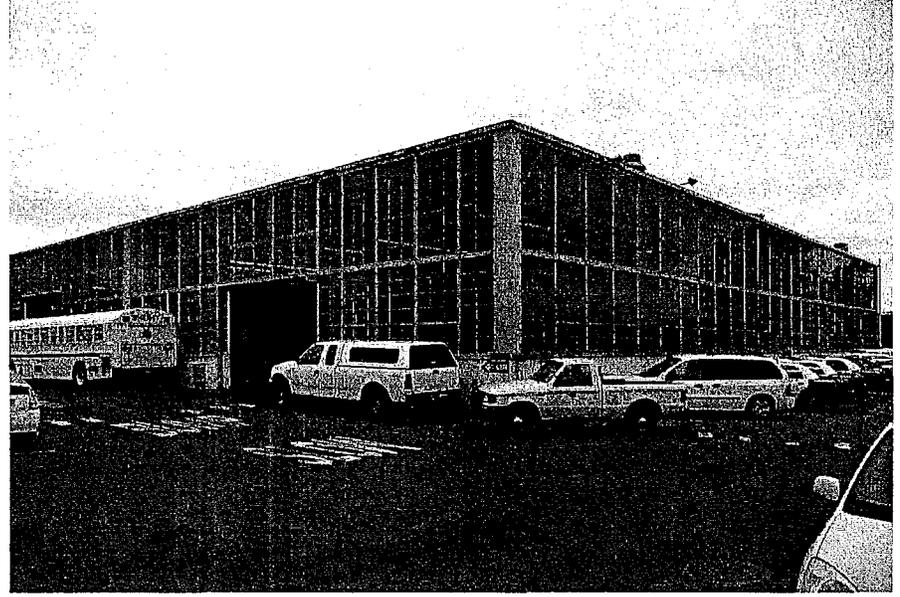
\*P3a. Description: (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

This form documents the City and County of San Francisco's Central Shops facility at 1800 Jerrold Avenue. The facility occupies a 6-acre portion of APN 5262-009. The remainder of the parcel contains the Southeast Wastewater Treatment Plant, which is not subject to this inventory. The Central Shops facility consists of three permanent buildings that are designated from south to north Building A, Building B, and Building C. At the south end of this facility are several recently installed temporary buildings not associated with Central Shops. Building A and Building B are of identical construction, the main difference being Building B is about twice as tall as Building A (**Photograph 1**). These two buildings are both rectangular with flat, metal deck roofs supported by clear span steel trusses. Wall framing is also steel and the wall surface is largely industrial steel sash windows. Below the windows is a reinforced concrete apron wall about three feet high. Building A is 17,401 square feet divided into several bays housing the administration office, locker room, body shop, small equipment repair, paint shop, boiler room, and pattern shop (**Photograph 2**). Building A has several glazed metal personnel doors, glazed metal top-hung sliding doors, large glazed metal hinged doors, and two recessed personnel entrances providing access to the office and locker room (**Photographs 3 and 4**). On the south side are a few horizontal sliding sash windows. (See Continuation Sheet.)

\*P3b. Resource Attributes: (List attributes and codes) HP8 – Industrial Building

\*P4. Resources Present:  Building  Structure  Object  Site  District  Element of District  Other (Isolates, etc.)

P5a. Photo or Drawing (Photo required for buildings, structures, and objects.)



**P5b. Description of Photo:** (View, date, accession #) Photograph 1: Building B, camera facing northwest, 8/20/2014

\*P6. Date Constructed/Age and Sources:  
 Historic  Prehistoric  Both  
1959 (CCSF Purchasing Dept. Annual Report, 1959)

\*P7. Owner and Address:  
City and County of San Francisco  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

\*P8. Recorded by: (Name, affiliation, address)  
Steven J. Melvin & Heather Miller  
JRP Historical Consulting, LLC  
2850 Spafford Street  
Davis, CA 95618

\*P9. Date Recorded: August 20, 2014

\*P10. Survey Type: (Describe) Intensive

\*P11. Report Citation: (Cite survey report and other sources, or enter "none.") None

\*Attachments: NONE  Location Map  Sketch Map  Continuation Sheet  Building, Structure, and Object Record  Archaeological Record  District Record  Linear Feature Record  Milling Station Record  Rock Art Record  Artifact Record  Photograph Record  Other (list) \_\_\_\_\_

Page 2 of 20

\*NRHP Status Code 3S

\*Resource Name or # (Assigned by recorder) 1800 Jerrold Avenue

B1. Historic Name: City and County of San Francisco Central Shops

B2. Common Name: City and County of San Francisco Central Shops

B3. Original Use: vehicle and equipment maintenance and repair

B4. Present Use: vehicle and equipment maintenance and repair

\*B5. Architectural Style: Industrial Modern; utilitarian

\*B6. Construction History: (Construction date, alteration, and date of alterations) Buildings A, B and C were constructed in 1959; a few windows replaced on Building A, date unknown.

\*B7. Moved?  No  Yes  Unknown Date: \_\_\_\_\_ Original Location: \_\_\_\_\_

\*B8. Related Features: \_\_\_\_\_

B9. Architect: unknown b. Builder: unknown

\*B10. Significance: Theme Architecture Area San Francisco

Period of Significance 1959 Property Type Vehicle Maintenance Facility Applicable Criteria C/3

(Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

The Central Shops at 1800 Jerrold Avenue appears to meet the criteria for individual listing in the National Register of Historic Places (NRHP) under Criterion C and the California Register of Historical Resources (CRHR) under Criterion 3. The property is significant at the local level and it retains historic integrity to convey its significance. Its period of significance is 1959, when it was constructed, and the boundary of the historic property / historical resource is the footprint and layout of Building A and Building B described herein. This property has been evaluated in accordance with Section 15064.5(a)(2)-(3) of the California Environmental Quality Act (CEQA) Guidelines, using the criteria outlined in Section 5024.1 of the California Public Resources Code and is a historical resource for the purposes of CEQA. This evaluation is consistent with San Francisco Preservation Bulletin 5, "Landmark and Historic District Designation Procedures," which directs that historic resources be evaluated for local designation using the California Office of Historic Preservation Recordation Manual (as per San Francisco Landmarks Board Resolution No. 527, June 7, 2000). The property is not significant under NRHP / CRHR criteria A/1, B/2, or D/4. There is also no known or potential historic district to which this property would be a contributor. (See Continuation Sheet.)

B11. Additional Resource Attributes: \_\_\_\_\_

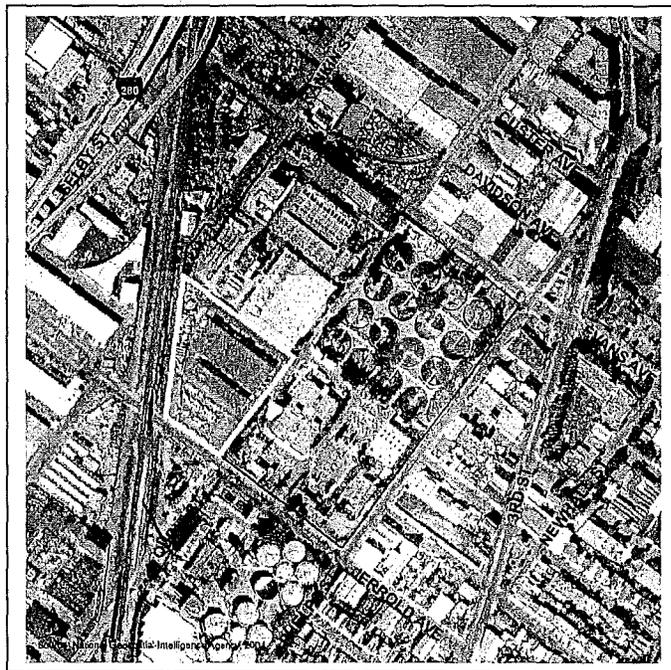
\*B12. References: CCSF Purchasing Department Annual Reports, various years; Sanborn Fire Insurance Maps, various years; Kelley & Ver Planck, *Bayview-Hunters Point Area B Survey, Historic Context Statement*, 2010; *San Francisco Chronicle*; Betsy Hunter Bradley, *The Works: the Industrial Architecture of the United States*, (New York: Oxford University Press, 1999); William Kostura, "Van Ness Auto Row Support Structures: A Survey of Automobile-Related Buildings along the Van Ness Avenue Corridor," prepared for the Department of City Planning, San Francisco, California; Mary Brown, San Francisco Planning Department, *San Francisco Modern Architecture and Landscape Design, 1935-1970, Historic Context Statement*, (San Francisco Planning Department, 2010). (See B10 footnotes for additional references.)

B13. Remarks:

\*B14. Evaluator: Steven J. Melvin and Christopher McMorris

\*Date of Evaluation: November 2014

(This space reserved for official comments.)



### **P3a. Description (continued):**

Building B is 49,976 square feet and is divided into the car shop, truck shop, outfitting shop, spray booth, fire engine and apparatus shop, welding shop, machine shop, storeroom, and tire shop (**Photograph 1**). Each bay is accessed by large top-hung glazed double sliding doors or metal roll-up doors (**Photograph 5 and 6**). The car shop, truck shop, and fire shop all are drive through bays with top-hung doors on each end (**Photograph 7 and 8**). Also throughout the building are glazed metal personnel doors.

Building C is at the north end of the facility and is an open sided shed roof building of 13,200 square feet (**Photograph 9**). It is made of reinforced concrete with steel beams supporting the wood board deck of the shed roof. The building has six bays divided by reinforced concrete walls (**Photograph 10**). The bays appear to be used for smog checking, miscellaneous repairs and maintenance, and storage. At the west end of this building is the former facility gas station (**Photograph 11**). It has a small indoor area sheathed in stucco walls and topped by a wide, projecting shed roof porte-cochere supported by steel posts. This element of Building C has a horizontal band of multi-pane windows and glazed metal personnel doors.

### **B10. Significance (continued):**

#### **Historic Context**

##### *Industrial Development of Bayview-Hunters Point*

The Central Shops at 1800 Jerrold Avenue is located in the Bayview-Hunters Point area in southeast San Francisco that is generally bounded by Cesar Chavez Boulevard (formerly Army Street) on the north, San Francisco Bay on the east, U.S. Highway 101 on the west, and Candlestick Hill on the south. The Bayview-Hunters Point area, along with the Potrero Point area just to the north, developed as one of San Francisco's early industrial districts. Ordinances in the early 1850s pushed slaughterhouses from South of Market to the edge of the city in southeastern San Francisco, where shipbuilding was already established, and the area has retained its industrial nature ever since.<sup>1</sup>

The blocks and lots around the Central Shops were historically occupied by a variety of industries since the late 1800s. This area provided proximity to Islais Creek and Islais Estuary, which factories used for water in their production processes and to carry away wastewater. Some industries located here in the 1880s were the Pacific Rolling Mills Company, Union Iron Works, San Francisco Cordage Factory and Rope Works, California Sugar Refinery, and the City Gas Company. Others included more noxious industries such as tanneries, slaughterhouses, and manufacturers of paints, oils, and petroleum based products.<sup>2</sup>

The Islais Creek area of the San Francisco was served by multiple railroads by the early twentieth century, including Southern Pacific Railroad, Ocean Shore Railroad, and Western Pacific Railroad. Southern Pacific built its Bayshore Cutoff rail line between 1904 and 1907 using several cuts, bay fill, bridges, tunnels, and trestles to move its main line along the bay instead of through Colma. Tunnel No. 3 through Hunters Point Hill is just south of the Central Shops and the Bayshore Cutoff line forms the westside of 1800 Jerrold Avenue. Another railroad, the Ocean Shore Railroad, began operations in 1905 and ran both freight and passenger service. This line passed through the west side of Bayview-Hunters Point, well west

<sup>1</sup> Kelley & VerPlanck, *Bayview-Hunters Point Area B Survey, Historic Context Statement*, 2010, 1; San Francisco, *Manual of the Corporation of the City of San Francisco: Containing a Map of the City, the Declaration of Independence, the Constitution of the United States, the Constitution of the State of California, the Charters of the City, the Revised Ordinances Still in Force, and Certain Laws Relating Particularly to the City of San Francisco* (San Francisco: Published by authority, 1852), 94; San Francisco, *Ordinances and Joint Resolutions of the City of San Francisco* (San Francisco: Published by authority, 1854), 386; Roger W. Lotchin, *San Francisco 1846-1856: From Hamlet to City* (Lincoln, NB: University of Nebraska Press, 1974), 12.

<sup>2</sup> Sanborn Map Company, *San Francisco, California* (New York: Sanborn Map Company, 1886-1887, 1900); USGS, *San Francisco Quadrangle, 1:62500, 15 minute* (Washington: USGS, 1895, 1899); Richard Walker, *Industry Builds Out the City: The Suburbanization of Manufacturing in the San Francisco Bay Area, 1850-1940* [http://oldweb.geog.berkeley.edu/PeopleHistory/faculty/R\\_Walker/IndustryBuildsOut.pdf](http://oldweb.geog.berkeley.edu/PeopleHistory/faculty/R_Walker/IndustryBuildsOut.pdf) (accessed February 28, 2014), 6.

of the Central Shops. In 1920 the railroad ceased operations and Western Pacific Railroad acquired the trackage in Bayview-Hunters Point to serve local industries and connect with its freight slip and terminal located at Potrero Point at 25<sup>th</sup> Street.<sup>3</sup>

In the early decades of the twentieth century real estate developers looked to southeastern San Francisco as an underutilized area for industrial growth. The main impedance to development was the vast swampy area of the Islais Creek estuary, adjacent to the future Central Shops parcel. In 1909, a reclamation plan proposed condemnation by the State of California to purchase 173 acres of privately owned land in the Islais Creek estuary, but the plan's high cost stalled the project.<sup>4</sup> The project started moving again in 1930 and by September work to reclaim the estuary property and create a new 280-acre industrial district began. Dredged material from the channel was used to fill land on the north side of the creek for a lumber, factory, and railroad district. North of Army Street (now Cesar Chavez Street), the Western Pacific Railroad Company leveled a hill and reclaimed several acres of its own property to provide more useable land for industries and customers for its new peninsula rail line. Reclamation of Islais Creek estuary was officially completed in 1936 and industries began construction on the former swamplands. The reclamation project, however, stopped west of the Southern Pacific railroad line and did not include the site of the future Central Shops, which was on the edge of the estuary, but east of the railroad. As reclamation opened the way for development nearby, the Central Shops site remained swampy and sparsely developed with a few scattered buildings. Improvements to Bayshore Boulevard and Army Street through the area further spurred development, as did the construction of Highway 101 (Bayshore Freeway) and I-280 in the 1950s. These roadways facilitated the movement of products and people in and out of Bayview-Hunters Point and encouraged further development.<sup>5</sup>

Efforts to continue industrial expansion in Bayview-Hunters Point continued after World War II. The first was the creation of an industrial zone called Apparel City. This group of ten industrial buildings bounded by Barneveld Avenue, Oakdale Avenue, and Industrial Avenue, just southwest of the Central Shops, housed apparel and textile assembly businesses. Another large project promoted by the San Francisco Redevelopment Agency was the creation of the San Francisco Wholesale Produce Market, four two-story industrial warehouses on a 25-acre tract of land facing Jerrold Avenue. The market was part of larger industrial park bounded by Rankin Street, Toland Street, Newcombe Avenue, and Hudson Avenue. This area is just west of the Central Shops on the other side of the railroad tracks. Industrial growth continued into the 1960s, with the redevelopment of Butchertown south of Islais Creek, and the India Basin Industrial Park, completed in 1973. India Basin Industrial Park slowly brought more industry and commercial businesses to the area, and is considered an ongoing project. Other industrial and housing redevelopment projects started and stalled throughout the 1970s and 1980s. Into the Twenty-First Century, Bayview-Hunters Point remains the focus of redevelopment efforts such as a 2000 Community Revitalization Concept Plan, but it still retains its industrial character.<sup>6</sup>

City and County of San Francisco Central Shops

<sup>3</sup> Southern Pacific Bureau of News, "Historical Outline," 77; Loren Nicholson, *Rails Across the Ranchos*, Centennial Edition (San Luis Obispo, CA: California Heritage Publishing Associates, 1993), 133-138; "Construction on the Bay Shore Line of the Southern Pacific Co.," *The Railway and Engineering Review* (October 20, 1906): 807-809; Sanborn Map Company, *San Francisco, California* (New York: Sanborn Map Company, 1914, 1950); Jack R. Wagner, *The Last Whistle: Ocean Shore Railroad* (Berkeley: Howell-North Books, 1974), 17, 107; Islais Creek Reclamation District, *Map Showing Property Owners*, May 23, 1927, on file at the San Francisco Public Library History Center, San Francisco Ephemera Collection; USGS, *San Francisco South Quadrangle*, 1:24000, 7.5 minute (Washington: USGS, 1956 [photorevised 1968, 1980]).

<sup>4</sup> Kelley & VerPlanck, *Bayview-Hunters Point Area B Survey, Historic Context Statement*, 73-80.

<sup>5</sup> "Islais Creek District Development Project Will Ne Begun Tomorrow," *San Francisco Chronicle*, September 2, 1930, 7:6; Kelley & VerPlanck, *Bayview-Hunters Point Area B Survey, Historic Context Statement*, 83, 110; Richard Walker, *Industry Builds Out the City: The Suburbanization of Manufacturing in the San Francisco Bay Area, 1850-1940* [http://oldweb.geog.berkeley.edu/PeopleHistory/faculty/R\\_Walker/IndustryBuildsOut.pdf](http://oldweb.geog.berkeley.edu/PeopleHistory/faculty/R_Walker/IndustryBuildsOut.pdf) (accessed February 28, 2014), 10; "Islais Creek District Development Project Will Be Begun Tomorrow," *San Francisco Chronicle*, September 2, 1930, 7:6; Sanborn Map Company, *San Francisco, California* (New York: Sanborn Map Company, 1950); USGS, *San Francisco South Quadrangle*, 1:24000, 7.5 minute (Washington: USGS, 1956 [photorevised 1968, 1980]).

<sup>6</sup> Kelley & VerPlanck, *Bayview-Hunters Point Area B Survey, Historic Context Statement*, 101, 102, 120-121, 153-154.

The Central Shops is a City bureau responsible for the maintenance of city-owned vehicles (except for the Department of Public Utilities) as well as mechanical apparatus, fire apparatus, and a variety of other mechanical and machines works and equipment. In the 1950s the Bureau of Central Shops operated under the City and County of San Francisco (CCSF) Purchasing Department and was responsible for approximately 1,200 City vehicles. At this time the Bureau of Central Shops had three major shops, Shops Nos. 1, 2, and 3, and eleven sub-shops and garages. Shop No. 1 was located at 313 Francisco Street and was responsible for fire department maintenance and repairs; Shop No. 2, at 2800 Alameda Street, maintained the automobile fleet; and Shop No. 3 at 1745 California Street (also referred to as 1765 California Street) maintained police vehicles. The various sub-shops and garages were also scattered throughout the City.<sup>7</sup> By the mid-1950s, these multiple facilities had become inadequate and inefficient. Specific problems included lack of space for vehicle repair, lack of modern equipment, and the need to move vehicles that required multiple repairs, such as painting and upholstery work, from one specialty shop to another. In 1956 the Purchasing Department Annual Report described plans to build a new consolidated shop facility: "The hope has arisen that the inadequacy of the City's central repair shops, which has handicapped efficiency and caused delays and high automotive repair costs, is scheduled to be overcome." The plan was to bring Shops Nos. 1, 2 and 3 together at the 1800 Jerrold Avenue site, described in the report as "surplus land acquired for the Southeast Sewage Treatment Plant." The site was ideal because the land was already owned by the City and it was in an industrial area.<sup>8</sup>

The Southeast Sewage Treatment Plant currently occupies the tract of land bounded by Evans Avenue, Phelps Street, Rankin Street and Jerrold Avenue, north and east of the Central Shops Jerrold Avenue facility. Just prior to the construction of the sewage treatment plant, this tract of land was sparsely developed. In the 1940s and 1950s the area contained only scattered small buildings, including livestock pens, a small lumber shed, and an office near Jerrold Avenue and Quint Street. Railroad tracks of the Atchison, Topeka and Santa Fe ran up the middle of Quint Street. The only sizable development was on the north end of this large tract – north of where the Central Shops was later built – where the Scavengers Protective Association processing plant fronted on Evans Avenue between Phelps Street and Quint Avenue. The Lowrie Paving Company was also on Evans Avenue between Rankin Street and Quint Avenue. Historically, the land currently occupied by the sewage treatment plant and the Central shops was on the edge of the Islais Creek estuary, but was just outside of the reclamation project, which stopped on the other side of the railroad tracks. Historic mapping and aerial photographs from the 1940s and 1950s shows this parcel to be low and poorly drained, a condition that likely explains its continued lack of development at this late date.<sup>9</sup>

Construction of the new Central Shops facility was well underway by the spring of 1958 at an estimated cost of \$1 million. In June of the following year, Bureau of Central Shops Superintendent Aylmer W. Petan oversaw the move into the three new buildings, which had an address at that time of 800 Quint Street. As planned, the new facility consolidated the operations of Shops Nos. 1, 2, and 3 and thenceforth the majority of the work of the Bureau of Central Shops was conducted at the new facility, while small sub-shops remained in operation throughout the City. The Jerrold Avenue facility was divided into three main areas: automobile, truck, and fire apparatus, as well as several auxiliary shops such as machine shop, blacksmith shop, upholstery shop, paint shop, fire hose shop, ladder shop, tire shop, and wood working shop (**Figure 1, Figure 2, Figure 3 and Figure 4**). The facility also housed Central Shops administration offices. By 1959, the fleet of vehicles serviced by Central Shops had increased to 1,400. This increased again the following year to 1,600 vehicles.<sup>10</sup>

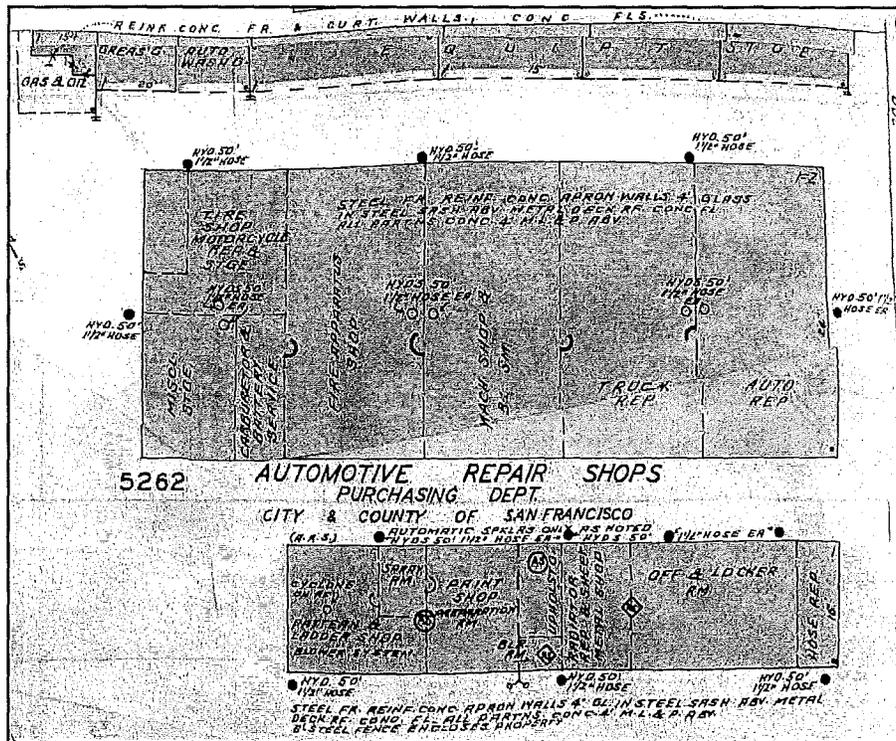
<sup>7</sup> City and County of San Francisco, Purchasing Department, "Annual Report to the Mayor for 1954-1955," September 21, 1955, 5-6; City and County of San Francisco, Purchasing Department, "Annual Report to the Mayor for 1955-1956," September 1956, 7-8; City and County of San Francisco, Purchasing Department, "Annual Report to the Mayor for 1957-1958," September 1958, 9.

<sup>8</sup> City and County of San Francisco, Purchasing Department, "Annual Report to the Mayor for 1955-1956," September 21, 1955, 7-8.

<sup>9</sup> Sanborn Map Company, *San Francisco, California* (New York: Sanborn Map Company, 1950), Sheets 807, 808, 817, 818; USGS, *San Francisco South Quadrangle*, 1:24,000, 7.5 minute (Washington: USGS, 1947); HistoricAerials.com, historic aerial images, 1946, 1956.

<sup>10</sup> City and County of San Francisco, Purchasing Department, "Annual Report to the Mayor for 1957-1958," September 1958, 9; City and County of San Francisco, Purchasing Department, "Annual Report," September 1959, 11-12; "Directory of City and County Officers," *City-County Record* 26, no. 6 (June 1959): 9; City and County of San Francisco, Purchasing Department, "Annual Report," September 1960, 18.

During the period when the new Central Shops facility was built, the City was generally interested in improving the efficiency of its various departments. In 1952, Board of Supervisors established the Municipal Government Survey Advisory Committee to study and make recommendations on how to improve the operations of City departments to reduce costs. Budget constraints, however, limited the scope of the study, which did not review all departments and did not include the Central Shops. Interest in cost-saving persisted and in late 1960 Mayor George Christopher formed the Mayor's Committee for Municipal Management to study reducing costs of operation of the City and County of San Francisco government. The consolidation of the Central Shops occurred in this era of heightened efforts by San Francisco to improve efficiency.<sup>11</sup>



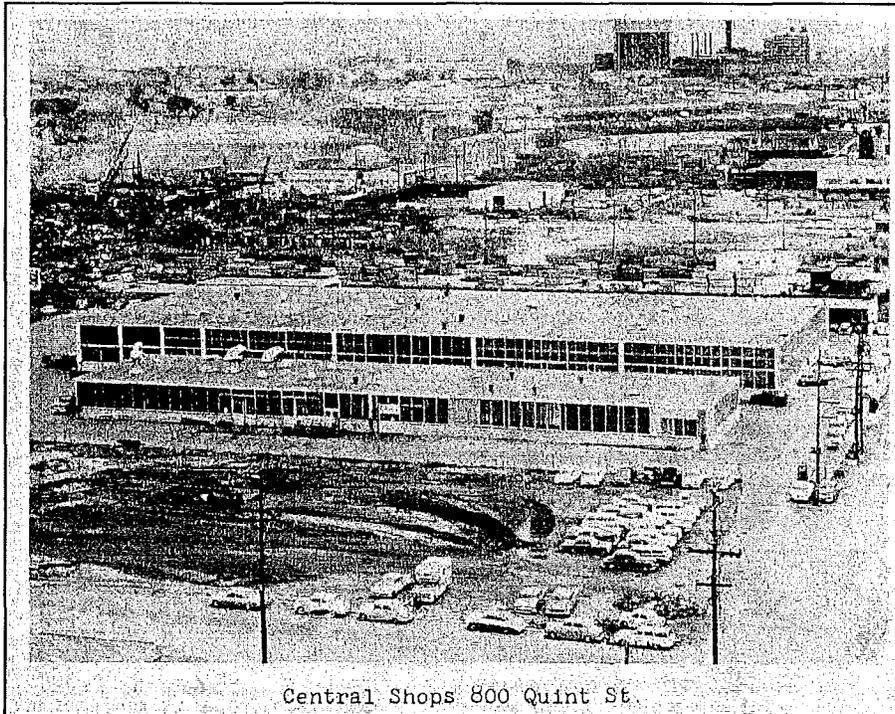
**Figure 1.** Image from Sanborn Fire Insurance Map. Sanborn Maps were revised on a regular basis and it is not clear when the above plan of the Central Shops was produced, but the image appears to have been revised.<sup>12</sup>

The function of the Central Shops Jerrold Avenue facility continued virtually unchanged in the following decades. In 1960, Albert M. Flaherty assumed the position of Bureau of Central Shops Superintendent and held the position into the 1980s. During that time the Central Shops continued in its primary function as the main repair and maintenance facility for the City's vehicle fleet, as well as maintaining other City equipment and machines. The number of vehicles in the city fleet maintained by Central Shops steadily grew in subsequent years to 1,678 in 1963, 2,408 in 1971, 2,961 vehicles in 1979, and over 4,000 vehicles by 1985. At various times, this facility has also been referred to as the "Quint Street Corporation Yard" or "800 Quint Street." The Central Shops remained under the Purchasing Department of the City into the 1990s. Currently the Central Shops is under the General Services Administration and has five maintenance and repair facilities that provide fleet services to over 6,000 vehicles from 70 City departments. It is also responsible for vehicle acquisitions and dispositions,

<sup>11</sup> City and County of San Francisco, Mayor's Committee for Municipal Management, "A Report to the Blythe-Zellerbach Committee on Modern Management for San Francisco, Summary" Vol. 1, June 1961, 1, 2; City and County of San Francisco, "Report of the Municipal Government Survey Advisory Committee," February 25, 1952, 1, 2.

