

September 26, 2017

Mr. John Updike
Office of the Director of Real Estate
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

RE: 945 Bryant Street, San Francisco – Letter of Intent

Dear John:

Thank you for your interest in 945 Bryant Street, San Francisco on behalf of the City and County of San Francisco.

This letter of intent outlines the basic business terms and conditions of a proposed lease between the City and County of San Francisco – Adult Probation Department, (as "Tenant") and, BRICKMAN 945 BRYANT LLC, a Delaware limited liability company or its assignee(s) (as "Landlord") at 945 Bryant Street, San Francisco (the "Building").

1. **PREMISES:** Approximately forty-one thousand, seven-hundred forty five (41,745) rentable square feet ("RSF") comprising of the entire three story building, plus parking rights in the Building's on-site parking lot.

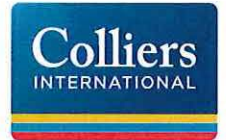
The entire first (1st) floor is approximately 13,016.45 rentable square feet.
The entire second (2nd) floor) is approximately 14,501.23 rentable square feet.
The entire third (3rd) floor is approximately 14,227.84 rentable square feet.

2. **LEASE TERM:** Twenty (20) years
3. **RENT COMMENCEMENT DATE:** Rent shall commence no earlier than July 1, 2018. The Lease would be fully executed by December 31, 2017.

Rent would commence 90 days after delivery of each floor's respective Premises, however, in the case of each of the three floors in the Building, rent shall commence no earlier than July 1, 2018.

The entire first (1st) floor is approximately 13,016.45 rentable square feet. The first (1st) floor is leased through August 1, 2018 and Landlord will use commercially reasonable efforts to deliver these Premises prior to the Tenant's lease expiry date, subject to Tenant's occupancy needs.

The entire second (2nd) floor) is approximately 14,501.23 rentable square feet. The existing tenant in these Premises is currently trying to sublease the second (2nd) floor Premises. Landlord will deliver the second (2nd) floor Premises upon the later of lease execution or existing tenant vacating the Premises, subject to Tenant's occupancy needs.



The entire third (3rd) floor is approximately 14,227.84 rentable square feet. Suite 300 on the third (3rd) floor is leased through October 1, 2019 and Landlord will use commercially reasonable efforts to deliver these Premises prior to the Tenant's lease expiry date. Suite 350 on the third (3rd) floor is leased through October 1, 2020, and Landlord will use commercially reasonable efforts to deliver these Premises prior to the Tenant's lease expiry date, subject to Tenant's occupancy needs.

4. **USE:** The City and County of San Francisco – Adult Probation Department is the targeted potential user for the Building. Landlord acknowledges and accepts that the City and County of San Francisco will be processing probationers in the Building.
5. **ZONING:** Urban Mixed Use (UMU). Subject to confirmation, Public Use is Permitted in a UMU zone.
6. **BASE RENT (NET OF UTILITIES AND JANITORIAL):**

Months 1-12: \$64.00 per rentable square foot, per year, net of utilities and janitorial

Each year thereafter, from year 2 to 10, the Base Rent shall increase by three percent (3%) per annum.

After Year 10, there shall be a Fair Market Value rent reset, per below. After the reset, the base rent shall increase by three percent (3%) per annum.

Fair Market Value shall be defined in the Lease Agreement as the effective rent being paid by a tenant for Class A buildings of comparable location.
7. **BASE YEAR:** Operating expenses and property taxes Base Year shall be 2018.
8. **BASE BUILDING IMPROVEMENTS/TENANT IMPROVEMENTS:** Landlord, shall build out 100% of Tenant's requested Tenant Improvements with its general contractors as per a mutually agreed upon space plan. Landlord will offer Tenant \$30.00 per rentable square foot in Tenant Improvements that will be amortized over the term of the lease at an 8% per annum interest factor.
9. **RIGHT OF SELF-HELP:** Tenant shall have the right of self-help for completing any necessary Tenant Improvements and/or Base Building Improvements throughout the term of the lease. The Right of Self-Help shall be further addressed in the Lease.
10. **PARKING:** Tenant shall lease 33 parking spaces in the lot adjacent to the Building at a rate of \$225.00 per space, per month, increasing at 3% per annum with a FMV reset after Year 10. In the event that Tenant wants to "stack" cars on site, the parking rate could be increased.
11. **DAMAGE AND DESTRUCTION:** To be addressed in the Lease.



