

File No. 250193

Committee Item No. 10

Board Item No. 11

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date April 9 2025

Board of Supervisors Meeting Date April 15, 2025

Cmte Board

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

OTHER (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>PLN Memo – CEQA Determination 10/23/2024</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>HSH Presentation 3/26/2025</u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>

Completed by: Brent Jalipa Date April 3, 2025

Completed by: Brent Jalipa Date April 10, 2025

1 [Real Property Lease - Retroactive - Lombard Hotel Group - Monarch Hotel - 1015 Geary
2 Street - Non-Congregate Temporary Shelter - Annual Base Rent of \$1,597,320 and a Final
3 Payment of \$100,000]

4 **Resolution retroactively approving and authorizing the Director of Property, on behalf**
5 **of the Department of Homelessness and Supportive Housing, to execute a lease of real**
6 **property with Lombard Hotel Group, for use of the Monarch Hotel located at 1015 Geary**
7 **Street for a non-congregate temporary shelter program with 102 units for a term of one**
8 **year, to commence on April 1, 2025, through March 31, 2026, with an annual base rent**
9 **of \$1,597,320, and a final payment of \$100,000 upon surrender of the property;**
10 **affirming the Planning Department's determination under the California Environmental**
11 **Quality Act; and authorizing the Director of Property to execute any amendments, make**
12 **certain modifications and take certain actions that do not materially increase the**
13 **obligations or liabilities to the City, do not materially decrease the benefits to the City**
14 **and are necessary or advisable to effectuate the purposes of the lease agreement or**
15 **this Resolution.**

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

21 WHEREAS, With the adoption of Resolution No. 319-18 in October 2018, the Board of
22 Supervisors and Mayor London N. Breed declared a shelter crisis and affirmed San
23 Francisco's commitment to combatting homelessness and creating or augmenting a
24 continuum of shelter and service options for those experiencing homelessness; and
25

1 WHEREAS, According to the 2024 Point-in-Time Count, there were 8,323 people
2 experiencing unsheltered homelessness in San Francisco, 52% of which were unsheltered;
3 and

4 WHEREAS, In April 2023, HSH released the five-year strategic plan “Home by the Bay:
5 An Equity-Driven Plan to Prevent and End Homelessness in San Francisco” which calls for
6 new investments and strategies to reduce unsheltered homelessness by half over the next
7 five years; and in order to make progress on these goals, it is critical that HSH maintain
8 existing non-congregate shelter capacity; and

9 WHEREAS, The City has operated non-congregate shelter at the Monarch Hotel
10 located at 1015 Geary Street (APN 0715-011), consisting of the entire building including 102
11 guest rooms, excepting a portion of the basement and kitchen space on the first floor (the
12 “Property”) since 2020, as part of the City’s response to the COVID-19 pandemic pursuant to
13 the Emergency Agreement entered into by and between the City and the Lombard Hotel
14 Group (the “Landlord”), dated July 23, 2020 (the “Booking Agreement”), a copy of which is on
15 file with the Clerk of the Board of Supervisors (“Clerk”) in File No. 240634; and

16 WHEREAS, On July 23, 2024, the Board of Supervisors adopted Ordinance No. 185-
17 24, which approved the fifth amendment to the Monarch Hotel Booking Agreement, increasing
18 the not-to-exceed amount by \$4,189,900 for a new not-to-exceed amount of \$21,661,300, and
19 extending the term by 7 months, from August 31, 2024, through March 31, 2025; and

20 WHEREAS, The Booking Agreement extension allowed HSH to maintain critical non-
21 congregate shelter capacity during the period of lease negotiations; and

22 WHEREAS, On behalf of HSH, the Real Estate Division (“RED”) negotiated a lease
23 with the Landlord for an initial term of 1 year with no options to extend to commence on
24 April 1, 2025, through March 31, 2026, with an annual base rent of \$1,597,320, and a final
25

1 payment of \$100,000 upon surrender of the property ("final payment") (the "Lease"); a copy of
2 the Lease is on file with the Clerk in File No. 250193; and

3 WHEREAS, The final payment of \$100,000 is to compensate the landlord for the short-
4 term use of the property and any incidental expenses related to the exit from the Property;
5 and

6 WHEREAS, The Director of Property determined the rent payable under the Lease to
7 be at or below fair market rental value; and

8 WHEREAS, The Planning Department, through a letter dated October 23, 2024,
9 ("Planning Letter") determined that the Lease of the Property for use as a low-barrier
10 temporary shelter program is not subject to the California Environmental Quality Act ("CEQA")
11 pursuant to Assembly Bill 101, California Government Code, Sections 65660 - 65668, a copy
12 of the Planning Letter is on file with the Clerk in File No. 250193; now, therefore, be it

13 RESOLVED, That in accordance with the recommendation of the HSH Executive
14 Director and the Director of Property, the Board of Supervisors retroactively approves the
15 Lease in substantially the form presented to the Board and hereby authorizes the Director of
16 Property, or their designee, to execute the Lease; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors affirms the Planning
18 Department's CEQA Determination, for the same reasons as set forth in the Planning Letter,
19 and hereby incorporates such determination by reference as though fully set forth in this
20 Resolution; and, be it

21 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
22 Property, or their designee, to take all actions on behalf of the City to enter into, execute, and
23 perform its obligations under the Lease (including without limitation, the exhibits to the Lease)
24 and any other documents that are necessary or advisable to effectuate the purpose of this
25 Resolution and the Lease; and, be it

1 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
2 Property, or their designee, to enter into any additions, amendments, or other modifications to
3 the Lease (including, without limitation, the exhibits to the Lease) that the Director of Property
4 determines, in consultation with the City Attorney, are in the best interest of the City, do not
5 materially decrease the benefits to the City, do not materially increase the obligations or
6 liabilities of the City, or are necessary or advisable to effectuate the purposes of the Lease or
7 this Resolution, and are in compliance with all applicable laws, including, without limitation,
8 the City's Charter; and, be it

9 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed
10 by all parties, HSH shall submit a fully executed copy of the Lease to the Clerk of the Board of
11 Supervisors for inclusion in the official file
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Funds Available for use in Fiscal Year 2024-2025:
\$399,330

Fund ID:	10020 - GF Cont Authority Ctrl
Department ID:	203646 - HOM PROGRAMS
Project ID:	10031196 - HO Shelter And Navigation Cent
Authority ID:	17129 - HO Shelter And Navigation Cent
Account ID:	530110 – Property Rent
Activity ID:	88 - Programmatic Svcs Baseline

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

RECOMMENDED:

/s/
Andrico Penick
Director of Property
Real Estate Division

/s/
Shireen McSpadden
Executive Director
Department of Homelessness and Supportive Housing

Item 10 File 25-0193 <i>(Continued from 3/26/25 meeting)</i>	Department: Department of Homelessness and Supportive Housing (HSH)
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p>	
<ul style="list-style-type: none"> The proposed resolution would retroactively approve a lease for non-congregate shelter use between the Department of Homelessness and Supportive Housing (HSH) and Lombard Hotel Group for the Monarch Hotel at 1015 Geary Street, for a term of one year and initial annual base rent of \$1,597,320 	
<p style="text-align: center;">Key Points</p>	
<ul style="list-style-type: none"> In 2020, the City entered into a booking agreement with the Monarch Hotel, located at 1015 Geary Street, to use as a non-congregate shelter. The booking agreement has since been amended five times and expired March 31, 2025. HSH has determined that leasing the hotel provides a more cost-efficient option, and the Real Estate Division (RED) has negotiated a lease with the hotel owner. The original lease included in the legislative file was for one year with four one-year options to extend the term. HSH and RED have renegotiated the lease to eliminate the options to extend, and the Budget & Finance Committee amended this resolution to approve the lease retroactive to April 1, 2025, to approve a one-year lease at the same initial base rent. The lease would have a term of one year from April 2025 through March 2026. The fair market rent was determined estimating the landlord's revenues and costs that the hotel would generate if it were operated as a tourist hotel. HSH has contracted with WeHOPE to provide supportive services at the hotel. 	
<p style="text-align: center;">Fiscal Impact</p>	
<ul style="list-style-type: none"> The proposed lease would have initial annual rent of \$1,597,320. Rent would be paid by the City's General Fund. HSH would also pay a termination fee of \$100,000 at the end of the lease. HSH estimates that by converting from the booking agreement to a lease, HSH would save approximately \$1.4 million per year, or approximately \$40 per room per night. 	
<p style="text-align: center;">Recommendation</p>	
<ul style="list-style-type: none"> Approve the proposed resolution. 	

MANDATE STATEMENT

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

BACKGROUND

In 2020, the City entered into a booking agreement with the Monarch Hotel, located at 1015 Geary Street, to use as a non-congregate shelter in response to the COVID-19 pandemic. The Department of Homelessness and Supportive Housing (HSH) and Human Services Agency (HSA) identified the property through a Request for Information (RFI) issued in February 2020. The booking agreement has since been amended five times, most recently by the Board of Supervisors in July 2024 (File 24-0634) and expires March 31, 2025.

Due to the ongoing need for shelter capacity, HSH wishes to continue non-congregate shelter operations at the Monarch Hotel. HSH has determined that leasing the hotel provides a more cost-efficient option than extending the booking agreement. In addition, a lease would clarify the owner's responsibility and timing for maintenance and repairs, insurance requirements, methodology for calculating rent increases, and responsibility of taxes and expenses. The lease structure could also allow HSH to utilize services (such as meals and laundry) through existing grant agreements with non-profit operators rather than through the hotel operator, which may reduce operating costs. The Real Estate Division (RED) has negotiated a lease on behalf of HSH with the owner of the Monarch Hotel.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would retroactively approve a non-congregate shelter lease between HSH and Lombard Hotel Group for the Monarch Hotel, for a term of one year and annual base rent of \$1,597,320.

The lease was originally negotiated to have an initial term of one year from April 2025 through March 2026, with four one-year options to extend, and three percent annual escalation. HSH and RED have renegotiated the lease to eliminate the options to extend beyond one year. HSH introduced an amended resolution at the March 26, 2025 Budget and Finance Committee meeting, retroactive to April 1, 2025 and reflecting the shorter lease term. The Budget and Finance Committee approved the amendments to the resolution and continued the item to the April 9, 2025 meeting to comply with the Brown Act. The proposed lease also provides the City right of first refusal if the landlord receives an offer to purchase to the property.

Key terms of the proposed lease are shown in Exhibit 1 below.

Exhibit 1: Key Terms of Proposed Lease

Address	1015 Geary Street
Premises	38,706 Square Feet
Units	102 Units (97 Shelter Units, 5 Office Units)
Initial Term	1 Year
Options to Extend	None
Initial Annual Base Rent	\$1,597,320 (\$15,660 per Unit, \$41.27 per Square Foot)
Rent Escalation	Not Applicable
Utilities	Paid by City
Janitorial, Security, & Program Services	Paid by City
Building Systems Maintenance	Paid by Landlord, unless damage is caused by City or its clients
If Property Is for Sale	City has right of first refusal
Termination Fee	City pays landlord \$100,000

Source: Proposed lease

An appraisal for the hotel was not required under Administrative Code Section 23.27 because the proposed annual rent is less than \$45 per square foot. However, Colliers International conducted an appraisal for RED in 2024 for the Stanford Hotel, and RED used the methodology from that appraisal to determine the fair market rent for Monarch Hotel. The methodology involved identifying an average nightly rate per room for the hotel to determine a monthly rate for the entire hotel, then reducing that amount to account for expected vacancies and hotel operating costs, to estimate the monthly net revenue for the hotel. Using this methodology, RED determined that the negotiated annual rent of \$15,660 per room was reasonable fair market rent.

Service Provider

HSH has contracted with WeHOPE to provide supportive services at the Monarch Hotel. Services include guest intake, entry and exit, wellness checks, room inspections, habitability checks, room turnover, referrals and coordination of services, support groups and activities, building maintenance, and exit planning. The grant funds are approximately 18.64 full-time equivalent (FTE) employees.

HSH is in the process of negotiating a new contract with WeHOPE to commence in April 2025. The estimated annual cost of the new grant agreement, plus meals, is approximately \$4.3 million. The grant will not require Board of Supervisors approval because the initial agreement is not expected to exceed 10 years or \$10 million.

Performance and Fiscal Monitoring

HSH staff conducted a site visit at the Monarch Hotel to assess WeHOPE's services in August 2024 and identified no findings. HSH staff reviewed WeHOPE's financial documents as part of the FY 2023-24 Citywide Fiscal and Compliance Monitoring Program and identified two findings: less

than 15 percent of funding came from non-City sources, and the organization had less than 30 days of operating cash. WeHOPE responded with its corrective actions planned and taken to address the findings, and HSH has found WeHOPE to be in conformance with city standards.

FISCAL IMPACT

The proposed lease would have an annual base rent of \$1,597,320. Rent would be paid by the General Fund. As noted above, HSH would also pay a termination fee of \$100,000, also from the General Fund.

Costs Compared to Booking Agreement

HSH estimates that by converting from the booking agreement to a lease, HSH would save approximately \$1.4 million per year, or approximately \$40 room per night. This includes both savings in the rent, as well as moving certain costs (such as meals, janitorial costs, and security) from the booking agreement to HSH service agreements). The comparison of costs is shown in Exhibit 2 below.