<sup>12</sup> Sanborn Map Company, *San Francisco, California* (New York: Sanborn Map Company, 1950, revised, 1959, 1963).

equipment specifications, and alternative fuel programs. Central Shops currently completes approximately 34,000 work orders annually.<sup>13</sup>



Central Shops, 800 Quint St.  
**Figure 2.** Central Shops, view looking north, ca. 1963. Building A is in the foreground with Building B behind. Building C is largely obscured.<sup>14</sup>

<sup>13</sup> City and County of San Francisco, Purchasing Department, "Annual Report, Fiscal Year 1962-1963," September 5, 1963, 14; City and County of San Francisco, Purchasing Department, "Annual Report, Fiscal Year 1970-1971," September 1971, 14; City and County of San Francisco, Board of Supervisors Budget Analyst, "Report to the Board of Supervisors of the City and County of San Francisco: Review of the Operations of the San Francisco Automotive Fleet and the Central Shops Division of the Purchasing Department," July 1979, 1-3; City and County of San Francisco, Purchasing Department, "Annual Report, Fiscal Year 1985-1986," October 1, 1986, 44; "Directory of City and County Officers," *City-County Record* 27, no. 2 (Feb. 1960): 9; City and County of San Francisco, Purchasing Department, "Annual Report, Fiscal Year 1980-1981," February 10, 1982, 17; City and County of San Francisco, Board of Supervisors Budget Analyst, "Report to the Board of Supervisors of the City and County of San Francisco: Review of the Operations of the San Francisco Automotive Fleet and the Central Shops Division of the Purchasing Department," July 1979, 1-3; City and County of San Francisco, "Purchasing Department Quarterly Report, FY 1994-1995, 4th Quarter," July 20, 1995, 9; City and County of San Francisco, General Services Administration, Central Shops, available at <http://sfgsa.org/index.aspx?page=45>

<sup>14</sup> City and County of San Francisco, Purchasing Department, "Annual Report," September 5, 1963.

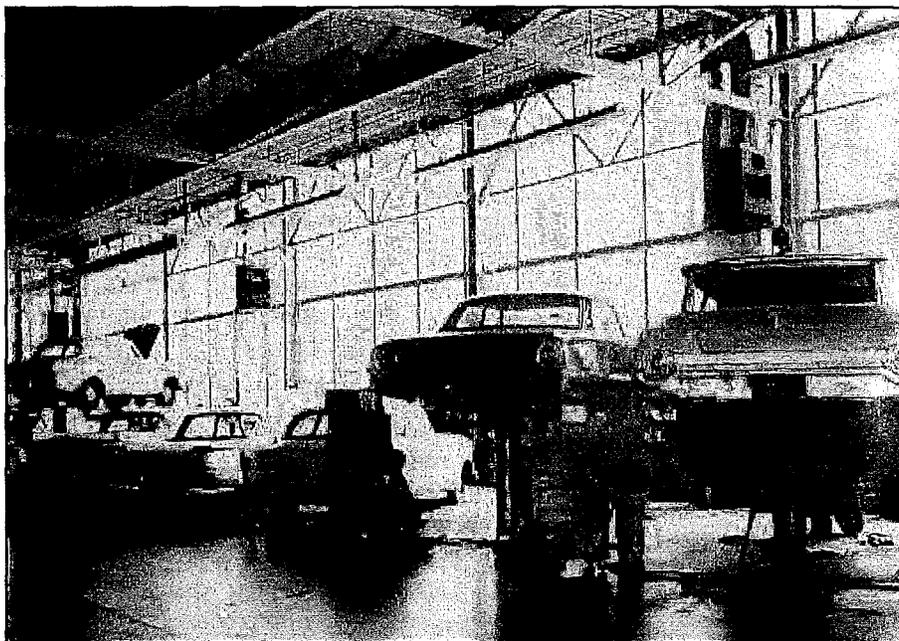


Figure 3. Interior of Central Shops Building B, automobile shop in 1964.<sup>15</sup>

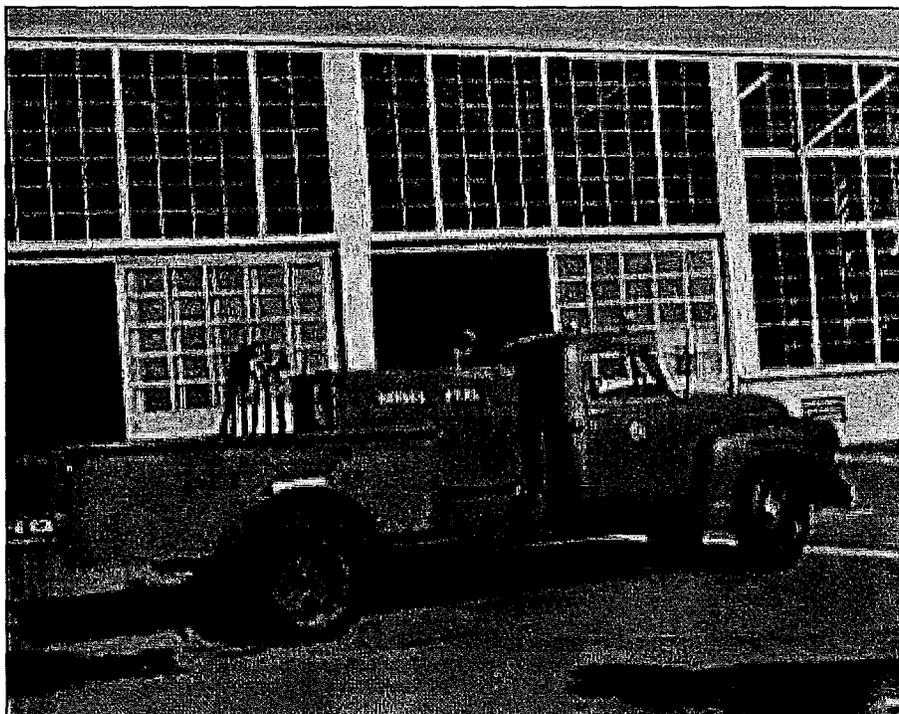


Figure 4. Truck outside of Central Shops Building B in 1971.<sup>16</sup>

<sup>15</sup> City and County of San Francisco, Purchasing Department, "Annual Report, Fiscal Year 1963-1964" August 28, 1964.

<sup>16</sup> City and County of San Francisco, Purchasing Department, "Annual Report, Fiscal Year 1970-1971" September 1971.

Industrial Modern Architecture

The historic context for the design of the Central Shops at 1800 Jerrold Avenue is Industrial Modern architecture, which incorporates twentieth century Modern architectural aesthetic with the design qualities of engineering, manufacturing, and industrial facilities that were built for utility and functionality. Constructed in 1959 to help improve the City's vehicle fleet repair and maintenance services, the Central Shops' straight-forward design shared qualities with industrial design and Modern architecture of its period, including the simple cubic forms, walls of glass on steel frames, open interior floor plans, and lack of applied ornamentation. The design included highly functional expansive glazing that brought extensive natural light into the facility and wide clear spans to maximize flexibility in which to maneuver vehicles and operations. Assimilation of the Modern architectural aesthetic into industrial facilities such as the Central Shops marks an integration of design objectives that merged utilitarian construction with refined architectural concepts of International Style Modernism, such as the purposeful abstraction of building form and expressive visible structure.

During the nineteenth century a schism in industrial design formed that left much of the functional and utilitarian factory and manufacturing facility designs to engineers, as architects of the period remained mostly committed to eclecticism and historicism. Engineer-designed late nineteenth century and early twentieth century industrial buildings were conceived and built to maximize functionality, efficiency, and economy. While some industrial properties included architectural character to aesthetically enhance buildings, the focus of such properties was primarily on the technical and economic aspects of the business for which the property functioned. Industrial buildings often lacked the applied ornamentation, adherence to tradition, and artistic intention practiced by architects at the time for institutional, commercial, residential, and ecclesiastic buildings. Engineers were also at the forefront of the development of modern materials and technologies, and they embraced new building materials and construction methods for their industrial designs. Advances in the manufacture of steel and concrete improved the strength and tensile properties of the materials, allowing them to be used in building framing, for example, that lead to taller structures and wider clear spans that benefited the industrial and manufacturing processes housed therein. Such developments shaped and altered the appearance of industrial buildings. Steel framing allowed wider spans and open interiors, decreasing the area of walls required for structural framing that in turn allowed for larger windows. Maximizing natural light was a priority in industrial buildings and with steel framing engineers could devote a greater amount of wall space to glazing, a trend that culminated in fully glazed curtain walls enclosing and concealing the steel frame. Coinciding with these developments was the innovation of industrial steel sash windows. As compared to wood sash, steel sash was non-combustible, admitted more light, and required less maintenance. With these advantages, steel sashes quickly became the standard window type used in industrial buildings.<sup>17</sup>

Early twentieth century industrial development in San Francisco's Bayview-Hunters Point area included various factories and manufacturing plants with wide open interiors that had plentiful natural light made possible by extensive steel framing and steel sash windows. Remaining examples include the former Link Belt Company facility at 300-400 Paul Avenue, built in 1930, that has a sprawling utilitarian industrial plant behind its Spanish Colonial Revival-style office building. This plant had a massive steel-frame and steel-clad shop with a sawtooth roof and an extensive wall of steel sash glazing. This property illustrated the functional and utilitarian designs of industrial architecture, with its architectural character limited to Link Belt's office building fronting Paul Avenue.<sup>18</sup> Similarly, the Central Waterfront's Union Iron Works / Bethlehem Steel Shipyard at Pier 70 (Illinois Street and 20<sup>th</sup> Street), north of Bayview-Hunters Point, illustrates the range of architectural character of industrial buildings from the 1880s to the 1940s. The property includes massive utilitarian buildings constructed in brick, concrete, wood frame, and steel frame, with office and administrative buildings fronting the public streets designed in architectural styles popular in the 1890s and 1910s. While various utilitarian buildings on the property from the initial decades of the twentieth century included some traditional stylistic elements, many integrated new building technologies of the period, including steel sash windows and concrete / steel framing. Later buildings from the 1930s and 1940s show the

<sup>17</sup> Betsy Hunter Bradley, *The Works: the Industrial Architecture of the United States*, (New York: Oxford University Press, 1999) 144-145, 166-170, and 203-221.

<sup>18</sup> San Francisco Planning Department, Final Mitigated Negative Declaration 320-400 Paul Avenue Data Center and associated Extension of PG&E 12kV Electrical Distribution Circuits, Case No. 2011.0408E, July 2014; *San Francisco California 1950* (New York: Sanborn Fire Insurance Company, 1950), 887.

effects of mass production on industrial architecture and the growing influences of Modernism. This influence is illustrated in the Moderne style office on Illinois Street, as well as in the multiple steel frame buildings that lack traditional styling seen on earlier buildings. Many of the steel frame utilitarian structures were built with expansive glazing and open interiors. The Light Warehouse, Building 6, (constructed in 1941) (Figure 5) is a prominently situated example along the waterfront. It is a large steel frame building with gable roof trusses creating an expansive open interior lit by steel sash windows running along most of the walls.<sup>19</sup>

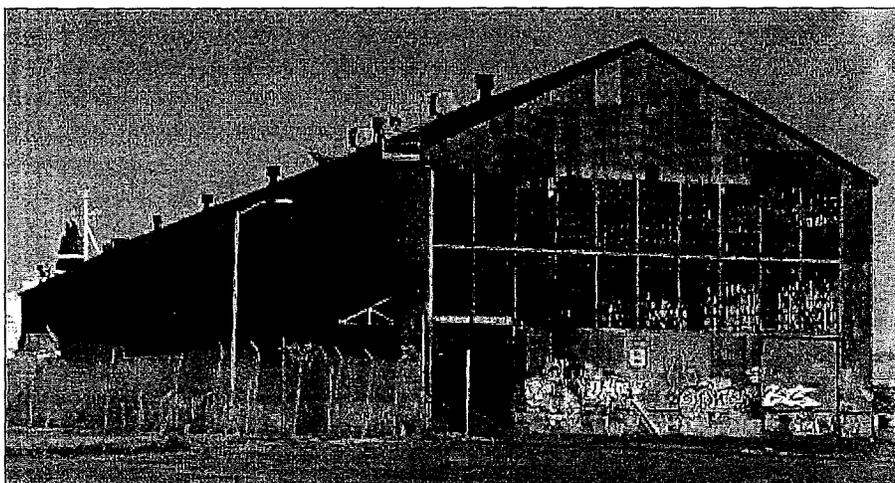


Figure 5: Light Warehouse, Building 6, Pier 70<sup>20</sup>

The Central Shops' predecessor automobile and motor vehicle repair facilities in San Francisco developed in the early twentieth century mostly in the vicinity of the Van Ness Avenue Auto Row and included many brick or concrete buildings with large steel sash windows, large interior spaces lit by skylights, and ornamented façades facing the street. While they had less ornate façades than automobile show rooms along Van Ness Avenue, many of the vehicle repair shops from the 1910s and 1920s incorporated Classical-architecture pilasters, molding, and cornices, with some having Romanesque or Mission Revival style elements. As noted, the City used the repair facility at 1765 California Street (also listed as 1745 California Street) (Figure 6) as one of its multiple shops for vehicle maintenance. This property, constructed in 1921/1927 and now a grocery store, is a large-scale example of an auto repair shop with a façade that included both large steel sash windows and prominent historic-period revival ornamentation. Many of these properties continued to operate as automobile maintenance buildings into the mid to late twentieth century (and some still do), such as 55 Oak Street and 1641 Jackson Street. Automobile sales and maintenance businesses diffused throughout the City during the mid-twentieth century, with some in the Bayview-Hunters Point area by the late 1950s and early 1960s. These auto repair shops were established in utilitarian buildings, usually with no architectural detail incorporated into the street façades. Such business included Leonard's Automotive Service at 4040 3<sup>rd</sup> Street (at Hudson Avenue), which is a concrete tilt-up building constructed in 1954 with an addition built in 1960; Harold's Auto & Truck Repair at 1313 Quint Street, which is a concrete block building constructed in 1956; and Bayshore Engine Rebuilders at 271 Bayshore Boulevard, which is a metal building constructed in 1963.<sup>21</sup>

<sup>19</sup> Carey & Co., National Register Nomination Form, Pier 70 /Union Iron Works Historic District, San Francisco, California, 2013. The historic district was listed in the NRHP on April 17, 2014. The nomination and the notification of listing are available at Port of San Francisco website: <http://www.sfport.com/index.aspx?page=1498>.

<sup>20</sup> Photograph courtesy [www.sfport.com](http://www.sfport.com).

<sup>21</sup> William Kostura, "Van Ness Auto Row Support Structures: A Survey of Automobile-Related Buildings along the Van Ness Avenue Corridor," prepared for the Department of City Planning, San Francisco, California, 2010, 23-25 and 48-53; *Polk's San Francisco City Directory* 1960 and 1964/65; San Francisco Property Information Map, <http://propertymap.sfplanning.org/?dept=planning> (accessed November 2014).

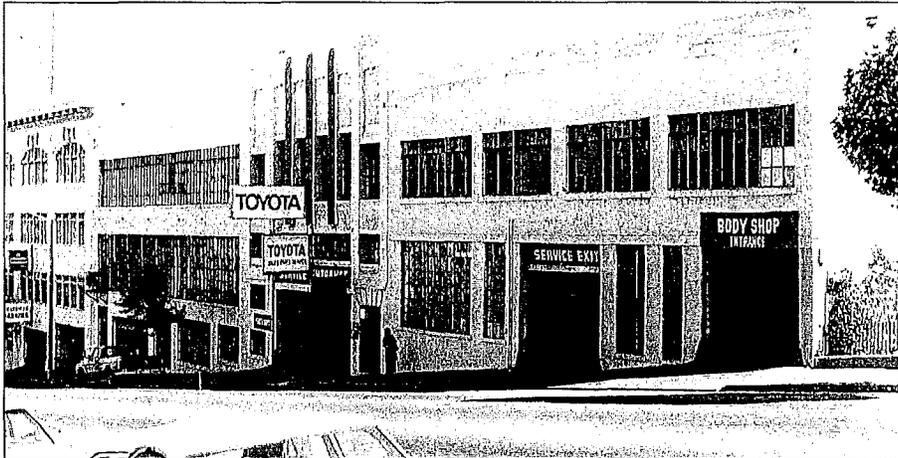


Figure 6: 1765 California Street, San Francisco.<sup>22</sup>

In architecture during the early twentieth century, designs were shifting as architects began seeking greater purity of architectural form and function, increasing use of new technologies, materials, and construction methods, and eschewing applied ornamentation derived from historic architecture. In part, this shift away from historical-based designs came as designers recognized the aesthetic qualities achieved in industrial designs during the late nineteenth century. This recognition was an element in the efforts of Modern design to reconcile the underlying principles of architecture with the progressive transition of contemporary society and culture. In general, Modernism emerged as a dominant influence in architecture in the United States starting in the 1920s, evolving from Art Deco and Moderne (1920s to 1940s) to International Style (1930s to 1960s) and later iterations with various names (1950s to present) that explored design qualities related to form, light, and structure. Use of the Modern architectural aesthetic in industrial, institutional, and commercial properties dates to the 1910s, 1920s, and 1930s, initially as part of the development of new architecture in Europe that became known as the International Style. A seminal industrial example of the International Style is the Fagus Shoe Factory in Germany designed by Walter Gropius and Adolph Meyer, built in 1911-13, which is noted for its curtain wall employed to impress a sense of lightness, as opposed to the weight of traditional masonry exteriors, and its uniform design that presented all portions of the facility with equal aesthetic treatment. The use of Modernism in industrial architecture in the United States began later and is seen in designs like those of Albert Kahn who embraced the primacy of functionalism and new materials, bringing an architect's sense of aesthetics to industrial buildings. Kahn is best known for many Ford Motor Company plants, including the Ford Assembly Plant in Richmond that illustrates his successful integration of highly efficient and effective spaces for manufacturing with an exterior that includes modestly abstracted ornamentation based on the classical tradition.<sup>23</sup>

During the 1930s, 1940s, and 1950s, there was increased construction of Modern style buildings in San Francisco, initially in the Art Deco and Moderne styles and later in the International Style, as well as in its regional Second Bay Area Tradition variation. In San Francisco modernist buildings included the Moderne style Chevrolet dealer at 999 Van Ness Avenue built

<sup>22</sup> William Kostura, "Van Ness Auto Row Support Structures: A Survey of Automobile-Related Buildings along the Van Ness Avenue Corridor," prepared for the Department of City Planning, San Francisco, California, 2010, 53.

<sup>23</sup> Mary Brown, San Francisco Planning Department, *San Francisco Modern Architecture and Landscape Design, 1935-1970, Historic Context Statement*, (San Francisco Planning Department, 2010) 76, 78, 88-95, 167-189; Bradley, *The Works: the Industrial Architecture of the United States*, 244-258; Jurgen Tietz, *The Story of Architecture of the 20<sup>th</sup> Century*, (Cologne: Konemann, 1999) 20; Kenneth Frampton, *Modern Architecture: A Critical History*, (London: Thames and Hudson, Ltd., 1992) 114; "Ford Motor Company Assembly Plant," National Park Service World War II in the San Francisco Bay Area website: <http://www.nps.gov/nr/travel/wwwiibayarea/for.HTM> (accessed November 2014); "Ford Richmond Assembly Plant," Ford Motor History website: <http://www.fordmotorhistory.com/factories/richmond/index.php> (accessed November 2014); Barbara Lamprecht and Christopher Hetzel, ICF Jones & Stokes, "Ford Motor Company Assembly Plant, 4735 East Marginal Way, Seattle" National Register Nomination Form, 2008-2013, listed in the NRHP 10/9/13.

in 1937 that incorporated large plate glass windows and streamlined architecture, which departed from earlier historic revival styled auto show rooms and repair facilities. After World War II architects and clients were increasingly drawn to the Modernist approach, having been exposed to war-time building efficiencies. During the 1940s and 1950s increasing numbers and types of buildings in San Francisco were constructed with the steel framing and extensive glazing enclosing flexible open interiors that followed the highly influential works of Mies van der Rohe and his glass box expression of the International Style. Such designs highlighted expressive exterior framing with taut glazing, and they became linked with mid-twentieth century corporate architecture. Examples of the Mies-influenced version of the International Style include skyscrapers like the Crown Zellerbach Building at 1 Bush Street, constructed in 1959 and designed by Edward Bassett of Skidmore Owings & Merrill (City of San Francisco Landmark #183), along with lower rise office buildings such as the Fireman's Fund Indemnity Company Building at 3333 California Street, designed by Edward Page and built in 1957.<sup>24</sup> The Hunters Point Ordnance and Optical Shop, Building 253, (Figure 7) designed by Ernest Kump and built in 1947 incorporates features that correspond with the Mies glass box archetype. While the design likely derives, in part, from other large scale factory-like Navy facilities, such as the massive 1910s and 1920s curtain wall steel / concrete and glass buildings at Mare Island in Vallejo, the Ordnance and Optical Shop includes vast walls of glass hung on an uncluttered structural frame providing very large clear interior spaces and an exterior appearance that highlights volume over mass that makes a stylistic statement that its Naval predecessors do not.<sup>25</sup> The design of the Central Shops is also reminiscent of some metal frame and glass prefabricated automobile service stations from the 1920s and 1930s, which make a similar stylistic statement as the Ordnance and Optical Shop highlighting volume over mass and celebrating the efficiency and functionality of the building's program. This was noted in the book that accompanied the 1932 Museum of Modern Art's exhibition on the International Style (which helped promulgate the International Style in the United States) that featured the Standard Oil Company filling station in Cleveland, Ohio (Figure 8). A similar, albeit more modest, example of a prefabricated service station was located near the San Francisco's Central Waterfront at the corner of 3<sup>rd</sup> and 18<sup>th</sup> streets (not extant).<sup>26</sup>

Although research for this evaluation did not uncover documentation of the direct or indirect intentions of the Central Shops' designers (nor were the architects of the facility identified), the extant property illustrates an effort to emphasize the importance of this modern consolidated City facility by incorporating the contemporary International Style aesthetic to enhance its vehicle repair and maintenance services. This use of International Style is seen in the Central Shops in its flat roof; simple, boxy massing; steel framing; curtain walls of industrial sash; lack of ornamentation; and uniformity of aesthetic treatment that emphasizes efficiency of the buildings' function and the value of such purpose.

<sup>24</sup> Brown, *San Francisco Modern Architecture and Landscape Design*, 15, 60, 135, Appendix B, 4; "New Fireman's Fund Building," *Architect and Engineer*, September 1957, 11-19.

<sup>25</sup> JRP Historical Consulting Services / PAR Environmental Services, Mare Island Historic District National Register Nomination, 1996 (listed in the National Register in January 23, 1997); JRP Historical Consulting Services, "Historic Context and Inventory and Evaluation of Buildings and Structures, Hunters Point Shipyard, San Francisco, California," prepared for Engineering Field Activity, West, Naval Facilities Engineering Command, September 1997. Mare Island's Building 271 (1918) and the complex Buildings 386, 388, 390 (1922) are excellent examples of early large-scale industrial steel frame curtain wall design.

<sup>26</sup> Henry-Russell Hitchcock and Philip Johnson, *The International Style*, (New York: W.W. Norton & Co, 1995), 120-121 (republished from 1932); San Francisco Public Library Historical Photograph Collection, Photo #aax-0162, available online at <http://sflib1.sfpl.org:82/search/a?searchtype=i&searcharg=aax-0162&SORT=D> (accessed November 2014).

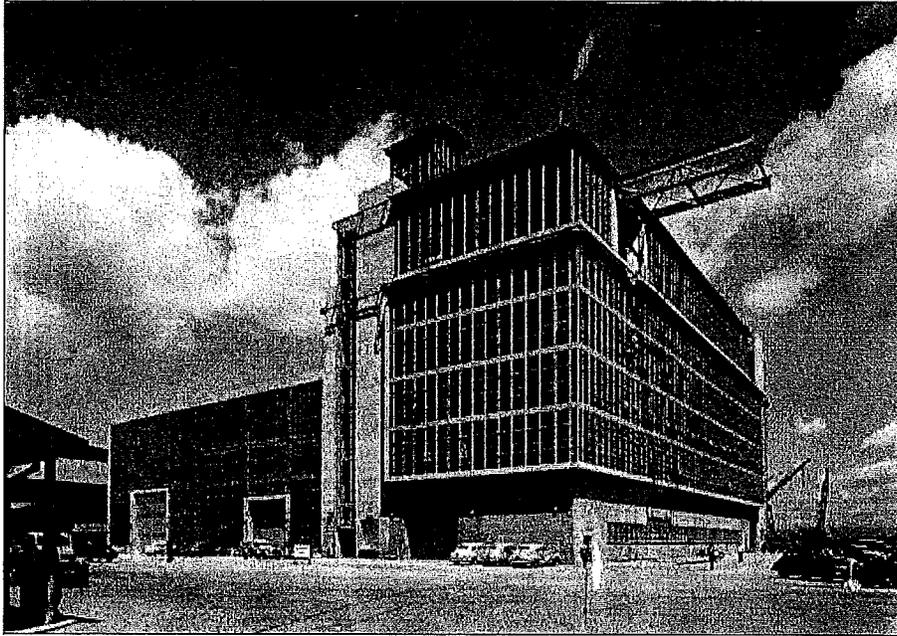


Figure 7: Ordnance and Optical Shop, Hunters Point Naval Shipyard, 1949.<sup>27</sup>



Figure 8: Filing Station, Standard Oil Company, Cleveland, Ohio, 1931.<sup>28</sup>

<sup>27</sup> SF Public Historical Photograph Collection, Photograph AAB-9060, San Francisco Public Library.

<sup>28</sup> Henry-Russell Hitchcock and Philip Johnson, *The International Style*, (New York: W.W. Norton & Co, 1995), 121 (republished from 1932).

## Evaluation

### Criteria A/1, B/2, and D/4

Under NRHP Criterion A and CRHR Criterion 1, the CCSF Central Shops property at 1800 Jerrold Avenue is not significant within the context of the post-war industrial development in the Bayview-Hunters Point area or within the context of the evolution and development of CCSF government departments, bureaus, and agencies. This property, built in 1959, is located in an industrial area of the Bayview-Hunters Point neighborhood. Industrial development in this area began in the late nineteenth century and continued in the following decades. Industrial growth intensified after the reclamation of Islais Creek estuary in 1936, just north and west of 1800 Jerrold Avenue and continued after World War II. As such, the construction of the Central Shops Jerrold Avenue facility occurred in a well-established industrial zone and does not have significant associations with the industrial development of this area. The Bureau of Central Shops, a sub-agency of the Purchasing Department, moved to this new facility at 1800 Jerrold in 1959 in an effort to merge vehicle maintenance activities and improve efficiency, consolidating functions that had been in multiple facilities. Creation of this Central Shops facility occurred during a period in which City government worked toward greater efficiency, yet its establishment does not appear to have been prominent within any particular efficiency program in City government. Rather, construction of the new facility was simply part of the Bureau of Central Shops general improvements and resulted in a modern facility with modern equipment and improved efficiency. This property, therefore, does not have significant associations with any events, trends, or patterns of development that would make it eligible for listing in the NRHP or the CRHR under this criterion.

The property is not significant under NRHP Criterion B and CRHR Criterion 2 for an association with the lives of persons important to history. Research did not reveal that any of the individuals associated with the development or operation of this property, including superintendents Aylmer W. Petan and Albert M. Flaherty, made demonstrably important contributions to history that rise to the level of significance under this criterion.

Under NRHP Criterion D and CRHR Criterion 4, this property is not a significant or likely source of important information regarding history. The property does not appear to have any potential of yielding important information about historic construction materials or technologies.

### Criteria C/3

The Central Shops is significant under Criterion C / 3, at the local level, for distinctive characteristics of a type, period, and method of construction as an important example of Industrial Modern architecture in San Francisco. This is illustrated in the two fully enclosed shop buildings at the facility, Building A and Building B. The property's period of significance is 1959 when the buildings were constructed. The open sided shed roof building on the north end of the facility, Building C, does not exhibit the architectural qualities of the other buildings and is not significant under Criterion C / 3. Furthermore, the Central Shops is not significant under this criterion as a work of a master as research for this evaluation did not identify the architect of the Central Shops. Also, this property is not one that fully expresses an artistic ideal and is not significant for possessing high artistic value.

