

LEASE

between

WCPI COMMERCIAL LLC,

as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,
as Tenant

For the lease of premises located at

1449 Webster Street
San Francisco, California

September 2, 2008

TABLE OF CONTENTS

		<u>Page</u>
1.	BASIC LEASE INFORMATION	1
2.	PREMISES	4
2.1	Lease Premises.....	4
2.2	Common Areas	4
3.	TERM	4
3.1	Term of Lease	4
3.2	Commencement Date and Expiration Date.....	5
3.3	Delay in Delivery of Possession	5
3.4	Extension Option	5
4.	RENT	6
4.1	Base Rent	6
4.2	Adjustments in Base Rent.....	6
4.3	Additional Charges	7
4.4	Determination of Base Rent for the Extended Term	7
5.	USE.....	10
5.1	Permitted Use.....	10
5.2	Observance of Rules and Regulations	10
5.3	Interference with Access.....	11
6.	LEASEHOLD IMPROVEMENTS	11
6.1	Landlord’s Obligation to Construct Improvements	11
6.2	Payment for the Construction of Tenant Improvements.....	13
6.3	Installation of Telecommunications and Other Equipment	13
6.4	Change Orders	Error! Bookmark not defined.
7.	ALTERATIONS	13
7.1	Alterations by City.....	13
7.2	Title to Improvements.....	14
7.3	City’s Personal Property	14
7.4	Alteration by Landlord.....	14
8.	REPAIRS AND MAINTENANCE.....	14
8.1	Landlord’s Repairs.....	14
8.2	City’s Repairs.....	15

8.2	City's Repairs.....	15
8.3	Liens.....	15
9.	UTILITIES AND SERVICES	15
9.1	Landlord's Provision of Utilities & Services.....	15
9.2	Interior Janitorial and Security Services.....	15
9.3	Conservation	16
9.4	Disruption in Essential Utilities or Services	16
10.	COMPLIANCE WITH LAWS; PREMISES CONDITION	16
10.1	Premises Condition and Landlord's Compliance with Laws; Indemnity.....	16
10.2	City's Compliance with Laws; Indemnity	17
10.3	City's Compliance with Insurance Requirements.....	17
11.	SUBORDINATION.....	18
12.	DAMAGE AND DESTRUCTION.....	18
13.	EMINENT DOMAIN	19
13.1	Definitions.....	19
13.2	General.....	19
13.3	Total Taking; Automatic Termination.....	20
13.4	Partial Taking; Election to Terminate.....	20
13.5	Rent; Award.....	20
13.6	Partial Taking; Continuation of Lease	20
13.7	Temporary Taking	21
14.	ASSIGNMENT AND SUBLETTING	21
15.	DEFAULT; REMEDIES	21
15.1	Events of Default by City	21
15.2	Landlord's Remedies	22
15.3	Landlord's Default	22
16.	INDEMNITIES.....	22
16.1	City's Indemnity	22
16.2	Landlord's Indemnity.....	23
17.	INSURANCE.....	23
17.1	City's Self-Insurance	23
17.2	Landlord's Insurance	23
17.3	Waiver of Subrogation.....	24
18.	ACCESS BY LANDLORD.....	24

19.	ESTOPPEL CERTIFICATES	24
20.	SURRENDER OF PREMISES	24
21.	HAZARDOUS MATERIALS	24
21.1	Definitions.....	24
21.2	Landlord’s Representations and Covenants.....	25
21.3	Landlord’s Environmental Indemnity.....	25
21.4	City’s Covenants.....	26
21.5	City’s Environmental Indemnity.....	26
22.	SPECIAL PROVISIONS.....	26
22.1	Right to Rent Parking.....	26
23.	GENERAL PROVISIONS	26
23.1	Notices	26
23.2	No Implied Waiver	26
23.3	Amendments	27
23.4	Authority	27
23.5	Parties and Their Agents; Approvals	27
23.6	Interpretation of Lease	27
23.7	Successors and Assigns.....	28
23.8	Brokers.....	28
23.9	Severability	28
23.10	Governing Law	28
23.11	Entire Agreement.....	28
23.12	Attorneys’ Fees.....	28
23.13	Holding Over	29
23.14	Cumulative Remedies.....	29
23.15	Time of Essence.....	29
23.16	Survival of Indemnities.....	29
23.17	Signs.....	30
23.18	Quiet Enjoyment and Title.....	30
23.19	Bankruptcy.....	30
23.20	Transfer of Landlord’s Interest	30
23.21	Non-Liability of City Officials, Employees and Agents	30
23.22	MacBride Principles - Northern Ireland	30
23.23	Controller’s Certification of Funds.....	31

23.24	Prevailing Wages for Construction Work.....	31
23.25	Non Discrimination in City Contracts and Benefits Ordinance.....	31
23.26	Tropical Hardwood and Virgin Redwood Ban	32
23.27	Bicycle Storage Facilities	33
23.28	Resource-Efficient City Buildings and Pilot Projects.....	33
23.29	Counterparts.....	33
23.30	Effective Date	33
23.31	Certification by Landlord.....	33
23.32	Sunshine Ordinance	33
23.33	Conflicts of Interest.....	34
23.34	Notification of Limitations on Contributions	34
23.35	Preservative-Treated Wood Containing Arsenic	34

LIST OF EXHIBITS

- EXHIBIT A – Floor Plan(s) of Premises
- EXHIBIT B – Notice of Commencement Date
- EXHIBIT C – Exclusions from Operating Expenses
- EXHIBIT D – Building Rules and Regulations
- EXHIBIT F – Services

OFFICE LEASE

THIS OFFICE LEASE (this "Lease"), dated for reference purposes only as of September 2, 2008, is by and between WCPI COMMERCIAL LLC, a California Limited Liability Company ("Landlord"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City" or "Tenant").

Landlord and City hereby agree as follows:

1. BASIC LEASE INFORMATION

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

Lease Reference Date:	September 2, 2008
Landlord:	WCPI COMMERCIAL LLC
Tenant:	CITY AND COUNTY OF SAN FRANCISCO
Building (<u>Section 2.1</u>):	Building having an address of 1489 Webster Street, San Francisco, CA
Premises (<u>Section 2.1</u>):	Ground floor area as shown on the attached Exhibit A and located in the Building and commonly known as 1449 Webster Street, San Francisco, CA
Rentable Area of Premises (<u>Section 2.1</u>):	Approximately 3,900 rentable square feet located in the Building, as depicted on Exhibit A attached hereto and incorporated herein by reference.
Term (<u>Section 3</u>):	An anticipated initial Term of approximately three (3) years, subject to extension as set forth in Section 3.4 below and City's Right to Terminate as set forth in Section 3.5. The Term shall commence upon the later of (i) fifteen (15) days following the Effective Date and (ii) substantial completion of the Leasehold Improvements as provided in Section 6 below. Estimated Commencement Date: September 1, 2008 Expiration date: August 31, 2011
City's Right to Terminate (<u>Section 3.5</u>)	City shall have the right to terminate the Lease without penalty anytime after September 1 2010 provided City has given not less than 180

	days advance written notice.
Extension Option (<u>Section 3.4</u>):	Two (2) additional terms of three (3) years each, exercisable by City by notice to Landlord given not less than 180 days in advance, with rent for each option period adjusted to 95% of the then current "prevailing market rate" of such extended term, as determined in accordance with Section 4.4 below.
	Landlord shall have certain rights to reject City's option to extend in accordance with Section 3.4 below. .
Base Rent (<u>Section 4.1</u>):	Annual Base Rent: \$96,000 (\$24.62 per sq. ft.) Monthly payments: \$8,000 (\$2.05 per sq. ft.)
Adjustment Dates (<u>Section 4.2</u>):	Starting July 1, 2009 and each July 1, thereafter, the Monthly Base Rent shall be increased by the proportionate increase in the Consumer Price Index (as described in Section 4.2 below). Such increase shall not exceed 5% nor be less than 2% of the previous Monthly Base Rent.
City Percentage Share (<u>Section 4.3</u>):	7.5%
Use (<u>Section 5.1</u>):	General office and public program space, including job and workforce assistance. City shall monitor and control the orderly environment of its Premises and the programs and services it provides. This includes having control of its customers both inside the City's premises and inside and outside the Landlord's building during and outside office hours. City shall also strictly observe the current Building rules and regulations attached hereto as <u>Exhibit D</u> . City shall use reasonable efforts to provide in the calendar year prior to the exercise of any Extension Option, outreach and assessment to more than 200 customers, counseling and job readiness training to more than 120 customers, permanent employment placements to more than 100 customers (with 6 month retention of at least 69 customers) (the "Minimum Performance Standards").
Leasehold Improvements (<u>Section 6</u>):	Landlord to construct improvements, at Landlord's cost, pursuant to mutually agreeable plans, <u>certain washroom and related</u>

improvements (the "Leasehold Improvements" or "Leasehold Improvement Work"), as set forth in Section 6 below.

Tenant Improvements:

Subject to substantial completion by Landlord of the Leasehold Improvements, City accepts the Premises AS IS and shall be responsible for its additional improvements.

Utilities (Section 9.1):

City shall pay for separately metered electricity. Landlord shall pay for water, sewer, and refuse and recycling removal.

Services (Section 9.2):

City shall pay for its janitorial and security services within the Premises.

Landlord shall pay for common area janitorial, security and property pest control.

Notice Address of Landlord (Section 23.1):

c/o American Realty and Construction
1489 Webster Street, Suite 218
San Francisco, CA 94115

Fax No.: (415) 928-6363

Key Contact for Landlord:

Richard Szeto

Landlord Contact Telephone No.:

(415) 928-6600

Notice Address for Tenant (Section 23.1):

Attn: Amy L. Brown,
Director of Property
Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Fax No.: (415) 552-9216

with a copy to:

Attn: Rhonda Simmons,
Mayor's Office of Economic &
Workforce Development
City Hall, Suite 448
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682

Fax No.: _____

and to:

Attn: Hazel Brandt
Deputy City Attorney
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682

Fax No.: (415) 554-4755

Key Contact for Tenant:

Amy Wallace

Tenant Contact Telephone No.:

581-2313

Alternate (On site) Contact for Tenant:

TBD

Alternate Contact Telephone No.:

Brokers (Section 23.8):

None

Other Noteworthy Provisions (Section 22):

During the initial term, City shall have the right to rent up to 10 parking stalls in the building garage at \$195.00 per stall per month

2. PREMISES

2.1 Lease Premises

Landlord leases to City and City leases from Landlord, subject to the provisions of this Lease, those premises in the building identified in the Basic Lease Information (the "Building") and shown on the floor plan(s) attached hereto as Exhibit A (the "Premises"). The Premises contain the rentable area and are located on the floor(s) of the Building specified in the Basic Lease Information. As used in this Lease, the term "rentable area" shall mean that measurement of interior floor area computed in accordance with the "Standard Method for Measuring Floor Area in Office Buildings, the American National Standard" (Z65.1-1996), adopted by the Building Owners and Managers Association (BOMA). The Building, land upon which the Building is located and all other improvements on or appurtenances to such land are referred to collectively as the "Property."

2.2 Common Areas

City shall have the non-exclusive right to use, together with other tenants in the Building, the lobbies, corridors, elevators, stairways and other public areas of the Building and sidewalks, parking, ingress and egress of the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

3. TERM

3.1 Term of Lease

The Premises are leased for an initial term (the "Initial Term") commencing on the date which is the later of (i) fifteen (15) days following the Effective Date of the Lease as defined in Section 23.30 and (ii) the date as of which Landlord shall have delivered the Premises to City with the Leasehold Improvements having been substantially completed by Landlord and accepted by City pursuant to Section 6.1 (Landlord's Obligation to Construct Improvements).

The Initial Term of this Lease shall end on the expiration date specified in the Basic Lease Information, or such earlier date on which this Lease terminates pursuant to the provisions of this Lease provided that City shall have the right to extend the Initial Term pursuant to Section 3.4 Extension Options, below. The word "Term" as used herein shall refer to the Initial Term and any Extended Terms if City exercises the Extension Options as provided hereinbelow.

3.2 Commencement Date and Expiration Date

The dates on which the Term commences and terminates pursuant hereto are referred to respectively as the "Commencement Date" and the "Expiration Date." If the Commencement Date occurs on a date other than the Estimated Commencement Date, then promptly thereafter Landlord shall deliver to City a notice substantially in the form of Exhibit B attached hereto, confirming the actual Commencement Date, but Landlord's failure to do so shall not affect the commencement of the Term.

3.3 Delay in Delivery of Possession

Landlord shall use its best efforts to deliver possession of the Premises with all of the Leasehold Improvements substantially completed and accepted by City's Director of Property pursuant to Section 6.1 (Landlord's Obligation to Construct Improvements) on or before the Estimated Commencement Date. However, if Landlord is unable to deliver possession of the Premises as provided above, then, subject to the provisions of this Section below, the validity of this Lease shall not be affected by such inability to deliver possession except that City's obligations to pay Base Rent or any other charges shall not commence until such time as Landlord has delivered the Premises as required under this Lease. If the Term commences later or earlier than the Estimated Commencement Date, this Lease shall nevertheless expire on the Expiration Date, unless sooner terminated pursuant to the provisions under this Lease. If Landlord is unable to deliver possession of the Premises to City as required hereunder within one hundred eighty (180) days after the Estimated Commencement Date, then City may, at its option, terminate this Lease, without any further liability under this Lease (including without limitation, no liability for any obligation under Section 6.2 below), upon written notice to Landlord.

