

File No. 101215

Committee Item No. 5

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

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: October 20, 2010

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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

#### OTHER

(Use back side if additional space is needed)

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<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Victor Young

Date: October 15, 2010

Completed by: Victor Young

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

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document is in the file.



1 [Leases of Real Property]

2  
3 **Resolution authorizing the amendment of four existing leases (at 729 Filbert Street, 650**  
4 **Fifth Street, 160 South Van Ness Avenue, and 109 New Montgomery Street) to reduce**  
5 **the rent and extend the lease term for the Department of Public Health, Human Services**  
6 **Agency, and the Department of Child Support Services.**

7  
8 WHEREAS, The City and County of San Francisco, a municipal corporation as Tenant  
9 and William J. Piedmonte, an individual, as Landlord, executed a lease dated July 1, 2003,  
10 authorized by Resolution 379-03 for Premises consisting of 11,067 sq. ft. at the property  
11 commonly known as the entire three story building at 729 Filbert Street for the Department of  
12 Public Health; and

13 WHEREAS, The City currently pays \$290,614.32 per year (approximately \$26.26 psf)  
14 in monthly payments of \$24,217.86 as Base Rent for the 729 Filbert Street Premises; and

15 WHEREAS, The current Lease for 729 Filbert Street expires on June 30, 2013; and

16 WHEREAS, The City and County of San Francisco, a municipal corporation as Tenant  
17 and Townsend Associates, LLC, a California limited liability company, as Landlord, executed  
18 a lease dated June 1, 2007, authorized by Resolution 423-07 for Premises consisting of 3,060  
19 sq. ft. at the property commonly known as suite 307 -309 at 650 Fifth Street for the  
20 Department of Public Health; and

21 WHEREAS, The City currently pays \$83,700.00 per year (approximately \$27.35 psf) in  
22 monthly payments of \$6,975.00 as Base Rent for the 650 Fifth Street Premises; and

23 WHEREAS, The current Lease for 650 Fifth Street expires on June 30, 2012; and  
24  
25

1           WHEREAS, The City and County of San Francisco, a municipal corporation as Tenant  
2 and Stuart B. and Myrna J. Aronoff Revocable Trust and Trudy Cohn, as Tenants in Common,  
3 collectively as Landlord, executed a lease dated July 31, 2009, authorized by Resolution 305--  
4 09 for Premises consisting of 15,000 sq. ft. at the building commonly known as 160 South Van  
5 Ness Avenue for the Human Services Agency; and

6           WHEREAS, The City currently pays \$360,975.96 per year (approximately \$24.07 psf)  
7 in monthly payments of \$30,081.33 for Base Rent through August 31, 2013 and beginning  
8 September 1, 2013 is scheduled to pay \$370,000.32 per year (approximately \$24.67 psf) in  
9 monthly payments of \$30,833.36 through the end of the term for Base Rent for 160 South Van  
10 Ness Avenue Premises; and

11           WHEREAS, The current Lease for 160 South Van Ness Ave. expires on August 31,  
12 2016; and

13           WHEREAS, The City and County of San Francisco, a municipal corporation as Tenant  
14 and Edward J. Conner and Douglas G. Moore, Co-Trustees Under the Conner Children Trust  
15 No. 2, collectively as Landlord, executed a lease dated December 19, 1994 which has been  
16 subsequently extended with the last extension authorized by Resolution 438-07 for Premises  
17 consisting of 33,998 sq. ft. at the building commonly known as 109 New Montgomery Street  
18 and also known as 617 Mission Street for the Department of Child Support Services; and

19           WHEREAS, The City currently pays \$952,968.00 per year (approximately \$28.03 psf)  
20 in monthly payments of \$79,414.00 for Base Rent for 109 New Montgomery Street Premises;  
21 and

22           WHEREAS, The current Lease for 109 New Montgomery St. expires on July 31, 2012;  
23 and

24           WHEREAS, The Mayor instituted the Helping SF program which solicited a reduction  
25 in City costs from vendors of the City to help reduce the budget deficit; and

1           WHEREAS, The Real Estate Division instituted a similar program which solicited a  
2 reduction in City rents from Landlords of City leases; and

3           WHEREAS, The Landlords at 729 Filbert St., 160 South Van Ness Ave., and 109 New  
4 Montgomery are willing to modify their existing lease agreements; and

5           WHEREAS, The amendment of the above leases of real property is subject to  
6 enactment of a resolution by the Board of Supervisors and the Mayor, in their respective sole  
7 and absolute direction, approving and authorizing such amendment; now, therefore, be it

8           RESOLVED, That in accordance with the recommendation of the Directors of the  
9 Department of Public Health, Human Services Agency and the Department of Child Support  
10 Services and the Director of Property, the Director of Property is hereby authorized to take all  
11 actions on behalf of the City and County of San Francisco, as tenant, to amend the leases for  
12 the buildings commonly known as 729 Filbert Street, 650 Fifth St., 160 South Van Ness Ave.,  
13 and 109 New Montgomery Street, San Francisco, California (copies of the lease amendments  
14 are on file with the Clerk of the Board) with each Landlord, on the terms and conditions set  
15 forth herein, and on a form approved by the City Attorney; and, be it

16           FURTHER RESOLVED, That the Lease amendment for 729 Filbert St. shall reduce the  
17 current monthly Base Rent from \$24,217.86 (approximately \$2.19 per square foot) to  
18 \$23,006.97 per month (approximately \$2.08 per square foot) (an approximate 5% rent  
19 reduction) and extend the term of the Lease from June 30, 2013 to June 30, 2018 (a 5 year  
20 extension); and, be it

21           FURTHER RESOLVED, That the Lease amendment for 650 Fifth St. shall reduce the  
22 current monthly Base Rent from \$6,975.00 (approximately \$2.28 per square foot) to \$6,626.25  
23 per month (approximately \$2.17 per square foot) (an approximate 5% rent reduction) and  
24 extend the term of the Lease from June 30, 2012 to June 30, 2013 (a 1 year extension); and,  
25 be it

1 FURTHER RESOLVED, That the Lease amendment for 160 South Van Ness Ave.  
2 shall reduce the monthly Base Rent from \$30,081.33 (approximately \$2.01 per square foot) to  
3 \$28,500.00 (approximately \$1.90 per square foot) until August 31, 2013 and then from  
4 \$30,833.36 (approximately \$2.06 per square foot) to \$29,300.00 (approximately \$1.95 per  
5 square foot) from September 1, 2013 to the new lease expiration of August 31, 2017 (an  
6 approximate 5% rent reduction) and extend the term of the Lease from August 31, 2016 to  
7 August 31, 2017 (a 1 year extension); and, be it

8 FURTHER RESOLVED, That the Lease amendment for 109 New Montgomery St. shall  
9 reduce the monthly Base Rent from \$79,414.00 (approximately \$2.34 per square foot) to  
10 \$75,443.30 per month (approximately \$2.22 per square foot) (an approximate 5% rent  
11 reduction) and extend the term of the Lease from July 31, 2012 to December 31, 2014 (a 2  
12 1/2 year extension); and, be it

13 FURTHER RESOLVED, That the Leases shall continue to include the lease clause,  
14 indemnifying, holding harmless, and defending Landlord and its agents from and against any  
15 and all claims, costs and expenses, including without limitation, reasonable attorneys' fees,  
16 incurred as a result of any default by the City in the performance of any of its material  
17 obligations under the Lease, or any negligent acts or omissions of the City or its agents, in,  
18 on, or about the Premises or the property on which the Premises are located, excluding those  
19 claims, costs and expenses incurred as a result of the negligence or willful misconduct of the  
20 Landlord or its agents; and, be it