As an important example of Industrial Modern architecture for its type, period, and method of construction, the Central Shops Building A and Building B have the distinctive characteristics of International Style Modernism, as articulated in industrial-type buildings. They are a full expression of the pattern of features of this style and have an individuality of this property type not present in other vehicle repair / maintenance facilities in San Francisco. The property also illustrates the evolution of architectural design for support facilities in the city presenting the contemporary style of its period when it was constructed in 1959, just as the International Style (and other iterations of Modern architecture) was coming into full prominence in San Francisco. The Central Shops Building A and Building B have flat roofs; simple, boxy massing; expressed steel structure on concrete apron walls with open interiors; curtain walls of industrial sash; and lack of ornamentation. Emphasizing volume rather than mass, the buildings have a uniformity of aesthetic treatment and do not project an architectural style on a street façade, unlike earlier vehicle maintenance buildings. During the 1950s and 1960s there were multiple design options for constructing a vehicle repair and maintenance facility, like the Central Shops. Small industrial buildings included utilitarian pre-engineered steel frame metal clad buildings, as well as buildings constructed of

concrete block or concrete tilt-up walls, examples of which can be seen throughout San Francisco's industrial areas, including Bayview-Hunters Point. The Central Shops illustrates functional planning that serves the simplicity and clarity of building form and the assemblage of the whole design, expressing the Modernist architectural value of reducing building design to its essence. This also shows the maturity of International Style by the late 1950s, wherein the design of the Central Shops employs the tenants of Modernism based on actual, not symbolic, functionality. Although the Central Shops lacks some of the sophistication of the seminal works of the International Style and Industrial Modern, such as specialized building forms dictated by enclosed machinery, refined exterior detailing, and use of innovative materials, the property demonstrates important values of this style.

The character-defining features of the significant buildings at the Central Shops (Buildings A and B) are their original design and materials, including their exposed steel frame structures on concrete apron walls with steel sash exterior glazing, flat metal deck roofs supported on trusses exposed to the interior, wide interior open spaces that are divided into bays of varying function, and the various glazed metal doors (personnel doors, top-hung sliding doors, and large hinged doors). The design also includes recessed personnel entrances to the office and locker room. While located on a six-acre portion of the City-owned parcel, the boundary of this historic property / historical resource is limited to the immediate surroundings of Building A and Building used for vehicle parking and maneuvering, roughly 40 to 100 feet around the buildings, including the space between the buildings. None of the interior machinery or lighting is specifically character-defining to this property and its significance.

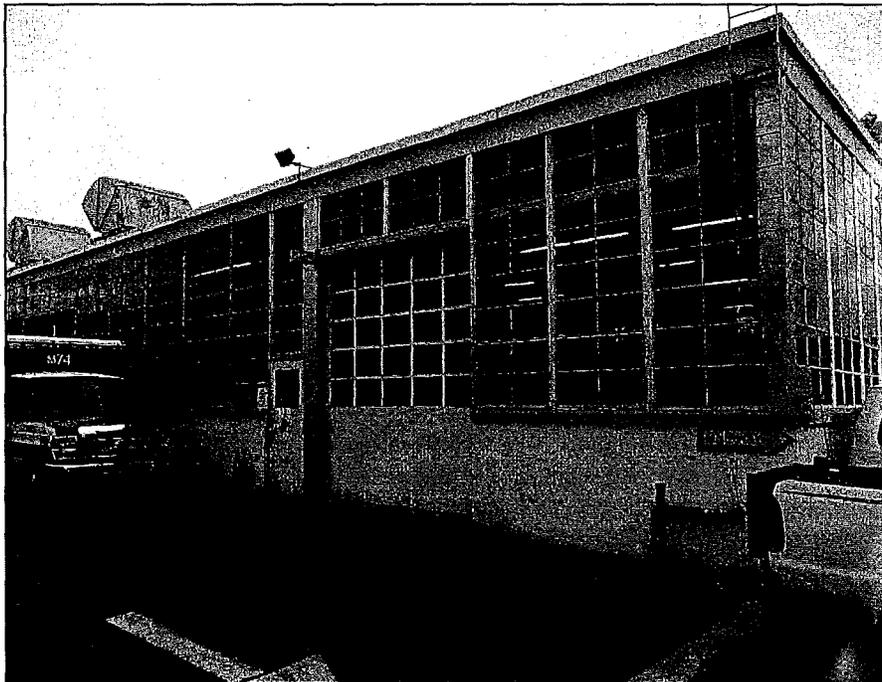
Historic Integrity

In addition to its significance, the Central Shops retains historic integrity. Modest changes to the property include installation of some horizontal sliding windows, painted window panes, additional vents / HVAC equipment on the roof, contemporary flood lights, and several recently constructed temporary buildings situated on the same parcel to the south. These changes do not affect the ability for this property to convey its significance. The enclosed shop facilities (Buildings A and B) retain integrity because they are in their original location with few changes to their setting, and they remain as originally designed with original materials and workmanship of this type of construction providing the property a sense of time and integrity of feeling, along with a direct link to period of construction and integrity of association.

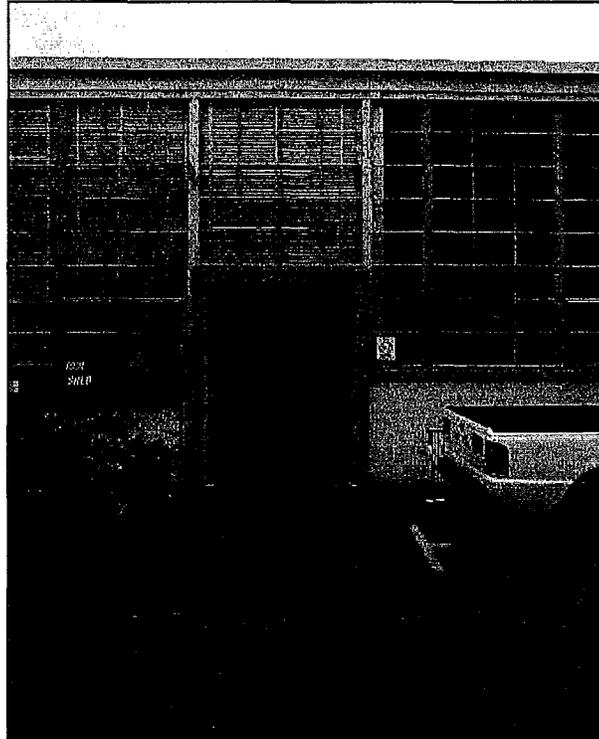
**Photographs (continued):**



Photograph 2. Building A, camera facing west, August 20, 2014.



Photograph 3. Building A, north corner, camera facing southeast, August 20, 2014.



**Photograph 4.** Building A showing entrance to office area, camera facing southwest, August 20, 2014.



**Photograph 5.** Building B showing car shop, camera facing northeast, August 20, 2014.



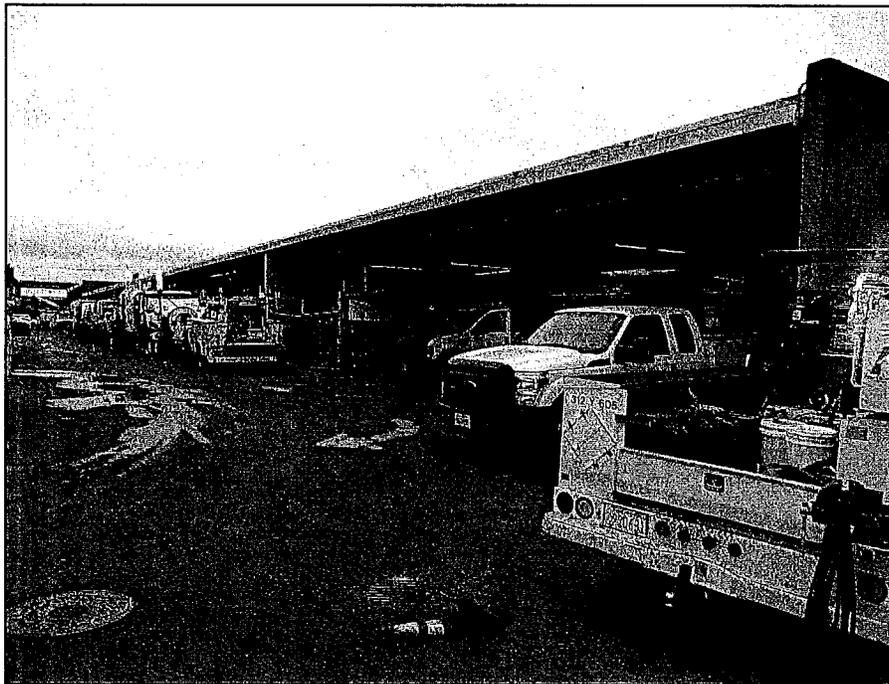
Photograph 6. Building B, camera facing northeast, August 20, 2014.



Photograph 7. Building B, camera facing southeast, August 20, 2014.



**Photograph 8.** Building B showing inside of car shop, camera facing southeast, August 20, 2014.



**Photograph 9.** Building C, camera facing northwest, August 20, 2014.



Photograph 10. Building C, camera facing east, August 20, 2014.



Photograph 11. Building C, north end, camera facing northwest, August 20, 2014.

State of California – The Resources Agency DEPARTMENT OF PARKS AND RECREATION <b>PRIMARY RECORD</b>	Primary # _____ HRI # _____ Trinomial _____ NRHP Status Code <u>6Z</u>
	Other Listings _____ Review Code _____ Reviewer _____ Date _____

\*Resource Name or # (Assigned by recorder) 1975 Galvez Avenue

P1. Other Identifier: N/A

\*P2. Location:  Not for Publication  Unrestricted

\*a. County San Francisco and (P2b and P2c or P2d. Attach a Location Map as necessary.)

\*b. USGS 7.5' Quad San Francisco South Date 1980 T \_\_\_\_; R \_\_\_\_; Sec \_\_\_\_; \_\_\_\_ B.M.

c. Address 1975 Galvez Avenue City San Francisco Zip 94124

d. UTM: (give more than one for large and/or linear resources) Zone \_\_\_\_; \_\_\_\_mE/ \_\_\_\_mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate)

Block 5250/Lot 16

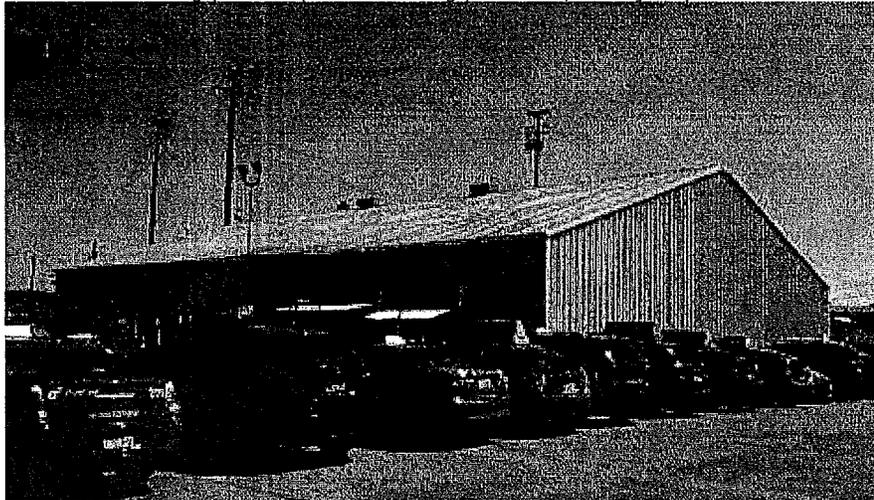
\*P3a. Description: (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

The structure located at 1975 Galvez Avenue in San Francisco's Bayview neighborhood sits on a 1.11 acre parcel bounded by Galvez Avenue to the north, Selby Street to the west, Hudson Avenue to the south, and a railroad right-of-way to the east containing two sets of parallel railroad tracks, one of which is the Caltrain railroad track. An elevated off-ramp for Interstate 280 (I-280) runs along the west façade, approximately 50 feet east of the building. Access to the site is available from Galvez Avenue. A chain-link fence topped with barbed wire in front of a corrugated aluminum fence and a movable, metal gate are located along the western, northern, and eastern perimeters of the site. A chain-link fence topped with barbed wire and the south façade of the building form the southern perimeter of the site. The fencing encloses a parking area for vehicles and construction equipment associated with BlueLine Rental, the construction equipment rental business occupying the building. The land is owned by WYL Five Star Service Industrial. Provided below is a brief description of the structure and site (see Continuation Sheet).

\*P3b. Resource Attributes: (List attributes and codes) HP8 – Industrial Building

\*P4. Resources Present:  Building  Structure  Object  Site  District  Element of District  Other (Isolates, etc.)

P5a. Photo or Drawing (Photo required for buildings, structures, and objects.)



P5b. Description of Photo: (View, date, accession #) View looking northeast from parking lot adjacent to structure, 9/4/15

\*P6. Date Constructed/Age and Sources:

Historic  Prehistoric  Both

1964 (assessor's data) with alterations in 1972 and 1983 (permit data)

\*P7. Owner and Address:

WYL Five Star Service Industrial  
P.O. Box 27025

San Francisco, CA 9412

\*P8. Recorded by: (Name, affiliation, address)

Eryn Brennan, ESA  
550 Kearny Street, Ste. 800

San Francisco, CA 94102

\*P9. Date Recorded: 9/4/15

\*P10. Survey Type: (Describe) Intensive

\*P11. Report Citation: (Cite survey report and other sources, or enter "none.")

None.

\*Attachments:  NONE  Location Map  Continuation Sheet  Building, Structure, and Object Record  
 Archaeological Record  District Record  Linear Feature Record  Milling Station Record  Rock Art Record  
 Artifact Record  Photograph Record  Other (List):

**BUILDING, STRUCTURE, AND OBJECT RECORD**

\*Resource Name or # (Assigned by recorder) 1975 Galvez Avenue

Page 2 of 7

\*NRHP Status Code 6Z

- B1. Historic Name: N/A
- B2. Common Name: 1975 Galvez Avenue
- B3. Original Use: Construction Equipment Rental Business
- B4. Present Use: Office/Repair Shop
- \*B5. Architectural Style: Modern Utilitarian-Warehouse
- \*B6. Construction History: (Construction date, alterations, and date of alterations)

Built originally in 1964, with alterations in 1972 and 1983.

\*B7. Moved?  No  Yes  Unknown Date: \_\_\_\_\_ Original Location: \_\_\_\_\_

\*B8. Related Features: N/A

Elevated off-ramp for I-280 to the west and railroad tracks to the east.

B9a. Architect: Unknown b. Builder: Unknown

\*B10. Significance: Theme Utilitarian-Warehouse Area San Francisco Bay Area  
Period of Significance N/A Property Type Industrial Applicable Criteria A-D  
(Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

The building located at 1975 Galvez Street has been evaluated against the National Register of Historic Places (NRHP) and California Register of Historical Resources (CRHR) Criterion A/1, B/2, C/3, and D/4. This property has also been evaluated in accordance with Section 15064.5(a)(2)-(3) of the California Environmental Quality Act (CEQA) Guidelines, using the criteria outlined in Section 5024.1 of the California Public Resources Code. The property is recommended ineligible for listing under any of the NRHP and CRHR criteria due to a lack of significant associations with important historical events, important persons, architectural significance, and information potential. For these reasons, the property would not be considered a historical resource for the purposes of CEQA. This evaluation is consistent with San Francisco Preservation Bulletin 5, "Landmark and Historic District Designation Procedures," which directs that historic resources be evaluated for local designation using the California Office of Historic Preservation Recordation Manual (as per San Francisco Landmarks Board Resolution No. 527, June 7, 2000). (See Continuation Sheet.)

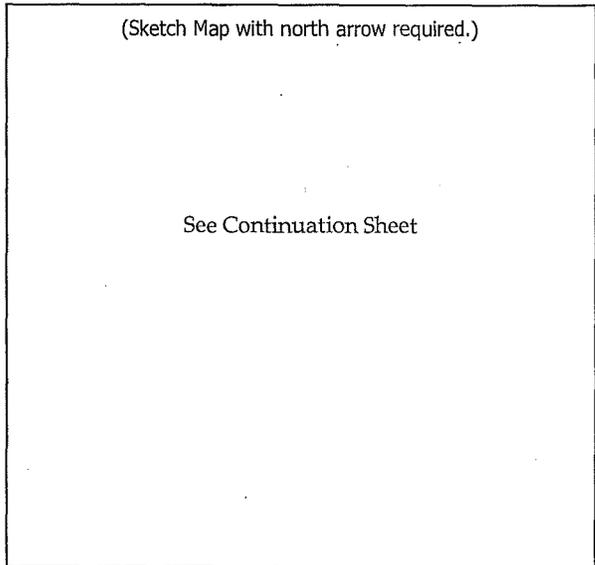
B11. Additional Resource Attributes: (List attributes and codes)  
HP8 – Industrial Building

\*B12. References: See Continuation Sheet

B13. Remarks:

\*B14. Evaluator: Eryn Brennan and Brad Brewster, ESA

\*Date of Evaluation: 9/21/15



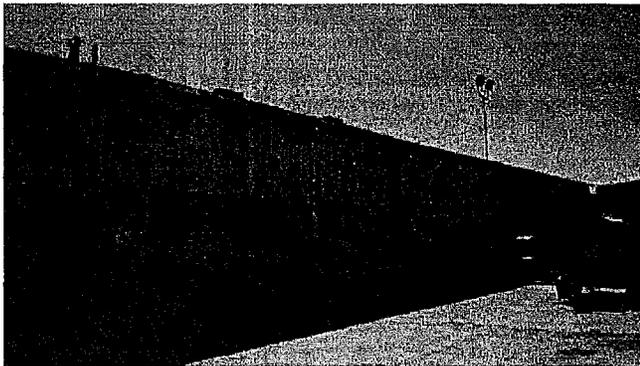
(This space reserved for official comments.)

### P3a. Description (continued):

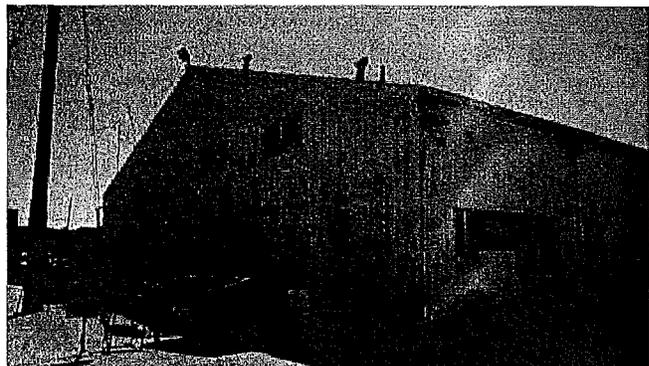
The approximately 100-foot-long by 70-foot-wide, 1- to 2-story warehouse is a metal-frame structure clad in standing seam steel metal roof and wall panels. The steel cladding utilizes a locking system where each sheet is joined together to prevent water from entering through the sidelaps, and the trapezoidal ribs are designed to shed water more efficiently and requires less purlins to support the roof because they provide greater strength and rigidity.<sup>1</sup> The building sits on a concrete foundation, and one-third of the northern end of the structure is two stories in height, while the rest of the building is one-story in height. The structure has a shallow side-gabled roof.

The southern end of the west (front) façade of the structure contains a large, double-height opening that provides access to the storage area of the warehouse. The northern end of the west façade contains an entrance into the office area accessed via two concrete steps, and one large aluminum-frame, sliding sash window and one small and narrow aluminum-frame, sliding sash window, both of which are covered with security bars and have metal sills. A downpipe extends from the gutter to an outdoor sink to the left of the entrance. The first floor of the north façade contains a small and narrow aluminum-frame, sliding sash window on each end of the building, and a pair of large aluminum-frame sliding sash windows center-right under the gable. The second floor of the north façade contains three sliding sash windows with aluminum frames spaced evenly under the gable roof. The east (rear) façade of the structure has only a large, double-height opening that aligns with the opening on the west façade to allow large vehicles to drive through the building to the rear portion of the lot. The south façade of the structure forms the southern perimeter of the site and has no openings.

The site is completely paved, and the approximately 0.95 acre parking lot is filled with construction equipment and vehicles.



View southeast of the west façade of the structure.



View southeast of the north façade.

<sup>1</sup> Tata Steel, "Materials used in cladding," <http://www.tatasteelconstruction.com/en/reference/teaching-resources/architectural-teaching-resource/cladding/metal-cladding/materials-used-in-cladding>, accessed 9/21/15.

## B10. Significance (continued):

### *Project Site History*

The building was originally constructed in 1964 on previously undeveloped land in the City's industrial Bayview neighborhood adjacent to city-run operations, such as the Department of Public Work's Central Shops and Asphalt Plant. As the original building permit is no longer on file at the Department of Building Inspection's Records Management Division, the original owner and builder of the structure is not known. Presumably, the approximately 7,050-square-foot building was built as a warehouse, possibly with office space. A 1972 building permit for alterations to the structure identifies the owner as Green Glen Dairy. The alterations included raising the building floor, adding three walk-in refrigerators, adding a loading dock and processing room, and altering the existing office. The permit notes the building was vacant at the time the application was submitted, and the work was conducted by engineer, Howard A. York, for \$80,000. In 1983, the owner of record, Patent Scaffolding Company, extended the existing office space into the warehouse to accommodate a computer room.

### *Brief History of Pre-Fabricated Metal Warehouses*

Although patented as early as 1903, steel siding was rarely used in residential or commercial construction due to its susceptibility to water infiltration and rust. In 1939, Frank Hoess patented an advanced interlocking system that prevented water penetration and applied his steel siding on a small residential development in Chicago.<sup>2</sup> However, with the onset of World War II, manufacturing steel and aluminum for any purpose other than that which supported the war effort came to a halt. As the primary building material for war materials, the production of aluminum and steel escalated during the war. The development and popularity of the Quonset Hut, a corrugated steel, pre-fabricated structure with a semi-circular cross section, further promoted the benefits of pre-fabricated metal structures. Initially developed by the US military to meet the needs of a lightweight, pre-fabricated building that could be used for any purpose, shipped anywhere, and quickly assembled with unskilled labor, the original T-Rib Quonset hut was modeled on the Nissen Hut developed by the British during World War I.<sup>3</sup> A redesign of the structure by Otto Brandenberger to make it lighter weight and easier to assemble was approved by the government in 1941, after which it was mass-produced to support the war effort.<sup>4</sup> After the war, an abundance of aluminum and steel led to a plunge in price and an opportunity for architects and engineers to find new applications for the material.<sup>5</sup> Because of its flexibility and resistance to corrosion, aluminum rather than steel became the preferred siding material for residential structures, until vinyl siding was introduced in the 1950s.<sup>6</sup> However, further advances in the exterior treatment of steel to resist corrosion, combined with its greater strength and fire resistance and lower cost, led to the preference of steel cladding over aluminum for large industrial warehouses, such as the one at 1975 Galvez Avenue.<sup>7</sup>

### *Evaluation*

NRHP/CRHR Criterion A/1 (Events). The structure located at 1975 Galvez Avenue was built on previously undeveloped land in 1964 and has been used continuously since its construction as a warehouse and possibly as an office space. Constructed in an industrial area of the Bayview neighborhood, this utilitarian warehouse is surrounded by other similar structures and would not be considered unique or rare in this context. The warehouse also is not associated with any

<sup>2</sup> Richa Wilson and Kathleen Snodgrass, "Early 20th-Century Building Materials: Siding and Roofing," *Facilities Tech Tips*, United States Department of Agriculture Forest Service (February 2008): 6-7.

<sup>3</sup> Julie Decker and Chris Chiel, *Quonset Hut: Metal Living for a Modern Age* (New York: Princeton Architectural Press, 2005), 4.

<sup>4</sup> *Ibid.*, 19.

<sup>5</sup> Bruce S. Kaskel, "The Metal and Glass Curtain Wall," *Cultural Resources Management* 18, no. 8 (1995): 23-24.

<sup>6</sup> Wilson and Snodgrass, "Early 20th-Century Building Materials: Siding and Roofing," 7.

<sup>7</sup> Tata Steel, "Materials used in cladding," accessed 9/21/15.

events that have made a significant contribution to the broad patterns of local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria A/1.

NRHP/CRHR Criterion B/2 (Important Persons). The structure located at 1975 Galvez Avenue is a privately-owned building that is not associated with the lives of any significant persons important to local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria B/2.

NRHP/CRHR Criterion C/3 (Architecture/Design). The structure was built in 1964 and is a utilitarian, metal-frame, steel-clad warehouse, which is a ubiquitous building type in the industrial Bayview neighborhood, as well as industrial areas of towns and cities throughout the state and country. The structure does not exhibit or embody any distinctive characteristics of a particular architectural style or period. Although the earliest pre-fabricated metal warehouses date to the turn of the twentieth century, the building at 1975 Galvez Avenue is a more typical post-war example of this building type and, therefore, is not significant in this context. The structure also does not exhibit the work of a master with regards to methods of construction, nor does it possess high artistic values. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria C/3.

NRHP/CRHR Criterion D/4 (Information Potential). The building located at 1975 Galvez Avenue is a typical utilitarian structure used for storage and light-industrial purposes and has little to no potential to reveal information important to local, regional, or national history. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria D/4.

#### References

City and County of San Francisco, San Francisco Property Information Map, 555 Selby Street, accessed online at <http://propertymap.sfplanning.org/> on September 16, 2015.

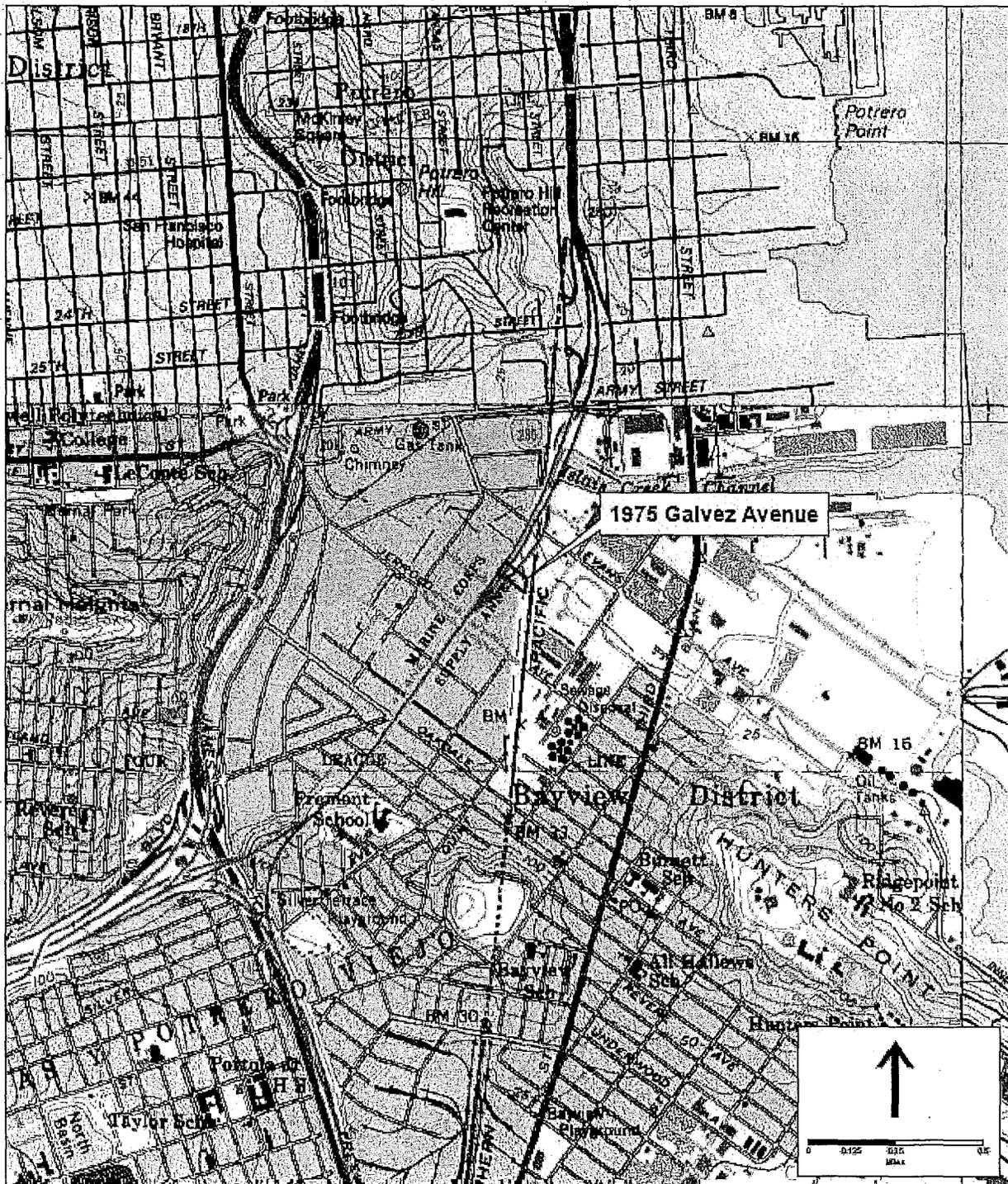
Decker, Julie and Chris Chiel. *Quonset Hut: Metal Living for a Modern Age*. New York: Princeton Architectural Press, 2005.