Exhibit 2: Cost Comparison, Booking Agreement vs. Lease

Annualized Cost, Booking Agreement	
Room Rent	3,203,811
Meals	1,139,400
Services and Operations	2,966,736
Total Budget	\$7,309,947
Number of Shelter Rooms	97
Nightly Room Rate	\$206
Annualized Cost, Proposed Lease	
Room Rent	\$1,597,320
Meals	730,000
Services and Operations	3,577,695
Total Budget	\$5,905,015
Number of Shelter Rooms	97
Nightly Room Rate	\$167
Annual Cost Savings	\$1,404,932
Nightly Rate Savings	\$40

Source: HSH. Totals may not add due to rounding.

RECOMMENDATION

Approve the proposed resolution.

Item 8
File 25-0193

Department: Department of Homelessness and Supportive Housing (HSH)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a lease for non-congregate shelter use between the Department of Homelessness and Supportive Housing (HSH) and Lombard Hotel Group for the Monarch Hotel at 1015 Geary Street, for a term of one year and initial annual base rent of \$1,597,320

Key Points

- In 2020, the City entered into a booking agreement with the Monarch Hotel, located at 1015 Geary Street, to use as a non-congregate shelter. The booking agreement has since been amended five times and expired March 31, 2025. HSH has determined that leasing the hotel provides a more cost-efficient option, and the Real Estate Division (RED) has negotiated a lease with the hotel owner. The original lease included in the legislative file was for one year with four one-year options to extend the term. HSH and RED have renegotiated the lease to eliminate the options to extend, and HSH plans to submit an amended resolution, retroactive to April 1, 2025, to approve a one-year lease at the same initial base rent.
- The lease would have a term of one year from April 2025 through March 2026. The fair market rent was determined estimating the landlord's revenues and costs that the hotel would generate if it were operated as a tourist hotel. HSH has contracted with WeHOPE to provide supportive services at the hotel.

Fiscal Impact

- The proposed lease would have initial annual rent of \$1,597,320. Rent would be paid by the City's General Fund. HSH would also pay a termination fee of \$100,000 at the end of the lease.
- HSH estimates that by converting from the booking agreement to a lease, HSH would save approximately \$1.4 million per year, or approximately \$40 per room per night.

Recommendation

- Approve the proposed resolution, as amended.

MANDATE STATEMENT

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

BACKGROUND

In 2020, the City entered into a booking agreement with the Monarch Hotel, located at 1015 Geary Street, to use as a non-congregate shelter in response to the COVID-19 pandemic. The Department of Homelessness and Supportive Housing (HSH) and Human Services Agency (HSA) identified the property through a Request for Information (RFI) issued in February 2020. The booking agreement has since been amended five times, most recently by the Board of Supervisors in July 2024 (File 24-0634) and expires March 31, 2025.

Due to the ongoing need for shelter capacity, HSH wishes to continue non-congregate shelter operations at the Monarch Hotel. HSH has determined that leasing the hotel provides a more cost-efficient option than extending the booking agreement. In addition, a lease would clarify the owner's responsibility and timing for maintenance and repairs, insurance requirements, methodology for calculating rent increases, and responsibility of taxes and expenses. The lease structure could also allow HSH to utilize services (such as meals and laundry) through existing grant agreements with non-profit operators rather than through the hotel operator, which may reduce operating costs. The Real Estate Division (RED) has negotiated a lease on behalf of HSH with the owner of the Monarch Hotel.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a non-congregate shelter lease between HSH and Lombard Hotel Group for the Monarch Hotel, for a term of one year and annual base rent of \$1,597,320.

The lease was originally negotiated to have an initial term of one year from April 2025 through March 2026, with four one-year options to extend, and three percent annual escalation. HSH and RED have renegotiated the lease to eliminate the options to extend beyond one year. HSH plans to introduce an amended resolution at the March 26, 2025 Budget and Finance Committee meeting, retroactive to April 1, 2025. The proposed lease also provides the City right of first refusal if the landlord receives an offer to purchase to the property.

Key terms of the proposed lease are shown in Exhibit 1 below.

Exhibit 1: Key Terms of Proposed Lease

Address	1015 Geary Street
Premises	38,706 Square Feet
Units	102 Units (97 Shelter Units, 5 Office Units)
Initial Term	1 Year
Options to Extend	None
Initial Annual Base Rent	\$1,597,320 (\$15,660 per Unit, \$41.27 per Square Foot)
Rent Escalation	Not Applicable
Utilities	Paid by City
Janitorial, Security, & Program Services	Paid by City
Building Systems Maintenance	Paid by Landlord, unless damage is caused by City or its clients
If Property Is for Sale	City has right of first refusal
Termination Fee	City pays landlord \$100,000

Source: Proposed lease

An appraisal for the hotel was not required under Administrative Code Section 23.27 because the proposed annual rent is less than \$45 per square foot. However, Colliers International conducted an appraisal for RED in 2024 for the Stanford Hotel, and RED used the methodology from that appraisal to determine the fair market rent for Monarch Hotel. The methodology involved identifying an average nightly rate per room for the hotel to determine a monthly rate for the entire hotel, then reducing that amount to account for expected vacancies and hotel operating costs, to estimate the monthly net revenue for the hotel. Using this methodology, RED determined that the negotiated annual rent of \$15,660 per room was reasonable fair market rent.

Service Provider

HSH has contracted with WeHOPE to provide supportive services at the Monarch Hotel. Services include guest intake, entry and exit, wellness checks, room inspections, habitability checks, room turnover, referrals and coordination of services, support groups and activities, building maintenance, and exit planning. The grant funds are approximately 18.64 full-time equivalent (FTE) employees.

HSH is in the process of negotiating a new contract with WeHOPE to commence in April 2025. The estimated annual cost of the new grant agreement, plus meals, is approximately \$4.3 million. The grant will not require Board of Supervisors approval because the initial agreement is not expected to exceed 10 years or \$10 million.

Performance and Fiscal Monitoring

HSH staff conducted a site visit at the Monarch Hotel to assess WeHOPE's services in August 2024 and identified no findings. HSH staff reviewed WeHOPE's financial documents as part of the FY 2023-24 Citywide Fiscal and Compliance Monitoring Program and identified two findings: less

than 15 percent of funding came from non-City sources, and the organization had less than 30 days of operating cash. WeHOPE responded with its corrective actions planned and taken to address the findings, and HSH has found WeHOPE to be in conformance with city standards.

FISCAL IMPACT

The proposed lease would have an annual base rent of \$1,597,320. Rent would be paid by the General Fund. As noted above, HSH would also pay a termination fee of \$100,000, also from the General Fund.

Costs Compared to Booking Agreement

HSH estimates that by converting from the booking agreement to a lease, HSH would save approximately \$1.4 million per year, or approximately \$40 room per night. This includes both savings in the rent, as well as moving certain costs (such as meals, janitorial costs, and security) from the booking agreement to HSH service agreements). The comparison of costs is shown in Exhibit 2 below.

Exhibit 2: Cost Comparison, Booking Agreement vs. Lease

Annualized Cost, Booking Agreement	
Room Rent	3,203,811
Meals	1,139,400
Services and Operations	2,966,736
Total Budget	\$7,309,947
Number of Shelter Rooms	97
Nightly Room Rate	\$206

Annualized Cost, Proposed Lease	
Room Rent	\$1,597,320
Meals	730,000
Services and Operations	3,577,695
Total Budget	\$5,905,015
Number of Shelter Rooms	97
Nightly Room Rate	\$167

Annual Cost Savings	\$1,404,932
Nightly Rate Savings	\$40

Source: HSH. Totals may not add due to rounding.

RECOMMENDATION

Approve the proposed resolution, as amended.

MASTER LEASE

between

MASTER LEASE

between

LOMBARD HOTEL GROUP

as Owner/Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,
on behalf of the Department of Homelessness and Supportive Housing,
as Tenant

For the lease of

The Monarch Hotel
1015 Geary Street
San Francisco, California 94109

TABLE OF CONTENTS

	<u>Page</u>
1. BASIC LEASE INFORMATION	1
2. PREMISES	3
2.1. Lease Premises.....	3
2.2. Common Areas	3
2.3. Condition of the Premises on Delivery	3
2.4. Disability Access	3
3. TERM	4
3.1. Term of the Lease.....	4
3.2. Commencement Date and Expiration Date.....	4
3.3. Delay in Delivery of Possession	4
3.4. Reserved.....	4
3.5. Termination.....	4
4. RENT	5
4.1. Base Rent	5
4.2. Reserved.....	5
4.3. Payment of Real Estate Taxes.....	5
4.4. Payment of Other Taxes.....	5
4.5. Late Charges	5
4.6. Additional Charges	6
4.7. Records	6
4.8. Payments by City	6
4.9. Landlord's Compliance with City Business and Tax Regulations Code.....	6
4.10. Additional Services	6
4.11. Audits.....	7
5. USE.....	7
5.1. Permitted Use.....	7
5.2. Interference with Access.....	7
5.3. Tenant's Property Manager.....	7
6. DELIVERY AND ACCEPTANCE OF PREMISES	7

6.1.	Condition of the Premises	7
7.	ALTERATIONS	7
7.1.	Reserved.....	8
7.2.	Alterations by Tenant.....	8
7.3.	Title to Improvements.....	8
7.4.	Tenant's Property	8
7.5.	Landlord's Minimal Interference.....	9
8.	REPAIRS AND MAINTENANCE	9
8.1.	Landlord Maintenance and Repair Obligations	9
8.2.	Tenant Maintenance and Repair Obligations.....	10
8.3.	Tenant Paid Maintenance Contracts	10
8.4.	Liens.....	11
9.	UTILITIES AND SERVICES	11
9.1.	Utilities.....	11
9.2.	Services	11
9.3.	Disruption in Essential Utilities or Services	11
10.	COMPLIANCE WITH LAWS; PREMISES CONDITION	11
10.1.	Landlord's Compliance with Laws; Premises Condition; Indemnity.....	11
10.2.	Tenant's Compliance with Laws; Indemnity	12
10.3.	Tenant's Compliance with Insurance Requirements	12
11.	SUBORDINATION.....	13
12.	DAMAGE AND DESTRUCTION.....	13
13.	EMINENT DOMAIN	14
13.1.	General.....	14
13.2.	Total Taking; Automatic Termination	15
13.3.	Partial Taking; Election to Terminate.....	15
13.4.	Termination of Lease; Rent and Award.....	15
13.5.	Partial Taking; Continuation of Lease	15
13.6.	Temporary Taking	16
14.	ASSIGNMENT AND SUBLETTING	16
14.1.	General.....	16
14.2.	Landlord's Right to Assign.....	16
15.	DEFAULT; REMEDIES	16

15.1.	Events of Default by Tenant	16
15.2.	Landlord's Remedies	17
15.3.	Landlord's Default	17
16.	INDEMNITIES.....	17
16.1.	Tenant's Indemnification	17
16.2.	Landlord's Indemnification	17
17.	INSURANCE.....	18
17.1.	City's Self-Insurance	18
17.2.	Landlord's Insurance	18
17.3.	Waiver of Subrogation.....	18
18.	ACCESS BY LANDLORD.....	19
19.	ESTOPPEL CERTIFICATES	19
20.	SURRENDER OF PREMISES	19
20.1.	Surrender of Premises	19
21.	HAZARDOUS MATERIALS	19
21.1.	Definitions.....	19
21.2.	Landlord's Representations and Covenants.....	20
21.3.	Landlord's Environmental Indemnity.....	20
21.4.	Tenant's Covenants.....	20
21.5.	Tenant's Environmental Indemnity	21
22.	SPECIAL PROVISIONS.....	21
22.1.	Transfer of Landlord's Interest: First Right of Refusal to Purchase.....	21
23.	CITY PROVISIONS.....	22
23.1.	MacBride Principles - Northern Ireland	22
23.2.	Controller's Certification of Funds.....	22
23.3.	Prevailing Wages and Working Conditions.....	22
23.4.	Nondiscrimination in City Contracts and Benefits Ordinance	23
23.5.	Tropical Hardwood and Virgin Redwood Ban	23
23.6.	Bicycle Parking Facilities	24
23.7.	Resource-Efficient City Buildings.....	24
23.8.	Sunshine Ordinance	24
23.9.	Conflicts of Interest.....	24
23.10.	Notification of Prohibition on Contributions.....	24

23.11.	Preservative-Treated Wood Containing Arsenic	25
24.	GENERALLY APPLICABLE PROVISIONS.....	25
24.1.	Notices	25
24.2.	No Implied Warranty	25
24.3.	Force Majeure	25
24.4.	Amendments	26
24.5.	Authority	26
24.6.	Parties and Their Agents; Approvals	26
24.7.	Interpretation of Lease	26
24.8.	Successors and Assigns.....	27
24.9.	Brokers	27
24.10.	Severability	27
24.11.	Governing Law	27
24.12.	Entire Agreement; Incorporation of Exhibits	27
24.13.	Holding Over	27
24.14.	Cumulative Remedies	28
24.15.	Time of Essence.....	28
24.16.	Survival of Indemnities.....	28
24.17.	Signs.....	28
24.18.	Quiet Enjoyment and Title.....	28
24.19.	Bankruptcy	28
24.20.	Transfer of Landlord's Interest	28
24.21.	Non-Liability of City Officials, Employees and Agents.....	29
24.22.	Counterparts	29
24.23.	Effective Date	29
24.24.	Certification by Landlord.....	29
24.25.	Cooperative Drafting	29

LIST OF EXHIBITS:

EXHIBIT A – Floor Plan

EXHIBIT B -- Form of Commencement Date Confirmation

EXHIBIT C -- Repairs needed by Commencement Date

MASTER LEASE

THIS MASTER LEASE (this “Lease”), dated as of April 1, 2025, is by and between LOMBARD HOTEL GROUP, a California general partnership, as owner (“Owner” or “Landlord”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, on behalf of the Department Homelessness and Supportive Housing, as tenant (“City” or “Tenant”) with reference to the following facts and understandings.

RECITALS

- A. Landlord owns that certain real property and the improvements thereon consisting of a structure known as “The Monarch Hotel”, located at 1015 Geary Street in the City and County of San Francisco (APN 0715-011) (the “Building”).
- B. City and Landlord seek to enter into this Lease of the Building with City as Tenant.
- C. The Parties acknowledge that Tenant intends, either by itself or through its management agent, to enter into occupancy agreements with individuals for the use of the units in the Building as temporary shelter (the “Program”). Program Participants (as defined below) may include individuals (whether alone or as members of a household) who are experiencing homelessness and/or require emergency shelter.
- D. Landlord will have no involvement in the Program, or the City’s use of the Building in accordance with the terms of this Lease.

1. BASIC LEASE INFORMATION

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

Lease Reference Date:	April 1, 2025
Landlord:	LOMBARD HOTEL GROUP
Tenant:	City and County of San Francisco, on behalf of the Department of Homelessness and Supportive Housing
Premises (Section 2.1):	The entire Building, which consists of approximately 38,706 square feet One Hundred and Two (102) guest rooms, each with private bathrooms (“Units”)
Term (Section 3.1):	The Commencement Date is April 1, 2025. The term shall expire on the March 31, 2026 (the “Expiration Date”). City shall provide

Landlord with written notice **by November 30, 2025**, to notify Landlord of City's intent to either (i) holdover beyond the Expiration Date or (ii) terminate its occupancy of the Premises on the Expiration Date.

Base Rent (Section 4.1):

Annual Base Rent: \$1,597,320.00 (\$15,660.00 per Unit).

Monthly payments: \$133,110.00 (\$1,305.00 per Unit).

Permitted Use (Section 5.1):

Tenant shall use the Premises (a) to provide shelter and supportive services to people currently experiencing, or at risk of, homelessness ("**Program Participants**"); and for general office and administrative services incidental to such use.

Utilities (Section 9.1):

Tenant will be responsible for all utilities serving the Premises.

Services (Section 9.2):

Tenant will be responsible for janitorial services and any other services necessary for Tenant's use of the Premises under this Lease.

Notice Address for Landlord (Section 24.1):

Bhikhu K. Patel
Lombard Hotel Group
1015 Geary Street
San Francisco, CA 94109

With a copy to:

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED], CA

Key Contact for Landlord:

Bhikhu K. Patel
415-760-4889
Bkpatell@aol.com

Notice Address for Tenant (Section 24.1):

Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Andrico Q. Penick, Director of Property
(1015 Geary)
Fax No.: (415) 554-9216

And to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place

San Francisco, CA 94102-4682
Fax No.: (415) 554-4755

Key Contact for Tenant:

Department of Homelessness and Supportive
Housing
City and County of San Francisco
Attn: Joanne Park
Email: Joanne.Park@sfgov.org

AND

Real Estate Division
City and County of San Francisco
Attn: Sandi Levine
Email: Sandi.Levine@sfgov.org

2. PREMISES

2.1. Lease Premises. Landlord leases to City and City leases from Landlord, subject to the provisions of this Lease, those premises in the building identified in the Basic Lease Information (the “**Building**”) and shown on the floor plan(s) attached as **Exhibit A** (the “**Premises**”). The Premises contain the rentable area and are located on the floor(s) of the Building specified in the Basic Lease Information. The Building, the land on which the Building is located, and all other improvements on or appurtenances to the land are referred to collectively as the “**Property**.”

2.2. Common Areas. City has the exclusive right to use the lobbies, corridors, elevators, stairways, laundry facilities, and other public areas of the Building and the Property (collectively, the “**Common Areas**”), and the exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

2.3. Condition of the Premises on Delivery. Landlord will deliver the Premises to City in good, broom clean condition, fully demised, water tight, with all Building Systems (as defined in Section 8.1 (Landlord Maintenance and Repair Obligations) in good working order, condition, and repair, and all other systems in and serving the Premises in good working order, condition, and repair, and the Premises, the Building, and the Common Areas in compliance with all applicable Laws, as provided in Section 10.1 (Landlord’s Compliance with Laws; Premises Condition; Indemnity). The parties acknowledge that the City’s program participants are currently occupying the Premises, under a Booking Agreement expiring on March 31, 2025, and subject to Section 6.1 of this Lease, Landlord does not have to take any actions within the Units prior to the Lease Commencement Date. Tenant acknowledges that the equipment in the first floor kitchen is not functional. Tenant acknowledges that using the existing equipment would be dangerous, and Tenant will have to repair or replace, and maintain, any existing equipment prior to using the kitchen.

2.4. Disability Access.

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

Landlord discloses (i) Landlord has not been issued a disability access inspection certificate as described in California Civil Code (“**CC**”) Section 55.53(e), (ii) pursuant to CC Section 1938, that Landlord has not ordered, performed, or caused to be performed, a Certified Access Specialist (“**CASp**”) inspection of the Premises (sometimes referred to as “premises” or “subject

premises” for the herein disclosures), and (iii) Landlord makes the following statutory disclosure per CC Section 1938 (the required “**CASp Disclosure**”):

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

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

City is advised that the Premises do not meet all applicable construction-related accessibility requirements under California Civil Code Section 55.53.

3. **TERM**

3.1. Term of the Lease. The Premises are leased for a 1-year term (the “**Term**”) commencing on April 1, 2025, provided that the Board of Supervisors and Mayor have authorized this Lease, as evidenced by a resolution adopted by the Board of Supervisors authorizing the Lease. The Term will end on the expiration date specified in the Basic Lease Information, or the date that this Lease is earlier terminated under the provisions of this Lease. City shall provide Landlord with written notice by November 30, 2025, to notify Landlord of City’s intent to either (i) holdover beyond the Expiration Date or (ii) terminate its occupancy of the Premises on the Expiration Date.

3.2. Commencement Date and Expiration Date. The dates that the Term commences and expires under this Lease are the “**Commencement Date**” and the “**Expiration Date**,” respectively, as described in the Basic Lease Information.

3.3. Delay in Delivery of Possession. Landlord will use its best efforts to deliver possession of the Premises in the condition required under this Lease, on or before the Commencement Date. If Landlord is unable to deliver possession of the Premises by the Commencement Date, then, subject to the provisions of this Section below, the validity of this Lease will not be affected by Landlord’s inability to deliver possession except that City’s obligations to pay Rent will not commence until the mutually agreed upon date that the Lease commences, hereinafter the “**Actual Commencement Date**”. If the Actual Commencement Date is later than the Basic Lease Information Commencement Date, this Lease will still expire on the March 31, 2026, unless sooner terminated under the provisions under this Lease. If Landlord is unable to deliver possession of the Premises to City as required under this Lease within Five (5) business days after the Commencement Date, then, by written notice to Landlord, City may terminate this Lease, without any further liability to Landlord or City.

3.4. Reserved.

3.5. Termination. In addition to other termination rights specifically provided in this Lease, Tenant will have the right to terminate this Lease for any reason upon no less than Three Hundred and Sixty Five (365) days’ prior notice to Landlord (a “**Termination Notice**”). The parties’ rights and obligations under this Lease will terminate as of the date specified in the Termination Notice, except as otherwise expressly provided in this Lease. Tenant agrees to

comply with Article 20 (Surrender of Premises) if Tenant exercises its right to terminate under this Section.

4. RENT

4.1. Base Rent. Subject to **Sections 6.1** (Condition of the Premises) Tenant will pay to Landlord during the Term the annual Base Rent specified in the Basic Lease Information (“**Base Rent**”) beginning on the Commencement Date. Base Rent will be payable in equal consecutive monthly payments on or before the 5th day of each month, in advance, at the address specified for Landlord in the Basic Lease Information, or any other place that Landlord designates in writing upon not less than 30 days’ prior notice. Tenant will 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 Base Rent for the fractional month will be prorated based on a 30-day month.

4.2. Reserved.

4.3. Payment of Real Estate Taxes. During the Term, Landlord will be solely responsible for any business license or similar type of costs of Landlord doing business and the Real Estate Taxes (as defined directly below) for the Premises, other than those taxes attributable or due to Tenant’s use and operation of the Premises as described in Section 4.4 (Payment of Other Taxes) below.

For purposes of this Lease, “**Real Estate Taxes**” means all taxes, assessments, and charges levied, assessed or imposed on or with respect to the Building (or portion thereof) owned by Landlord, or Landlord’s interest in the Building. Real Estate Taxes include all general or special real property taxes and general and special assessments, charges, fees, or assessments for transit, housing, police, fire, or other governmental services, service payments in lieu of taxes that are now or later levied or assessed against Landlord by the federal, state, or local government, district or public corporation, and will also include any other tax, fee, or other excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes.

4.4. Payment of Other Taxes. During the Term, Tenant is solely responsible for the payment of all taxes, fees and charges attributable or due to Tenant’s use and operation of the Premises imposed by the United States of America, the State of California or any political subdivision thereof, or the City and County of San Francisco, but only to the extent attributable to Tenant’s use and operation of the Premises. In addition, Tenant is responsible for payment of all personal property taxes attributable to Tenant’s Property. If Tenant fails to pay any amounts due under this Section within 30 days after they are due, then Landlord may pay those amounts on Tenant’s behalf. Tenant will reimburse Landlord for the amounts paid with the next monthly payment of Rent due after the payment made by Landlord.

4.5. Late Charges. Tenant acknowledges that late payment by Tenant to Landlord of Rent or other sums due under this Lease will cause Landlord to incur costs not contemplated by Rent payable under this Lease, the exact amount of which may be difficult to ascertain. Landlord’s costs may include processing and accounting charges, and late charges which may be imposed upon Landlord by terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of Rent or any sum due from Tenant is not received by Landlord or Landlord’s designee within seven (7) business days after written notice from Landlord to Tenant that the sum has not been paid as and when due, then Tenant must pay to Landlord a late charge equal to 5% of the overdue amount. Landlord’s acceptance of late charges will not constitute a waiver of Tenant’s default with respect to the overdue amount or prevent Landlord from exercising any of its other rights and remedies. For purposes of this Lease, “**business day**”

means any week day during which businesses are generally open for business, excluding local, state, and federal holidays observed by City.

4.6. Additional Charges. City will pay to Landlord any charges or other amounts required under this Lease as additional rent (“**Additional Charges**”), including all fees, costs, liabilities, and obligations that Tenant assumes or is obligated to pay or discharge under this Lease. All Additional Charges are payable to Landlord at the place where the Base Rent is payable. The Base Rent and Additional Charges are sometimes collectively referred to in this Lease as “**Rent**.”

4.7. Records. Landlord will maintain at its offices in San Francisco in a safe, complete, and organized manner, all of its records related to this Lease, Real Estate Taxes, other taxes and any other charges paid by City under this Lease (including invoices and receipts evidencing payments actually made by Landlord and for which Tenant is required to reimburse Landlord), for at least three (3) years after the Expiration Date or earlier termination of the Term. Landlord will maintain the records on a current basis and in sufficient detail to facilitate adequate review and audit. All books and records will be available for inspection, copying, and audit by City and its representatives, at City’s expense (provided that Landlord’s provision of electronic records shall be free to Tenant), subject to the provisions of Section 4.11 (Audits). Landlord’s failure to provide the requested records within fourteen (14) days of City’s request shall constitute a default under this Lease.

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

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

4.10. Additional Services. City may request that Landlord provide or arrange for additional services for the Premises, which Landlord may provide or arrange in its reasonable discretion. If Landlord elects to provide the requested additional services and City has approved the cost and scope of those services in advance, then City will pay Landlord as Additional Charges the cost of those services plus a three percent (3%) administrative fee. Landlord may not contract for or provide any services (and City will not be obligated to pay for such services) without City’s prior written approval of the cost of the additional services (which may be the known costs, or an hourly rate and maximum number of hours, or a cost estimate with a not-to-exceed maximum amount) in writing before Landlord incurs any costs. City will pay for the cost of the additional services and the administrative fee within thirty (30) days after receipt of an invoice; provided, however, that City may elect to provide any deposit or other prepayment that City determines is appropriate given the nature of the requested services. Any additional terms

for the additional services will be memorialized by a written agreement, which, upon execution by Landlord and City, will be considered a part of this Lease.

4.11. Audits. After not less than five (5) business days' notice to Landlord, City may audit the books and records of the Building related to any taxes and other charges for which City is responsible under this Lease. If the audit discloses any discrepancies that would result in a reduction of City's cost, Landlord will immediately refund to City the amount of any overpayment by City. City will pay the cost of the audit, but if an audit discloses any discrepancies that result in a reduction of City's costs under this Lease by three percent (3%) or more for any Expense Year or Tax Year, then Landlord will pay the costs of the audit.

5. USE

5.1. Permitted Use. Tenant may use the Premises for the Permitted Use specified in the Basic Lease Information, and for no other use without Landlord's prior written consent, which will not be unreasonably withheld, conditioned or delayed. Tenant acknowledges that Landlord's rental/lease of the premises to Tenant for group housing use does not evidence any intent to abandon the authorized and certified use of the premises as a commercial tourist hotel. Landlord acknowledges that the City is entering into this Lease in its proprietary capacity and not as a regulatory authority. Landlord acknowledges it has been advised by City to seek guidance from their own attorney, and whatever City regulatory agency controls, regarding maintaining any existing licensing that allows Landlord to operate as a commercial tourist hotel under San Francisco laws and regulations controlling the designation of commercial tourist hotels.

5.2. Interference with Access. Landlord will provide to City uninterrupted access to the Building and the Premises twenty-four (24) hours per day, seven (7) days per week, including during any power outages affecting the Premises; but Landlord may, after consultation with City's Administrator, interrupt City's access to the Premises if there is an immediate threat that will render the Premises unsafe for human occupancy. If City's use of any of the Premises or access to the Premises is interrupted because the Premises are unsafe for human occupancy due to Landlord's failure to comply with its obligations under this Lease or for any other reason other than a Tenant Event of Default, then Landlord will immediately undertake all necessary steps to correct the condition. If the condition continues for 48 hours and impairs City's ability to carry on its business in the Premises, then the Rent will be abated based on the extent to which the condition interferes with City's ability to normally and safely carry on its business at the Premises. If the condition continues for thirty (30) days or more after City's use is interrupted or impaired then, without limiting any of its other rights under this Lease, City may terminate this Lease, unless Landlord supplies City with evidence reasonably satisfactory to City that City's normal and safe use will be restored within sixty (60) days after the date City's use was interrupted or impaired, and City's full use is actually restored within that sixty (60)-day period. Nothing in this Section will limit City's rights with respect to any disruption due to casualty under Section 12 (Damage and Destruction).

5.3. Tenant's Property Manager. Landlord acknowledges that Tenant's property manager is identified as Tenant's key contact in the Basic Lease Information and will act as Tenant's representative in communications with Landlord regarding Tenant's operations at the Premises. Landlord further acknowledges and agrees that Tenant, or Tenant's property manager, shall be solely responsible for all aspects of property management of the Premises and the Program. Tenant shall inform Landlord in writing of a change in Tenant's key contact information, and such changes are at Tenant's sole discretion.

6. DELIVERY AND ACCEPTANCE OF PREMISES

6.1. Condition of the Premises. Tenant accepts the Premises in their existing physical condition and subject to all recorded matters and Laws.

7. ALTERATIONS

7.1. RESERVED.

7.2. Alterations by Tenant.

(a) During the Term, without Landlord's prior written consent, Tenant may not: (i) make or permit any alterations, installations, additions or improvements to the Premises ("**Alterations**") that cost more than \$15,000 per Alteration; (ii) remove or move any wall; or (iii) reduce the lawful room count in the Premises. Landlord agrees not to withhold or delay its consent to any such action unreasonably, and agrees that the installation of furniture, fixtures and equipment in the Premises or decorative improvements (collectively, "**FF&E**") that do not affect the structural integrity of the Premises, and repainting and re-carpeting the Premises are not Alterations requiring Landlord's consent. Any Alterations made by Tenant under this Section 7.2 will be made at Tenant's cost in compliance with applicable Laws. Landlord must cooperate with Tenant in securing building and other permits and authorizations needed in connection with any Alterations. Tenant agrees to provide Landlord with copies of any permits and authorizations within 10 days of Landlord's written request to Tenant. Landlord will not be entitled to any construction or other administrative fee in connection with any Alteration undertaken by Tenant.

7.3. Title to Improvements. Except for Tenant's Property (as defined below), all appurtenances, fixtures, improvements, equipment, additions, and other property permanently installed in the Premises as of the Commencement Date or during the Term will be and remain Landlord's property. Tenant may not remove Landlord's property, except to replace it as allowed under Section 7.2 (Alterations by Tenant), without Landlord's consent.

7.4. Tenant's Property.

(a) All FF&E, trade fixtures and articles of movable personal property installed in the Premises by Tenant or its agents, that can be removed without structural or other substantial damage to the Premises will be and remain Tenant's property (collectively, "**Tenant's Property**"). Tenant's Property does not include: (i) items affixed to the walls, floors, or ceiling by means of bolts, screws, piping, or other hardware; (ii) window coverings; (iii) wall lamps; or (iv) FF&E located at the Premises that was installed by or for the account of Landlord before the Commencement Date (hereinafter "**Landlord's FF&E**"). Landlord and Tenant hereby acknowledge that City has occupied the Premises for the past five years pursuant to a booking agreement, as amended from time to time. As a condition of Tenant entering into this Lease, Landlord and Tenant hereby agree that (i) upon the expiration or earlier termination of the Lease, Tenant shall not be liable for the cost of removal, repair, or replacement, or for any other expense whatsoever, associated with the Landlord's FF&E within each Unit or on the Premises, including, without limitation, any beds, dresser(s), lamps, televisions, mattresses, bedding, towels, microwaves, nightstands, carpet, wall hangings, window treatments, electrical fixtures, bathroom fixtures, decorative elements and paint, and that such costs shall be borne by Landlord at its sole cost and expense as part of its normal schedule of remodeling and restoration of the Premises and the Building every seven to ten years, as is customary within the hotel industry; and (ii) Tenant shall not be liable for any loss of use of the Building for any period of repair and restoration following the expiration or earlier termination of the Lease.

(b) If City requests, Landlord may assist City by ordering and installing City's Personal Property and City will reimburse Landlord for all fees, costs, and expenses approved by City in advance within thirty (30) days after receipt of an invoice and receipts marked "paid" reflecting actual costs incurred; provided, however, that City may elect to provide any deposit or other expense required at the time of ordering City's Personal Property. To the extent possible, any maintenance contract or warranty in connection with the purchase or lease of tangible personal property will be optional (namely, City may, but is not required to, purchase a maintenance contract or warranty). To the extent feasible, Landlord and any vendors of Landlord will separately itemize any shipping charges. Although Landlord may order and install City's Personal Property, all items will remain City's Personal Property and not be considered

Leasehold Improvements or constitute any component of the Leasehold Improvements. With regard to any personal property purchased by Landlord on behalf of City or leased by City under this Lease, (a) Landlord represents that it is fully compliant with the California Sales and Use Tax Law and warrants to City that Landlord that it will fulfill its use tax obligations under that law with respect to the subject transaction; (b) Landlord will accept a Use Tax Direct Payment Exemption Certificate in lieu of any use tax payment if the City, in its sole discretion, elects to provide such Certificate to Landlord; (c) If the City pays use tax to Landlord, Landlord will remit the entire amount of the use tax payment to the state and provide the City with a receipt in accordance with the California Sales and Use Tax Law; and (d) Landlord will be liable to the City for all amounts of use tax paid to Landlord that Landlord fails to remit to the State. This obligations of Landlord under the foregoing sentence will survive and termination or expiration of the Lease.

(c) At any time during or at the expiration of the Term, Tenant may remove any of Tenant's Property provided Tenant will repair any damage to the Premises resulting from removal. Upon the expiration or earlier termination of this Lease, Tenant will remove Tenant's Property from the Premises in accordance with **Article 19 (Surrender of Premises)**. Landlord acknowledges that some of Tenant's Property may be financed by an equipment lease financing otherwise subjected to a security interest, or owned by an equipment company and leased to Tenant. Landlord, upon Tenant's reasonable request, will execute and deliver any document reasonably required by any supplier, lessor, or lender in connection with the installation in the Premises of any items of Tenant's Property, under which Landlord waives any rights it may have or acquire with respect to Tenant's Property, so long as the supplier, equipment lessor, or lender agrees that it will: (i) remove Tenant's Property from the Premises on or before the Expiration Date (but if it does not remove Tenant's Property within that time it will have waived any rights it may have had to Tenant's Property); and (ii) repair any damage caused by the removal of Tenant's Property. Landlord will recognize the rights of a supplier, lessor, or lender who has an interest in any items of Tenant's Property to enter the Premises and remove Tenant's Property at any time during or at expiration of the Term. Nothing in this Section will require Landlord to subordinate its interest in the Premises.

7.5. Landlord's Minimal Interference. Landlord will use its commercially reasonable efforts to minimize interference with or disruption to Tenant's use and occupancy of the Premises during any repairs or maintenance to the Premises under Section 8.1 (Landlord Maintenance and Repair Obligations). Landlord must promptly remedy any interference or disruption promptly upon receiving Tenant's notice thereof.

8. REPAIRS AND MAINTENANCE

8.1. Landlord Maintenance and Repair Obligations.

(a) Landlord, at its sole cost, shall maintain, replace, repair, and keep the "**Building Systems**", which include: (i) roof, (ii) foundation, (iii) bearing and exterior walls, (iv) windows, (v) exterior doors, (vi) exterior door frames, (vii) demising walls, (viii) subflooring, (ix) the heating, ventilating, centralized air conditioning if applicable, (x) plumbing, (xi) electrical, (xii) fire protection, (xiii) life safety, (xiv) security, and (xv) other mechanical, electrical, and communications systems of the Building) in water-proof, leak-free, good condition and repair in accordance with all applicable Laws and the Lease.

(b) Landlord shall maintain and repair "**Major Systems**", which include: (i) the elevator; (ii) the heating system consisting of the boiler and pipes from the boiler to the walls, pipes within interior walls but excluding elements such as heating element covers and thermostats in the Units; (iii) plumbing (excluding plumbing fixtures within any room, office or Common Area); (iv) electrical system (excluding electrical fixtures within any room, office or Common Area; and (v) fire safety/sprinkler system maintenance and repair). Tenant shall contribute to the costs of Major Systems' maintenance and repairs, as detailed in Section 8.2 (Tenant Maintenance and Repairs Obligations).

(c) Landlord shall commence repair of Major Systems and Building Systems within three (3) business days of (i) discovery of the need for maintenance or repair by Landlord, or (ii) receipt of written notice from the Tenant of the need for maintenance or repair. Landlord shall (i) notify Tenant of anticipated schedule for performing required maintenance or repairs; (ii) use commercially reasonable efforts to complete all the maintenance or repairs as promptly as possible; and (iii) in consultation with Tenant, but at Landlord's sole cost, take commercially reasonable interim measures to ensure the habitability of the affected portions of the Premises pending completion of the maintenance activities or repairs.

(d) If Landlord does not timely and effectively address the required repair or maintenance identified in the Tenant written notice for need for Building Systems or Major System repair/maintenance, or corrective action is needed to protect the life and safety of the Tenant, its agents or resident Program Participants, Tenant shall have the right, but not the obligation, to make the necessary repairs and offset the cost of said repair by withholding Rent payments in the amount of the repair cost incurred.

8.2. Tenant Maintenance and Repair Obligations.

(a) Tenant shall reimburse the Landlord for any Building System or Major Systems maintenance or repairs directly resulting from the active negligence or willful misconduct by Tenant, its agents, and/or Program Participants.

(b) Tenant shall contribute to Major Systems obligations of Landlord as follows:

- i. Maintenance and repairs of less than \$1,000 per occurrence (e.g. simple fixes that do not require Landlord involvement);
- ii. Maintenance and repair costs for occurrences requiring more than \$1,000, up to an annual aggregate maximum of \$25,000 ("**Major Systems Threshold**"), per Lease Year. Tenant shall maintain proof of payments of its contributions to the Major Systems Threshold and deliver an itemized list, with proof of payment, to Landlord so that Landlord is aware of its obligations beyond the Major Systems Threshold amount. Tenant and Landlord hereby agree that this contribution is in recognition of the difficulty in defining operating expense regarding maintenance service contracts (not repairs) as specified in Section 8.3 (Tenant Paid Maintenance Contracts);
- iii. Maintenance and repair costs where, and to the extent, required due to Tenant's failure to obtain and keep in full force and effect the specified maintenance contracts, as set forth in Section 8.3 (Tenant Paid Maintenance Contracts) below.

For purposes of this Lease, "**Lease Year**" means the twelve-month period immediately following the Commencement Date

8.3. Tenant Paid Maintenance Contracts.

(a) Tenant shall directly contract with and pay utility and service providers for the Premises. Utility services shall include gas, electricity, sewer, water, and refuse along with any other utilities obtained by Tenant for its use and occupancy of the Premises. Service providers shall include providers of janitorial and security services. Tenant shall also reimburse the Landlord for actual expenses incurred, proven by vendor invoice submitted for reimbursement to Tenant, of the following maintenance contracts held by the Landlord for ongoing maintenance at the Property:

- i. Elevator -- monthly elevator, billed quarterly, currently \$1,800/yr;

- ii. Fire Panel monitoring – billed quarterly, currently \$2,454/yr;
- iii. Pest Control – billed monthly, currently \$2,100/yr; and
- iv. HVAC – annual backflow test and certification permit to operate boilers, currently \$1,757.00

(b) Tenant acknowledges that the above prices are subject to third party vendor increases. Tenant will pay the actual costs incurred by Landlord for the above named maintenance contracts, as proven by invoice, throughout the term of this Lease.

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

9. UTILITIES AND SERVICES

9.1. Utilities. Tenant will be responsible, at Tenant's cost, for contracting directly with and paying or causing to be contracted with and paid all service providers for all utilities necessary for Tenant's intended uses, including gas, electricity, water, sewer service, garbage collection and telephone.

9.2. Services. Tenant is responsible for contracting for and paying the cost of janitorial service, and any other services necessary for Tenant's use of the Premises under this Lease. Except as provided in Section 9.3 (Disruption in Essential Utilities or Services), Landlord will not be responsible or liable for any damages resulting from any failure or interruption of services.

9.3. Disruption in Essential Utilities or Services. If any of the sanitary, electrical, HVAC system, water, elevator, and other essential services serving the Premises (the "**Essential Services**") are disrupted for any reason other than Tenant's failure to timely pay for the services, and if the disruption continues for 48 hours and impairs City's ability to carry on its business in the Premises, then the Rent will be abated based on the extent to which the condition interferes with City's ability to normally and safely carry on its business at the Premises. If the disruption continues for thirty (30) days or more after City's use is interrupted or impaired then, without limiting any of its other rights under this Lease, City may, in its sole discretion, elect to terminate this Lease or take actions necessary to restore Essential Services and will be entitled to a rent credit, which will be applied to the next Rent obligations under this Lease at 1.1 times Tenant's cost of repair until fully credited.

For purposes of this Lease, "**HVAC**" means the heating, venting and any central air conditioning system (including the boiler) of the Premises.

10. COMPLIANCE WITH LAWS; PREMISES CONDITION

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

(a) Subject to City's obligation under Section 8.2 (Tenant Maintenance and Repair Obligations), Landlord will, in carrying out its obligations under this Lease, comply with, and, at all times during the Term, maintain, at its cost, the Property, Building, Common Areas, and the Building Systems in compliance with applicable present or future federal, state, local, and administrative laws, rules, regulations, orders, and requirements (collectively, "**Laws**"). Landlord represents and warrants to City, and covenants with City, as follows to the best of Landlord's knowledge: (i) the physical structure, fixtures, and permanent improvements of the Premises and all portions of the Property and the Building along the path of travel to the

Premises (including the Building entrances, Common Areas, restrooms, elevators, lobbies, telephone banks, and drinking fountains (and parking areas, if any) will be, as of the Commencement Date, in compliance with the requirements of the Americans With Disabilities Act of 1990, California Code of Regulations Title 24, and all other applicable Laws intended to provide equal accessibility for persons with disabilities (collectively, “**Disabilities Laws**”); (ii) that any non-compliance with Disabilities Laws of any physical structure, fixture, permanent improvement of the Premises, or any portion of the Property or the Building along the path of travel to the Premises that was in existence prior to the Commencement Date qualifies for a legally valid and recognized safe harbor, exemption, or exception under the Disabilities Laws, such that the non-compliance will not constitute a violation of the Disabilities Laws on the Commencement Date; Landlord acknowledges and agrees that any existing or future Disabilities Laws that require action, such as construction to remedy any violation of the Disabilities Laws, shall be the sole responsibility of the Landlord; (iii) the Building is not an unreinforced masonry building, and is now, and as of the Commencement Date will be, in compliance with all applicable Laws relating to seismic safety (collectively, “**Seismic Safety Laws**”); (iv) the Building, the Common Areas, and Building Systems serving the Premises are now, and as of the Commencement Date will be, in full compliance with all applicable Laws relating to fire and life safety (including the San Francisco High-Rise Sprinkler Ordinance) (collectively, “**Life Safety Laws**”); (v) the Building, the Common Areas, and Building Systems serving the Premises are now, and as of the Commencement Date will be, in compliance with all other applicable Laws; (vi) there are not now, and as of the Commencement Date will not be, any material physical or mechanical defects in the Premises, Building, or the Building Systems that would materially adversely affect City’s intended use of the Premises; (vii) City has occupied the Premises for the past five years pursuant to a booking agreement, as amended from time to time, and neither the Premises nor the Building have been subject to renovation or restoration during the period of the City’s occupancy; (viii) there are no known property defects or conditions which would affect Tenant’s intended use of the Premises. Without limiting Section 16.2 (Landlord’s Indemnification), Landlord will Indemnify City against any and all Claims (defined in Section 16.1 (Tenant’s Indemnification) below) arising out of (A) any failure of the Property, Building, Common Areas, Building Systems (or any portion of any of them) to comply with applicable Laws; or (B) any misrepresentation by Landlord under this Section.

(b) Subject to Section 10.2 Tenant’s Compliance with Laws; Premises Condition; Indemnity, Landlord at all times during the Term must maintain the sidewalk outside the Premises in compliance with applicable present or future Disabilities Laws at Landlord’s cost.

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

10.3. Tenant’s Compliance with Insurance Requirements.

(a) City will not conduct any use in or about the Premises that would:
(a) invalidate or be in conflict with any fire or other casualty insurance policies covering the

Building or any property located in the Building, **(b)** result in a refusal by casualty insurance companies of good standing to insure the Building or property in the Building in amounts reasonably satisfactory to Landlord or the holder of any mortgage or deed of trust encumbering the Building, **(c)** subject Landlord to any liability or responsibility for injury to any person or property solely because of the business operation conducted by City in the Premises; provided, however, Landlord will provide City with reasonable prior written notice of any applicable insurance requirements, and no insurance requirements will materially and adversely interfere with City's normal business in the Premises.

(b) Any increase in the property insurance premium increase for the Building currently being paid by Landlord shall not be reimbursed by City unless and until Landlord delivers to City a written request, including itemized documentation from the insurance provider that said increases in Landlord's property insurance premiums are directly attributed to the Tenant's use of the Property. Notwithstanding the foregoing, insurance market fluctuations, inflation increases, and any other insurance cost increase not directly attributed to Tenant's use of the Property, shall not be reimbursed by the Tenant.

11. SUBORDINATION

This Lease is and will be subject and subordinate to the following (each an **"Encumbrance"**): (a) any reciprocal easement agreements and ground leases or other underlying leases that may now exist or hereafter be executed affecting any portion of Landlord's interest in the Premises; and (b) the lien of any mortgage or deed of trust that may now exist or hereafter be executed by Landlord in any amount for which any part of the Premises, any ground leases or underlying leases, or Landlord's interest or estate in this Lease, is security. Landlord will have the right to subordinate or cause to be subordinated to this Lease any Encumbrance, provided that Landlord provides from the holder of the Encumbrance to Tenant a non-disturbance and attornment agreement in form and substance approved by Tenant, which approval will not be unreasonably withheld or delayed. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant will pay subsequent Rent and attorn to and become the tenant of the successor landlord, at the option of the successor-in-interest, provided that Tenant has received proper written notice of the succession and the name and address of the successor landlord. The provisions of this Article will be self-operative and no further instrument will be required other than as provided in this Article. Tenant agrees, however, to execute upon request by Landlord and in a form reasonably acceptable to Tenant, any additional documents evidencing the priority or subordination of this Lease with respect to an Encumbrance.

12. DAMAGE AND DESTRUCTION

(a) If the Premises, the Building or any Major Systems are damaged by fire or other casualty, Landlord will repair the same without delay so long as the repairs can be made under applicable Laws within sixty (60) days after Landlord obtains all necessary permits but not later than two hundred ten (210) days after the date of the damage (the **"Repair Period"**). If Landlord is obligated to repair as provided above, then this Lease will remain in full force and effect, except that City will be entitled to an abatement of Rent until the Premises are restored to their condition before the casualty. The abatement in Rent will be based on the extent to which the damage, the making of the repairs, and reoccupying the repaired Premises interferes with City's use of the Premises. Landlord's repairs will not include, and the Rent will not be abated as a result of, any damage by fire or other cause to City's Personal Property or any damage caused by the negligence or willful misconduct of City or its Agents that is not covered by insurance.

(b) Within twenty (20) days after the date of the damage, Landlord will notify City whether, in Landlord's reasonable judgment made in good faith, the repairs can be made within the Repair Period. If the repairs cannot be made within the Repair Period, then either party may terminate this Lease by giving written notice to the other given within thirty (30) days

after the date of Landlord's notice to Tenant of inability to repair. The termination date will be the date specified in the termination notice, which date may be not less than sixty (60) days after Landlord's notice. If either party elects to terminate this Lease, then the Rent will be reduced by a proportionate amount based on the extent to which the damage interferes with the normal conduct of City's business in the Premises, and City will pay the reduced Rent up to the date of termination. Landlord will refund to City any Rent previously paid for any period after the date of termination. In the alternative, Tenant may notify Landlord of Tenant's intent to make the repairs and, if Tenant does make the repairs, in addition to reduced Rent until the repairs are completed, Tenant will be entitled to a rent credit, which will be applied to its Rent obligation at the rate of 1.1 times the cost of repair.

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

(d) If Landlord has provided notice of intent to make the repairs during the Repair Period and proceeded to make the repairs in a timely manner, the Repair Period will be extended for any longer period as reasonably necessary for Landlord to complete required repairs, if and to the extent that Landlord demonstrates that despite its reasonable good faith efforts, it is unable to complete a required repair within the Repair Period.

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

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

13. EMINENT DOMAIN

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

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

"Award" means all compensation, sums, or anything of value paid, awarded or received for a Taking, whether under any judgment, agreement, settlement, or otherwise.

13.1. General.

If during the Term or during the period between the execution of this Lease and the Commencement Date, there is any Taking of all or any part of the Premises or the Building or any interest in this Lease, the rights and obligations of the parties will be determined under this

Section. City and Landlord intend that the provisions of this Section govern fully in the event of a Taking and accordingly, Landlord and City each waives any right to terminate this Lease in whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar Law now or later in effect.

13.2. Total Taking; Automatic Termination.

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

13.3. Partial Taking; Election to Terminate.

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

(b) If a partial Taking of a substantial portion of the Building occurs, a but subsection (a) above does not apply, then within thirty (30) days after the Date of Taking either City or Landlord may terminate this Lease by written notice to the other, provided that, as a condition to City's right to terminate, the portion of the Building taken must, in City's reasonable judgment, render the Premises unsuitable for continued use by City for its intended purposes or otherwise materially adversely affect City's normal operations in the Premises or access to the Premises.

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

13.4. Termination of Lease; Rent and Award.

On termination of this Lease in its entirety under Section 13.2 (Total Taking; Automatic Termination) or under Section 13.3 (Partial Taking; Election to Terminate), then: (a) City's obligation to pay Rent will continue up until the date of termination and then will cease, and (b) Landlord will be entitled to the entire Award, except that City will receive any portion of the Award for the unamortized cost of any Leasehold Improvements paid for by City and any Award made specifically for City's relocation expenses or the interruption of or damage to City's business or damage to City's Personal Property.

13.5. Partial Taking; Continuation of Lease.

If there is a partial Taking of the Premises and this Lease is not terminated in its entirety under Section 13.3 (Partial Taking; Continuation of Lease) above, then this Lease will terminate as to the portion of the Premises taken, but will remain in effect as to the portion not taken, and the rights and obligations of the parties will be as follows: (a) Rent will be equitably reduced depending on the configuration of the Premises and the portion taken (for instance, if the area of the Premises taken has no special or significant use, then the reduction may be by an amount that is in the same ratio to the Rent as the area of the Premises taken bears to the area of the Premises before the Date of Taking), and (b) Landlord will be entitled to the entire Award in connection therewith, provided that City will receive any portion of the Award for the unamortized cost of any Leasehold Improvements paid for by City in the portion of the Premises taken and any

Award made specifically for City's relocation expenses or the interruption of or damage to City's business or damage to City's Personal Property.

13.6. Temporary Taking.

Notwithstanding anything to contrary in this Section, if a Taking of the Premises occurs for sixty (60) consecutive days or fewer, this Lease will remain unaffected by the temporary Taking, and City will continue to pay Rent and to perform all of the terms, conditions, and covenants of this Lease. In the event of a temporary Taking, City will be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total Rent owing by City and any out-of-pocket costs incurred by City due to the temporary Taking for the period of the Taking.

14. ASSIGNMENT AND SUBLETTING

14.1. General. Tenant will not have the right, without Landlord's consent or approval, to sublet all or any portion of the units in the Premises. Subject to Landlord's prior written consent, which consent may not be unreasonably withheld or delayed, Tenant may assign its rights and obligations under this Lease, to any person or entity: (a) whose activities and business at the Premises are comparable in nature to the activities of Tenant at the Premises before the assignment; (b) who will conduct the activities and business at the Premises under an agreement with Tenant or another governmental entity; and (c) who has experience in the operation and maintenance of the provision of a shelter consistent with the use of the Premises described in this Lease. If Landlord consents to an assignment under this Article, then Rent chargeable to the assignee will be calculated in accordance with **Article 4** (Rent). Tenant will deliver to Landlord promptly upon request a fully executed copy of any assignment. Any assignment between Tenant and a third party must explicitly state that the agreement is subject to and controlled by all terms of this Lease.

14.2. Landlord's Right to Assign. Landlord may assign its rights and obligations under this Lease to any trustee or beneficiary of Landlord upon reasonable advance notice to Tenant, provided that assignee expressly assumes all the rights and obligations and agrees to recognize Tenant's rights as the tenant under this Lease. The assignment will not be subject to **Article 22** (Special Provisions).

15. DEFAULT; REMEDIES

15.1. Events of Default by Tenant. Any of the following will constitute an event of default by Tenant under this Lease (each, a "**Tenant Event of Default**"):

(a) After Landlord is qualified as an approved vendor as provided in Section 4.8 (Payments by City) above, City fails to make any timely payment of Rent and to cure the nonpayment within five (5) business days after receipt of written notice of nonpayment from Landlord, provided that for the first two (2) monthly payments of Rent at the beginning of the Term and for the first monthly payment of Rent after the beginning of each new fiscal year for City or any Adjustment Date, City will have twenty (20) days after written notice from Landlord to cure any nonpayment.

(b) Tenant abandons the Premises (within the meaning of California Civil Code Section 1951.3); or

(c) Tenant fails to perform any other covenant or obligation of Tenant under this Lease (not involving the payment of money) and to cure the non-performance within 30 days of the date of receipt of notice from Landlord, provided that if more than 30 days are reasonably required for the cure, no Tenant Event of Default will occur if Tenant commences the cure within the 30-day period and diligently prosecute the cure to completion.

15.2. Landlord's Remedies. Upon the occurrence of any Tenant Event of Default, Landlord will have all rights and remedies available under law or granted under this Lease, including the following:

(a) The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate Tenant'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 Tenant proves could be reasonably avoided, as computed under Section 1951.2(b).

(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 Tenant's right to possession, if Tenant has the right to sublet or assign, subject only to reasonable limitations.

15.3. Landlord's Default. Subject to more specific provisions elsewhere in this Lease, if Landlord fails to perform any of its obligations under this Lease, then (without limiting any of City's other cure rights under this Lease), at its sole option, City may cure the default at Landlord's expense if the default continues after ten (10) days after the date City gives notice to Landlord of City's intention to perform the cure. However, if a default occurs because of a cause beyond Landlord's control (excluding any financial inability to perform), and Landlord cannot with due diligence cure the default within the ten (10)-day period, then the ten (10)-day period will be extended if, promptly on receipt of City's notice, Landlord advises City of Landlord's intention to take all steps required to cure the default, and Landlord promptly commences the cure and diligently prosecutes the cure to completion. But if any default by Landlord continues for sixty (60) days and impairs City's ability to carry on its normal business in the Premises, then City may terminate this Lease on written notice to Landlord within thirty (30) days after the expiration of the sixty (60)-day period. Subject to the other provisions of this Lease relating to abatement of Rent, if Landlord fails to cure any default within the ten (10)-day cure period provided above (as it may be extended as provided above), then, whether or not City elects to cure Landlord's default, the Rent will be abated based on the extent to which the default interferes with City's ability to carry on its normal business at the Premises. City's rights under this Section and under Section 8.1 (Landlord Maintenance and Repair Obligations), Section 9.3 (Disruption in Utilities and Essential Services), and **Article 12** (Damage and Destruction) will not limit in any way any of its other rights and remedies under this Lease or at law or in equity.

16. INDEMNITIES

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

16.2. Landlord's Indemnification. Landlord will Indemnify City and its Agents against any and all Claims incurred as a result of (a) any default by Landlord in the performance of any of its obligations under this Lease or any breach of any representations or warranties made

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

17. INSURANCE

17.1. City's Self-Insurance. Landlord acknowledges that City maintains a program of self-insurance and City is not required to carry any insurance with respect to this Lease. City assumes the risk of damage to any of City's Personal Property, except for damage caused by Landlord or its Agents.

17.2. Landlord's Insurance.

(a) At all times during the Term, Landlord must keep the Premises (excluding the land upon which it is located), the Building Systems, and Major Systems insured against damage and destruction by fire, vandalism, malicious mischief, sprinkler damage (include earthquake sprinkler leakage) and other perils customarily covered under an all risk insurance policy in an amount equal to 100% of the full insurance replacement value (replacement cost new, including debris removal and demolition). Before the Commencement Date and thereafter within 30 days before the expiration of the policy, Landlord must provide to Tenant an original certificate of insurance issued by the insurance carrier, evidencing the required insurance. The certificate must expressly provide that coverage may not be reduced and the policy may not be cancelled or otherwise modified without 30 days' prior written notice to Tenant (or, if the insurer refuses to provide notice to the City, then Landlord will provide such thirty (30)-day prior notice to City). Landlord hereby waives any rights against Tenant for loss or damage to the Premises or any other part thereof, to the extent covered by Landlord's property insurance.

(b) In addition, at no cost to City, Landlord will procure and keep in effect at all times during the Term insurance as follows: (i) 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 (ii) worker's compensation insurance in the amounts required by applicable Laws and employer's liability with limits not less than One Million Dollars (\$1,000,000) each accident. All insurance policies required by this Lease to be maintained by Landlord must 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 and City (or, if such endorsement is not available from the insurer, Landlord will provide such notice to City).

(c) Landlord will maintain loss of rent coverage for a twelve (12) month period.

(d) Landlord will maintain such umbrella policy and additional coverage as it reasonably determines necessary or as required by any Encumbrancer. The parties agree that the minimums set forth in this Section. will be re-evaluated every five (5) years, and increased to the extent consisted with similarly situated landlords and properties.

17.3. Waiver of Subrogation.

Notwithstanding anything to the contrary in this Lease, Landlord waives any right

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

18. ACCESS BY LANDLORD

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

19. ESTOPPEL CERTIFICATES

From time to time during the Term, by not less than thirty (30) days' prior written notice to the other party, either party may request the other party to execute, acknowledge, and deliver to the persons or entities designated by the other party a certificate stating: **(a)** the Commencement Date and Expiration Date of this Lease, **(b)** that this Lease is unmodified and in full force and effect (or, if there have been modifications, this the Lease is in full force and effect as modified and stating the modifications), **(c)** that there are no defaults under this Lease (or if so, specifying the same), and **(d)** the date to which Rent has been paid.

20. SURRENDER OF PREMISES

20.1. Surrender of Premises. Upon the expiration or sooner termination of this Lease, Tenant will surrender the Premises to Landlord in good order and condition, reasonable use and wear and damage by fire or other casualty excepted. On or before the Expiration Date, Tenant will remove from the Premises all of Tenant's Property, any Alterations Tenant desires or is required to remove from the Premises under Section 7 Alterations together with any abandoned Program Participant belongings within the Units or the Premises. Tenant will repair or pay the cost of repairing any damage to the Premises resulting from the removal. Tenant's obligations under this Section will survive the expiration or earlier termination of this Lease. Upon surrender of the Premises, Tenant will not be required to remove, repair or replace any of Landlord's FF&E, which the parties hereby acknowledge and agree will have no value due to obsolescence and normal wear and tear over the course of Tenant's prior and anticipated use of the Premises under the terms hereof. Tenant acknowledges that in light of the difficulty of identifying specific ownership of FF&E left on the Premises after Tenant vacates, Tenant shall deliver a single payment, as the only payment for the removal of any FF&E required by Landlord following Tenant's surrender of the Premises (the "**Final Payment**"). The Final Payment shall be delivered to Landlord within 20 business days of Tenant's surrender of the Premises, and shall be in the amount of One Hundred Thousand Dollars (\$100,000.00).

21. HAZARDOUS MATERIALS

21.1. Definitions.

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

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

“Hazardous Material” means any material that, because of its quantity, concentration, or physical or chemical characteristics, is deemed by any federal, state, or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes any material or substance defined as a “hazardous substance,” or “pollutant” or “contaminant” under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“**CERCLA**”, also commonly known as the Superfund law), as amended (42 U.S.C. Section 9601 et seq.), or under California Health & Safety Code Section 25316; any “hazardous waste” listed under California Health & Safety Code Section 25140; any asbestos and asbestos containing materials whether or not those materials are part of the structure of the Building or are naturally occurring substances on or about the Property; and petroleum, including crude oil or any fraction thereof, natural gas, or natural gas liquids.

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

21.2. Landlord’s Representations and Covenants. Landlord represents to Tenant that, to the best of Landlord’s knowledge, the following statements are true and correct to the best of Landlord’s knowledge as of the Commencement Date: **(a)** the Premises are not in violation of any Environmental Laws; **(b)** the Premises are not now and have not been used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except for the use of the substances in limited quantities as is customary in office or residential use, which limited use has been and is in compliance with Environmental Laws; **(c)** the Premises do not consist of any landfill or contain any underground storage tanks; **(d)** the Premises do not consist of any non-encapsulated asbestos-containing materials or building materials that contain any other Hazardous Material; **(e)** the Premises do not contain any lead-based paints that have not been painted over by non lead-based paint; **(f)** there is no Release of any Hazardous Material in, on or under the Premises; **(g)** Landlord has no knowledge of any hazardous materials or contamination in or about the Premises; and **(h)** the Premises are not subject to any claim by any governmental regulatory agency or third party related to the Release of any Hazardous Material, and there is no inquiry by any governmental agency (including the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in, on, or under the Premises, or the migration of Hazardous Material from or to other real property. In performing its obligations under this Lease, Landlord must comply with all Environmental Laws applicable to the obligations that could affect the health, safety and welfare of City’s employees or Tenant’s use, occupancy or enjoyment of the Premises for their intended purposes.

21.3. Landlord’s Environmental Indemnity. In addition to Landlord’s indemnities under Article 21 (Indemnities), Landlord will indemnify Tenant and its Agents against any and all Claims arising during or after expiration of 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, on or under the Premises, unless Tenant, its Subtenants or its Agents caused the Release.

21.4. Tenant’s Covenants. Neither Tenant nor its Agents may cause any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or throughout the Premises, or transported to or from the Premises, in violation of any Environmental Laws, provided that Tenant may use the substances in limited amounts as is customary in office or residential use so long as the use is in compliance with all applicable Environmental Laws. In the event Landlord, in its reasonable judgment, has reason to believe that any Hazardous Substances have been brought upon, used or Released in or about the Premises by Tenant, its Subtenants or its Agents with or without Landlord’s consent, Landlord will be entitled, at reasonable intervals during the Term, in Landlord’s sole discretion, to have an environmental audit report, including a Phase I and Phase II report, performed, the costs and costs of which will

be the sole responsibility of and paid by Landlord. Tenant will reimburse Landlord for the reasonable and actual costs of the report(s) if and to the extent Tenant has caused or permitted the Hazardous Substances to have been bought upon, used or Released in or about the Premises.

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

22. SPECIAL PROVISIONS

22.1. Transfer of Landlord's Interest: First Right of Refusal to Purchase.

(a) Landlord will have the right to transfer its interest in the Property or the Building, subject to the conditions set forth in this Lease.

(b) If Landlord receives an offer to purchase the Property or Building at a price, terms and conditions acceptable to Landlord, as evidenced by an executed Purchase Agreement between the Landlord and the proposed buyer of said Property or Building, Landlord must first offer the Property or Building to Tenant at the same price, under the same conditions and terms as the prior offer (the "**First Offer Terms**") in a written notice ("**Notification**") sent by certified mail, receipt requested, to Tenant within 5 business days of Landlord's receipt of the offer. Tenant will have 45 days from the Notification date to accept the offer to purchase at the First Offer Terms, subject to subsequent approval by City's Board of Supervisor and Mayor.

(c) Tenant's offer to purchase will be subject to the approval of the Board of Supervisors and the Mayor of a proposed Purchase and Sale Agreement within 90 days of Tenant's response accepting the First Offer Terms and otherwise upon the other business terms contained in this Lease; provided that Landlord will agree to a reasonable extension if the matter has been set for hearing by the Board, but not heard, within the 90-day period .

(d) Tenant will have the time set forth in the Purchase and Sale Agreement to perform, at its sole cost, a due diligence investigation. Landlord must cooperate in effecting this investigation. Close of escrow must occur on the date set forth in the Purchase and Sale Agreement.

(e) At close of escrow Tenant will pay for the cost of the premium of an extended coverage title insurance policy, escrow fees, and all other typical closing costs incurred by a buyer. Landlord will pay transfer taxes and all other typical closing costs incurred by a seller. Landlord must 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, existing leasehold interests, and other exceptions acceptable to Tenant,

(ii) executed estoppel certificates, if applicable,

(iii) a bill of sale for Landlord's personal property on the Property; and

(iv) a written disclosure of all known facts (including any and all property inspection reports) that would affect the marketability or Tenant's intended use of the Property or Building.

(f) If Tenant does not agree to purchase the property for the First Offer Terms, then the right of first refusal as to that offer will terminate.

(g) This first right of refusal will terminate and be of no further effect if a sale of the Premises to a third party is consummated after Landlord has complied fully with this Section. If Landlord sells or otherwise transfers the Premises to a third party, Landlord must deliver to Tenant 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 Tenant.

(h) This Section does not apply to any transfer of all or any part of Landlord's ownership to any member of Landlord's family, either as individuals or in trust for the benefit of any family member, or to any limited liability company or partnership, limited partnership or corporation in which Landlord is a member or partner.

23. CITY PROVISIONS

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

23.2. Controller's Certification of Funds. The terms of this Lease will be governed by and subject to the budgetary and fiscal provisions of the Charter of the City and County of San Francisco. Any City obligation for the payment or expenditure of money under this Lease is contingent on the Controller of the City and County of San Francisco first certifying, under Section 3.105 of the Charter of the City and County of San Francisco, 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. Accordingly, 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 will use its reasonable efforts to give Landlord reasonable advance notice of the termination.

23.3. Prevailing Wages and Working Conditions

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

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

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

23.4. Nondiscrimination in City Contracts and Benefits Ordinance.

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

(b) **Subcontracts.** Landlord will include in all subcontracts relating to the Premises a non-discrimination clause applicable to the subcontractor in substantially the form of subsection (a) above. In addition, Landlord will incorporate by reference in all subcontracts the provisions of San Francisco Labor and Employment Code Articles 131 and 132 and require all subcontractors to comply with those provisions. Landlord's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

(c) **Non-Discrimination in Benefits.** Landlord does not as of the date of this Lease, and will not during the Term, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of the employees, where the domestic partnership has been registered with a governmental entity under state or local law authorizing that registration, subject to the conditions set forth in San Francisco Labor and Employment Code Section 131.2.

(d) **CMD Form.** As a condition to this Lease, Landlord will execute the City's Declaration: Nondiscrimination in Contracts and Benefits form (with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division (the "CMD"). Landlord represents that before execution of the Lease: (i) Landlord executed and submitted to the CMD required form with supporting documentation, and (ii) the CMD approved the form.

(e) **Incorporation of Labor and Employment Code Provisions by Reference.** The provisions of San Francisco Labor and Employment Code Articles 131 and 132 relating to non-discrimination by parties contracting for the lease of property to City are incorporated into this Section by reference and made a part of this Lease as though fully set forth. Landlord will comply fully with and be bound by all of the provisions that apply to this Lease under Labor and Employment Code Articles 131 and 132, including the remedies provided in those Chapters. Without limiting the foregoing, Landlord understands that under San Francisco Labor and Employment Code Section 131.2(h) a penalty of Fifty Dollars (\$50) for each person for each calendar day during which that person was discriminated against in violation of the provisions of this Lease may be assessed against Landlord and/or deducted from any payments due Landlord.

23.5. Tropical Hardwood and Virgin Redwood Ban.

(a) Except as expressly permitted by San Francisco Environment Code Sections 802(b) and 803(b), neither Landlord nor any of its contractors may provide any items to City in the construction of the Leasehold Improvements or otherwise in the performance of this

Lease that are tropical hardwood, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

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

23.6. Bicycle Parking Facilities. San Francisco Planning Code (the "**Planning Code**") Article 1.5, Section 155.3 requires that bicycle parking must be provided at City-leased buildings at no cost to Landlord. During the Term, City will have the right to install and maintain, at no cost to Landlord, 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.

23.7. Resource-Efficient City Buildings. Landlord acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 713 relating to green building requirements for the design, construction, and operation of City buildings. Landlord will comply with all applicable provisions of those code sections.

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

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

23.10. Notification of Prohibition on Contributions. By executing this Lease, Landlord acknowledges its obligations under Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who leases, or seeks to lease, to or from any department of the City any land or building from making any campaign contribution to (a) a City elected official if the lease must be approved by that official, (b) a candidate for that City elective office, or (c) a committee controlled by that elected official or a candidate for that office, at any time from the submission of a proposal for the lease until the later of either the termination of negotiations for the lease or twelve (12) months after the date the City approves the lease. Landlord acknowledges that the foregoing restriction applies only if the lease or a combination or series of leases or other contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one hundred thousand dollars (\$100,000) or more. Landlord further acknowledges that (i) the prohibition on contributions applies to each prospective party to the lease; any person with an ownership interest of more than 10 percent

(10%) in Landlord; any subcontractor listed in the lease; and any committee that is sponsored or controlled by Landlord; and (ii) within thirty (30) days of the submission of a proposal for the Lease, the City department with whom Landlord is leasing is obligated to submit to the Ethics Commission the parties to the lease and any subcontractor. Additionally, Landlord certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the lease, and has provided the names of the persons required to be informed to the City department with whom it is leasing.

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

24. GENERALLY APPLICABLE PROVISIONS

24.1. Notices. Except as otherwise specifically provided in this Lease, any notice given under this Lease must be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested, or Express Mail, return receipt requested, with postage prepaid, to: (a) City at City’s address set forth in the Basic Lease Information; or (b) Landlord at Landlord’s address set forth in the Basic Lease Information; or (c) any other address designated by as either Landlord or City as its new address for notices by notice given to the other in accordance with this Section. A properly addressed notice transmitted by one of the foregoing methods will be deemed received upon confirmed delivery, attempted delivery, or rejected delivery. For convenience of the parties, copies of notices may also be given by email to the email address number set forth in the Basic Lease Information or any other email address as may be provided from time to time, but, neither party may give official or binding notice by email.

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

24.3. Force Majeure. The occurrence of any of the following events (each, a “**Force Majeure Event**”) will excuse performance of the obligations of Landlord or Tenant as are rendered impossible to perform while the event continues: strikes; lockouts; labor disputes; acts of nature; inability to obtain labor, materials or reasonable substitutes therefore; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental actions; civil

commotions; fire or other casualty; and other causes beyond the reasonable control of the party obligated to perform. The occurrence of a Force Majeure Event will excuse performance only if the party to be excused from performance has provided notice to the other party within 30 days after the occurrence or commencement of the event or events.

24.4. Amendments. The terms and provisions of this Lease may only be changed, waived, discharged, or terminated by a written instrument signed by both parties. No waiver of any breach will affect or alter this Lease, and each and every term, covenant, and condition of this Lease will continue in full force and effect with respect to any other then-existing or subsequent breach. Whenever this Lease requires or permits City's consent or approval, the Director of Property, or his or her designee, will be authorized to provide the consent or approval, except as otherwise provided by applicable Law, including the Charter of the City and County of San Francisco. City's agreement to any amendments or modifications to this Lease (including the exhibits) may be made on the sole approval of the Director of Property, or his or her designee; provided, however, material amendments or modifications to this Lease (a) changing the legal description of the Premises, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Premises from the use authorized under Section 5.1 (Permitted Use), and (e) any other amendment or modification that materially increases City's liabilities or financial obligations under this Lease will also require the approval of City's Board of Supervisors.

24.5. Authority. Landlord represents and warrants to City that it is the sole owner of the Property and the execution and delivery of this Lease by Landlord does not violate any provision of any agreement or any applicable Laws. If Landlord is a corporation, limited liability company, or a partnership, each person executing this Lease on behalf of Landlord, by their signature, covenants and warrants that Landlord is a duly authorized and existing entity, that Landlord is qualified to do business in California, that Landlord has the full right and authority to enter into this Lease, and that each person signing on behalf of Landlord is authorized to do so. On City's request, Landlord will provide City with evidence reasonably satisfactory to City confirming these representations and warranties.

24.6. Parties and Their Agents; Approvals. If applicable, the word "**Landlord**" will include the plural as well as the singular. The term "**Agents**" when used with respect to either party includes the agents, employees, officers, and contractors of the party, and the term "**Invitees**" when used with respect to City will include the clients, customers, invitees, guests, licensees, assignees, or subtenants of City. All approvals, consents, or other determinations permitted or required by City under this Lease, including City's exercise of any option, must be made by or through City's Director of Property unless otherwise provided in this Lease, subject to any applicable limitations in City's Charter. If there is more than one entity that comprises Landlord, the obligations and liabilities under this Lease imposed on Landlord are joint and several.

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

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

24.9. Brokers. Neither party has had any contact or dealings or communications regarding leasing the Premises through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease of the Premises, except for the broker, if any, identified in the Basic Lease Information. That broker's commission is Landlord's sole responsibility under a separate written agreement between Landlord and the broker, and City has no liability for that commission. If any other broker or finder perfects a claim for a commission or finder's fee based on any contact, dealings, or communication, the party through whom the broker or finder makes his claim will be responsible for the commission or fee and will Indemnify the other party from any and all Claims incurred by the indemnified party. The provisions of this Section will survive any termination of this Lease.

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

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

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

24.13. Holding Over.

(a) If City holds over in possession of the Premises after the expiration of the Term with Landlord's consent, that holding over will not be deemed to extend the Term or renew this Lease, and City's tenancy will continue as a month-to-month tenancy until the tenancy is terminated by either party by giving least one hundred twenty (120) days' prior written notice of termination. The month-to-month tenancy will be on all the terms and conditions of this Lease and at the monthly Base Rent in effect during the last month of the Term or as Landlord and City may mutually agree in writing. If City holds over without Landlord's consent, the rent payable by City during the period of holding over will be one hundred ten percent (110%) of the monthly Base Rent in effect during the last month of the Term of this Lease, and the tenancy will otherwise be on the terms and conditions contained in this Lease. If, as provided in Section 20.1 (Surrender of Premises) above, City fails to remove its FF&E and City's Personal Property and designated Alterations, if any, by the Expiration Date, then City's continued possession will be

deemed a holding over, but Base Rent will not be payable for a ten (10)-day period so long as City complies with Section 20.1 (Surrender of Premises) no later than the last day of such ten (10)-day period; if City remains in possession of the Premises beyond that ten (10)-day period, then City's possession will be deemed a holding over and Base Rent will be payable for the entire hold over period (including the 10 days) as set forth in this Section.

(b) If Tenant and Landlord have entered into negotiations for a new lease following the expiration of this Lease at least 60 days before the Expiration Date, Tenant will not be obligated to pay Rent at the holdover rate, but, instead, will continue to pay Rent at the same rate as established for the final Lease Year until the parties either have entered into a new lease or terminated negotiations.

24.14. Cumulative Remedies. All rights and remedies of either party set forth in this Lease will be cumulative, except as may otherwise specifically provided in this Lease.

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

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

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

24.18. Quiet Enjoyment and Title. Landlord covenants and represents that it has full right, power, and authority to grant the leasehold estate as provided in this Lease, and covenants that City, on paying the Rent and performing the covenants contained in this Lease, will peaceably and quietly have, hold, and enjoy the Premises and all related rights during the Term as against all persons or entities or on account of any action, inaction, or agreement of Landlord or its Agents. Without limiting the provisions of Section 16.2 (Landlord's Indemnification), Landlord will Indemnify City and its Agents against Claims arising out of any assertion that would interfere with City's right to quiet enjoyment as provided in this Section.

24.19. Bankruptcy. Landlord represents and warrants to City that Landlord has neither filed nor been the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Landlord's knowledge, no such filing is threatened. City's leasehold estate under this Lease includes all rights to receive and enjoy all services, facilities, and amenities of the Premises and the Building as provided in this Lease. If any of the services, facilities, or amenities are terminated, or materially limited or restricted because of any such case or proceeding, or for any other reason, City may (a) contract directly with any third-party provider of those services, facilities, or amenities, and (b) offset against the Rent all reasonable costs and expenses incurred by City in obtaining those services, facilities, or amenities.

24.20. Transfer of Landlord's Interest. Landlord may transfer its interest in the Property, the Building, or this Lease to any other financially responsible person or entity. If Landlord transfers its interest in the Property, the Building, or this Lease to another other financially responsible person or entity, then Landlord will be relieved of Landlord's obligations under this Lease accruing from and after the date of the transfer when (a) Landlord has provided notice to City of the name and address of Landlord's successor, (b) Landlord has provided City

with supporting documentation reasonably acceptable to City demonstrating the transferee's financial ability to assume this obligations transferred to it by Landlord, (c) Landlord has transferred the Security Deposit to the transferee, and (d) Landlord has delivered to City an express written assumption by the transferee of all of Landlord's obligations under this Lease.

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

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

24.23. Effective Date. This Lease will become effective on the date (the "**Effective Date**") that (a) City's Mayor and Board of Supervisors, at their sole and absolute discretion, adopt a resolution, or enact an ordinance, approving this Lease in accordance with all applicable laws and (b) this Lease is duly executed by Landlord and City

24.24. Certification by Landlord. By executing this Lease, Landlord certifies that Landlord nor any of its officers or members have been suspended, disciplined or debarred by, or prohibited from contracting with any federal, state or local governmental agency. In the event Landlord or any of its officers or members have been so suspended, disbarred, disciplined or prohibited from contracting with any governmental agency, it must immediately notify City of same and the reasons therefore together with any relevant facts or information requested by City. Any suspension, debarment, discipline or prohibition may result in the termination or suspension of this Lease. Landlord acknowledges that this certification is a material term of the Lease.

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

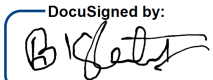
NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LANDLORD ACKNOWLEDGES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS LEASE UNLESS CITY'S BOARD OF SUPERVISORS HAS DULY ADOPTED A RESOLUTION OR ENACTED AN ORDINANCE APPROVING THIS LEASE AND AUTHORIZING CONSUMMATION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

[Signatures appear on following page.]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the date first above written.

LANDLORD/OWNER:

LOMBARD HOTEL GROUP,
a California general partnership

BY:  3/24/2025
Name: Bhikhu K. Patel
Its: Managing Partner

CITY/TENANT:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Pennick
Director of Property

RECOMMENDED:

By: _____
Shireen McSpadden
Executive Director, Department of
Homelessness and Supportive
Housing

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: _____
Vincent Brown,
Deputy City Attorney

EXHIBIT A

Description of Property/Floor Plan(s)

CONSISTING OF _____ PAGE(S)

EXHIBIT B

NOTICE OF COMMENCEMENT DATE

[Date]

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

RE: Acknowledgement of Commencement Date, Lease Between

(Landlord), and the CITY AND COUNTY OF
SAN FRANCISCO (Tenant), for premises known as
_____ located at _____

Dear Mr. Penick:

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

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

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____
Andrico Q. Penick
Director of Property

Dated: _____

EXHIBIT C

**SCHEDULE OF PRE-COMMENCEMENT DATE REPAIRS TO BE MADE BY
LANDLORD**

NONE



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Lease: Monarch Hotel Non-Congregate Shelter

Budget and Finance Committee | March 26, 2025



Overview

- The city has operated **non-congregate shelter** at the **Monarch Hotel** since 2020 as part of the city's response to the COVID-19 pandemic.
- In July 2024, the Board of Supervisors approved Amendments to the Booking Agreements for the Monarch, Adante and Cova hotels, extending the terms by **7 months** from August 31, 2024, through March 31, 2025 while the city negotiated leases.
 - The 7 month extension allowed HSH to **maintain critical non-congregate shelter capacity** during lease negotiations.
 - Based on feedback during this hearing, HSH is **winding down** the **Cova Hotel** non-congregate shelter program in **March 2025**.

Proposed Lease: Monarch Hotel

	Monarch
Landlord	Lombard Hotel Group
# of Units	102
Address	1015 Geary Street
Annual Rent	\$1,597,320 (\$15,660/unit, \$41.27 per sqft)
Lease Term	1 year (April 1, 2025 – March 31, 2026)
Final Payment	\$100,000 upon surrender of premises

Cost Analysis

- The proposed Leases have a **cost savings** to the City of **~\$2.7 million** compared to the cost of the Booking Agreements.
- Annualized Rates for the proposed **Monarch Lease**:

	Monarch
Room Rent	\$43
Meals (not included in lease)	\$20
Services & Operations (not included in lease)	\$96
Nightly cost per room	\$159
Annual Cost Savings (compared to Booking Agreement)	\$1,404,932

Program Context

- As of March 2025, HSH temporary shelter portfolio has **2,774 adult shelter beds**:
 - **503** adult non-congregate beds
 - **195** hotel-based non-congregate
 - **94%** average occupancy rate
- **Hotel-based non-congregate shelter** is highly desirable, and used by street teams to support encampment resolution.
- The Monarch hotel is operated by the non-profit provider **WeHOPE**, including 24/7 staffing, operations and support services.