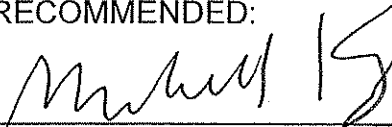
21 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City  
22 with respect to such Lease amendments are hereby approved, confirmed and ratified; and, be  
23 it

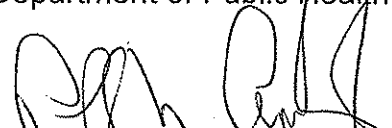
24 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
25 Property to enter into any amendments or modifications to the Lease amendments (including,

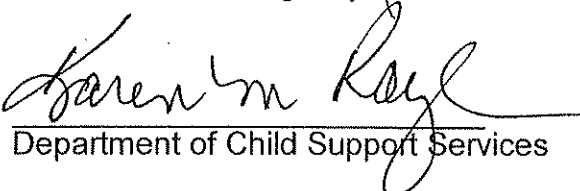
1 without limitation, the exhibits) that the Director of Property determines, in consultation with  
2 the City Attorney, are in the best interest of the City, do not increase the rent or otherwise  
3 materially increase the obligations or liabilities of the City, are necessary or advisable to  
4 effectuate the purposes of the Lease renewal or this resolution, and are in compliance with all  
5 applicable laws, including the City Charter; and, be it

6 FURTHER RESOLVED, That the City shall continue to occupy the entire Premises for  
7 the full term of each of the Leases unless funds for each of the Departments' rental payments  
8 are not appropriated in any subsequent fiscal year at which time the City may terminate the  
9 Lease with advance notice to Landlord. Said Lease shall be subject to certification as to  
10 funds by the Controller, pursuant to Section 6.302 of the City Charter.

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12 RECOMMENDED:

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14 Department of Public Health

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16 Human Services Agency

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19 Department of Child Support Services

20  
21   
22 Director of Property  
23 Real Estate Division

24  
25  
\*\*Real Estate Division\*\*

BOARD OF SUPERVISORS

**Item 5**  
**File 10-1215**

**Departments:**

Real Estate Division,  
Department of Public Health (DPH),  
Human Services Agency (HSA), and  
Department of Child Support Services (DCSS)

**EXECUTIVE SUMMARY****Legislative Objective**

- Resolution authorizing the amendment of four existing leases to reduce the rent and extend the lease terms for (a) two leases for the Department of Public Health (DPH) at 729 Filbert Street and 650 Fifth Street, (b) one lease for the Human Services Agency (HSA) at 160 South Van Ness Avenue, and (c) one lease for the Department of Child Support Services (DCSS) at 109 New Montgomery Street.

**Key Points**

- Currently, various City departments lease space from private lessors in San Francisco to provide City operations and services. In response to the projected FY 2010-2011 budgetary shortfalls, in April of 2010, the Real Estate Division contacted 94 private lessors, who lease space to City departments, to request reductions in existing City rents. In response, four private lessors agreed to reduce rents and extend lease terms with the City. The proposed amended leases would also include new provisions for additional services, compliance with recent City laws, and contact information.

**Fiscal Impacts**

- The proposed resolution would result in projected annual savings of approximately five percent for each of the four leases, including (a) \$14,530 for DPH from 729 Filbert Street, (b) \$4,188 for DPH from 650 Fifth Street, (c) \$18,976 for HSA from 160 South Van Ness, and (d) \$47,652 for DCSS from 109 New Montgomery, or a total annual savings of \$85,346. Based on the funding sources for each lease, the total \$85,346 savings realized should result in an annual estimated savings of \$28,206 for the City's General Fund. Based on an effective date of December 1, 2010 for three of these leases and an effective date retroactive to July 1, 2010 for one lease, the FY 2010-2011 savings would be \$51,530. Each of the four leases would be extended between one year and five years.

**Recommendation**

- Approve the proposed resolution.



## MANDATE STATEMENT & BACKGROUND

### Mandate Statement

In accordance with Section 23.27 of the City's Administrative Code, except as otherwise provided in the City's Charter or Administrative Code, the Board of Supervisors must approve leases, in which the City is the lessee, by resolution. Section 23.27 also specifies that the head of the department concerned with the lease recommend approval to the Board of Supervisors and the Director of Property execute such leases on behalf of the City, or as otherwise directed by resolution of the Board of Supervisors.

### Background

Currently, various City departments lease space from private lessors in San Francisco to provide City operations and services. In April of 2010, in response to the projected FY 2010-2011 budgetary shortfalls, the Real Estate Division contacted 94 private lessors<sup>1</sup> who lease space to the City to request reductions in existing rents. Of the 94 private lessors contacted, only four agreed to reduce existing rents paid by the City.

Table 1 on the next page identifies the four existing leases with the Department of Public Health (DPH), the Human Services Agency (HSA) and the Department of Child Support Services (DCSS), in which the lessors have agreed to reduce rents and extend the terms, under the proposed resolution.

The DPH space at 729 Filbert Street is used for an outpatient mental health clinic to serve Chinatown and North Beach residents. The DPH space at 650 Fifth Street is used to provide administrative support for medical, psychiatric and substance abuse health services to inmates in San Francisco's jails. The HSA space at 160 South Van Ness is used for administrative offices for HSA's Investigations Division. The DCSS space at 109 New Montgomery (also referred to as 617 Mission Street) is used for DCSS's main offices to meet with clients and provide State-mandated services to San Francisco residents with child support issues.

According to Mr. Dunn, under the existing four leases, the private lessors provide all building operating services, except for janitorial and utilities services at 729 Filbert Street and 160 South Van Ness Avenue, and except for electrical services at 109 New Montgomery Street and 650 Fifth Street.

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<sup>1</sup> According to Mr. Charlie Dunn, Senior Real Property Officer, of the Real Estate Division, the City currently leases approximately 1.4 million square feet from 94 private lessors with rents that exceed \$1,000 per month. Mr. Dunn advised that the City did not contact public agency landlords, such as the San Francisco Unified School District (SFUSD) or the California Department of Transportation (Caltrans), nor private lessors which are paid less than \$1,000 per month in rent regarding such rent reductions.

**Table 1: Four Existing Private Leases with City as Tenant**

Department	DPH	DPH	HSA	DCSS
Address	729 Filbert Street	650 Fifth Street	160 South Van Ness	109 New Montgomery
Lessor	William Piedmonte	Townsend Associates	Aronoff Trust & Cohn	Conner Trust
Square Feet	11,067	3,060	15,000	33,998
Current Annual Rent	\$290,614 <sup>2</sup>	\$83,700	\$360,976 <sup>3</sup>	\$952,968
Current Rent/Sq. Ft./Year	\$26.26	\$27.35	\$24.07	\$28.03
Existing Term	7/1/03 – 6/30/13	6/1/07 – 6/30/12	9/1/09 – 8/31/16	12/19/94 – 7/31/12

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize amendments to reduce the rent and extend the lease terms on four existing City leases: (1) Department of Public Health at 729 Filbert Street; (2) Department of Public Health at 650 Fifth Street; (3) Human Services Agency at 160 South Van Ness; and (4) Department of Child Support Services at 109 New Montgomery Street.