Kaskel, Bruce S. "The Metal and Glass Curtain Wall." *Cultural Resources Management* 18, no. 8 (1995): 23-27.

Permits: Permit #325980, 9/4/68, erect one-story, 9,600-square-foot warehouse with future office space, Permit #331054, 4/11/69, addition of office space and two toilets, Permit #884960, 2/3/99, exterior gas tank canopy and expansion of interior office space, Permit #893132, 8/30/99, structural revision to exterior slabs and canopy and revisions to interior lateral resistance system, Permit #985845, 3/19/02, exterior and interior improvements, addition of parking striping, construction of new attendant shack.

Tata Steel, "Materials used in cladding," <http://www.tatasteelconstruction.com/en/reference/teaching-resources/architectural-teaching-resource/cladding/metal-cladding/materials-used-in-cladding>, accessed 9/21/15.

Wilson, Richa and Kathleen Snodgrass. "Early 20<sup>th</sup>-Century Building Materials: Siding and Roofing." *Facilities Tech Tips, United States Department of Agriculture Forest Service* (February 2008).



Primary # \_\_\_\_\_

HRI # \_\_\_\_\_

Trinomial \_\_\_\_\_

Page 6 of 7

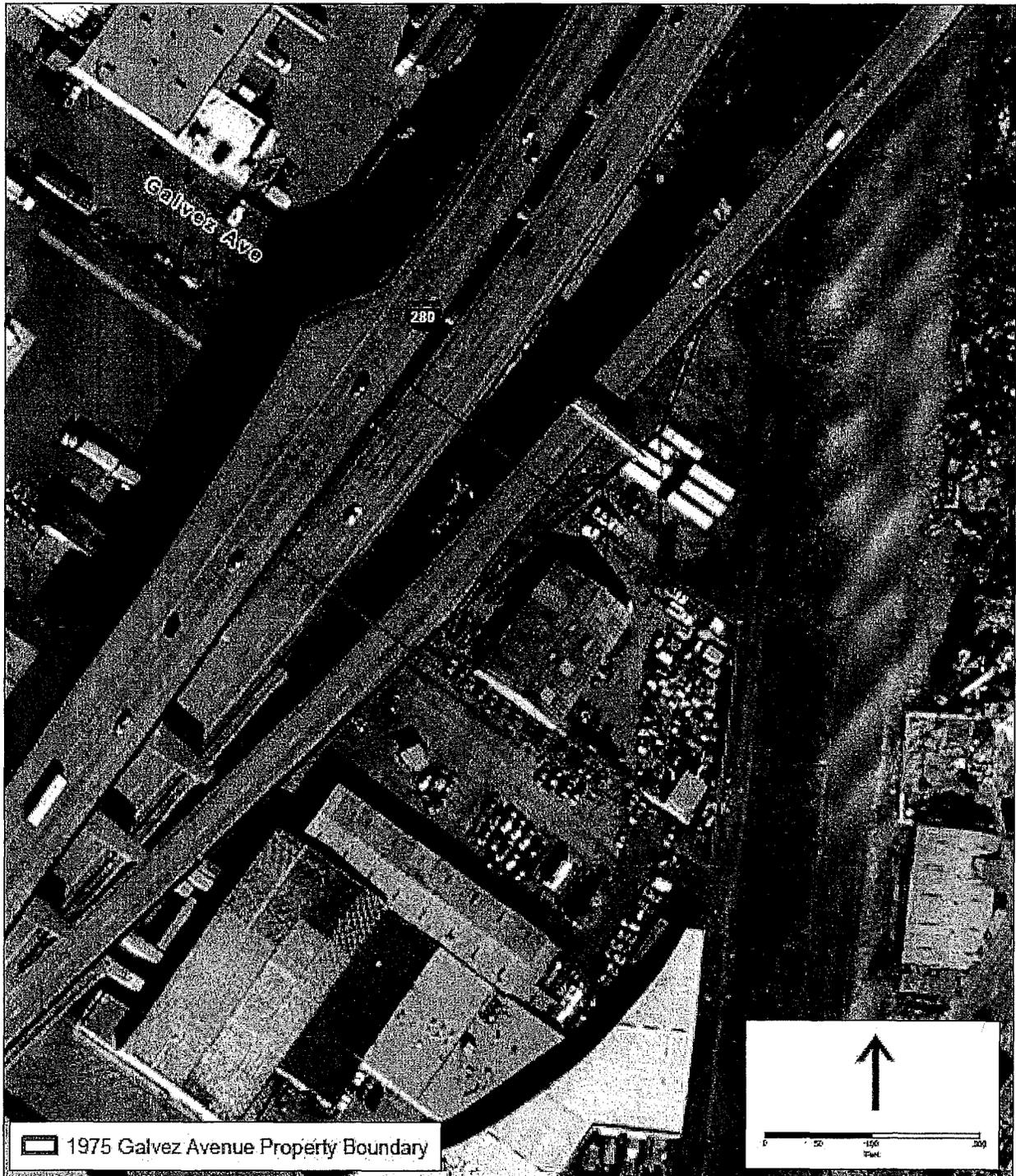
\*Recorded by Eryn Brennan, ESA

\*Date 9/21/15

\*Resource Name or # (Assigned by recorder) 1975 Galvez Avenue

Continuation  Update

**Sketch Map:** NAIP, 2014 Imagery



State of California - The Resources Agency  
DEPARTMENT OF PARKS AND RECREATION  
**PRIMARY RECORD**

Primary # \_\_\_\_\_  
HRI # \_\_\_\_\_  
Trinomial \_\_\_\_\_  
NRHP Status Code 6Z

Other Listings \_\_\_\_\_  
Review Code \_\_\_\_\_ Reviewer \_\_\_\_\_ Date \_\_\_\_\_

\*Resource Name or # (Assigned by recorder) 555 Selby Street

**P1. Other Identifier:** N/A

**\*P2. Location:**  Not for Publication  Unrestricted

**\*a. County** San Francisco and (P2b and P2c or P2d. Attach a Location Map as necessary.)

**\*b. USGS 7.5' Quad** San Francisco South Date 1980 T \_\_\_; R \_\_\_; Sec \_\_\_; \_\_\_ B.M.

c. Address 555 Selby Street City San Francisco Zip 94124

d. UTM: (give more than one for large and/or linear resources) Zone \_\_\_; \_\_\_ mE/ \_\_\_ mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate)

Block 5250/Lot 15

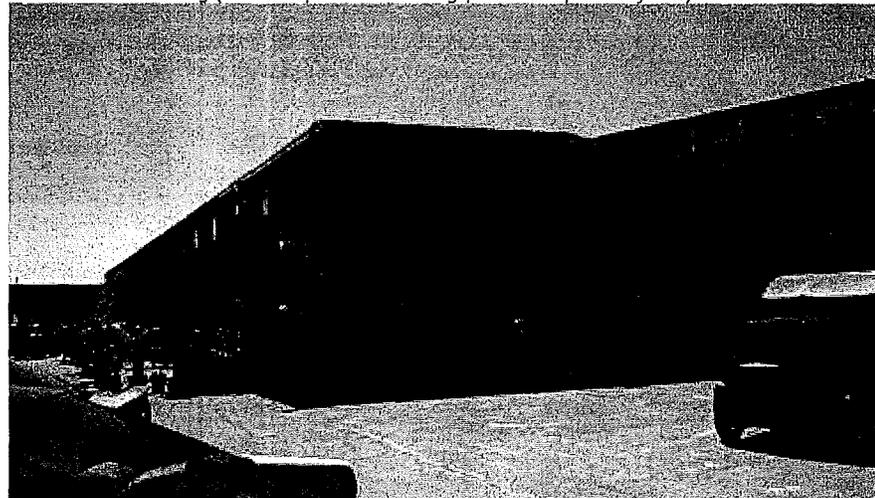
**\*P3a. Description:** (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

The structure located at 555 Selby Street in San Francisco's Bayview neighborhood sits on a 1.67 acre parcel on Selby Street between Galvez and Innes Avenues. An elevated off-ramp for Interstate 280 (I-280) runs along the west façade, approximately 35 feet east of the building. Access to the site is available from Selby Street. Two ingress and egress points are located off Selby Street. A six-foot-tall plywood fence topped with barbed wire is located along the western perimeter of the site and encloses a parking area for taxis associated with Flywheel (formerly DeSoto Cab Company), the business occupying the 555 Selby Street structure. A six-foot-tall chain-link fence topped with barbed wire is located along the northern, southern, and eastern perimeters of the site. The land is owned by the Selby & Hudson Corporation. Provided below is a brief description of the structure and site (see Continuation Sheet).

**\*P3b. Resource Attributes:** (List attributes and codes) HP8 - Industrial Building

**\*P4. Resources Present:**  Building  Structure  Object  Site  District  Element of District  Other (Isolates, etc.)

P5a. Photo or Drawing (Photo required for buildings, structures, and objects.)



**P5b. Description of Photo:** (View, date, accession #) View looking southeast from parking lot in front of structure, 9/4/15

**\*P6. Date Constructed/Age and Sources:**

Historic  Prehistoric  Both

1969 (assessor's data), with alterations in 1968, 1969, 1999, and 2002 (permit data)

**\*P7. Owner and Address:**

Selby & Hudson Corporation

555 Selby Street

San Francisco, CA 94124

**\*P8. Recorded by:** (Name, affiliation, address)

Eryn Brennan, ESA

550 Kearny Street, Ste. 800

San Francisco, CA 94102

**\*P9. Date Recorded:** 9/4/15

**\*P10. Survey Type:** (Describe) Intensive

**\*P11. Report Citation:** (Cite survey report and other sources, or enter "none.")

None.

**\*Attachments:**  NONE  Location Map  Continuation Sheet  Building, Structure, and Object Record  
 Archaeological Record  District Record  Linear Feature Record  Milling Station Record  Rock Art Record  
 Artifact Record  Photograph Record  Other (List):

\*Resource Name or # (Assigned by recorder) 555 Selby Street  
 Page 2 of 7

\*NRHP Status Code 6Z

- B1. Historic Name: N/A
- B2. Common Name: 555 Selby Street
- B3. Original Use: Warehouse
- B4. Present Use: Office/Repair Shop
- \*B5. **Architectural Style:** Modern Utilitarian-Warehouse
- \*B6. **Construction History:** (Construction date, alterations, and date of alterations)

Built originally in 1969; office space and bathrooms were added in the same year. A shed addition was added to the rear circa 1984, and structural upgrades and expansion of the office space occurred in 1999. An attendant's shack was constructed on the site in 2002, and interior office was expanded.

\*B7. Moved?  No  Yes  Unknown Date: \_\_\_\_\_ Original Location: \_\_\_\_\_

\*B8. **Related Features:** N/A  
 Elevated off-ramp for I-280 to the west and railroad tracks to the east.

B9a. Architect: James Park (Engineer) b. Builder: Cob Construction

\*B10. **Significance: Theme** Utilitarian-Warehouse **Area** San Francisco Bay Area  
**Period of Significance** N/A **Property Type** Industrial **Applicable Criteria** A-D  
 (Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

The building located at 555 Selby Street has been evaluated against the National Register of Historic Places (NRHP) and California Register of Historical Resources (CRHR) Criterion A/1, B/2, C/3, and D/4. This property has also been evaluated in accordance with Section 15064.5(a)(2)-(3) of the California Environmental Quality Act (CEQA) Guidelines, using the criteria outlined in Section 5024.1 of the California Public Resources Code. The property is recommended ineligible for listing under any of the NRHP and CRHR criteria due to a lack of significant associations with important historical events, important persons, architectural significance, and information potential. For these reasons, the property would not be considered a historical resource for the purposes of CEQA. This evaluation is consistent with San Francisco Preservation Bulletin 5, "Landmark and Historic District Designation Procedures," which directs that historic resources be evaluated for local designation using the California Office of Historic Preservation Recordation Manual (as per San Francisco Landmarks Board Resolution No. 527, June 7, 2000). (See Continuation Sheet.)

B11. Additional Resource Attributes: (List attributes and codes)  
 HP8 – Industrial Building

\*B12. **References:** See Continuation Sheet

B13. Remarks:

\*B14. **Evaluator:** Eryn Brennan and Brad Brewster, ESA

\*Date of Evaluation: 9/21/15

(This space reserved for official comments.)

(Sketch Map with north arrow required.)

See Continuation Sheet

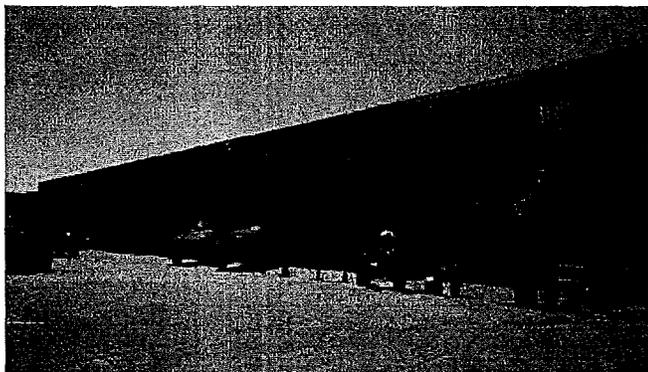
### P3a. Description (continued):

The approximately 200-foot-long by 50-foot-wide, 22-foot-tall, 1- to 2-story building is a metal-frame structure clad in standing seam steel metal roof and wall panels. The steel cladding utilizes a locking system where each sheet is joined together to prevent water from entering through the sidelaps, and the trapezoidal ribs are designed to shed water more efficiently and requires less purlins to support the roof because they provide greater strength and rigidity.<sup>1</sup> The building sits on a concrete foundation, and one-third of the western end of the structure is two stories in height, while the rest of the building is one-story in height. The structure has a shallow side-gabled roof.

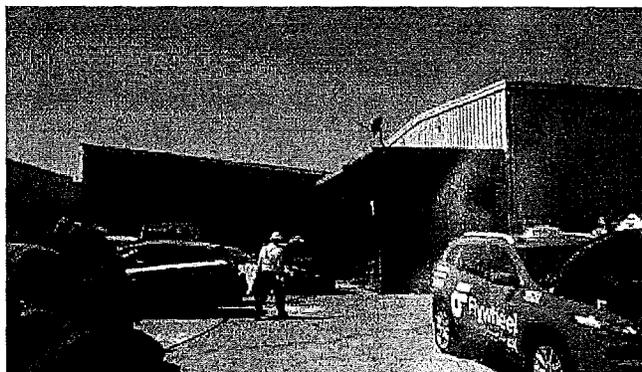
The first floor of the western bay of the north façade has one large, aluminum-frame fixed window on the north end and two sliding sash windows with aluminum frames centered under the gable. Three smaller sliding sash windows are spaced evenly under a gable roof on the second floor. The first floor of the north façade of the two-story portion of the structure has two entrances to access the office and garage areas and a sliding sash aluminum-frame window to the right of the western entrance. The entrance to the garage area is located approximately twenty-five feet east of the office entrance. The second floor of this portion of the building contains five sliding sash windows with aluminum frames spaced evenly above the two entrances. One large, double-height opening with steel roll-up security doors is centered in both the central and eastern bays of the north façade of the structure. The openings provide access to the garage and repair shop areas.

A one-story, flat-roofed addition enclosed on three sides is located on the east end of the building. The plywood addition, constructed circa 1984, is used for storage. The south side of the building abuts structures located at 1970 and 1976 Innes Avenue and is not visible.

The site is completely paved, and a small attendant's shack is located approximately 40 feet north of the western bay of the structure. A fuel storage tank is located approximately 30 feet north of the eastern bay of the building. The approximately 1.45 acre parking lot is filled with Flywheel cars.



View southeast of the north façade of the structure.



View south of the one-story storage addition.

<sup>1</sup> Tata Steel, "Materials used in cladding," <http://www.tatasteelconstruction.com/en/reference/teaching-resources/architectural-teaching-resource/cladding/metal-cladding/materials-used-in-cladding>, accessed 9/21/15.

## B10. Significance (continued):

### *Project Site History*

The building was originally constructed in 1969 on previously undeveloped land purchased by Ralph Hewett in the City's industrial Bayview neighborhood adjacent to city-run operations, such as the Department of Public Work's Central Shops and Asphalt Plant. The engineer of record is James Park, and Cob Construction is listed as the general contractor on the original building permit. The approximately 9,600-square-foot building was built as a warehouse with future office space noted in the building permit. In the same year, the office space and a bathroom was added in the building. In 1999, likely the year when the DeSoto Cab Company (now Flywheel) purchased the building, an exterior gas tank canopy was added, which appears to have been subsequently removed, and the interior office space was expanded. The architect for this work was Douglas W. Fong with Design + Build. Structural upgrades were also made to the structure in 1999. In 2002 Flory Construction built the attendant shack on the site, as well as new additional office space, restrooms, and a repair shop in the building.

### *Brief History of Pre-Fabricated Metal Warehouses*

Although patented as early as 1903, steel siding was rarely used in residential or commercial construction due to its susceptibility to water infiltration and rust. In 1939, Frank Hoess patented an advanced interlocking system that prevented water penetration and applied his steel siding on a small residential development in Chicago.<sup>2</sup> However, with the onset of World War II, manufacturing steel and aluminum for any purpose other than that which supported the war effort came to a halt. As the primary building material for war materials, the production of aluminum and steel escalated during the war. The development and popularity of the Quonset Hut, a corrugated steel, pre-fabricated structure with a semi-circular cross section, further promoted the benefits of pre-fabricated metal structures. Initially developed by the US military to meet the needs of a lightweight, pre-fabricated building that could be used for any purpose, shipped anywhere, and quickly assembled with unskilled labor, the original T-Rib Quonset hut was modeled on the Nissen Hut developed by the British during World War I.<sup>3</sup> A redesign of the structure by Otto Brandenberger to make it lighter weight and easier to assemble was approved by the government in 1941, after which it was mass-produced to support the war effort.<sup>4</sup> After the war, an abundance of aluminum and steel led to a plunge in price and an opportunity for architects and engineers to find new applications for the material.<sup>5</sup> Because of its flexibility and resistance to corrosion, aluminum rather than steel became the preferred siding material for residential structures, until vinyl siding was introduced in the 1950s.<sup>6</sup> However, further advances in the exterior treatment of steel to resist corrosion, combined with its greater strength and fire resistance and lower cost, led to the preference of steel cladding over aluminum for large industrial warehouses, such as the one at 555 Selby Street.<sup>7</sup>

### *Evaluation*

NRHP/CRHR Criterion A/1 (Events). The structure located at 555 Selby Street was built on previously undeveloped land in 1969 and has been used continuously since its construction as a warehouse and office space, and later a vehicle repair shop. The structure was built by engineer, James Park, and Cob Construction at the behest of the property owner, Ralph Hewett. Constructed in an industrial area of the Bayview neighborhood, this utilitarian warehouse is surrounded by other similar structures and would not be considered unique or rare in this context. The warehouse also is not associated with

<sup>2</sup> Richa Wilson and Kathleen Snodgrass, "Early 20th-Century Building Materials: Siding and Roofing," *Facilities Tech Tips*, United States Department of Agriculture Forest Service (February 2008): 6-7.

<sup>3</sup> Julie Decker and Chris Chiel, *Quonset Hut: Metal Living for a Modern Age* (New York: Princeton Architectural Press, 2005), 4.

<sup>4</sup> *Ibid.*, 19.

<sup>5</sup> Bruce S. Kaskel, "The Metal and Glass Curtain Wall," *Cultural Resources Management* 18, no. 8 (1995): 23-24.

<sup>6</sup> Wilson and Snodgrass, "Early 20th-Century Building Materials: Siding and Roofing," 7.

<sup>7</sup> Tata Steel, "Materials used in cladding," accessed 9/21/15.

any events that have made a significant contribution to the broad patterns of local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria A/1.

NRHP/CRHR Criterion B/2 (Important Persons). The structure located at 555 Selby Street is a privately-owned building that is not associated with the lives of any significant persons important to local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria B/2.

NRHP/CRHR Criterion C/3 (Architecture/Design). The structure was built in 1969 and is a utilitarian, metal-frame, steel-clad warehouse, which is a ubiquitous building type in the industrial Bayview neighborhood, as well as industrial areas of towns and cities throughout the state and country. The structure does not exhibit or embody any distinctive characteristics of a particular architectural style or period. Although the earliest pre-fabricated metal warehouses date to the turn of the twentieth century, the building at 1975 Galvez Avenue is a more typical post-war example of this building type and, therefore, is not significant in this context. The structure also does not exhibit the work of a master with regards to methods of construction, nor does it possess high artistic values. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria C/3.

NRHP/CRHR Criterion D/4 (Information Potential). The building located at 555 Selby Street is a typical utilitarian structure used for storage and light-industrial purposes and has little to no potential to reveal information important to local, regional, or national history. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria D/4.

*References*

City and County of San Francisco, San Francisco Property Information Map, *555 Selby Street*, accessed online at <http://propertymap.sfplanning.org/> on September 16, 2015.

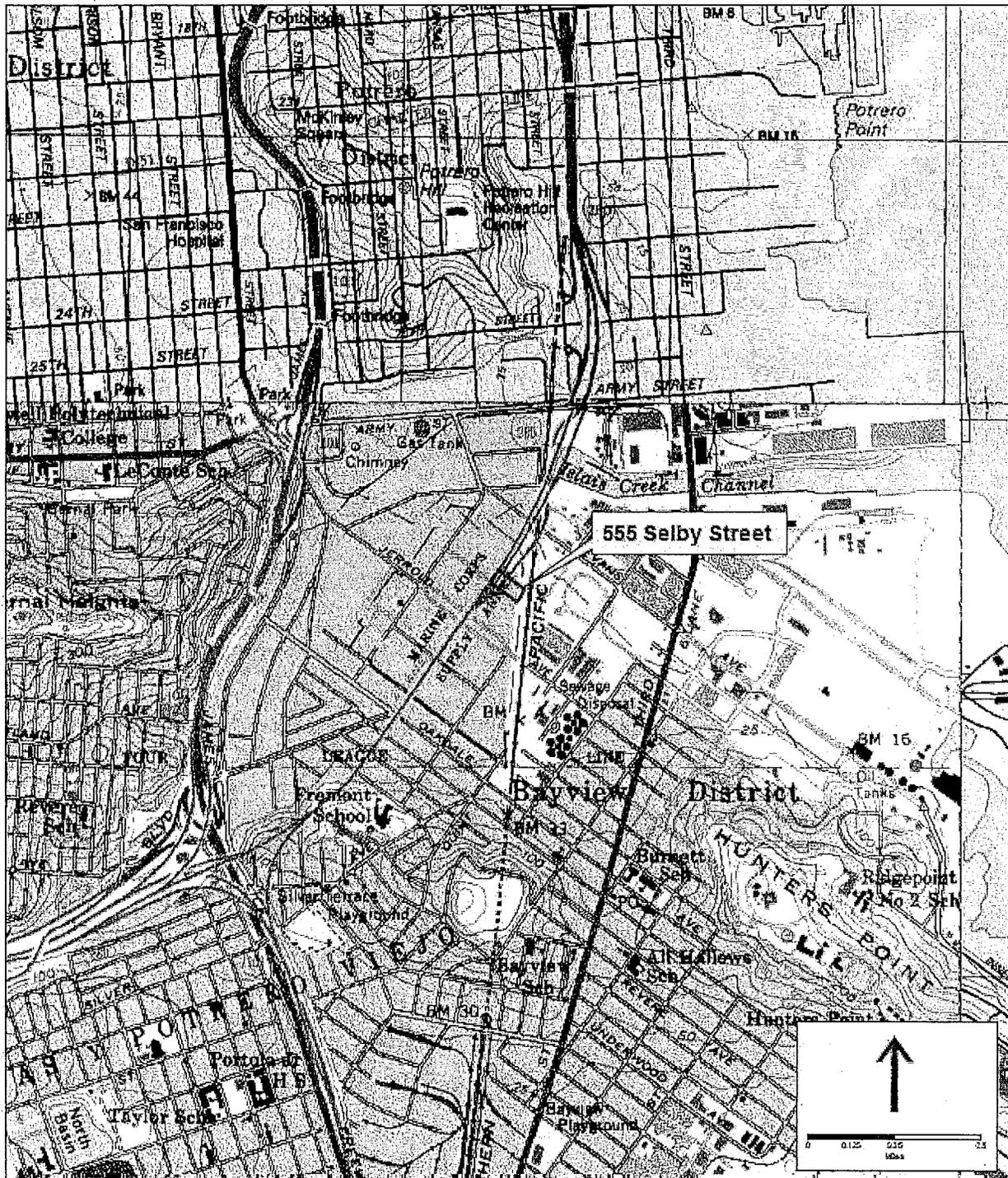
Decker, Julie and Chris Chiel. *Quonset Hut: Metal Living for a Modern Age*. New York: Princeton Architectural Press, 2005.

Kaskel, Bruce S. "The Metal and Glass Curtain Wall." *Cultural Resources Management* 18, no. 8 (1995): 23-27.

Permits: Permit #325980, 9/4/68, *erect one-story, 9,600-square-foot warehouse with future office space*, Permit #331054, 4/11/69, *addition of office space and two toilets*, Permit #884960, 2/3/99, *exterior gas tank canopy and expansion of interior office space*, Permit #893132, 8/30/99, *structural revision to exterior slabs and canopy and revisions to interior lateral resistance system*, Permit #985845, 3/19/02, *exterior and interior improvements, addition of parking striping, construction of new attendant shack*.

Tata Steel, "Materials used in cladding," <http://www.tatasteelconstruction.com/en/reference/teaching-resources/architectural-teaching-resource/cladding/metal-cladding/materials-used-in-cladding>, accessed 9/21/15.

Wilson, Richa and Kathleen Snodgrass. "Early 20<sup>th</sup>-Century Building Materials: Siding and Roofing." *Facilities Tech Tips, United States Department of Agriculture Forest Service* (February 2008).



Page 6 of 7

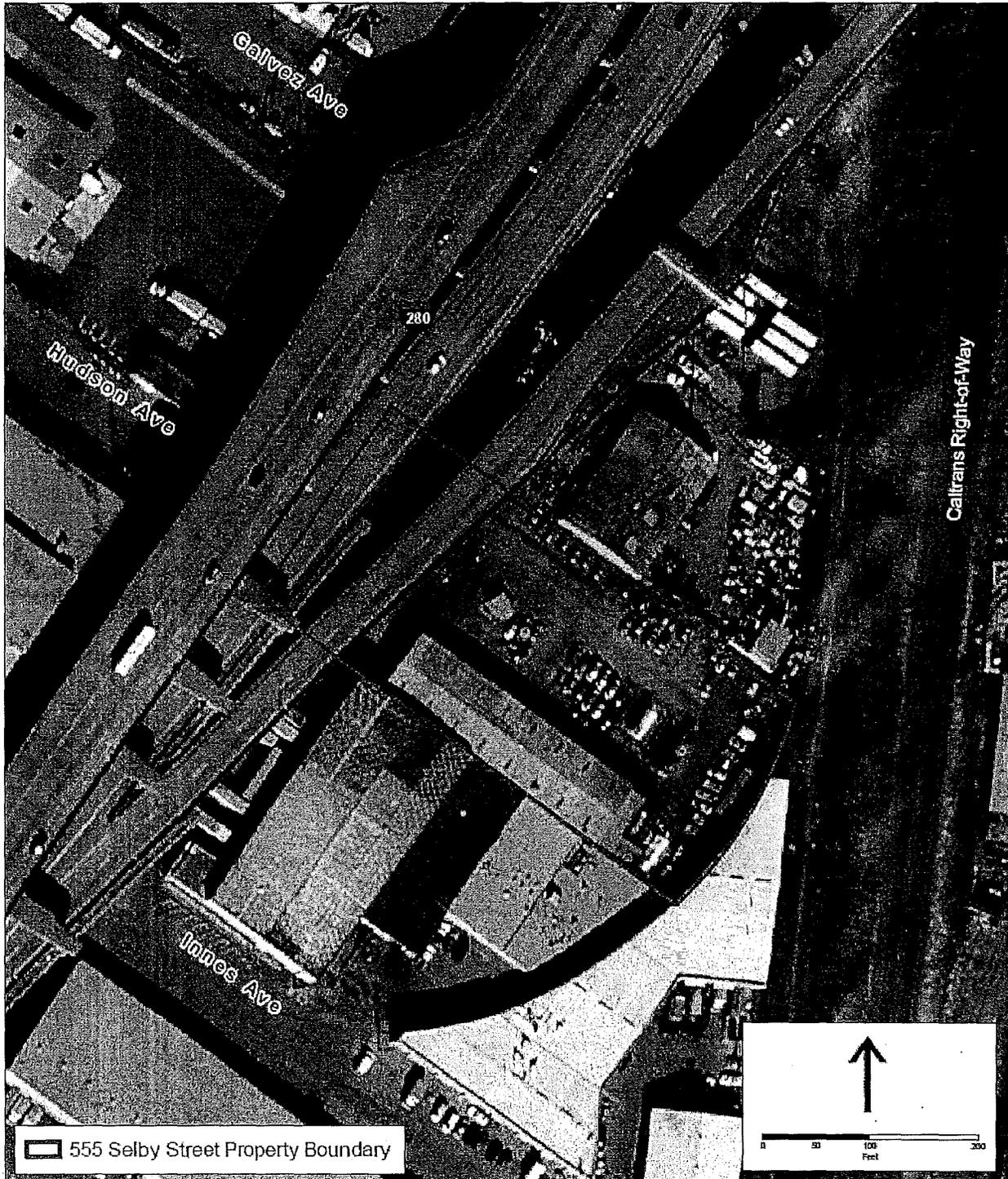
\*Recorded by Eryn Brennan, ESA

\*Date 9/21/15

\*Resource Name or # (Assigned by recorder) 555 Selby Street

Continuation  Update

**Sketch Map:** NAIP, 2014 Imagery



State of California – The Resources Agency  
DEPARTMENT OF PARKS AND RECREATION  
**PRIMARY RECORD**

Primary # \_\_\_\_\_  
HRI # \_\_\_\_\_  
Trinomial \_\_\_\_\_  
NRHP Status Code 6Z

Other Listings \_\_\_\_\_  
Review Code \_\_\_\_\_ Reviewer \_\_\_\_\_ Date \_\_\_\_\_

\*Resource Name or # (Assigned by recorder) 450 Toland Street

**P1. Other Identifier:** N/A

**\*P2. Location:**  Not for Publication  Unrestricted

\*a. County San Francisco and (P2b and P2c or P2d. Attach a Location Map as necessary.)