3.4 Extension Options

City shall have two rights to extend the Initial Term of this Lease (each, an "Extension Option(s)") for the additional terms specified in the Basic Lease Information (the "Extended Term(s)"). Such Extension Option(s) shall be on all of the terms and conditions contained in this Lease except that Base Rent for any Extended Term shall be adjusted to 95% of the then Prevailing Market Rent as provided in Section 4.4 (Determination of Base Rent for the Extended Period). City may exercise the Extension Option(s), if at all, by (a) giving advance written notice to Landlord no later than one hundred eighty (180) days prior to the expiration of the term to be extended, and (b) providing documentation that City has met certain Minimum Performance Standards set forth in the Basic Lease Information and Section 5.1 below, during the preceding calendar year. In the event (i) City is in material default under this Lease on the date of giving such notice and fails to cure such default as provided in this Lease, (ii) City has been in material default more than three (3) times during the initial Term of the Lease, or (iii) in the calendar year prior to the exercise of the Extension Option(s), City has not met the Minimum Performance Standards of outreach and assessment to more than 200 customers, counseling and job readiness training to more than 120 customers, permanent employment placements to more than 100 customers (with 6 month retention of at least 69 customers). Should City be in default more than 3 times or fail to meet the Minimum Program Standards for the preceding calendar year, Landlord shall have the option to reject City's Extension Option within 10 days of receipt of City's Extension Option notice. Landlord acknowledges and agrees that City's notice of its intent to exercise an Extension Option shall be subject to enactment of a resolution by the Board

of Supervisors and the Mayor, in their respective sole and absolute discretion, approving and authorizing the same, within sixty (60) days after the date such notice of exercise is given.

3.5 Right To Terminate

City shall have the right to terminate this Lease (the "Lease Termination Option") without penalty at any time after August 31, 2010. City may exercise the Lease Termination Option, if at all, by giving one hundred and eighty days advance written notice to Landlord, with such termination to be effective as of the date set forth in the notice. As of the effective Lease termination date, City and Landlord shall have no further rights or obligations to each other with respect to the Lease.

4. RENT

4.1 Base Rent

Beginning on the Commencement Date, City shall pay to Landlord during the Term the annual Base Rent specified in the Basic Lease Information (the "Base Rent"). The Base Rent shall be payable in equal consecutive monthly payments on or before the first day of each month, in advance, at the address specified for Landlord in the Basic Lease Information, or such other place as Landlord may designate in writing upon not less than thirty (30) days' advance notice. City shall pay the Base Rent without any prior demand and without any deductions or setoff except as otherwise provided in this Lease. If the Commencement Date occurs on a day other than the first day of a calendar month or the Expiration Date occurs on a day other than the last day of a calendar month, then the monthly payment of the Base Rent for such fractional month shall be prorated based on a twenty eight (28), twenty nine (29), thirty (30), or thirty one (31)-day month, as the case may be.

4.2 Adjustments in Base Rent

Beginning July 1, 2009 on each July 1 thereafter (an "Adjustment Date"), the Base Rent payable under Section 4.1 shall be adjusted as follows:

The Consumer Price Index for All Urban Consumers (base years 1982-1984 = 100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"), which is published for the February preceding the Adjustment Date (the "Adjustment Index"), shall be compared with the Index published for the February preceding the Commencement Date in the case of the first Adjustment Date or, in the case of any subsequent Adjustment Date, the Index published most immediately preceding the prior Adjustment Date (the "Base Index").

If the Adjustment Index has increased over the Base Index, then the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Base Index. In no event shall the monthly Base Rent on or after the Adjustment Date be less than two (2%) nor more than five (5%) of the monthly Base Rent in effect for the last full month immediately prior to the Adjustment Date.

If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or

revised during the Term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.]

4.3 Additional Charges

City shall pay to Landlord any charges or other amounts required under this Lease as additional rent ("Additional Charges"), including the charges for Real Estate Taxes, Insurance, and Operating Costs provided for hereinbelow. All such Additional Charges shall be payable to Landlord at the place where the Base Rent is payable. Landlord shall have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent. The Base Rent and Additional Charges are sometimes collectively referred to below as "Rent."

4.4 Definitions

For purposes hereof, the following terms shall have the meanings hereinafter set forth:

(a) "City's Percentage Share" means the percentage specified in the Basic Lease Information.

(b) "Expense Year" means each calendar year commencing January 1st of each year during the Term, including any partial year in which this Lease commences; provided that Landlord, upon advance written notice to City, may change the Expense Year to any other twelve (12) consecutive month period and, in the event of any such change, City's Percentage Share of Operating Costs shall be equitably adjusted for the Expense Years involved in any such change.

(c) "Operating Costs" means the total reasonable and prudent costs and expenses actually paid or incurred by Landlord in connection with the maintenance and repair of the Building, including, but not limited to: (1) the cost of utilities serving the Building common areas including but limited to water and electricity, (2) the cost of cleaning services for the common areas, including pressure washing, pest control and refuse removal (3) the cost of landscape maintenance for the common areas, (4) the cost incurred by Landlord for all insurance required to be carried on the Building (5) the cost of maintenance and repair of the Building's common areas, including the repair, inspection and maintenance of the Fire & life Safety panel, the main HVAC equipment, common area elevator, and the wages, salaries, payroll taxes and other labor costs and employee benefits relating to employees of Landlord or its agents directly engaged in the operation, repair, or maintenance of the Building, allocated in proportion to the percentage of such person's working time actually spent working in connection with the Building and (6) common area security.

Operating expenses shall specifically not include (1) any management fees, or expenses and (2) any leasing commissions, accounting and legal expenses, "Operating Costs" shall also exclude the items described on the attached Exhibit C.

(d) "Real Estate Taxes" means all taxes, assessments and charges levied upon or with respect to the portion of the Building owned by Landlord, or Landlord's interest in the Building. Real Estate Taxes shall include, without limitation, all general real property taxes and general and special assessments, charges, fees, or assessments for transit, housing, police, fire, or other governmental services thereof, service payments in lieu of taxes that are now or hereafter levied or assessed against Landlord by the United States of America, the State of California or any political subdivision thereof, public corporation, district, or any other political or public entity, and shall also include any other tax, fee or other excise, however described, that may be

levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes.

Notwithstanding the foregoing, Real Estate Taxes shall exclude (1) franchise, transfer, inheritance, or capital stock taxes or income taxes measured by the net income of Landlord from all sources unless, due to a change in the method of taxation, any of such taxes is levied or assessed against Landlord as a substitute for, or as an addition to, in whole or in part, any other tax that would otherwise constitute a Real Estate Tax, (2) any penalties, fines, interest or charges attributable to the late payment of any taxes, except to the extent attributable to City's failure to pay its portion of Real Estate Taxes hereunder, (3) any personal property taxes payable by City hereunder or by any other tenant or occupant of the Building, or (4) any increase in Real Estate Taxes due to any reassessment upon a transfer of any of Landlord's interest in the Building or the real property on which the Building is located.

(e) "Tax Year" means each calendar year during the Term, including any partial year during which this Lease may commence; provided that Landlord, upon notice to City, may change the Tax Year from time to time to any other twelve (12) consecutive month period and, in the event of any such change, City's Percentage Share of Real Estate Taxes shall be equitably adjusted for the Tax Year involved in any such change.

4.5 Payment of Percentage Share of Operating Costs

During the Term, City shall pay to Landlord each month, as Additional Charges, one twelfth (1/12) of City's Percentage Share of the Building's Operating Costs. City shall make such payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to City. Landlord may revise such estimates of Operating Costs from time to time and City shall thereafter make payments on the basis of such revised estimates, provided that no such revisions shall be retroactive and Landlord may not make any such revisions more than twice in any given Expense Year and no such revision may be made any earlier than four (4) months subsequent to the prior estimate for such Expense Year. With reasonable promptness not to exceed sixty (60) days after the expiration of each Expense Year, Landlord shall furnish City with a statement (herein called "Landlord's Expense Statement"), setting forth in reasonable detail the Operating Costs for such Expense Year and City's Percentage Share thereof. If City's Percentage Share of the actual Operating Costs for such Expense Year exceeds the estimated Operating Costs paid by City for such Expense Year, City shall pay to Landlord (whether or not this Lease has terminated) the difference between the amount of estimated Operating Costs paid by City and City's Percentage Share of the actual Operating Costs within thirty (30) days after the receipt of Landlord's Expense Statement. If the total amount paid by City for any such Percentage Share of Operating Costs exceeds City's Operating Costs Share of the actual Operating Costs for such Expense Year, such excess shall be credited against the next installments of Operating Costs due from City to Landlord hereunder, or refunded to City, at City's option.

During the Term, City shall pay to Landlord each month, as Additional Charges, one twelfth (1/12) of City's Percentage Share of the Building's Real Estate Taxes for each Tax Year. City shall make such payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to City. With reasonable promptness not to exceed thirty (30) days after Landlord has received the tax bills for any Tax Year, Landlord shall furnish City with a statement ("Landlord's Tax Statement") setting forth the amount of Real Property Taxes for such Tax Year and City's Percentage Share thereof. If City's Percentage Share of the actual Real Estate Taxes for such Tax Year exceeds the estimated Real Estate Taxes paid by City for such Tax Year, City shall pay to Landlord (whether or not this Lease has terminated) City's Percentage Share of the actual Real Estate Taxes within thirty (30) days after the receipt of Landlord's Tax Statement. If the total amount of estimated Real Estate Taxes paid by City for such Tax Year exceeds City's Percentage Share of the actual Real Estate Taxes for such Tax

Year, such excess shall be credited against the next installments of Real Estate Taxes due from City hereunder, or at City's option, such excess shall be refunded to City.

4.6 Proration

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

4.7 Audits

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

4.8 Records

Landlord shall maintain at the Building in a safe, complete and organized manner all of its records pertaining to this Lease and Real Estate Taxes, Operating Costs and any other charges paid by City pursuant hereto, for a period of not less than three (3) years following expiration of the Term. Landlord shall maintain such records on a current basis and in sufficient detail to facilitate adequate audit and review thereof. All such books and records shall be available for inspection, copying and audit by City and its representatives, at City's expense, subject to the provisions of subsection (e) above.

4.9 Determination of Base Rent for the Extended Term

At the commencement of the Extended Term, the Base Rent shall be adjusted to equal 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 Western Addition area of San Francisco ("Reference Area"). As used herein, the term "prevailing market rate" shall mean the base rental for such comparable space, taking into account considering all factors 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, (v) credit worthiness of the tenant and (vi) building standard tenant improvement allowances and other allowances given under such comparable leases.

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 (hereinafter referred to as "Appraiser") to determine the prevailing market rate. Each such appraiser shall arrive at a determination of the prevailing market rate and submit his or her conclusions to Landlord and City within thirty (30) days of the expiration of the thirty (30) day consultation period described in (a) above.

(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 appraisers shall immediately select a third appraiser who will within thirty (30) days of his or her selection make a determination of the prevailing market rate and submit such determination to Landlord and City. This third appraisal will then be averaged with the closer of the two previous appraisals and the result shall be the prevailing market rate.

(d) If City's Director of Property does not believe the Board of Supervisors will approve of the prevailing market rate as determined by the appraisal procedure specified above, the Director of Property shall revoke the exercise of the Extension Option by City.

(e) All commercial real estate agents specified herein shall have not less than five (5) years' experience leasing commercial properties similar to the Premises in the San Francisco area. Landlord and City shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser plus one-half of any other costs incurred in the arbitration.

5. USE

5.1 Permitted Use

City acknowledges that Landlord is leasing to City— specifically for the provision of job assistance services to the community, and City agrees it will use the Premises for no other purpose without the prior written consent of Landlord, which may be withheld or conditioned, but not unreasonably delayed. To this end Landlord and City have established the following "Minimum Performance Standards" for each calendar year during the Term:

- outreach and assessment to more than 200 customers,
- counseling and job readiness training to more than 120 customers,
- and permanent employment placements to more than 100 customers (with 6 month retention of at least 69 customers).

5.2 Observance of Rules and Regulations

City shall monitor and control the orderly environment of its Premises and the programs and services it provides. This includes having control of its customers both inside the City's premises and inside and outside the Landlord's building during and outside office hours.

City shall strictly observe Landlord's reasonable rules and regulations for the Building subject to the provisions of this Lease. City acknowledges and agrees to the current Building rules and regulations attached hereto as Exhibit D (the "Rules and Regulations"). Landlord may make reasonable additions or modifications thereto, which shall be binding upon City within a reasonable implementation period upon Landlord's delivery to City of a copy thereof, provided

that such additions or modifications shall not reduce Landlord's obligations hereunder nor interfere with City's business in the Premises, and such additions or modifications must be applicable to the other Building tenants, are not in conflict with the provisions of this Lease, do not materially increase the burdens or obligations upon City, do not impose a charge upon City for services which this Lease expressly states are to be provided to City at no charge, and do not materially adversely affect the conduct of any business in the Premises which City is permitted to conduct pursuant to Section 5.1 hereof. Landlord shall administer the Rules and Regulations in a fair and nondiscriminatory manner and use reasonable efforts to cause other Building tenants to comply with them. City shall be entitled upon request to any waiver or special dispensation granted by Landlord to any other tenant in the Building with respect to the Rules and Regulations, and Landlord shall notify City of any such waiver or special dispensation.

5.3 Interference with Access

Landlord shall provide to City at all times use of the Premises and uninterrupted access thereto to the maximum extent possible, including, without limitation, during any power outages affecting the Premises or any portion of the Building; provided, however, that Landlord may, after consultation with the City's Administrator, interrupt City's access to the Premises or the Building in the event of an immediate threat of the Premises, the Common Areas or any other portion of the Building being rendered unsafe for human occupancy. If City's use of any of the Premises or access thereto is interrupted as a result of the Premises, the Common Areas or any other portion of the Building being rendered unsafe for human occupancy due to Landlord's failure to comply with its obligations under this Lease or for any other reason other than City's default hereunder, then Landlord shall immediately undertake all necessary steps to correct such condition. In the event such condition continues for five (5) business days and impairs City's ability to carry on its business in the Premises, the Rent payable hereunder shall be abated based on the extent to which such default interferes with City's ability to carry on its business at the Premises. If any such default by Landlord shall continue for thirty (30) days or more after City's use is interrupted and impairs City's ability to carry on its business in the Premises, then City shall have the right, without limiting any of its other rights under this Lease to terminate this Lease, unless Landlord supplies City with evidence reasonably satisfactory to City that City's normal and safe use will be restored within sixty (60) days of the date City's use was interrupted, and such use is actually restored within such sixty (60)-day period. Nothing in this Section shall limit City's rights with respect to any disruption due to casualty pursuant to Section 12 (Damage and Destruction) hereof.