12. **ADDITIONAL SERVICES:** Tenant, at its sole cost, shall have the right to request that Landlord perform lease related services or incur additional expenses not covered under the lease that Tenant may require from time to time as requested by the City and County of San Francisco's Real Estate Division. Tenant shall reimburse Landlord for such expenses, at rates agreed-upon in advance, and as they are incurred.
13. **MAINTENANCE REPAIR:** Landlord shall maintain the Premises and the Building in a First Class condition.
14. **ASSIGNMENT AND SUBLET:** Tenant shall have the right to sublease or assign the lease agreement of all or any part of the Premises during the lease or option term with Landlord's prior written consent. Landlord shall be entitled to retain 50% of any net subleasing or assignment profits after subtracting all direct costs associated with the subleasing. The above notwithstanding, use of the space or sublease(s) to any Tenant departments, shall be subject to Landlord's approval. Landlord shall require a recapture right.
15. **BROKERAGE:** Colliers International CA, Inc. is the Landlord's real estate broker in this lease transaction. The City and County of San Francisco represents itself in this lease transaction. Tenant is not responsible for any brokerage fees or commissions to Colliers International with respect to this lease transaction.
16. **SUBORDINATION AND NON DISTURBANCE:** Landlord shall use commercially reasonable efforts to secure a subordination and non-disturbance agreement from its lender(s).
17. **CITY LEASE FORM:** The lease agreement shall be based on City and County of San Francisco standard lease form. The final lease is subject to negotiations with Tenant through its Director of Property, and approval by the City's Director of Property, City Attorney, Board of Supervisors and Mayor, in their respective sole and absolute discretion.
18. **OTHER CITY CLAUSES:** Landlord shall comply with the provisions (as applicable) specified in the San Francisco municipal code.
19. **LANDLORD REPRESENTATIONS:** Landlord represents and warrants that it has good and marketable title to the Premises, that the building ownership knows of no property defects or conditions which would affect the City's intended use of the Premises, and that as of the commencement date of the lease, that the Building and Building Systems will comply with all applicable local, state, and federal laws and regulations.
20. **EXPIRATION:** This proposal shall expire five (5) business days after the date of the proposal at 5:00 PM.

City and Landlord understand and agree that this letter is not intended to be, and shall not become, contractually binding on either City or Landlord and no legal obligation shall exist unless and until City and Landlord have negotiated, executed and delivered a mutually acceptable and authorized Lease Agreement. In addition, Landlord acknowledges and



agrees that under City's Charter no department, commission, officer or employee of City has authority to commit City to the transactions contemplated by this letter unless and until appropriate legislation of City's Board of Supervisors has been duly enacted and approved by the Mayor, each in their respective sole and absolute discretion approving the Lease Agreement and the transactions contemplated thereby and appropriating all necessary funds, in compliance with all applicable laws. The Director of Property, on behalf of City, and Landlord will, attempt in good faith to use the above terms and conditions as the initial base to negotiate and enter into a Lease Agreement in form and content acceptable to each party, in each party's respective sole and absolute discretion.

This proposal has been prepared by Colliers International for informational purposes only. Information contained herein has been obtained from sources deemed reliable and no representation is made as to the accuracy thereof. Colliers International does not guarantee, warrant or represent that the information contained in this document is correct. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers International excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from.

We look forward to working with you toward the successful completion of this real estate requirement. If you have any questions or require any additional information, please do not hesitate to call us.

Sincerely,

John Jensen
Executive Vice President
Colliers International
License Number: 01102014
415-867-1178
john.jensen@colliers.com

APPROVED AND ACCEPTED:

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Tenant: <u>City & County of San Francisco</u>	Landlord: <u>Bridgeton Acquisitions LLC</u>
By: <u>[Signature]</u>	By: <u>[Signature]</u>
Print Name: <u>John Update</u>	Print Name: <u>Atit Jariwala</u>
Its: <u>Director of Property</u>	Its: <u>Manager</u>
<u>9/29/17</u>	<u>9/29/2017</u>