\*b. USGS 7.5' Quad San Francisco South Date 1980 T \_\_\_\_; R \_\_\_\_; Sec \_\_\_\_; \_\_\_\_ B.M.

c. Address 450 Toland Street City San Francisco Zip 94124

d. UTM: (give more than one for large and/or linear resources) Zone \_\_\_\_; \_\_\_\_mE/ \_\_\_\_mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate)

Block 5230/Lot 18

**\*P3a. Description:** (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

The building located at 450 Toland Avenue in San Francisco's Bayview neighborhood sits on a 1.27 acre parcel bounded by Toland Street to the east, Jerrold Avenue to the south, and Napoleon Street to the west and north. A pedestrian entrance accessed from the sidewalk via three concrete steps and a landing is located in the office wing at the southeast corner of the building. A vehicular ingress and egress closed off by a chain-link fence topped with barbed wire is located at the northeast corner of the building. A six-foot-tall chain-link fence topped with barbed wire and razor wire encloses the loading area in front of the building along Toland Street. The land is owned by 450 Toland, LLC. Provided below is a brief description of the structure and site (see Continuation Sheet).

**\*P3b. Resource Attributes:** (List attributes and codes) HP8 – Industrial Building

**\*P4. Resources Present:**  Building  Structure  Object  Site  District  Element of District  Other (Isolates, etc.)

P5a. Photo or Drawing (Photo required for buildings, structures, and objects.)



**P5b. Description of Photo:** (View, date, accession #) View looking west from Toland Street, 9/30/15

**\*P6. Date Constructed/Age and Sources:**

Historic  Prehistoric  Both  
1969 (assessor's data) with alterations in 1969, 1976, 1987, 1988, 1989, 1996, and 2006 (permit data)

**\*P7. Owner and Address:**

450 Toland, LLC  
16 Bien Venida  
Orinda, CA 94563

**\*P8. Recorded by:** (Name, affiliation, address)

Eryn Brennan, ESA  
550 Kearny Street, Ste. 800  
San Francisco, CA 94102

**\*P9. Date Recorded:** 9/30/15

**\*P10. Survey Type:** (Describe) Intensive

**\*P11. Report Citation:** (Cite survey report and other sources, or enter "none.")

None.

**\*Attachments:**  NONE  Location Map  Continuation Sheet  Building, Structure, and Object Record  
 Archaeological Record  District Record  Linear Feature Record  Milling Station Record  Rock Art Record  
 Artifact Record  Photograph Record  Other (List):

**BUILDING, STRUCTURE, AND OBJECT RECORD**

\*Resource Name or # (Assigned by recorder) 450 Toland Street

Page 2 of 8

\*NRHP Status Code 6Z

- B1. Historic Name: N/A
- B2. Common Name: 450 Toland Street
- B3. Original Use: Warehouse
- B4. Present Use: Warehouse/Office
- \*B5. Architectural Style: Modern Utilitarian-Warehouse
- \*B6. Construction History: (Construction date, alterations, and date of alterations)

Built in 1969; office space was added in the same year. Interior alterations occurred in 1976, and a one-story addition was added on the south end of the building in 1987. Additional interior alterations occurred in 1988, 1989, 1996, and 2006.

\*B7. Moved?  No  Yes  Unknown Date: \_\_\_\_\_ Original Location: \_\_\_\_\_

\*B8. Related Features: N/A

B9a. Architect: Cecil Wells, Jr. (Architect/Engineer) b. Builder: Richard Holm

\*B10. Significance: Theme Utilitarian-Warehouse Area San Francisco Bay Area  
Period of Significance N/A Property Type Industrial Applicable Criteria A-D  
(Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

The building located at 450 Toland Street has been evaluated against the National Register of Historic Places (NRHP) and California Register of Historical Resources (CRHR) Criterion A/1, B/2, C/3, and D/4. This property has also been evaluated in accordance with Section 15064.5(a)(2)-(3) of the California Environmental Quality Act (CEQA) Guidelines, using the criteria outlined in Section 5024.1 of the California Public Resources Code. The property is recommended ineligible for listing under any of the NRHP and CRHR criteria due to a lack of significant associations with important historical events, important persons, architectural significance, and information potential. For these reasons, the property would not be considered a historical resource for the purposes of CEQA. This evaluation is consistent with San Francisco Preservation Bulletin 5, "Landmark and Historic District Designation Procedures," which directs that historic resources be evaluated for local designation using the California Office of Historic Preservation Recordation Manual (as per San Francisco Landmarks Board Resolution No. 527, June 7, 2000). (See Continuation Sheet.)

B11. Additional Resource Attributes: (List attributes and codes)  
HP8 – Industrial Building

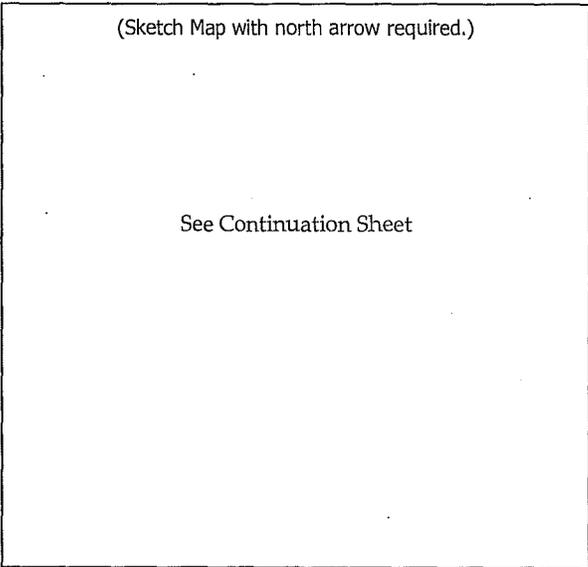
\*B12. References: See Continuation Sheet

B13. Remarks:

\*B14. Evaluator: Eryn Brennan and Brad Brewster, ESA

\*Date of Evaluation: 9/30/15

(This space reserved for official comments.)



### P3a. Description (continued):

The approximately 43,240-square-foot, 1- and 2-story, 18-foot-tall, flat-roofed warehouse is a tilt-up concrete structure set on a concrete foundation. The building is set back from Toland Street by approximately 60 feet, which allows semi-trucks to pull directly up to the 11 loading docks located along the west façade. A two-story office wing accessible from the sidewalk is located on the south end of the building. With the exception of the of the semi-truck parking area along Toland Street, the building occupies the entire portion of the lot.

The east façade of the original, northern portion of the building constructed in 1969 consists of two end bays flanking a large recessed central bay with four sub-bays, three of which contain two loading docks. The fourth sub-bay contains a trash area accessed via a flight of concrete steps and is fully enclosed with chain-link fencing. The northern end bay contains a loading dock, and the two-story southern end bay contains a group of four fixed, metal-frame windows above the ground floor. Centered above the windows are the words "Diana Supreme" above the logo for the domestic cheese business. Centered in the canopy above the recessed central bay are the words "Imported and Domestic Specialty Foods."

The east façade of the 1987 addition contains a north bay that is flush with the 1969 building, with five sub-bays. The four northernmost sub-bays each contain a loading dock, and the southern sub-bay contains a large, double-entrance metal door accessed via an ADA ramp and railing that extends to the sidewalk. A canopy that extends to the north façade of the office wing is located over the four southernmost sub-bays with the words "Domestic Cheese Co." in the center. The north façade of the office wing contains one wide and one narrow aluminum-frame sash window, both covered with security bars and flanking a double-door entrance that appears to be sealed on the first floor. The second floor contains two aluminum-frame sash windows, one located under the canopy and one located on the east end of the wing. The east (front) façade of the office wing contains an aluminum-frame entrance door with a transom accessed via a short flight of concrete steps. To the left of the entrance door are three large, fixed-sash, aluminum-frame windows with transoms. Similarly, the second floor contains four, aluminum-frame, fixed-sash windows with transoms. The windows, entrance door, and transoms extend across the full length of the narrow east façade of the office wing and are framed by piers that project above the roofline. The entrance and windows on the first floor are covered with security bars. A raised brick planter with a single large shrub is located adjacent to the entrance steps.

The south façade of the 1987 addition abuts a building and is not visible. The north façade and the west (rear) façade of the building have no openings.



View west of the east façade of the 1969 building.



View west of the east façade of the 1987 addition.

## **B10. Significance (continued):**

### *Project Site History*

The original approximately 15,000-square-foot warehouse was constructed in 1969 on previously undeveloped land in the City's industrial Bayview neighborhood adjacent to city-run operations, such as the Department of Public Work's Central Shops and Asphalt Plant. The warehouse was built at a cost of \$93,500 for the Domestic Cheese Company, which specializes in the distribution of wholesale dairy and meat products.<sup>1</sup> The owner of record listed on the building permit is Rene C. Grialou. The architect/engineer for the building was Cecil Wells, Jr., and the architect/engineer for construction was Richard Holm. The general contractor was Carl A. Holvick & Co. In the same year, the office space was added. The architect/engineer for this work was Howard A. York and the general contractor was LeCompte Construction Company. The owner of record is listed as Nick Georgatos with the Domestic Cheese Company. Following in 1976, interior alterations including extension of the coolers, a new freezer, and expansion of the office and storage space were undertaken by the architecture firm, Avanessian & Associates. In 1987, an approximately 28,000-square-foot addition was added on to the south end of the warehouse. The addition, also a tilt-up concrete structure set on a concrete foundation and designed by Avanessian & Associates, contained additional cold storage space and loading docks. Gilbert and John Dito are listed as the owners of Domestic Cheese.

Other minor alterations to the building involved the installation of fire sprinklers in 1988; applying a polyurethane coat to the roof in 1989; structural upgrades, the addition of two toilets on the second floor of the office wing, and relocation of the fire sprinklers in 1996; and reroofing the building in 2006.

<sup>1</sup> MacRae's Blue Book, "Domestic Cheese Co Inc," <http://www.macraesbluebook.com/search/company.cfm?company=583400>, accessed 9/30/15.

### *Brief History of Tilt-Up Concrete Buildings*

Although concrete has been used in construction since the Roman period, and precasting construction materials has been done throughout human history, the development of tilt-up concrete construction was predicated on the refinement of reinforced concrete technology in the early-twentieth century.<sup>2</sup> Tilt-up concrete construction consists of two steps. First, slabs of concrete are cast horizontally on a steel-framed tilt-table. Once these slabs have cured, they are lifted and tilted with a crane into place and become wall sections.<sup>3</sup> Robert Aiken is considered the founder of tilt-up concrete when he developed this method of construction for designing reinforced concrete retaining walls at Camp Logan Rifle Range in Illinois at the turn of the twentieth century. Shortly thereafter he built a church in Zion City, Illinois near his farm in 1906, as well as a village of houses in Union, New Jersey in 1908 using this method of construction.<sup>4</sup> Although tilt-up concrete construction did not become popular until after World War II when development of the mobile crane made lifting the concrete panels much easier, some early-Modern architects, such as Rudolph M. Schindler, employed this method of construction. Two fine examples designed by Schindler are the Lovell House in Newport Beach, CA built in 1926 and the Schindler House in West Hollywood, CA built in 1921-22.<sup>5</sup> With the development of the mobile crane and ready-mix concrete, tilt-up concrete construction gained in popularity during the post-war building boom as an inexpensive and efficient way to erect large commercial and industrial structures. Several buildings, particularly in the industrial Bayview neighborhood, were built during this period using tilt-up concrete construction, including the Binks Manufacturing building located at 950 Newhall Street in 1953.<sup>6</sup>

### *Evaluation*

NRHP/CRHR Criterion A/1 (Events). The structure located at 450 Toland Street was built on previously undeveloped land in 1969 and has been used continuously since its construction as a warehouse and office space. Constructed in an industrial area of the Bayview neighborhood, this utilitarian warehouse is surrounded by other similar structures in the area and would not be considered unique or rare in this context. The warehouse also is not associated with any events that have made a significant contribution to the broad patterns of local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria A/1.

NRHP/CRHR Criterion B/2 (Important Persons). The structure located at 450 Toland Street is a privately-owned building that is not associated with the lives of any significant persons important to local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria B/2.

NRHP/CRHR Criterion C/3 (Architecture/Design). The structure was built in 1969 and is a utilitarian, tilt-up concrete warehouse, which is a ubiquitous building type in the industrial Bayview neighborhood, as well as industrial areas of towns and cities throughout the state and country. The structure does not exhibit or embody any distinctive characteristics of a particular architectural style or period. Although the earliest tilt-up concrete buildings date to the early-twentieth century, the building at 450 Toland Street is a more typical post-war example of this building type and, therefore, is not significant in this context. The structure also does not exhibit the work of a master with regards to methods of construction, nor does it possess high artistic values. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria C/3.

<sup>2</sup> Concrete Contractor, "Tilt-Up Construction: History and Uses," <http://www.concretecontractor.com/tilt-up-concrete/construction-history/>, accessed 9/30/15.

<sup>3</sup> Concrete Construction, "A Century of Tilt-Up," <http://www.concreteconstruction.net/concrete-construction/a-century-of-tilt-up.aspx>, accessed 9/30/15.

<sup>4</sup> Concrete Contractor, "Tilt-Up Construction: History and Uses," <http://www.concretecontractor.com/tilt-up-concrete/construction-history/>, accessed 9/30/15. See also Tilt-Up Concrete Association, "The Construction of Tilt-Up," <http://tilt-up.org/tilt-uptoday/wp-content/uploads/2011/11/CTU-Final-web.pdf>, accessed 9/30/15.

<sup>5</sup> Dell Upton, *Architecture in the United States*, (New York: Oxford University Press, 1998), 169. See also MAK Center, "Schindler House (1921-22)" <http://makcenter.org/sites/schindler-house/>, accessed 9/30/15.

<sup>6</sup> Mary Brown, San Francisco Modern Architecture and Landscape Design, 1935-1970 Historic Context Statement (San Francisco City and County Planning Department, January 2011), 94.

NRHP/CRHR Criterion D/4 (Information Potential). The building located at 450 Toland Street is a typical utilitarian structure used for storage and light-industrial purposes and has little to no potential to reveal information important to local, regional, or national history. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria D/4.

*References*

Brown, Mary. *San Francisco Modern Architecture and Landscape Design, 1935-1970 Historic Context Statement*. San Francisco City and County Planning Department, January 2011.

City and County of San Francisco, San Francisco Property Information Map, *450 Toland Street*, accessed online at <http://propertymap.sfplanning.org/> on September 30, 2015.

Concrete Construction, "A Century of Tilt-Up," <http://www.concreteconstruction.net/concrete-construction/a-century-of-tilt-up.aspx>, accessed 9/30/15.

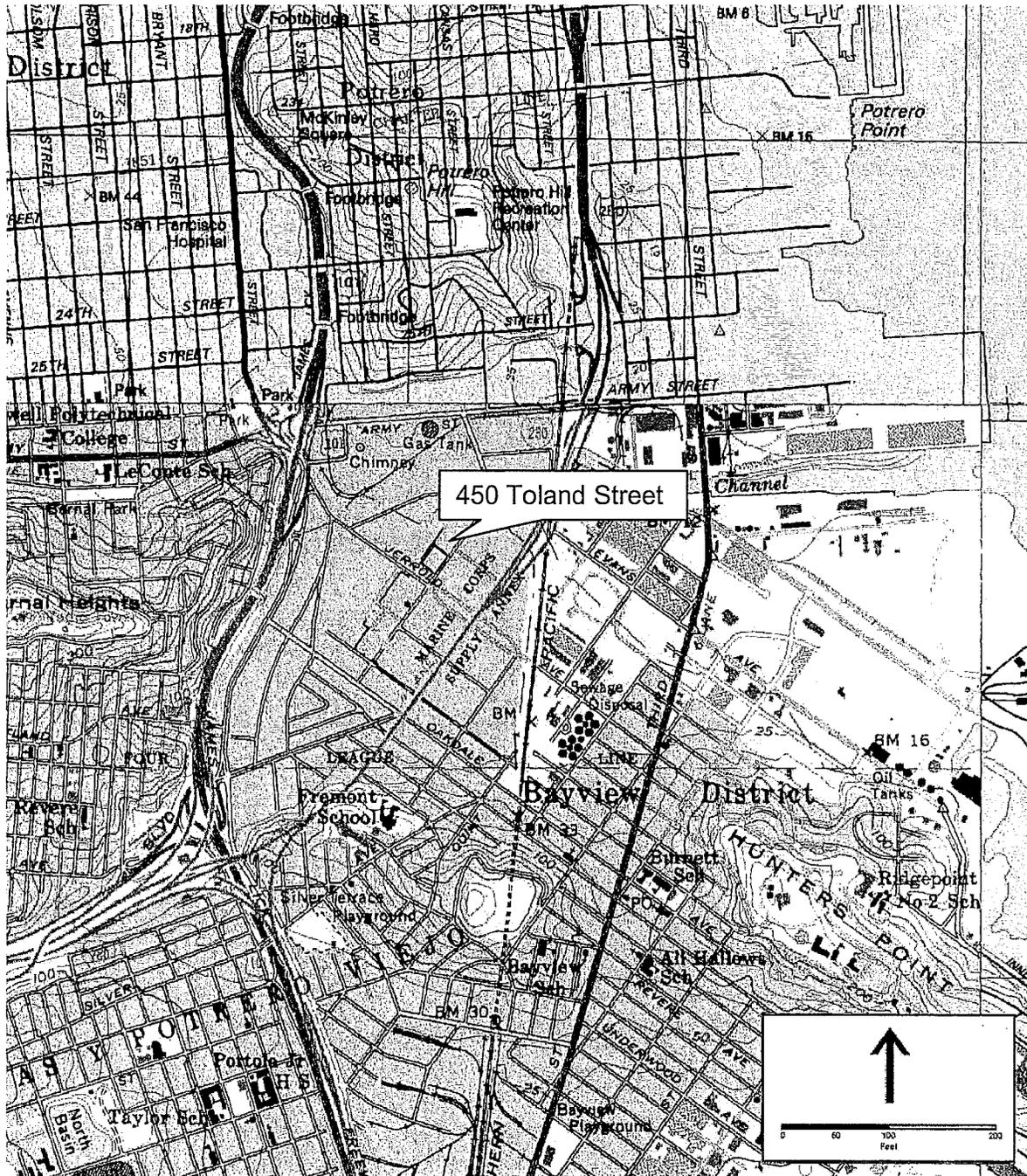
Concrete Contractor, "Tilt-Up Construction: History and Uses," <http://www.concretecontractor.com/tilt-up-concrete/construction-history/>, accessed 9/30/15.

MacRae's Blue Book, "Domestic Cheese Co Inc," <http://www.macraesbluebook.com/search/company.cfm?company=583400>, accessed 9/30/15.

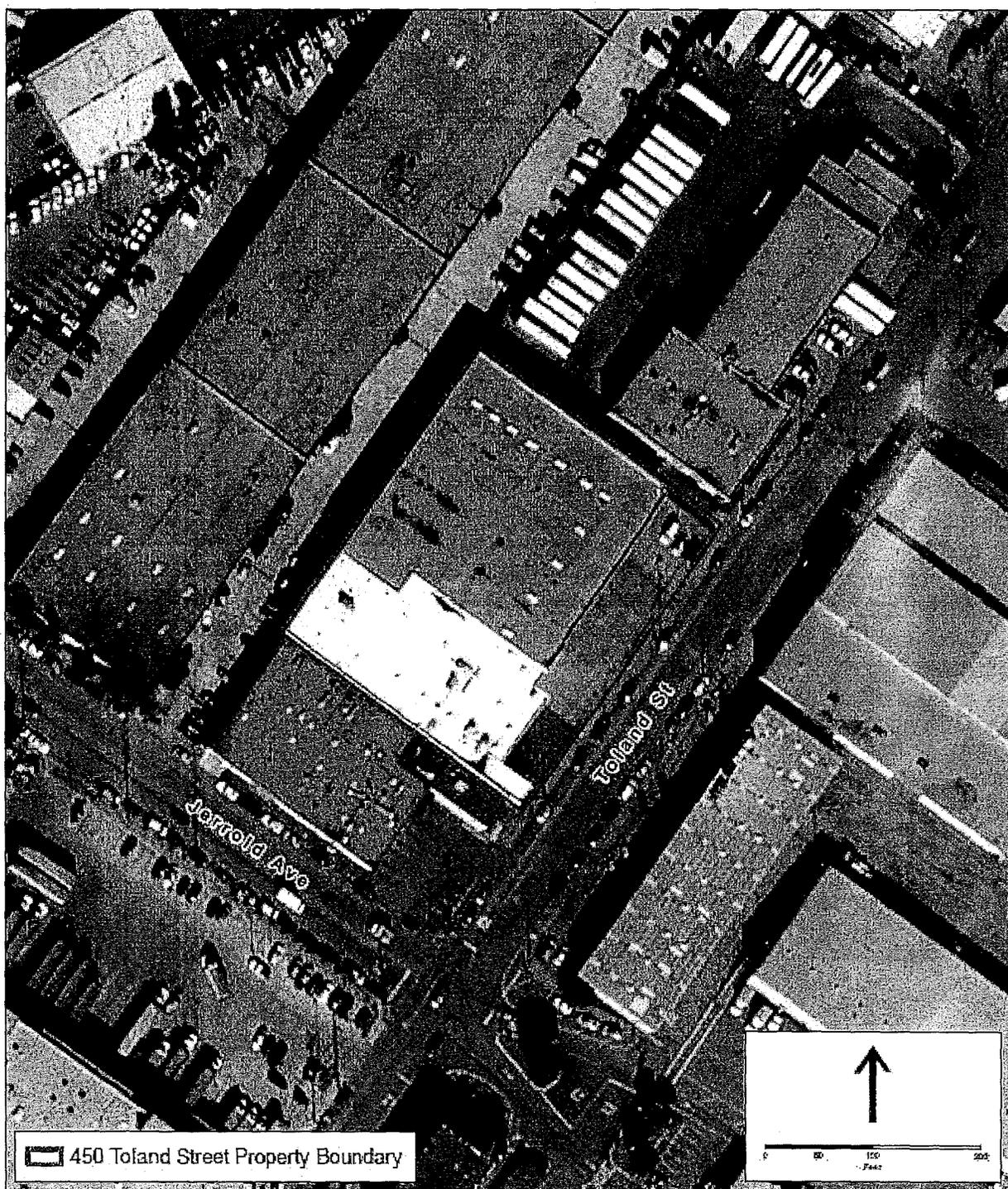
Tilt-Up Concrete Association, "The Construction of Tilt-Up," <http://tilt-up.org/tilt-uptoday/wp-content/uploads/2011/11/CTU-Final-web.pdf>, accessed 9/30/15.

Permits: Permit #355116, 3/28/68, construct 15,000-square-foot warehouse \$93,500, Permit #338971, 12/2/69, add office space in for \$2,500, Permit 415006, 7/29/76, extension of cooler, new freezer, expand storage for \$150,000, Permit #579304, 7/7/87, construct addition to existing facility for \$1,723,000, Permit #591531, 5/2/88, install fire sprinkler system for \$49,398, Permit #623600, 9/26/89, polyurethane roof for \$36,300, Permit #807556, 10/28/96, structural upgrades for \$2,000, Permit #814288, 11/7/96, add two toilets on the second floor for \$15,000, Permit #808728, 11/13/96, relocated fire sprinklers for \$1,000, Permit #1087083, 5/18/06, reroofing for \$70,000.

Upton, Dell. *Architecture in the United States*. New York: Oxford University Press, 1998.



**Sketch Map:** NAIP, 2014 Imagery





# SAN FRANCISCO PLANNING DEPARTMENT

Attachment C

## San Francisco Public Utilities Commission Preliminary Archeological Checklist (PAC)

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

Reception:  
415.558.6378

Fax:  
415.558.6409

Planning  
Information:  
415.558.6377

### A. PROJECT INFORMATION :

Date: 10/28/2015 SFPUC Archeological Reviewer: Sally S. Morgan

Central Shops Relocation and Land Transfer

Project name: \_\_\_\_\_ Case No: \_\_\_\_\_

Application type:  EE  CatEx

In City  Outside of City

Project address: new property 1975 Galvez, 555 Selby, 450 Toland; transfer 1800 Jerrold

EP planner: Tim Johnston EP Archeological Reviewer designee \_\_\_\_\_

APN/Cross streets: 5250/ 15 and 16; 5230/18 OR City/ County San Francisco

1. PROJECT DESCRIPTION: (include description of construction methods, all potentially ground-disturbing activities including parking, staging, equipment and spoils storage, temporary and permanent work areas, utility lines)

SFPUC proposes to arrange for the transfer of the existing Central Shops facility at 1800 Jerrold from the SF General Services Agency (GSA) to SFPUC, purchase of existing facilities at 1975 Galvez and 555 Selby, and lease of the 450 Toland property, for development of a new Central Shops facility. The proposed project would demolish the existing warehouse buildings on 555 Selby Street and 1975 Galvez Avenue and construct a new 53,000-sf building that would straddle the two lots. Soils disturbance would include grading and excavation to depths of up to 5' and potentially micropilings to up to 90' depth. In addition, foundation and/or utility improvements would be made to the existing 450 Toland building that would entail ground disturbance to up to 3' deep in that parcel. Work at the abandoned Central Shops facility at 1800 Jerrold would consist of debris removal and fence installation with minor ground disturbance up to 2' deep.

# SFPUC Preliminary Archeological Checklist

## 2. POTENTIAL GROUND DISTURBANCE

- | Yes                                 | No                                  | Project Component  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input type="checkbox"/>            | Excavation (basement, elevator, utilities, seismic retrofit, remediation, underground vaults, septic tank system, culverts, etc.)<br>Maximum depth: <u>overall, 5'; pilings, 90'</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Pipeline replacement or installation (specify cut and cover, directional drilling, pipe bursting, etc): minor utility installation, exc up to 3' wide X 3' deep cut and cover        |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Tunnels, transport storage boxes   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Bore pits, test pits   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Shallow Building Foundation (Mat, Spread Footings, etc.)<br>Depth: <b>potential slab 5'</b>  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Piles, piers, micropiles, pilings, piling replacement  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Grading, scraping  |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Demolition up to 5' to remove existing facilities  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Construction staging, spoils on unpaved area, fill   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Road construction  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Geotechnical trenching (dimensions) _____  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | New rip rap  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Wharf or seawall modification  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Other (specify):   |

### Anticipated maximum extent of project ground disturbance:

Vertical 5' / 90' Horizontal 80,000 sf / 53,000 sf grid

APE Map Attached Y  N

## 3. PREVIOUS SOILS DISTURBANCE AT PROJECT SITE:

Has the project site been previously disturbed by any of the following?