In accordance with Section 23.27 of the City's Administrative Code, the Directors of the Department of Public Health, Human Services Agency and the Department of Child Support Services recommend approval of these amendments to reduce the rent and extend the terms for the subject leases. In addition, the proposed resolution authorizes the Director of Property to take all actions necessary to execute the specified amendments to the existing four subject leases, in accordance with Section 23.27 of the Administrative Code.

Table 2 below summarizes the main rent and term provisions in the four proposed leases.

<sup>2</sup> Under the existing lease at 729 Filbert Street, effective July 1, 2011 and adjusted annually thereafter in July, the annual rent would be increased a minimum of 2% and a maximum of 5%, based on the Consumer Price Index for all Urban Consumers in the San Francisco Bay Area, as published by the Department of Labor.

<sup>3</sup> Under the existing lease at 160 South Van Ness, the HSA's annual rent is scheduled to increase to \$370,000 effective September 1, 2013 through August 31, 2016.

**Table 2: Four Proposed Private Leases with City as Tenant**

Department	DPH	DPH	HSA	CSS
Address	729 Filbert Street	650 Fifth Street	160 South Van Ness	109 New Montgomery
Lessor	William Piedmonte	Townsend Associates	Aronoff Trust & Cohn	Conner Trust
Square Feet	11,067	3,060	15,000	33,998
Proposed Annual Rent	\$276,084 <sup>4</sup>	\$79,515 <sup>5</sup>	\$342,000 <sup>6</sup>	\$905,316
Proposed Rent/Sq. Ft./Year	\$24.95	\$25.99	\$22.80	\$26.63
Proposed Term	7/1/03 – 6/30/18	6/1/07 – 6/30/13	7/31/09 – 8/31/17	12/19/94 – 12/31/14

The proposed leases would also be amended to require (a) the landlords to provide additional services, maintenance or renovations as reasonably requested by the City, and the City would reimburse the landlord for such actual expenses, (b) compliance with various recent City laws, such as the provisions in the Sunshine Ordinance, Resource Efficient City Buildings, Conflicts of Interest, Limitations on Contributions, Preservative-Treated Wood Containing Arsenic, and (c) various minor changes to update contact information.

In addition, the proposed lease at 109 New Montgomery would be amended to provide an option for the City to terminate 9,539 square feet of space on the 4<sup>th</sup> floor of this building without cost or penalty effective July 31, 2012, which is the termination date of the existing lease. The proposed 109 New Montgomery lease amendment would also provide the City with one five year option to extend the lease from January 1, 2015 through December 31, 2019, with Board of Supervisors approval, at 95 percent of the prevailing market rate.

<sup>4</sup> Under the proposed lease amendment at 729 Filbert Street, this annual rental rate would be in effect until June 30, 2011. Effective July 1, 2011 and adjusted annually thereafter in July, the annual rent would be increased a minimum of 2% and a maximum of 5%, based on the Consumer Price Index for all Urban Consumers in the San Francisco Bay Area, as published by the Department of Labor.

<sup>5</sup> Under the proposed lease amendment for 650 Fifth Street, this reduced rent rate would be applied retroactively to July 1, 2010, such that, if the proposed resolution is approved, the City would calculate any overpayments made since July 1, 2010 and adjust future monthly payments accordingly.

<sup>6</sup> Under the proposed lease amendment for 160 South Van Ness, the rates shown in the table would be in effect until August 31, 2013. Commencing September 1, 2013 through the remaining proposed term or August 31, 2017, the rent would increase to \$351,600 annually or \$23.44 per square foot per year.

## FISCAL IMPACTS

Table 3 below identifies the proposed lease extensions and compares the existing annual rents and the proposed annual rents to show projected savings of approximately five percent for each of the four leases, including (a) \$14,530 for DPH from 729 Filbert Street, (b) \$4,188 for DPH from 650 Fifth Street, (c) \$18,976 for HSA from 160 South Van Ness, and (d) \$47,652 for CSS from 109 New Montgomery, or a total annual savings of \$85,346.

As shown in Table 3 below, under the proposed lease amendments, each of the four leases would be extended between one year and five years.

Table 3: Comparison of Existing and Proposed Annual Rents

Department	DPH	DPH	HSA	CSS
Address	729 Filbert Street	650 Fifth Street	160 South Van Ness	109 New Montgomery
Proposed Lease Extensions	Five Years	One Year	One Year	Two Years, Five Months
Square Feet	11,067	3,060	15,000	33,998
Existing Annual Rent	\$290,614	\$83,700	\$360,976	\$952,968
Proposed Annual Rent	276,084	79,512	342,000	905,316
Annual Savings*	\$14,530	\$4,188	\$18,976	\$47,652
Percent Savings	5.0%	5.0%	5.3%	5.0%

\*Total Annual Savings of \$85,346.

The projected savings would be effective upon approval of the proposed resolution by the Board of Supervisors, or approximately December 1, 2010, excluding the 650 Fifth Street lease which would be retroactive to July 1, 2010. Therefore, given a total projected annual savings of \$85,346, if the proposed savings are implemented effective December 1, 2010 for three of the subject leases, and July 1, 2010 for the 650 Fifth Street lease, these three City departments will realize a total savings of approximately \$51,530 in FY 2010-2011.

According to Mr. Dunn, the rent savings of \$4,188 for the 650 Fifth Street property is retroactive back to July 1, 2010 and was factored into the Department of Public Health's FY 2010-2011 budget. However, Mr. Dunn advises that the savings from the three other leases (729 Filbert, 160 South Van Ness and 109 New Montgomery) were not factored into the City department's FY 2010-2011 budgets.

In terms of funding sources, (a) the two DPH leases are fully funded by the City's General Fund, (b) the one HSA lease is funded approximately 50 percent by the City's General Fund, with the remaining approximately 50 percent funded with non-General Fund sources, and (c) the DCSS lease is funded with approximately 34 percent State funds and 66 percent Federal funds. Therefore, the total annual rent savings of \$85,346 should result in an estimated annual savings of \$28,206 for the City's General Fund.

## RECOMMENDATION

Approve the proposed resolution.

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> (Please print clearly.)	
Name of City elective officer(s):  Members, SF Board of Supervisors	City elective office(s) held:  Members, SF Board of Supervisors

<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: <b>STUART B. AND MYRNA J. ARONOFF REVOCABLE TRUST and TRUDY COHN</b>	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. <b>STUART B. ARONOFF</b> <b>MYRNA J. ARONOFF</b> <b>TRUDY COHN</b>	
Contractor address: <b>2652 Pierce Street, San Francisco, CA 94123</b>	
Date that contract was approved:	Amount of contract: <b>Base Rent of \$28,500 per month to August 31 2013 then \$29,300 per month per month through August 31, 2017</b>
Describe the nature of the contract that was approved: <b>Amendment of an existing lease</b>	
Comments:	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: 1 Dr. Carlton B Goodlett Pl Room 244, SF CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s):  ; Members, SF Board of Supervisors	City elective office(s) held:  Members, SF Board of Supervisors
<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>TOWNSEND ASSOCIATES, LLC</b>	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. <b>Teranomics is the managing agent of Townsend Associates LLC. Mark Seiler is the managing member of Townsend Associates, LLC. Additional managing member is Merritt Sher</b>	
Contractor address: <b>580 Second St, #260, Oakland CA 94607</b>	
Date that contract was approved:	Amount of contract: <b>Base Rent of \$6,626.25 per month through June30, 2013</b>
Describe the nature of the contract that was approved: <b>Amendment of an existing lease</b>	
Comments:	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: <b>Angela Calvillo, Clerk of the Board</b>	Contact telephone number: <b>(415) 554-5184</b>
Address: <b>1 Dr Carlton B Goodlett Pl, Room 244 SF CA 94102</b>	E-mail: <b>Board.of.Superivisors@sfgov.org</b>