6. LEASEHOLD IMPROVEMENTS

Landlord shall construct certain Base Building Improvements at Landlord's sole cost, hereinafter referred to as "Leasehold Improvements" or "Leasehold Improvement Work".

6.1 Landlord's Obligation to Construct Improvements

Landlord, through its general contractor reasonably approved by City, shall construct the Premises, perform the work and make the washroom installations in the Premises at Landlord's sole cost pursuant to the Construction Documents (as defined below) reasonably approved by City, and in accordance with the provisions of this Section below.

(a) Plans and Specifications

Before the reference date of this Lease, Landlord has caused its architect or space planner approved by City to prepare and submit to City for its approval an architectural plan, and tenant finish specifications for the Leasehold Improvements. City hereby approves the plans and specifications dated June 20, 2008 (the "Space Plans"), prepared by Architects LTD, which are incorporated herein by reference.

Immediately following the Effective Date of this Lease (as defined in Section 23.30 hereof), based on the approved Space Plans, Landlord shall cause final plans, specifications and working drawings for the Leasehold Improvements to be prepared, in conformity with the requirements hereof. The final plans, specifications and working drawings for the Leasehold Improvements approved by City shall be referred to as the "Construction Documents."

(b) Permits

Landlord shall secure and pay for any building and other permits and approvals, government fees, licenses and inspections necessary for the proper performance and completion of the Leasehold Improvement Work shown on the approved Final Construction Documents.

Promptly following City's reasonable approval of the Construction Documents, Landlord shall apply for any permits, approvals or licenses necessary to complete such construction and shall provide copies to City promptly following receipt thereof. Notwithstanding the foregoing, in the event that Landlord, after using its best efforts, is unable to obtain all necessary permits, approvals and licenses required to construct the Leasehold Improvements within ninety (90) days after the Effective Date, City or Landlord shall have the right to terminate this Lease upon written notice to the other within ten (10) days of such date. Landlord shall be responsible for arranging for all inspections required by City's Bureau of Building Inspection.

City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264-98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within thirty (30) days after the City and County of San Francisco Human Services Agency adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Landlord shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance in connection with certain building permit applications.

(c) Construction

Immediately upon approval of the Final Construction Documents and Landlord's procurement of all necessary permits and approvals, Landlord shall commence construction and shall cause the Leasehold Improvements to be completed in a good and professional manner in accordance with sound building practice. Landlord shall comply with and give notices required by all laws, rules, regulations, ordinances, building restrictions and lawful orders of public authorities bearing on construction of the Leasehold Improvements. Without limiting the foregoing, construction of the Leasehold Improvements shall comply with all applicable disabled access laws, including, without limitation, the most stringent requirements of the Americans With Disabilities Act of 1990, Title 24 of the California Code of Regulations (or its successor) and City's requirements for program accessibility. Landlord shall pay prevailing wages in connection with construction of the Leasehold Improvement Work as further provided in Section 23.24 (Prevailing Wages), below, and shall not use tropical hardwood wood products, or virgin redwood wood products as further provided in Section 23.26 (Tropical Hardwood and Virgin Redwood Ban), below.

(d) Construction Schedule; Substantial Completion

Landlord shall keep City apprised on a regular basis of the status of plan preparation, permit issuance and the progress of construction. From time to time during the design and construction of the Leasehold Improvements, City shall have the right upon reasonable advance oral or written notice to Landlord to enter the Premises at reasonable times to

inspect the Premises, provided such inspections do not unreasonably interfere with the construction. Landlord or its representative may accompany City during any such inspection. When construction progress so permits, Landlord shall notify City of the approximate date on which the Leasehold Improvement Work will be substantially completed in accordance with the Construction Documents. Landlord shall revise such notice of the approximate substantial completion date as appropriate from time to time and shall immediately notify City when the Leasehold Improvement Work is in fact substantially completed and the Premises are ready for occupancy by City. On such date or other mutually agreeable date as soon as practicable thereafter, City and its authorized representatives shall have the right to accompany Landlord or its architect on an inspection of the Premises.

The Leasehold Improvement Work shall be deemed to be "substantially completed" for purposes of this Lease when Landlord has procured a temporary or final certificate of occupancy for the Premises, and City, through its Director of Property, shall have approved the Leasehold Improvements. City may, at its option, approve the Leasehold Improvements even though there may remain minor details that would not interfere with City's use. Landlord shall diligently pursue to completion all such details. Notwithstanding the foregoing, City shall have the right to present to Landlord within thirty (30) days after acceptance of the Premises, or as soon thereafter as practicable, a written punchlist consisting of any items that have not been finished in accordance with the Construction Documents. Landlord shall promptly complete all defective or incomplete items identified in such punchlist, and shall in any event complete all items within thirty (30) days after the delivery of such list. City's failure to include any item on such list shall not alter the Landlord's responsibility hereunder to complete all Leasehold Improvement Work in accordance with the approved Construction Documents, nor constitute any waiver of any latent defects.

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

6.2 City's Construction of Tenant Improvements

Subject to substantial completion by Landlord of the Leasehold Improvements pursuant to Section 6.1 above, City accepts the Premises As Is and shall make any other improvements, if any, to the Premises, pursuant to plans and specifications reasonably approved by Landlord.

6.3 Installation of Telecommunications and Other Equipment

Landlord shall furnish access to City and its consultants and contractors to the main telephone service serving the Building for which access is needed for proper installation by City of all telephone and internet wiring desired by City.

7. ALTERATIONS

7.1 Alterations by City

City shall not make or permit any alterations, installations, additions or improvements (collectively, "Alterations") to the Premises without first obtaining Landlord's written consent, which Landlord shall not unreasonably withhold or delay. However, the installation of furnishings, fixtures, equipment or decorative improvements, none of which affect the Building Systems or structural integrity of the Building, and the repainting and recarpeting of the Premises

shall not constitute Alterations requiring Landlord's consent. Any Alterations permitted hereunder shall be made at City's cost in compliance with applicable Laws (as defined below). Landlord shall, without cost to itself, cooperate with City in securing building and other permits and authorizations needed in connection with any permitted Alterations. Landlord shall not be entitled to any construction or other administrative fee in connection with any Alteration. City shall not be required to remove any Alterations upon the expiration or sooner termination of this Lease unless Landlord notifies City in writing at the time Landlord approves such Alterations that they must be removed at the Expiration Date.

7.2 Title to Improvements

Except for City's Personal Property (as defined in the next Section), all appurtenances, fixtures, improvements, equipment, additions and other property permanently installed in the Premises as of the Commencement Date or during the Term shall be and remain Landlord's property. City may not remove such property unless Landlord consents thereto.

7.3 City's Personal Property

All furniture, furnishings, equipment, trade fixtures and articles of movable personal property installed in the Premises by or for the account of City and that can be removed without structural damage to the Premises (collectively, "City's Personal Property") shall be and remain City's property. At any time during the Term or at the expiration thereof, City may remove any of City's Personal Property, provided City shall repair any damage to the Premises resulting therefrom. Upon the expiration or earlier termination of this Lease, City shall remove City's Personal Property from the Premises in accordance with Section 20 (Surrender of Premises), below. Landlord acknowledges that some of City's Personal Property may be financed by an equipment lease financing otherwise subjected to a security interest, or owned by an equipment company and leased to City. Landlord, upon City's reasonable request, shall execute and deliver any document required by any supplier, lessor, or lender in connection with the installation in the Premises of any items of City's Personal Property, pursuant to which Landlord waives any rights it may have or acquire with respect to City's Personal Property, so long as the supplier, equipment lessor or lender agrees that it (i) will remove the Property from the Premises within thirty (30) days after the Expiration Date (but if it does not remove City's Personal Property within such time it shall have waived any rights it may have had to City's Personal Property), and (ii) will repair any damage caused by the removal of City's Personal Property. Landlord shall recognize the rights of any supplier, lessor or lender who has an interest in any items of City's Personal Property to enter the Premises and remove such property at any time during the Term or within thirty (30) days after the Expiration Date.

7.4 Alteration by Landlord

Landlord shall use its best efforts to minimize interference with or disruption to City's use and occupancy of the Premises during any alterations, installations, additions or improvements to the Building, including without limitation any leasehold improvement work for other tenants in the Building. Landlord shall promptly remedy any such interference or disruption upon receiving City's notice thereof.

8. REPAIRS AND MAINTENANCE

8.1 Landlord's Repairs

Landlord shall repair and maintain, at its cost and in first-class condition, the exterior and structural portions of the Building, including, without limitation, the roof, foundation, bearing and exterior walls and subflooring, and the main rooftop heating units, main plumbing lines to the Premises, electrical, fire protection, life safety, security and other mechanical, electrical and

communications systems of the Building (collectively, the "Building Systems") and the Common Areas. Without limiting the foregoing, Landlord shall maintain the Building in a clean, safe and attractive manner and shall not permit any other tenants of the Building to disturb or interfere with City's use of the Premises or permit to be done in or about the Building or the Common Areas anything that is illegal, is dangerous to persons or property or constitutes a nuisance.

8.2 City's Repairs

Subject to Landlord's warranty under Section 10.1 (Premises Condition), any construction warranties or guaranties received in connection with Landlord's completion of the Leasehold Improvements, and Landlord's repair and maintenance obligations hereunder, City shall repair and maintain at its cost the interior portions of the Premises including but not limited to the heating and ventilating equipment located in the Premises and shall keep the Premises in good working order and in a safe and sanitary condition, except for ordinary wear and tear and damage by casualty. Subject to City rights under Section 9.3 (Additional Services), City shall make any such required repairs and replacements that Landlord specifies in writing (i) at City's cost, (ii) by contractors or mechanics selected by City and reasonably approved by Landlord, (iii) so that same shall be at least substantially equal in quality, value and utility to the original work or installation prior to damage thereof, (iv) in a manner and using equipment and materials that will not materially interfere with or impair the operations, use or occupation of the Building or the Building Systems, and (v) in compliance with all applicable Laws, including, without limitation, any applicable contracting requirements under City's Charter and Administrative Code. At all times during the Term of this Lease, Landlord shall, upon reasonable notice by City, afford City and its Agents with access to those portions of the Building which are necessary to maintain or repair the telecommunications and data and computer cabling facilities and equipment installed by City.

8.3 Liens

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

9. UTILITIES AND SERVICES

9.1 Landlord's Provision of Utilities and Services

Landlord shall furnish the following utilities and services to the Premises: (a) electricity to the 200 amp electrical panel servicing the Premises, (b) water for lavatory, kitchen and drinking purposes on a Daily Basis, and (c) refuse removal and recycling and (d) pest control.

Landlord shall also provide the services to the Building and Property as shown on Exhibit F (Services Provided by Landlord)

9.2 Janitorial and Security Service

City's shall be responsible for the cost of interior janitorial and security services for the Premises.

9.3 Additional Services

At City's additional cost, City shall have the right to request that the Landlord perform lease related services or incur additional expenses not covered under the lease that the City may require from time to time as requested by the Real Estate Division. The City shall reimburse the Landlord for such expenses, at rates agreed-upon in advance, and as they are incurred.

Specifically, it is anticipated that Landlord shall arrange for janitorial services and maintenance and repair to be provided at a prearranged cost, to be paid by City.

9.4 Conservation

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

9.5 Disruption in Essential Utilities or Services

In the event of any failure, stoppage or interruption of any utilities or services to be furnished by Landlord hereunder, Landlord shall immediately notify City of such failure, stoppage or interruption, diligently attempt to restore service as promptly as possible and shall keep City apprised of its efforts. In the event Landlord is unable to supply any of the Building's sanitary, electrical, water, main system, fire protection and audio, video or electronic communications, hazard detection and alarm, or other essential services serving the Premises (collectively, "Essential Services") and such inability of Landlord impairs City's ability to carry on its business in the Premises for a period of five (5) or more business days if such failure is in the reasonable control of Landlord or a period of ten (10) or more consecutive business days if such failure is not within the reasonable control of Landlord, then the Rent shall be abated based on the extent such inability of Landlord impairs City's ability to carry on its business in the Premises, or, alternatively at City's election, City shall have the option to provide such services and offset the reasonable cost thereof against the Rent next due under this Lease. Such abatement, or right to provide the services and offset against Rent, shall continue until the Essential Services have been restored so that the lack of any remaining services no longer materially impairs City's ability to carry on its business in the Premises. Landlord shall use its best efforts to restore disrupted Essential Services as soon as possible. However, if such failure to provide any Essential Services continues for any reason for thirty (30) days and such failure interferes with City's ability to carry on its business in the Premises, then City may, without limiting any of its other rights or remedies hereunder or at law or in equity, terminate this Lease upon written notice to Landlord, unless Landlord supplies City with evidence reasonably satisfactory to City that the Essential Services will be restored within sixty (60) days of the date City's use was interrupted, and the Essential Services are actually restored within such 60-day period. City shall not be entitled to any abatement of Rent or right to terminate if Landlord's inability to supply Essential Services to City is due solely to the acts, omissions or negligence of City and its Agents.

10. COMPLIANCE WITH LAWS; PREMISES CONDITION

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

Landlord represents and warrants to City, and covenants with City, as follows to the best of Landlord's knowledge: (a) Landlord is unaware of any violation or non compliance (including, but not limited to, the Premises entrance, Common Areas, and parking area) with the

requirements of the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabilities Laws"); (b) the Building is not an unreinforced masonry building, and is now, and as of the Commencement Date will be, in compliance with all applicable federal, state, local and administrative laws, rules, regulations, orders and requirements relating to seismic safety (collectively, "Seismic Safety Laws"); (c) the Building, the Common Areas and Building Systems serving the Premises are now, and as of the Commencement Date will be, in full compliance with all applicable federal, state, local and administrative laws, rules, regulations, orders and requirements relating to fire and life safety (including, without limitation, the San Francisco High-Rise Sprinkler Ordinance) (collectively, "Life Safety Laws"); (d) the Building, the Common Areas and Building Systems serving the Premises are now, and as of the Commencement Date will be, in compliance with all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements; and (e) there are not now, and as of the Commencement Date will not be, any material physical or mechanical defects in the Premises, Building or the Building Systems that would materially adversely affect City's intended use of the Premises. Except as provided below, Landlord shall at all times during the Term maintain, at its cost, the Property, Building, Common Areas and the Building Systems serving the Premises in compliance with applicable present or future federal, state, local and administrative laws, rules, regulations, orders and requirements (collectively, "Laws"), including, without limitation, Disabilities Laws, Seismic Safety Laws, and Life Safety Laws. Without limiting Section 16.2 (Landlord's Indemnity), Landlord shall Indemnify City against any and all Claims arising out of any failure of the Property, Building, Common Areas, Building Systems, or any portion thereof, to comply with applicable Laws as provided in this Section or any misrepresentation by Landlord under this Section.

10.2 City's Compliance with Laws; Indemnity

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

10.3 City's Compliance with Insurance Requirements

City shall not conduct any use in or about the Premises that would: (a) invalidate or be in conflict with any fire or other casualty insurance policies covering the Building or any property located therein, (b) result in a refusal by fire insurance companies of good standing to insure the Building or any such property in amounts reasonably satisfactory to Landlord or the holder of any mortgage or deed of trust encumbering the Building, (c) cause an increase in the fire insurance premium for the Building unless City agrees to pay such increase, or (d) subject Landlord to any liability or responsibility for injury to any person or property by reason solely of any business operation being conducted by City in the Premises; provided, however, Landlord shall provide City with reasonable prior written notice of any applicable insurance requirements

and no such insurance requirements shall materially and adversely interfere with City's normal business in the Premises.

11. SUBORDINATION

(a) Without the necessity of any additional document being executed by City for the purpose of effecting a subordination, and subject to subsection (b) below, this Lease shall be subject and subordinate at all times to the following (each an "Encumbrance"): (a) any reciprocal easement agreements, ground leases or other underlying leases that may hereafter be executed affecting Landlord's interest in the Property, or any portion thereof, and (b) the lien of any mortgages or deeds of trust and renewals, modifications, consolidations, replacements and extensions of any of the foregoing that may hereafter be executed by Landlord in any amount for which any part of the Property, any ground lease or underlying lease, or Landlord's interest or estate therein is subject. Notwithstanding the foregoing, if the ground lessor, mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have City's interest in this Lease be superior to any such instrument, then upon notice thereof to City, this Lease shall be deemed superior, whether this Lease was executed before or after the date of said instrument or the recording thereof. At City's request, the holder of the Encumbrance shall enter into a subordination and nondisturbance agreement with City in a form reasonably acceptable to City evidencing such subordination or superiority of this Lease.

(b) In the event any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, or in the event any ground lease or underlying lease to which this Lease is subordinate is terminated, this Lease shall not be barred, terminated, cut off, or foreclosed nor shall the rights and possession of City hereunder be disturbed if City shall not then be in default in the payment of rental or other sums due hereunder or otherwise be in default under the terms of this Lease. City shall attempt to and become the tenant of the successor-in-interest to Landlord, provided that City has received proper written notice of such succession and the name and address of the successor landlord. City's covenant under subsection (a) above to subordinate this Lease to any Encumbrance or other hypothecation hereafter executed is conditioned upon each such senior instrument containing the commitments specified in this subsection (b). The provisions of this Section shall be self-operative and no further instrument shall be required other than as provided in this Section. City agrees, however, to execute upon request by Landlord and in a form reasonably acceptable to City, any additional documents evidencing the priority or subordination of this Lease with respect to any such Encumbrance as provided herein.

12. DAMAGE AND DESTRUCTION

If the Premises, the Building or any Building Systems are damaged by fire or other casualty, Landlord shall repair the same without delay (and if Landlord is then carrying insurance on the Leasehold Improvements or if City at its sole option makes funds available to Landlord, Landlord shall also repair the Leasehold Improvements), provided that such repairs can be made under applicable laws within sixty (60) days after Landlord obtains all necessary permits for such repairs but not later than two hundred ten (210) days after the date of such damage (the "Repair Period"). In such event, this Lease shall remain in full force and effect, except that City shall be entitled to an abatement of Rent while such repairs are being made. Such abatement in Rent shall be based upon the extent to which such damage and the making of such repairs interfere with City's business in the Premises. Landlord's repairs shall not include, and the Rent shall not be abated as a result of, any damage by fire or other cause to City's Personal Property or any damage caused by the negligence or willful misconduct of City or its Agents.

Within twenty (20) days after the date of such damage, Landlord shall notify City whether or not, in Landlord's reasonable judgment made in good faith, such repairs can be made

within the Repair Period. If such repairs cannot be made within the Repair Period, then either party hereto may, by written notice to the other given within thirty (30) days after the date of such damage, terminate this Lease as of the date specified in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given by Landlord. In case of termination, the Rent shall be reduced by a proportionate amount based upon the extent to which such damage interferes with the conduct of City's business in the Premises, and City shall pay such reduced Rent up to the date of termination. Landlord shall refund to City any Rent previously paid for any period of time subsequent to such date of termination.

Notwithstanding the foregoing, in the event the Premises are damaged or destroyed by reason of flood or earthquake, and such damage or destruction is not fully covered by insurance proceeds payable under the insurance policies Landlord is required to carry hereunder (excluding any deductible, for which Landlord shall be responsible), Landlord may terminate this Lease by written notice to City within thirty (30) days of the date Landlord receives written notice that such damage is not covered by insurance. Such notice from Landlord shall include adequate written evidence of the denial of insurance coverage. If Landlord does not elect to terminate this Lease as provided above, this Lease shall remain in full force and effect, and Landlord shall repair and restore the Premises as provided above.

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

The parties intend that the provisions of this Section govern fully their rights and obligations in the event of damage or destruction, and Landlord and City each hereby waives and releases any right to terminate this Lease in whole or in part under Section 1932, subdivision 2, Section 1933, subdivision 4, and Sections 1941 and 1942 of the Civil Code of California or under any similar law, statute or ordinance now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

13. EMINENT DOMAIN

13.1 Definitions

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

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

(c) "Award" means all compensation, sums or anything of value paid, awarded or received for a Taking, whether pursuant to judgment, agreement, settlement or otherwise.

13.2 General

If during the Term or during the period between the execution of this Lease and the Commencement Date, there is any Taking of all or any part of the Premises or any interest in this Lease, the rights and obligations of the parties hereunder shall be determined pursuant to this Section. City and Landlord intend that the provisions hereof govern fully in the event of a

Taking and accordingly, the parties each hereby waive any right to terminate this Lease in whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

13.3 Total Taking; Automatic Termination

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

13.4 Partial Taking; Election to Terminate

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

(b) In the case of a partial taking of a substantial portion of the Building, and if subsection (a) above does not apply, City and Landlord shall each have the right to terminate this Lease by written notice to the other within thirty (30) days after the Date of Taking, provided that, as a condition to City's right to terminate, the portion of the Building taken shall, in City's reasonable judgment, render the Premises unsuitable for continued use by City for its intended purposes or otherwise materially adversely affect City's normal operations in the Premises.

(c) Either party electing to terminate under the provisions of this Section 13.4 shall do so by giving written notice to the other party before or within thirty (30) days after the Date of Taking, and thereafter this Lease shall terminate upon the later of the thirtieth (30th) day after such written notice is given or the Date of Taking.

13.5 Rent; Award

Upon termination of this Lease pursuant to an election under Section 13.4 above, then: (a) City's obligation to pay Rent shall continue up until the date of termination, and thereafter shall cease, except that Rent shall be reduced as provided in Section 13.6 below for any period during which this Lease continues in effect after the Date of Taking, and (b) Landlord shall be entitled to the entire Award in connection therewith, except that City shall receive any Award made specifically for City's relocation expenses or the interruption of or damage to City's business or damage to City's Personal Property.

13.6 Partial Taking; Continuation of Lease

If there is a partial Taking of the Premises under circumstances where this Lease is not terminated in its entirety under Section 13.4 above, then this Lease shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and the rights and obligations of the parties shall be as follows: (a) Rent shall be reduced by an amount that is in the same ratio to the Rent as the area of the Premises taken bears to the area of the Premises prior to the Date of Taking, and (b) Landlord shall be entitled to the entire Award in connection therewith, provided that City shall receive any Award made specifically for City's relocation expenses or the interruption of or damage to City's business or damage to City's Personal Property.

13.7 Temporary Taking

Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to the Premises for a limited period of time not in excess of sixty (60) consecutive days, this Lease shall remain unaffected thereby, and City shall continue to pay Rent and to perform all of the terms, conditions and covenants of this Lease. In the event of such temporary Taking, City shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total Rent owing by City for the period of the Taking.

14. ASSIGNMENT AND SUBLETTING

Except as provided in this Section below, City shall not directly or indirectly sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder or permit all or any portion of the Premises to be occupied by anyone other than itself or sublet all or any portion of the Premises, without Landlord's prior written consent in each instance, which shall not be unreasonably withheld or delayed. Landlord shall be entitled to retain 50% of any approved net subleasing or assignment profits after subtracting all costs.

The above notwithstanding, City shall have the right from time to time, without the consent of Landlord, to transfer the use and occupancy of all or any of the Premises to any department, commission or agency of the City and County of San Francisco or to any nonprofit vendor or contractor of the City and County of San Francisco for uses permitted under this Lease. Use of space or sublease(s) to any City departments, non-profits, vendors or contractors of City for the uses provided in Section 5 (Use) shall not be subject to Landlord approval or profit participation, provided City remains liable for the performance of its obligations under this Lease.

15. DEFAULT; REMEDIES

15.1 Events of Default by City

Any of the following shall constitute an event of default by City hereunder:

(a) City's failure to make any timely payment of Rent and to cure such nonpayment within five (5) business days after receipt of written notice thereof from Landlord, provided that for the first two (2) monthly payments of Rent at the beginning of the Term and for the first monthly payment of Rent after the beginning of each new fiscal year for City or any Adjustment Date, City shall have twenty (20) days to cure any such nonpayment after written notice thereof from Landlord;

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

(c) City's failure to perform any other covenant or obligation of City hereunder (not involving the payment of money) and to cure such non-performance within thirty (30) days of the date of receipt of notice thereof from Landlord, provided that if more than thirty (30) days are reasonably required for such cure, no event of default shall occur if City commences such cure within such period and diligently prosecutes such cure to completion.

15.2 Landlord's Remedies

Upon the occurrence of any event of default by City that is not cured within the applicable grace period as provided above, Landlord shall have all rights and remedies available pursuant to law or granted hereunder, including the following:

(a) The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate City's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that City proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2.

(b) The rights and remedies provided by California Civil Code Section 1951.4 (continuation of lease after breach and abandonment), which allows Landlord to continue this Lease in effect and to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due, for so long as Landlord does not terminate City's right to possession, if City has the right to sublet or assign, subject only to reasonable limitations.

15.3 Landlord's Default

If Landlord fails to perform any of its obligations under this Lease, then (without limiting any of City's other cure rights under this Lease) City may, at its sole option, cure such default at Landlord's expense if such default continues after ten (10) days from the date City gives notice to Landlord of City's intention to perform such cure. However, in the case of a default which for causes beyond Landlord's control (excluding any financial inability to perform) cannot with due diligence be cured within such ten (10)-day period, such ten (10)-day period shall be extended if Landlord, promptly upon receipt of City's notice, advises City of Landlord's intention to take all steps required to cure such default, and Landlord promptly commences such cure and diligently prosecutes the same to completion. Subject to the other provisions of this Lease relating to abatement of Rent, if Landlord fails to cure any default within the cure period provided above, then, whether or not City elects to cure Landlord's default as provided herein, the Base Rent and any other charges hereunder shall be abated based on the extent to which such default interferes with City's ability to carry on its business at the Premises. Notwithstanding the foregoing, if any such default by Landlord continues for sixty (60) days and impairs City's ability to carry on its business in the Premises, then City shall have the right to terminate this Lease upon written notice to Landlord within thirty (30) days after the expiration of such sixty (60)-day period. City's rights hereunder and under Section 3.3 (Delay in Delivery of Possession), Section 5.3 (Interference with Access), and Section 9.4 (Disruption in Essential Services), shall not limit in any way any of its other rights and remedies hereunder or at law or in equity.

16. INDEMNITIES

16.1 City's Indemnity

City shall indemnify, defend and hold harmless ("Indemnify") Landlord and its Agents from and against any and all claims, costs and expenses, including, without limitation, reasonable attorneys' fees (collectively, "Claims"), incurred as a result of (a) City's use of the Premises, (b) any default by City in the performance of any of its material obligations under this Lease, or (c) any negligent acts or omissions of City or its Agents in, on or about the Premises or the Property; provided, however, City shall not be obligated to Indemnify Landlord or its Agents to the extent any Claim arises out of the negligence or willful misconduct of Landlord or its Agents. In any action or proceeding brought against Landlord or its Agents by reason of any Claim Indemnified by City hereunder, City may, at its sole option, elect to defend such Claim by attorneys in City's Office of the City Attorney, by other attorneys selected by City, or both. City

shall have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that Landlord shall have the right, but not the obligation, to participate in the defense of any such Claim at its sole cost. City's obligations under this Section shall survive the termination of the Lease.

16.2 Landlord's Indemnity

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

17. INSURANCE

17.1 City's Self-Insurance

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

17.2 Landlord's Insurance

At all times during the Term, Landlord shall keep the Building (excluding the land upon which it is located) insured against damage and destruction by fire, vandalism, malicious mischief, sprinkler damage and other perils customarily covered under a cause of loss-special form property insurance policy in an amount equal to one hundred percent (100%) of the full insurance replacement value (replacement cost new, including, debris removal and demolition) thereof. Landlord shall, upon request by City, provide to City a certificate of insurance issued by the insurance carrier, evidencing the insurance required above. Landlord hereby waives any rights against City for loss or damage to the Premises or any other part of the Property, to the extent covered by Landlord's property insurance.

In addition, Landlord, at no cost to City, shall procure and keep in effect at all times during the Term insurance as follows: (a) Commercial general liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse and underground (XCU); and (b) Worker's Compensation Insurance with Employer's Liability Limits not less than One Million Dollars (\$1,000,000) each accident.

17.3 Waiver of Subrogation

Notwithstanding anything to the contrary contained herein, Landlord hereby waives any right of recovery against City for any loss or damage sustained by Landlord with respect to the Building or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of City, to the extent such loss or damage is covered by insurance which Landlord is required to purchase under this Lease or is otherwise actually recovered from valid and collectible insurance covering Landlord. Landlord agrees to obtain a waiver of subrogation endorsement from each insurance carrier issuing policies relative to the Building or the Premises; provided, Landlord's failure to do so shall not affect the above waiver.

18. ACCESS BY LANDLORD

Landlord reserves for itself and any designated Agent the right to enter the Premises at all reasonable times and, except in cases of emergency (in which event Landlord shall give any reasonable notice), after giving City at least twenty four (24) hours' advance written or oral notice, for the purpose of (a) inspecting the Premises, (b) supplying any service to be provided by Landlord hereunder, (c) showing the Premises to any prospective purchasers, mortgagees or, during the last six (6) months of the Term of this Lease, tenants, (d) posting notices of non-responsibility, and (e) altering, improving or repairing the Premises and any portion of the Building, and Landlord may for that purpose erect, use and maintain necessary structures in and through the Premises where reasonably required by the character of the work to be performed, provided that the entrance to the Premises shall not be blocked thereby, and further provided that City's use shall not be interfered with.

19. ESTOPPEL CERTIFICATES

Either party, from time to time during the Term upon not less than ten (10) days' prior written notice from the other party, may reasonably request the other party to execute, acknowledge and deliver to such persons or entities designated by such other party a certificate stating: (a) the Commencement Date and Expiration Date of this Lease, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, this the Lease is in full force and effect as modified and stating the modifications), (c) that there are no defaults under this Lease (or if so, specifying the same), and (d) the date to which Rent has been paid.

20. SURRENDER OF PREMISES

Upon the expiration or sooner termination of this Lease, City shall surrender the Premises to Landlord in good order and condition, reasonable use and wear and damage by fire or other casualty excepted. City shall remove from the Premises all of City's Personal Property, and any Alterations City is required to remove from the Premises pursuant to the provisions of Section 7.1 (Alterations by City), above. City shall repair or pay the cost of repairing any damage to the Premises or the Building resulting from such removal. Notwithstanding anything to the contrary in this Lease, City shall not be required to demolish or remove from the Premises any of the Leasehold Improvements. City's obligations under this Section shall survive the expiration or earlier termination of this Lease.

21. HAZARDOUS MATERIALS

21.1 Definitions

As used in this Lease, the following terms shall have the meanings hereinafter set forth:

(a) "Environmental Laws" shall mean any federal, state, local or administrative law, rule, regulation, order or requirement relating to industrial hygiene, environmental conditions or Hazardous Material, whether now in effect or hereafter adopted.

(b) "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Section 9601 et seq.), or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Building or are naturally occurring substances on or about the Property; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

(c) "Release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside the Building, or in, on, under or about the Property.

21.2 Landlord's Representations and Covenants

Landlord represents and warrants to City that, to the best of Landlord's knowledge, the following statements are true and correct and will be true and correct as of the Commencement Date: (a) the Property is not in violation of any Environmental Laws; (b) the Property is not now, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except for the use of such substances in such limited quantities as are customarily used in offices, which limited use has been and is in compliance with Environmental Laws; (c) the Property does not consist of any landfill or contain any underground storage tanks; (d) the Building does not consist of any asbestos-containing materials or building materials that contain any other Hazardous Material, nor do the Premises or the common areas of the Building contain any lead-based paints; (e) there has been and is no Release of any Hazardous Material in the Building or in, on, under or about the Property; and (f) the Property is not subject to any claim by any governmental regulatory agency or third party related to the Release of any Hazardous Material, and there is no inquiry by any governmental agency (including, without limitation, the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in the Building or in, on, under or about the Property, or the migration of Hazardous Material from or to other real property. Subject to City's obligations under this Section below, Landlord shall maintain the Property throughout the Term in compliance with all Environmental Laws that could affect the health, safety and welfare of City's employees or City's use, occupancy or enjoyment of the Premises for their intended purposes.

21.3 Landlord's Environmental Indemnity

Without limiting Landlord's Indemnity in Section 16.2 (Landlord's Indemnity), above, Landlord shall Indemnify City and its Agents against any and all Claims arising during or after the Term of this Lease (a) as a result of any breach of any of Landlord's representations, warranties or covenants in the preceding Section, or (b) in connection with any presence or Release of Hazardous Material in the Building or on, under or about the Property, unless City or its Agents caused such Release.

21.4 City's Covenants

Neither City nor its Agents shall cause any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or the Property, or transported to or from the Premises or the Property, in violation of any Environmental Laws, provided that City may use such substances in such limited amounts as are customarily used in offices so long as such use is in compliance with all applicable Environmental Laws.

21.5 City's Environmental Indemnity

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

22. SPECIAL PROVISIONS

22.1 Right to Rent Parking

During the Initial Term, City shall have the right to rent up to 10 parking stalls in the building garage at a monthly cost of \$195.00 per stall.

23. GENERAL PROVISIONS

23.1 Notices

Except as otherwise specifically provided in this Lease, any notice given under this Lease shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested, or Express Mail, return receipt requested, with postage prepaid, to: (a) City at Tenant's address set forth in the Basic Lease Information; or (b) Landlord at Landlord's address set forth in the Basic Lease Information; or (c) such other address as either Landlord or City may designate as its new address for such purpose by notice given to the other in accordance with this Section. Any notice hereunder shall be deemed to have been given and received two (2) days after the date when it is mailed if sent by first-class, certified mail, one day after the date when it is mailed if sent by Express Mail, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by telefacsimile to the telefacsimile number set forth in the Basic Lease Information or such other number as may be provided from time to time; however, neither party may give official or binding notice by facsimile.

23.2 No Implied Waiver

No failure by either party to insist upon the strict performance of any obligation of the other party under this Lease or to exercise any right, power or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such term, covenant or condition. No acceptance of full or partial Rent by Landlord while City is in default hereunder shall constitute a waiver of such default by Landlord. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision

hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Landlord or City given in one instance under the terms of this Lease shall not relieve the other party of any obligation to secure the consent to any other or future instance under the terms of the Lease.

23.3 Amendments

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Whenever this Lease requires or permits the giving by City of its consent or approval, the Director of Property, or his or her designee, shall be authorized to provide such approval, except as otherwise provided by applicable law, including the Charter of the City and County of San Francisco. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to the mutual written agreement of City and Landlord, and City's agreement may be made upon the sole approval of the Director of Property, or his or her designee; provided, however, material amendments or modifications to this Lease (a) changing the legal description of the Premises, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Premises from the use authorized under Section 5.1 of this Lease, and (e) any other amendment or modification which materially increases City's liabilities or financial obligations under this Lease shall additionally require the approval of City's Board of Supervisors.

23.4 Authority

Landlord represents and warrants to City that the execution and delivery of this Lease by Landlord has been duly authorized and does not violate any provision of any agreement, law or regulation to which Landlord or the Property is subject.

23.5 Parties and Their Agents; Approvals

If applicable, the word "Landlord" as used in this Lease shall include the plural as well as the singular. As used in this Lease, the term "Agents" when used with respect to either party shall include the agents, employees, officers and contractors of such party, and the term "Invitees" when used with respect to City shall include the clients, customers, invitees, guests, licensees, assignees or subtenants of City. All approvals, consents or other determinations permitted or required by City under this Lease shall be made by or through City's Director of Property unless otherwise provided in this Lease, subject to any applicable limitations in the City's Charter and Administrative Code.

23.6 Interpretation of Lease

The captions preceding the articles and sections of this Lease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Lease. This Lease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intent and purposes of the parties, without any presumption against the party responsible for drafting any part of this Lease. Except as otherwise specifically provided herein, wherever in this Lease Landlord or City is required or requested to give its consent or approval to any matter or action by the other, such consent or approval shall not be unreasonably withheld or delayed and the reasons for disapproval of consent shall be stated in reasonable detail in writing. Provisions in this Lease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply

to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

23.7 Successors and Assigns

Subject to the provisions of Section 14 relating to assignment and subletting, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and City and, except as otherwise provided herein, their personal representatives and successors and assigns. There are no third-party beneficiaries to this Lease.

23.8 Brokers

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated herein, except for the broker, if any, identified in the Basic Lease Information, whose commission, if any is due, shall be the sole responsibility of Landlord pursuant to a separate written agreement between Landlord and such broker, and City shall have no liability therefor. In the event that any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

23.9 Severability

If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the full extent permitted by law.

23.10 Governing Law

This Lease shall be construed and enforced in accordance with the laws of the State of California and the City's Charter.

23.11 Entire Agreement

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

23.12 Attorneys' Fees

In the event that either Landlord or City fails to perform any of its obligations under this Lease or in the event a dispute arises concerning the meaning or interpretation of any provision

of this Lease, the defaulting party or the non-prevailing party in such dispute, as the case may be, shall pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights hereunder (whether or not such action is prosecuted to a judgment). For purposes of this Lease, reasonable attorneys' fees of the City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. The term "attorneys' fees" shall also include, without limitation, all such fees incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees were incurred. The term "costs" shall mean the costs and expenses of counsel to the parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

23.13 Holding Over

Should City hold over in possession of the Premises after the expiration of the Term with Landlord's consent, such holding over shall not be deemed to extend the Term or renew this Lease, but such tenancy thereafter shall continue as a month-to-month tenancy. Such tenancy shall be on all the terms and conditions set forth in this Lease and at the monthly Base Rent in effect during the last month of the Term of this Lease or such other rental as Landlord and City may mutually agree in writing as a condition to Landlord's consent to such holding over, and City shall continue as a month-to-month tenant until the tenancy shall be terminated by Landlord giving City or City giving Landlord at least thirty (30) days' prior written notice of termination. Should City hold over without Landlord's consent, the rent payable by City during the period of such holding over shall be one hundred fifty percent (150%) of the monthly Base Rent in effect during the last month of the Term of this Lease for the first thirty (30) days and two hundred fifty percent (250%) of the monthly Base Rent in effect during the last month of the Term of this Lease thereafter until City has surrendered the Premises pursuant to the terms of the Lease, and such tenancy shall otherwise be on the terms and conditions contained herein.

23.14 Cumulative Remedies

All rights and remedies of either party hereto set forth in this Lease shall be cumulative, except as may otherwise be provided herein.

23.15 Time of Essence

Time is of the essence with respect to all provisions of this Lease in which a definite time for performance is specified.

23.16 Survival of Indemnities

Termination of this Lease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease, nor shall it affect any provision of this Lease that expressly states it shall survive termination hereof. Each party hereto specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Lease, the indemnitor has an immediate and independent obligation to defend the indemnitees from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the indemnitor by the indemnitee and continues at all times thereafter.

23.17 Signs

City may erect or post signs on or about the Premises subject to Landlord's prior approval. Landlord reserves the right to review the placement, design, and plan for any such sign prior to its erection or posting and agrees that the approval thereof shall not be unreasonably withheld or delayed.

23.18 Quiet Enjoyment and Title

Landlord covenants and represents that it has full right, power and authority to grant the leasehold estate hereunder, and covenants that City, upon paying the Rent hereunder and performing the covenants hereof, shall peaceably and quietly have, hold and enjoy the Premises and all appurtenances during the full Term of this Lease as against all persons or entities claiming by and through Landlord or on account of any action, inaction or agreement of Landlord or its Agents. Without limiting the provisions of Section 16.2 (Landlord's Indemnity), Landlord agrees to Indemnify City and its Agents against Claims arising out of any assertion that would interfere with City's right to quiet enjoyment as provided in this Section.

23.19 Bankruptcy

Landlord represents and warrants to City that Landlord has neither filed nor been the subject of any filing of a petition under the federal bankruptcy law or any federal or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors, and, to the best of Landlord's knowledge, no such filing is threatened. Landlord and City agree that City's leasehold estate created hereby includes, without limitation, all rights to receive and enjoy all services, facilities and amenities of the Premises and the Building as provided herein, and that if any of such services, facilities or amenities are terminated, or materially limited or restricted on account of any such case or proceeding, or for any other reason, City shall have the right to (a) contract directly with any third-party provider of such services, facilities or amenities to obtain the same, and (b) offset against the Base Rent or other charges payable hereunder any and all reasonable costs and expenses incurred by City in obtaining such services, facilities or amenities.

23.20 Transfer of Landlord's Interest

Landlord shall have the right to transfer its interest in the Property, the Building or this Lease to any other financially responsible person or entity. In the event of any such transfer, Landlord shall be relieved, upon notice to City of the name and address of Landlord's successor, of any obligations accruing hereunder from and after the date of such transfer and upon delivering to City an express assumption by the transferee of all of Landlord's obligations hereunder.

23.21 Non-Liability of City Officials, Employees and Agents

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

23.22 MacBride Principles - Northern Ireland

The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq.

The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Landlord acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

23.23 Controller's Certification of Funds

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

23.24 Prevailing Wages for Construction Work

Landlord agrees that any person performing labor in the construction of the Leasehold Improvements or other improvements to the Premises, which Landlord provides under this Lease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Landlord shall include, in any contract for construction of such Leasehold Improvements or other improvements to the Premises, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Landlord shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing labor in the construction of any Leasehold Improvements or other improvements to the Premises.

23.25 Non Discrimination in City Contracts and Benefits Ordinance

(a) Covenant Not to Discriminate

In the performance of this Lease, Landlord covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height, or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee or, any City employee working with, or applicant for employment with, Landlord in any of Landlord's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Landlord.

(b) Subcontracts

Landlord shall include in all subcontracts relating to the Premises a non-discrimination clause applicable to such subcontractor in substantially the form of subsection (a) above. In addition, Landlord shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k) and 12C.3 of the San Francisco Administrative

Code and shall require all subcontractors to comply with such provisions. Landlord's failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) Non-Discrimination in Benefits

Landlord does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits specified above within the United States, between employees with domestic partners and employees with spouses, and/or between domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the condition set forth in Section 12.B2(b) of the San Francisco Administrative Code.

(d) HRC Form

As a condition to this Lease, Landlord shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Landlord hereby represents that prior to execution of the Lease: (a) Landlord executed and submitted to the HRC Form HRC-12B-101 with supporting documentation, and (b) the HRC approved such form.

(e) Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of property to City are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. Landlord shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Landlord understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Lease may be assessed against Landlord and/or deducted from any payments due Landlord.

23.26 Tropical Hardwood and Virgin Redwood Ban

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

(b) The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood, or virgin redwood wood products.

(c) In the event Landlord fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Landlord shall be liable for liquidated damages for each violation in an amount equal to Landlord's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greatest. Landlord acknowledges and agrees that the liquidated damages assessed shall be payable to the City and

County of San Francisco upon demand and may be set off against any monies due to Landlord from any contract with the City and County of San Francisco.

23.27 Bicycle Storage Facilities

Article 1.5, Section 155.1, of the San Francisco Planning Code (the "Planning Code") requires the provision of bicycle storage at City-leased buildings at no cost to Landlord. Landlord agrees that bicycles may be stored within the Premises.

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.

Among other items (and without limitation), Landlord hereby agrees to use

- 1) "Green Seal" carpeting
- 2) Low or no VOC paints
- 3) Low or no VOC glues and adhesives
- 4) Low flow toilets and urinals in the base building washrooms

23.29 Counterparts

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

23.30 Effective Date

The date on which this Lease shall become effective (the "Effective Date") is the date upon which (a) City's Mayor and Board of Supervisors, in their sole and absolute discretion, adopt a resolution approving this Lease in accordance with all applicable laws and (b) this Lease is duly executed and exchanged by the parties hereto.

23.31 Certification by Landlord

By executing this Lease, Landlord certifies that neither Landlord nor any of its officers or members have been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state or local governmental agency. In the event Landlord or any of its officers or members have been so suspended, disbarred, disciplined or prohibited from contracting with any governmental agency, it shall immediately notify the City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, disbarment, discipline or prohibition may result in the termination or suspension of this Lease. Landlord acknowledges that this certification is a material term of this Lease.

23.32 Sunshine Ordinance

In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the

disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

23.33 Conflicts of Interest

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

23.34 Notification of Limitations on Contributions

Through its execution of this Lease, Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with 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.

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.

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

SUCH RESOLUTION WILL BE ADOPTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

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

LANDLORD:

WCPI COMMERCIAL LLC,

a California Limited Liability Company

By: *ARPI, LLC, its Manager*

By:

Its:

[Handwritten signature]

Manager

By:

Its:

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By:

Amy D Brown

Director of Property

RECOMMENDED:

[Handwritten signature]

Mayor's Office of Economic and
Workforce Development

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By:

[Handwritten signature]

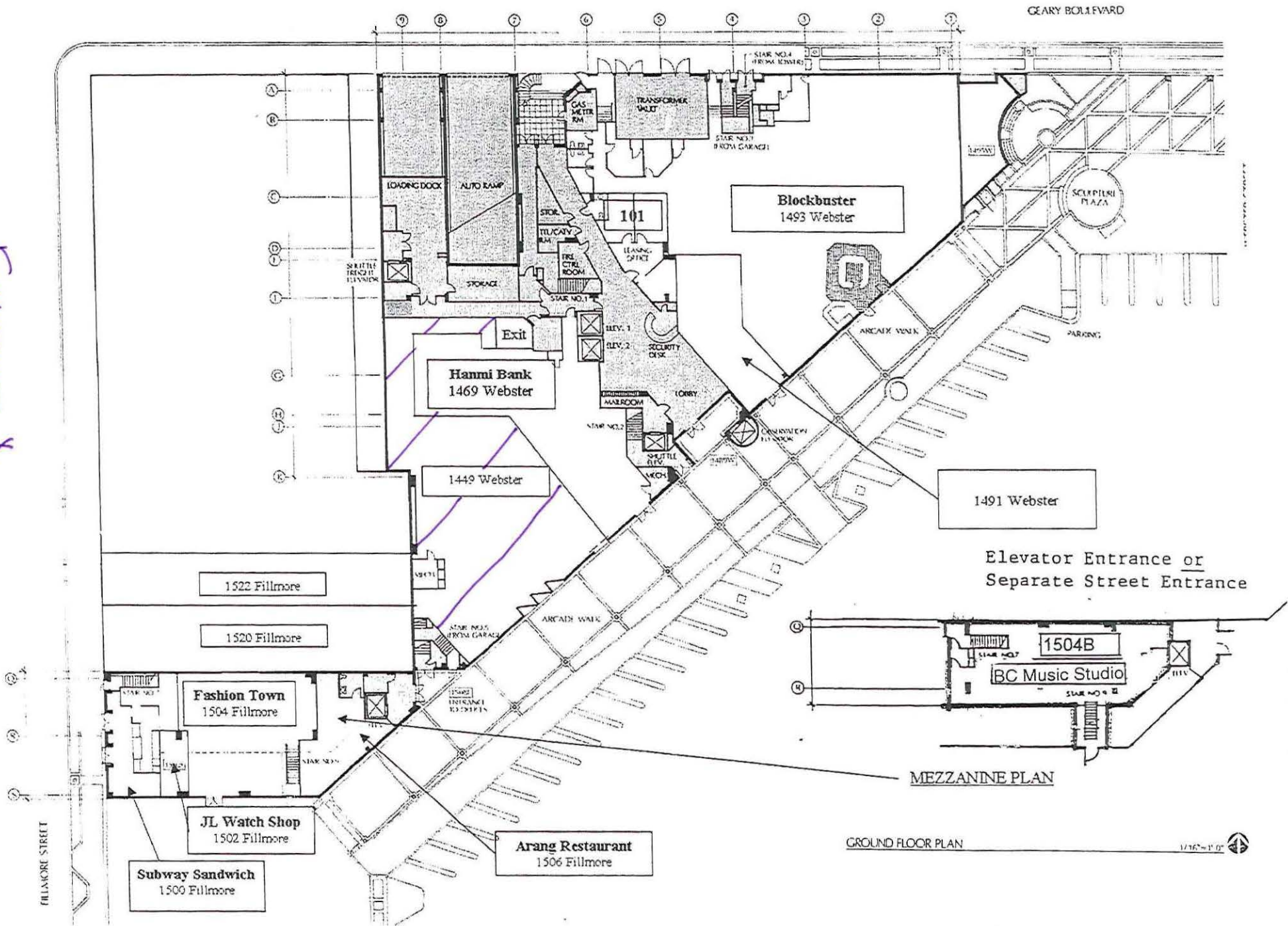
Deputy City Attorney

EXHIBIT A

FLOOR PLAN(S)

CONSISTING OF _____ PAGE(S)

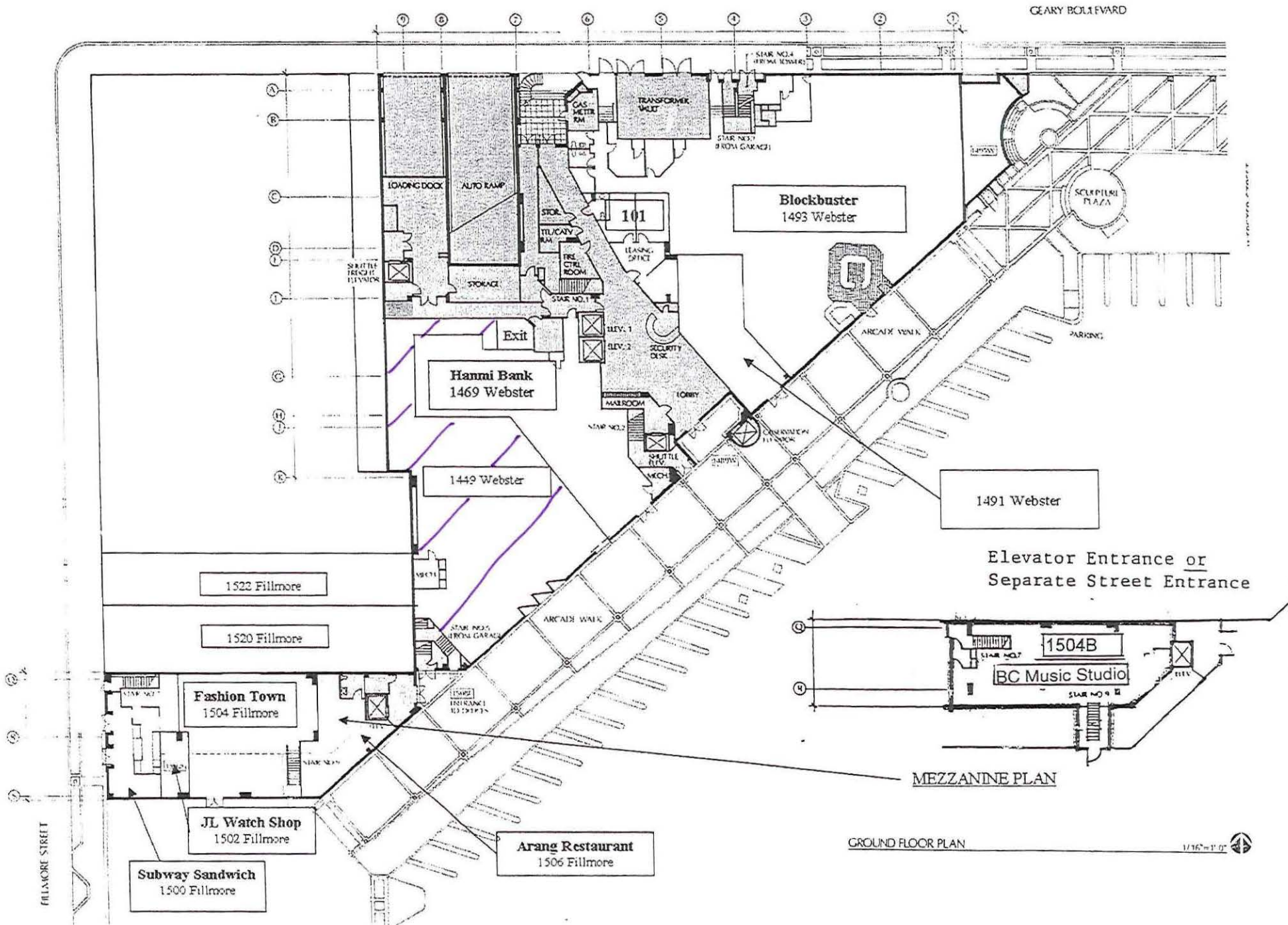
EXHIBIT A



MEZZANINE PLAN

GROUND FLOOR PLAN

1/16" = 1'-0"



GROUND FLOOR PLAN

MEZZANINE PLAN

1/16" = 1' 0"



EXHIBIT B

NOTICE OF COMMENCEMENT DATE

[Date]

Amy L. Brown
Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

RE: Acknowledgement of Commencement Date, Lease Between _____
(Landlord), and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises
known as _____ located at _____

Dear Ms. Brown:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as
defined in Section 3.2 of the Lease) is _____, 200_.

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

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____
Amy L. Brown
Director of Property

Dated: _____

EXHIBIT C

EXCLUSIONS FROM OPERATING COSTS

1. Costs of capital repairs, capital improvements and equipment, except for those (i) required by laws enacted on or after the date of the Lease amortized over the useful life of the improvement and/or equipment, together with interest at the actual interest rate incurred by Landlord in connection with such capital improvements, or (ii) acquired to cause, in Landlord's good faith judgment, an immediate (i.e., commencing within the first year after completion of such repairs or improvements or installation of such equipment) reduction in other Operating Costs, amortized over the useful life of such improvements at an annual rate reasonably calculated to equal the amount of Operating Costs to be saved in each calendar year throughout the Term (as determined at the time Landlord elected to proceed with the capital improvement or acquisition of the capital equipment to reduce operating expenses), together with interest at the actual interest rate incurred by Landlord;
2. Rentals and other related expenses for items (except when needed in connection with normal repairs and maintenance of permanent systems) which if purchased rather than rented, would constitute a capital improvement which is specifically excluded in item 1 above (excluding, however, equipment not affixed to the Building which is used in providing janitorial or similar services);
3. Costs incurred by Landlord for the repair of damage to the Building, to the extent that Landlord is reimbursed by insurance proceeds (excluding any deductible) and costs occasioned by the exercise of the right of eminent domain;
4. Costs, including, without limitation, permit, license and inspection costs, incurred with respect to the installation of improvements made for other tenants or occupants of the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for other tenants or occupants in the Building;
5. Depreciation, amortization and interest payments, except to the extent provided herein pursuant to items 1(i) and 1(ii) above and except on materials, tools, supplies and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party where such depreciation, amortization and interest payments would otherwise have been included in the charge for such third party's services, all as determined in accordance with generally accepted accounting principles, consistently applied (as applied to commercial real estate), and when depreciation or amortization is permitted or required, the item shall be amortized over its reasonably anticipated useful life (as reasonably determined by Landlord);
6. Leasing commissions, attorneys' and other professionals' fees, space planning costs and all other costs and expenses in connection with negotiations with present or prospective tenants or other occupants in the Building or any present or future ground lessors or holders of any mortgages or other encumbrances affecting any of the Building or the defense of Landlord's title to the Building or the real property on which it is located;
7. Expenses in connection with services or other benefits which are not offered to City or for which City is charged directly but which are provided to another tenant or occupant of the Building;
8. Costs incurred by Landlord due to violation by Landlord or any other tenant or occupant of the Building of applicable laws, rules or regulations, the terms and conditions of any lease,

ground lease, mortgage or deed of trust, or other covenants, conditions or restrictions encumbering the Building or the real property on which it is located;

9. Overhead and profit increments paid to Landlord or to subsidiaries or affiliates of Landlord, or to any party as a result of a non-competitive selection process, for management, or other services, supplies or materials, to the extent the same exceed the costs of such goods and/or services rendered by unaffiliated third parties on a competitive, arms-length basis;

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

11. Except as specifically permitted by items 1(i) and 1(ii) above, interest, principal, points and fees on debts or amortization on any mortgage, deed of trust or any other debt instrument encumbering any of the Building or the real property on which it is located;

12. Any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord or in the parking garage in the Building;

13. All items and services for which City or any other tenant or occupant of the Building separately reimburses Landlord (other than through such tenant's or occupant's proportionate share of operating expenses), or which Landlord provides selectively to one or more other tenants or occupants without reimbursement, or which are not provided in reasonable proportion to the space leased by City but which Landlord provides to another tenant or other occupant of the Building;

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

15. Electric power costs for which any tenant or occupant directly contracts with the local public service company (provided that the charge for such services shall be computed for purposes of the gross-up provision of the Lease (i.e., expenses to be grossed up to reflect full occupancy of the Building) to reflect an average charge for power costs);

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

17. Costs incurred in connection with upgrading the Building to comply with disabled access, life, fire and safety codes in effect prior to the date of the Lease, and costs incurred in connection with upgrading the Building to comply with the Americans with Disabilities Act of 1990 and Title 24 of the California Code of Regulations (or its successor), the San Francisco Sprinkler Ordinance and the San Francisco Unreinforced Masonry Building Ordinance;

18. Tax penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments when due;

19. Costs arising from the presence of Hazardous Material in or about the Building including, without limitation, groundwater or soil conditions, except if such Hazardous Material is brought onto the Building by City in violation of applicable laws;

20. Landlord's charitable or political contributions;

21. To the extent the following costs arise during any applicable warranty periods, costs as a result of repairs of latent defects in the Building core and shell or improvements installed by Landlord or in the Building Systems, and any costs incurred by Landlord in the event any portion

of the Building is made untenable by fire or other casualty required to be insured against pursuant to the terms of the Lease;

22. Capital costs for sculpture, paintings or other objects of art;

23. Costs (including, without limitation, all attorneys' fees and costs of settlement, judgments and payments in lieu thereof) arising from claims, disputes or potential disputes, including, without limitation, tax disputes where the tenants of the Building would receive benefits if Landlord prevails) in connection with potential or actual claims, litigation or arbitrations pertaining to Landlord or the Building;

24. All direct cost of refinancing, selling, exchanging or otherwise transferring ownership of the Building or the real property on which it is located or any interest therein or portion thereof, including broker commissions, attorney's fees and closing costs;

25. Reserves for bad debts, rent loss, capital items or further Operating Costs;

26. Landlord's general corporate overhead and general and administrative expenses not related to the operation or management of the Building; and

27. Any other expense that under generally accepted accounting principles would not be considered a maintenance or operating expense.

EXHIBIT D

BUILDING RULES AND REGULATIONS

**RULES AND REGULATIONS FOR
STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE - NET**



Dated: July 25, 2008

By and Between WCPI COMMERCIAL, LLC, a California limited liability company and
CITY AND COUNTY OF SAN FRANCISCO
GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Area, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety, reputation, or property of the Office Building Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Office Building Project.
4. Lessee shall not keep animals or birds within the Office Building Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the premises or Office Building Project.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Office Building Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and legal holidays, and on other days between the hours of 6 P.M. and 7 A.M. of the following day if Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee.
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Office Building Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.
4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.
5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.
6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor parking.
9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.
12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

Initials: _____

Exhibit F
Services Provided by Landlord (Section 9.1)

Electricity for Common Areas, including common area lighting, cooling tower systems, elevator and life safety equipment

Water for common area cleaning, landscaping, and fire sprinklers

Common area refuse removal, including emptying common area receptacles daily and dumpster & recycling emptying daily.

Common area janitorial services and supplies, including once a day sweeping of the common area walk way and once a year pressure washing of the exterior.

Storefront window cleaning once a year

Common area pest control once a month

Common area repair and maintenance, including main cooling tower systems supplying heat pumps within the Premises, main sewer lines, elevator, and life safety equipment.

Common area landscape maintenance

Common area (only) security guard service including uniformed guards 24/7 and security cameras. (Guards are station inside 1489 Webster lobby and respond to outside activity. Tenant must supply its own security within the Premises.)

1 [Lease of Real Property]

2
3 **Resolution authorizing the lease of 3,900 sq. ft. at 1449 Webster Street for employment**
4 **assistance programs.**

5
6 WHEREAS, many Western Addition residents face a number of barriers to employment
7 such as lack of occupational and job readiness skills, a lack of basic education and numeric
8 skills, substance abuse, and prior incarceration among other barriers.

9 WHEREAS, the Mayor's Office of Economic and Workforce Development (MOEWD)
10 has contracted with Rubicon Programs Incorporated and Westside Community Services to
11 design and operate a comprehensive Neighborhood Workforce Center in the Western
12 Addition,

13 WHEREAS, the comprehensive Neighborhood Workforce Center will greatly increase
14 access to the tools necessary for residents to find good employment such as job search
15 services, job readiness skills training, resume and interview coaching, job training and
16 education services, access to public training funding, and coordination with supportive
17 services such as childcare and transportation assistance.

18 WHEREAS, the Neighborhood Workforce Center will further work with employers
19 throughout San Francisco to meet their staffing needs while increasing access to new jobs for
20 Western Addition residents.

21 WHEREAS, Rubicon Programs Incorporated and Westside Community Services plans
22 to begin to offer services as soon as a site can be established.

23 WHEREAS, funds for the One Stop employment program were appropriated in fiscal
24 2007-2008 for this program

25
**Supervisor Mirkarimi
BOARD OF SUPERVISORS

1 BE IT RESOLVED, That the Director of Property is hereby authorized to take all
2 actions, on behalf of the City and County of San Francisco, as tenant, to execute a written
3 lease and other related documents with WCPI Commercial, LLC, ("Landlord"), for the retail
4 area commonly known as 1449 Webster Street, San Francisco, California, which comprises
5 an area of approximately 3,900 square feet on the terms and conditions herein and on a form
6 approved by the City Attorney; and, be it

7 FURTHER RESOLVED, That the lease shall commence upon substantial completion
8 of tenant improvements (expected to be about September 1, 2008) and terminate August 31,
9 2011 (approximately 3 years), however, City shall have the unilateral right of early termination
10 anytime after August 31, 2010 (approximately 2 years), with 180 day advance notice. The
11 monthly rent shall be \$8,000.00. Beginning September 1, 2010, and each September 1,
12 thereafter the monthly Base Rent shall be increased by the proportional increase in the
13 Consumer Price Index. However, in no event shall such increase in Base Rent be more than
14 5% nor less than 2% of the previous Base Rent. The City shall pay for the construction of a
15 portion of the tenant improvements (not to exceed \$200,000). The City shall also pay for
16 utilities, janitorial and other typical tenant costs including data, telecommunications and
17 moving expenses; and, be it

18 FURTHER RESOLVED, That the lease shall include a clause approved by the City
19 Attorney, indemnifying and holding harmless the Landlord, from and agreeing to defend the
20 Landlord against any and all claims, costs and expenses, including, without limitation,
21 reasonable attorney's fees, incurred as a result of City's use of the premises, any default by
22 the City in the performance of any of its obligations under the lease, or any acts or omissions
23 of City or its agents, in, on or about the premises or the property on which the premises are
24 located, excluding those claims, costs and expenses incurred as a result of the active gross
25 negligence or willful misconduct of Landlord or its agents; and, be it

1 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
2 with respect to such lease are hereby approved, confirmed and ratified; and, be it

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

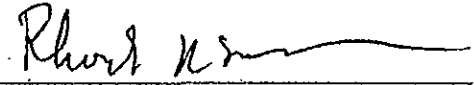
10 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term
11 of the lease unless funds for rental payments are not appropriated in any subsequent fiscal
12 year at which time City may terminate the lease with ninety (90) days advance written notice
13 to Landlord. Said Lease shall be subject to certification as to funds by the Controller,
14 pursuant to Section 3.105 of the Charter.

15 Available: \$280,000
16 Appropriation No.
17 Index Code 210043
18 Project PBE008
19 Subobject 02700

20 
21 _____
22 Controller

23 RECOMMENDED:

24 
25 _____
26 Director
27 Real Estate Division

28 
29 _____
30 Director
31 Workforce Development, Office of Economic and Workforce Development

32 **Supervisor Mirkarimi
33 BOARD OF SUPERVISORS



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails
Resolution

File Number: 080882

Date Passed:

Resolution authorizing the lease of 3,900 sq. ft. at 1449 Webster Street for employment assistance programs.

July 29, 2008 Board of Supervisors --- ADOPTED

Ayes: 11 - Alioto-Pier, Ammiano, Chu, Daly, Dufty, Elsbernd, Maxwell, McGoldrick, Mirkarimi, Peskin, Sandoval

File No. 080882

I hereby certify that the foregoing Resolution was ADOPTED on July 29, 2008 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Date Approved

Mayor Gavin Newsom



Amy L. Brown
Director of Real Estate



February 14, 2011

MOEWD Lease Renewal
6549

WCPI Commercial LLC
c/o Patrick Szeto
American Realty
1489 Webster Street, #218
San Francisco, CA 94115

Subject: Renewal of MOEWD Lease at 1449 Webster St.

Dear Mr. Szeto:

City is a Tenant under an Office Lease dated September 2, 2005, (the "Lease") for ground floor premises consisting of approximately 3900 sq. ft. (the "Premises"), in the building commonly known as 1489 Webster Street, San Francisco, CA.

The initial term expires August 31, 2011. The Lease provides for two (2) options to renew the term for three (3) years, each, at a Base Rental of 95% of the then Prevailing Market Rent.

This letter shall serve to (1) confirm that City has met its Minimum Performance Standards required pursuant to Section 3.4 to exercise its option to extend the Term, (2) exercise City's first option to extend the term of the Lease pursuant to Section 3.4 for an additional 3 year period through August 31, 2014; and (3) confirm the agreement between Landlord and City for 95% of prevailing market rate, considering all factors, pursuant to Section 4.9 for such 3 years.

Current Base Rent, as of February 1, 2011, is 8,299.00. The current Base Rent is scheduled to be adjusted on July 1, 2011 by the proportionate increase in the Consumer Price Index with a minimum of 2% and a maximum of 5% pursuant to Section 4.2. It is hereby agreed that the Base Rent during said first extension period shall be the continued existing base rent as increased annually pursuant to Section 4.2.

The renewal shall be on all of the other terms and conditions of the Lease including but not limited to City's Right to Terminate (Section 3.5), (Base Rent) Adjustment Dates (Section 4.2) and City Percentage Share (Section 4.3) and Use (Section 5).

Pursuant to Section 3.4, Landlord acknowledges that City's agreement hereto is subject to enactment of a Resolution by the City's Board of Supervisors and Mayor, in their respective sole and absolute discretion; authorizing the extension period prior to April 31, 2011. Please be aware that no City Officer or employee has authority to commit City until such authorizing Resolution is duly enacted.

If the above accurately represents your understanding of our agreement, please execute below and we will proceed with submitting a Resolution to the Board of Supervisors. If you have any questions regarding this matter contact Charlie Dunn at 554-9861.

Very truly yours,



John Updike
Acting Director of Property

Agreed, Accepted, and Receipt Acknowledged

Landlord



WCPI Commercial, LLC

Its _____

Date 2/18/2011

cc: Rhonda Simons, Director
Amy Wallace, MOEWD

1 [Lease Renewal - 1449 Webster Street]

2
3 **Resolution authorizing the exercise of an option to extend the lease of 3,900 sq. ft. at**
4 **1449 Webster Street for three years for the Office of Economic and Workforce**
5 **Development Employment Assistance Programs.**

6
7 WHEREAS, The City and County of San Francisco, Tenant, and WCPI Commercial
8 LLC., Landlord, executed a lease dated September 2, 2008 (the "Lease"), authorized by
9 Board of Supervisors Resolution 354-09 for Premises commonly known and numbered as
10 1449 Webster Street and consisting of approximately 3,900 sq. ft. on the ground floor; and

11 WHEREAS, Such Lease expires on August 31, 2011 and contains two(2) options to
12 extend the Lease each for another three years on the same terms and conditions except
13 that the Base Monthly Rental is to be adjusted to 95% of the market rental value; and

14 WHEREAS, Pursuant to the terms of the Lease, the Real Estate Division and the
15 Landlord have negotiated such 95% of fair market rental, considering all factors, for the first
16 extension period to be \$8,299.00 (approximately \$2.18 per square foot) per month with a
17 continuation of the existing annual increases as described herein; and

18 WHEREAS, many Western Addition residents continue to face a number of barriers
19 to employment such as lack of occupational and job readiness skills, a lack of basic
20 education and numeric skills, substance abuse, and prior incarceration among other
21 barriers; and

22 WHEREAS, the Office of Economic and Workforce Development (OEWD) has
23 contracted with Goodwill Industries to operate the Western Addition One Stop Career Link
24 Center to provide the tools necessary for residents to find good employment such as job
25 search services, job readiness skills training, resume and interview coaching, job training

1 and education services, access to public training funding, and coordination with supportive
2 services such as childcare and transportation assistance; and

3 WHEREAS, Such terms for the first option are subject to enactment of a resolution
4 by the Board of Supervisors and the Mayor, in their respective sole and absolute direction,
5 approving and authorizing such exercise; now, therefore, be it

6 RESOLVED, That the Director of Real Estate is hereby authorized to take all actions,
7 on behalf of the City and County of San Francisco, as tenant, to extend the lease and other
8 related documents with WCPI Commercial, LLC, ("Landlord"), for the retail area commonly
9 known as 1449 Webster Street, San Francisco, California, which comprises an area of
10 approximately 3,900 square feet on the terms and conditions herein; and, be it

11 FURTHER RESOLVED, That the Lease extension shall be for a term of three (3)
12 years (through August 31, 2014) at a base rent of \$8,299.00 per month, (approximately
13 \$2.18 per sq. ft. monthly) and the base rate shall continue to be increased annually by
14 proportionate increase in the Consumer Price Index with a two percent (2%) minimum
15 increase and a five (5%) maximum increase per year. The City shall also continue to pay
16 for its own janitorial and its prorata share of common area expenses such as utilities, refuse
17 removal, common area maintenance at a current cost of \$1494.00 per month and other
18 typical tenant costs; and, be it

19 FURTHER RESOLVED, That the Lease shall continue to include the lease clause
20 providing the City the unilateral right of early termination with one hundred eighty (180) days
21 advance written notice; and, be it

22 ~~FURTHER RESOLVED, That at the request of the Director of the Office of Economic~~
23 ~~and Workforce Development, the Board of Supervisors authorizes the Director of Real~~
24 ~~Estate to exercise the second option to extend the term if the Director of Real Estate~~
25 ~~determines, in consultation with the City Attorney, that such extended term is in the best~~

1 interest of the City and consistent with the terms and conditions of the lease renewal
2 provisions; and, be it

3 FURTHER RESOLVED, That the Lease shall continue to include the lease clause
4 indemnifying and holding harmless the Landlord, from and agreeing to defend the Landlord
5 against any and all claims, costs and expenses, including, without limitation, reasonable
6 attorney's fees, incurred as a result of City's use of the premises, any default by the City in
7 the performance of any of its obligations under the lease or any acts or omissions of City or
8 its agents, in, on or about the premises or the property on which the premises are located,
9 excluding those claims, costs and expenses incurred as a result of the active gross
10 negligence or willful misconduct of Landlord or its agents; and, be it

11 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
12 with respect to such lease are hereby approved, confirmed and ratified; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
14 Real Estate to enter into any amendments or modifications to the Lease (including without
15 limitation, the exhibits) that the Director of Real Estate determines, in consultation with the
16 City Attorney, are in the best interest of the City, do not increase the rent or otherwise
17 materially increase the obligations or liabilities of the City, are necessary or advisable to
18 effectuate the purposes of the Lease or this resolution, and are in compliance with all
19 applicable laws, including City's Charter; and, be it

20 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full
21 term of the lease unless funds for rental payments are not appropriated in any subsequent
22 fiscal year at which time City may terminate the lease with ninety (90) days advance written
23 notice to Landlord. Said Lease shall be subject to certification as to funds by the Controller,
24 pursuant to Section 3.105 of the Charter.

25 Available: \$117,516
Appropriation No.

Index Code 210043

Project PBE008

Subobject 03011

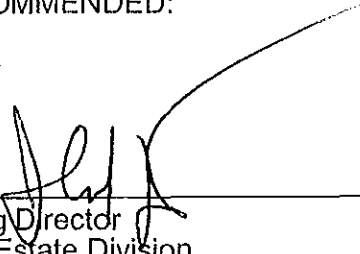


Controller

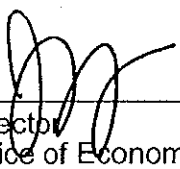
Subject to the enactment of the Annual
Appropriation Ordinance for Fiscal Year
2010/2011

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

RECOMMENDED:



Acting Director
Real Estate Division



Director
Office of Economic and Workforce Development



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 110339

Date Passed: April 26, 2011

Resolution authorizing the exercise of an option to extend the lease of 3,900 sq. ft. at 1449 Webster Street for three years for the Office of Economic and Workforce Development Employment Assistance Programs.

April 20, 2011 Budget and Finance Sub-Committee - AMENDED


April 20, 2011 Budget and Finance Sub-Committee - RECOMMENDED AS AMENDED

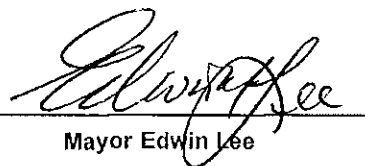
April 26, 2011 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Campos, Chiu, Chu, Cohen, Elsbernd, Farrell, Kim, Mar, Mirkarimi and Wiener

File No. 110339

I hereby certify that the foregoing Resolution was ADOPTED on 4/26/2011 by the Board of Supervisors of the City and County of San Francisco.


Angela Calvillo
Clerk of the Board


Mayor Edwin Lee


Date Approved



Edwin M. Lee, Mayor
Naomi M. Kelly, City Administrator



John Updike
Director of Real Estate

February 7, 2014

1449 Webster St
Lease Renewal
6835

WCPI Commercial LLC
c/o Patrick Szeto
American Realty
1489 Webster Street, #218
San Francisco, CA 94115

Subject: Renewal of MOEWD Lease at 1449 Webster St.

Dear Mr. Szeto:

City is a Tenant under an Office Lease dated September 2, 2008, (the "Lease") for ground floor premises consisting of approximately 3900 sq. ft. (the "Premises") commonly known as 1449 Webster St, in the building commonly known as 1489 Webster Street, San Francisco, CA.

City exercised its first option to extend the term and the extended term expires August 31, 2014. The Lease provides a second option to renew the term for three (3) years, each, at a Base Rental of 95% of the then Prevailing Market Rent.

This letter shall serve to (1) confirm that City has met its Minimum Performance Standards required pursuant to Section 3.4 to exercise its option to extend the Term; (2) exercise City's second option to extend the term of the Lease pursuant to Section 3.4 for an additional 3 year period through August 31, 2017; (3) confirm the agreement between Landlord and City for 95% of prevailing market rate, considering all factors, pursuant to Section 4.9 for such 3 years; and (4) provide City with one further option to extend the term on the same terms and conditions.

Landlord and City have determined that 95% of prevailing market rate, considering all factors, pursuant to Section 4.9 to be \$9,142.07 per month or approximately \$28.13 PSF and that the Base Rent shall continue to be adjusted annually on each July 1, by the proportionate increase in the Consumer Price Index with a minimum of 2% and a maximum of 5% pursuant to Section 4.2 beginning July 1, 2015.

The renewal shall be on all of the other terms and conditions of the Lease including but not limited to City's Right to Terminate (Section 3.5), (Base Rent) Adjustment Dates (Section 4.2) and City Percentage Share (Section 4.3) and Use (Section 5).

Landlord hereby grants to City one further option to extend the term on the same terms and conditions pursuant to Section 3.4 for an additional 3 year period from September 1, 2017 through August 31, 2020.

In accordance with California Civil Code Section 1938, Landlord hereby notifies City that the Building has not undergone inspection by a Certified Access Specialist.

Pursuant to Section 3.4, Landlord acknowledges that City's agreement hereto is subject to enactment of a Resolution by the City's Board of Supervisors and Mayor, in their respective sole and absolute discretion; authorizing the extension period prior to April 31, 2014. Please be aware that no City Officer or employee has authority to commit City until such authorizing Resolution is duly enacted.

If the above accurately represents your understanding of our agreement, please execute below and we will proceed with submitting a Resolution to the Board of Supervisors. If you have any questions regarding this matter contact Charlie Dunn at 554-9861.

Respectfully,



John Updike
Director

Agreed, Accepted, and Receipt Acknowledged

Landlord



WCPI Commercial, LLC *By: ARPI, LLC, its Manager*
Its *By: Kwok Hung Szeto*
Manager

Date 3/18/14

cc: Todd Rufo, Director
Rhonda Simons, OEWD
David Taylor, OEWD

1 [Real Property Lease Renewal - WCPI Commercial, LLC - 1449 Webster Street - \$9,142.07
2 Monthly]

3 **Resolution authorizing the exercise of an option to extend the lease of 3,900 sq. ft. at**
4 **1449 Webster Street with WCPI Commercial LLC, for the Office of Economic and**
5 **Workforce Development's Western Addition employment assistance programs for**
6 **\$9,142.07 monthly, for a term of three years ending August 31, 2017.**

7
8 WHEREAS, The City and County of San Francisco, Tenant, and WCPI Commercial
9 LLC, Landlord, executed a lease dated September 2, 2008 (the "Lease"), authorized by
10 Board of Supervisors Resolution 354-08 for Premises commonly known and numbered as
11 1449 Webster Street and consisting of approximately 3,900 sq. ft. on the ground floor; and

12 WHEREAS, Such Lease was extended from August 31, 2011 to August 31, 2014 by
13 Board of Supervisors Resolution 178-11; and

14 WHEREAS, Such Lease currently expires on August 31, 2014 and contains an
15 additional option to extend the Lease for another three (3) years on the same terms and
16 conditions except that the Base Monthly Rental is to be adjusted to 95% of the market rental
17 value; and

18 WHEREAS, Many Western Addition residents continue to face a number of barriers
19 to employment such as lack of occupational and job readiness skills, a lack of basic
20 education and numeric skills, substance abuse, and prior incarceration among other
21 barriers; and

22 WHEREAS, The Office of Economic and Workforce Development (OEWD) has
23 contracted with Collective Impact, a 501(c) 3 non-profit organization to operate the Western
24 Addition Neighborhood Access Point to provide the tools necessary for residents to find
25 good employment such as job search services, job readiness skills training, resume and

1 interview coaching, job training and education services, access to public training funding,
2 and coordination with supportive services such as childcare and transportation assistance;
3 and

4 WHEREAS, Pursuant to the terms of the Lease, the Real Estate Division and the
5 Landlord have negotiated such 95% of fair market rental, considering all factors, for the
6 three (3) year extension period to be \$9,142.07 (approximately \$2.34 per square foot) per
7 month with a continuation of the existing annual increases as described herein; and

8 WHEREAS, The extension Term is subject to enactment of a resolution by the Board
9 of Supervisors and the Mayor, in their respective sole and absolute direction, approving and
10 authorizing such exercise; now, therefore, be it

11 RESOLVED, That the Director of Real Estate is hereby authorized to take all actions,
12 on behalf of the City and County of San Francisco, as tenant, to extend the lease and other
13 related documents with WCPI Commercial, LLC, ("Landlord"), for the retail area commonly
14 known as 1449 Webster Street, San Francisco, California, which comprises an area of
15 approximately 3,900 square feet on the terms and conditions herein; and, be it

16 FURTHER RESOLVED, That the Lease extension shall be for a term of three (3)
17 years (through August 31, 2017) at a base rent \$9,142.07 per month, (approximately \$2.34
18 per sq. ft. monthly) and the base rate shall continue to be increased annually by
19 proportionate increase in the Consumer Price Index with a two percent (2%) minimum
20 increase and a five (5%) maximum increase per year. The City shall also continue to pay
21 for its own janitorial and its prorata share of common area expenses such as utilities, refuse
22 removal, common area maintenance at a current cost of \$2,145.00 per month
23 (approximately \$.55 per sq. ft. monthly) and other typical tenant costs; and, be it

1 FURTHER RESOLVED, That the Lease shall continue to include the lease clause
2 providing the City the unilateral right of early termination with one hundred eighty (180) days
3 advance written notice; and, be it

4 FURTHER RESOLVED, That the Lease shall continue to include the lease clause
5 indemnifying and holding harmless the Landlord, from and agreeing to defend the Landlord
6 against any and all claims, costs and expenses, including, without limitation, reasonable
7 attorney's fees, incurred as a result of City's use of the premises, any default by the City in
8 the performance of any of its obligations under the lease or any acts or omissions of City or
9 its agents, in, on or about the premises or the property on which the premises are located,
10 excluding those claims, costs and expenses incurred as a result of the active gross
11 negligence or willful misconduct of Landlord or its agents; and, be it

12 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
13 with respect to such lease are hereby approved, confirmed and ratified; and, be it

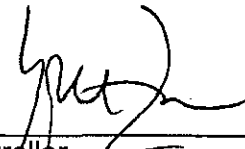
14 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
15 Real Estate to enter into any amendments or modifications to the Lease (including without
16 limitation, the exhibits) that the Director of Real Estate determines, in consultation with the
17 City Attorney, are in the best interest of the City, do not increase the rent or otherwise
18 materially increase the obligations or liabilities of the City, are necessary or advisable to
19 effectuate the purposes of the Lease or this resolution, and are in compliance with all
20 applicable laws, including City's Charter; and, be it

21 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full
22 term of the lease unless funds for rental payments are not appropriated in any subsequent
23 fiscal year at which time City may terminate the lease with ninety (90) days advance written
24 notice to Landlord. Said Lease shall be subject to certification as to funds by the Controller,
25 pursuant to Section 3.105 of the Charter; and, be it

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

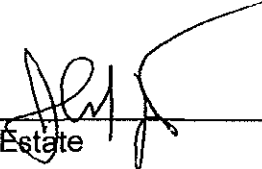
FURTHER RESOLVED, That within thirty (30) days of the agreements being fully executed by all parties, the Director of Real Estate shall provide the agreements to the Clerk of the Board for inclusion into the official file.

Available: \$112,870.70
(10 months Base Rent and CAM expenses)
Appropriation No.
Index code – ECNWDGF
Project - PBEWFD00
Subobject – 03011

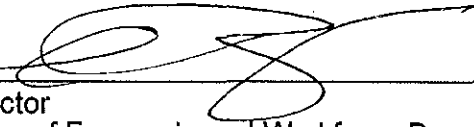


Controller
Subject to the enactment of the Annual
Appropriation Ordinance for Fiscal Year
2014/2015

RECOMMENDED:



Director of Real Estate



Director
Office of Economic and Workforce Development



City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 140262

Date Passed: April 15, 2014

Resolution authorizing the exercise of an option to extend the lease of 3,900 sq. ft. at 1449 Webster Street with WCPI Commercial, LLC, for the Office of Economic and Workforce Development's Western Addition employment assistance programs for \$9,142.07 monthly for a term of three years ending August 31, 2017.

April 09, 2014 Budget and Finance Sub-Committee - RECOMMENDED

April 15, 2014 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

File No. 140262

I hereby certify that the foregoing Resolution was ADOPTED on 4/15/2014 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

Mayor
Date Approved