- | Yes                                 | No                                  | Component of disturbance   |
|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Existing Basement --Depth: <u>5'</u>   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Existing Foundation (footings, perimeter, piles, micropiles, etc.) Depth: <u>unknown</u> |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Site remediation/UST installation or removal, other excavation. Depth: _____             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Site Grading   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Demolition   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Dredging   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Piling installation  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Riprap   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Seawall construction   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Other (specify):   |

4. Has the entire project area previously been disturbed to the maximum depth of proposed project disturbance? Y  N

*(Attach documentary evidence, including plans and profiles of prior trenching, utility street occupancy, historic photos, specifications from prior projects, etc.)*

List attachments: All 4 project parcels have been subject to past development; prior uses not well documented.

Relocation parcels are part of the area that was filled during Islais Creek reclamation project. Geoarchaeological testing also indicates fill up to 20-feet deep on the existing Central Shops parcel (FWARG 9/14/15).

# SFPUC Preliminary Archeological Checklist

Complete prior disturbance adequately documented, stop here: no further archeological assessment is required. Assessed by: \_\_\_\_\_

Prior ground disturbance is unknown or cannot be adequately documented (continue to B.)

## B. ARCHIVAL AND ARCHEOLOGICAL DATA ASSESSMENT

### 1. ARCHIVAL AND DATA REVIEW

Dates of review: 2/2015

Resources reviewed:

- Maher zone maps. Dates/ origin/ depth of fill if known \_\_\_\_\_
- Geotechnical data for project site and vicinity (Cite report FWARG 9/14/15 for existing site; Selby St: reported by PM)
- EP Archeo GIS maps (all layers or specify applicable layers) all layers

- Sanborn Insurance maps (1887-93, 1899-1900)
- Coast and Geodetic Survey maps (1853, 1857, 1869)
- Information Center archeological records search (attach request and response)
- USFS/ BLM/ NPS archeological files (upcounty projects)
- NAHC Sacred Lands File
- Native American/ Ethnic group consultation
- Other: \_\_\_\_\_

#### Findings:

- No previously documented resources present
- Archival research suggests resources are or may be present within the project soils disturbance area

*If positive results, attach documentation and memo summarizing results.*

### 2. ARCHEOLOGICAL FIELD INVENTORY

- Not warranted; no exposed ground surface in project area
- Results negative
- Results positive
- Results inconclusive

Archeologist/ Affiliation \_\_\_\_\_ Date of Survey \_\_\_\_\_

*Attach Archeological Survey Report/Memo; may combine with results of archival review.*

### 3. SUMMARY OF RESULTS

#### Site History/Formation:

All project parcels are classified by CCSF Maher mapping as "known fill areas not covered by Maher ordinance". The project sites lie within the Islais Creek marsh area, which was filled at various depths in the 1920s and '30s. Precise depth of fill is unknown, but the potential for historic-period resources at the project sites appears to be low because of this marsh setting. Recent modeling based on geoarchaeological testing at the Southeast Plant Bldg 521 suggests that this area also has low potential for prehistoric occupation based on the very low lying topography (-40'), except potentially during the earliest occupation of the bay shore (Far Western 2015: figures 7 and 8): the construction sites likely were submerged starting around 6,000-8,000 BP. Nonetheless, if construction requires pilings, a geoarchaeological coring program during project design, including preparation of an Archaeological Testing Plan, sampling program and sediment dating is recommended, to assess for the potential occurrence of early period prehistoric sites and, if evidence of such an occupation is present, to recover a sample of the material through additional coring.

# SFPUC Preliminary Archeological Checklist

Recorded/documented archeological sites/ investigations on/in the vicinity of the project site:  
No known sites in immediate vicinity. Historic "Butchertown" about 0.5 mi east;  
suspected archaeological site noted in 1858 could be about 0.5 mi northwest;  
SFR-15 and SFR-171 within 0.25-0.4 mi south

## C. CONCLUSIONS AND RECOMMENDATIONS

### 1. NO EFFECTS TO ARCHEOLOGICAL RESOURCES EXPECTED:

- Project effects limited to previously-disturbed soils
- Project effects limited to culturally sterile soils
- Based on assessment under B, above, no potentially CEQA-significant archeological resources are expected within project-affected soils.

### 2. AVOIDANCE AND TREATMENT MEASURES NECESSARY TO AVOID SIGNIFICANT IMPACTS TO CRHR-ELIGIBLE ARCHEOLOGICAL RESOURCES:

- Low potential to adversely affect archeological resources may be avoided by implementation of SFPUC Standard Archeological Measure I (Discovery during Construction), with implementation of Standard Archeological Measures II (Monitoring) and/or III (Testing/ Data Recovery) in the event of a discovery during construction.
- The potential of the project to adversely affect archeological resources may be avoided by implementation of the SFPUC Standard Archeological Measure II (Archeological Monitoring) during construction.
- The potential of the project to adversely affect archeological resources may be avoided by implementation of the SFPUC Standard Archeological Measure III (Archeological Testing)  prior to or  during construction. Geoarchaeological testing plan, sampling and sediment dating if pile driving is required; data recovery, if warranted, could include addtl sampling through coring.
- CEQA evaluation of the project requires preparation and implementation of an archeological research design and treatment plan (ARDTP) by a qualified archeological consultant. See attached scope of work for the ARDTP.

## D. EP ARCHEOLOGIST/ ERO-ARCHEOLOGICAL DESIGNEE REVIEW

- I concur with the conclusions and recommendations provided in Section C, above.
- Additional/ alternative measures recommended (detail):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- Meeting requested.

<b>State of California – The Resources Agency</b> <b>DEPARTMENT OF PARKS AND RECREATION</b> <b>PRIMARY RECORD</b>	Primary # _____ HRI # _____ Trinomial _____ NRHP Status Code <u>6Z</u>
	Other Listings _____ Review Code _____ Reviewer _____ Date _____

\*Resource Name or # (Assigned by recorder) 450 Toland Street

**P1. Other Identifier:** N/A

**\*P2. Location:**  Not for Publication  Unrestricted

\*a. County San Francisco and (P2b and P2c or P2d. Attach a Location Map as necessary.)

**\*b. USGS 7.5' Quad** San Francisco South **Date** 1980 **T** \_\_\_\_; **R** \_\_\_\_; **Sec** \_\_\_\_; \_\_\_\_ **B.M.**

c. Address 450 Toland Street City San Francisco Zip 94124

d. UTM: (give more than one for large and/or linear resources) Zone \_\_\_\_; \_\_\_\_\_mE/ \_\_\_\_\_mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate)

Block 5230/Lot 18

**\*P3a. Description:** (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

The building located at 450 Toland Avenue in San Francisco's Bayview neighborhood sits on a 1.27 acre parcel bounded by Toland Street to the east, Jerrold Avenue to the south, and Napoleon Street to the west and north. A pedestrian entrance accessed from the sidewalk via three concrete steps and a landing is located in the office wing at the southeast corner of the building. A vehicular ingress and egress closed off by a chain-link fence topped with barbed wire is located at the northeast corner of the building. A six-foot-tall chain-link fence topped with barbed wire and razor wire encloses the loading area in front of the building along Toland Street. The land is owned by 450 Toland, LLC. Provided below is a brief description of the property (see Continuation Sheet).

**\*P3b. Resource Attributes:** (List attributes and codes) HP8 – Industrial Building

**\*P4. Resources Present:**  Building  Structure  Object  Site  District  Element of District  Other (Isolates, etc.)

**P5a. Photo or Drawing** (Photo required for buildings, structures, and objects.)



**P5b. Description of Photo:** (View, date, accession #) View looking west from Toland Street, 9/30/15

**\*P6. Date Constructed/Age and Sources:**  
 Historic  Prehistoric  Both  
1969 (assessor's data) with alterations in 1969, 1976, 1987, 1988, 1989, 1996, and 2006 (permit data)

**\*P7. Owner and Address:**  
450 Toland, LLC  
16 Bien Venida  
Orinda, CA 94563

**\*P8. Recorded by:** (Name, affiliation, address)  
Eryn Brennan, ESA  
550 Kearny Street, Ste. 800  
San Francisco, CA 94102

**\*P9. Date Recorded:** 9/30/15

**\*P10. Survey Type:** (Describe) Intensive

**\*P11. Report Citation:** (Cite survey report and other sources, or enter "none.")

SFPUC, Central Shops Replacement Project, Categorical Exemption Request, October 8, 2015.

**\*Attachments:**  NONE  Location Map  Sketch Map  Continuation Sheet  Building, Structure, and Object Record  
 Archaeological Record  District Record  Linear Feature Record  Milling Station Record  Rock Art Record  
 Artifact Record  Photograph Record  Other (List):

**BUILDING, STRUCTURE, AND OBJECT RECORD**

\*Resource Name or # (Assigned by recorder) 450 Toland Street

Page 2 of 8

\*NRHP Status Code 6Z

- B1. Historic Name: N/A
- B2. Common Name: 450 Toland Street
- B3. Original Use: Warehouse
- B4. Present Use: Warehouse/Office
- \*B5. Architectural Style: Modern Utilitarian-Warehouse
- \*B6. Construction History: (Construction date, alterations, and date of alterations)

Built in 1969; office space was added in the same year. Interior alterations occurred in 1976, and a one-story addition was added on the south end of the building in 1987. Additional interior alterations occurred in 1988, 1989, 1996, and 2006.

\*B7. Moved?  No  Yes  Unknown Date: \_\_\_\_\_ Original Location: \_\_\_\_\_

\*B8. Related Features: N/A

B9a. Architect: Cecil Wells, Jr. (Architect/Engineer) b. Builder: Richard Holm

\*B10. Significance: Theme Utilitarian-Warehouse Area San Francisco Bay Area  
Period of Significance N/A Property Type Industrial Applicable Criteria A-D  
(Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

The building located at 450 Toland Street has been evaluated against the National Register of Historic Places (NRHP) and California Register of Historical Resources (CRHR) Criteria A/1, B/2, C/3, and D/4. This property has also been evaluated in accordance with Section 15064.5(a)(2)-(3) of the California Environmental Quality Act (CEQA) Guidelines, using the criteria outlined in Section 5024.1 of the California Public Resources Code. The property is recommended ineligible for listing under any of the NRHP and CRHR criteria due to a lack of significant associations with important historical events, important persons, architectural significance, and information potential. For these reasons, the property would not be considered a historical resource for the purposes of CEQA. This evaluation is consistent with San Francisco Preservation Bulletin 5, "Landmark and Historic District Designation Procedures," which directs that historic resources be evaluated for local designation using the California Office of Historic Preservation Recordation Manual (as per San Francisco Landmarks Board Resolution No. 527, June 7, 2000). (See Continuation Sheet.)

B11. Additional Resource Attributes: (List attributes and codes)  
HP8 – Industrial Building

\*B12. References: See Continuation Sheet

B13. Remarks:

\*B14. Evaluator: Eryn Brennan and Brad Brewster, ESA

\*Date of Evaluation: 9/30/15

(This space reserved for official comments.)

(Sketch Map with north arrow required.)

See Continuation Sheet

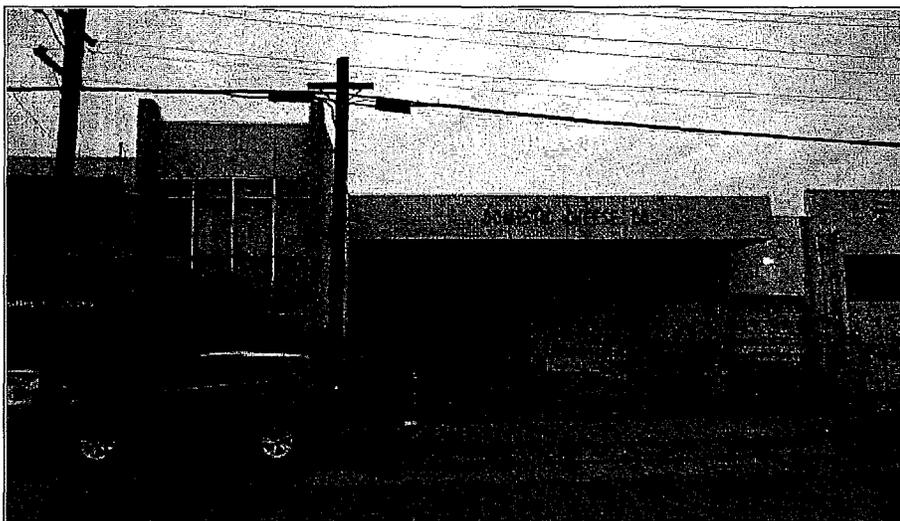
### P3a. Description (continued):

The approximately 43,240-square-foot, 1- and 2-story, 18-foot-tall, flat-roofed warehouse is a tilt-up concrete structure set on a concrete foundation. The building is set back from Toland Street by approximately 60 feet, which allows semi-trucks to pull directly up to the 11 loading docks located along the east façade. A two-story office wing accessible from the sidewalk is located on the south end of the building. With the exception of the of the semi-truck parking area along Toland Street, the building occupies the entire portion of the lot.

The east façade of the original, northern portion of the building constructed in 1969 consists of two end bays flanking a large recessed central bay with four sub-bays, three of which contain two loading docks. The fourth sub-bay contains a trash area accessed via a flight of concrete steps and is fully enclosed with chain-link fencing. The northern end bay contains a loading dock, and the two-story southern end bay contains a group of four fixed, metal-frame windows above the ground floor. Centered above the windows are the words "Diana Supreme" above the logo for the domestic cheese business. Centered in the canopy above the recessed central bay are the words "Imported and Domestic Specialty Foods."

The east façade of the 1987 addition contains a north bay that is flush with the 1969 building, with five sub-bays. The four northernmost sub-bays each contain a loading dock, and the southern sub-bay contains a large, double-entrance metal door accessed via an ADA ramp and railing that extends to the sidewalk. A canopy that extends to the north façade of the office wing is located over the four southernmost sub-bays with the words "Domestic Cheese Co." in the center. The north façade of the office wing contains one wide and one narrow aluminum-frame sash window, both covered with security bars and flanking a double-door entrance that appears to be sealed on the first floor. The second floor contains two aluminum-frame sash windows, one located under the canopy and one located on the east end of the wing. The east (front) façade of the office wing contains an aluminum-frame entrance door with a transom accessed via a short flight of concrete steps. To the left of the entrance door are three large, fixed-sash, aluminum-frame windows with transoms. Similarly, the second floor contains four, aluminum-frame, fixed-sash windows with transoms. The windows, entrance door, and transoms extend across the full length of the narrow east façade of the office wing and are framed by piers that project above the roofline. The entrance and windows on the first floor are covered with security bars. A raised brick planter with a single large shrub is located adjacent to the entrance steps.

The south façade of the 1987 addition abuts a building and is not visible. The north façade and the west (rear) façade of the building have no openings.



View west of the east façade of the 1987 addition.

## B10. Significance (continued):

### *Project Site History*

The original approximately 15,000-square-foot warehouse was constructed in 1969 on previously undeveloped land in the City's industrial Bayview neighborhood adjacent to city-run operations, such as the Department of Public Work's Central Shops and Asphalt Plant. The Bayview neighborhood developed as one of San Francisco's earliest industrial districts due in part to its proximity to Islais Creek, which provided water needed for various industrial and manufacturing processes, but also because the slaughterhouses formerly located in the South of Market neighborhood continued to be pushed further south into this area of the City beginning in the 1850s.<sup>1</sup> The warehouse was built at a cost of \$93,500 for the Domestic Cheese Company, which specializes in the distribution of wholesale dairy and meat products.<sup>2</sup> The owner of record listed on the building permit is Rene C. Grialou. The architect/engineer for the building was Cecil Wells, Jr., and the architect/engineer for construction was Richard Holm. The general contractor was Carl A. Holvick & Co. In the same year, the office space was added. The architect/engineer for this work was Howard A. York and the general contractor was LeCompte Construction Company. The owner of record is listed as Nick Georgatos with the Domestic Cheese Company. Following in 1976, interior alterations including extension of the coolers, a new freezer, and expansion of the office and storage space were undertaken by the architecture firm, Avanesian & Associates. In 1987, an approximately 28,000-square-foot addition was added on to the south end of the warehouse. The addition, also a tilt-up concrete structure set on a concrete foundation and designed by Avanesian & Associates, contained additional cold storage space and loading docks. Gilbert and John Dito are listed as the owners of Domestic Cheese.

Other minor alterations to the building involved the installation of fire sprinklers in 1988; applying a polyurethane coat to the roof in 1989; structural upgrades, the addition of two toilets on the second floor of the office wing, and relocation of the fire sprinklers in 1996; and reroofing the building in 2006.

### *Brief History of Tilt-Up Concrete Buildings*

Although concrete has been used in construction since the Roman period, and precasting construction materials has been done throughout human history, the development of tilt-up concrete construction was predicated on the refinement of reinforced concrete technology in the early-twentieth century.<sup>3</sup> Tilt-up concrete construction consists of two steps. First, slabs of concrete are cast horizontally on a steel-framed tilt-table. Once these slabs have cured, they are lifted and titled with a crane into place and become wall sections.<sup>4</sup> Robert Aiken is considered the founder of tilt-up concrete when he developed this method of construction for designing reinforced concrete retaining walls at Camp Logan Rifle Range in Illinois at the turn of the twentieth century. Shortly thereafter he built a church in Zion City, Illinois near his farm in 1906, as well as a village of houses in Union, New Jersey in 1908 using this method of construction.<sup>5</sup> Although tilt-up concrete construction did not become popular until after World War II when development of the mobile crane made lifting the concrete panels much easier, some early-Modern architects, such as Rudolph M. Schindler, employed this method of construction. Two fine examples designed by Schindler are the Lovell House in Newport Beach, CA built in 1926 and the Schindler House in West Hollywood, CA built in 1921-22.<sup>6</sup> With the development of the mobile crane and ready-mix concrete, tilt-up concrete

<sup>1</sup> JRP Historical Consulting, LLC, "1800 Jerrold Avenue DPR 523 Form," August 2014.

<sup>2</sup> MacRae's Blue Book, "Domestic Cheese Co Inc," <http://www.macraesbluebook.com/search/company.cfm?company=583400>, accessed 9/30/15.

<sup>3</sup> Concrete Contractor, "Tilt-Up Construction: History and Uses," <http://www.concretecontractor.com/tilt-up-concrete/construction-history/>, accessed 9/30/15.

<sup>4</sup> Concrete Construction, "A Century of Tilt-Up," <http://www.concreteconstruction.net/concrete-construction/a-century-of-tilt-up.aspx>, accessed 9/30/15.

<sup>5</sup> Concrete Contractor, "Tilt-Up Construction: History and Uses," <http://www.concretecontractor.com/tilt-up-concrete/construction-history/>, accessed 9/30/15. See also Tilt-Up Concrete Association, "The Construction of Tilt-Up," <http://tilt-up.org/tilt-uptoday/wp-content/uploads/2011/11/CTU-Final-web.pdf>, accessed 9/30/15.

<sup>6</sup> Dell Upton, *Architecture in the United States*, (New York: Oxford University Press, 1998), 169. See also MAK Center, "Schindler House (1921-22)" <http://makcenter.org/sites/schindler-house/>, accessed 9/30/15.

construction gained in popularity during the post-war building boom as an inexpensive and efficient way to erect large commercial and industrial structures. Several buildings, particularly in the industrial Bayview neighborhood, were built during this period using tilt-up concrete construction, including the Binks Manufacturing building located at 950 Newhall Street in 1953.<sup>7</sup>

#### *Evaluation*

NRHP/CRHR Criterion A/1 (Events). The structure located at 450 Toland Street was built on previously undeveloped land in 1969 and has been used continuously since its construction as a warehouse and office space. Constructed in an industrial area of the Bayview neighborhood, this utilitarian warehouse is surrounded by other similar structures in the area and would not be considered unique or rare in this context. The warehouse also is not associated with any events that have made a significant contribution to the broad patterns of local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria A/1.

NRHP/CRHR Criterion B/2 (Important Persons). The structure located at 450 Toland Street is a privately-owned building that is not associated with the lives of any significant persons important to local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria B/2.

NRHP/CRHR Criterion C/3 (Architecture/Design). The structure was built in 1969 and is a utilitarian, tilt-up concrete warehouse, which is a ubiquitous building type in the industrial Bayview neighborhood, as well as industrial areas of towns and cities throughout the state and country. The structure does not exhibit or embody any distinctive characteristics of a particular architectural style or period. Although the earliest tilt-up concrete buildings date to the early-twentieth century, the building at 450 Toland Street is a more typical post-war example of this building type and, therefore, is not significant in this context. The structure also does not exhibit the work of a master with regards to methods of construction, nor does it possess high artistic values. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria C/3.

NRHP/CRHR Criterion D/4 (Information Potential). The building located at 450 Toland Street is a typical utilitarian structure used for storage and light-industrial purposes and has little to no potential to reveal information important to local, regional, or national history. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria D/4.

#### *References*

Brown, Mary. *San Francisco Modern Architecture and Landscape Design, 1935-1970 Historic Context Statement*. San Francisco City and County Planning Department, January 2011.

City and County of San Francisco, San Francisco Property Information Map, *450 Toland Street*, accessed online at <http://propertymap.sfplanning.org/> on September 30, 2015.

Concrete Construction, "A Century of Tilt-Up," <http://www.concreteconstruction.net/concrete-construction/a-century-of-tilt-up.aspx>, accessed 9/30/15.

Concrete Contractor, "Tilt-Up Construction: History and Uses," <http://www.concretecontractor.com/tilt-up-concrete/construction-history/>, accessed 9/30/15.

JRP Historical Consulting, LLC. "1800 Jerrold Avenue DPR 523 Form." August 2014.

<sup>7</sup> Mary Brown, *San Francisco Modern Architecture and Landscape Design, 1935-1970 Historic Context Statement* (San Francisco City and County Planning Department, January 2011), 94.

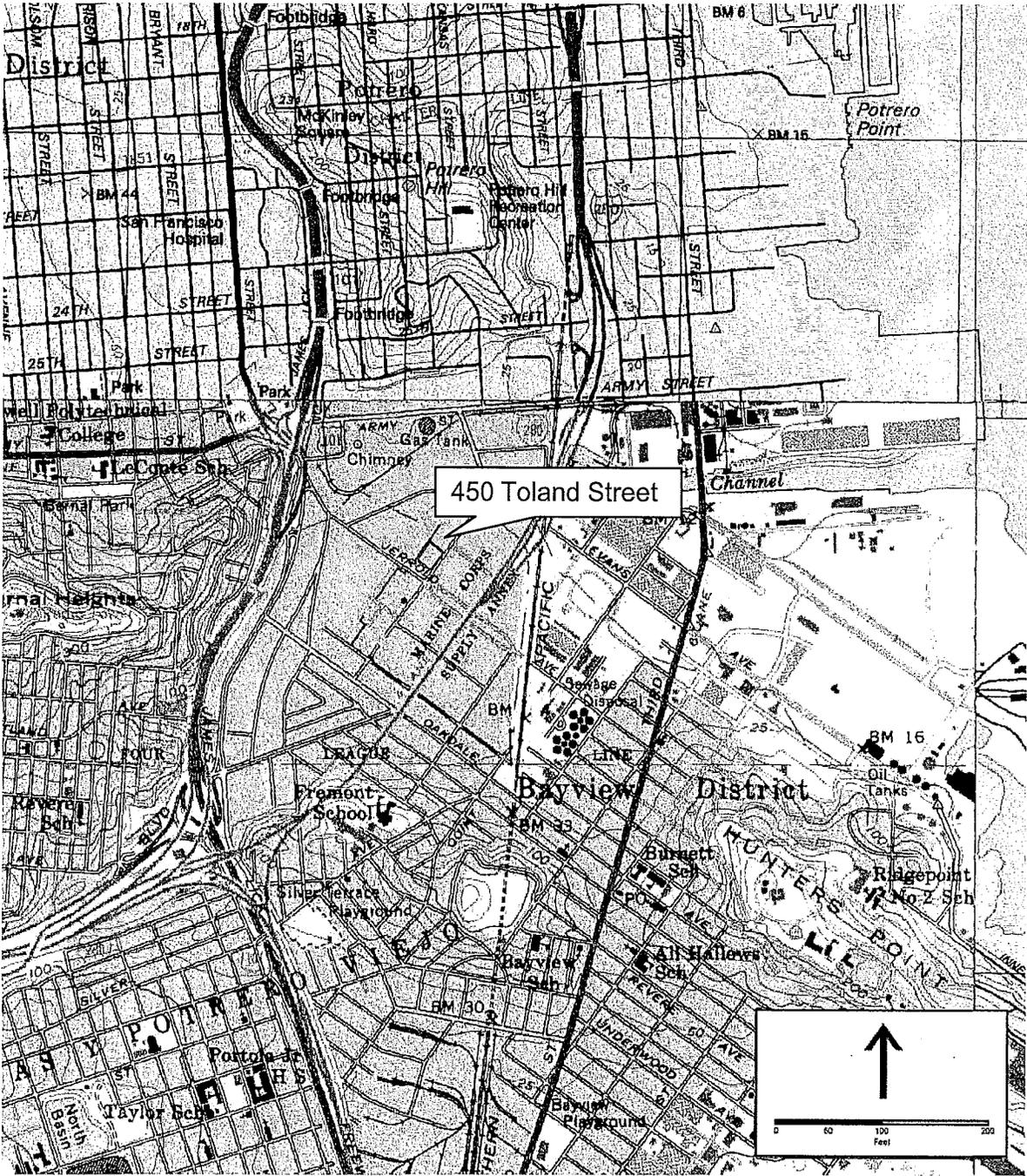
MacRae's Blue Book, "Domestic Cheese Co Inc,"

<http://www.macraesbluebook.com/search/company.cfm?company=583400>, accessed 9/30/15.

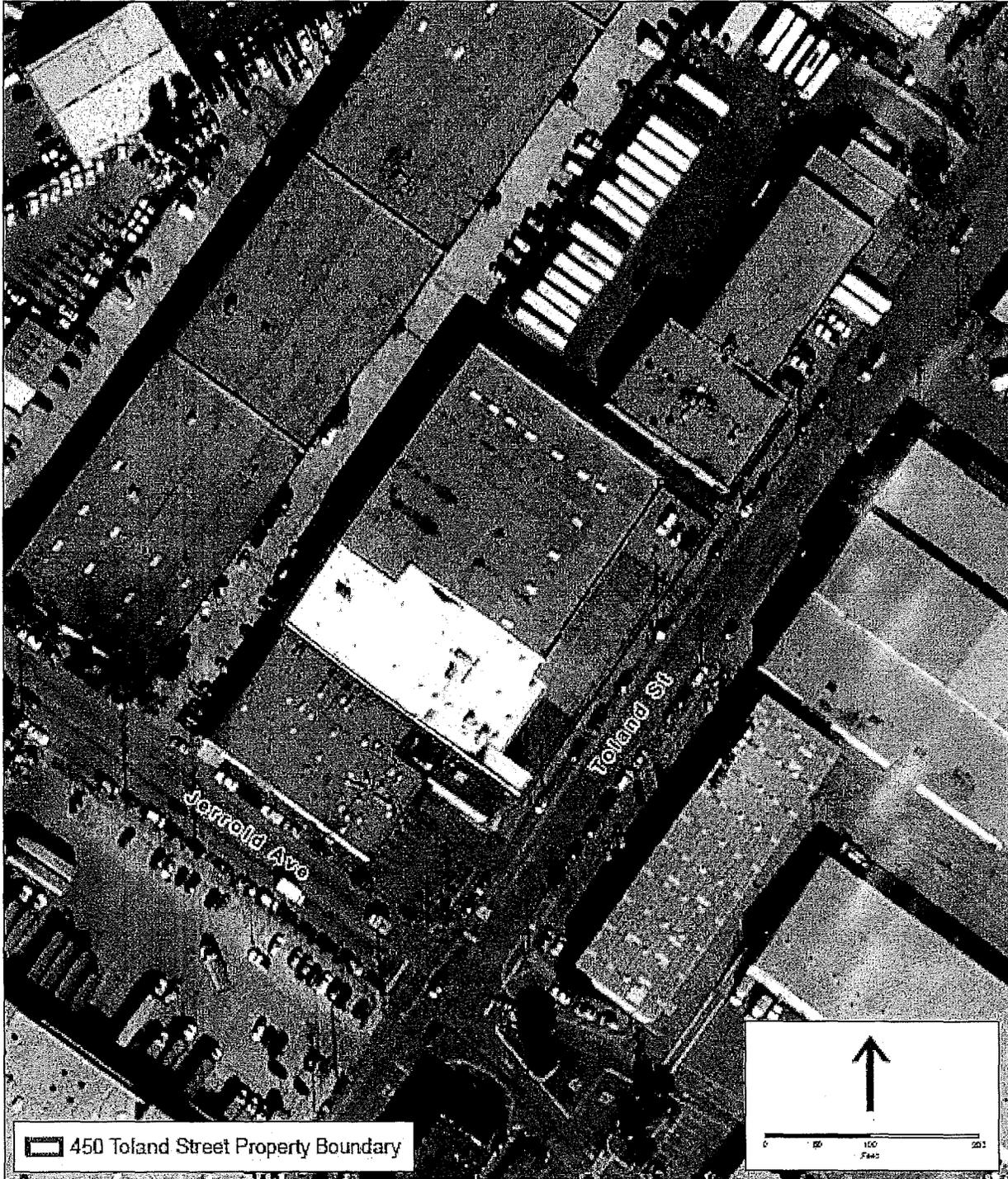
Tilt-Up Concrete Association, "The Construction of Tilt-Up," <http://tilt-up.org/tilt-uptoday/wp-content/uploads/2011/11/CTU-Final-web.pdf>, accessed 9/30/15.