\_\_\_\_\_  
Signature of City Elective Officer (if submitted by City elective officer)

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

\_\_\_\_\_  
Date Signed

**FORM SFEC-126:  
NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> <i>(Please print clearly.)</i>	
Name of City elective officer(s):  Members, SF Board of Supervisors	City elective office(s) held:  Members, SF Board of Supervisors

<b>Contractor Information</b> <i>(Please print clearly.)</i>	
Name of contractor: <b>William J. Piedmonte</b>	
<i>Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary.</i> <b>William J. Piedmonte</b>	
Contractor address: <b>555 Laurel Ave, #525 San Mateo CA 94401</b>	
Date that contract was approved:	Amount of contract: <b>Base Rent of \$23,006.97 per month through June 30, 2018</b>
Describe the nature of the contract that was approved: <b>Amendment of an existing lease</b>	
Comments:	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits  
  
Print Name of Board

<b>Filer Information</b> <i>(Please print clearly.)</i>	
Name of filer: <b>Angela Calvillo, Clerk of the Board</b>	Contact telephone number: <b>(415) 554-5184</b>
Address: <b>1 Dr. Carlton B Goodlett Pl Room 244, SF CA 94102</b>	E-mail: <b>Board.of.Supervisors@sfgov.org</b>

_____ Signature of City Elective Officer (if submitted by City elective officer)	_____ Date Signed
_____ Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)	_____ Date Signed



**FORM SFEC-126:  
NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> (Please print clearly.)	
Name of City elective officer(s):  ; Members, SF Board of Supervisors	City elective office(s) held:  Members, SF Board of Supervisors

<b>Contractor Information</b> (Please print clearly.)	
Name of contractor: <b>EDWARD J. CONNER AND DOUGLAS G. MOORE, Co-Trustees Under the Conner Children Trust No. 2</b>	
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. <b>Edward J Conner &amp; Donald M Gregory are managing directors of the Trust</b>	
Contractor address: <b>27 Maiden Lane #250, San Francisco CA 94108</b>	
Date that contract was approved:	Amount of contract: <b>Base Rent of \$75,443.30 per month through December 31, 2014</b>
Describe the nature of the contract that was approved: <b>Amendment of an existing lease</b>	
Comments:	

This contract was approved by (check applicable):

- the City elective officer(s) identified on this form ( )
- a board on which the City elective officer(s) serves San Francisco Board of Supervisors  
Print Name of Board
- the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer: <b>Angela Calvillo, Clerk of the Board</b>	Contact telephone number: <b>(415)554-5184</b>
Address: <b>1 Dr. Carlton B Goodlett Pl, RM 244, SF CA 94102</b>	E-mail: <b>Board.of.supervisors@sfgov.org</b>

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed



Amy L. Brown  
 Director of Real Estate

RECEIVED  
 BOARD OF SUPERVISORS  
 SAN FRANCISCO  
 2010 SEP 20 AM 8:07

BY                      *PZ*



September 13, 2010

**Amendment of Leases of Real Property**  
 650 5<sup>th</sup> St (DPH)  
 729 Filbert Street (DPH)  
 109 New Montgomery Street (DCSS)  
 160 South Van Ness Avenue (HSA)

Through Edwin Lee,  
 City Administrator

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

Dear Board Members:

Attached for consideration is a Resolution authorizing the amendment of four (4) leases to reduce City paid rents and extend the lease terms.

Near the end of last fiscal year, the Real Estate Division contacted each of the third party Landlords where the City leases a substantial amount of space seeking help with San Francisco's budget deficit. After consulting with the affected departments, it was determined that modification of three City as Tenant leases were in the City's best interests. Those leases are:

Department	Address	Premises	First Year Savings
DPH	729 Filbert St	11,067 sq. ft.	\$14,530.68
DPH	650 5 <sup>th</sup> St.	3,060 sq. ft	\$4,185.00
DCSS	109 New Montgomery/617 Mission St	33,998 sq. ft.	\$47,648.40
HSA	160 South Van Ness Ave	15,000 sq. ft.	\$18,975.96
TOTAL First Year Savings			<b>\$85,340.04</b>

### DPH/ 729 Filbert Street

The Department of Public Health (DPH) has occupied 729 Filbert Street since 1993 for use as an outpatient mental health clinic serving the Chinatown and North Beach area residents. According to DPH, the 729 Filbert Street facility is essential to providing services to these communities, works well for staff and would be difficult and costly to relocate into another suitable facility.

The DPH lease modification extends the lease for 5 years beyond the current June 30, 2013 lease expiration and reduces the current rent by \$14,530.68 per year or approximately 5% (\$24,217.86 per month or approximately \$2.19 per square foot to \$23,006.97 per month or approximately \$2.08 per square foot).

### DPH/ 650 Fifth Street

The Department of Public Health (DPH) has occupied 650 Fifth Street since 1999 to provide comprehensive and integrated medical, psychiatric, and substance abuse health services to inmates in San Francisco jails. According to DPH, Jail Health Services at the 650 Fifth Street facility is an essential program and is court mandated.

The DPH lease modification extends the lease for 1 year beyond the current June 30, 2012 lease expiration and reduces the current rent by \$4,185.00 per year or approximately 5% (\$6,975.00 per month or approximately \$2.28 per square foot to \$6,626.25 per month or approximately \$2.17 per square foot).

### DCSS/109 New Montgomery Street

The Department of Child Support Services (DCSS) has occupied 109 New Montgomery/617 Mission St since 1995 for use as their main offices for the provision of mandated services to San Francisco residents with child support issues. According to DCSS, the 109 New Montgomery St. facility is essential to providing its mandated services, works well for staff and would be difficult and costly to relocate into another suitable facility.

The DCSS lease modification extends the lease for 2.5 years beyond the current July 31, 2012 lease expiration and reduces the current rent by \$47,648.40 per year or approximately 5% (from \$79,414.00 per month or approximately \$2.34 per square foot to \$75,443.30 per month or approximately \$2.22 per square foot).

### HSA/160 South Van Ness Avenue

The Human Services Agency (HSA) has occupied 160 South Van Ness Ave. since 1999 for its Investigations Division. According to HSA, the 160 South Van Ness Ave. facility also works well for staff and would be difficult and costly to relocate into other suitable facilities.

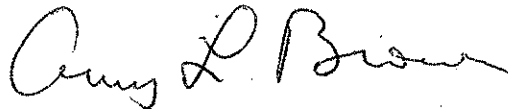
The HSA lease modification extends the lease for 1 year beyond the current August 31, 2016 lease expiration (the lease was extended in late 2009) and reduces the current rent by \$18,975.96 per year or approximately 5% (from \$30,081.33 or approximately \$2.01 per square foot to \$28,500.00 or approximately \$1.90 per square foot until August 31, 2013 and then from \$30,833.36 or approximately \$2.06 per square foot to \$29,300.00 or approximately \$1.95 per square foot from September 1, 2013 to the new lease expiration of August 31, 2017 also an approximate 5% rent reduction).

Summary

Since the lease modifications will provide immediate financial relief to the City and extension of the lease terms are in the best interests of the affected City Departments, we recommend approval of the proposed lease amendments.

If you have any questions regarding this matter, please contact Charlie Dunn of our office at 554-9861.

Very Truly Yours,



Amy L. Brown  
Director of Property

cc: Dr. Mitch Katz, Director, DPH  
Trent Rhorer, Director, HSA  
Karen Roye, Director, DCSS

FIRST AMENDMENT TO LEASE

**109 NEW MONTGOMERY STREET**

This First Amendment to Lease (this "**Amendment**"), dated as of July \_\_, 2010 for reference purposes (the "**Amendment Reference Date**"), is made by and between the EDWARD J. CONNER AND DOUGLAS G. MOORE, Co-Trustees Under the Conner Children Trust No. 2 (collectively, "**Landlord**"); and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**").

RECITALS

A. Landlord and City are parties to that certain Office Lease dated as of December 19, 1994 and extended pursuant to letters dated as of April 30, 2007 and February 11, 2002 (collectively, the "**Lease**"), pursuant to which Landlord leased to City the premises described in the Lease, and more commonly known as a portion of 109 New Montgomery Street, San Francisco and also known as 617 Mission Street. The leased Premises consists of approximately 33,998 rentable square feet. The Lease term, as extended, expires on July 31, 2012.

B. Landlord and City desire to make certain modifications amending the Lease as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Effective Date. This Amendment shall become effective on, and the Lease shall be amended as of, the date (the "**First Amendment Effective Date**") that is the later of
  - (a) The date Landlord and City have executed and exchanged this Amendment and
  - (b) The date City's Mayor and Board of Supervisors enact a resolution approving this Amendment at their respective sole and absolute discretion in accordance with City's Charter and any other applicable laws (the "**Board of Supervisors Approval**").

In the event that the Board of Supervisors Approval has not occurred by December 31, 2010, Landlord shall have the right to terminate this Amendment. In the event that Landlord exercises such right, the parties shall have no rights or obligations under this Amendment.

2. Definitions. Capitalized terms not otherwise defined in this Amendment have the meanings set forth in the Lease.
3. Amendment of Section 1: Basic Lease Information. Section 1 of the Lease entitled "Basic Lease Information" is amended as follows:

(a) The subparagraph entitled "Term (Article 3)" is amended by deleting the date "August 31 2002" that follows the words " Expiration Date" and replacing the deleted language with:

*December 31, 2014:*

(b) The subparagraph entitled "Base Rent (Section 4.1)" is amended to add the following language to the end of the existing language:

*Commencing on the First Amendment Effective Date, the Annual Base Rent for the Premises shall be \$905,319.60 per year (\$26.63 per square foot) and the Monthly Base Rent payment shall be \$75,443.30 per month (\$2.22 per square foot).*

(c) The subparagraph entitled "Notice Address for Tenant (Section 23.1)" is amended as follows:

(i) Delete the phrase "Attn: Anthony J. Delucci" and replace the deleted language with the following:

*Attn: Amy L. Brown, Director*

and

(ii) Delete the addressee immediately following the words "with a copy to" and replace the deleted language with the following addressee:

*Department of Child Support Services  
Attn. Director  
617 Mission Street, 2<sup>nd</sup> floor  
San Francisco, CA 94105  
Fax No.: (415) 356-2789*

and

(iii) Delete the addressee immediately following the words "and to" and replace the deleted language with the following addressee:

*Office of the City Attorney  
City Hall, Room 234  
Attn: Richard Handel, Deputy City Attorney  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Fax No.: (415) 554-4755*

(d) The subparagraph entitled "Key Contact for Tenant" is amended to read:

*Karen Roye, Director*

(e) The subparagraph entitled "Telephone No." that immediately follows the subparagraph entitled "Key Contact for Tenant" is amended to read:

(415) 356-2919

4. Amendment of Section 2.1: Leased Premises. Section 2.1 is amended by adding the following language to the end of the Section:

*Provided that City is not then in default hereunder beyond any applicable cure period, City may reduce the scope of the Premises effective July 31, 2012 or afterwards by terminating this Lease with respect to the fourth floor portion of the Premises consisting of 9,593 square feet without cost or penalty. City may exercise such termination right by giving Landlord written notice at least two hundred ten (210) days prior to the effective date of such termination. Upon the effective date of such termination, City's obligations to pay Base Rent, City's Percentage Share, and Additional Charges shall be proportionately reduced.*

5. Clarifying Amendment of Section 3.1: Term of Lease. Section 3.1 is amended by adding the following language to the end of the Section:

*The initial Extended Term provided for by the First Amendment that will commence on /the First Amendment Effective Date and expire on December 31, 2014 (the "First Amendment Extended Term") may be further extended as provided in Section 3.4.*

6. Clarifying Amendment of Section 3.4: Extension Option. Section 3.4 is amended by adding the following language to the end of the Section:

*City shall have one (1) further right to extend the term of the Lease beyond the First Amendment Extended Term for a period of five (5) years commencing on January 1, 2015 and expiring on December 31 2019 (the "First Amendment Second Extended Term") pursuant to the terms and conditions of Section 3.4, except that the sixty (60)-day period provided for in Section 3.4 for the enactment of a resolution by the Board of Supervisors and the Mayor shall begin upon the date the Base Rent for the First Amendment Second Extended Term is determined pursuant to the procedures stated in Section 4.3.*

7. Amendment of Section 4.3 – Base Rent during First Amendment Second Extended Term. Section 4.3, Base Rent during Extended Term shall be deleted in its entirety and replaced with the following:

*At the commencement of the First Amendment Second Extended Term, the Base Rent shall be adjusted to equal ninety five (95%) of the prevailing market rate for space of comparable size and location to the Premises then being offered for rent in other buildings similar in age, location, and quality to the Premises situated within the Central business District of San Francisco ("Reference Area"); provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to the commencement of such Extended Term. As used herein, the term "prevailing market rate" shall mean the base rental for such comparable space, taking into account all factors to make such spaces comparable to the Leased Premises, including but not limited to (i) any additional rental and all other payments and escalations payable hereunder, (ii) floor location and size of the premises covered by*

leases of such comparable space, (iii) the duration of the renewal term and the term of such comparable leases, (iv) free rent given under such comparable leases and any other tenant concessions, and (v) building standard tenant improvement allowances and other allowances given under such comparable leases.

Within thirty (30) days following City's exercise of the extension option for the First Amendment Second Extended Term, Landlord shall notify City of Landlord's determination of the prevailing market rate for the Premises along with comparable lease transactions used to make such Landlord's determination. If City disputes Landlord's determination of the prevailing market rate, City shall so notify Landlord within fourteen (14) days following Landlord's notice to City of the prevailing market rate and such dispute shall be resolved as follows:

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

(b) If within this thirty (30)-day period Landlord and City cannot reach agreement as to the prevailing market rate, they shall each select one commercial real estate agent to determine the prevailing market rate. Each such agent shall arrive at a determination of the prevailing market rate and submit his or her conclusions to Landlord and City within thirty (30) days of the expiration of the thirty (30) day consultation period described in (a) above.

(c) If only one appraisal is submitted within the requisite time period, it shall be deemed to be the prevailing market rate. If both appraisals are submitted within such time period, and if the two appraisals so submitted differ by less than ten percent (10%) of the higher of the two, then the average of the two shall be the prevailing market rate. If the two appraisals differ by more than ten percent (10%) of the higher of the two, then the two agents shall immediately select a third agent who will within thirty (30) days of his or her selection shall select one or the other determination as the prevailing market rate and submit such determination to Landlord and City. This selection shall be the prevailing market rate.

(d) If the two agents fail to appoint a third, within ten (10) days after demand by either party, the necessary agent shall be appointed by the San Francisco Superior Court or, in its failure or refusal to act, the then Dean of the Graduate School of Business of the University of California at Berkeley.

(e) All agents specified above shall have not less than five (5) years' experience leasing commercial properties similar to the Premises in the central business district area of San Francisco. Landlord and City shall pay the cost of the agent selected by such party. If a third agent is required, the party whose determination was not selected shall pay the cost of the third agent.

8. Addition of Section 23.30: Sunshine Ordinance. The Lease is further amended by adding the following language as (new) Section 23.30:

23.30 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded.



*Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement, or other benefit until and unless that person or organization is awarded the contract, lease, agreement, or benefit. Information provided that is covered by this Section will be made available to the public upon request.*

9. Addition of Section 23.31: Resource-Efficient City Buildings and Pilot Projects. The Lease is further amended by adding the following language as (new) Section 23.31:

*23.31 Resource-Efficient City Buildings and Pilot Projects. Landlord acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Landlord hereby agrees that it shall comply with all applicable provisions of such code sections while this Lease is in effect. Tenant is accepting the Premises and the Building in their "as is" condition. In the event that Landlord is required to perform work or services to comply with such Environment Code sections, Landlord shall perform the same and City shall promptly reimburse Landlord for the reasonable and actual costs incurred by Landlord.*

10. Addition of Section 23.32: Conflicts of Interest. The Lease is further amended by adding the following language as (new) Section 23.32:

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

11. Addition of Section 23.33: Notifications of Limitations on Contributions. The Lease is further amended by adding the following language as (new) Section 23.33:

*23.33 Notifications of Limitations on Contributions. Through its execution of this Lease, Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with City for the selling or leasing of any land or building to or from City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.*

12. Addition of Section 23.34: Preservative-Treated Wood Containing Arsenic. The Lease is further amended by adding the following language as (new) Section 23.34:

*23.34 Preservative-Treated Wood Containing Arsenic. As of July 1, 2003, Landlord may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code, Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a*

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

### 13 Miscellaneous.

13.1 Reference. No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended by this Amendment.

13.2 No Other Amendment. Except as expressly amended as provided herein, the Lease shall continue unmodified and remain in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement between Landlord and City and may not be modified except by an instrument in writing signed by the party to be charged. In the event of any conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall control.

13.3 Applicable Law. This Amendment shall be governed by, construed, and enforced in accordance with the laws of the State of California.

13.4 Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL A RESOLUTION OF CITY'S BOARD OF SUPERVISORS AND MAYOR HAS BEEN DULY ENACTED APPROVING THIS AMENDMENT AND AUTHORIZING CONSUMMATION OF THE MATTERS CONTEMPLATED HEREIN. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ENACTMENT OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL BE NULL AND VOID UNLESS CITY'S BOARD OF SUPERVISORS AND MAYOR APPROVE THIS AMENDMENT IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS AMENDMENT BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

IN WITNESS WHEREOF, Landlord and City have executed this Amendment as of the date above written.

LANDLORD:

EDWARD J. CONNER AND  
DOUGLAS G. MOORE, Co-Trustees Under  
the Conner Children Trust No. 2

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

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

CITY:

CITY AND COUNTY OF SAN  
FRANCISCO, a municipal corporation

By: \_\_\_\_\_  
Director of Property

RECOMMENDED:

By: \_\_\_\_\_  
Director  
Department of Child Support Services

APPROVED AS TO FORM:  
Dennis Herrera, City Attorney

By: \_\_\_\_\_  
Richard Handel  
Deputy City Attorney

FIRST AMENDMENT TO LEASE

**650 FIFTH STREET**

This First Amendment to Lease (this "**Amendment**"), dated as of August 2, 2010 for reference purposes (the "**Amendment Reference Date**"), is made by and between TOWNSEND ASSOCIATES, LLC, a California limited liability company ("**Landlord**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**").

RECITALS

A. Landlord and City are parties to that certain Office Lease dated as of June 1, 2007 (the "**Lease**"), pursuant to which Landlord leased to City the premises described in the Lease, and more commonly known as Suites 307 -309 in the building located at 650 Fifth Street, San Francisco. The leased Premises consists of approximately 3,060 rentable square feet. The Lease term expires on June 30, 2012.

B. Landlord and City desire to make certain modifications amending the Lease as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Effective Date. This Amendment shall become effective on, and the Lease shall be amended as of, the date (the "**First Amendment Effective Date**") that is the later of

- (a) The date Landlord and City have executed and exchanged this Amendment and
- (b) The date City's Mayor and Board of Supervisors enact a resolution approving this Amendment at their respective sole and absolute discretion in accordance with City's Charter and any other applicable laws.

2. Definitions. Capitalized terms not otherwise defined in this Amendment have the meanings set forth in the Lease.

3. Amendment of Section 1: Basic Lease Information. Section 1 of the Lease entitled "Basic Lease Information" is amended as follows:

(a) The subparagraph entitled "Term (Section 3)" is amended by deleting the date "June 30, 2012" that follows the words "Expiration Date" and replacing the deleted language with:

*June 30, 2013:*

(b) The subparagraph entitled "Base Rent (Section 4.1)" is amended to add the following language to the end of the existing language:

*Commencing on the First Amendment Effective Date, the Annual Base Rent for the Premises shall be \$79,515.00 per year (\$25.99 per square foot) and the Monthly Base Rent payment shall be \$6,626.25 per month (2.08 per square foot).*

*In addition, upon the First Amendment Effective Date, the (new) \$6,626.25 Monthly Base Rent rate shall be applied retroactively to July 1, 2010. Accordingly, to the extent Tenant paid amounts as Rent attributable to any period after July 1, 2010 that were in excess of the new Monthly Base Rent, the amount of such excess shall be applied towards the next regular payment of Monthly Base Rent that becomes due under this Lease immediately following the First Amendment Effective Date and, thereby, reduce the amount of Rent then payable by Tenant.*

(c) The subparagraph entitled "Notice Address for Tenant Section 23.1)" is amended as follows:

(i) Delete the addressee immediately following the words "and to" and replace the deleted language with the following addressee:

*Office of the City Attorney  
City Hall, Room 234  
Attn: Richard Handel, Deputy City Attorney  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Fax No.: (415) 554-4755*

4. Addition of Section 9.5: Additional Services. The Lease is further amended by adding the following language as (new) Section 9.5:

*Landlord shall, at City's cost, perform Lease-related services or incur additional Lease-related expenses related to the City's use, maintenance, or renovation of the Premises not otherwise required by Landlord under this Lease that the City may reasonably request from time to time after approval by City's Real Estate Division, acting through City's Director of Property or his or her designee. City shall reimburse Landlord for the pre-approved and actual cost for such expenses as Additional Rent.*

5. Addition of Section 23.34: Sunshine Ordinance. The Lease is further amended by adding the following language as (new) Section 23.34:

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

*Information provided that is covered by this Section will be made available to the public upon request.*

6. Miscellaneous.

6.1 Reference. No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended by this Amendment.

6.2 No Other Amendment. Except as expressly amended as provided herein, the Lease shall continue unmodified and remain in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement between Landlord and City and may not be modified except by an instrument in writing signed by the party to be charged. In the event of any conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall control.

6.3 Applicable Law. This Amendment shall be governed by, construed, and enforced in accordance with the laws of the State of California.

6.4 Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL A RESOLUTION OF CITY'S BOARD OF SUPERVISORS AND MAYOR HAS BEEN DULY ENACTED APPROVING THIS AMENDMENT AND AUTHORIZING CONSUMMATION OF THE MATTERS CONTEMPLATED HEREIN. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ENACTMENT OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL BE NULL AND VOID UNLESS CITY'S BOARD OF SUPERVISORS AND MAYOR APPROVE THIS AMENDMENT IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS AMENDMENT BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

IN WITNESS WHEREOF, Landlord and City have executed this Amendment effective as of the First Amendment Term Commencement Date.

LANDLORD:

TOWNSEND ASSOCIATES, LLC,  
a California limited liability company

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

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

CITY:

CITY AND COUNTY OF SAN  
FRANCISCO, a municipal corporation

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

Director of Property

RECOMMENDED:

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

Director  
Department of Public Health

APPROVED AS TO FORM:  
Dennis Herrera, City Attorney

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

Richard Handel  
Deputy City Attorney

FIRST AMENDMENT TO LEASE

**729 FILBERT STREET**

This First Amendment to Lease (this "**Amendment**"), dated as of July 14, 2010 for reference purposes (the "**Amendment Reference Date**"), is made by and between the WILLIAM J. PIEDMONTE, an individual ("**Landlord**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**").

RECITALS

A. Landlord and City are parties to that certain Office Lease dated as of July 1, 2003 (the "**Lease**"), pursuant to which Landlord leased to City the premises described in the Lease, and more commonly known as the entire three-story building located at 729 Filbert Street, San Francisco. The leased Premises consists of approximately 11,067 rentable square feet. The Lease term expires on June 30, 2013.

B. Landlord and City desire to make certain modifications amending the Lease as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Effective Date. This Amendment shall become effective on, and the Lease shall be amended as of, the date (the "**First Amendment Effective Date**") that is the later of

- (a) The date Landlord and City have executed and exchanged this Amendment and
- (b) The date City's Mayor and Board of Supervisors enact a resolution approving this Amendment at their respective sole and absolute discretion in accordance with City's Charter and any other applicable laws.

2. Definitions. Capitalized terms not otherwise defined in this Amendment have the meanings set forth in the Lease.

3. Amendment of Section 1: Basic Lease Information. Section 1 of the Lease entitled "Basic Lease Information" is amended as follows:

(a) The subparagraph entitled "Term (Section 3)" is amended by deleting the date "June 30, 2013" that follows the words "Expiration Date" and replacing the deleted language with:

*June 30, 2018:*



(b) The subparagraph entitled "Base Rent (Section 4.1)" is amended to add the following language to the end of the existing language:

*Commencing on the First Amendment Effective Date, the Annual Base Rent for the Premises shall be \$276,083.64 per year (\$24.95 per square foot) and the Monthly Base Rent payment shall be \$23,006.97 per month (2.08 per square foot) for the period through June 30, 2011 at which time the Base Rent shall be adjusted in accordance with the Lease.*

(c) The subparagraph entitled "Notice Address for Tenant Section 23.1)" is amended as follows:

(i) Delete the phrase "Attn: Anthony J. Delucci" and replace the deleted language with the following:

*Attn: Amy L. Brown, Director*

and

(ii) Delete the addressee immediately following the words "and to" and replace the deleted language with the following addressee:

*Office of the City Attorney  
City Hall, Room 234  
Attn: Richard Handel, Deputy City Attorney  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Fax No.: (415) 554-4755*

(d) The subparagraph entitled "Key Contact for Tenant" is amended to read:

*Charles Maranon*

(e) The subparagraph entitled "Tenant Contact Telephone No." is amended to read:

*(415) 255-3407*

(f) The subparagraph entitled "Alternate Contact for Tenant" is amended to read:

*Tyrone Navarro*

(g) The subparagraph entitled "Alternate Contact Telephone No." is amended to read:

*(415) 255-3405*

4. Addition of Section 9.5: Additional Services. The Lease is further amended by adding the following language as (new) Section 9.5:

*Landlord shall, at City's cost, perform Lease-related services or incur additional Lease-related expenses related to the City's use, maintenance, or renovation of the Premises not otherwise required by Landlord under this Lease that the City may reasonably request from time to time after approval by City's Real Estate Division, acting through City's Director of Property or his or her designee. City shall reimburse Landlord for the pre-approved and actual cost for such expenses as Additional Rent.*

5. Addition of Section 23.33: Sunshine Ordinance. The Lease is further amended by adding the following language as (new) Section 23.30:

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

6. Amendment of Section 23.28: Resource-Efficient City Buildings and Pilot Projects. The Lease is further amended by adding the following language as (new) Section 23.31:

*23.28 Resource-Efficient City Buildings and Pilot Projects. Landlord acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Landlord hereby agrees that it shall comply with all applicable provisions of such code sections.*

7. Addition of Section 23.34: Conflicts of Interest. The Lease is further amended by adding the following language as (new) Section 23.32:

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

8. Amendment of Section 23.32: Notifications of Limitations on Contributions. The Lease is further amended by adding the following language as (new) Section 23.33:

*23.32 Notifications of Limitations on Contributions. Through its execution of this Lease, Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with City for the selling or leasing of any land or building to or from City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.*

9. Addition of Section 23.35: Preservative-Treated Wood Containing Arsenic. The Lease is further amended by adding the following language as (new) Section 23.34:

*23.35 Preservative-Treated Wood Containing Arsenic. As of July 1, 2003, Landlord may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code, Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Landlord may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Landlord from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.*

10. Miscellaneous.

10.1 Reference. No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended by this Amendment.

10.2 No Other Amendment. Except as expressly amended as provided herein, the Lease shall continue unmodified and remain in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement between Landlord and City and may not be modified except by an instrument in writing signed by the party to be charged. In the event of any conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall control.

10.3 Applicable Law. This Amendment shall be governed by, construed, and enforced in accordance with the laws of the State of California.

10.4 Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL A RESOLUTION OF CITY'S BOARD OF SUPERVISORS AND MAYOR HAS BEEN DULY ENACTED APPROVING THIS AMENDMENT AND AUTHORIZING CONSUMMATION OF THE MATTERS CONTEMPLATED HEREIN. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ENACTMENT OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL BE NULL AND VOID UNLESS CITY'S BOARD OF SUPERVISORS AND MAYOR APPROVE THIS AMENDMENT IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS AMENDMENT BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

IN WITNESS WHEREOF, Landlord and City have executed this Amendment effective as of the First Amendment Term Commencement Date.

LANDLORD:

WILLIAM J. PIEDEMONTE,  
An individual

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

CITY:

CITY AND COUNTY OF SAN  
FRANCISCO, a municipal corporation

By: \_\_\_\_\_  
Director of Property

RECOMMENDED:

By: \_\_\_\_\_  
Director  
Department of Public Health

APPROVED AS TO FORM:  
Dennis Herrera, City Attorney

By: \_\_\_\_\_  
Richard Handel  
Deputy City Attorney

## SECOND AMENDMENT TO LEASE

This Second Amendment to Lease (this "**Amendment**"), dated as of July 8, 2010 for reference purposes (the "**Amendment Reference Date**"), is made by and between the STUART B. AND MYRNA J. ARONOFF REVOCABLE TRUST and TRUDY COHN, as Tenants in Common (collectively, "**Landlord**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**").

### RECITALS

A. Landlord and City are parties to that certain Office Lease dated as of April 22, 1999 and amended by the First Amendment To Lease dated as of July 31, 2009 (collectively, the "**Lease**"), pursuant to which Landlord leased to City the premises described in the Lease, and more commonly known as 160 South Van Ness. The leased Premises consist of the entire building, comprising approximately 15,000 rentable square feet and the adjoining parking and storage areas. The Lease term, as extended pursuant to the First Amendment To Lease, expires on August 31, 2016.

B. Landlord and City desire to make certain modifications amending the Lease as hereinafter set forth.

### AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Effective Date. This Amendment shall become effective on, and the Lease shall be amended as of, the date (the "**Second Amendment Effective Date**") that is the later of

(a) the date Landlord and City have executed and exchanged this Amendment and

(b) the date City's Mayor and Board of Supervisors enact a resolution approving this Amendment at their respective sole and absolute discretion in accordance with City's Charter and any other applicable laws.

2. Definitions. Capitalized terms not otherwise defined in this Amendment have the meanings set forth in the Lease.

3. Amendment of Section 1: Basic Lease Information. Section 1 of the Lease entitled "**Basic Lease Information**" is amended as follows:

(a) The subparagraph entitled "Term (Section 3)" is amended by deleting the words "Ten years after commencement" that follow the words "Expiration Date" and replacing the deleted language with:

*August 31, 2017;*

(b) The subparagraph entitled "Base Rent (Section 4.1)" is amended to add the following language to the end of the existing language:

*Commencing on the Second Amendment Effective Date, the Annual Base Rent for the Premises shall be \$342,000 per year (\$22.80 per square foot) and the Monthly Base Rent payment shall be \$28,500 per month (\$1.90 per square foot).*

*Commencing on September 1, 2013, the Annual Base Rent for the Premises for the remainder of the Term shall be \$351,600 per year (\$23.44 per square foot) and the Monthly Base Rent payment shall be \$29,300 per month (\$1.95 per square foot).*

(c) The subparagraph entitled "Notice Address for Tenant Section 23.1)" is amended as follows:

(i) Delete the phrase "Attn: Anthony J. Delucci" and replace the deleted language with the following:

*Attn: Amy L. Brown*

and

(ii) Delete the addressee immediately following the words "with a copy to" and replace the deleted language with the following addressee:

*Human Services Agency  
Attn: Nancy Bliss  
170 Otis Street, 2<sup>nd</sup> floor  
San Francisco, CA 94103  
Fax No.: (415) 557-5643*

and

(iii) Delete the addressee immediately following the words "and to" and replace the deleted language with the following addressee:

*Office of the City Attorney  
City Hall, Room 234  
Attn: Richard Handel, Deputy City Attorney  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102  
Fax No.: (415) 554-4755*

(d) The subparagraph entitled "Key Contact for Tenant" is amended to read:

*Nancy Bliss*

(e) The subparagraph entitled "Tenant Contact Telephone No." is amended to read:

*(415) 554-5404*

(f) The subparagraph entitled "Alternate Contact for Tenant" is amended to read:

*Diana Christensen*

(g) The subparagraph entitled "Alternate Contact Phone No." is amended to read:

*(415) 503-4801*

4. Amendment of Section 4.2: Adjustment Dates. Section 4.2 of the Lease is deleted in its entirety.

5. Addition of Section 9.5: Additional Services. The Lease is further amended by adding the following language as (new) Section 9.5:

*Landlord shall, at City's cost, perform Lease-related services or incur additional Lease-related expenses related to the City's use, maintenance, or renovation of the Premises not otherwise required by Landlord under this Lease that the City may reasonably request from time to time after approval by City's Real Estate Division, acting through City's Director of Property or his or her designee. City shall reimburse Landlord for the pre-approved and actual cost for such expenses as Additional Rent.*

6. Addition of Section 23.30: Sunshine Ordinance. The Lease is further amended by adding the following language as (new) Section 23.30:

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

7. Addition of Section 23.31: Resource-Efficient City Buildings and Pilot Projects. The Lease is further amended by adding the following language as (new) Section 23.31:

*23.31 Resource-Efficient City Buildings and Pilot Projects. Landlord acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Landlord hereby agrees that it shall comply with all applicable provisions of such code sections.*



*The above notwithstanding, City accepts the Premises in their AS IS condition. In the event that Landlord is required to make any improvements to the Premises pursuant to the terms of this Section, Landlord shall make such improvements and City shall reimburse Landlord its direct and reasonable costs.*

8. Addition of Section 23.32: Conflicts of Interest. The Lease is further amended by adding the following language as (new) Section 23.32:

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

9. Addition of Section 23.33: Notifications of Limitations on Contributions. The Lease is further amended by adding the following language as (new) Section 23.33:

*23.33 Notifications of Limitations on Contributions. Through its execution of this Lease, Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with City for the selling or leasing of any land or building to or from City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves.*

10. Addition of Section 23.34: Preservative-Treated Wood Containing Arsenic. The Lease is further amended by adding the following language as (new) Section 23.34:

*23.34 Preservative-Treated Wood Containing Arsenic. As of July 1, 2003, Landlord may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code, Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Landlord may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Landlord from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.*

11. Miscellaneous.

11.1 Reference. No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended by this Amendment.

11.2 No Other Amendment. Except as expressly amended as provided herein, the Lease shall continue unmodified and remain in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement between Landlord and City and may not be modified except by an instrument in writing signed by the party to be charged. In the event of any conflict between the terms of the Lease including the First Amendment and the terms of this Amendment, the terms of this Amendment shall control.

11.3 Applicable Law. This Amendment shall be governed by, construed, and enforced in accordance with the laws of the State of California.

11.4 Further Instruments. The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL A RESOLUTION OF CITY'S BOARD OF SUPERVISORS AND MAYOR HAS BEEN DULY ENACTED APPROVING THIS AMENDMENT AND AUTHORIZING CONSUMMATION OF THE MATTERS CONTEMPLATED HEREIN. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ENACTMENT OF SUCH A RESOLUTION, AND THIS AMENDMENT SHALL BE NULL AND VOID UNLESS CITY'S BOARD OF SUPERVISORS AND MAYOR APPROVE THIS AMENDMENT IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS AMENDMENT BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

IN WITNESS WHEREOF, Landlord and City have executed this Amendment effective as of the Third Extension Term Commencement Date.

LANDLORD:

Stuart B. and Myrna J. Aronoff Revocable  
Trust and Trudy Cohn as Tenants in Common

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

CITY:

CITY AND COUNTY OF SAN  
FRANCISCO, a municipal corporation

By: \_\_\_\_\_  
Director of Property

RECOMMENDED:

By: \_\_\_\_\_  
Director  
Human Services Agency

APPROVED AS TO FORM:  
Dennis Herrera, City Attorney

By: \_\_\_\_\_  
Richard Handel  
Deputy City Attorney