217 unique clients served at the Monarch in FY 23-24.

- **45%** 45 and older
- **39%** women
- **28%** black
- **16%** LGBTQ+

Community Commitment & Street Conditions

- Street conditions continue to be a challenge citywide, however HSH and non-profit operators of these sites are committed to supporting improved street conditions around these programs.
 - In February, HSH coordinated a **site visit** to the Monarch with the Mayor's Office, District Supervisors and Community Stakeholders.
 - HSH attends **monthly meetings** with Lower Nob Hill Neighborhood Association and Tenderloin Stakeholders.
- **GLIDE's Community Ambassadors** will support the area around Monarch through a separate grant agreement with HSH.
- In addition to the **Good Neighbor Policy**, HSH worked with WeHOPE to confirm that they will:
 - Do daily **spray-downs** outside of sites
 - Conduct **hourly perimeter checks** (garbage, loitering, etc.)
 - **Report** new encampments and other needs to 311 and 911, with escalation to HSH as needed.



DEPARTMENT OF
HOMELESSNESS AND
SUPPORTIVE HOUSING

Questions?

Thank you!



MEMO

TO: Elli Rassbach, Department of Homelessness and Supportive Housing

FROM: Don Lewis, Senior Environmental Planner

DATE: October 23, 2024

PROJECT: 1015 Geary Street – Proposed Temporary Shelter

SUBJECT: Planning Department / Environmental Review Officer Concurrence
California Environmental Quality Act (CEQA) Exemption per AB 101

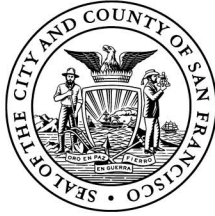
This memorandum is in response to a memorandum from the Department of Homelessness and Supportive Housing dated October 22, 2024, requesting Planning Department confirmation that no environmental review is required for the proposed temporary shelter at 1015 Geary Street. The memo will confirm that the proposed temporary shelter is not subject to the California Environmental Quality Act (CEQA) pursuant to California law set forth in Assembly Bill 101, California Government Code Sections 65660 – 65668 (AB 101).

AB 101 provides that a low barrier navigation center that meets certain criteria and is located in a mixed-use zoning district or a non-residential zone that permits multifamily uses is a use by right and is not subject to CEQA (Government Code Section 65660(b)). A “use by right” is defined in Government Code Section 65583.2(i) to mean that the local government’s review of the use may not require a conditional use permit, planned unit development permit, or other discretionary local government review or approval that would constitute a “project” for purposes of CEQA.

The zoning designation for this site is Lower Polk Street Neighborhood Commercial District (NCD). This zoning district provides for residential uses on all floors and diversified commercial uses with special emphasis on neighborhood-serving businesses. A homeless shelter that is owned, operated, or leased by the City and County of San Francisco is a principally permitted use in the Lower Polk Street NCD pursuant to Planning Code Section 744.

The memorandum dated October 22, 2024 from the Department of Homelessness and Supportive Housing explains how the proposed temporary, low-barrier homeless shelter complies with the criteria set forth in AB 101. It meets the definition of a low barrier navigation center set forth in Government Code Section 65660(a) and meets the criteria set forth in Government Code Section 65662. Accordingly, the temporary homeless shelter at 1015 Geary Street is not subject to CEQA.

City & County of San Francisco
Daniel Lurie, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Andrico Q. Penick, Director of Real Estate

March 20, 2025

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Real Property Lease – Retroactive - Monarch Hotel – Non-Congregate Temporary Shelter

Dear Honorable Board Members:

Attached for your consideration is a resolution retroactively authorizing and approving a lease of real property with Lombard Hotel Group, for use of the Monarch Hotel, located at 1015 Geary Street ("Lease"). The Lease has a term of one year. If legislatively approved, the lease will commence on April 1, 2025, and expire on March 31, 2026, with an annual base rent of \$1,597,320 and a final payment of \$100,000 upon surrender of the property. The final payment of \$100,000 is to compensate the landlord for the short-term use of the property and any incidental expenses related to the exit from the property.

The Department of Homelessness and Supportive Housing ("HSH") proposes to use the property to continue to provide non-congregate shelter to adults experiencing homelessness. The City has operated non-congregate shelter at the property since July 2020, as part of the City's response to the COVID-19 pandemic.

The Real Estate Division ("RED"), on behalf of HSH negotiated an annual base rent of \$1,597,320 (\$15,660 per unit, \$41.27/per square foot). The rent payable under the Lease was determined to be at or below fair market rental value by the Director of Property.

Both the Executive Director of HSH and I recommend approval of the proposed Resolution. If you have questions regarding the Lease, please contact me at 415.554.9850 or Andrico.penick@sfgov.org. If you have questions regarding the proposed use of the property by HSH, please contact Dylan Schneider at 628.652.7742 or dylan.schneider@sfgov.org.

Respectfully,

DocuSigned by:

A handwritten signature in black ink that reads "Andrico Q. Penick".
Andrico Q. Penick
Director of Property

Thursday, March 6, 2025

City Hall
1 Dr. Carlton B Goodlett Pl
San Francisco CA, 94102

To: Mayor Lurie and the Board of Supervisors
RE: Adante and Monarch Lease Extension Proposal

Dear Mayor Lurie and the Board of Supervisors,

We are writing to inform you that after much discussion and consideration, the following coalition of agencies, neighborhood organizations, businesses and property owners throughout the Tenderloin, Lower Polk and Lower Nob Hill stand together in our rejection of even a one-year lease renewal for the Adante and Monarch hotels.

Over the last five years, we have been vocal about our concerns. The deep systemic, economic impact and safety issues in our communities that have been caused by these HSH facilities have been overlooked and ignored by the city for years. As recently as November 20, 2024, we requested an economic impact study be done in relation to the Monarch and Adante renewals. We heard nothing back. Had our request been granted, we are certain that the data would have supported our position and provided evidence that the shelters have had a dramatically negative impact on businesses and revenue in the vicinity.

Opened five years ago under a mayoral emergency declaration, these facilities bypassed any community review process. The Adante and Monarch were intended to be both a temporary facility in the neighborhood and temporary shelter option for the homeless, enabling stabilization and placement to permanent housing. Today, the allowable stay for a client is 266 days. The structural design of the Adante and Monarch is unsuitable. Without ample public space, residents are forced onto the streets and into the path of impediments, such as neighborhood drug dealers, whose business model is to move from shelter to shelter. This is destructive to our businesses, residents and overall, our neighborhood. Additionally, it is also hard on the Monarch's and Adante's residents.

We recognize it is possible for homeless services and housing to fit seamlessly into neighborhoods. Prime examples of this are the Hamilton Family Center and the Mary Elizabeth Inn. The city needs a comprehensive plan for combatting homelessness that takes a holistic view and includes the needs of everyone in these neighborhoods.

We have been put in an untenable position. For the past five years, we have been dealing with an intolerable level of street crime, filth, drugs, ambulances, and the extensive economic gutting of our neighborhoods that have been brought about by these shelters, with minimal concern, oversight or intervention from the city. Our community members have spoken and they have had enough.

We thank you for listening to our concerns and strongly urge you to consider our input by doing the right thing for the entire community.



UC Law San Francisco



Nancy Clarence – Law Office of Nancy Clarence
Van Ness/Ellis Professional Building LLC

Dr. Kevin Miller – 151 Alice B. Toklas & 1000 Van Ness Avenue

O'Farrell Neighbors Group

Mike Abuyaghi – 854 Ellis Street

Patricia Tu – Quoc Long Jewelry
639 Larkin Street

David Lewis – 675 O'Farrell Street

From: [Calder Lorenz](#)
To: [Jalipa, Brent \(BOS\)](#)
Subject: Budget and Finance Committee: Support for Item #8 (Property Lease - Lombard Hotel Group - Monarch Hotel)
Date: Tuesday, March 25, 2025 10:35:20 AM

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisors at the Budget and Finance Committee,

My name is Calder Lorenz, I am the Director of Operations at the Gubbio Project and a resident of District 9.

The Gubbio Project strongly **supports** The Department of Homelessness and Supportive Housing (HSH) signing a new lease agreement for The Monarch.

These shelter models are essential projects that can sustain much needed shelter and connection to City housing options for those experiencing homelessness in our community. We know that San Francisco needs more shelter and we cannot afford to close existing shelters. We also know that shelters like The Monarch and Adante have been invaluable in bringing people in and off the streets and moving them toward long-term housing.

Housing solves homelessness and there is no medicine more powerful than housing but until we have enough housing for everyone, a wide range of shelter options and models are needed.

We encourage the Board of Supervisors to continue to support HSH in expanding and renewing shelter options, opening spaces throughout the entire City to support the needs of our unhoused community so that we can continue to build equitable access to housing for all.

In Community, Calder

--





March 26, 2025

TO: Supervisors Connie Chan, Matt Dorsey, Joel Engardio

CC: Policy Chief Kunal Modie, Supervisor Bilal Mahmood, Brent Jalipa

RE: *Support for the Real Property Lease - Lombard Hotel Group - Monarch Hotel - 1015 Geary Street - Non-Congregate Temporary Shelter - Initial Annual Base Rent of \$1,597,320*

Members of the Board of Supervisors Budget and Finance Committee,

On behalf of the Tenderloin Community Benefit District (TLCBD), I am submitting this letter in support of the real property one year lease agreement with the Lombard Hotel Group for the Monarch Hotel, located at 1015 Geary Street. TLCBD's ultimate goal is to provide our community with the critical resources and support it deserves by partnering with our City departments, thereby fostering positive change in the Tenderloin neighborhood through physical improvements and economic development.

We would like to extend our gratitude to Mayor Lurie, Policy Chief Kunal Modi, and our District 5 Supervisor Bilal Mahmood for dedicating the time to connect, communicate, and thoughtfully address our community's concerns regarding the proposed one-year extension of the Monarch Hotel. The City's commitment to transitioning the Monarch back to a tourist hotel is a true act of leadership - prioritizing the needs of Tenderloin residents and small businesses. The Tenderloin community has long shouldered more than its fair share of providing services to vulnerable populations and we believe that it is vital for other neighborhoods to step up and take on the responsibility as well. This lease represents a thoughtful step towards geographic equity within San Francisco.

We remain committed to collaborating with the Mayor and Supervisor's team, to ensure that our community stays represented in the implementation of the resolution. I firmly believe that this lease of the hotel is in the best interest of our Tenderloin community and more broadly, San Francisco as a whole. For these reasons and more, I urge your support in this resolution.

Sincerely,

A handwritten signature in blue ink that reads "Kate Robinson". The signature is written in a cursive style.

Kate Robinson
Executive Director



San Francisco Ethics Commission

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

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 250193

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

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

A Public Document

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

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
Office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Dylan Schneider	628-652-7742
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
HOM Homelessness and Supportive Housing	dylan.schneider@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Lombard Hotel Group	TELEPHONE NUMBER 415-760-4889
STREET ADDRESS (including City, State and Zip Code) 1015 Geary Street, San Francisco CA 94109	EMAIL

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 250193
DESCRIPTION OF AMOUNT OF CONTRACT \$1,597,320 (annual base rent)		
NATURE OF THE CONTRACT (Please describe) A lease of real property with Lombard Hotel Group, for use of the Monarch Hotel located at 1015 Geary Street for a non-congregate temporary shelter program with 102 units for an initial term of 1 year, to commence upon approval of the Resolution, approximately April 1, 2025, with four one-year options to extend and an annual base rent of \$1,597,320 with 3% annual increases if the City exercises the options to extend.		

7. COMMENTS

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

9. AFFILIATES AND SUBCONTRACTORS

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

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Patel	Bhikhu	Other Principal Officer
2	Patel	Kiran	Other Principal Officer
3	Patel	Subhash	Other Principal Officer
4	Patel	Veena	Other Principal Officer
5	Patel	Prakash	Other Principal Officer
6	Patel	Anila	Other Principal Officer
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			

9. AFFILIATES AND SUBCONTRACTORS

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

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			

9. AFFILIATES AND SUBCONTRACTORS

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

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

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

10. VERIFICATION

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

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

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK

DATE SIGNED

BOS Clerk of the Board



TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: [Real Property Lease – Lombard Hotel Group – Monarch Hotel - 1015 Geary Street – Non-Congregate Temporary Shelter – Initial Annual Base Rent of \$1,597,320]
DATE: February 25, 2025

Resolution approving and authorizing the Director of Property, on behalf of the Department of Homelessness and Supportive Housing, to execute a lease of real property with Lombard Hotel Group, for use of the Monarch Hotel located at 1015 Geary Street for a non-congregate temporary shelter program with 102 units for an initial term of 1 year, to commence upon approval of this Resolution, with four one-year options to extend and an annual base rent of \$1,597,320 with 3% annual increases if the City exercises the options to extend; affirming the Planning Department's determination under the California Environmental Quality Act, and adopting the Planning Department's findings of consistency with the General Plan, and the eight priority policies of the Planning Code, Section 101.1; and authorizing the Director of Property to execute any amendments, options to extend the agreement term, make certain modifications and take certain actions that do not materially increase the obligations or liabilities to the City, do not materially decrease the benefits to the City and are necessary or advisable to effectuate the purposes of the lease agreement or this Resolution.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org