Permits: Permit #355116, 3/28/68, *construct 15,000-square-foot warehouse \$93,500*, Permit #338971, 12/2/69, *add office space in for \$2,500*, Permit #415006, 7/29/76, *extension of cooler, new freezer, expand storage for \$150,000*, Permit #579304, 7/7/87, *construct addition to existing facility for \$1,723,000*, Permit #591531, 5/2/88, *install fire sprinkler system for \$49,398*, Permit #623600, 9/26/89, *polyurethane roof for \$36,300*, Permit #807556, 10/28/96, *structural upgrades for \$2,000*, Permit #814288, 11/7/96, *add two toiles on the second floor for \$15,000*, Permit #808728, 11/13/96, *relocated fire sprinklers for \$1,000*, Permit #1087083, 5/18/06, *reroofing for \$70,000*.

Upton, Dell. *Architecture in the United States*. New York: Oxford University Press, 1998.



**Sketch Map:** NAIP, 2014 Imagery



<b>State of California – The Resources Agency</b> <b>DEPARTMENT OF PARKS AND RECREATION</b> <b>PRIMARY RECORD</b>	<b>Primary #</b> _____ <b>HRI #</b> _____ <b>Trinomial</b> _____ <b>NRHP Status Code</b> <u>6Z</u>
	<b>Other Listings</b> _____ <b>Review Code</b> _____ <b>Reviewer</b> _____ <b>Date</b> _____

**P1. Other Identifier:** N/A

**\*P2. Location:**  Not for Publication  Unrestricted

**\*a. County** San Francisco and (P2b and P2c or P2d. Attach a Location Map as necessary.)

**\*b. USGS 7.5' Quad** San Francisco South **Date** 1980 **T** \_\_\_\_\_; **R** \_\_\_\_\_; **Sec** \_\_\_\_\_; \_\_\_\_\_ **B.M.**

c. Address 555 Selby Street City San Francisco Zip 94124

d. UTM: (give more than one for large and/or linear resources) Zone \_\_\_\_\_; \_\_\_\_\_mE/ \_\_\_\_\_mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate)

Block 5250/Lot 15

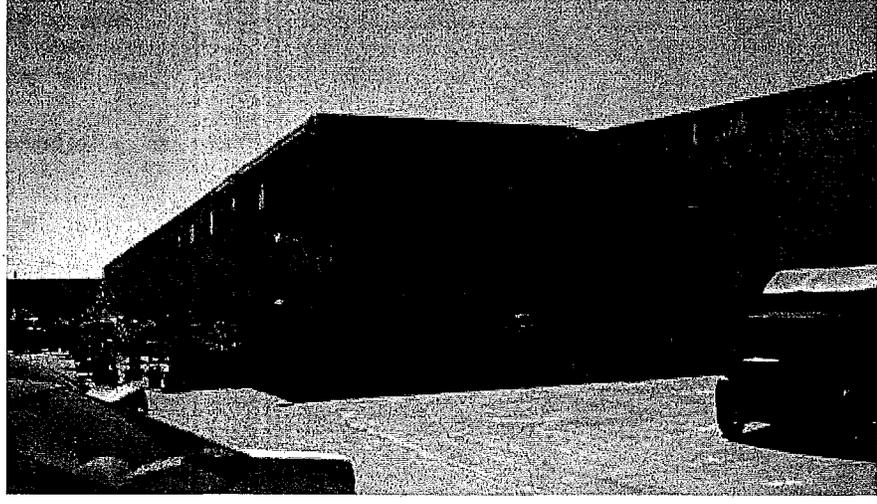
**\*P3a. Description:** (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

The building located at 555 Selby Street in San Francisco's Bayview neighborhood sits on a 1.67 acre parcel on Selby Street between Galvez and Innes Avenues. An elevated off-ramp for Interstate 280 (I-280) runs along the west façade, approximately 35 feet east of the building. Access to the site is available from Selby Street. Two ingress and egress points are located off Selby Street. A six-foot-tall plywood fence topped with barbed wire is located along the western perimeter of the site and encloses a parking area for taxis associated with Flywheel (formerly DeSoto Cab Company), the business occupying 555 Selby Street. A six-foot-tall chain-link fence topped with barbed wire is located along the northern, southern, and eastern perimeters of the site. The land is owned by the Selby & Hudson Corporation. Provided below is a brief description of the structure and site (see Continuation Sheet).

**\*P3b. Resource Attributes:** (List attributes and codes) HP8 – Industrial Building

**\*P4. Resources Present:**  Building  Structure  Object  Site  District  Element of District  Other (Isolates, etc.)

**P5a. Photo or Drawing** (Photo required for buildings, structures, and objects.)



**P5b. Description of Photo:** (View, date, accession #) View looking southeast from parking lot in front of structure, 9/4/15

**\*P6. Date Constructed/Age and Sources:**  
 Historic  Prehistoric  Both  
1969 (assessor's data), with alterations in 1969, 1999, and 2002 (permit data)

**\*P7. Owner and Address:**  
Selby & Hudson Corporation  
555 Selby Street  
San Francisco, CA 94124

**\*P8. Recorded by:** (Name, affiliation, address)  
Eryn Brennan, ESA  
550 Kearny Street, Ste. 800  
San Francisco, CA 94102

**\*P9. Date Recorded:** 9/4/15

**\*P10. Survey Type:** (Describe) Intensive

**\*P11. Report Citation:** (Cite survey report and other sources, or enter "none.")  
 SFPUC, Central Shops Replacement Project, Categorical Exemption Request, October 8, 2015.

**\*Attachments:**  NONE  Location Map  Sketch Map  Continuation Sheet  Building, Structure, and Object Record  
 Archaeological Record  District Record  Linear Feature Record  Milling Station Record  Rock Art Record  
 Artifact Record  Photograph Record  Other (List):

**BUILDING, STRUCTURE, AND OBJECT RECORD**

\*Resource Name or # (Assigned by recorder) 555 Selby Street

Page 2 of 7

\*NRHP Status Code 6Z

- B1. Historic Name: N/A  
B2. Common Name: 555 Selby Street  
B3. Original Use: Warehouse  
B4. Present Use: Office/Repair Shop  
\*B5. Architectural Style: Modern Utilitarian-Warehouse  
\*B6. Construction History: (Construction date, alterations, and date of alterations)

Built originally in 1969; office space and bathrooms were added in the same year. A shed addition was added to the rear circa 1984, and structural upgrades and expansion of the office space occurred in 1999. An attendant's shack was constructed on the site in 2002, and interior office was expanded.

\*B7. Moved?  No  Yes  Unknown Date: \_\_\_\_\_ Original Location: \_\_\_\_\_

\*B8. Related Features: N/A

Elevated off-ramp for I-280 to the west and railroad tracks to the east.

B9a. Architect: James Park (Engineer)

b. Builder: Cob Construction

\*B10. Significance: Theme Utilitarian-Warehouse Area San Francisco Bay Area

Period of Significance N/A Property Type Industrial Applicable Criteria A-D

(Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

The building located at 555 Selby Street has been evaluated against the National Register of Historic Places (NRHP) and California Register of Historical Resources (CRHR) Criterion A/1, B/2, C/3, and D/4. This property has also been evaluated in accordance with Section 15064.5(a)(2)-(3) of the California Environmental Quality Act (CEQA) Guidelines, using the criteria outlined in Section 5024.1 of the California Public Resources Code. The property is recommended ineligible for listing under any of the NRHP and CRHR criteria due to a lack of significant associations with important historical events, important persons, architectural significance, and information potential. For these reasons, the property would not be considered a historical resource for the purposes of CEQA. This evaluation is consistent with San Francisco Preservation Bulletin 5, "Landmark and Historic District Designation Procedures," which directs that historic resources be evaluated for local designation using the California Office of Historic Preservation Recordation Manual (as per San Francisco Landmarks Board Resolution No. 527, June 7, 2000). (See Continuation Sheet.)

(Sketch Map with north arrow required.)

B11. Additional Resource Attributes: (List attributes and codes)  
HP8 – Industrial Building

\*B12. References: See Continuation Sheet

B13. Remarks:

\*B14. Evaluator: Eryn Brennañ and Brad Brewster, ESA

\*Date of Evaluation: 9/21/15

See Continuation Sheet

(This space reserved for official comments.)

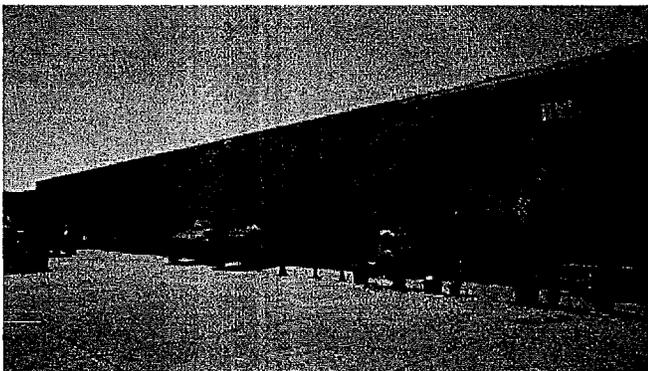
### P3a. Description (continued):

The approximately 200-foot-long by 50-foot-wide, 22-foot-tall, 1- to 2-story building is a metal-frame structure clad in standing seam steel metal roof and wall panels. The steel cladding utilizes a locking system where each sheet is joined together to prevent water from entering through the sidelaps, and the trapezoidal ribs are designed to shed water more efficiently and requires less purlins to support the roof because they provide greater strength and rigidity.<sup>1</sup> The building sits on a concrete foundation, and one-third of the western end of the structure is two stories in height, while the rest of the building is one-story in height. The structure has a shallow side-gabled roof.

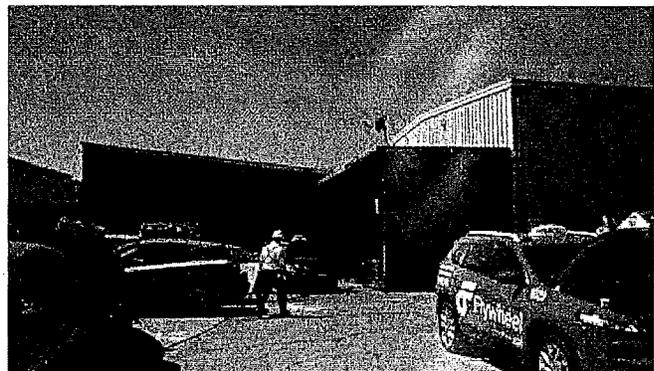
The first floor of the western bay of the north façade has one large, aluminum-frame fixed window on the north end and two sliding sash windows with aluminum frames centered under the gable. Three smaller sliding sash windows are spaced evenly under a gable roof on the second floor. The first floor of the north façade of the two-story portion of the structure has two entrances to access the office and garage areas and a sliding sash aluminum-frame window to the right of the western entrance. The entrance to the garage area is located approximately twenty-five feet east of the office entrance. The second floor of this portion of the building contains five sliding sash windows with aluminum frames spaced evenly above the two entrances. One large, double-height opening with steel roll-up security doors is centered in both the central and eastern bays of the north façade of the structure. The openings provide access to the garage and repair shop areas.

A one-story, flat-roofed addition enclosed on three sides is located on the east end of the building. The plywood addition, constructed circa 1984, is used for storage. The south side of the building abuts structures located at 1970 and 1976 Innes Avenue and is not visible.

The site is completely paved, and a small attendant's shack is located approximately 40 feet north of the western bay of the structure. A fuel storage tank is located approximately 30 feet north of the eastern bay of the building. The approximately 1.45 acre parking lot is filled with Flywheel cars.



View southeast of the north façade.



View south of the one-story storage addition.

<sup>1</sup> Tata Steel, "Materials used in cladding," <http://www.tatasteelconstruction.com/en/reference/teaching-resources/architectural-teaching-resource/cladding/metal-cladding/materials-used-in-cladding>, accessed 9/21/15.

## B10. Significance (continued):

### *Project Site History*

The building was originally constructed in 1969 on previously undeveloped land purchased by Ralph Hewett in the City's industrial Bayview neighborhood adjacent to city-run operations, such as the Department of Public Work's Central Shops and Asphalt Plant. The Bayview neighborhood developed as one of San Francisco's earliest industrial districts due in part to its proximity to Islais Creek, which provided water needed for various industrial and manufacturing processes, but also because the slaughterhouses formerly located in the South of Market neighborhood continued to be pushed further south into this area of the City beginning in the 1850s.<sup>2</sup> The engineer of record is James Park, and Cob Construction is listed as the general contractor on the original building permit. Research revealed no additional information about James Park or Ralph Hewitt. The approximately 9,600-square-foot building was built as a warehouse with future office space noted in the building permit. In the same year, the office space and a bathroom was added in the building. In 1999, likely the year when the DeSoto Cab Company (now Flywheel) purchased the building, an exterior gas tank canopy was added, which appears to have been subsequently removed, and the interior office space was expanded. The architect for this work was Douglas W. Fong with Design + Build. Structural upgrades were also made to the structure in 1999. In 2002 Flory Construction built the attendant shack on the site, as well as new additional office space, restrooms, and a repair shop in the building.

### *Brief History of Pre-Fabricated Metal Warehouses*

Although patented as early as 1903, steel siding was rarely used in residential or commercial construction due to its susceptibility to water infiltration and rust. In 1939, Frank Hoess patented an advanced interlocking system that prevented water penetration and applied his steel siding on a small residential development in Chicago.<sup>3</sup> However, with the onset of World War II, manufacturing steel and aluminum for any purpose other than that which supported the war effort came to a halt. As the primary building material for war materials, the production of aluminum and steel escalated during the war. The development and popularity of the Quonset Hut, a corrugated steel, pre-fabricated structure with a semi-circular cross section, further promoted the benefits of pre-fabricated metal structures. Initially developed by the US military to meet the needs of a lightweight, pre-fabricated building that could be used for any purpose, shipped anywhere, and quickly assembled with unskilled labor, the original T-Rib Quonset hut was modeled on the Nissen Hut developed by the British during World War I.<sup>4</sup> A redesign of the structure by Otto Brandenberger to make it lighter weight and easier to assemble was approved by the government in 1941, after which it was mass-produced to support the war effort.<sup>5</sup> Other industrialists and manufacturers quickly jumped at the opportunity to design and develop their own version of the Quonset Hut, including Emanuel Norquist with the Butler Manufacturing Company, the largest manufacturer of sheet metal (particularly used for grain silos) in the United States at the time.<sup>6</sup> Norquist had collaborated with Buckminster Fuller to develop the Dymaxion Deployment Unit, a low-cost, pre-fabricated metal house. However, even with government approval to build 1,000 units daily, not enough steel could be diverted from the war effort and only a few hundred units were produced for the army.<sup>7</sup> Nonetheless, after the war, an abundance of aluminum and steel led to a plunge in price and an opportunity for architects, manufacturers, and engineers to find new applications for the material.<sup>8</sup> The Butler Manufacturing Company, although having abandoned further development of their own version of the Quonset Hut, called the Butler Hut, shortly after the war, they launched production of their rigid frame design building developed before the onset of the war and remain one of the largest producers of pre-fabricated metal buildings

<sup>2</sup> JRP Historical Consulting, LLC, "1800 Jerrold Avenue DPR 523 Form," August 2014.

<sup>3</sup> Richa Wilson and Kathleen Snodgrass, "Early 20th-Century Building Materials: Siding and Roofing," *Facilities Tech Tips, United States Department of Agriculture Forest Service* (February 2008): 6-7.

<sup>4</sup> Julie Decker and Chris Chiel, *Quonset Hut: Metal Living for a Modern Age* (New York: Princeton Architectural Press, 2005), 4.

<sup>5</sup> *Ibid.*, 19.

<sup>6</sup> Julie Decker and Chris Chiel, *Quonset Hut: Metal Living for a Modern Age*, 52-3.

<sup>7</sup> *Ibid.* See also, "Butler Manufacturing Company," [http://www.butlermfg.com/about\\_us](http://www.butlermfg.com/about_us), accessed 10/17/15.

<sup>8</sup> Bruce S. Kaskel, "The Metal and Glass Curtain Wall," *Cultural Resources Management* 18, no. 8 (1995): 23-24.

today.<sup>9</sup> Because of its flexibility and resistance to corrosion, aluminum rather than steel became the preferred siding material for residential structures, until vinyl siding was introduced in the 1950s.<sup>10</sup> However, further advances in the exterior treatment of steel to resist corrosion, combined with its greater strength and fire resistance and lower cost, led to the preference of steel cladding over aluminum for large industrial warehouses, such as the one at 555 Selby Street.<sup>11</sup>

#### *Evaluation*

NRHP/CRHR Criterion A/1 (Events). The structure located at 555 Selby Street was built on previously undeveloped land in 1969 and has been used continuously since its construction as a warehouse and office space, and later a vehicle repair shop. The structure was built by engineer, James Park, and Cob Construction at the behest of the property owner, Ralph Hewett. Constructed in an industrial area of the Bayview neighborhood, this utilitarian warehouse is surrounded by other similar structures and would not be considered unique or rare in this context. The warehouse also is not associated with any events that have made a significant contribution to the broad patterns of local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria A/1.

NRHP/CRHR Criterion B/2 (Important Persons). The structure located at 555 Selby Street is a privately-owned building that is not associated with the lives of any significant persons important to local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria B/2.

NRHP/CRHR Criterion C/3 (Architecture/Design). The structure was built in 1969 and is a utilitarian, metal-frame, steel-clad warehouse, which is a ubiquitous building type in the industrial Bayview neighborhood, as well as industrial areas of towns and cities throughout the state and country. The structure does not exhibit or embody any distinctive characteristics of a particular architectural style or period. Although the earliest pre-fabricated metal warehouses date to the turn of the twentieth century, the building at 555 Selby Street is a more typical post-World War II example of this building type and, therefore, is not significant in this context. The structure also does not exhibit the work of a master with regards to methods of construction, nor does it possess high artistic values. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria C/3.

NRHP/CRHR Criterion D/4 (Information Potential). The building located at 555 Selby Street is a typical utilitarian structure used for storage and light-industrial purposes and has little to no potential to reveal information important to local, regional, or national history. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria D/4.

#### *References*

Butler Manufacturing Company, "About Us," [http://www.butlermfg.com/about\\_us](http://www.butlermfg.com/about_us), accessed 10/17/15.

City and County of San Francisco, San Francisco Property Information Map, *555 Selby Street*, accessed online at <http://propertymap.sfplanning.org/> on September 16, 2015.

Decker, Julie and Chris Chiel. *Quonset Hut: Metal Living for a Modern Age*. New York: Princeton Architectural Press, 2005.

JRP Historical Consulting, LLC. "1800 Jerrold Avenue DPR 523 Form." August 2014.

Kaskel, Bruce S. "The Metal and Glass Curtain Wall." *Cultural Resources Management* 18, no. 8 (1995): 23-27.

Permits: Permit #325980, 9/4/68, *erect one-story, 9,600-square-foot warehouse with future office space*, Permit #331054, 4/11/69, *addition of office space and two toilets*, Permit #884960, 2/3/99, *exterior gas tank canopy and expansion of interior office space*, Permit #893132, 8/30/99, *structural revision to exterior slabs and canopy and revisions to interior lateral resistance*

<sup>9</sup> Butler Manufacturing Company, "About Us," [http://www.butlermfg.com/about\\_us](http://www.butlermfg.com/about_us), accessed 10/17/15.

<sup>10</sup> Wilson and Snodgrass, "Early 20th-Century Building Materials: Siding and Roofing," 7.

<sup>11</sup> Tata Steel, "Materials used in cladding," accessed 9/21/15.

Page 6 of 7

\*Recorded by Eryn Brennan, ESA

\*Date 9/21/15

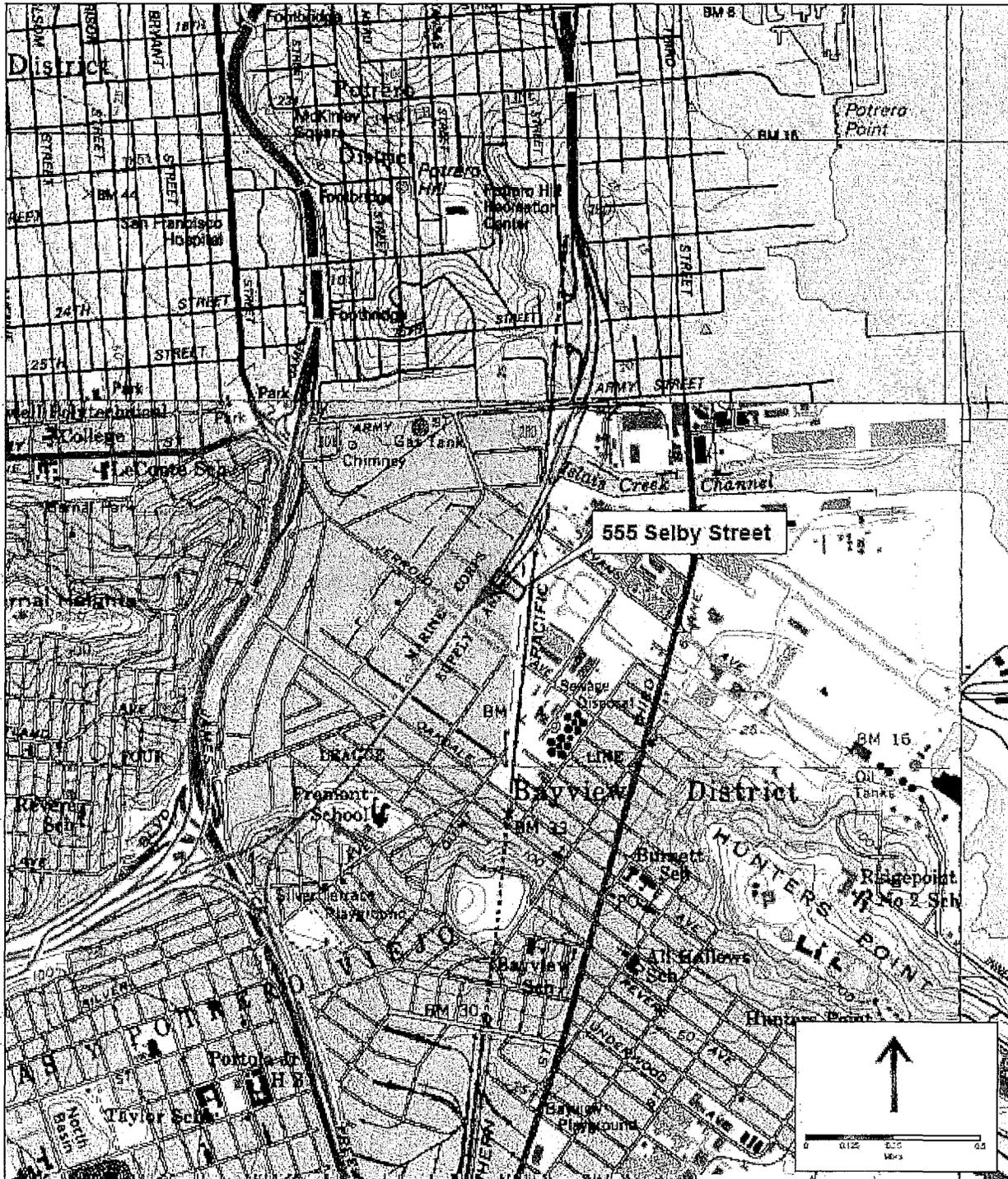
\*Resource Name or # (Assigned by recorder) 555 Selby Street

■ Continuation  Update

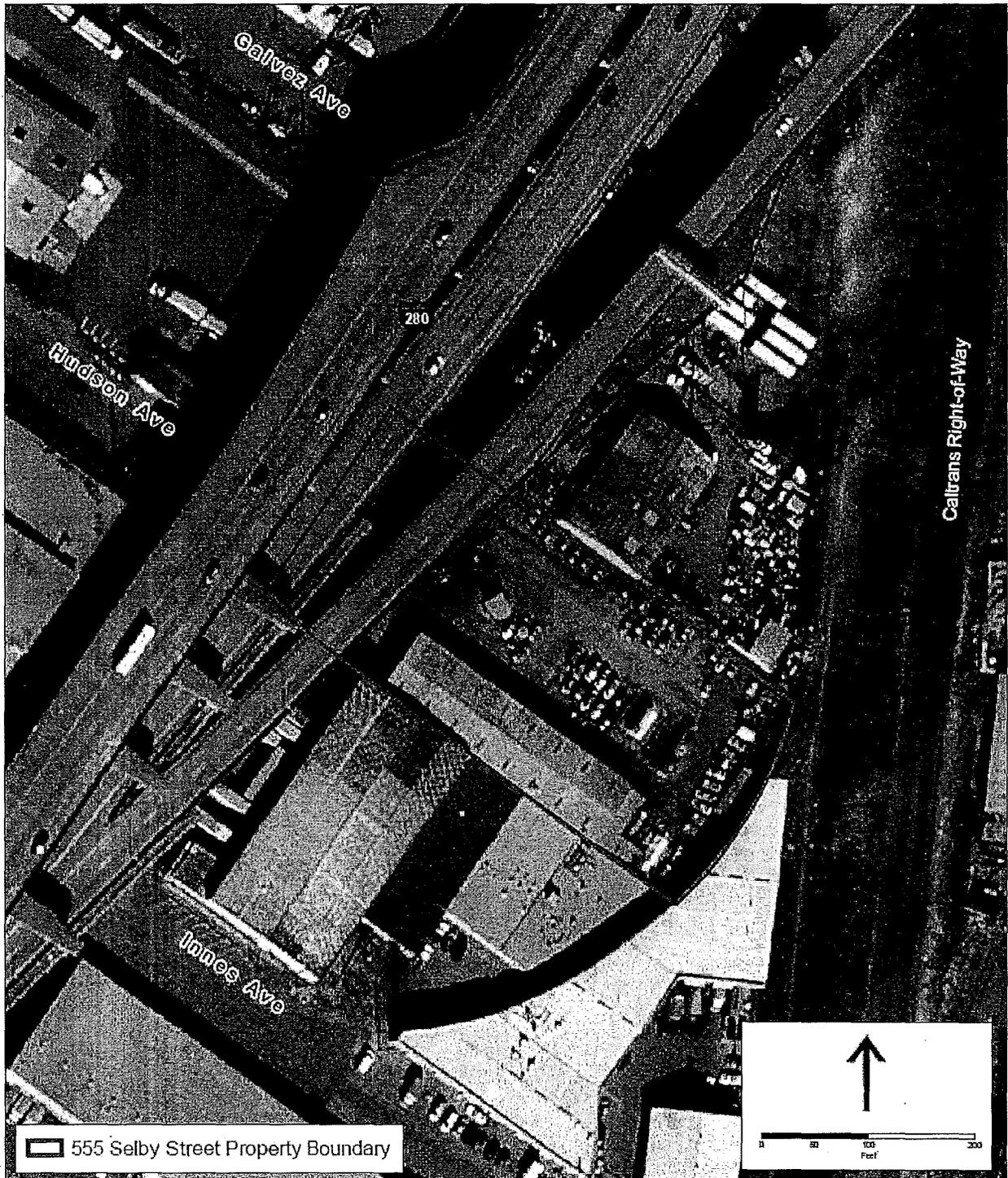
*system, Permit #985845, 3/19/02, exterior and interior improvements, addition of parking striping, construction of new attendant shack.*

Tata Steel, "Materials used in cladding," <http://www.tatasteelconstruction.com/en/reference/teaching-resources/architectural-teaching-resource/cladding/metal-cladding/materials-used-in-cladding>, accessed 9/21/15.

Wilson, Richa and Kathleen Snodgrass. "Early 20<sup>th</sup>-Century Building Materials: Siding and Roofing." *Facilities Tech Tips*, United States Department of Agriculture Forest Service (February 2008).



**Sketch Map:** NAIP, 2014 Imagery



State of California – The Resources Agency  
DEPARTMENT OF PARKS AND RECREATION  
**PRIMARY RECORD**

Primary # \_\_\_\_\_  
HRI # \_\_\_\_\_  
Trinomial \_\_\_\_\_  
NRHP Status Code 6Z

Other Listings \_\_\_\_\_  
Review Code \_\_\_\_\_ Reviewer \_\_\_\_\_ Date \_\_\_\_\_

\*Resource Name or # (Assigned by recorder) 1975 Galvez Avenue

**P1. Other Identifier:** N/A

**\*P2. Location:**  Not for Publication  Unrestricted

\*a. County San Francisco and (P2b and P2c or P2d. Attach a Location Map as necessary.)

