

File No. 200042

Committee Item No. 1

Board Item No. 7

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date February 5, 2020

Board of Supervisors Meeting

Date February 11, 2020

Cmte Board

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| <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 |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Budget |
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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 |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER (Use back side if additional space is needed)

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Completed by: Linda Wong Date January 31, 2020
 Completed by: Linda Wong Date February 6, 2020

1 [Acquisition of Real Property - 1939 Market Street - Sheet Metal Workers' International
2 Association, Local Union No. 104 - \$12,000,000]

3 Resolution approving and authorizing the Director of Property, on behalf of the
4 Mayor's Office of Housing and Community Development, to acquire real property,
5 located at 1939 Market Street from Sheet Metal Workers' International Association,
6 Local Union No. 104, for purchase at \$12,000,000 inclusive of a deposit in the amount
7 of \$500,000; placing the property under the jurisdiction of the Mayor's Office of
8 Housing and Community Development for use in constructing affordable housing for
9 San Franciscans; adopting findings that the conveyance is consistent with the
10 General Plan, and the eight priority policies of Planning Code, Section 101.1;
11 authorizing the Director of Property to execute documents, make certain
12 modifications and take certain actions in furtherance of the purchase agreement and
13 this Resolution, as defined herein, including assuming certain leases, entering into a
14 leaseback with seller, and assuming certain service contracts; and affirming the
15 Planning Department's determination under the California Environmental Quality
16 Act.

17
18 WHEREAS, The Mayor's Office of Housing and Community Development
19 ("MOHCD") is responsible for the funding and development of affordable housing in the City of
20 and County of San Francisco; and

21 WHEREAS, City desires to acquire certain real property (Assessor's Parcel Block
22 No. 3501, Lot Nos. 006 and 007) located at 1939 Market Street (the "Property") for purposes
23 of building affordable housing on the Property; and

24 WHEREAS, Sheet Metal Workers' International Association, Local Union No. 104
25 (the "Seller") and City, through its MOHCD and Real Estate Division, after consultation with

1 the Office of the City Attorney, have negotiated an Agreement of Purchase and Sale for Real
2 Estate, a copy of which is on file with the Clerk of the Board of Supervisors in File No. 200042
3 (the "Purchase Agreement"), for sale of the Property to the City for \$12,000,000, inclusive of a
4 deposit in the amount of \$500,000 (the "Deposit"); and

5 WHEREAS, MOHCD has evaluated the Property and confirmed that it can utilize the
6 Property for development of permanently affordable housing; and

7 WHEREAS, The Director of Property determines the Property to be at or below fair
8 market value; and

9 WHEREAS, The Planning Department, through General Plan Referral letter dated
10 January 13, 2020, found that the acquisition of the Property is not defined as a project under
11 California Environmental Quality Act ("CEQA") Guidelines, Sections 15378 and 15060(c)(2),
12 and is consistent with the General Plan, and the eight priority policies of Planning Code,
13 Section 101.1, which letter is on file with the Clerk of the Board of Supervisors in File No.
14 200042, and incorporated herein by this reference; and

15 WHEREAS, There exists certain leases (the "Leases") between the Seller and other
16 tenants that the City will assume; and

17 WHEREAS, City and Seller have negotiated an Office Lease ("Leaseback") as
18 attached to the Purchase Agreement, and City and Seller (as future tenant) will enter into the
19 Leaseback for a period of 24 months upon City's acquisition of the Property; and

20 WHEREAS, There are certain service contracts (the "Service Contracts") that City
21 may expressly agree to assume related to the operation and security of the Property; and

22 WHEREAS, The Property will be delivered vacant except for the Leases, the
23 Leaseback, and Service Contracts at close of sale; now, therefore, be it
24
25

1 RESOLVED, That MOHCD has legal authority, is willing, and is in a position
2 financially and otherwise to assume immediate care and maintenance of the Property, and, be
3 it

4 FUTHER RESOLVED, This Board affirms the CEQA determination and adopts
5 General Plan Findings, finding that this proposed acquisition is consistent with the General
6 Plan; and, be it

7 FURTHER RESOLVED, That in accordance with the recommendation of the
8 Director of MOHCD and the Director of Property, the Board of Supervisors approves the
9 Purchase Agreement (including the attached Leaseback) in substantially the forms presented
10 to the Board, and authorizes the Director of Property (or the Director's designee, to be applied
11 throughout) to accept the deed to the Property from the Seller upon the closing in accordance
12 with the terms and conditions of the Purchase Agreement, place the Property under the
13 jurisdiction of MOHCD, and to take any and all actions (including, but not limited to, the
14 execution and delivery of any and all certificates, assumption of Leases and Services
15 Contracts, agreements notices, consents, escrow instructions, closing documents and other
16 instruments or documents, including entering into the Leaseback) as the Director of Property,
17 after consultation with the Director of MOHCD and the Office of the City Attorney, deems
18 necessary, or appropriate in order to acquire the Property pursuant to the Purchase
19 Agreement, or to otherwise effectuate the purpose and intent of this Resolution, such
20 determination to be conclusively evidenced by the execution and delivery by the Director of
21 Property of any such documents; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
23 Property and Director of MOHCD (or the Director's designee), in consultation with the City
24 Attorney, to enter into any additions, amendments, or other modifications to the Purchase
25 Agreement and any other documents or instruments necessary in connection therewith, that

1 the Director of Property and Director of MOHCD determines are in the best interests of the
2 City, do not materially decrease the benefits to the City with respect to the Property, do not
3 materially increase the obligations or liabilities of the City, and are necessary or advisable to
4 complete the transaction contemplated in the Purchase Agreement (and Leaseback) and that
5 effectuate the purpose and intent of this Resolution, such determination to be conclusively
6 evidenced by the execution and delivery by the Director of Property of any such additions,
7 amendments, or other modifications; and, be it

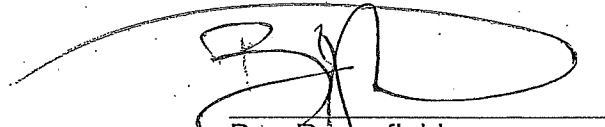
8 FURTHER RESOLVED, That within thirty (30) days of the contract being fully
9 executed by all parties, the MOHCD shall provide the final contract to the Clerk of the Board
10 for inclusion into the official file.

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2 \$12,000,000 Available

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Fund ID: 10581	Fund title: SR OCOH Nov18 PropC GF Advance
Department ID: 232065	Department title: MYR Housing & Community Dev
Project ID: 10035001	Project title: FY20 ERAF - Housing
Authority ID: 20943	Authority title: ERAF MOH AffordableHouseAcqDev
Account ID: 506070	Account title: Programmatic Projects-Budget
Activity ID: 0001	Activity title: FY20 Housing Acquisition & Dev

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Ben Rosenfield
Controller

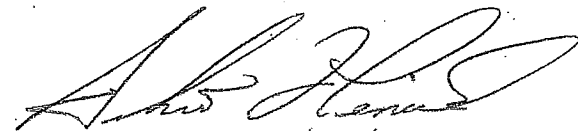
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16 RECOMMENDED:

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20 Dan Adams
Acting Director of the Mayor's Office of Housing and Community Development

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23



24 Andrico Penick 1/13/2020
Director of Property

Item 1 File 20-0042	Department: Real Estate Division Mayor's Office of Housing and Community Development
EXECUTIVE SUMMARY	
Legislative Objectives	
<ul style="list-style-type: none"> • The proposed resolution would (1) allow the City to purchase 1939 Market Street for \$12 million, (2) place the property under the jurisdiction of the Mayor's Office of Housing and Community Development, (3) find that the acquisition is consistent with the City's General Plan and eight priority policies of the Planning Code, (4) authorize the Director of Real Estate to execute documents related to the property acquisition, including a Leaseback Agreement with the seller and assigning the property's other existing leases and contracts to the City, and (5) affirm the Planning Department's determination that the purchase is exempt from review under the California Environmental Quality Act (CEQA). 	
Key Points	
<ul style="list-style-type: none"> • The property at 1939 Market is a two-story office building and adjacent paved parking area of approximately 12,050 square feet. The Mayor's Office of Housing and Community Development (MOHCD) intends to purchase the property and convert it to affordable housing, though it has not yet finalized the design and target population. The affordable housing project's gap financing and ground lease will be subject to future Board of Supervisors' approval. • Under the proposed Purchase and Sale Agreement, the City would pay \$12 million to acquire the property at 1939 Market Street. The purchase price is consistent with the appraisal and appraisal review that were completed by independent third-party appraisers contracted by the Real Estate Division. Under the Purchase and Sale Agreement, the City will enter into a Leaseback Agreement with the current owner and assume responsibility for the leases with the three existing tenants through April 2022. The appraisal assumes that the City will receive rents under the Leaseback Agreement and existing leases, which were incorporated into the concluded value in the appraisal report. 	
Fiscal Impact	
<ul style="list-style-type: none"> • The source of the \$12 million purchase of 1939 Market Street is Excess Education Augmentation Revenue funds (ERAF). • Estimated net income from the Leaseback Agreement and existing leases for the two-year period from April 2020 to April 2022 is \$221,876. Any net income from the property would accrue to MOHCD. 	
Recommendation	
<ul style="list-style-type: none"> • Approve the proposed resolution. 	

MANDATE STATEMENT

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

Administrative Code Section 23.3 states that the Board of Supervisors must approve acquisitions of real property by resolution. An appraisal of the property is required if the Real Estate Division determines that the fair market value is greater than \$10,000 and an appraisal review if the fair market value is greater than \$200,000.

Administrative Code Section 23.30 states that the Board of Supervisors shall approve all leases on behalf of the City as landlord by resolution for which the term is longer than a year and costs over \$15,000 per month. The Real Estate Division must obtain an appraisal of the fair market rent if the rent exceeds \$45 per square foot per year and appraisal review if the rent exceeds \$60 per square foot per year.

