

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this “**First Amendment**”), dated for reference purposes only as of May 3, 2020, is by and among K LW Investments, LLC, a California limited liability company (“**Landlord**”), and the City and County of San Francisco, a municipal corporation (“**City**” or “**Tenant**”).

RECITALS

A. Landlord and City are parties to that certain Lease dated June 23, 2015, for the Premises located at 3120 Mission Street and 3425 Cesar Chavez Street (the “**Original Lease**”).

B. City timely exercised its First option to extend the term of the Lease through June 30, 2025 (“**First Extended Term**”), and Landlord and City wish to amend the Lease to set forth their agreement with respect to the extension term as more fully described in this First Amendment.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants and agreements contained in this First Amendment, the receipt and sufficiency of which are mutually acknowledged, Landlord and City agree as follows as of the date this First Amendment is fully executed (the “**Effective Date**”):

1. Definitions. (a) The Original Lease, as amended by this First Amendment, is referred to in this First Amendment as the “**Lease.**” (b) All initially capitalized, undefined terms used in this First Amendment have the same meanings given to them in the Original Lease.
2. Expiration of Initial Term; duration of First Extended Term. The First Extended Term shall commence on July 1, 2020 and shall terminate on June 30, 2025, subject to City exercising any of its additional options under the Original Lease.
3. Base Rent. Annual Base Rent beginning on July 1, 2020 will be \$1,616,356.18 (\$134,696.35 per month, or \$41.18 per square foot per year). Base Rent will escalate pursuant to Section 4 of this First Amendment.
4. Adjustments in Base Rent. Section 4.2 of the Original Lease is deleted in its entirety and replaced with the following language:

“Base Rent under the Lease will increase on the anniversary of the Lease by three percent (3%) per annum, beginning on July 1, 2021.”
5. Use. Section 5.1 of the Original Lease is deleted in its entirety and replaced with the following language:

“City may use the Premises for distribution of public benefits, general offices and other uses permitted by applicable zoning, but excluding any drug rehabilitation, health clinic, drug clinic, or any other similar use that may reasonably cause an increase in Landlord costs and or adversely affect any other tenants of Landlord adjacent to the Premises.”

6. Energy Benchmarking. City pays for all utility costs for the Premises under the Original Lease. Accordingly, if Landlord receives a notice requiring energy benchmarking or similar utility usage reporting for the Premises during the Term and delivers such notice to City, City will promptly deliver the applicable information to the requesting party to the extent City has such information.

7. Prevailing Wages and Working Conditions. Section 22.24 of the Original Lease is deleted in its entirety and replaced with the following language:

“Any undefined, initially capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.61. Landlord agrees to 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 (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, “**Prevailing Wage Requirements**”). Landlord agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.”

8. Prohibition on Campaign Contributions. Section 22.34 of the Original Lease is deleted in its entirety and replaced with the following language:

“For the purposes of this Section, a “**City Contractor**” is a party that contracts with, or seeks to contract with, the City for the sale or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves. Through its execution of this First Amendment, Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits a City Contractor from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for that contract or twelve (12) months after the date that contract is approved. Landlord acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$100,000 or more. Landlord further acknowledges that within thirty (30) days of the submission of a proposal for the contract, the City’s Real Estate Division must notify the Ethics Commission of the parties and any subcontractor to the contract. Additionally, Landlord acknowledges the City’s Real Estate Division was required to notify the Ethics Commission of those persons.”

9. No Broker. Neither party has had any contact or dealings regarding this First Amendment, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder’s fee in connection with this First Amendment. If any broker or finder perfects a claim for a commission or finder’s fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes its claim shall be responsible for such commission or fee and shall indemnify the

other party from any and all claims or losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination or nullification of this First Amendment.

10. Attorneys Fees. If a dispute arises concerning this First Amendment, the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights under this First Amendment, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

11. Miscellaneous. (a) Except as expressly modified by this First Amendment, the terms, covenants and conditions of the Original Lease shall remain unmodified and in full force and effect and in accordance with all of its terms. (b) This First Amendment constitutes the entire agreement of the parties concerning the subject matter hereof, and supersedes and conceals any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein. (c) The execution of this First Amendment shall not constitute a waiver of relinquishment of any rights which City or Landlord may have relating to the Original Lease. (d) City and Landlord hereby ratify and confirm all of the provisions of the Original Lease. (e) If there is any conflict between this First Amendment and the Original Lease, this First Amendment shall control. If any one or more of the provisions in this First Amendment is invalid, illegal or unenforceable in any respect, the remaining provisions contained herein shall not be affected in any way thereby. (f) This First Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. (g) This First Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California and the City's Charter. (h) Time is of the essence with respect to all provisions of this First Amendment in which a definite time for performance is specified. (i) This First Amendment shall be effective as of the Effective Date. (j) Each party represents and certifies that the individual signing on behalf of such party is duly authorized to do so.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Landlord and City hereby execute this First Amendment as of the date first written above.

LANDLORD:

KLW INVESTMENTS, LLC,
a California limited liability company

By: _____

Date: _____

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Andrico Q. Penick, Director of Property

Date: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Shari Geller Diamant
Deputy City Attorney