\*b. USGS 7.5' Quad San Francisco South Date 1980 T \_\_\_\_; R \_\_\_\_; Sec \_\_\_\_; \_\_\_\_ B.M.

c. Address 1975 Galvez Avenue City San Francisco Zip 94124

d. UTM: (give more than one for large and/or linear resources) Zone \_\_\_\_; \_\_\_\_ mE/ \_\_\_\_ mN

e. Other Locational Data: (e.g., parcel #, directions to resource, elevation, etc., as appropriate)

Block 5250/Lot 16

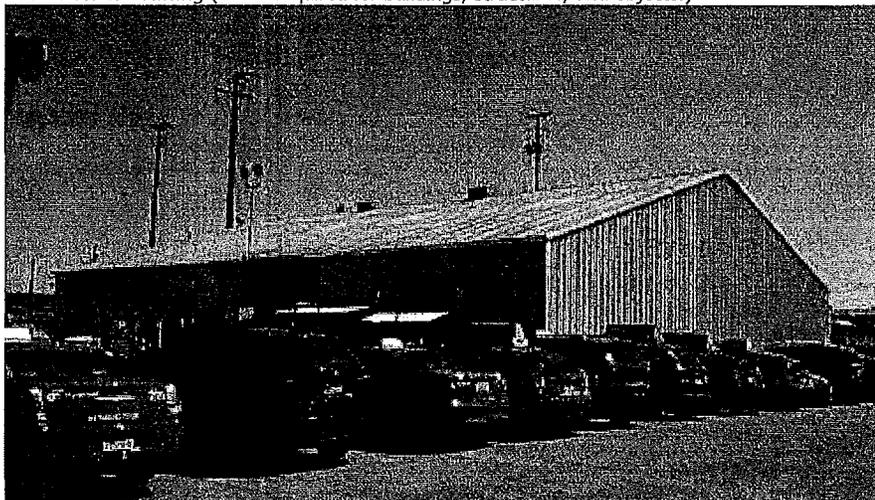
**\*P3a. Description:** (Describe resource and its major elements. Include design, materials, condition, alterations, size, setting, and boundaries)

The building located at 1975 Galvez Avenue in San Francisco's Bayview neighborhood sits on a 1.11 acre parcel bounded by Galvez Avenue to the north, Selby Street to the west, Hudson Avenue to the south, and a railroad right-of-way to the east containing two sets of parallel railroad tracks, one of which is the Caltrain railroad track. An elevated off-ramp for Interstate 280 (I-280) runs along the west façade, approximately 50 feet east of the building. Access to the site is available from Galvez Avenue. A chain-link fence topped with barbed wire in front of a corrugated aluminum fence and a movable, metal gate are located along the western, northern, and eastern perimeters of the site. A chain-link fence topped with barbed wire and the south façade of the building form the southern perimeter of the site. The fencing encloses a parking area for vehicles and construction equipment associated with BlueLine Rental, the construction equipment rental business occupying the building. The land is owned by WYL Five Star Service Industrial. Provided below is a brief description of the structure and site (see Continuation Sheet).

**\*P3b. Resource Attributes:** (List attributes and codes) HP8 – Industrial Building

**\*P4. Resources Present:**  Building  Structure  Object  Site  District  Element of District  Other (Isolates, etc.)

P5a. Photo or Drawing (Photo required for buildings, structures, and objects.)



**P5b. Description of Photo:** (View, date, accession #) View looking northeast from parking lot adjacent to structure, 9/4/15

**\*P6. Date Constructed/ Age and Sources:**

Historic  Prehistoric  Both

1964 (assessor's data) with alterations in 1972 and 1983 (permit data)

**\*P7. Owner and Address:**

WYL Five Star Service Industrial

P.O. Box 27025

San Francisco, CA 9412

**\*P8. Recorded by:** (Name, affiliation, address)

Eryn Brennan, ESA

550 Kearny Street, Ste. 800

San Francisco, CA 94102

**\*P9. Date Recorded:** 9/4/15

**\*P10. Survey Type:** (Describe) Intensive

**\*P11. Report Citation:** (Cite survey report and other sources, or enter "none.")

SFPUC, Central Shops Replacement Project, Categorical Exemption Request, October 8, 2015.

**\*Attachments:**  NONE  Location Map  Sketch Map  Continuation Sheet  Building, Structure, and Object Record

Archaeological Record  District Record  Linear Feature Record  Milling Station Record  Rock Art Record

Artifact Record  Photograph Record  Other (List):

**BUILDING, STRUCTURE, AND OBJECT RECORD**

\*Resource Name or # (Assigned by recorder) 1975 Galvez Avenue

Page 2 of 7

\*NRHP Status Code 6Z

- B1. Historic Name: N/A
- B2. Common Name: 1975 Galvez Avenue
- B3. Original Use: Construction Equipment Rental Business
- B4. Present Use: Office/Repair Shop
- \*B5. Architectural Style: Modern Utilitarian-Warehouse
- \*B6. Construction History: (Construction date, alterations, and date of alterations)

Built originally in 1964, with alterations in 1972 and 1983.

\*B7. Moved?  No  Yes  Unknown Date: \_\_\_\_\_ Original Location: \_\_\_\_\_

\*B8. Related Features: N/A

Elevated off-ramp for I-280 to the west and railroad tracks to the east.

B9a. Architect: Unknown

b. Builder: Unknown

\*B10. Significance: Theme Utilitarian-Warehouse Area San Francisco Bay Area  
Period of Significance N/A Property Type Industrial Applicable Criteria A-D

(Discuss importance in terms of historical or architectural context as defined by theme, period, and geographic scope. Also address integrity.)

The building located at 1975 Galvez Street has been evaluated against the National Register of Historic Places (NRHP) and California Register of Historical Resources (CRHR) Criteria A/1, B/2, C/3, and D/4. This property has also been evaluated in accordance with Section 15064.5(a)(2)-(3) of the California Environmental Quality Act (CEQA) Guidelines, using the criteria outlined in Section 5024.1 of the California Public Resources Code. The property is recommended ineligible for listing under any of the NRHP and CRHR criteria due to a lack of significant associations with important historical events, important persons, architectural significance, and information potential. For these reasons, the property would not be considered a historical resource for the purposes of CEQA. This evaluation is consistent with San Francisco Preservation Bulletin 5, "Landmark and Historic District Designation Procedures," which directs that historic resources be evaluated for local designation using the California Office of Historic Preservation Recordation Manual (as per San Francisco Landmarks Board Resolution No. 527, June 7, 2000). (See Continuation Sheet.)

B11. Additional Resource Attributes: (List attributes and codes)  
HP8 – Industrial Building

\*B12. References: See Continuation Sheet

B13. Remarks:

\*B14. Evaluator: Eryn Brennan and Brad Brewster, ESA

\*Date of Evaluation: 9/21/15

(Sketch Map with north arrow required.)

See Continuation Sheet

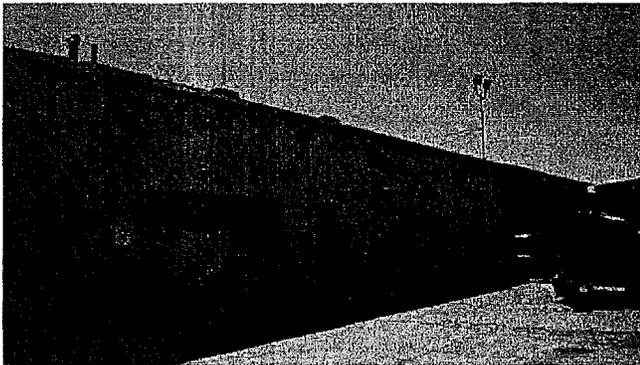
(This space reserved for official comments.)

### P3a. Description (continued):

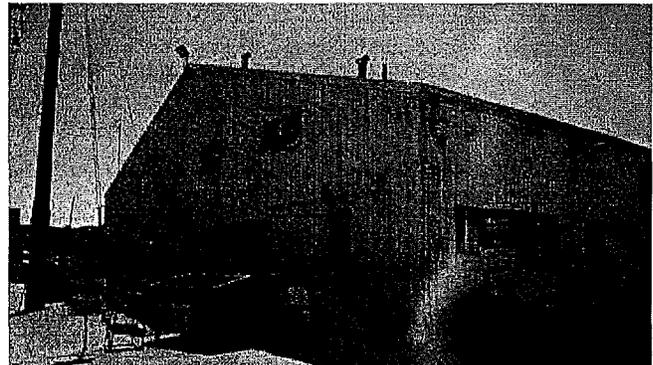
The approximately 100-foot-long by 70-foot-wide, 1- to 2-story warehouse is a metal-frame structure clad in standing seam steel metal roof and wall panels. The steel cladding utilizes a locking system where each sheet is joined together to prevent water from entering through the sidelaps, and the trapezoidal ribs are designed to shed water more efficiently and requires less purlins to support the roof because they provide greater strength and rigidity.<sup>1</sup> The building sits on a concrete foundation, and one-third of the northern end of the structure is two stories in height, while the rest of the building is one-story in height. The structure has a shallow side-gabled roof.

The southern end of the west (front) façade of the structure contains a large, double-height opening that provides access to the storage area of the warehouse. The northern end of the west façade contains an entrance into the office area accessed via two concrete steps, and one large aluminum-frame, sliding sash window and one small and narrow aluminum-frame, sliding sash window, both of which are covered with security bars and have metal sills. A downpipe extends from the gutter to an outdoor sink to the left of the entrance. The first floor of the north façade contains a small and narrow aluminum-frame, sliding sash window on each end of the building, and a pair of large aluminum-frame sliding sash windows center-right under the gable. The second floor of the north façade contains three sliding sash windows with aluminum frames spaced evenly under the gable roof. The east (rear) façade of the structure has only a large, double-height opening that aligns with the opening on the west façade to allow large vehicles to drive through the building to the rear portion of the lot. The south façade of the structure forms the southern perimeter of the site and has no openings.

The site is completely paved, and the approximately 0.95 acre parking lot is filled with construction equipment and vehicles.



View southeast of the west façade.



View southeast of the north façade.

<sup>1</sup> Tata Steel, "Materials used in cladding," <http://www.tatasteelconstruction.com/en/reference/teaching-resources/architectural-teaching-resource/cladding/metal-cladding/materials-used-in-cladding>, accessed 9/21/15.

## B10. Significance (continued):

### *Project Site History*

The building was originally constructed in 1964 on previously undeveloped land in the City's industrial Bayview neighborhood adjacent to city-run operations, such as the Department of Public Work's Central Shops and Asphalt Plant. The Bayview neighborhood developed as one of San Francisco's earliest industrial districts due in part to its proximity to Islais Creek, which provided water needed for various industrial and manufacturing processes, but also because the slaughterhouses formerly located in the South of Market neighborhood continued to be pushed further south into this area of the City beginning in the 1850s.<sup>2</sup> As the original building permit is no longer on file at the Department of Building Inspection's Records Management Division, the original owner and builder of the structure is not known. A review of city phone directories from 1964 to 1973 yielded no information about this property. Presumably, the approximately 7,050-square-foot building was built as a warehouse, possibly with office space. A 1972 building permit for alterations to the structure identifies the owner as Green Glen Dairy. The alterations included raising the building floor, adding three walk-in refrigerators, adding a loading dock and processing room, and altering the existing office. The permit notes the building was vacant at the time the application was submitted, and the work was conducted by engineer, Howard A. York, for \$80,000. In 1983, the owner of record, Patent Scaffolding Company, extended the existing office space into the warehouse to accommodate a computer room.

### *Brief History of Pre-Fabricated Metal Warehouses*

Although patented as early as 1903, steel siding was rarely used in residential or commercial construction due to its susceptibility to water infiltration and rust. In 1939, Frank Hoess patented an advanced interlocking system that prevented water penetration and applied his steel siding on a small residential development in Chicago.<sup>3</sup> However, with the onset of World War II, manufacturing steel and aluminum for any purpose other than that which supported the war effort came to a halt. As the primary building material for war materials, the production of aluminum and steel escalated during the war. The development and popularity of the Quonset Hut, a corrugated steel, pre-fabricated structure with a semi-circular cross section, further promoted the benefits of pre-fabricated metal structures. Initially developed by the US military to meet the needs of a lightweight, pre-fabricated building that could be used for any purpose, shipped anywhere, and quickly assembled with unskilled labor, the original T-Rib Quonset hut was modeled on the Nissen Hut developed by the British during World War I.<sup>4</sup> A redesign of the structure by Otto Brandenberger to make it lighter weight and easier to assemble was approved by the government in 1941, after which it was mass-produced to support the war effort.<sup>5</sup> Other industrialists and manufacturers quickly jumped at the opportunity to design and develop their own version of the Quonset Hut, including Emanuel Norquist with the Butler Manufacturing Company, the largest manufacturer of sheet metal (particularly used for grain silos) in the United States at the time.<sup>6</sup> Norquist had collaborated with Buckminster Fuller to develop the Dymaxion Deployment Unit, a low-cost, pre-fabricated metal house. However, even with government approval to build 1,000 units daily, not enough steel could be diverted from the war effort and only a few hundred units were produced for the army.<sup>7</sup> Nonetheless, after the war, an abundance of aluminum and steel led to a plunge in price and an opportunity for architects, manufacturers, and engineers to find new applications for the material.<sup>8</sup> The Butler Manufacturing Company, although having abandoned further development of their own version of the Quonset Hut, called the Butler Hut, shortly after the war, they launched production of their rigid frame design

<sup>2</sup> JRP Historical Consulting, LLC, "1800 Jerrold Avenue DPR 523 Form," August 2014.

<sup>3</sup> Richa Wilson and Kathleen Snodgrass, "Early 20th-Century Building Materials: Siding and Roofing," *Facilities Tech Tips, United States Department of Agriculture Forest Service* (February 2008): 6-7.

<sup>4</sup> Julie Decker and Chris Chiel, *Quonset Hut: Metal Living for a Modern Age* (New York: Princeton Architectural Press, 2005), 4.

<sup>5</sup> *Ibid.*, 19.

<sup>6</sup> Julie Decker and Chris Chiel, *Quonset Hut: Metal Living for a Modern Age*, 52-3.

<sup>7</sup> *Ibid.* See also, "Butler Manufacturing Company," [http://www.butlermfg.com/about\\_us](http://www.butlermfg.com/about_us), accessed 10/17/15.

<sup>8</sup> Bruce S. Kaskel, "The Metal and Glass Curtain Wall," *Cultural Resources Management* 18, no. 8 (1995): 23-24.

building developed before the onset of the war and remain one of the largest producers of pre-fabricated metal buildings today.<sup>9</sup> Because of its flexibility and resistance to corrosion, aluminum rather than steel became the preferred siding material for residential structures, until vinyl siding was introduced in the 1950s.<sup>10</sup> However, further advances in the exterior treatment of steel to resist corrosion, combined with its greater strength and fire resistance and lower cost, led to the preference of steel cladding over aluminum for large industrial warehouses, such as the one at 1975 Galvez Avenue.<sup>11</sup>

#### *Evaluation*

NRHP/CRHR Criterion A/1 (Events). The structure located at 1975 Galvez Avenue was built on previously undeveloped land in 1964 and has been used continuously since its construction as a warehouse and possibly as an office space. Constructed in an industrial area of the Bayview neighborhood, this utilitarian warehouse is surrounded by other similar structures and would not be considered unique or rare in this context. The warehouse also is not associated with any events that have made a significant contribution to the broad patterns of local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria A/1.

NRHP/CRHR Criterion B/2 (Important Persons). The building located at 1975 Galvez Avenue is a privately-owned property that is not associated with the lives of any significant persons important to local, regional, or national history. For this reason, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria B/2.

NRHP/CRHR Criterion C/3 (Architecture/Design). The structure was built in 1964 and is a utilitarian, metal-frame, steel-clad warehouse, which is a ubiquitous building type in the industrial Bayview neighborhood, as well as industrial areas of towns and cities throughout the state and country. The structure does not exhibit or embody any distinctive characteristics of a particular architectural style or period. Although the earliest pre-fabricated metal warehouses date to the turn of the twentieth century, the building at 1975 Galvez Avenue is a more typical post- World War II example of this building type and, therefore, is not significant in this context. The structure also does not exhibit the work of a master with regards to methods of construction, nor does it possess high artistic values. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria C/3.

NRHP/CRHR Criterion D/4 (Information Potential). The building located at 1975 Galvez Avenue is a typical utilitarian structure used for storage and light-industrial purposes and has little to no potential to reveal information important to local, regional, or national history. For these reasons, the property is recommended ineligible for listing in the NRHP and CRHR under Criteria D/4.

#### *References*

Butler Manufacturing Company, "About Us," [http://www.butlermfg.com/about\\_us](http://www.butlermfg.com/about_us), accessed 10/17/15.

City and County of San Francisco, San Francisco Property Information Map, *555 Selby Street*, accessed online at <http://propertymap.sfplanning.org/> on September 16, 2015.

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Permits: Permit #325980, 9/4/68, *erect one-story, 9,600-square-foot warehouse with future office space*, Permit #331054, 4/11/69, *addition of office space and two toilets*, Permit #884960, 2/3/99, *exterior gas tank canopy and expansion of interior office space*, Permit #893132, 8/30/99, *structural revision to exterior slabs and canopy and revisions to interior lateral resistance*

<sup>9</sup> Butler Manufacturing Company, "About Us," [http://www.butlermfg.com/about\\_us](http://www.butlermfg.com/about_us), accessed 10/17/15.

<sup>10</sup> Wilson and Snodgrass, "Early 20th-Century Building Materials: Siding and Roofing," 7.

<sup>11</sup> Tata Steel, "Materials used in cladding," accessed 9/21/15.

Primary # \_\_\_\_\_

HRI # \_\_\_\_\_

Trinomial \_\_\_\_\_

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\*Recorded by Eryn Brennan, ESA

\*Date 9/21/15

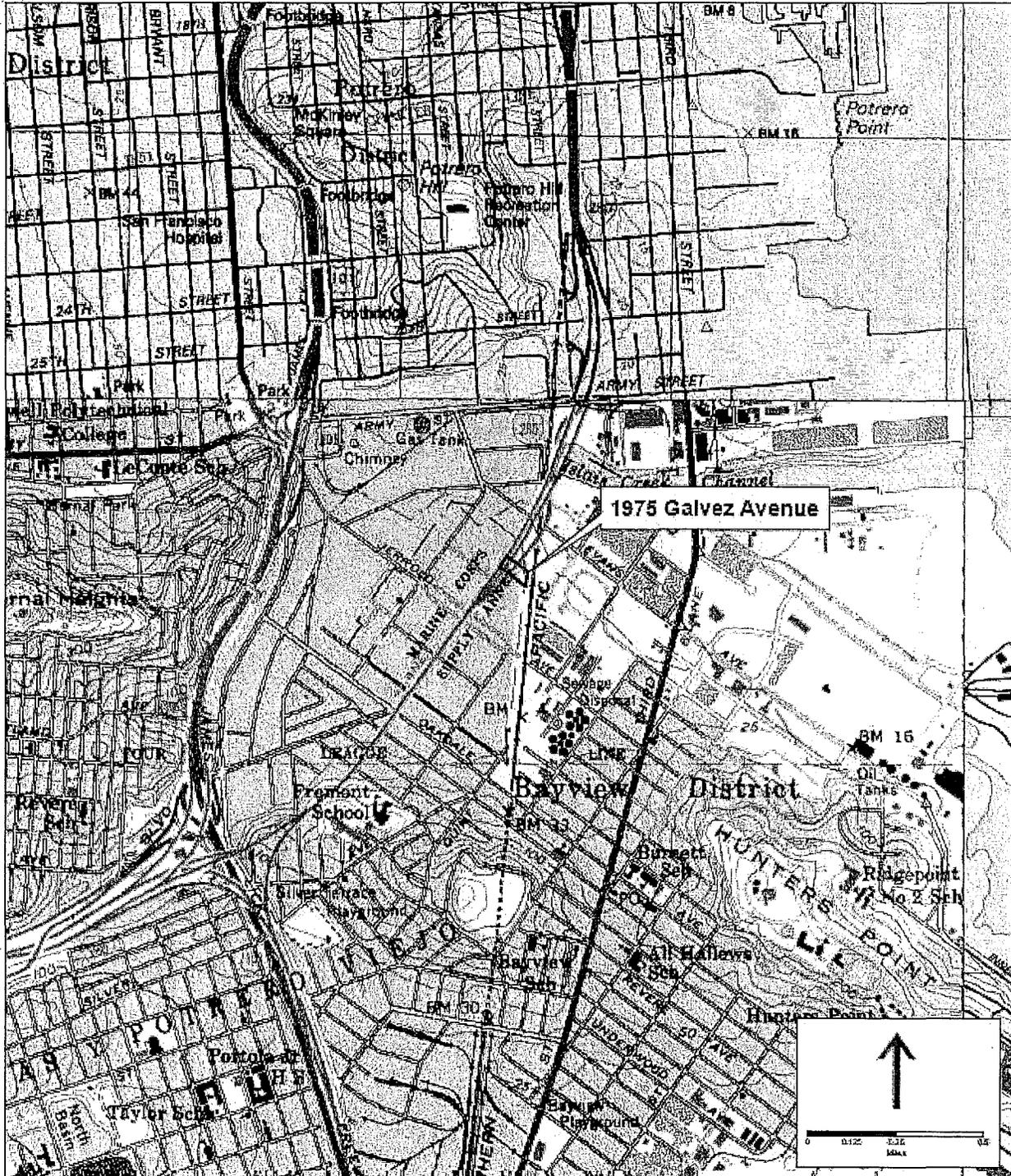
\*Resource Name or # (Assigned by recorder) 1975 Galvez Avenue

■ Continuation  Update

*system, Permit #985845, 3/19/02, exterior and interior improvements, addition of parking striping, construction of new attendant shack.*

Tata Steel, "Materials used in cladding," <http://www.tatasteelconstruction.com/en/reference/teaching-resources/architectural-teaching-resource/cladding/metal-cladding/materials-used-in-cladding>, accessed 9/21/15.

Wilson, Richa and Kathleen Snodgrass. "Early 20<sup>th</sup>-Century Building Materials: Siding and Roofing." *Facilities Tech Tips*, United States Department of Agriculture Forest Service (February 2008).



Primary # \_\_\_\_\_

HRI # \_\_\_\_\_

Trinomial \_\_\_\_\_

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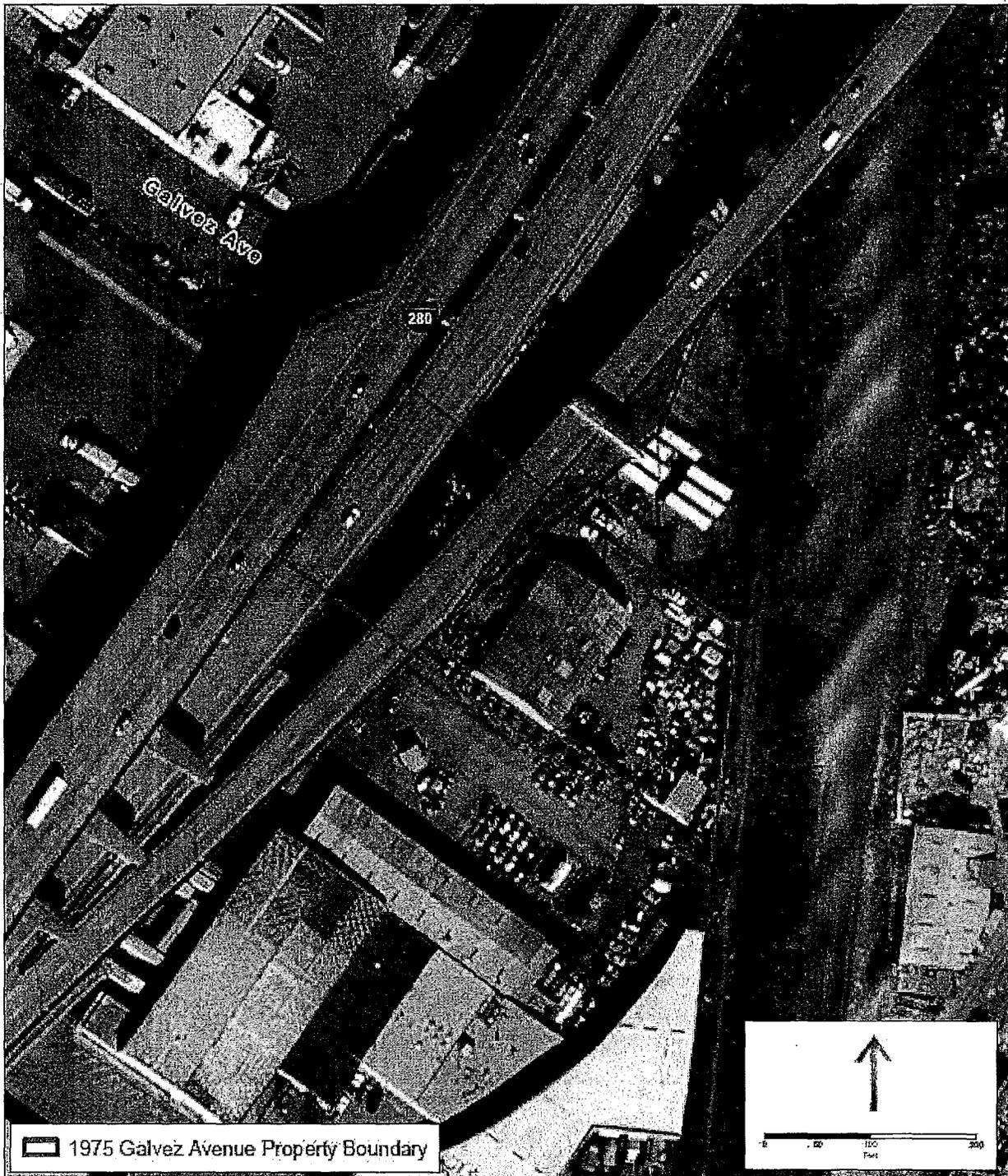
\*Recorded by Eryn Brennan, ESA

\*Date 9/21/15

\*Resource Name or # (Assigned by recorder) 1975 Galvez Avenue

Continuation  Update

**Sketch Map:** NAIP, 2014 Imagery



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

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: FOUR FIFTY TOLAND, LLC	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i>	
Allan J. Dito, member Linda A. Dito, member Children's Trust FBO Tiffany Dito, member (Linda Dito is Trustee) (Each member owns 33 and 1/3 percent of the LLC No political committees sponsored or controlled by any member or manager	West Palm Beach FL San Rafael, CA San Rafael, CA

Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: Rent: \$61,300 per month for the initial year term, with 3% annual adjustments
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Describe the nature of the contract that was approved:  
 Lease of Land and building totaling approximately 46,221 sf, located at 450 Toland, in San Francisco Assessors Block 5230 Lot 18  
 10 Year Lease, with three (3) five year options to renew.

Comments: Manager of the LLC is appointed and has no ownership position in the property, however is authorized to execute agreements on behalf of the LLC.

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

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

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Relocation Appeals Board, and Local Workforce Investment Board) on which an appointee of the City elective officer(s) identified on this form sits

\_\_\_\_\_ Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)	Date Signed
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**FORM SFEC-126:  
NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> (Please print clearly.)	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: W.Y.L. Five Star Service Industries, Inc., a California Corporation	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. James Lew – President Luke Wong – Secretary Raymond Young - Treasurer No political committees sponsored or controlled	
Contractor address: 125 Bayshore Blvd. San Francisco, CA 94124	
Date that contract was approved: (By the SF Board of Supervisors)	Amount of contract: \$5,000,000
Describe the nature of the contract that was approved: Purchase of real property, consisting of approximately 48,338 square feet, located at 1975 Galvez Avenue, Assessor's Block 5250, Lot 16	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

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

the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Relocation Appeals Board, and Local Workforce Investment Board) on which an appointee of the City elective officer(s) identified on this form sits

\_\_\_\_\_  
Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed

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

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors
<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>Selby and Hudson Corporation, a California corporation</b>	
<p><i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i></p> <p>Neil Gralnick is CEO  Ed Scoble is Secretary and CFO  All other board members are Vice Presidents. No shareholder owns more than 20%.  There are no political committees, PACS or contracts.</p>	
Contractor address: 864 Page Street, San Francisco, CA 94117	
Date that contract was approved: <i>(By the SF Board of Supervisors)</i>	Amount of contract: \$6,300,000
Describe the nature of the contract that was approved: Purchase of 555 Selby Street.	
Comments:	

This contract was approved by (check applicable):

the City elective officer(s) identified on this form

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

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

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed