

File No. 200781

Committee Item No. 11

Board Item No. 50

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date September 2, 2020

Board of Supervisors Meeting

Date September 15, 2020

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong

Date August 28, 2020

Completed by: Linda Wong

Date September 3, 2020

1 [Lease of Real Property - Speyer and Schwartz - 1663 Mission Street - \$208,551 Per Year in
2 Base Rent]

3 **Resolution approving and authorizing the Director of Property, on behalf of the City’s**
4 **Department of Emergency Management, to lease real property located at 1663 Mission**
5 **Street from Speyer and Schwartz, at a rent of \$208,551 per year with 3% annual**
6 **increases for an initial term of ten years, with an anticipated commencement date of**
7 **November 1, 2020, and two five-year options to extend; authorizing the Director of**
8 **Property to execute documents, make certain modifications and take certain actions in**
9 **furtherance of the Lease and this Resolution; finding the proposed transaction is in**
10 **conformance with the General Plan, and the eight priority policies of Planning Code,**
11 **Section 101.1; and adopting findings under the California Environmental Quality Act.**
12

13 WHEREAS, The Department of Emergency Management (“DEM”) is the fiscal agent
14 for the federally funded program known as the Urban Areas Security Initiative (“UASI”) and
15 the Bay Area UASI Management Team consists of City employees who fall under the
16 Department of Emergency Management; and

17 WHEREAS, DEM and UASI are charged with protecting and promoting the safety of all
18 San Franciscans by providing a wide range of strategic disaster preparedness and response
19 services; and

20 WHEREAS, UASI currently operates under a lease at the office building located at 711
21 Van Ness Avenue in San Francisco (“711 Van Ness Lease”), which expires on December 30,
22 2020; and

23 WHEREAS, The other City departments under the 711 Van Ness Lease will be
24 relocated to existing City owned and leased space; and
25

1 WHEREAS, The Real Estate Division (“RED”), through DEM and UASI, and in
2 consultation with the Office of the City Attorney, negotiated a lease (the proposed “Lease”)
3 with Speyer & Schwartz, a California corporation (“Landlord” or “Owner”), for an initial term of
4 ten years (the “Initial Term”), and two additional options to extend the term for five years each
5 (the “Optional Terms”) (the Initial Term plus any Optional Terms are collectively, the “Term”),
6 of approximately 5,057 rentable square feet of office space at 1663 Mission Street in Suites
7 304 and 320 (“Premises”), a copy of the form of Lease is on file with the Clerk of the Board in
8 File No. 200781; and

9 WHEREAS, The Premises were determined to be the best site to relocate UASI
10 because of geographic proximity to Civic Center, availability of sufficient space with flexibility
11 to configure in accordance with new space planning standards resulting from the COVID-19
12 emergency, and Landlord’s willingness to pay for work required to accommodate UASI within
13 the Premises (“Tenant Improvements”); and

14 WHEREAS, Landlord, at Landlord’s sole cost, will perform the Tenant Improvements;
15 and

16 WHEREAS, The Initial Term will commence upon substantial completion of the Tenant
17 Improvements, which is expected to occur on or around November 1, 2020 (estimated
18 “Commencement Date”); and

19 WHEREAS, Under the Lease, rent payable by City will be \$208,551 per year (\$41.24
20 per sq. ft.), payable in monthly installments, with 3% annual increases, abated for the first two
21 months of the Initial Term; and

22 WHEREAS, Throughout the Term, City is obligated to pay for its own janitorial services
23 within the Premises, and otherwise, Landlord will be responsible for all other operating
24 expenses and taxes under the Lease; and

1 WHEREAS, Throughout the Term, Landlord at its cost, will, amongst other things: (1)
2 repair and replace major building systems; and (2) maintain the exterior, structure, and roof of
3 the Property; and

4 WHEREAS, The Director of Property determines the rent negotiated in the Lease to be
5 at or below fair market rental value; and

6 WHEREAS, The Planning Department, in a letter (“Planning Letter”) made
7 determinations regarding the Lease under the California Environmental Quality Act (“CEQA”)
8 (the “CEQA Determination”), and found the proposed Lease is consistent with the General
9 Plan, and the eight priority policies of Planning Code, Section 101.1 (the “General Plan
10 Findings”); now, be it

11 RESOLVED, That in accordance with the recommendation of the Director of DEM, the
12 Director of UASI, and the Director of Property, the Board of Supervisors approves the Lease
13 in substantially the form presented to the Board, and authorizes the Director of Property, to
14 take all actions necessary to execute the Lease and any other documents that are necessary
15 or advisable to effectuate the purpose of this Resolution; and, be it

16 FURTHER RESOLVED, This Board affirms and adopts the General Plan Findings and
17 CEQA Determination, for the reasons set forth in the Planning Letter; and be it

18 FURTHER RESOLVED, That beginning on the actual Commencement Date, City is
19 authorized to obtain janitorial services to the Premises at commercially reasonable rates; and,
20 be it

21 FURTHER RESOLVED, That under the Lease, City shall indemnify and hold harmless
22 the Landlord from, and agree to defend the Landlord against, any and all claims, costs and
23 expenses, including without limitation, reasonable attorneys’ fees, incurred as a result of
24 City’s use of the premises or any negligent acts or omissions of City, its agents or invitees in,
25 on or about the Property; and, be it

1 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
2 with respect to the 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 extensions, amendments or modifications to the Lease (including
5 without limitation, the exhibits, notwithstanding, the Extension Options will be subject to future
6 approval by the Board of Supervisors) that the Director of Property determines, in consultation
7 with the Director of DEM, the Director of UASI, and the Office of the City Attorney, are in the
8 best interest of the City, do not increase the rent or otherwise materially increase the
9 obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of
10 the Lease or this Resolution, and are in compliance with all applicable laws, including City's
11 Charter; and, be it

12 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed
13 by all parties, RED shall provide the final Lease to the Clerk of the Board for inclusion into the
14 official file.

Available: \$104,276

Fund ID:	13560
Department ID:	285644
Project Authority ID:	10032508
Account ID:	581650
Activity ID:	0001

/s/

Ben Rosenfield
Controller

Funding for Fiscal Year 2020/2021 is subject to the enactment of the Annual Appropriation Ordinance for Fiscal Year 2020/2021.

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RECOMMENDED:

/s/
Department of Emergency Management
Authorized Signatory

/s/
Bay Area Urban Areas Security Initiative
Authorized Signatory

/s/
Andrico Q. Penick
Real Estate Division
Director of Property

Item 11 Files 20-0781	Department: Department of Emergency Management Real Estate Division
EXECUTIVE SUMMARY	
<p style="text-align: center;">Legislative Objectives</p> <ul style="list-style-type: none"> • The proposed resolution approves a new lease between the City as tenant and Speyer & Schwartz Inc. as landlord for 5,057 square feet of office space at 1663 Mission Street. The initial lease term is 10 years with two 5-year options to extend subject to Board of Supervisors approval. <p style="text-align: center;">Key Points</p> <ul style="list-style-type: none"> • Staff administering the Department of Homeland Security Urban Areas Security Initiative (UASI) grant are currently in leased space at 711 Van Ness Avenue, for which the lease terminates on January 31, 2021. The proposed new lease would be for relocation of UASI grant-funded positions and storage of required audit documents. • The lease term begins in December 2020 after completion of tenant improvements to be made by the landlord at an estimated cost of \$150,000 (paid by the landlord). <p style="text-align: center;">Fiscal Impact</p> <ul style="list-style-type: none"> • The first year rent of \$41.24 per square foot is comparable to the recently approved lease at 3119/3120 Mission Street, and less than the current rent of \$53.50 per square foot at 711 Van Ness Avenue. Rent increases by 3 percent per year and resets to 95 percent of fair market rent at the exercise of each 5-year lease extension. The first year rent includes two-months' rent abatement, with an anticipated rent commencement date of February 15, 2021. Estimated rent paid by the City over the initial 10-year term is \$2,356,041, paid by UASI grant funds. <p style="text-align: center;">Recommendation</p> <ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

Administrative Code Section 23.27 requires Board of Supervisors approval of leases of one year or more in which the City is the tenant.

BACKGROUND*The Bay Area Urban Areas Security Initiative*

The Bay Area Urban Areas Security Initiative (BAUASI) is a Department of Homeland Security grant-funded program, administered by San Francisco Department of Emergency Management (“Emergency Management”). The objectives of BAUASI are to “improve regional capacity to prevent, protect against, respond to and recover from terrorist incidents and catastrophic events.”¹

711 Van Ness Avenue

There are currently three departments housed at 711 Van Ness Avenue – the Urban Areas Security Initiative, the Assessor’s Office and the San Francisco Public Utilities Commission (SFPUC). According to Mr. Joshua Keene, Special Projects and Transactions Manager at the Real Estate Division, the lease for 711 Van Ness Avenue was one of several leases selected to be terminated as a cost saving measure to offset the purchase and construction costs of the City-owned 49 South Van Ness project. All three departments are vacating the space at the end of the lease term and have made alternative arrangements.² The Board of Supervisors approved a resolution (File 17-0433) in June 2017, authorizing the extension of the Van Ness Avenue lease, which was set to expire on January 31, 2018, through January 31, 2021.

Relocation to 1633 Mission Street

The Department of Emergency Management, on behalf of UASI, reached out to the Real Estate Division to request relocation from 711 Van Ness Avenue. According to Real Estate Division staff, the 1663 Mission Street site was determined to be the best site to relocate UASI staff due to geographic proximity to Civic Center, the Department of Emergency Management offices on Turk Street, availability of space to allow for compliance with new planning standards resulting from COVID -19, budget restrictions and the landlord’s willingness to pay for work required to accommodate staff. According to Mr. Josh Keene of the Real Estate Division, no other property on the market satisfied all of the required criteria.

¹ According to Tristan Levardo of the Bay Area UASI, Department of Emergency Management.

² According to Mr. Keene, the 9,800 sq. ft. space at 711 Van Ness is currently divided as follows: Department of Emergency Management (5,000 sq. ft.); Assessor (2,800 sq. ft.) and SFPUC (2,000 sq. ft.). The Assessor’s Office will likely relocate within City Hall (or if needed, it also has leased premises at 1155 Market which the City already leases). SFPUC’s occupancy is for its records/archives, so its own Real Estate Services group will handle any required relocation under its Commission authority.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) approve a lease between the City as tenant and Speyer & Schwartz Inc., as landlord for property located at 1663 Mission Street for a term of 10 years with two 5-year options to extend, subject to Board of Supervisors' approval, (for a total possible lease term of 20 years) at a base rent of \$208,551 per year and with 3 percent annual increases and an anticipated commencement date of November 1, 2020, (2) authorize the Director of Property to execute documents, make certain modifications and take certain actions to finalize the lease; (3) find the proposed transaction is in conformance with the General Plan, the eight priority policies of Planning Code, Section 101.1; (4) adopt findings that the lease is not a project under the California Environmental Quality Act, (5) allow the City to obtain janitorial services for the site, (6) indemnify the landlord for any claims and costs related to the City's use of the site,.

The 1663 Mission Street Site

The property at 1663 Mission St. includes 5,057 square feet of office space; Suite 304, with a total 3,415 square feet, and Suite 320, with a total of 1,642 square feet.

According to Mr. Tristan Levardo and Mr. Craig Dzedzic of Bay Area UASI, this property at 1663 Mission Street will be used for office space for 18 current UASI positions and four new positions approved in the FY 2020-21 budget, totaling 22 positions (all grant funded), equivalent to 230 square feet per position. In addition, the space will be used for storage of federal and state audit records in accordance with respective record retention policies.³ According to Mr. Keene, the number of square feet of these factors taken together is consistent with the city standard.

Table 1 below lists the terms of the proposed lease.

³ According to Mr. Dzedzic, the 22 grant-funded positions include: 16 (UASI Grant), one (Regional Catastrophic Preparedness Grant), four (Securing the Cities Grant), and one (Preventing Violent Extremist Grant). Any additional space will be dedicated to UASI's storage and filing requirements. As the fiscal agent for the ongoing regional grant programs, UASI is required to retain hard copies of all grant related documentation for periodic state and federal audits. UASI's fiduciary responsibility as fiscal agent also includes record retention for a period of 3-5 years from the official closeout letter of the grant.

Table 1. Proposed Lease Terms for 1663 Mission St.

Landlord	Speyer & Schwartz Inc.
Tenant	City
Building	1663 Mission St, San Francisco CA
Premises	Suites 304 and 320
Area	5,057 rentable square feet
Monthly Rent	\$17,379
Annual Rent	\$208,550
Rent adjustments	3% annual increase for initial 10-year term
Anticipated Lease Commencement Date	Upon substantial completion of tenant improvements, estimated December 15, 2020
Anticipated Rent Commencement Date	February 15, 2021
Term	Initial term of 10 years
Options to extend	Two 5-year options to extend
Rent during extension	Rent resets at 95% of the then prevailing market rate
Services and Operations	City will pay for janitorial services, landlord will pay for all other building services including utilities
Taxes and Insurance	Landlord to pay real estate taxes and landlord's insurance
Tenant Improvements	Landlord to perform capital and tenant improvements estimating \$150,000 at landlord's expense

Source: Proposed Lease

Tenant Improvements

According to Mr. Keene, the landlord is offering to perform and pay for needed tenant improvements including fire/life safety upgrades, minor demolition and office space construction at an estimated cost of \$150,000 (or approximately \$30 per square foot). These upgrades are estimated to begin in mid-September 2020 and reach completion in mid-December 2020. The City is not required to pay rent until two months after substantial completion of tenant upgrades, however UASI staff can move in upon substantial completion of tenant improvements.

FISCAL IMPACT

Under the proposed lease, the City would pay an initial annual rent of \$208,550, escalating by 3 percent per year over the ten-year term, with rent abated for the first two months of the term. Total rental costs over the initial ten-year term for 1663 Mission St. are estimated at \$2,356,041 (including the two months of rent abatement). Under the proposed lease, two additional five-year extension options exist with rent at 95% of the then prevailing market rate. By comparison,

the USAI lease for 5,000 square feet at 711 Van Ness is currently \$53.50 per square foot. See Table 2 for total rental costs under proposed lease for 1663 Mission St.

Table 2. Total Rental Costs Under Proposed Lease for 1663 Mission St.

Year	Square Feet	Annual Rent per Square Foot	Total Rental Costs
1	5,057	\$41.24	\$208,551
2	5,057	42.48	214,807
3	5,057	43.75	221,251
4	5,057	45.06	227,889
5	5,057	46.42	234,726
6	5,057	47.81	241,767
7	5,057	49.24	249,020
8	5,057	50.72	256,491
9	5,057	52.24	264,186
10	5,057	53.81	272,111
Total (excluding 2 months' rent abatement in Year 1)			\$2,390,799
Total (including 2 months' rent abatement in Year 1)			\$2,356,041

Source: BLA Review of Proposed Lease

The first year rent of \$41.24 is under the \$45 per square foot that would require an appraisal in accordance with Administrative Code Section 23.27.⁴ According to Mr. Keene, recent City Real Estate transaction most comparable to this lease would be the lease renewal at 3119/3120 Mission St. at \$41.18 per square foot (File 20-0316).⁵ Mr. Keene notes that the first year rent of \$41.24 per square foot is consistent with Board of Supervisors direction to enter into lease agreements representing a 15 percent – 20 percent reduction from market rents in place prior to COVID-19.

Additional Operating Expenses

Rent includes all operating expenses, except janitorial services within the premises. The City will pay for its own custodial services at a cost estimated no more than \$1,500 per month with an

⁴ Per City Administrative Code Section 23.27, the Director of Property shall determine the Market Rent of such lease based on a review of available and relevant data. If the Market Rent of the lease is more than \$45 per square foot per year as base rent, the Director of Property shall obtain an appraisal for such Lease

⁵ According to Mr. Josh Keene, the City has to pay for custodial services for both properties and has to pay utilities under the 2 Gough lease. Additionally, both the 2 Gough and 3119/3120 Mission St. leases were also reduced to 95% of fair market value, so the market value of those leases was even higher.

annual 3% escalation.⁶ The estimated maximum cost of custodial services for the ten-year term is \$206,350.

The rent for the Urban Areas Security Initiative leased space and janitorial services will be paid from U.S. Department of Homeland Security grant funds.

RECOMMENDATION

Approve the proposed resolution.

⁶ Letter from the Real Estate Division addressed to the Board of Supervisors through City Administrator Naomi Kelly. Dated July 20, 2020.

OFFICE LEASE

between

SPEYER & SCHWARTZ, a California corporation,
as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,
as Tenant

For the lease of
1663 Mission Street, Suites 304 and 320
San Francisco, California

July *17* 2020

7/17/2020

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LIST OF EXHIBITS AND SCHEDULES

- EXHIBIT A — Floor Plans of Premises**
- EXHIBIT B — Notice of Commencement Date**
- EXHIBIT C — Rules and Regulations**
- EXHIBIT D — Standards for Utilities and Services**
- EXHIBIT E — Standards for Security Service**
- EXHIBIT F — Work Letter**

OFFICE LEASE

THIS OFFICE LEASE (this “Lease”), dated for reference purposes only as of July 17, 2020, is by and between SPEYER AND SCHWARTZ, a California corporation (“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 is deemed to incorporate all of the terms in this Lease pertaining to that item. If there is any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision will control.

Lease Reference Date:	July <u>17</u> , 2020
Landlord:	SPEYER AND SCHWARTZ, a California corporation
Tenant:	CITY AND COUNTY OF SAN FRANCISCO
Building (<u>Section 2.1</u>):	1663 Mission Street, San Francisco CA
Premises (<u>Section 2.1</u>):	Suites 304 and 320
Rentable Area of Premises (<u>Section 2.1</u>):	Approximately 5,057 rentable square feet (Suite 304: 3,415 square feet; Suite 320: 1,642 square feet)
Term (<u>Section 3</u>):	Estimated Commencement Date: November 1, 2020 Commencement Date: The later of the Estimated Commencement Date and the date of Substantial Completion of the Leasehold Improvements as provided in Section 6 below Rent Commencement Date: Sixty (60) days after the Commencement Date Expiration date: The 10th anniversary of the Commencement Date.

Extension Option(s) (Section 3.4): Two (2) additional terms of five (5) years each, exercisable by City by notice to Landlord given not less than One Hundred Twenty (120) days in advance, with rent at 95% of the then prevailing market rate, as provided in Section 4.3 below

Base Rent (Section 4.1): Annual Base Rent: \$208,550.64
Monthly payments: \$17,379.22

Adjustment Dates (Section 4.2): Base Rent will adjust on each anniversary of the Commencement Date

Use (Section 5.1): General Office and Public Facilities uses, including, but not limited to programs and services performed by the Bay Area Urban Areas Security Initiative (“UASI”) or other City program or administrative use.

Leasehold Improvements (Section 6 and Exhibit F (Work Letter)): Landlord to construct Leasehold Improvements

Utilities (Section 9.1): Landlord will pay for Utilities

Services (Section 9.2): City will provide and pay for janitorial service to the Premises; Landlord will provide and pay for all other services

Notice Address of Landlord (Section 24.1): c/o Canyon Pacific Management
4210 Holden Street
Emeryville, CA 94608
Attn: Mharla Ortega
Email: Mharla@CanyonPacific.com
Phone No.: 415-495-4739

Landlord’s Key Contact: Mharla Ortega

Landlord Contact Telephone No.: 415-495-4739

Tenant's Notice Address (Section 24.1):

Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 1663 Mission St

and to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Attn: Real Estate & Finance Team
Re 1663 Mission St
Fax No.: (415) 554-4757

Tenant's Key Contact:

Craig Dziedzic (craig.dziedzic@sfgov.org)

Tenant Contact Telephone No.:

415-353-5221

Brokers (Section 24.8):

Starboard Commercial Real Estate

2. PREMISES

2.1 Lease Premises

Landlord leases to City and City leases from Landlord, subject to the provisions of this Lease, those premises in the building identified in the Basic Lease Information (the "**Building**") and shown on the floor plan(s) attached as **Exhibit A** (the "**Premises**"). The Premises contain the rentable area and are located on the third floor of the Building. As used in this Lease, the term "**rentable area**" means that measurement of interior floor area computed in accordance with the "Office Buildings: Standard Methods of Measurements" (ANSI/BOMA Z65.1-2017), adopted by the Building Owners and Managers Association (the "**BOMA Standard**"). The Building, the land on which the Building is located, and all other improvements on or appurtenances to the land are referred to collectively as the "**Property**."

2.2 Common Areas

City has the 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 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.

2.3 Disability Access

California Civil Code section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist ("**CASp**") to determine whether the property meets all applicable construction-related accessibility requirements. To Landlord's knowledge, the property being leased or rented pursuant to this Lease has not undergone inspection by a Certified Access Specialist (CASp), as

defined in Section 55.52 of the California Civil Code. The foregoing verification is included in this Lease solely for the purpose of complying with California Civil Code Section 1938 and shall not in any manner affect Landlord's and Tenant's respective responsibilities for compliance with construction-related accessibility standards as provided in this Lease. The law does not require landlords to have the inspections performed, but Landlord may not prohibit City from obtaining a CASp inspection of the Premises for its occupancy or potential occupancy if requested by City. If City elects to obtain an inspection, City and Landlord will mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the CASp inspection fee, and the cost of any repairs necessary to correct violations of construction-related accessibility standards.

3. TERM

3.1 Term of Lease

The Premises are leased for a term commencing on the date that Landlord has delivered and City has accepted the Premises with the Leasehold Improvements (as defined below) substantially completed by Landlord and confirmed by City under Section 6.1 (Landlord's Obligation to Construct Improvements) and the Work Letter attached as Exhibit F (the "**Work Letter**"), which may not be before the Effective Date, as provided in Section 24.23 (Effective Date (the "**Term**")). The Term will end on the expiration date specified in the Basic Lease Information, or the date that this Lease is earlier terminated under the provisions of this Lease, unless City extends the Term pursuant to Section 3.4 (Extension Options), below.

3.2 Commencement Date and Expiration Date

The dates that the Term commences and expires under this Lease are the "**Commencement Date**" and the "**Expiration Date**." If the Commencement Date occurs on a date other than the Estimated Commencement Date provided in the Basic Lease Information, then Landlord will promptly deliver to City a notice substantially in the form of the attached Exhibit B confirming the actual Commencement Date, but Landlord's failure to do so will not affect the dates of commencement or expiration of the Term.

3.3 Delay in Delivery of Possession

Landlord will 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 under Section 6.1 (Landlord's Obligation to Construct Improvements) and the Work Letter on or before the Estimated Commencement Date. If Landlord is unable to deliver possession of the Premises by the Estimated Commencement Date, then, subject to the provisions of this Section below, the validity of this Lease will not be affected by Landlord's inability to deliver possession except that Commencement Date will not occur until Landlord has delivered the Premises as required under this Lease. If the Term commences later or earlier than the Estimated Commencement Date, this Lease will still expire on the Expiration Date, unless sooner terminated under the provisions under this Lease. If Landlord is unable to deliver possession of the Premises to City as required under this Lease by Monday, January 11, 2021, then, by written notice to Landlord, City may terminate this Lease, without any further liability to Landlord or

City. If City terminates this Lease, then Landlord will promptly reimburse City for all of City's costs of construction of the Leasehold Improvement Work in accordance with the Work Letter.

3.4 Extension Options

Landlord grants City the right to extend the Term (the "**Extension Options**") for the additional term(s) specified in the Basic Lease Information (the "**Extended Terms**"). The Extended Terms will be on all of the terms and conditions contained in this Lease, except that the Base Rent will be determined under Section 4.3 below. City may exercise an Extension Option, if at all, by giving written notice to Landlord no later than One Hundred Twenty (120) days before expiration of the Term; provided, however, if there is an uncured Event of Default on the date City gives notice extending an Extension Term, then Landlord may reject City's exercise by notifying City in writing within ten (10) days after receipt of City's extension notice. Landlord acknowledges and agrees that City's notice of its intent to exercise an Extension Option will be subject to the Board of Supervisors and the Mayor enacting a resolution, at their respective sole and absolute discretion, approving and authorizing the extension, within sixty (60) days after the date the notice of exercise is given (unless the parties are proceeding under Section 4.3, in which event within sixty (60) days after the date the Director of Property approves the Base Rent under Section 4.3(b)(v). If City extends the Term as provided in this Section, then the word "**Term**" will mean and include any Extended Terms.

4. RENT

4.1 Base Rent

Beginning on the date that is sixty (60) days after the Commencement Date (the "**Rent Commencement Date**"), City will pay to Landlord the annual Base Rent specified in the Basic Lease Information (the "**Base Rent**"). The Base Rent is payable in equal monthly payments at the address specified for Landlord in the Basic Lease Information, or other place as Landlord may designate in writing on not less than thirty (30) days' advance notice. City will pay the Base Rent monthly within thirty (30) days after invoice from Landlord and without any deductions or setoff except as otherwise provided in this Lease. If the Rent 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 the fractional month will be prorated based on a thirty (30)-day month.

4.2 Adjustments in Base Rent

On each date specified in the Basic Lease Information for the adjustment of Base Rent (an "**Adjustment Date**"), the Base Rent payable under Section 4.1 (Base Rent) will be adjusted to equal one hundred three percent (103%) of the Base Rent for the lease year preceding the Adjustment Date.

4.3 Determination of Base Rent for the Extended Term

(a) At the commencement of any Extended Term, the Base Rent will be adjusted to equal ninety-five percent (95%) 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 (“Comparable Space”) situated within the Civic Center and Western SOMA areas of San Francisco (“Reference Area”); provided, however, in no event will the Base Rent be reduced below the Base Rent for the 12-month period before the Extended Term. As used in this Section, “prevailing market rate” means the base rent for Comparable Space, taking into account (i) any additional rent and all other payments and escalations payable under this Lease, (ii) floor location and size of the premises covered by leases of the Comparable Space, (iii) the duration of Extension Term under this Lease and the term of the leases for Comparable Space, (iv) free rent and any other tenant concessions given under the leases for Comparable Space, and (v) tenant improvement allowances and other allowances given under the leases for Comparable Space.

(b) Within thirty (30) days after City’s exercise of the Extension Option, Landlord will notify City of Landlord’s determination of the prevailing market rate for the Premises. If City disputes Landlord’s determination of the prevailing market rate, City will notify Landlord within fourteen (14) days after Landlord’s notice to City of the prevailing market rate and the dispute will be resolved as follows:

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

(ii) If within that thirty (30)-day period Landlord and City cannot agree on the prevailing market rate, then each will select one appraiser to determine the prevailing market rate. Within thirty (30) days after the expiration of the thirty (30) day consultation period, each party will cause its appraiser prepare and complete an appraisal report determining the prevailing market rate and submit the report to Landlord and City.

(iii) If only one appraisal report is submitted within that 30-day period, then the prevailing market rate determined in that appraisal report will be used to establish the Base Rent for the Extended Term. If both appraisal reports are submitted within the 30-day period, and if the prevailing market rates determined in the two appraisal reports differ by less than ten percent (10%) of the higher of the two, then the average of the two will be the prevailing market rate. If the prevailing market rates in the two appraisal reports differ by more than ten percent (10%) of the higher of the two, then the two appraisers will immediately select a third appraiser. Within thirty (30) days after the third appraiser is selected, the third appraiser will prepare an appraisal report determining the prevailing market rate and submit the report to Landlord and City. The prevailing market rate determined in the third appraisal report will then be averaged with the closer of the prevailing market rates from the two previous appraisals and the result will be the prevailing market rate. The determination of the third appraiser will be final and binding on the parties.

(iv) If City’s Director of Property does not approve the prevailing market rate as determined by the appraisal procedure specified above, the Director of Property may revoke City’s exercise of the Extension Option.

(v) All appraisers must be “MAI” designated members of the Appraisal Institute with not less than five (5) years’ experience appraising leases of commercial

properties similar to the Premises in the Reference Area. Landlord and City will pay the cost of the appraiser it selects and one-half of the cost of the third appraiser.

4.4 Additional Charges

City will pay to Landlord any charges or other amounts required under this Lease as additional rent (“Additional Charges”). All Additional Charges are payable to Landlord at the place where the Base Rent is payable. The Base Rent and Additional Charges are sometimes collectively referred to “Rent.”

4.5 Operating Costs and Real Estate Taxes

(a) Landlord will pay for all Operating Costs and Real Estate Taxes without reimbursement from Tenant.

(b) “**Operating Costs**” means the total costs and expenses paid or incurred by Landlord in connection with the management, operation, maintenance, and repair of the Building, including, but not limited to: (1) the cost of air conditioning, electricity, steam, water, heating, mechanical, telephone, ventilating, escalator, and elevator systems and all other utilities, (2) the cost of general maintenance, cleaning, and service contracts, including all supplies, tools, and equipment for that maintenance, cleaning, and service, (3) the cost incurred by Landlord for all insurance required to be carried on the Building, (4) wages, salaries, payroll taxes, and other labor costs and employee benefits relating to Landlord’s employees or its Agents (defined in Section 24.5 (Parties and Their Agents, Approvals) below) engaged in the operation, repair, or maintenance, of the Building, allocated in proportion to the percentage of that person’s working time actually spent working in connection with the Building, (5) reasonable management fees, (6) fees, charges, and other costs of all independent contractors engaged by Landlord, allocated in proportion to the percentage of that person’s working time actually spent working in connection with the Building, (7) accounting and legal expenses, (8) depreciation on personal property, including carpeting in public corridors and Common Areas and window coverings provided by Landlord, (9) the fair market rental value of offices in the Building for the property manager, and (10) costs of capital repairs, capital improvements.

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

4.6 Payments by City

Landlord acknowledges that City cannot make any payments to Landlord unless Landlord is qualified as an approved vendor in City’s financial and payment system. City acknowledges that Landlord is an approved vendor with City, under supplier identification number 0000038554. If during the Term, Landlord ceases to be an approved vendor in City’s

financial and payment system, then City will not be in default of any monetary obligation under this Lease and no interest charge will apply, and for any Rent that accrues while Landlord is not an approved vendor, those monetary obligations will be payable within thirty (30) days after City receives Landlord's written confirmation and the Contract Monitoring Division confirms that Landlord is an approved vendor.

4.7 Landlord's Compliance with City Business and Tax and Regulations Code

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

4.8 Additional Services

City may request that Landlord provide or arrange for additional services for the Premises, which Landlord may provide or arrange in its reasonable discretion. If Landlord elects to provide the requested additional services, then City will pay Landlord as Additional Charges the cost of those services, but Landlord will not contract for or provide any services (and City will not be obligated to pay for such services) without City's prior written approval of total or estimated cost of the additional services in writing before Landlord incurs any costs. City will pay for the cost of the additional services within thirty (30) days after receipt of an invoice; provided, however, that City may elect to provide any deposit or other prepayment that City determines is appropriate given the nature of the requested services. Any additional terms for the additional services will be memorialized by a written agreement, which, upon execution by Landlord and City, will be considered a part of this Lease.

5. USE

5.1 Permitted Use

City may use the Premises for general office uses and any other uses specified in the Basic Lease Information, and for no other use without Landlord's prior written consent, which may not be unreasonably withheld, conditioned, or delayed.

5.2 Observance of Rules and Regulations

City will observe the rules and regulations for the Building attached to this Lease as **Exhibit C** (the "Rules and Regulations"), subject to the provisions of this Lease. Landlord may make reasonable changes to the Rules and Regulations, but all changes must be applicable to all other Building tenants and the changes may not (a) reduce Landlord's obligations under the Lease, (b) conflict with the provisions of this Lease, (c) materially increase City's burdens or obligations, (d) impose a charge on City for services that this Lease expressly states are to be

provided to City at no charge, or (e) materially adversely affect any permitted use of the Premises. The changes permitted under this Section will be binding on City within a reasonable implementation period after delivery of Landlord's written notice of the changes to City. Landlord will administer the Rules and Regulations in a fair and nondiscriminatory manner and use reasonable efforts to cause other Building tenants to comply with them. Landlord will notify City of any waiver of or special dispensation under the Rules and Regulations granted by Landlord to any other tenant in the Building and on request, City will be entitled to the same waiver or special dispensation.

5.3 Interference with Access

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

6. LEASEHOLD IMPROVEMENTS

6.1 Construction of Leasehold Improvements

Landlord will perform the work as provided in the Work Letter attached as Exhibit F (the "Work Letter"). All work and installations performed under the Work Letter are referred to as the "Leasehold Improvement Work" and the "Leasehold Improvements."

6.2 Installation of Telecommunications and Other Equipment

Landlord and City acknowledge that the Leasehold Improvement Work will not include the installation of telecommunications, data, and computer cabling facilities and equipment. City is responsible for installing those facilities and equipment. Landlord will furnish access to City and its consultants and contractors to the main communications service serving the floor(s) on which the Premises are located and all other parts of the Building where access is needed for proper installation of the facilities and equipment including wiring. City will have the right to

enter the Premises and the other portions of the Building at reasonable times during construction of the Leasehold Improvements in order to install the facilities and equipment. City and Landlord will use their good faith efforts to coordinate any all activities to allow the Leasehold Improvements and the installation of the facilities and equipment to be completed in a timely and cost-effective manner; without disturbing the quiet enjoyment of the Building by other tenants.

6.3 Construction of Improvements that Disturb or Remove Exterior Paint

Landlord, on behalf of itself and its successors, assigns, and Agents, will comply with all requirements of the San Francisco Building Code Chapter 34 and all other applicable local, state, and federal laws, including the California and United States Occupational and Health Safety Acts and their implementing regulations, when the work or alteration disturbs or removes exterior or interior lead-based or “presumed” lead-based paint (as defined below). Landlord and its Agents must give to City three (3) business days’ prior written notice of any disturbance or removal of exterior or interior lead-based or presumed lead-based paint. Landlord acknowledges that the required notification to the Department of Building Inspection regarding the disturbance or removal of exterior lead-based paint under San Francisco Building Code Chapter 34 does not constitute notification to City as Tenant under this Lease and similarly that notice under this Lease does not constitute notice under San Francisco Building Code Chapter 34. Further, Landlord and its Agents, when disturbing or removing exterior or interior lead-based or presumed lead-based paint, will not use or cause to be used any of the following methods: (a) acetylene or propane burning and torching; (b) scraping, sanding, or grinding without containment barriers or a High Efficiency Particulate Air filter (“HEPA”) local vacuum exhaust tool; (c) hydroblasting or high-pressure wash without containment barriers; (d) abrasive blasting or sandblasting without containment barriers or a HEPA vacuum exhaust tool; and (e) heat guns operating above 1,100 degrees Fahrenheit. Landlord will comply with the requirements of California Code of Regulations Title 17 when taking measures that are designed to reduce or eliminate lead hazards. Under this Section, paint on the exterior or interior of buildings built before January 1, 1979 is presumed to be lead-based paint unless a lead-based paint test, as defined by San Francisco Building Code Chapter 34, demonstrates an absence of lead-based paint on the interior or exterior surfaces of the buildings. Under this Section, lead-based paint is “disturbed or removed” if the work or alteration involves any action that creates friction, pressure, heat, or a chemical reaction on any lead-based or presumed lead-based paint on a surface so as to abrade, loosen, penetrate, cut through, or eliminate paint from that surface.]

7. ALTERATIONS

7.1 Alterations by City

(a) City may not make or permit any alterations, installations, additions, or improvements (collectively, “Alterations”) to the Premises without first obtaining Landlord’s written consent, which Landlord will not unreasonably withhold, condition, or delay. Installation of furnishings, fixtures, equipment, or decorative improvements that do not affect the Building Systems or structural integrity of the Building, and the repainting and recarpeting of the Premises do not constitute Alterations and do not require Landlord’s consent. Any Alterations permitted under this Lease will be made at City’s cost in compliance with applicable Laws (as defined in Section 10.1 (Landlord’s Compliance with Laws)). Without cost to itself, Landlord will

cooperate with City in securing building and other permits and authorizations needed for any permitted Alterations. Landlord will not be entitled to any construction or other administrative fee in connection with any Alteration. City will not be required to remove any Alterations on the expiration or sooner termination of this Lease unless Landlord notifies City in writing at the time Landlord approves the Alterations that they must be removed. City is not required to remove any improvements not requiring Landlord's consent.

(b) Landlord acknowledges and consents to City's use of air conditioners and fans purchased by the City, which units and fans will be City's Personal Property. If any air conditioning unit or fan would protrude outside the Premises (e.g., protrude outside a window or require physical venting that would protrude from a window), then City must obtain Landlord's prior written approval before installing the air conditioner or fan and/or venting, which approval may not be unreasonably withheld, conditioned, or delayed. Any construction that is required for the installation of air conditioning units or fans, or for any venting will be considered an Alteration subject to subparagraph (a) above.

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 will be and will remain Landlord's property. City may not remove Landlord's property without Landlord's written approval.

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 City and that can be removed without structural damage to the Premises (collectively, "**City's Personal Property**") are and will remain City's property. Landlord may assist City by facilitating the ordering and installation of City's Personal Property and City will reimburse Landlord for all fees, costs, and expenses within thirty (30) days after receipt of an invoice; provided, however, that City may elect to provide any deposit or other expense required at the time of ordering City's Personal Property. Although Landlord may facilitate ordering and installation of City's Personal Property, all items will remain City's Personal Property and not be considered Leasehold Improvements or constitute any component of the Leasehold Improvements. At any time during the Term, City may remove any of City's Personal Property, and City will repair any damage to the Premises resulting from that removal. On the expiration or earlier termination of this Lease, City will remove the Property from the Premises in accordance with Section 20 (Surrender of Premises). 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 recognizes 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 that property at any time during the Term or within thirty (30) days after the Expiration Date. Upon City's reasonable request, Landlord will 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, under which Landlord waives any rights it may have or acquire with respect to City's Personal Property, so long as the supplier, equipment supplier, lessor, or lender agrees that it (i) will

remove the Property from the Premises within thirty (30) days after the Expiration Date (and if it does not remove City's Personal Property within that time the equipment supplier, lessor, or lender will 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.

7.4 Alteration by Landlord

Landlord will 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 any leasehold improvement work for other tenants in the Building. Landlord will promptly remedy any interference or disruption on receiving City's notice thereof.

8. REPAIRS AND MAINTENANCE

8.1 Landlord's Repairs

At its cost, Landlord will repair and maintain the exterior and structural portions of the Building in first-class condition, including, the roof, foundation, bearing and exterior walls, windows, doors, door frames, demising walls, and subflooring, and the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security, and other mechanical, electrical, and communications systems of the Building (collectively, the "**Building Systems**") and the Common Areas. Without limiting the foregoing, Landlord will maintain the Building in a clean, safe, and attractive manner, will provide exterior graffiti removal with reasonable frequency, and will 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 under this Lease, City will repair and maintain at its cost the interior portions of the Premises and will keep the Premises in good working order and in a safe and sanitary condition, except for ordinary wear and tear and damage by casualty or condemnation. City will make any required repairs and replacements to the interior of the Premises that Landlord specifies in writing (a) at City's cost, (b) by contractors or mechanics selected by City and reasonably approved by Landlord, (c) so that the interior portions of the Premises will be at least substantially equal in quality, value, and utility to the original work or installation before the damage, (d) 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 (e) in compliance with all applicable Laws, including any applicable contracting requirements under City's Charter and Administrative Code. At all times during the Term, promptly after City's reasonable notice, Landlord will provide City and its Agents with access to those portions of the Building that are necessary to maintain or repair the telecommunications and data and computer cabling facilities and equipment installed by City.

8.3 Liens

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

9. UTILITIES AND SERVICES

9.1 Landlord's Provision of Utilities

Landlord will furnish the following utilities and services to the Premises: **(a)** heating, air conditioning, and ventilation in amounts required for City's comfortable use and occupancy of the Premises, during the period from 7:00 a.m. to 6:00 p.m., Monday through Friday, except holidays generally recognized in San Francisco; **(b)** electric current in amounts required for normal lighting and for the operation of personal computers and other normal office machines and equipment, on a twenty-four (24) hours-a-day, three hundred sixty-five (365) days-a-year basis ("**Daily Basis**"); **(c)** elevator service on a Daily Basis; and **(d)** water for lavatory, kitchen, and drinking purposes on a Daily Basis. During the Term, Landlord will provide freight elevator service on City's reasonable request. Without limiting Landlord's obligations under this Section, Landlord will furnish all utilities and services required under this Lease in a manner consistent with utilities and services normally provided in other first class buildings similar to the Building in the San Francisco Civic Center and Western SOMA areas.

9.2 Services

(a) City will provide and pay for janitorial service to the Premises. If City does not use City employees, then City will notify Landlord of the chosen vendor before the Commencement Date. City's chosen janitorial service vendor must comply with all building regulations and requirements for janitorial services, including as to the sorting and disposing of refuse. Should the City's choice of janitorial service not so comply, Landlord reserves the right to require City to use a different approved vendor in City's financial and payment system, such as BJM Janitorial or other vendor that Landlord chooses. Alternately, City may require Landlord to provide janitorial services in accordance with Section 4.8, in which case, City will provide its janitorial requirements to Landlord and Landlord will cause the janitorial services to be provided to City. In either instance, the costs associated with janitorial service to the Premises will be City's responsibility and are not included in Base Rent.

(b) At its cost, Landlord will provide security for the Building in accordance with the specifications contained in the attached Exhibit E and all other services.

9.3 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.

9.4 Disruption in Essential Utilities or Services

If any failure, stoppage, or interruption of any utilities or services to be furnished by Landlord occurs, Landlord will immediately notify City of the failure, stoppage, or interruption; diligently attempt to restore service as promptly as possible; and keep City apprised of its efforts. If Landlord is unable to supply any of the Building's sanitary, electrical, heating, air conditioning, water, elevator, fire protection and security, audio, video or electronic communications, hazard detection and alarm, or other essential services serving the Premises (collectively, "**Essential Services**") and that inability of Landlord impairs City's ability to carry on its business in the Premises for **(a)** one (1) or more business days and it is in Landlord's reasonable control to restore the Essential Services or **(b)** five (5) or more consecutive business days if the failure is not within Landlord's reasonable control, then the Rent will be abated based on the extent that the lack of the Essential Services impairs City's ability to normally carry on its business in the Premises, or, alternatively at City's election, City may provide the Essential Services and offset the reasonable cost against the Rent next due under this Lease. The abatement or right to provide the Essential Services and offset against Rent will continue until the Essential Services have been restored so that the lack of any remaining Essential Services no longer materially impairs City's ability to carry on its business in the Premises. Landlord will use its best efforts to restore disrupted Essential Services as soon as possible. If the failure to provide any Essential Services occurs for any reason for fifteen (15) days or more in any sixty (60) day period and that failure interferes with City's ability to normally carry on its business in the Premises, then, without limiting any of its other rights or remedies under this Lease or at law or in equity, City may terminate this Lease on written notice to Landlord, unless Landlord supplies City with evidence reasonably satisfactory to City that the Essential Services will be reliably restored within sixty (60) days after the date City's use was first interrupted, and the Essential Services are actually restored and reliable within the 60-day period. City will not be entitled to any abatement of Rent or right to terminate if Landlord's inability to supply Essential Services to City results solely to the negligent acts or omissions of City and its Agents.

10. COMPLIANCE WITH LAWS; PREMISES CONDITION

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

Subject to City's obligation under Section 8.2 (City's Repairs), Landlord will at all times during the Term maintain, at its cost, the Property, Building, Common Areas, and the Building Systems in compliance with applicable present or future federal, state, local, and administrative laws, rules, regulations, orders, and requirements (collectively, "**Laws**"). Landlord represents and warrants to City, and covenants with City: **(a)** the physical structure, fixtures, and permanent improvements of the Premises (including the Leasehold Improvements) and all portions of the Property and the Building along the path of travel to the Premises (including the Building entrances, Common Areas, restrooms, elevators, lobbies, and drinking fountains and parking areas) are now, and as of the Commencement Date will be, in compliance with the requirements of the Americans With Disabilities Act of 1990 and California Code of Regulations Title 24 and all other applicable Laws 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 Laws 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 Laws relating to fire and life safety (including 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 Laws; 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. Without limiting Section 16.2 (Landlord’s Indemnity), Landlord will Indemnify City against any and all Claims (defined in Section 16.1 (City’s Indemnity) below) arising out of (i) any failure of the Property, Building, Common Areas, Building Systems (or any portion of any of them) to comply with applicable Laws; or (ii) any misrepresentation by Landlord under this Section.

10.2 City’s Compliance with Laws; Indemnity

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

10.3 City’s Compliance with Insurance Requirements

City will not conduct any use in or about the Premises that would: (a) invalidate or be in conflict with any fire or other casualty insurance policies covering the Building or any property located in the Building, (b) result in a refusal by casualty insurance companies of good standing to insure the Building or property in the Building in amounts reasonably satisfactory to Landlord or the holder of any mortgage or deed of trust encumbering the Building, (c) cause an increase in the casualty insurance premium for the Building unless City agrees to pay the increase, or (d) subject Landlord to any liability or responsibility for injury to any person or property solely because of the business operation conducted by City in the Premises; provided, however, Landlord will provide City with reasonable prior written notice of any applicable insurance requirements and no insurance requirements will materially and adversely interfere with City’s normal business in the Premises.

11. SUBORDINATION

(a) Subject to subsection (b) below, this Lease is subject and subordinate at all times to the following (each an “**Encumbrance**”): (i) any reciprocal easement agreements,

ground leases, or other underlying leases that may later be executed affecting Landlord's interest in the Property (or any portion of it), and (ii) the lien of any mortgages or deeds of trust and renewals, modifications, consolidations, replacements, and extensions of any of the foregoing that may be executed by Landlord at any time in any amount for which any part of the Property, any ground lease, or underlying lease, or Landlord's interest or estate in them is subject. But, if the ground lessor, mortgagee, trustee, or holder of any mortgage or deed of trust (each an "Encumbrancer") elects to have City's interest in this Lease be superior to its Encumbrance, then, on City's receipt of a notice from the Encumbrancer, this Lease will be deemed superior, whether this Lease was executed before or after the date of the Encumbrance or the date of its recording. The provisions of this subsection 11(a) are self-operative and no further instrument will be required. At Landlord's request, however, City will enter into a subordination, non-disturbance, and attornment agreement ("SNDA") with Encumbrancer in a form reasonably acceptable to City and Encumbrancer evidencing the subordination or superiority of this Lease. City's covenant under this subsection (a) to subordinate this Lease to any Encumbrance is conditioned on each senior instrument containing the commitments in subsection (b) below.

(b) If 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 if any ground lease or underlying lease to which this Lease is subordinate is terminated, then this Lease will not be barred, terminated, cut off, or foreclosed and the rights and possession of City under this Lease will not be disturbed unless an Event of Default has occurred and is continuing. City will attorn to and become the tenant of the successor-in-interest to Landlord, provided that City has received proper written notice of the succession and the name and address of the successor landlord. The provisions of this Section 11(b) are self-operative and no further instrument will be required. Landlord agrees, however, upon request by City and in a form reasonably acceptable to City to cause any Encumbrancer to execute, an SNDA evidencing the foregoing non-disturbance provisions together with the priority or subordination of this Lease with respect to any such Encumbrance.

12. DAMAGE AND DESTRUCTION

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

(b) Within twenty (20) days after the date of the damage, Landlord will notify City whether, in Landlord's reasonable judgment made in good faith, the repairs can be made within the Repair Period. If the repairs cannot be made within the Repair Period, then either party may terminate this Lease by giving written notice to the other given within thirty (30) days after the date of Landlord's notice. The termination date will be the date specified in the termination notice, which date may be not less than thirty (30) or more than sixty (60) days after Landlord's notice. If either party elects to terminate this Lease, then the Rent will be reduced by a proportionate amount based on the extent to which the damage interferes with the normal conduct of City's business in the Premises, and City will pay the reduced Rent up to the date of termination. Landlord will refund to City any Rent previously paid for any period after the date of termination.

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

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

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

13. EMINENT DOMAIN

13.1 Definitions

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

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

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

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

13.3 Total Taking; Automatic Termination

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

13.4 Partial Taking; Election to Terminate

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

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

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

13.5 Termination of Lease; Rent and Award

On termination of this Lease in its entirety under Section 13.3 (Total Taking; Automatic Termination) or under Section 13.4 (Partial Taking; Continuation of Lease), then: (a) City’s obligation to pay Rent will continue up until the date of termination and then will cease, and (b) Landlord will be entitled to the entire Award, except that City will receive any portion of the Award for the unamortized cost of any Leasehold Improvements paid for by City and any Award

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

13.6 Partial Taking; Continuation of Lease

If there is a partial Taking of the Premises and this Lease is not terminated in its entirety under Section 13.4 (Partial Taking; Continuation of Lease) above, then this Lease will terminate as to the portion of the Premises taken, but will remain in effect as to the portion not taken, and the rights and obligations of the parties will be as follows: **(a)** Rent will be equitably reduced depending on the configuration of the Premises and the portion taken (for instance, if the area of the Premises taken has no special or significant use, then the reduction may be by an amount that is in the same ratio to the Rent as the area of the Premises taken bears to the area of the Premises before the Date of Taking), and **(b)** Landlord will be entitled to the entire Award in connection therewith, provided that City will receive any portion of the Award for the unamortized cost of any Leasehold Improvements paid for by City in the Portion of the Premises taken and any Award made specifically for City's relocation expenses or the interruption of or damage to City's business or damage to City's Personal Property.

13.7 Temporary Taking

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

14. ASSIGNMENT AND SUBLETTING

Except as provided in this Section, City may 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 created by this Lease 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 will not be unreasonably withheld, conditioned, or delayed. From time to time, on notice to Landlord, but without Landlord's consent, City may transfer this Lease or use and occupancy of all or any of the Premises to any department, commission, or agency of the City and County of San Francisco for uses permitted under this Lease.

15. DEFAULT; REMEDIES

15.1 Events of Default by City

Any of the following will constitute an "Event of Default" by City:

(a) After Landlord is qualified as an approved vendor as provided in Section 4.6 (Payments by City) above, City fails to make any timely payment of Rent and to cure

the nonpayment within five (5) business days after receipt of written notice or nonpayment from Landlord, provided that for the first two (2) monthly payments of Rent at the beginning of the Term and for the first monthly payment of Rent after the beginning of each new fiscal year for City or any Adjustment Date, City will have twenty (20) days after written notice from Landlord to cure any nonpayment.

(b) City's abandons the Premises (within the meaning and under the requirements of California Civil Code section 1951.3).

(c) City's failure to perform any other of its covenants or obligations under this Lease (not involving the payment of money) and failure to cure the non-performance within thirty (30) days of the date of receipt of Landlord's notice of the failure, provided that if more than thirty (30) days are reasonably required for the cure, no Event of Default will occur if City commences the cure within the 30-day period and diligently prosecutes the cure to completion.

15.2 Landlord's Remedies

On the occurrence and during the continuance of any Event of Default by City, Landlord will have all rights and remedies available under law or granted pursuant to this Lease, including the following:

(a) The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate 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 under subsection (b) of 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), at its sole option, City may cure the default at Landlord's expense if the default continues after ten (10) business days after the date City gives notice to Landlord of City's intention to perform the cure. However, if a default occurs because of a cause beyond Landlord's control (excluding any financial inability to perform), and Landlord cannot with due diligence cure the default within the ten (10)-business day period, then the ten (10)-day period will be extended if, promptly on receipt of City's notice, Landlord advises City of Landlord's intention to take all steps required to cure the default, and Landlord promptly commences the cure and diligently prosecutes the cure to completion. But if any default by Landlord continues for sixty (60) days and impairs City's ability to carry on its normal business in the Premises, then City may terminate this Lease on written notice to Landlord within thirty (30) days after the expiration of the sixty (60)-day period. Subject to the other provisions

of this Lease relating to abatement of Rent, if Landlord fails to cure any default within the 10-day cure period provided above (as it may be extended as provided above), then, whether or not City elects to cure Landlord's default, the Rent will be abated based on the extent to which the default interferes with City's ability to carry on its normal business at the Premises. City's rights under this Section and under any other provisions of this Lease will not limit in any way any of its other rights and remedies under this Lease or at law or in equity.

16. INDEMNITIES

16.1 City's Indemnity

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

16.2 Landlord's Indemnity

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

17. INSURANCE

17.1 City's Self-Insurance

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

17.2 Landlord's Insurance

(a) At all times during the Term, Landlord will keep the Building insured against damage and destruction by fire, vandalism, malicious mischief, sprinkler damage (include earthquake sprinkler leakage) 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). Upon City's request, Landlord will provide to City a certificate of insurance issued by the insurance carrier, evidencing the required insurance. The certificate must expressly provide that the policy is not cancelable or subject to reduction of coverage or otherwise subject to modification except after thirty (30) days' prior written notice to City (or, if the insurer refuses to provide notice to the City, then Landlord will provide such 30-day prior notice to City). Landlord 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.

(b) In addition, at no cost to City, Landlord will procure and keep in effect at all times during the Term insurance as follows: (i) commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse, and underground (XCU); and (ii) worker's compensation insurance in the amounts required by applicable Laws and employer's liability with limits not less than One Million Dollars (\$1,000,000) each accident. All insurance policies required by this Lease to be maintained by Landlord must be endorsed to provide for thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to Landlord and City (or, if such endorsement is not available from the insurer, Landlord will provide such notice to City).

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

(d) Landlord will maintain such umbrella policy and additional coverage as it reasonably determines necessary or as required by any Encumbrancer. The parties agree that the minimums set forth in this Section 17.2 will be re-evaluated every five (5) years, and increased to the extent consisted with similarly situated landlords and properties.

17.3 Waiver of Subrogation

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

18. ACCESS BY LANDLORD

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

19. ESTOPPEL CERTIFICATES

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

20. SURRENDER OF PREMISES

On the expiration or sooner termination of this Lease, City will surrender the Premises to Landlord in good order and condition, excepting reasonable use and wear and damage by fire or other casualty or condemnation. Within ten (10) days after the Expiration Date, City will remove from the Premises all of City's Personal Property and any Alterations City desires or is required to remove from the Premises under the provisions of Section 7.1 (Alterations by City). City will repair or pay the cost of repairing any damage to the Premises or the Building resulting from that removal. City will not be required to demolish or remove from the Premises any of the Leasehold Improvements. City's obligations under this Section will survive the expiration or earlier termination of this Lease.

21. HAZARDOUS MATERIALS

21.1 Definitions

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

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

"Hazardous Material" means any material that, because of its quantity, concentration, or physical or chemical characteristics, is deemed by any federal, state, or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes any material or substance defined as a "hazardous substance," or

“pollutant” or “contaminant” under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”, also commonly known as the Superfund law), as amended (42 U.S.C. section 9601 et seq.), or under California Health & Safety Code section 25316; any “hazardous waste” listed under California Health & Safety Code section 25140; any asbestos and asbestos containing materials whether or not those materials are part of the structure of the Building or are naturally occurring substances on or about the Property; and petroleum, including crude oil or any fraction thereof, natural gas, or natural gas liquids.

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

21.2 Landlord’s Representations and Covenants

Landlord represents and warrants to City 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, and has not been, used for the manufacture, use, storage, discharge, deposit, transportation, or disposal of any Hazardous Material, except for the use of Hazardous Material in limited quantities as are customarily used in offices, which limited use is and has been 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 contain any asbestos-containing materials or have building materials that contain any other Hazardous Material, and the Premises or the common areas of the Building do not contain any lead-based paints; **(e)** there is and has been 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 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 will 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), Landlord will Indemnify City and its Agents against any and all Claims arising during or after the Term **(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 the Release.

21.4 City's Covenants

Neither City nor its Agents will cause any Hazardous Material to be brought on, 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.

21.5 City's Environmental Indemnity

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

22. Reserved

23. CITY PROVISIONS

23.1 MacBride Principles - Northern Ireland

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

23.2 Controller's Certification of Funds

The terms of this Lease are governed by and subject to the budgetary and fiscal provisions of City's Charter. Notwithstanding anything to the contrary contained in this Lease, there will 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, under Section 3.105 of 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 are not appropriated, then City may terminate this Lease, without penalty, liability, or expense of any kind to City, as of the last date on which sufficient funds are appropriated. City will use its reasonable efforts to give Landlord reasonable advance notice of the termination.

23.3 Prevailing Wages and Working Conditions

Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code section 23.61. Landlord will require its Contractors and Subcontractors performing (i) labor in the construction of a "public work" as defined in California Labor Code section 1720 et seq. (which includes certain construction,

alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling if paid for in whole or part out of public funds), or (ii) Covered Construction at the Premises to (A) pay workers performing the work not less than the Prevailing Rate of Wages, (B) provide the same hours, working conditions, and benefits as in each case are provided for similar work performed in San Francisco County, and (C) employ Apprentices in accordance with San Francisco Administrative Code section 23.61 (collectively, “**Prevailing Wage Requirements**”). Landlord will cooperate with City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

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

23.4 Non Discrimination in City Contracts and Benefits Ordinance

(a) Covenant Not to Discriminate

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

(b) Subcontracts

Landlord will include in all subcontracts relating to the Premises a non-discrimination clause applicable to the subcontractor in substantially the form of subsection (a) above. In addition, Landlord will incorporate by reference in all subcontracts the provisions of San Francisco Administrative Code sections 12B.2(a), 12B.2(c)-(k), and 12C.3 and require all subcontractors to comply with those provisions. Landlord’s failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

(c) Non-Discrimination in Benefits

Landlord does not as of the date of this Lease, and will not during the Term, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of the employees, where the domestic partnership has been registered with a governmental entity under state or local law authorizing that registration, subject to the conditions set forth in San Francisco Administrative Code section 12B.2(b).

(d) CMD Form

As a condition to this Lease, Landlord will execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division (the “CMD”). Landlord represents that before execution of the Lease: (i) Landlord executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and (ii) the CMD approved the form.

(e) Incorporation of Administrative Code Provisions by Reference

The provisions of San Francisco Administrative Code Chapters 12B and 12C relating to non-discrimination by parties contracting for the lease of property to City are incorporated into this Section by reference and made a part of this Lease as though fully set forth. Landlord will comply fully with and be bound by all of the provisions that apply to this Lease under Administrative Code Chapters 12B and 12C, including the remedies provided in those Chapters. Without limiting the foregoing, Landlord understands that under San Francisco Administrative Code section 12B.2(h) a penalty of Fifty Dollars (\$50) for each person for each calendar day during which that person was discriminated against in violation of the provisions of this Lease may be assessed against Landlord and/or deducted from any payments due Landlord.

23.5 Tropical Hardwood and Virgin Redwood Ban

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

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

(c) If Landlord fails to comply in good faith with any of the provisions of San Francisco Environment Code Chapter 8, Landlord will be liable for liquidated damages for

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

23.6 Bicycle Parking Facilities

San Francisco Planning Code (the "**Planning Code**") Article 1.5, section 155.3 requires that bicycle parking must be provided at City-leased buildings at no cost to Landlord. During the Term, City will have the right to install and maintain, at no cost to Landlord, all Class 1 Bicycle Parking Spaces (as defined in the Planning Code) and all Class 2 Bicycle Parking Spaces (as defined in the Planning Code) in the Building locations required under the Planning Code.

23.7 Resource-Efficient City Buildings

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

23.8 Sunshine Ordinance

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

23.9 Conflicts of Interest

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

23.10 Notification of Prohibition on Contributions

By executing this Lease, Landlord acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who leases, or seeks to lease, to or from any department of the City any land or building from making any campaign contribution to (a) a City elected official if the lease must be approved by that official, (b) a candidate for that City elective office, or (c) a committee controlled by that elected official

or a candidate for that office, at any time from the submission of a proposal for the lease until the later of either the termination of negotiations for the lease or twelve (12) months after the date the City approves the lease. Landlord acknowledges that the foregoing restriction applies only if the lease or a combination or series of leases or other contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one hundred thousand dollars (\$100,000) or more. Landlord further acknowledges that (i) the prohibition on contributions applies to each prospective party to the lease; any person with an ownership interest of more than 10 percent (10%) in Landlord; any subcontractor listed in the lease; and any committee that is sponsored or controlled by Landlord; and (ii) within thirty (30) days of the submission of a proposal for the Lease, the City department with whom Landlord is leasing is obligated to submit to the Ethics Commission the parties to the lease and any subcontractor. Additionally, Landlord certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the lease, and has provided the names of the persons required to be informed to the City department with whom it is leasing.

23.11 Preservative-Treated Wood Containing Arsenic

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

24. GENERALLY APPLICABLE PROVISIONS

24.1 Notices

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

24.2 No Implied Waiver

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

24.3 Amendments

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

24.4 Authority

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

24.5 Parties and Their Agents; Approvals

If applicable, the word "Landlord" will include the plural as well as the singular. The term "Agents" when used with respect to either party includes the agents, employees, officers,

and contractors of the party, and the term “**Invitees**” when used with respect to City will include the clients, customers, invitees, guests, licensees, assignees, or subtenants of City. All approvals, consents, or other determinations permitted or required by City under this Lease, including City’s exercise of any option, must be made by or through City’s Director of Property unless otherwise provided in this Lease, subject to any applicable limitations in City’s Charter. If there is more than one entity that comprises Landlord, the obligations and liabilities under this Lease imposed on Landlord are joint and several.

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

24.7 Successors and Assigns

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

24.8 Brokers

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

24.9 Severability

If any provision of this Lease or its application to any person, entity, or circumstance is found to be invalid or unenforceable, the remainder of this Lease, or the application of the

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

24.10 Governing Law

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

24.11 Entire Agreement; Incorporation of Exhibits

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

24.12 Attorneys' Fees

If either Landlord or City fails to perform any of its obligations under this Lease or if a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting party or the non-prevailing party in the dispute, as the case may be, will pay the 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 dispute and/or prosecution or defense of an action and enforcing or establishing its rights under this Lease (whether or not any action is prosecuted to a judgment). For purposes of this Lease, reasonable attorneys' fees of City's Office of the City Attorney will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the legal subject matter area 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" also includes all fees incurred for appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought in the matter for which the fees were incurred. The term "costs" means the costs and expenses of counsel to the parties, which may include printing, duplicating, and other similar expenses, air freight charges, expert fees, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

24.13 Holding Over

If City holds over in possession of the Premises after the expiration of the Term with Landlord's consent, that holding over will not be deemed to extend the Term or renew this Lease, and City's tenancy will continue as a month-to-month tenancy until the tenancy is terminated by either party by giving least thirty (30) days' prior written notice of termination. The month-to-month tenancy will be on all the terms and conditions of this Lease and at the monthly Base Rent in effect during the last month of the Term or as Landlord and City may

mutually agree in writing. If City holds over without Landlord's consent, the rent payable by City during the period of holding over will be one hundred ten percent (110%) of the monthly Base Rent in effect during the last month of the Term of this Lease, and the tenancy will otherwise be on the terms and conditions contained in this Lease. If, as provided in Section 20 above, City fails to remove its furniture, furnishings, equipment, City's Personal Property and designated Alterations by the Expiration Date, then City's continued possession will be deemed a holding over, but Base Rent will not be payable for a 10-day period so long as City complies with Section 20 no later than the last day of such 10-day period; if City remains in possession of the Premises beyond that 10-day period, then City's possession will be deemed a holding over and Base Rent will be payable for the entire hold over period (including the 10 days) as set forth in this Section 24.13.

24.14 Cumulative Remedies

All rights and remedies of either party set forth in this Lease are cumulative, except as otherwise specifically provided in this Lease.

24.15 Time of Essence

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

24.16 Survival of Indemnities

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

24.17 Signs

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

24.18 Quiet Enjoyment and Title

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

against Claims arising out of any assertion that would interfere with City's right to quiet enjoyment as provided in this Section.

24.19 Bankruptcy

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

24.20 Transfer of Landlord's Interest

Landlord may transfer its interest in the Property, the Building, or this Lease to any other financially responsible person or entity. If Landlord transfers its interest in the Property, the Building, or this Lease to another other financially responsible person or entity, then Landlord will be relieved of Landlord's obligations under this Lease accruing from and after the date of the transfer when (a) Landlord has provided notice to City of the name and address of Landlord's successor, (b) Landlord has provided City with supporting documentation reasonably acceptable to City demonstrating the transferee's financial ability to assume this obligations transferred to it by Landlord, (c) Landlord has transferred the Security Deposit to the transferee, and (d) Landlord has delivered to City an express written assumption by the transferee of all of Landlord's obligations under this Lease.

24.21 Non-Liability of City Officials, Employees, and Agents

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

24.22 Counterparts

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

24.23 Effective Date

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

24.24 Certification by Landlord

By executing this Lease, Landlord certifies that 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. If Landlord or any of its officers or members have been suspended, disbarred, disciplined, or prohibited from contracting with any governmental agency, it will immediately notify City of that fact and the reasons for the suspension, disbarment, discipline, or prohibition together with any relevant facts or information requested by City. If there is any suspension, disbarment, discipline, or prohibition that may result in the termination or suspension of this Lease, City may terminate this Lease on written notice to Landlord. Landlord acknowledges that this certification is a material term of this Lease.

24.25 Cooperative Drafting

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

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

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

LANDLORD:

SPEYER & SCHWARTZ,
a California corporation

By: 
Mharla Ortega

Its: Authorized Agent for Owner

Canyon Pacific Management
4210 Holden Street
Emeryville, CA 94608

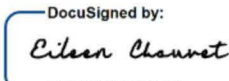
CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: 
Eileen Chauvet

Deputy City Attorney

EXHIBIT A

FLOOR PLANS

CONSISTING OF _____ PAGE(S)

Approved: _____ Date _____

Consult: _____

DRSA
Architecture * Interior Design
111 Mission Lane, Suite 740
San Francisco, California 94102
415.361-2841

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Revised

No.	Date	Description	Initial
1	6.19.20	PRICING	YML

Sheet Title

FLOOR 3

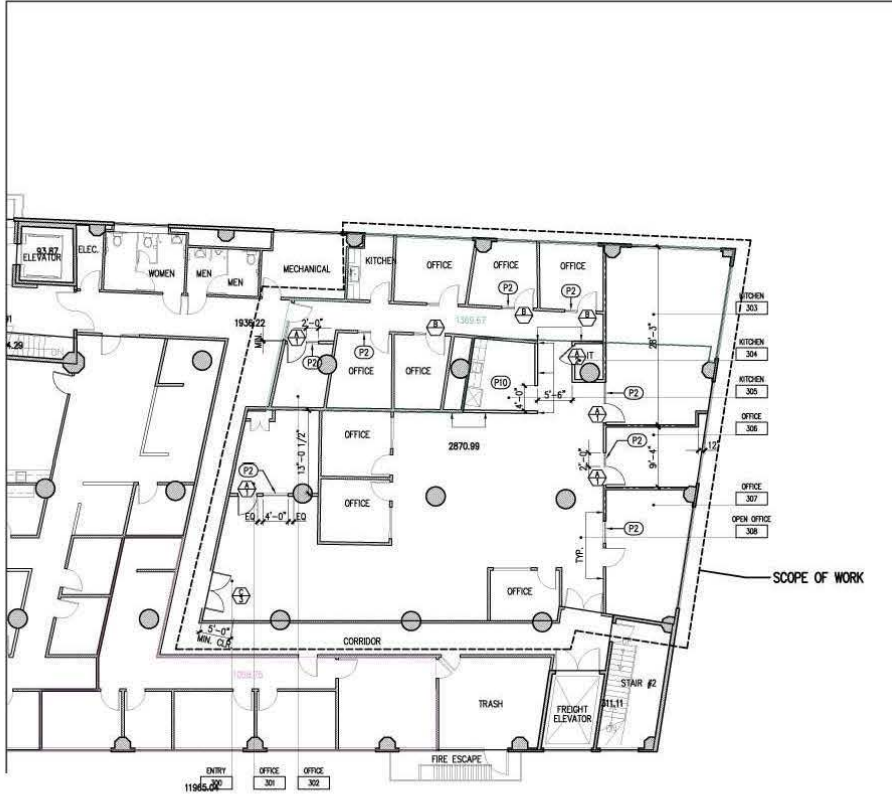
PRICING - EXISTING/DEMOLITION & CONSTRUCTION PLANS

Proj. No.: 20002

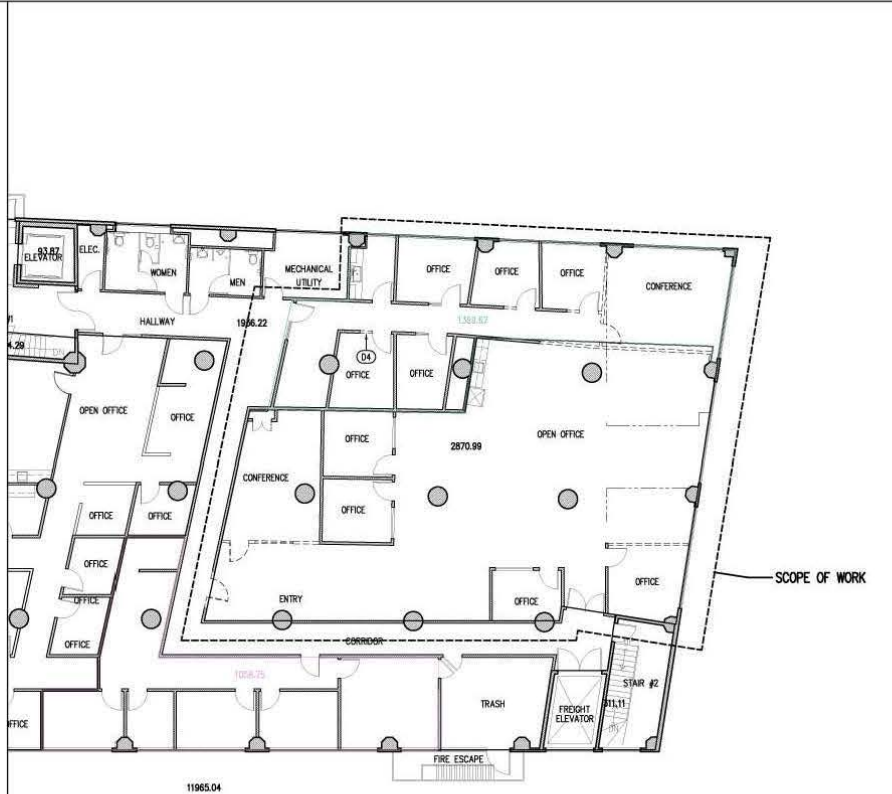
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Rev. No. _____ Sheet Number _____

_____ P1



CONSTRUCTION PLAN



EXISTING/DEMOLITION PLAN

CONSTRUCTION PLAN

EXISTING/DEMOLITION PLAN

- CONSTRUCTION NOTES**
- P1 ALL MECHANICAL, PLUMBING, ELECTRICAL & LIFESAFETY WORK TO DESIGN/BUILD.
 - (P2) (N) GLAZING TYPE & HT. TO MATCH (E)
 - P3 INSTALL (N) CARPET, STYLE & COLOR TBD
 - P4 INSTALL (N) VINYL BASE ON ALL GYP. BD. COLOR TBD
 - P5 PAINT ALL (N) WALLS. COLOR TO MATCH (E)
 - P6 PAINT DOORS AND FRAMES. COLOR TO MATCH (E)
 - P7 INSTALL (N) BUILDING STD. BLINDS AT ALL OFFICE WINDOWS
 - P8 (E) CASWORK TO REMAIN
 - P9 AT DOORS WHERE THERE IS NO DOOR MARK, THERE IS NO WORK
 - CLEAN/POLISH/SEAL (E) CONCRETE FLOORING
 - (P10) REMOVE ANY (E) FLOORING. CLEAN/POLISH/SEAL (E) CONCRETE FLOORING
 - (P11) REMOVE ANY (E) FLOORING. CLEAN/POLISH/SEAL (E) CONCRETE FLOORING

CONSTRUCTION SYMBOL LEGEND

=====	(E) CONSTRUCTION
-----	(N) NON-RATED WALL, SLAB TO CEILING
-----	(N) NON-RATED, ACOUSTICAL WALL, SLAB TO CEILING

DOOR SCHEDULE

MARK	DESCRIPTION
(E)	3'-0" W x 7'-0" H S.C. WOOD DOOR & METAL FRAME
(N)	REPLACE (E) WOOD & GLASS DOOR WITH (N) S.C. WOOD DOOR
(E)	PAIR 3'-0" W x 8'-0" H, TEMPERED GLASS DOOR W/ ALUM. FRAME.

HARDWARE SCHEDULE

MARK	DESCRIPTION
(E)	1 1/2 PAIR BUTT HINGES
(E)	1 OFFICE LOCKSET
(E)	1 DOOR STOP
(E)	1 1/2 PAIR BUTT HINGES
(E)	1 STORAGE LOCKSET
(E)	1 DOOR STOP
(E)	ENTRY LOCKSET
(E)	ACTIVE LEAF:
(E)	1 MAG. LOCKSET
(E)	1 DOOR STOP
(E)	1 PIVOT DOOR CLOSER
(E)	1 PUSH/PULL PLATE
(E)	CONNECT LOCKSET TO (N) CARD READER SYSTEM
(E)	INACTIVE LEAF:
(E)	1 MAG. LOCKSET
(E)	1 DOOR STOP
(E)	1 PIVOT DOOR CLOSER
(E)	1 PUSH/PULL PLATE

NOTE: - ALL HARDWARE IS (N) TO MATCH (E) OR BLDG. STANDARD U.O.N.
- ALL HARDWARE IS TO BE DISABLED ACCESS COMPLIANT

EXISTING/DEMO SYMBOL LEGEND

=====	(E) CONSTRUCTION
-----	(E) CONSTRUCTION TO BE REMOVED

- EXISTING/DEMO SYMBOL LEGEND**
- D1 REMOVE (E) DOOR, FRAME, GLAZING & PORTION OF WALLS AS SHOWN DOTTED
 - D2 REMOVE (E) FLOORING & BASE
 - D3 SEE REFLECTED CEILING PLAN (A2) FOR LIGHTING WORK
 - (D4) REMOVE PORTION OF (E) WALL FOR (N) SIDELIGHT TO MATCH (E)

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EXHIBIT B

NOTICE OF COMMENCEMENT DATE

[Date]

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

RE: Acknowledgement of Commencement Date, Lease Between SPEYER & SCHWARTZ, a California corporation (Landlord), and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises known 1663 Mission Street, Suites 302, San Francisco, CA.

Dear Mr. Penick:

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

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

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____
Andrico Q. Penick
Director of Property

Dated: _____

EXHIBIT C

BUILDING RULES AND REGULATIONS

1. Except as provided or required by Landlord in accordance with building standards, no sign, placard, picture, advertisement, name or notice shall be inscribed, displayed, printed, painted or affixed by Tenant on or to any part of the Building or exterior of the Premises leased to tenants or to the door or doors thereof without the written consent of Landlord first obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

2. The sidewalks, halls, passages, exits, entrances, elevators and stairways of the Building shall not be obstructed by Tenants or used by them for any purpose other than for ingress and egress from their respective Premises. The halls, passages, exits, entrances, elevators, stairways, balconies and roof of the Building are not for the use of the general public and Landlord in all cases reserves the right to control the same and prevent access thereto by all persons whose presence, in the judgment of the Landlord, is or may be prejudicial to the safety, character, reputation or interests of the Building and its Tenants; provided however, that Landlord shall not prevent such access to persons with whom Tenants deal in the ordinary course of business unless such persons are engaged in illegal activities. No person shall go upon the roof of the Building unless expressly so authorized by Landlord.

3. Tenants shall not alter any lock nor install any new or additional locks or any bolts on any interior or exterior door of any Premises leased to Tenant. Each Tenant shall be provided with two (2) keys accessing the unit.

4. The doors, windows, light fixtures and any lights or skylights that reflect or admit light into halls or other places of the Building shall not be covered or obstructed. The toilet rooms, toilets, urinals, wash bowls or other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown or placed therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees, cause such expense.

5. Furniture, freight or equipment of every kind shall be moved into or out of the Building only at such times and in such manner as Landlord shall designate. Landlord may prescribe and limit the weight, size and position of all equipment to be used by Tenants, other than standard office desks, chairs and tables and portable office machines. Safes and other heavy equipment shall, if considered necessary by Landlord, stand on wood strips of such thickness as Landlord deems necessary to distribute properly the weight thereof. All damage to the Building or Premises occupied by Tenants caused by moving or maintaining any property of a Tenant shall be repaired at the expense of such Tenant.

6. No Tenant shall employ any person, other than the janitor provided by Landlord, for the purposes of cleaning the Premises occupied by such Tenant unless otherwise agreed to by Landlord. Except with the written consent of Landlord, no person shall be permitted to enter the Building for the purpose of cleaning the same. Tenants shall not cause any unnecessary labor by carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to any Tenant for loss of property on the Premises, however occurring, or for any damage to the property of any Tenant caused by the employees or independent contractors of Landlord or by any other person. Janitor service will not be furnished when rooms are occupied

during the regular hours when janitor service is provided. Window cleaning shall be done only at the regular and customary times determined by Landlord for such services.

7. No Tenant shall sweep or throw or permit to be swept or thrown any dirt or other substance into any of the corridors, halls or elevators or out of the doors or stairways of the Building; use or keep or permit to be used or kept any foul or noxious gas or substance; permit or suffer the Premises occupied by such Tenant to be occupied or used in a manner offensive or objectionable to Landlord or other Tenants by reason of noise, odors or vibrations; interfere in any way with other Tenants or persons having business in the Building.

8. No Tenant shall use or keep in the Premises or the Building any kerosene, gasoline or flammable or combustible fluid or material other than limited quantities thereof reasonably necessary for the operation or maintenance of customary office equipment, or, without Landlord's prior written approval, use any method of heating or air conditioning other than that supplied by Landlord.

9. No boring or cutting for telephone or electric wires shall be allowed without the consent of Landlord and any such wires permitted shall be introduced at the place and in the manner described by Landlord. The location of telephones, speakers, fire extinguisher and all other office equipment affixed to Premises occupied by Tenants shall be subject to the approval of Landlord. Each Tenant shall pay all expenses incurred in connection with the installation of its equipment, including any telephone and electricity distribution equipment. 10. No Tenant shall affix any floor covering in any manner except as approved by the Landlord. The expense of repairing any damage caused by removal of any such floor covering shall be borne by the Tenant by whom, or by whose contractors, employees or invitees, the damage shall have been caused.

11. The exterior, general entrance doors to the Building shall remain locked from the outside at all times, unless otherwise determined by the Landlord. No Tenant shall cause the doors to remain in the unlocked or open position, thereby sacrificing the general security of the building.

12. Landlord may exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

13. The word "Building" as used in these rules and regulations means the Building of which a part of the Premises are leased pursuant to the Lease to which these rules and regulations are attached. Each Tenant shall be liable to Landlord and to each other Tenant of the Building for any loss, cost, expense, damage or liability, including attorneys' fees, caused or occasioned by the failure of such first named Tenant to comply with these rules, but Landlord shall have no liability for such failure or for failing or being unable to enforce compliance therewith by any Tenant and such failure by Landlord or non-compliance by any other Tenant shall not be a ground for termination of the Lease to which these rules and regulations are attached by the Tenant thereunder.

14. Each Tenant shall maintain the portions of its Premises which are visible from outside of the Building or from hallways or other public areas of the Building, in a neat, clean and orderly condition.

15. Each Tenant shall store all its trash and garbage within its Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the City of San Francisco without being in violation of any law or ordinance

governing such disposal. All garbage and refuse disposal shall be made only through entryways and elevators provided for such purpose and at such times as Landlord shall designate.

16. Canvassing, peddling, soliciting, and distribution of handbills or any other written materials in or about the Building are prohibited, and each Tenant shall cooperate to prevent same.

17. Landlord performs repairs and improvements to the Building on a regular basis. Tenant is aware of the possible noise and minor inconveniences associated with repairs and improvements, and will cooperate with Landlord whenever reasonable. Landlord shall coordinate all repairs and improvements which could create possible inconveniences, so as to minimize disruption to any tenants.

18. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular Tenant or Tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations against any or all of the Tenants of the Building.

19. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of Premises in the Building.

20. No smoking is allowed in the interior or exterior common areas of the building.

21. Landlord reserves the right to make such other reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building and for the preservation of good order therein.

EXHIBIT D

STANDARDS FOR UTILITIES AND SERVICES

Landlord will provide the following utilities and services, at cost:

(a) **Elevators.** Unattended automatic passenger elevator facilities and freight elevator facilities serving the floor(s) on which the Premises are located, on a 24-hours a day, 7-days a week basis.

(b) **Ventilation; Heating, and Air-Conditioning.** Ventilation to the Premises and air-conditioning and heating to the Premises in season, 5-days per week, Monday through Friday, except holidays generally recognized in the City of San Francisco, from 7:00 a.m. to 6:00 p.m., and at the temperatures and in the amounts as City deems reasonably necessary for the comfortable occupancy of the Premises, subject to applicable governmental laws, ordinances, rules, and regulations. In addition to the above hours, Landlord will provide ventilation to the Premises and air-conditioning and heating to the Premises in season, after hours or on weekends or during holidays, on twenty-four (24) hours' notice from City, provided that City will reimburse Landlord for Landlord's actual cost for providing the additional ventilation to the Premises and air-conditioning and heating to the Premises in season. City may not alter, adjust, or tamper with the installations or facilities supplying climate control to the Building or the Premises.

(c) **Electricity.** Subject to City's right to procure electrical service, Electric current to the Premises 24-hours a day, 7-days per week, as required by the Building standard office lighting and for personal computers and other normal fractional horsepower office machines.

(d) **Water.** Water available at current points of supply in public areas for drinking and lavatory purposes only, and hot and cold water in the Premises for drinking and kitchen purposes 24-hours per day, 7-days per week.

EXHIBIT E

STANDARDS FOR SECURITY SERVICE

Landlord will furnish security services as follows:

SECURITY GUARDS:

One security guard in building lobby from 8:30 a.m. a.m. to 5:00 p.m., and from 6:00 p.m. to 2:00 a.m., Monday through Friday and none on weekends and holidays

OTHER SECURITY SERVICES:

None

EXHIBIT F
WORK LETTER

EXHIBIT F**WORK LETTER**

This Work Letter is part of the Lease to which it is attached, by and between SPEYER & SCHWARTZ, a California corporation, as Landlord, and the City and County of San Francisco, as Tenant, covering the Premises, as defined in the Lease. All terms that are capitalized but not defined in this Work Letter have the same meanings given to them in the Lease.

At no cost to City, and in accordance with the provisions of the Lease and this Work Letter is Section, Landlord, through its general contractor reasonably approved by City, will construct the Premises, perform the work, and make the installations in the Premises as provided in the Construction Documents (as defined below) approved by City. The construction, work, and installations are referred to as the “Leasehold Improvement Work” and “Leasehold Improvements.”

(a) Plans and Specifications

(i) Landlord has caused its architect or space planner approved by City to prepare and submit to City for its approval an architectural plan, electrical plan, reflected ceiling plan, floor plans, and tenant finish specifications for the Leasehold Improvements, based on City’s program requirements for use of the Premises, and in form and detail sufficient for purposes of contractor pricing. City hereby approves the plans and specifications dated June 19, 2020 (the “Pricing Plans”), prepared by DRSA, copies of which are attached as **Attachment 1**.

(ii) Immediately following the Effective Date of this Lease (as defined in **Section 24.23** (Effective Date), based on the approved Pricing Plans and any adjustments authorized by City, Landlord will cause final plans, specifications, and working drawings for the Leasehold Improvements to be prepared, in conformity with the requirements of this Lease. Landlord will submit a copy of the final plans, specifications, and working drawings to City. The final working drawings and specifications will be subject to City’s approval, which approval may not be unreasonably withheld or delayed. If City disapproves the final working drawings and specifications, or any portion of them, then City will promptly notify Landlord of its disapproval and the revisions that City reasonably requires in order for Landlord to obtain City’s approval. As soon as reasonably possible, but in no event later than five (5) days after City’s notice, Landlord will submit to City final plans, specifications, and working drawings incorporating the revisions required by City. The revised plans, specifications, and working drawings will be subject to City’s approval, which may not be unreasonably withheld or delayed. The final plans, specifications, and working drawings for the Leasehold Improvements approved by City are referred to as the “Construction Documents.”

(b) Permits

Landlord will secure and pay for any building permits 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 Construction Documents. Promptly after City’s approval of the Construction Documents, Landlord will apply for any permits, approvals, or licenses necessary to complete the Leasehold Improvement Work and will provide copies to

City promptly following receipt. If Landlord, after using its best efforts, is unable to obtain all necessary permits, approvals, and licenses required to complete the Leasehold Improvements within thirty (30) days after the Effective Date, City may terminate this Lease by written notice to Landlord. Landlord will be responsible for arranging for all inspections required by City's Department of Building Inspection.

(c) Construction

Immediately after approval of the Construction Documents and Landlord's receipt of all necessary permits and approvals, Landlord will commence construction and cause the Leasehold Improvements to be completed in a good and professional manner in accordance with sound building practices. Landlord will comply with and give notices required by all Laws (defined in Section 10.1 (Landlord's Compliance with Laws)) of the Lease, related to construction of the Leasehold Improvements. Without limiting the foregoing, construction of the Leasehold Improvements must comply with all applicable disabled access laws, including the most stringent requirements of the Americans with Disabilities Act of 1990, California Code of Regulations Title 24 (or its successor) and City's requirements for program accessibility. Landlord will pay prevailing wages in connection with construction of the Leasehold Improvement Work as further provided in Section 23.3 (Prevailing Wages and Working Conditions) of the Lease, and may not use tropical hardwood wood products, or virgin redwood wood products as further provided in Section 23.5 (Tropical Hardwood and Virgin Redwood Ban) of the Lease.

(d) Construction Schedule; Substantial Completion

(i) Landlord will 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, after reasonable advance oral or written notice to Landlord, City may enter the Premises at reasonable times to inspect the Premises, and City will use reasonable efforts not to materially interfere with the construction. Landlord or its representative may accompany City during any inspection. When construction progress permits, but not less than fifteen (15) days before completion, Landlord will notify City of the approximate date that the Leasehold Improvement Work will be substantially completed in accordance with the Construction Documents. Landlord will revise the notice of the approximate substantial completion date as appropriate from time to time and will immediately notify City when the Leasehold Improvement Work is substantially completed and the Premises are ready for occupancy by City. On a mutually agreeable date as soon as practicable after Landlord's notice to City that the Leasehold Improvements have been substantially completed, City and its authorized representatives will accompany Landlord or its architect on an inspection of the Premises.

(ii) The Leasehold Improvement Work will be deemed to be "**substantially completed**" for purposes of this Lease when the Leasehold Improvements have been sufficiently completed in accordance with the approved Construction Documents so that City can occupy the Premises and conduct its business for its intended uses, all HVAC balancing has been completed, Landlord has procured a temporary or final certificate of occupancy for the Premises, and City, through its Director of Property, has approved the Leasehold Improvements. At its option, City may approve the Leasehold Improvements even though there may remain incomplete minor details that would not interfere with City's use. Landlord will promptly and

diligently cause all incomplete details to be completed. Within thirty (30) days after acceptance of the Premises or as soon after acceptance as practicable, City may present to Landlord a written punchlist of any items that have not been finished in accordance with the Construction Documents. Within thirty (30) days after the delivery of the punchlist, Landlord will promptly complete all defective or incomplete items identified in the punchlist. City's failure to include any item on the punchlist will not alter Landlord's obligation under this Lease to complete all Leasehold Improvement Work in accordance with the approved Construction Documents, or constitute a waiver of any latent defects.

(iii) No approval by City or any of its Agents of the Pricing Plans, Construction Documents, or completion of the Leasehold Improvement Work for purposes of this Lease will be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Premises, and nothing in this Lease will limit Landlord's obligations to obtain all necessary or required approvals.

Modern Construction Inc.

22 Battery Street Suite 313

San Francisco, CA 94111

License #847920 (Insured & Bonded)

Office: 415-398-8500

Email: sale@modernconstructionusa.com

June 22, 2020

Please provide Billing info

PROPOSAL (draft)

Job Location: 1663 Mission street, Suite 305/320 San Francisco, CA 94103

Scope of work:

We propose to include materials, labor and subcontractors to perform the above project (based on DRSA's drawing P1&P2 dated on 6/19/2020), work include:

1. Demo per plan \$8,900
2. Framing per plan \$12200
3. Rough electrical \$11800
4. Provide 1-1/2 race way for HDMI cable, with floor box (Note E5 on P2, tenant to obtain permission from the landlord/property manager for grooving about 2" deep on existing concrete slab) \$2,200
5. Drywall and taping \$15,700
6. Patch existing ceiling grid, install new T-bar ceiling at conference room (ceiling tile allowance \$3/ft²) \$6,600
7. Doors and hardware (all door to be solid core, paint-grade doors) \$9,600
8. Sidelight and glazing \$5,600
9. Modify existing duct work \$8,200
10. Finish lighting: new light for the new rooms and new enclosed kitchen (Two 4ft linear pendants, Four 8ft linear pendants, Four 2x4 T-bar fixture) \$9,600
11. T24 control, engineering and testing. \$15,000
12. Fire sprinkler modification \$14,400
13. Fire alarm modification \$12,000
14. Project management 5,000
15. Profit and overhead. 5,000
16. Permits: 10,000
17. Architectual Fees- 6800

Total: \$158,600.00

Estimated time for completion: 10 weeks

This proposal is valid for 30 days from the date of issue.

Exclusions:

- 1) Asbestos and hazardous abatement and testing (if any).
- 2) All work not shown on above scope of work.
- 3) Data and networking.

Terms and Conditions

Payment Schedule:

Proposal Amount: \$141,800.00

Payments of the total price are due according to the following schedule, which reflects the expected order of completion within the Scope of Work:

- 1) \$1,000.00 due at sign of proposal
- 2) 25% due at start of work, \$35,450.00
- 3) 15% due at substantial completion of framing, \$21,270.00
- 4) 15% due at substantial completion of drywall, \$21,270.00
- 5) 15% due at substantial completion of painting, \$21,270.00
- 6) 15% due at substantial completion of flooring, \$21,270.00
- 7) 10% due at substantial completion \$14,180.00
- 8) Remaining balance due at completion of punch list. \$6,090.00

Line Items:

If Contractor provides line item estimates in the proposal above, those estimates are provided for reference only, and reflect certain discounts and efficiencies in Contractor's control over the entire project, including scheduling and allocation of resources. Line Items may not be removed or changed.

Change order:

Work will only be done as included in the Scope of Work. A change order be required in the event of a change in applicable law, the discovery of a Concealed, unknown, subsurface or latent physical condition, a force majeure event, delay in obtaining any permits, or any delays or requests by Customer to change the scope or schedule of the Project. All change orders at the discretion of Contractor, subject to Owner's prior written approval, and must be paid at the time the change order is made. Change orders will be calculated by changes in material and labor, plus 20% for overhead and profit. Hourly labor rates will be as follows:

electrician/plumber/mechanic: \$100.00; carpenter: \$80.00; painter: \$60.00; general labor \$60.00; supervisor or equivalent: \$100.00. All change order will be due upon signed the change order, if change order amount above \$10,000.00, 50% will be due upon signed the change order and the balance due upon completion.

Materials Allowance:

The estimated allowances in the proposal above are based on installation processes and Contractor's familiarity with certain materials. If Customer selects materials that are beyond the allowance specified in the proposal, Customer agrees to a change order for the excess cost of the material, plus any additional labor required, plus 20% for overhead and profit.

Standard Materials and Installation:

Unless otherwise specified in the Proposal, Scope of Work, or construction drawings, Contractor will use standard and customary materials, finishes products, methods, layouts, patterns and installation procedures. Any deviation requested by or on behalf of Customer will require a change order.

Existing Systems and Equipment:

Unless otherwise specified in the Proposal or Scope of Work, Contractor is not responsible for the repair or replacement of any existing electrical, plumbing, fire sprinkler, mechanical, or other systems or equipment. Customer represents that all such systems are in good working condition. Any requests for repair or replacement will require a change order.

Mobilization:

After Customers accept this Proposal, Contractor will specify a start date. Typically, at least one to two weeks are required. This lead time can be necessary to address permit or inspection waiting times, scheduling of personnel, obtaining equipment, supplies, or materials, coordinating facilities, and other preparatory work.

Estimated Time of Completion and Working Hours:

The Estimated Time of Completion is provided only as a guideline. Unforeseen delays can and do occur due to weather, personnel, availability of materials, and the general nature of construction projects. The project site will be available to Contractor weekdays from 8:00 am to 5:00 pm. It will be an extra charge if the work needs to be performed after normal business hour or weekends. Contractor reserves the rights to claims for extension of time.

Unforeseen Conditions.

If Contractor finds concealed or unknown conditions at the job location, including; but not limited to, surface, subsurface, site environmental conditions or complaints, which affect in whole or in part Contractor's performance, then Contractor will propose a change order with Customer to address the required changes to the Scope of Work.

Third Party Subcontractors:

Customer will notify contractor of any third-party subcontractors hired by Customer to perform work that is related to the time, location, or scope of work of Contractor's proposal. Customer agrees to a change order to pay Contractor a fee of 20% of all such subcontractors' contracts. Customer agrees that all such subcontractors will not interfere with Contractor's performance of the project. Customer is responsible for any act, error or omission caused by subcontractors hired

by Customer. Customer will defend, indemnify, and hold harmless Contractor from any claim arising from or related to any act, error, or omission of any subcontractor hired by Customer.

Work Site:

Customer agrees that Contractor has exclusive control of access to the work site as identified in the Proposal. Customer agrees not to enter the work site or allow any third parties to enter the work site, without prior permission from Contractor. Customer agrees to abide by any signs posted by Contractor at the work site.

Contractor's Employees, Contractors, and Subcontractors:

Customer agrees not to solicit any of Contractor's employees, contractors, or subcontractors. Customer agrees not to interfere with, or give instructions to, any of Contractor's employees, contractors, or subcontractors while they are performing work on the project. Customer agrees to communicate only with the project manager or site foreman of the project, and not with any other Contractor's employee

Late Payment:

For any payment past due, Contractor at Contractor's discretion may do any or all of the following: a) charge a late fee of 10% of the payment amount; b) suspend work until full payment is made; c) terminate this proposal.

Warranty:

All work is to be completed in a workmanlike manner according to standard practices as defined by the local Contractors License Board. On all new installations, Contractor agrees to provide an one-year warranty on labor. Any material defects or replacements will be provided in accordance with the manufacturer's warranty.

Limitation of Liability:

In no event will Contractor be liable for any indirect, special, consequential or exemplary damages arising out of or related to this Proposal. In addition, under no circumstances will Contractor's total liability arising out of or related to this Proposal exceed the total amount paid by Customer to Contractor under this Proposal. However, the foregoing limitation of liability does not preclude Customer from claiming under any insurance policy maintained by Contractor, up to the full amount payable under such insurance.

Indemnification:

Customer will indemnify Contractor and its employees, contractors, and subcontractors, from and against any claims, damages, liabilities and expenses (including reasonable attorney's fee), arising out of or relating to Customer's act, error, omission, property, or breach of this proposal.

By signing below, Customer is confirming examination and understanding of this Proposal and agrees to be bound by the terms of the Proposal as a binding agreement.

PROPOSAL AGREED AND ACCEPTED BY:

X _____
Signature Date

Print Name Company Name

Mailing Address

Phone Number Email Address

SUITE 305/320

1663 MISSION ST.
SAN FRANCISCO, CA

Approved: _____ Date _____

Consult: _____

DRSA
Architecture * Interior Design
111 Mission Lane, Suite 740
San Francisco, California 94102
415.361-2841

All changes and omissions noted appearing herein constitute a part of the contract. No part of these drawings shall be altered, amended, modified, or used in whole or in part without the written consent of the architect. No portion of these drawings shall be used for any other project without the prior written consent of the architect.

Revised

No.	Date	Description	Initial
1	6.19.20	PRICING	YML

Sheet Title

FLOOR 3

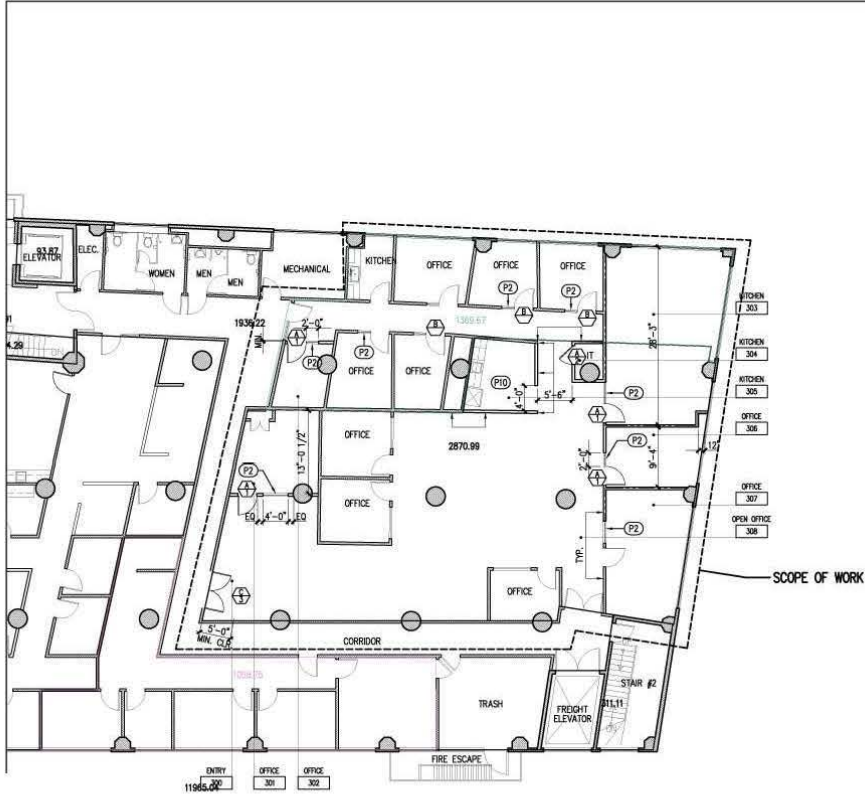
PRICING - EXISTING/DEMOLITION & CONSTRUCTION PLANS

Proj. No.: 20002

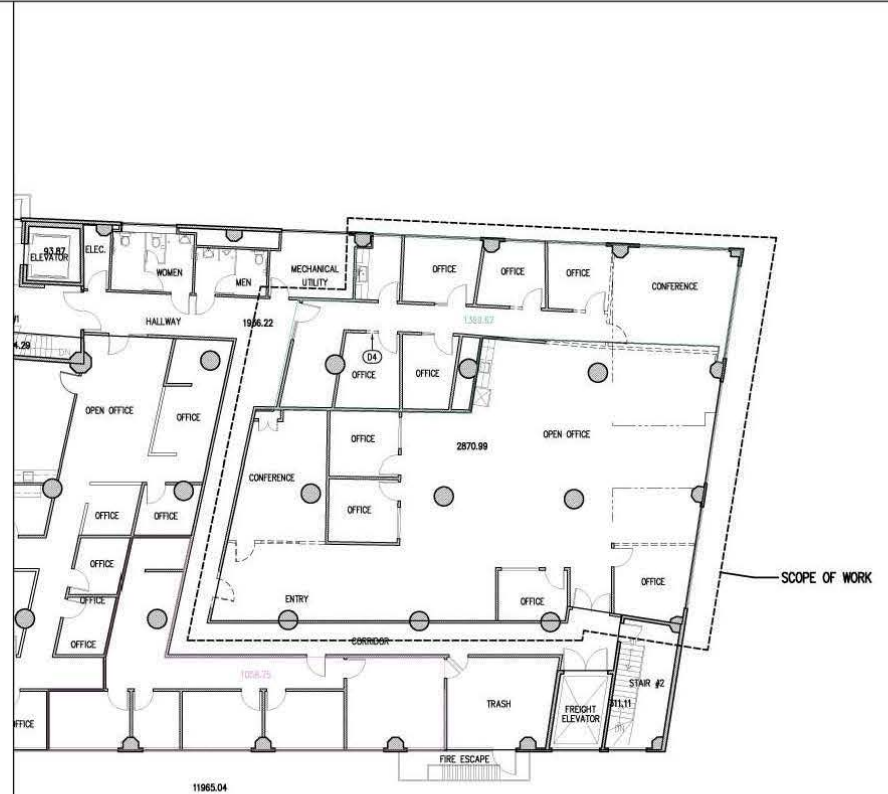
Scale: 1/8" = 1'-0"

Rev. No. _____ Sheet Number _____

P1



CONSTRUCTION PLAN



EXISTING/DEMOLITION PLAN

CONSTRUCTION PLAN

EXISTING/DEMOLITION PLAN

CONSTRUCTION NOTES

- P1 ALL MECHANICAL, PLUMBING, ELECTRICAL & LIFESAFETY WORK TO DESIGN/BUILD.
- (P2) (N) GLAZING TYPE & HT. TO MATCH (E)
- P3 INSTALL (N) CARPET, STYLE & COLOR TBD
- P4 INSTALL (N) VINYL BASE ON ALL GYP. BD. COLOR TBD
- P5 PAINT ALL (N) WALLS. COLOR TO MATCH (E)
- P6 PAINT DOORS AND FRAMES. COLOR TO MATCH (E)
- P7 INSTALL (N) BUILDING STD. BLINDS AT ALL OFFICE WINDOWS
- P8 (E) CASWORK TO REMAIN
- P9 AT DOORS WHERE THERE IS NO DOOR MARK, THERE IS NO WORK
- CLEAN/POLISH/SEAL (E) CONCRETE FLOORING
- (P10) REMOVE ANY (E) FLOORING. CLEAN/POLISH/SEAL (E) CONCRETE FLOORING

CONSTRUCTION SYMBOL LEGEND

- (E) CONSTRUCTION
- (N) NON-RATED WALL, SLAB TO CEILING
- (N) NON-RATED, ACOUSTICAL WALL, SLAB TO CEILING

DOOR SCHEDULE

MARK	DESCRIPTION
(E)	3'-0" W x 7'-0" H S.C. WOOD DOOR & METAL FRAME
(N)	REPLACE (E) WOOD & GLASS DOOR WITH (N) S.C. WOOD DOOR
(E)	PAIR 3'-0" W x 8'-0" H, TEMPERED GLASS DOOR W/ ALUM. FRAME.

HARDWARE SCHEDULE

MARK	DESCRIPTION
(E)	1 1/2 PAIR BUTT HINGES
(E)	1 OFFICE LOCKSET
(E)	1 DOOR STOP
(E)	1 1/2 PAIR BUTT HINGES
(E)	1 STORAGE LOCKSET
(E)	1 DOOR STOP
(E)	ENTRY LOCKSET
(E)	ACTIVE LEAF:
(E)	1 MAG. LOCKSET
(E)	1 DOOR STOP
(E)	1 PIVOT DOOR CLOSER
(E)	1 PUSH/PULL PLATE
(E)	CONNECT LOCKSET TO (N) CARD READER SYSTEM
(E)	INACTIVE LEAF:
(E)	1 MAG. LOCKSET
(E)	1 DOOR STOP
(E)	1 PIVOT DOOR CLOSER
(E)	1 PUSH/PULL PLATE

NOTE: - ALL HARDWARE IS (N) TO MATCH (E) OR BLDG. STANDARD U.O.N.
- ALL HARDWARE IS TO BE DISABLED ACCESS COMPLIANT

EXISTING/DEMO SYMBOL LEGEND

- (E) CONSTRUCTION
- (E) CONSTRUCTION TO BE REMOVED

EXISTING/DEMO SYMBOL LEGEND

- D1 REMOVE (E) DOOR, FRAME, GLAZING & PORTION OF WALLS AS SHOWN DOTTED
- D2 REMOVE (E) FLOORING & BASE
- D3 SEE REFLECTED CEILING PLAN (A2) FOR LIGHTING WORK
- (D4) REMOVE PORTION OF (E) WALL FOR (N) SIDELIGHT TO MATCH (E)

DocuSign Envelope ID: A5F53D51-9BBE-4FE1-88DB-64B92804910A

SUITE 305/320

1663 MISSION ST.
SAN FRANCISCO, CA

Approval: _____ Date _____

Contact: _____

DRSA
Architecture * Interior Design
111 Mission Lane, Suite 740
San Francisco, California 94102
415.391-2841

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No.	Date	Description	Initial
1	6.19.20	PRICING	YML

Sheet Title

FLOOR 3

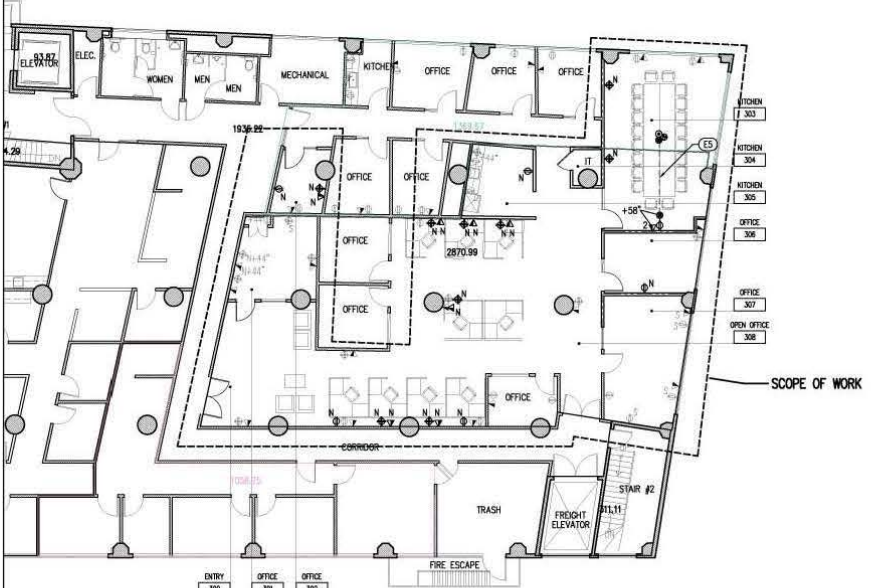
**PRICING -
POWER/COMMUNICATION &
REFLECTED CEILING PLAN**

Proj. No.: 20002
Scale: 1/8" = 1'-0"

Ref. North Sheet Number



P2



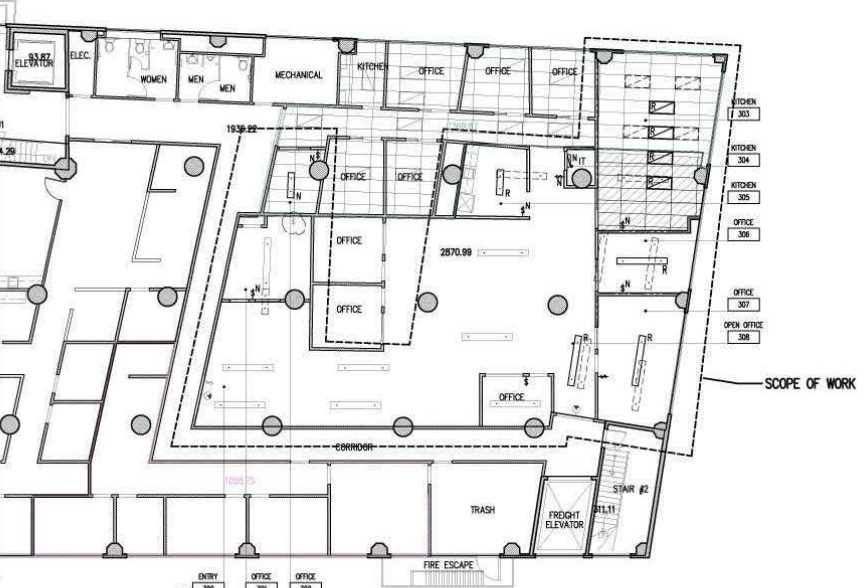
POWER/COMMUNICATION PLAN

POWER/COMMUNICATION SYMBOL LEGEND

- ⊕ (E) WALL MOUNTED QUADRIPOLEX POWER OUTLET
- ⊙ (E) WALL MOUNTED DUPLEX POWER OUTLET
- ⊙ (E) WALL MOUNTED DATA/PHONE OUTLET
- ⊙ (N) WALL MOUNTED QUADRIPOLEX OUTLET
- ⊙ (N) WALL MOUNTED DUPLEX POWER OUTLET
- ⊙ (N) WALL MOUNTED DATA/PHONE OUTLET
- ⊙ (N) WALL MOUNTED TV/MONITOR OUTLET. MOUNTING HEIGHT AS NOTED.
- ⊙ (N) FLUSH FLOOR MOUNTED VIDEO OUTLET
- ⊙ (N) FLUSH FLOOR MOUNTED POWER OUTLET
- ⊙ (N) FLUSH FLOOR MOUNTED DATA/PHONE OUTLET
- ⊙ (N) WALL MOUNTED ACCESS CARD READER. PROVIDE RING & STRING. CABLING BY OTHERS.
- S INDICATES SURFACE MOUNTED DEVICE
- +44" INDICATES MOUNTING HEIGHT AFF
- D INDICATES DEDICATED OUTLET

POWER/COMMUNICATION NOTES

- E1 ALL POWER & COMMUNICATION WORK TO BE DESIGN/BUILD
- E2 SEE _____ FOR MOUNTING HEIGHTS OF OUTLETS.
- E3 ALL (N) POWER AND PHONE/DATA OUTLETS THAT ARE ON COLUMNS OR THE EXTERIOR WALL ARE TO BE SURFACE MOUNTED.
- E4 ALL (N) POWER AND PHONE/DATA OUTLETS & COVERPLATES TO MATCH (E)
- E5 HDMI CABLE FROM FLOOR CORE (UNDER THE NEW CARPET) AT MEETING RM. TABLE TO WALL LOCATION VIA 1 1/2" CONDUIT, TYP. G.C. TO PROVIDE RING & STRING. CABLING BY OTHERS.



REFLECTED CEILING PLAN

LIGHTING SYMBOL LEGEND

- ⊕ (E) BLDG. STD. LIGHT SWITCH
- ⊙ (E) BUILDING STANDARD WALL MOUNTED EXIT SIGN. ARROW TO INDICATE DIRECTION TO EXITS
- ⊙ (E) 1' x 8' LED CEILING MOUNTED PENDANT FIXTURE TO BE REMOVED
- ⊙ (E) 1' x 4' LED CEILING MOUNTED PENDANT FIXTURE TO BE REMOVED
- ⊙ (N) 1' x 8' LED CEILING MOUNTED PENDANT FIXTURE. REMOVE/REPLACE (E)
- ⊙ (N) 1' x 8' BLDG. STD. LED CEILING MOUNTED PENDANT FIXTURE
- ⊙ (N) 1' x 4' BLDG. STD. LED CEILING MOUNTED PENDANT FIXTURE
- ⊙ (N) 2' LONG BLDG. STD. WALL MOUNTED LED FIXTURE TO BE MOUNTED ABOVE HEADER
- ⊙ (N) LIGHT SWITCH SYMBOL INDICATES LOCATION ONLY. PROVIDE CODE REQUIRED NUMBER OF SWITCHES. SEE DETAIL 10/A3 FOR MOUNTING HEIGHT AND LOCATIONS
- ⊙ (E) 2X4 FLOURESCENT LIGHT FIXTURE
- ⊙ (E) 2X4 FLOURESCENT LIGHT FIXTURE. INDICATED (E) 2X4 FLOURESCENT LIGHT FIXTURE
- ⊙ INDICATES AREA OF (N) ACOUSTICAL CEILING GRID & TILE TO MATCH (E)

LIGHTING NOTES

- R1 ALL LIGHTING & LIFESAFETY WORK TO BE DESIGN BUILD
- R2 ALL (N) SWITCH COVERPLATES TO BE BLDG. STD.
- R3 ALL WORK TO COMPLY WITH C.A.C TITLE 24, CBC, UBC, NFPA 13 & ALL APPLICABLE CODE ORDINANCES.
- R4 ALL WORK TO COMPLY WITH 2016 CA ENERGY CODE FOR CONTROLS WHERE REQUIRED.
- R5 AT AREAS WHERE NO LIGHTS ARE SHOWN THERE IS NO WORK.
- R6 PROVIDE SENSOR AS REQUIRED FOR ROOMS PER CURRENT LOCAL & STATE CODES
- R7 PROVIDE SEPARATE PRICE TO REPLACE (E) & RELOCATED RECESSED 2X4 FLOURESCENT LIGHT FIXTURES WITH BUILDING STANDARD 2X4 LED LIGHT FIXTURES

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SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

Date: July 27, 2020

Case No.: **Case No. 2020-006768GPR**
1663 Mission Street

Block/Lot No.: 3514/030

Project Sponsor: Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Applicant: Andrico Q. Penick – 415-554-9860
Andrico.penick@sfgov.org
Real Estate Division of San Francisco
25 Van Ness, Suite 400
San Francisco, CA 94102

Property Owner: Speyer & Schwartz, A Calif. Corp.
1663 Mission Street
San Francisco, CA 94103

Staff Contact: Celina Chan – (415) 575-9171,
Celina.chan@sfgov.org

Recommendation: Finding the project, on balance, is **in conformity** with
the General Plan

Recommended by: *Rich Hillis*
Rich Hillis (Jul 27, 2020 15:02 PDT)
Rich Hillis, Director of Planning

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

PROJECT DESCRIPTION

The Planning Department (herein “the Department”) received a request from the City and County of San Francisco Real Estate Division to consider leasing 1663 Mission Street (Block 3514/ Lot 030). This would allow the Department of Emergency Management to relocate the administrative offices for the Bay Area Urban Areas Security Initiatives (UASI), which is currently located at 711 Van Ness Avenue. The Department of Emergency Management would lease and occupy the existing office space at 1663 Mission Street, Suites 304 and 320.

The submittal is for a General Plan Referral to recommend whether the Project is in conformity with the General Plan, pursuant to Section 4.105 of the Charter, and Section 2A.52 and 2A.53 of the Administrative Code.

ENVIRONMENTAL REVIEW

The lease of this property is a real estate transaction only and is not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

GENERAL PLAN COMPLIANCE AND BASIS FOR RECOMMENDATION

The Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 as described in the body of this letter and is, on balance, in conformity with the following Objectives and Policies of the General Plan:

MARKET OCTAVIA PLAN

OBJECTIVE 1.1:

CREATE A LAND USE PLAN THAT EMBRACES THE MARKET AND OCTAVIA NEIGHBORHOOD'S POTENTIAL AS A MIXED-USE URBAN NEIGHBORHOOD

POLICY 1.1.2

Concentrate more intense uses and activities in those areas best served by transit and most accessible by foot.

The proposed relocation of UASI's administrative office to 1633 Mission Street is in an area that is well-served by existing Muni transit service. The proposed office relocation also does not provide any parking spaces to staff, which would not contribute to increased traffic along the Mission Street corridor, and therefore would not hinder transit service.

COMMUNITY FACILITIES ELEMENT

OBJECTIVE 1.

MANAGE ECONOMIC GROWTH AND CHANGE TO ENSURE ENHANCEMENT OF THE TOTAL CITY LIVING AND WORKING ENVIRONMENT.

POLICY 1.1

Encourage development which provides substantial net benefits and minimizes undesirable consequences. Discourage development which has substantial undesirable consequences that cannot be mitigated.

San Francisco Real Estate Department's lease of the above-mentioned property at 1663 Mission Street will efficiently accommodate DEM employees while having little or no impact on the neighborhood.

PROPOSITION M FINDINGS – PLANNING CODE SECTION 101.1

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

Eight Priority Policies Findings

The subject project is found to be consistent with the Eight Priority Policies of Planning Code Section 101.1 in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced.

The proposed use of the property by the City will not negatively impact neighborhood-serving retail uses and the enhanced and future opportunities for residents and businesses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhood.

The City's proposed use of the property will not alter the physical character of the building thus will not affect any housing or neighborhood characteristics. Existing housing and neighborhood characteristics along with its cultural and economic diversity will be preserved.

3. That the City's supply of affordable housing be preserved and enhanced.

The City's proposed use of the property will not negatively impact supply of affordable housing. Affordable housing in the neighborhood will be preserved.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking.

The City's use of the property will not impede or affect Muni transit service or overburden streets and neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for residential employment and ownership in these sectors be enhanced.

Proposed use of the property will neither add or subtract from the current industrial and service sectors in the area.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake.

The Project would not adversely affect achieving the greatest possible preparedness against injury and loss of life in an earthquake

7. That landmarks and historic buildings be preserved.

There will be no negative impacts to landmarks and/or historic buildings in and around the neighborhood due to proposed use of property.

8. That our parks and open space and their access to sunlight and vistas be protected from development.

Parks and open space and their access to sunlight and vistas will not be impacted due to proposed use of property by the City.

RECOMMENDATION:

Finding the Project, on balance, is in conformity with the General Plan





GPR for signature

Final Audit Report

2020-07-27

Created:	2020-07-27
By:	Deborah Sanders (deborah.sanders@sfgov.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAR9DubX8Hj1zIC4Ob86G3ZaE5hCKArXHc

"GPR for signature" History

-  Document created by Deborah Sanders (deborah.sanders@sfgov.org)
2020-07-27 - 10:00:06 PM GMT- IP address: 208.121.5.29
-  Document emailed to Rich Hillis (rich.hillis@sfgov.org) for signature
2020-07-27 - 10:00:46 PM GMT
-  Email viewed by Rich Hillis (rich.hillis@sfgov.org)
2020-07-27 - 10:02:26 PM GMT- IP address: 208.121.5.29
-  Document e-signed by Rich Hillis (rich.hillis@sfgov.org)
Signature Date: 2020-07-27 - 10:02:44 PM GMT - Time Source: server- IP address: 208.121.5.29
-  Signed document emailed to Rich Hillis (rich.hillis@sfgov.org) and Deborah Sanders (deborah.sanders@sfgov.org)
2020-07-27 - 10:02:44 PM GMT



London N. Breed, Mayor
Naomi M. Kelly, City Administrator



Andrico Q. Penick
Director of Real Estate

July 20, 2020

Through City Administrator Naomi Kelly

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

RE: Office Lease for the Suites 304 and 320 located at 1663 Mission Street, San Francisco, CA, on behalf of Department of Emergency Management, Bay Area Urban Area Security Initiative

Dear Board Members:

Attached for your consideration is a proposed Resolution for a Lease, on behalf, and under the jurisdiction, of the Department of Emergency Management (“DEM”) of approximately 5,057 square feet of space located in Suites 304 and 320 at 1663 Mission Street (“Premises”) from Speyer & Schwartz (“Landlord”).

DEM will use the office space to continue providing valuable services to all San Franciscans regarding preparedness and response to City wide disasters.

Lease terms

- Leased office space approximately 5,057 square feet
- Effective Date upon Board of Supervisors and Mayoral approval of this Resolution
- Tenant Improvements to be paid for by the Landlord (expected completion 10 weeks following Effective Date)
- Commencement Date (City occupancy) upon substantial completion of Tenant Improvements
- Rent Commencement will begin two months after Commencement Date
- Annual Rent \$208,551 (\$41.24 per square foot) with annual 3% increase
- Monthly Rent \$17,396.08 (\$3.44 per square foot)
- Rent includes all operating expenses excepting janitorial services within the Premises
- Janitorial services within Premises paid for by City at a cost estimated no greater than \$1,500 per month with an annual 3% escalation.

A General Plan Referral is also attached.

A Form 126 will be delivered under separate cover.

DEM and its division, Bay Area Urban Areas Security Initiative (“UASI”), who will occupy the premises, recommend approval of the proposed lease.

If you have any programmatic questions, please contact Craig Dziedzic at 415-353-5221. If you have any questions regarding the lease terms, please contact me at 554-9860 or Andrico.penick@sfgov.org.

Respectfully,



Andrico Q. Penick
Director of Property

From: [Quetone, Tal \(ADM\)](#)
To: [BOS Legislation, \(BOS\)](#)
Cc: [Penick, Andrico](#); [Levine, Sandi \(ADM\)](#); [Barnes, Bill \(ADM\)](#); [Keene, Joshua \(ADM\)](#); [Gorham, Claudia \(ADM\)](#)
Subject: ADM -- [Resolution] -- [Lease of Real Property - 1663 Mission Street - \$208,551 Per Year in Base Rent]
Date: Monday, July 20, 2020 11:57:25 AM
Attachments: [BOS Cvr Ltr_1663 Mission_AQP 7 20 20.pdf](#)
[Form 126_1663 Mission 7 20 20.pdf](#)
[Lease_20-0720 CAO&LL Sgnd1663MssnLs.pdf](#)
[Re Signature needed - Certification of Funds for 1663 Mission Lease .msg](#)
[Reso_1663 Mission Lease.pdf](#)
[Resolution - 1663 Mission - RED_DEM.doc](#)

Hello,

Please find attached for introduction a **resolution approving and authorizing the Director of Property, on behalf of the City's Department of Emergency Management, to lease real property located at 1663 Mission Street, for an initial term of ten years, from Speyer and Schwartz, at a rent of \$208,551 per year with 3% annual increases; authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the Lease and this Resolution; finding the proposed transaction is in conformance with the General Plan, and the eight priority policies of Planning Code, Section 101.1; and adopting findings under the California Environmental Quality Act.**

In addition to the resolution, attached are:

- Cover letter
- Form 126
- 1663 Mission Street Lease

Thank you,

Tal Quetone
Office of the City Administrator
City and County of San Francisco
City Hall, Room 362
(415) 554-4928



San Francisco Ethics Commission

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

Phone: 415.252.3100 . Fax: 415.252.3112

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

Received On:

File #: 200781

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

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

A Public Document

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

1. FILING INFORMATION

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

2. CITY ELECTIVE OFFICE OR BOARD

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

3. FILER'S CONTACT

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

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Sandi Levine	415.361.1555
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
ADM Real Estate	Sandi.levine@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Speyer & Schwartz	TELEPHONE NUMBER 510.502.4323
STREET ADDRESS (including City, State and Zip Code) 1970 Broadway, # 1030 Oakland, CA 94612	EMAIL mlp@leader-picone.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 200781
DESCRIPTION OF AMOUNT OF CONTRACT \$2,390,732.03 in base rent over the initial term		
NATURE OF THE CONTRACT (Please describe) 10-year office lease for use by the Department of Emergency Management's Urban Area Security Initiative		

7. COMMENTS

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

9. AFFILIATES AND SUBCONTRACTORS

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

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Altwarg	Carol	CEO
2	Alhadeff	Rochelelle	CFO
3	Lowe	Elaine	Other Principal Officer
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5			
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19			

9. AFFILIATES AND SUBCONTRACTORS

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

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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9. AFFILIATES AND SUBCONTRACTORS

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

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
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50			

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

10. VERIFICATION

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

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

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
---	---------------------------