City Administrative Code Section 23.30 states that leases of City-owned property can be for less than market rent if the lease is for a proper public purpose with Board of Supervisors' approval.

BACKGROUND

Current and Intended Use of 1939 Market Street

The property at 1939 Market is a two-story office building and adjacent paved parking area of approximately 12,050 square feet. The Sheet Metal Workers' International Association Local Union No. 104 ("Sheet Metal Workers Association") is the current owner of 1939 Market Street and one of the building's tenants. The property has three other tenants that lease office space: District Council 16, a labor organization; Dark, Inc., a software company; and The Key PR, a public relations company. The Mayor's Office of Housing and Community Development (MOHCD) intends to purchase the property and convert it to affordable housing, though it has not yet finalized the design and target population. The affordable housing project's gap financing and ground lease will be subject to future Board of Supervisors' approval.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would (1) allow the City to purchase 1939 Market Street for \$12 million, (2) place the property under the jurisdiction of the Mayor's Office of Housing and Community Development, (3) find that the acquisition is consistent with the City's General Plan and eight priority policies of the Planning Code¹, (4) authorize the Director of Real Estate to

¹ The eight priority policies of the Planning Code are: (1) That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced; (2) That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods; (3) That the City's supply of affordable housing be preserved and enhanced; (4) That commuter traffic not impede Muni transit service or overburden our streets or neighborhood parking; (5) That a diverse economic base be maintained by protecting our industrial and service

executive documents related to the property acquisition, including a Leaseback Agreement with the seller and assigning the property's other existing leases and contracts to the City, and (5) affirm the Planning Department's determination that the purchase is exempt from review under the California Environmental Quality Act (CEQA). In January 2020 the Planning Department found that the proposed purchase is exempt from CEQA review and that the project is consistent with the eight priority policies of the Planning Code and the City's General Plan.

Purchase and Sale Agreement

Under the proposed Purchase and Sale Agreement, the City would pay \$12 million to acquire the property at 1939 Market Street. The purchase price is consistent with the appraisal and appraisal review that were completed by independent third-party appraisers contracted by the Real Estate Division, as required by Administrative Code Section 23.3. The appraisal assumes that the City will enter into a Leaseback Agreement with the current owner at \$5,000 per month for 24 months, described below, and that the other three existing tenants will continue to occupy the space and pay rent (shown in Exhibit 2 below).

Leaseback Agreement

Under the proposed Purchase and Sale Agreement, the City would enter into a separate Leaseback Agreement with the current owner, the Sheet Metal Workers Association. Under the proposed Leaseback Agreement, the City would lease the current owner the space it currently occupies at 1939 Market Street for \$5,000 per month for 24 months, as shown below.

Exhibit 1: Proposed Leaseback Terms for 1939 Market Street

Landlord	City
Tenant	Sheet Metal Workers Association
Lease Term	24 months
Rentable Square feet	6,292 square feet
Rent	\$5,000 per month (approximately \$9.54 per square foot per year)
Annual Rent Increase	None
Options to Extend Term	None
Tenant Improvements	None

Source: Proposed Leaseback Agreement

The leaseback period will allow MOHCD to procure a qualified developer to convert the property 1939 Market Street from office space to affordable housing. No material changes to the property would occur until after the 24 month leaseback period.

sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced; (6) That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake; (7) That landmarks and historic buildings be preserved; and, (8) That our parks and open space and their access to sunlight and vistas be protected from development.

Existing Leases with Current Tenants

Under the proposed Purchase and Sale Agreement, the City will assume responsibility for the existing leases with the current tenants of 1939 Market Street and enter into a Leaseback Agreement with the owner. The estimated annual rent is \$308,231, as shown below in Exhibit 2. The leases would terminate at the end of the leaseback period in April 2022, resulting in lease rent to the City over the two-year leaseback period of \$616,642.

Exhibit 2: The City's Leases at 1939 Market Street

Tenant	Annual Rent	Square Feet	\$ per Square Foot
Sheet Metal Workers Association	\$60,000	6,292	\$9.54
District Council 16	88,546	1,849	\$47.89
Dark, Inc.	82,830	1,506	\$55.00
The Key PR, LLC	76,855	1,478	\$52.00
Total	\$308,231	11,125	

Source: MOHCD

As shown above, the rent per square foot of the leaseback agreement with the Sheet Metal Workers Association is \$9.54. According to Mr. Joshua Keene, Special Projects and Transactions Manager at the Real Estate Division, the proposed Leaseback Agreement rent, which is below market rate, was negotiated as part of the final sales price for the property.

The three existing leases have expiration dates of December 31, 2019 for District Council 16; May 31, 2021 for Dark, Inc.; and December 31, 2020 for The Key PR, LLC. According to Ms. Joyce Slen, Project Manager at MOHCD, the City is still finalizing the lease provisions for the three leases that it is taking over from the Sheet Metal Works Association for District Council 16, Dark, Inc., and The Key PR, LLC, including extending the lease terms through April 2022. While Administrative Code Section 23.30 requires appraisals for leases with rent above \$45 per square foot, the appraisal conducted for the purchase of 1939 Market Street assumes that the City will receive rents under the Leaseback Agreement and existing leases, which were incorporated into the concluded value in the appraisal report.

Existing Service Contracts

Under Section 5.1(l) of the proposed Purchase and Sale Agreement, the City may be assigned existing contracts for the following services:

1. Property Management
2. Janitorial
3. Roving Engineer
4. Elevator maintenance
5. Fire alarm testing & annual monitoring
6. Fire sprinkler annual monitoring
7. Water Backflow testing
8. Electric Vehicle Charging Maintenance & Management

- 9. HVAC Maintenance
- 10. Security Monitoring system

According to Ms. Slen, the City is still negotiating with providers for the service contracts noted above.

FISCAL IMPACT

The source of the \$12 million purchase of 1939 Market Street is Excess Education Augmentation Revenue funds (ERAF).

Estimated net income to the City over the two-year leaseback period is \$221,876, as shown in Exhibit 3 below.

Exhibit 3: Property Operating Revenue and Costs

Tenant	April 2020 – April 2021	April 2021 – April 2022	Total
Sheet Metal Workers Local Union	\$60,000	\$60,000	\$120,000
District Council 16	88,546	88,546	177,092
Dark, Inc.	82,830	82,830	165,660
The Key PR, LLC	76,855	76,855	153,710
Total Tenant Revenues (estimated)	\$308,231	\$308,231	\$616,462
Utilities	\$21,300	\$22,046	\$43,346
Taxes	10,000	10,350	20,350
Service Contracts*	162,600	168,291	330,891
Total Operating Expenses (estimated)	\$193,900	\$200,687	\$394,587
Net Income	\$114,331	\$107,545	\$221,876

Sources: Proposed Leaseback Agreement; Current leases with District Council 16, Dark, Inc., and the Key PR, LLC; MOHCD.

Note: Service Contracts includes the ten service contracts listed above as well as trash removal. Utilities refers to electricity, water, and gas.

As shown above, the total expected rent during the two-year leaseback is \$308,231 per year. Operating expenses total an estimated \$193,900 in the first year of the leaseback period and \$200,687 in the second year of the lease back period, leaving an \$114,331 and \$107,545 in estimated net income in years 1 and 2 of the leaseback period, respectively. Any net income from the property would accrue to MOHCD.

RECOMMENDATION

Approve the proposed resolution.

File # 200042
Received in Committee
2/5/20
Jm

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between

Sheet Metal Workers' International Association, Local Union No. 104,
as Seller

and

CITY AND COUNTY OF SAN FRANCISCO,
as Buyer

For the purchase and sale of

1939 Market Street
San Francisco, California

January 2, 2020

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EXHIBIT B	- Personal Property Description
EXHIBIT C	- Grant Deed
EXHIBIT D	- Bill of Sale
EXHIBIT E	- Seller's Leaseback
EXHIBIT F	- Assignment of Leases and Assumed Contracts
EXHIBIT G	- Tenant's Estoppel Certificate
EXHIBIT H	- Certificate of Transferor Other Than An Individual (FIRPTA Affidavit)
EXHIBIT I	- Notice to Tenants
EXHIBIT J	- SCHEDULE 1 Environmental Disclosures
EXHIBIT K	- Declaration of Restrictions

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE
(1939 Market Street, San Francisco)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this "Agreement") dated for reference purposes only as of January 2, 2020 is by and between SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION, LOCAL UNION NO. 104 ("Seller"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Buyer" or "City").

Seller and City agree as follows:

1. PURCHASE AND SALE

1.1 Property Included in Sale

Seller agrees to sell and convey to City, and City agrees to purchase from Seller, subject to the terms, covenants and conditions hereinafter set forth, the following:

(a) the real property consisting of approximately 11,861 sq. ft. (0.272) acres of land, located in the City and County of San Francisco, commonly known as 1939 Market Street and more particularly described in Exhibit A attached hereto (the "Land");

(b) all improvements and fixtures located on the Land, including, without limitation, (i) that certain 2-story office building containing approximately 13,300 square feet of net rentable area and known as the 1939 Market Street Building, as well as all other buildings and structures located on the Land, all apparatus, equipment and appliances used in connection with the operation or occupancy of the Land and its improvements, such as heating and air conditioning systems and facilities used to provide any utility, refrigeration, ventilation, garbage disposal or other services, and together with all on-site parking (collectively, the "Improvements");

(c) any and all rights, privileges, and easements incidental or appurtenant to the Land or Improvements, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Land, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Land, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land or Improvements, and any and all of Seller's right, title and interest in and to all roads and alleys adjoining or servicing the Land or Improvements (collectively, the "Appurtenances");

(d) if any, all personal property owned by Seller located on or in or used in connection with the Land or Improvements as of the date of this Agreement and as of the Closing Date (as defined in Section 6.2, Closing Date) including, without limitation, those items, if any, described in Exhibit B attached hereto (the "Personal Property"); and

All of the items referred to in Subsections (a), (b), (c), and (d) above are collectively referred to as the "Property." Inclusion of square footages is to assist in identification and shall not be construed as a representation.

1.2 Restrictive Covenant.

City agrees to purchase the Property subject to a restrictive covenant that requires City, and any successive owner of the Property, to either: (i) cause all improvement work on the

Property to be performed by signatories to a collective bargaining agreement, or (ii) require that all improvement work on the Property be completed in accordance with City and state prevailing wage requirements. Upon Closing, City will record a Declaration of Restrictive Covenant in the form attached hereto as Exhibit K ("Declaration of Restrictions").

2. PURCHASE PRICE

2.1 Purchase Price

The total purchase price for the Property is Twelve Million and 00/100 Dollars (\$12,000,000) (the "Purchase Price").

2.2 Conditional Deposit

Within three (3) business days after execution of this Agreement ("Deposit Date"), City will deliver to Chicago Title Company, One Embarcadero Center, Suite 250, San Francisco, California 94111, Attn: Terina Kung, Escrow Officer, Phone: (415) 291-5128, Email: terina.kung@ctt.com (the "Title Company"), as escrow agent, Five Hundred Thousand and 00/100 Dollars (\$500,000) as an earnest money conditional deposit applicable to the Purchase Price (the "Conditional Deposit"). The Conditional Deposit will remain conditional and be unconditionally, fully refundable to Buyer upon termination of this Agreement until the Effective Date (as defined in Section 12.16, [Effective Date] below). If the Agreement terminates for any reason during the Due Diligence Period, then Seller will pay all title fees and escrow cancellation fees and Buyer will instruct the Title Company to immediately return the Conditional Deposit to Buyer. If the Agreement terminates by either party after the Due Diligence Period (as defined in Section 4.1 [Due Diligence and Time for Satisfaction of Conditions] below) but prior to the Effective Date, then the party that terminates the Agreement will pay all title fees and escrow cancellation fees (except to the extent termination is due to the default of the other party, in which case the defaulting party shall pay all title fees and escrow cancellation fees) and Buyer will instruct the Title Company to immediately return the Conditional Deposit to Buyer. If neither party terminates the Agreement, and the Effective Date has not occurred prior to the Closing Date (as defined below in Section 6.2 [Closing Date] below), including any mutual extension thereof, then the parties will equally share the cost of all title fees and escrow cancellation fees and the Buyer will instruct the Title Company to immediately return the Conditional Deposit to Buyer.

2.3 Deposit

On the Effective Date, the Conditional Deposit will become the "Deposit", removing the unconditionally-refundable nature of the Deposit. If the sale of the Property is not consummated because of a Buyer default, then Buyer will pay all title fees and escrow cancellation fees, and Seller and Buyer will instruct the Title Company to immediately release the Deposit to Seller in accordance with Section 11.2 below. If Buyer terminates this Agreement due to a Seller default, then Seller will pay all title fees and escrow cancellation fees, and Seller and Buyer will instruct the Title Company to immediately return the Deposit to Buyer. If Buyer, at its election, instructed the Title Company to deposit the Conditional Deposit into an interest-bearing account at a bank or financial institution approved by Buyer in writing, the term "Conditional Deposit" or "Deposit" will include any interest earned thereon. Unless this Agreement is terminated and the Conditional Deposit or Deposit disbursed as provided in this Agreement, the Deposit will be applied to the Purchase Price at Closing.

2.4 Payment

On the Closing Date, City shall pay the Purchase Price, adjusted pursuant to the provisions of Article 7 [Expenses and Taxes], and reduced by any credits due City hereunder.

Seller acknowledges and agrees that if Seller fails at Closing to deliver to City the documents required under Sections 6.3(h) and 6.3(i) [Seller's Delivery of Documents], City may be required to withhold a portion of the Purchase Price pursuant to Section 1445 of the United States Internal Revenue Code of 1986, as amended (the "Federal Tax Code"), or Section 18662 of the California Revenue and Taxation Code (the "State Tax Code"). Any amount properly so withheld by City shall be deemed to have been paid by City as part of the Purchase Price, and Seller's obligation to consummate the transaction contemplated herein shall not be excused or otherwise affected thereby.

2.5 Funds

All payments made by any party hereto shall be in legal tender of the United States of America, paid in cash or by wire transfer of immediately available funds to Title Company (as defined in Section 3.2), as escrow agent.

3. TITLE TO THE PROPERTY

3.1 Conveyance of Title to the Property

At the Closing Seller shall convey to City, or its nominee, fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the "Deed"), subject to the Accepted Conditions of Title (as defined in Section 3.2 [Title Insurance]).

3.2 Title Insurance

Delivery of title in accordance with the preceding Section shall be evidenced by the commitment of the Title Company to issue to City, or its nominee, an ALTA extended coverage owner's policy of title insurance (Form ALTA 2006 – updated 6/17/2006) (the "Title Policy") in the amount of the Purchase Price, insuring fee simple title to the Land, the Appurtenances and the Improvements in City, or its nominee, free of the liens of any and all deeds of trust, mortgages, assignments of rents or financing statements placed on the Property by Seller, and all other exceptions, liens and encumbrances except solely for the Accepted Conditions of Title pursuant to Section 5.1(a) below. The Title Policy shall provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Property by Seller, and shall contain such other endorsements as City may reasonably request if the Title Company commits to issue such endorsements during the Due Diligence Period. The Title Policy shall also provide for reinsurance with direct access with such companies and in such amounts as City may reasonably request. The deeds of trust, mortgages, assignments of rents or financing statements and mechanics liens that Seller is required to remove from title pursuant to the foregoing provisions, are referred to herein as "Required Corrections."

3.3 Bill of Sale

At the Closing Seller shall transfer title to the Personal Property by bill of sale in the form attached hereto as Exhibit D (the "Bill of Sale"), such title to be free of any liens, encumbrances or interests placed on the Personal Property by Seller.]

3.4 Assignment of Leases and Assumed Contracts

At the Closing Seller shall transfer its title to the Assigned Leases by an assignment of leases and contracts in the form attached hereto as Exhibit F (the "Assignment of Leases and Assumed Contracts"), such title to be free of any liens, encumbrances or interests placed thereon by Seller, except for the Accepted Conditions of Title.

4. BUYER'S DUE DILIGENCE INVESTIGATIONS

4.1 Due Diligence and Time for Satisfaction of Conditions

City has been given or will be given before the end of the Due Diligence Period (as defined below), a full opportunity to investigate the Property, either independently or through agents of City's own choosing, including, without limitation, but subject to the provisions of his Agreement, the opportunity to conduct such appraisals, inspections, tests, audits, verifications, inventories, investigations and other due diligence regarding the economic, physical, environmental, title and legal conditions of the Property as City deems fit, as well as the suitability of the Property for City's intended uses. City and its Agents may commence due diligence investigations on the Property on or after the date this Agreement is executed by both parties hereto. The period for completion of all such investigations shall expire at 5:00 pm on January 12, 2020 (the "Due Diligence Period"), subject to the terms and conditions provided hereinbelow. The parties agree that Seller has delivered to City all of the Documents and other items described in Sections 5.1(d), 5.1(e) and 5.1(f). City shall use its best efforts to obtain, as soon as practicable after the date hereof, all City approvals and resolutions that are necessary or required by City Charter, ordinances, regulations, directives, policies or orders in connection with the transactions contemplated herein including without limitation each of the following: (a) regulatory approval of the purchase of the Property from its Planning Department no later than February 25, 2020; (b) obtaining an appraisal and having the same approved by all necessary City action; (c) introducing a resolution for approval of this Agreement and of the transactions contemplated herein by the Board of Supervisors and the Mayor of the City no later than January 14, 2020 and obtaining final approval of the resolution from the Board of Supervisors and signature by the Mayor on such resolution no later than February 25, 2020. City shall keep Seller informed of the status of each such action and of the status of each such approval and resolution with a written weekly report in the form of an E-mail. Seller shall have the right to terminate this Agreement by notice to the City if any of the actions to be taken by the City in obtaining such approvals is not timely taken or obtained or if the City fails to provide Seller with the written weekly status report providing a reasonably detailed report concerning the matters required to be included therein.

Notwithstanding anything in this Agreement to the contrary, City shall have the right to terminate this Agreement at any time during the Due Diligence Period upon written notice to Seller. Upon such termination, neither City nor Seller shall have any further rights or obligations hereunder. This Section is subject to, and shall not serve to modify or limit, any right or remedy of City arising under Section 5.1 [City's Conditions to Closing, of this Agreement].

4.2 Intentionally Deleted

5. ENTRY

During the Due Diligence Period and at all times prior to the Closing Date Seller shall afford City and its Agents reasonable access to the Property and all books and records located therein for the purposes of satisfying City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of the Conditions Precedent including, without limitation, the drilling of test wells and the taking of soil borings; provided, however,

that any invasive testing shall be subject to Seller's sole but reasonable approval of City's work plan. City shall not alter or damage the Property in more than a de minimus manner as is customary for the type of survey or inspection being undertaken and City shall promptly repair any such damage following the completion of such survey or inspection. City shall not permit any mechanics' liens to be filed against all or any part of the Property. City hereby agrees to indemnify, defend with counsel reasonably selected by Seller, and hold Seller and its Agents, as well as any Agents of the foregoing, harmless from and against any and all loss, damage, injury, claim, lien, liability, suit, cost, including, without limitation, attorneys' fees and costs, or expense (collectively, "Claims") actually incurred by Seller arising out of actions taken by City or its Agents or their respective employees, contractors, consultants, agents or representatives pursuant to this section, except to the extent such Claims arise from the gross negligence or willful misconduct of Seller or any of its Agents. The foregoing Indemnity shall not include any claims resulting from the discovery or disclosure of pre-existing environmental conditions or the non-negligent aggravation of pre-existing environmental conditions on, in, under or about the Property, including the Improvements. In the event this Agreement is terminated for any reason other than Seller's default hereunder, City shall restore the Property to substantially the condition it was found subject to applicable laws. The indemnity in this Section shall survive Closing and termination of this Agreement.

City agrees that any inspection, test or other study or analysis of the Property shall be performed at City's sole cost and expense, and in accordance with applicable law.

City agrees that City's third-party Agents accessing the Property at City's direction will be covered by not less than \$1,000,000 commercial general liability insurance (with, in the case of such coverage, a contractual liability endorsement, insuring its indemnity obligations under this Agreement) insuring all activity and conduct of City's third-party Agents and such persons while exercising such right of access and naming Seller and McMorgan & Company LLC as additional insured, issued by a licensed insurance company reasonably acceptable to Seller. Seller acknowledges that City is self-insured and self-funded to cover all activity and conduct of City and its employees pursuant to this Section. Neither City nor the insurers of its third party Agents shall have the right to pursue Seller for any claim covered by such insurance or self-insurance.

5.1 City's Conditions to Closing

The following are conditions precedent to City's obligation to purchase the Property (collectively, "Conditions Precedent"):

(a) City shall have reviewed and approved title to the Property, as follows:

(i) City acknowledges that Seller has delivered to City a current extended coverage preliminary report on the Real Property dated October 25, 2019, issued by Title Company, accompanied by copies of all documents referred to in the report (collectively, the "Preliminary Report").

(ii) Seller shall have delivered to Buyer copies of any existing, unrecorded documents in Seller's possession, that are actually known to Seller's Representative without any review of Seller's files, and which Seller knows: (i) have not been delivered to or obtained by the City; (ii) contain information that will have a material adverse effect on the Property; and that (iii) could not be discovered by the City in the exercise of ordinary due diligence.

(iii) City may at its option arrange for an "as-built" survey of the Real Property and Improvements prepared by a licensed surveyor (the "Survey"). Such survey shall

be acceptable to, and certified to, City and Title Company and in sufficient detail to provide the basis for and the Title Policy without boundary, encroachment or survey exceptions. If the Survey is delivered to City prior to the BOS Approval Date, then it shall be deemed acceptable to the City. If the Survey is delivered after the BOS Approval Date, then it shall not provide a basis for termination of this Agreement by the City.

City shall advise Seller, within ten (10) days following the end of the Due Diligence period, what exceptions to title, if any, City is willing to accept (the "Accepted Conditions of Title"). City's failure to so advise Seller within such period shall be deemed approval of title. Seller shall have ten (10) days after receipt of City's notice of any objections to title to give City: (A) evidence satisfactory to City of the removal of all objectionable exceptions from title or that such exceptions will be removed or cured on or before the Closing; or (B) notice that Seller elects not to cause such exceptions to be removed other than Required Corrections. If Seller fails to give such notice, Seller shall be deemed to have given notice under clause (B) above. If Seller gives (or is deemed to have given) notice under clause (B), City shall have until the BOS Approval Date to elect to proceed with the purchase or terminate this Agreement. If City gives such notice electing to proceed or if City shall fail to give Seller notice of its election on or before the BOS Approval Date, City shall be deemed to have elected to waive its objections to title and to have accepted title "as is" except for the Required Corrections and all matters affecting title to the Property shall be Accepted Conditions of Title. If Seller gives notice pursuant to clause (A) and fails to remove any such objectionable exceptions from title prior to the Closing Date, and City is unwilling to take title subject thereto, and if such objectionable exceptions are Required Corrections, then Seller shall be in default hereunder and City shall have the rights and remedies provided herein or at law or in equity. If the preceding sentence would apply, but does not, solely because the objectionable exceptions are not Required Corrections, then Seller shall not be in default, this Agreement shall terminate and neither party shall have any further obligations under this Agreement except for those obligations that are intended to survive any termination of this Agreement.

(iv) City's review and approval, within the Due Diligence Period, of the physical and environmental conditions of the Property, including, without limitation, structural, mechanical, electrical and other physical conditions of the Property. Such review may include an examination for the presence or absence of any Hazardous Material. City shall be responsible for performing or arranging any such reviews at City's expense. As used herein, the term "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Improvements or are naturally occurring substances on or about the Property; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

(b) City's review and approval, on or before the BOS Approval Date, of Schedule I attached as Exhibit J ("Schedule I"), which sets a list of reports concerning Hazardous Materials affecting the Property that Seller has delivered to the City prior to the execution of this Agreement.

(c) City's review and approval, within the Due Diligence Period, of the compliance of the Property with all applicable laws, regulations, permits and approvals.

(d) City's review and approval, within the Due Diligence Period, of the documents delivered to the City by the Seller prior to the date of this Agreement (collectively, the "Documents"); and (ii) such other information relating to the Property that is specifically requested by City of Seller in writing and, if in Seller's possession, delivered by Seller to City during the Due Diligence Period (collectively, the "Other Information").

(e) City's review and approval, by February 25, 2020 or such earlier date on which the City's Board of Supervisors approves the transaction contemplated herein (the "BOS Approval Date"), utility bills and other information already delivered to City concerning the operating expenses of the Property.

(f) City's review and approval, within the Due Diligence Period, of: (i) all existing and pending leases and other occupancy agreements listed on Schedule 1 of Exhibit F ("Assigned Leases"), (ii) tenant correspondence files, and (iii) a current rent roll for the Property, prepared by Seller in such form as Seller uses in the operation of the Property.

(g) Seller's obtaining and delivering to City, before the Closing Date, tenant estoppel certificates in form and substance reasonably satisfactory to City from any and all tenants occupying any portion of the Property. Such certificates shall be substantially in the form attached hereto as Exhibit G and shall be dated no earlier than thirty (30) days prior to the Closing Date and delivered to the City within two (2) business days after Seller receives each such estoppel certificate as completed by each of such tenants. Each estoppel certificate shall be deemed acceptable to the City if the City does not raise reasonable objections thereto within five (5) days after the estoppel certificate is delivered to the City. Notwithstanding the foregoing, to the extent Seller is unable, despite its commercially reasonable efforts, to obtain estoppel certificates, Seller may, as to each missing estoppel certificate, warrant and represent to City, with respect to such missing estoppel certificate, as of the date represented and warranted, to Seller's current, actual knowledge, except as qualified by Seller, the following information concerning the lease that is the subject of such representation by Seller: (A) that the Assigned Lease for is in full force and effect; (B) the amount of the tenant's security deposit; (C) the date through which rent has been paid; and (D) that neither Seller nor the tenant, is in default under such Assigned Lease. City shall be obligated to accept such a certification in lieu of any such missing estoppel certificate. The representations and warranties in the certificate of Seller shall survive the Closing. Seller's maximum liability to City in connection with any such certification by Seller, or any failure to obtain such estoppel certificate due to Seller's failure to use commercially reasonable efforts to obtain the same, shall not exceed Ten Thousand and No/100 Dollars (\$10,000.00). Seller shall not be in default if any estoppel certificate is not obtained provided that Seller uses commercially reasonable efforts, not including litigation or any threat of litigation, to obtain such estoppel certificates. Seller may extend the Closing Date hereunder to a date which is ten (10) days after estoppel certificates meeting the requirements of this Section are obtained, but in no event shall such extension exceed thirty (30) days.

(h) Seller shall not be in default in the performance of any covenant or agreement to be performed by Seller under this Agreement, and all of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date. At the Closing, Seller shall deliver to City a certificate certifying that each of Seller's representations and warranties contained in Section 8.1 [Representations and Warranties of Seller] below are true and correct as of the Closing Date, except as qualified in the certificate. If such certificate is qualified, such qualification shall (i) be deemed to modify the representations and warranties of Seller and (ii) shall, if material, give City

the right to terminate this Agreement, without recourse to the Seller unless the material qualification is due to Seller's intentional fraud, and to receive a return of the Deposit.

(i) The physical condition of the Property shall be substantially the same on the Closing Date as on the date of City's execution of this Agreement, reasonable wear and tear and loss by casualty excepted (subject to the provisions of Section 9.1 [Risk of Loss]), and, as of the Closing Date, there shall be no litigation or administrative agency or other governmental proceeding, pending or threatened, which after the Closing would materially adversely affect the value of the Property or the ability of City to operate the Property for its intended use, and no proceedings shall be pending or threatened which could or would cause the change, redesignation or other modification of: (a) the zoning classification of the Property; or, (b) any building or environmental code requirements applicable to, any of the Property.

(j) Title Company shall be committed at the Closing to issue to City, or its nominee, (i) the Title Policy as provided in Section 3.2 [Title Insurance].

(k) City and Seller, prior to the Effective Date, will have negotiated a lease agreement between Seller as tenant and Buyer as landlord, to be entered into on the Closing Date; a form of which is attached hereto as Exhibit E ("Seller's Leaseback").

(l) City's review and approval, of the Assumed Contracts on Schedule 2 [Assumed Contracts] of Exhibit F, setting forth a list of all of the contracts or agreements that, to the extent assignable, shall be assigned to, and assumed by, City at Closing (the "Assumed Contracts"), together with true and accurate copies of all such documents. City shall be deemed to have approved all such Assumed Contracts, and shall assume them, if the City does not terminate this Agreement on or before the BOS Approval Date. City may request that any of the Assumed Contracts be terminated by Seller on the Closing Date. At or before the Closing, Seller shall terminate any contracts or agreements not to be assumed by City, without liability to City, to the extent that they may be terminated on the Closing Date, without breach, with notice on the Closing Date and if so terminated such contracts shall no longer be Assumed Contracts. Contracts that may not be terminated as of the Closing Date with such notice shall be assumed by the City and terminated by the City after the Closing.

(m) The City's Mayor and the Board of Supervisors, in the respective sole discretion of each, shall have enacted a resolution approving, adopting and authorizing this Agreement and the transactions, on or before one (1) business day before the Closing Date. In the event such enactment is not final and signed by the Mayor on or before such date, Seller shall have the right to terminate this Agreement.

(n) Seller shall have delivered the items described in Section 6.3 below [Seller's Delivery of Documents] on or before the Closing.

(o) Title Company shall have agreed to be the real estate reporting person for the Closing in compliance with the Reporting Requirements (as defined in Section 6.6 below).

The Conditions Precedent contained in the foregoing Subsections (a) through (n) are solely for the benefit of City. If any Condition Precedent is not satisfied, City shall have the right in its sole discretion either to waive in writing the Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement, provided that the Conditions Precedent described in item (m) above may not be waived. The waiver of any Condition Precedent shall not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant or agreement of Seller. Any of the Conditions Precedent that are to be satisfied or waived during the Due Diligence period shall be deemed satisfied if the City does not elect to terminate this Agreement during the Due Diligence period. Any of the

Conditions Precedent that are to be satisfied or waived by the BOS Approval Date shall be deemed satisfied if the City does not elect to terminate this Agreement on or before such date. In addition, the Closing Date may be extended, at Seller's option, for a reasonable period of time specified by Seller, to allow any of the other Conditions Precedent to be satisfied, subject to City's further right to terminate this Agreement upon the expiration of the period of any such extension if all such Conditions Precedent have not been satisfied.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of Seller or if a Condition Precedent cannot be fulfilled because Seller frustrated such fulfillment by some affirmative act or negligent omission, City may, at its sole election, either (1) terminate this Agreement by delivery of notice of termination to Seller, whereupon Seller shall pay to City any title, escrow, legal and inspection fees incurred by City and any other expenses incurred by City in connection with the performance of its due diligence review of the Property (it being understood that Seller shall not be required to reimburse any such costs or expenses in excess of \$50,000 in the aggregate), and neither party shall have any further rights or obligations hereunder, or (2) continue this Agreement pending City's action for specific performance of Seller's obligations under Section 6.3 below, provided that any action for specific performance must be initiated no later than ninety (90) days after the date that Closing is otherwise required to occur under this Agreement.

5.2 Cooperation with City

Seller shall cooperate with City and do all commercially reasonable acts as may be reasonably requested by City with regard to the fulfillment of any Conditions Precedent including, without limitation, execution of any commercially reasonable documents, applications or permits. Seller's representations and warranties to City shall not be affected or released by City's waiver or fulfillment of any Condition Precedent. Seller hereby irrevocably authorizes City and its Agents to make all inquiries with and applications to any person or entity, including, without limitation, any regulatory authority with jurisdiction as City may reasonably require to complete its due diligence investigations. Provided, however, no such applications or inquiries will have any material impact upon nor will they be binding upon the Property unless and until City closes upon and is the owner of the Property.

6. ESCROW AND CLOSING

6.1 Opening of Escrow

On or before the Deposit Date (as defined in Article 2 [Purchase Price]), the parties shall open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement shall serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and City agree to execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement shall control.

6.2 Closing Date

The consummation of the purchase and sale contemplated hereby (the "Closing") shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Title Company located at One Embarcadero Center, Suite 250, San Francisco, California 94111, on March 27, 2020, or on such earlier date as City notifies Seller with at least five (5) business days' advance notice (the "Closing Date"), subject to the provisions of Article 5 [Conditions Precedent]. In no event shall the Closing occur before March

6, 2020. **The Closing shall occur no later than 10:00 A.M., Pacific Standard Time, on the Closing Date.** The Closing Date may not be extended without the prior written approval of both Seller and City, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Title Company shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, limit the provisions hereof or otherwise relieve either party hereto of any liability it may have for its wrongful failure to close.

6.3 Seller's Delivery of Documents

At or before the Closing, Seller shall deliver to City, or the Nominee, through escrow, the following:

- (a) a duly executed and acknowledged Deed;
- (b) duly executed Bill of Sale;
- (c) four (4) duly executed counterparts of the Assignment of Leases and Assumed Contracts;
- (d) duly executed tenant estoppel certificates or Seller certifications for each of the Leases as required pursuant to Section 5.1(g) hereof;
- (e) four (4) duly executed counterparts of the Seller's Leaseback;
- (f) originals, if in Seller's possession or can readily obtain, of the Documents, Assigned Leases, and Assumed Contracts not previously delivered to City;
- (g) a properly executed affidavit pursuant to Section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit H, and on which City is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code;
- (h) a properly executed California Franchise Tax Board Form 590 certifying that Seller is a California resident if Seller is an individual or Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation or other evidence reasonably satisfactory to City that Seller is exempt from the withholding requirements of Section 18662 of the State Tax Code;
- (i) such resolutions, authorizations, or other documents or agreements relating to Seller as the Title Company may reasonably require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated hereby, and such proof of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller;
- (j) closing statement in form and content satisfactory to City and Seller; and
- (k) the duly executed certificate regarding: (i) Seller's representations and warranties contained in Section 8.1 as required by Section 5.1(h), and; (ii) Seller's representations and warranties regarding Assigned Leases contained in Section 5.1(g), if applicable.
- (l) a Notice to Tenants in the form attached hereto as Exhibit I.

6.4 City's Delivery of Documents and Funds

At or before the Closing, City, or the Nominee, shall deliver to Seller through escrow the following:

- (a) an acceptance of the Deed executed by City's Director of Property;
- (b) Declaration of Restrictions executed by the City's Director of Property;
- (c) four (4) duly executed counterparts of the Assignment of Leases and Assumed Contracts;
- (d) four (4) duly executed counterparts of the Seller's Leaseback;
- (e) a closing statement in form and content satisfactory to City and Seller;
- (f) such evidence as may be reasonably required by Title Company with respect to the authority of the person(s) executing the documents required to be executed by or on behalf of City; and
- (g) the Purchase Price, as provided in Article 2 hereof.

6.5 Other Documents

Seller and City shall each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof.

6.6 Title Company as Real Estate Reporting Person

Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the "Reporting Requirements") require that certain information be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the Closing. Seller and City agree that if the Closing occurs, Title Company will be the party responsible for closing the transaction contemplated in this Agreement and is hereby designated as the real estate reporting person (as defined in the Reporting Requirements) for such transaction. Title Company shall perform all duties required of the real estate reporting person for the Closing under the Reporting Requirements, and Seller and City shall each timely furnish Title Company with any information reasonably requested by Title Company and necessary for the performance of its duties under the Reporting Requirements with respect to the Closing.

7. EXPENSES AND TAXES

7.1 Rent and Other Apportionments

The following are to be apportioned through escrow as of the Closing Date with Seller responsible for or entitle to amounts allocable to the period prior to the Closing Date and City being responsible for or entitled to amounts allocable to the Closing Date and periods following the Closing Date:

(a) Rent

Rent under the Assigned Leases shall be apportioned as of the Closing Date, regardless of whether or not such rent has been paid to Seller. With respect to any rent arrearage arising under the Assigned Leases, after the Closing, City shall pay to Seller any rent actually collected which is applicable to the period preceding the Closing Date; provided, however, that all rent collected by City shall be applied first to all unpaid rent accruing on and after the Closing Date, and then to unpaid rent accruing prior to the Closing Date. City shall take reasonable steps to recover any rent arrearage (i.e. including such arrearages in rent invoices sent to the tenants) but shall not be required to bring suit against any tenant. Seller shall be permitted to take reasonable actions to collect unpaid rent allocable to the period prior to the Closing from the tenants.

(b) Leasing Costs

Seller shall pay the leasing commissions and tenant improvement costs accrued in connection with any Lease executed on or before the Closing and listed on Schedule 7.1(b) attached hereto. City shall be entitled to a credit against the Purchase Price for the total sum of all security deposits paid to Seller by tenants under any Assigned Leases, to the extent not utilized by Seller prior to the Closing.

(c) Other Tenant Charges

Where the Assigned Leases contain tenant obligations for taxes, common area expenses, operating expenses or additional charges of any other nature, and where Seller shall have collected any portion thereof in excess of amounts owed by Seller for such items for the period prior to the Closing Date, there shall be an adjustment and credit given to City on the Closing Date for such excess amounts collected. City shall apply all such excess amounts to the charges owed by the tenants for such items and, if required by the Assigned Leases, shall rebate or credit tenants with any remainder. If, within ninety (90) days after Closing, it is determined that the amount collected during Seller's ownership period exceeded expenses incurred during the same period by more than the amount previously credited to City at Closing, then Seller shall promptly pay the deficiency to City.

(d) Utility Charges

Seller shall use commercially reasonable efforts to cause all the utility meters to be read on the Closing Date, and will be responsible for the cost of all utilities used prior to the Closing Date. If a meter reading is unavailable, the parties shall close on a reasonable estimate and shall be trued up within ninety (90) days after Closing. All utility deposits paid by Seller shall remain the property of Seller and City shall reasonably cooperate to cause such deposits to be returned to Seller to the extent Seller is entitled thereto.

(e) Other Apportionments

Amounts payable under any contracts assumed pursuant hereto, annual or periodic permit or inspection fees (calculated on the basis of the period covered), and liability for other normal Property operation and maintenance expenses and other recurring costs shall be apportioned as of the Closing Date.

7.2 Closing Costs

City shall pay the cost of any Survey, the premium for the Title Policy and the cost of the endorsements thereto, and escrow and recording fees. Seller shall pay the cost of any transfer

taxes applicable to the sale and the sales tax on any Personal Property. Seller shall be responsible for all costs incurred in connection with the prepayment or satisfaction of any loan, bond or other indebtedness secured by the Property including, without limitation, any prepayment fees, penalties or charges. City shall pay for any modifications or upgrades to the Property triggered by the transaction or by any transfer contemplated in this Agreement. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section or elsewhere in this Agreement shall be allocated in accordance with the closing customs for the City and County of San Francisco, as determined by Title Company.

7.3 Real Estate Taxes and Special Assessments

General real estate taxes payable for the tax year prior to year of Closing and all prior years shall be paid by Seller at or before the Closing. General real estate taxes payable for the tax year of the Closing shall be prorated through escrow by Seller and City as of the Closing Date with City responsible for the Closing Date and periods following the Closing Date. At or before the Closing, Seller shall pay any installments of any special assessments against the Property that are due prior to the Closing, including, without limitation, interest payable thereon, but only to the extent such installments are allocable to the period prior the Closing Date.

7.4 Preliminary Closing Adjustment

Seller and City shall jointly prepare a preliminary Closing adjustment on the basis of the Assigned Leases and, to the extent applicable, the Assumed Contracts, and other sources of income and expenses, and shall deliver such computation to Title Company prior to Closing.

7.5 Post-Closing Reconciliation

If any of the foregoing prorations cannot be calculated accurately on the Closing Date, then they shall be calculated as soon after the Closing Date as feasible. Either party owing the other party a sum of money based on such subsequent prorations shall promptly pay such sum to the other party. No adjustments to any prorations shall be made later than the date which is 180 days after the Closing Date.

7.6 Survival

The provisions of this Section shall survive the Closing.

8. REPRESENTATIONS AND WARRANTIES

8.1 Representations and Warranties of Seller

As used in this Agreement, "Seller's knowledge" or words having the same meaning (e.g., "Seller knows", "to the knowledge of Seller's Representative, etc.) shall mean the present, actual knowledge of Joe Maraccini ("Seller's Representative"), without investigation or review of files relating to the Property. Seller's knowledge does not include logical conclusions from known facts. Such person(s) have no personal liability for any matter set forth in or relating to this Agreement. Seller represents and warrants to and covenants with City as follows:

(a) To Seller's knowledge, there are not now, and at the time of the Closing will not be, any material physical or mechanical defects of the Property, and no violations of any laws, rules or regulations applicable to the Property, except such violations that would be cured by the discontinuation of all business operations within the improvements or the demolition of all remaining improvements on the land.

(b) To Seller's knowledge, the Assigned Leases, Assumed Contracts, Documents and Other Information furnished to City are and at the time of Closing will be true, correct and complete copies of the versions of such documents in Seller's possession.

(c) [Intentionally Omitted].

(d) Seller does not have knowledge of any condemnation, either instituted or planned to be instituted by any governmental or quasi-governmental agency other than City, which could detrimentally affect the use, operation or value of the Property.

(e) To Seller's knowledge, all water, sewer, gas, electric, telephone, and drainage facilities and all other utilities required by law or by the normal use and operation of the Property are and at the time of Closing will be installed to the property lines of the Property.

(f) To Seller's knowledge and except as otherwise disclosed in the Documents or otherwise obtained by City during the Due Diligence Period, there are no claims or actions pending or threatened in writing involving the location of any fence or boundary.

(g) To Seller's knowledge, there is no litigation pending, threatened in writing, against Seller that arises out of the ownership of the Property or that might detrimentally affect the use or operation of the Property for its intended purpose or the value of the Property or the ability of Seller to perform its obligations under this Agreement.

(h) Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any interest in any of the Property.

(i) Seller is a limited liability company duly organized and validly existing under the laws of the State of California and is in good standing under the laws of the State of California; this Agreement and all documents executed by Seller which are to be delivered to City at the Closing are, or at the Closing will be, duly authorized, executed and delivered by Seller, are, or at the Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, and do not, and at the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

(j) Seller represents and warrants to City that it has not been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state or local governmental agency. In the event Seller has been so suspended, disbarred, disciplined or prohibited from contracting with any governmental agency, it shall immediately notify the City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, debarment, discipline or prohibition may result in the termination or suspension of this Agreement.

(k) To Seller's knowledge, Seller knows of no facts that would prevent City from using and operating the Property after Closing in the normal manner of the Property's current use as of the Closing Date.

(l) To Seller's knowledge, the Seller's documents listed in Schedule 1 comprise all the Phase I or Phase II environmental reports that Seller has obtained for the Property.

Schedule 1 also includes disclosures regarding asbestos at the Property, the remediation of the same, and a disclosure regarding certain assessments on the Property.

(m) Except for the Assigned Leases and Assumed Contracts and the Seller's Leaseback, at the time of Closing there will be no leases or other occupancy agreements affecting any of the Property. At the time of Closing there will be no outstanding written or oral contracts made by Seller for any work on any of the Improvements that have not been fully paid for.

(n) Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code.

(o) [Intentionally Omitted]

(p) No brokerage or similar fee is due or unpaid by Seller with respect to any Lease. No brokerage or similar fee shall be due or payable on account of the exercise of, without limitation, any renewal, extension or expansion options arising under any Leases.

(q) [Intentionally Omitted]

8.2 "As-Is" Purchase

EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, INCLUDING SECTION 8.1 ABOVE, SELLER IS CONVEYING, AND CITY IS ACQUIRING, THE PROPERTY "AS IS," "WHERE IS," AND "WITH ALL FAULTS AND DEFECTS," LATENT AND PATENT. EXCEPT FOR THE EXPRESS REPRESENTATIONS, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS, OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE NATURE, QUALITY OR CONDITION OF THE IMPROVEMENTS OR THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL, AND GEOLOGY, OR THE PRESENCE OR ABSENCE OF ANY POLLUTANT, HAZARDOUS WATER, GAS OR SUBSTANCE OR SOLID WASTE ON OR ABOUT THE PROPERTY, (B) THE INCOME TO BE DERIVED FROM THE PROPERTY, (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH CITY MAY INTEND TO CONDUCT THEREON, (D) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL AUTHORITY OR BODY HAVING JURISDICTION INCLUDING, WITHOUT LIMITATION, ALL APPLICABLE ZONING LAWS, (E) THE HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE OF THE PROPERTY, (F) THE ACREAGE, SQUARE FOOTAGE OR VALUATION OF THE PROPERTY, (G) ANY TAX CONSEQUENCES OF THE TRANSACTION CONTEMPLATED HEREBY, OR (H) ANY OTHER MATTER RELATED TO OR CONCERNING THE PROPERTY (COLLECTIVELY, THE "DISCLAIMED MATTERS"), CITY SHALL HAVE NO RIGHT TO SEEK RECOURSE AGAINST SELLER ON ACCOUNT OF ANY LOSS, COST OR EXPENSE SUFFERED OR INCURRED BY CITY WITH REGARD TO ANY OF THE DISCLAIMED MATTERS. BY ITS PROCEEDING TO CLOSING HEREUNDER, CITY ACKNOWLEDGES THAT CITY, HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY, IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR ANY STATEMENT, REPRESENTATION OR

OTHER ASSERTION MADE BY SELLER WITH RESPECT TO THE PROPERTY, EXCEPT FOR THE EXPRESS REPRESENTATIONS. CITY HEREBY WAIVES, RELEASES AND DISCHARGES ANY CLAIM IT HAS, MIGHT HAVE HAD OR MAY HAVE AGAINST SELLER WITH RESPECT TO THE DISCLAIMED MATTERS.

8.3 Updates to Representations and Warranties.

All of Seller's representations that are deemed to be made as of Closing shall be deemed to be revised pursuant to any information discovered by Buyer or disclosed by or on behalf of Seller in any written update prior to or as of the Closing. In the event any such update discloses changes to the representations and warranties set forth in Section 8.1, then it shall not be a default by Seller hereunder. In addition, to the extent City has actual knowledge, or is deemed to have knowledge as set forth below, prior to the BOS Approval Date, that any representations or warranties made by Seller are inaccurate, untrue or incorrect in any way, if City nonetheless proceeds to Closing hereunder, such representations and warranties shall be deemed modified to reflect such actual knowledge (or deemed knowledge) of City and such inaccuracy, untruth or incorrectness shall not constitute a failure of the condition to closing set forth in Section 5.1. For purposes of this Agreement, City shall be deemed to have knowledge of any inaccuracy, untruth or incorrectness in the representations or warranties made by Seller if such inaccuracy, untruth or incorrectness is revealed by (i) any document or information identified on any of the exhibits and/or schedules attached to this Agreement, and/or any Due Diligence activities conducted by City, or (ii) any of the Documents, or (iii) any other document, plat or other writing disclosing information first learned of by Seller after the date hereof that, within five (5) business days after Seller's knowledge of the same, is made available by Seller in writing to City (by any method permitted hereunder). Notwithstanding anything set forth in the foregoing provisions or elsewhere in this Agreement but subject to this Section 8.2, Seller shall not be relieved from any liability for, and City retains all rights and remedies for and in respect of, any fraud or intentional misrepresentation by Seller.

8.4 Remedies.

Seller's obligations respecting Seller's representations and warranties shall continue after the Closing for a period of only six (6) months, and if City fails to notify Seller as to a breach of any of Seller's representations and warranties within six (6) months after the Closing Date, Seller's liability and obligations with respect to Seller's representations and warranties and City's rights and remedies in respect thereto shall be of no further force or effect. The provisions of this Section shall survive beyond the Closing, or any termination of this Agreement for the period specified in this Section.

9. RISK OF LOSS AND POSSESSION

9.1 Risk of Loss

If any of the Property is damaged or destroyed prior to the Closing Date, or if condemnation proceedings are commenced against any of the Property, then the rights and obligations of Seller and City hereunder shall be as follows:

(a) If such damage or destruction is fully covered by Seller's insurance except for the deductible amount thereunder, and the insurer agrees to timely pay for the entire cost of such repair, and such damage or destruction would cost less than One Million and 00/100 Dollars (\$1,000,000) (the "Threshold Damage Amount") to repair or restore, then this Agreement shall remain in full force and effect and City shall acquire the Property upon the terms and conditions set forth herein. In such event, City shall receive a credit against the Purchase Price equal to such deductible amount, and Seller shall assign to City at Closing all of Seller's right, title and

interest in and to all proceeds of insurance on account of such damage or destruction pursuant to an instrument satisfactory to City.

(b) If such damage or destruction is not fully covered by Seller's insurance, other than the deductible amount, and would cost less than the Threshold Damage Amount to repair or restore, then the transaction contemplated by this Agreement shall be consummated with City receiving a credit against the Purchase Price at the Closing in an amount reasonably determined by Seller and City (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction.

(c) If the cost of such damage or destruction would equal or exceed the Threshold Damage Amount, or if condemnation proceedings are commenced against any of the Property, then, City shall have the right, at its election, either to terminate this Agreement in its entirety, or only as to that portion of the Property damaged or destroyed or subject to condemnation proceedings (in which case there shall be an equitable adjustment to the Purchase Price), or to not terminate this Agreement and purchase the Property (or the portion not damaged or affected by condemnation, as the case may be). City shall have thirty (30) days after Seller notifies City that an event described in this Subsection (c) has occurred to make such election by delivery to Seller of an election notice. City's failure to deliver such notice within such thirty (30)-day period shall be deemed City's election not to terminate this Agreement. If this Agreement is terminated in its entirety or in part pursuant to this Subsection (c) by City's delivery of notice of termination to Seller, then City and Seller shall each be released from all obligations hereunder pertaining to that portion of the Property affected by such termination. If City elects not to terminate this Agreement, Seller shall notify City of Seller's intention to repair such damage or destruction, in which case this Agreement shall remain in full force and effect, or notify City of Seller's intention to give City a credit against the Purchase Price at the Closing in the amount reasonably determined by City and Seller (after consultation with unaffiliated experts) to be the cost of repairing such damage or destruction and, in the event of a result of such condemnation proceeding, the value of any Property taken as a result of such proceeding, in which case this Agreement shall otherwise remain in full force and effect, and Seller shall be entitled to any proceeds of insurance or condemnation awards. Any repairs elected to be made by Seller pursuant to this Subsection shall be made within one hundred eighty (180) days following such damage or destruction and the Closing shall be extended until the repairs are substantially completed. As used in this Section, the cost to repair or restore shall include the cost of lost rental revenue, including additional rent and base rent.

9.2 Insurance

Through the Closing Date, Seller shall continue to maintain, at Seller's sole cost and expense, the insurance it has in place as of the date of this Agreement or any renewal thereof or any new policy with substantially the same coverage. Seller shall furnish City with evidence of such insurance upon request by City.

9.3 Possession

Possession of the Property shall be delivered to City on the Closing Date, subject to the Assigned Leases and the Seller's Leaseback.

10. MAINTENANCE; CONSENT TO NEW CONTRACTS

10.1 Maintenance of the Property by Seller

Between the date of Seller's execution of this Agreement and the Closing, Seller shall maintain the Property in the condition it is in as of the date hereof, loss by casualty

excepted, shall perform all work required to be done by the landlord under the terms of any Assigned Lease or Assumed Contract, and shall make all repairs, maintenance and replacements of the Improvements and otherwise operate the Property in the same manner as before the making of this Agreement, as if Seller were retaining the Property; provided, however, that in no case shall Seller be required to make any repair or improvement prior to the Closing Date if the cost of the same would, together with the costs of all other repairs and improvement made by Seller after the date of this Agreement, exceed, in the aggregate, the sum of Ten Thousand and No/100 Dollars (\$10,000.00).

10.2 City's Consent to New Contracts Affecting the Property; Termination of Existing Contracts

After the date the Director of Property submits legislation for approval by City's Board of Supervisors of this Agreement/the Effective Date, Seller shall not enter into any Lease or contract, or any amendment thereof, or permit any tenant of the Property to enter into any sublease, assignment or agreement pertaining to the Property, or waive any rights of Seller under any Assigned Lease or Assumed Contract, without in each instance obtaining City's prior written consent thereto, which consent in the case of any Lease shall include approval of the financial condition of the proposed tenant, the configuration of the space to be leased, and the terms of such Lease or contract. Notwithstanding the foregoing, if any Assumed Lease does not expressly forbid assignment or sublease, then the City shall not have the right to consent to or to approve such assignment or sublease if Seller determines that consent to or approval of the same is reasonable. City agrees that it shall not unreasonably withhold or delay any such consent and shall be deemed to have consented if the City does not reasonably withhold consent or if City fails to consent to the matter in question at least one day before Seller is required to respond to the tenant in question. Seller shall terminate prior to the Closing, at no cost or expense to City, any and all management agreements affecting the Property.

11. DEFAULT AND REMEDIES

11.1 Seller Default

If the sale of the Property is not consummated because of a Seller default under this Agreement or if a Condition Precedent cannot be fulfilled because Seller frustrated such fulfillment by some affirmative act or negligent omission, and such default or failure of a Condition Precedent is not cured by Seller within ten (10) days after City's delivery of written notice to Seller, City may, at its sole election (a) terminate this Agreement by delivery of notice of termination to Seller, whereupon (i) City will request Title Company to immediately release to City the Conditional Deposit/Deposit; and (ii) Seller shall pay to City all title and escrow fees and all legal and inspection expenses (as shown in reasonable supporting documentation) incurred by City and any other expenses incurred by City in connection with the performance of its due diligence review of the Property in an amount not to exceed in the aggregate Fifty Thousand and 00/100 Dollars (\$50,000), and neither party shall have any further rights or obligations hereunder, or (b) within 60 days of Seller's default, continue this Agreement pending City's action for specific performance, but not damages, but, in connection with such an action for specific performance, City may recover from Seller City's reasonable attorneys' fees and court costs (reasonable attorneys' fees of the 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 practice in the City of San Francisco in law firms of approximately the same number of attorneys employed by the Office of the City Attorney). City is prohibited from pursuing any claims against the Seller after the Closing Date with respect to: (i) any claim under this Agreement of which the City has knowledge prior to the Closing Date; (ii) any claim under this Agreement in excess of an aggregate of One Hundred Twenty Thousand and 00/100 Dollars (\$120,000.00); or (iii) any claim which the City had not described in reasonable detail in a

written notice to Seller given within the twelve (12) months immediately following the Closing Date. City waives any right it has or may acquire to file a lis pendens against the Property.

11.2 Buyer Default

After the Effective Date, if the sale of the Property contemplated hereby is not consummated because of a default under this Agreement by City, then City agrees to pay to Seller the Deposit as liquidated damages. The parties have agreed that Seller's actual damages, in the event of a material default by City, would be extremely difficult or impracticable to determine. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE DAMAGE REMEDY AGAINST CITY, IN THE EVENT OF A MATERIAL DEFAULT UNDER THIS AGREEMENT ON THE PART OF CITY. SELLER AND CITY HAVE INITIALED THIS SECTION 11.2 AS EVIDENCE OF THEIR EXPRESS INTENT TO SO LIQUIDATE ALL DAMAGES AS PROVIDED IN THIS SECTION. THIS SECTION 11.2 SHALL NOT PREVENT SELLER FROM ENJOINING ANY BREACH OF THIS AGREEMENT BY CITY, FROM ENFORCING ANY INDEMNITY OBLIGATION OF CITY, OR FROM ENFORCING SELLER'S RIGHTS UNDER SECTION 12.10 [ATTORNEY'S FEES].

INITIALS: Seller MBT City _____

12. GENERAL PROVISIONS

12.1 Notices

Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) transmission if given by email sent to each email address for each party to whom notices are to be sent for Seller or City, respectively, (ii) hand delivery, against receipt, (iii) one (1) day after being deposited with a reliable overnight courier service, or (iv) two (2) days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows:

City:

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 1939 Market Street MOHCD
Email Address: joshua.keene@sfgov.org

And:

Mayor's Office of Housing and Community
Development
City and County of San Francisco
1 S. Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Director

Re: 1939 Market - MOHCD
Email Address: joyce.slyn@sfgov.org

with copy to:

Keith Nagayama
Deputy City Attorney
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682

Re: 1939 Market - MOHCD
Email Address: keith.nagayama@sfcityatty.org

Seller:

c/o McMorgan & Company
One Front Street, Suite 500
San Francisco, California 94111
Attention: Mark Taylor, Partner
Email: mtaylor@mcmorgan.com

c/o McMorgan & Company
One Front Street, Suite 500
San Francisco, California 94111
Attention: Tracy Roshangah
Email: troshangah@mcmorgan.com

c/o McMorgan & Company
One Front Street, Suite 500
San Francisco, California 94111
Attention: Andrew Josef, Esq.
Email: ajosef@mcmorgan.com

With a copy to:

Allen Matkins Leck Gamble Mallory & Natsis
LLP
Three Embarcadero Center, 12th Floor
San Francisco, California 94111
Attention: Lee Gotshall-Maxon, Esq.
Email: lgotshallmaxon@allenmatkins.com

Allen Matkins Leck Gamble Mallory & Natsis
LLP
Three Embarcadero Center, 12th Floor
San Francisco, California 94111
Attention: Paul Nash, Esq.
Email: pnash@allenmatkins.com

or to such other address as either party may from time to time specify in writing to the other upon five (5) days prior written notice in the manner provided above.

12.2 Brokers and Finders

Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, 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 purchase and sale contemplated herein, except for Cushman and Wakefield and Tri Commercial, whose commission not to exceed three percent (3%) of the Purchase Price, if any is due, shall be the sole responsibility of Seller pursuant to a separate written agreement with such broker, and City shall have no liability whatsoever therefor. In the event that any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his or her claim shall be responsible for such commission or fee and shall indemnify and hold harmless the other party from all claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified party in defending against the same. The provisions of this Section shall survive the Closing.

12.3 Successors and Assigns

This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns. City shall have the right, upon notice to Seller, to assign its right, title and interest in and to this Agreement to the Nominee or one (1) or more assignees at any time before the Closing Date.

12.4 Amendments

Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by City and Seller.

12.5 Continuation and Survival of Representations and Warranties

All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement are intended to be, and shall remain, true and correct as of the Closing, shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement. All statements contained in any certificate or other instrument delivered at any time by or on behalf of Seller in conjunction with the transaction contemplated hereby shall constitute representations and warranties hereunder.

12.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12.7 Merger of Prior Agreements

The parties intend that this Agreement (including all of the attached exhibits and schedules, which are incorporated into this Agreement by reference) shall, on the Effective Date, be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous oral or written agreements or understandings. The parties further intend that this Agreement shall, upon the Effective Date, constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including, without limitation, prior drafts or changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

12.8 Parties and Their Agents; Approvals

The term "Seller" as used herein shall include the plural as well as the singular. If there is more than one (1) Seller, then the obligations under this Agreement imposed on Seller shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through City's Director of Property unless otherwise provided herein, subject to applicable law.

12.9 Interpretation of Agreement

The article, section and other headings of this Agreement and the table of contents are for convenience of reference only and shall not affect the meaning or interpretation of any provision contained herein. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa, and each gender reference shall be deemed to include the other and the neuter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

12.10 Attorneys' Fees

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

12.11 Sunshine Ordinance

Seller understands and agrees that under the City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder public records subject to public disclosure. Seller hereby acknowledges that the City may disclose any records, information and materials submitted to the City in connection with this Agreement.

12.12 Conflicts of Interest

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

12.13 Notification of Prohibition on Contributions

Through its execution of this Agreement, Seller acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from any department of 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, 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 such contract or twelve (12) months after the date the contract is approved. Seller 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. Seller further acknowledges that the (i) prohibition on contributions applies to each Seller; each member of Seller's board of directors, and Seller's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than ten percent (10%) in Seller; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Seller; and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department with whom Seller is contracting is obligated to submit to the Ethics Commission the parties to the contract and any subcontractor. Additionally, Seller certifies that Seller has informed each of the persons described in the preceding sentence of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

12.14 Non-Liability of City Officials, Employees and Agents; Buyer's Related Parties.

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

12.15 Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

12.16 Effective Date

As used herein, the term "Effective Date" shall mean the date on which the City's Board of Supervisors and Mayor enact, and the Mayor signs, a resolution approving and authorizing this Agreement and the transactions contemplated hereby, following execution of this Agreement by both parties.

12.17 Severability

If any provision of this Agreement or the application thereof to any person, entity or circumstance shall be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Agreement shall be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Agreement without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Agreement.

12.18 Agreement Not to Market Prior to Effective Date

Seller agrees that unless and until this Agreement terminates pursuant to its terms, Seller shall not negotiate with any other parties pertaining to the sale of the Property and shall not market the Property to third parties.

12.19 Acceptance of Agreement by Seller

This Agreement shall be null and void unless executed and delivered by the Seller to the City's Office of the City Attorney, and approved as to form by the City's Office of the City Attorney and returned to Seller, on or before 4:00 p.m. San Francisco Time on January 24, 2020.

12.20 Cooperative Drafting.

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

12.21 Time

Time is of the essence in the performance of each of the parties' respective obligations contained herein. If any of the dates specified in this Agreement shall fall on a day which is not a "business day" (as described below), such date shall be deemed to have expired at 5:00 p.m. Pacific Standard Time on the next business day. Any action which is to be taken a specified number of days or business days before an identified date shall be timely if taken before 5:00 p.m. (Pacific Standard Time) on the date which is the specified number of days before the identified date, including, in counting the specified number of days, the identified date. For example, if an action is to be taken two (2) business days before a date which falls on a Wednesday during a week when Monday through Wednesday, inclusive, are all business days, then the action shall be timely if taken before 5:00 p.m. (Pacific Standard Time) on the Tuesday in such week. A "business day" is a day, other than a Saturday, Sunday, federal holiday or local holiday where the City Recorder's

office in the City and County of San Francisco is closed for walk in recording of documents.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION OF CITY'S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY AND SELLER HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH LEGISLATION, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH LEGISLATION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

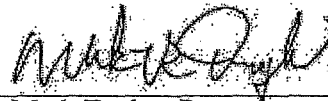
[SIGNATURES ON FOLLOWING PAGES]

The parties have duly executed this Agreement as of the respective dates written below.

SELLER:

SHEET METAL WORKERS'
INTERNATIONAL ASSOCIATION, LOCAL
UNION NO: 104

By: McMorgan & Company LLC,
a Delaware limited liability company
Its: Real Estate Advisor

By: 
Mark Taylor, Partner

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: _____
Keith Nagayama
Deputy City Attorney

The parties have duly executed this Agreement as of the respective dates written below.

SELLER:

SHEET METAL WORKERS'
INTERNATIONAL ASSOCIATION, LOCAL
UNION NO. 104

By: McMorgan & Company LLC,
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Date: _____

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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

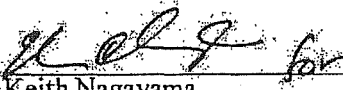
By:  _____
Keith Nagayama
Deputy City Attorney

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located at 1939 Market Street in the County of San Francisco, State of California; described as follows:

PARCEL ONE:

BEGINNING AT A POINT ON THE NORTHERLY LINE OF DUBOCE AVENUE, DISTANT THEREON 113 FEET WESTERLY FROM THE WESTERLY LINE OF GUERRERO STREET; THENCE WESTERLY ALONG SAID NORTHERLY LINE OF DUBOCE AVENUE 75 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 19 FEET AND 7-3/4 INCHES; THENCE NORTHWESTERLY 58 FEET AND 9-1/2 INCHES TO A POINT ON THE SOUTHEASTERLY LINE OF MARKET STREET, DISTANT THEREON 99 FEET AND 1 INCH NORTHEASTERLY FROM THE POINT OF INTERSECTION OF SAID SOUTHEASTERLY LINE OF MARKET STREET AND THE NORTHERLY LINE OF DUBOCE AVENUE; THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF MARKET STREET 75 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 86 FEET AND 5-1/4 INCHES; THENCE SOUTHERLY 47 FEET AND 3-1/2 INCHES TO THE POINT OF BEGINNING.

BEING A PORTION OF MISSION BLOCK NO. 24.

APN: LOT 006, BLOCK 3501.

PARCEL TWO:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHEASTERLY LINE OF MARKET STREET WITH THE NORTHERLY LINE OF DUBOCE AVENUE; THENCE EASTERLY ALONG SAID NORTHERLY LINE OF DUBOCE AVENUE; THENCE EASTERLY ALONG SAID NORTHERLY LINE OF DUBOCE AVENUE 113 FEET AND 6-1/4 INCHES; THENCE AT A RIGHT ANGLE NORTHERLY 19 FEET AND 7-3/4 INCHES; THENCE NORTHWESTERLY 58 FEET AND 10 INCHES TO A POINT ON THE SOUTHEASTERLY LINE OF MARKET STREET, DISTANT THEREON 99 FEET AND 1 INCH NORTHEASTERLY FROM THE NORTHERLY LINE OF DUBOCE AVENUE; AND THENCE SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF MARKET STREET 99 FEET AND 1 INCH TO THE POINT OF BEGINNING.

BEING A PORTION OF MISSION BLOCK NO. 24.

APN: LOT 007, BLOCK 3501

EXHIBIT B

PERSONAL PROPERTY DESCRIPTION

[TO COME FROM SELLER]

EXHIBIT C

GRANT DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

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

MAIL TAX STATEMENTS TO:

The undersigned hereby declares this instrument to be
exempt from Recording Fees (CA Govt. Code § 27383)
and Documentary Transfer Tax (CA Rev. & Tax Code
§ 11922 and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for Recorder's use only)

GRANT DEED

(Assessor's Parcel Block No. 3501 / Lots Nos. 006 & 007)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,
SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION, LOCAL UNION NO. 104
("Grantor"), hereby grants to the CITY AND COUNTY OF SAN FRANCISCO, a municipal
corporation, the real property located in the City and County of San Francisco, State of
California, described on Exhibit A attached hereto and made a part hereof (the "Property").

TOGETHER WITH any and all rights, privileges and easements incidental or
appurtenant to the Property, including, without limitation, Grantor's right, title and interest, if
any, in any and all minerals; oil, gas and other hydrocarbon substances on and under the
Property, as well as any and all development rights, air rights, water, water rights, riparian rights
and water stock relating to the Property, and any and all easements, rights-of-way or other
appurtenances used in connection with the beneficial use and enjoyment of the Property and all
of Grantor's right, title and interest, if any, in and to any and all roads and alleys adjoining or
servicing the Property.

The conveyance contemplated in this Grant Deed is subject to all matters of record and to
the rights of tenants in possession.

MAIL TAX STATEMENTS AS DIRECTED ABOVE

[SIGNATURES ON FOLLOWING PAGE]

Executed as of this _____ day of _____, 20____.

_____, a _____

NAME

By: _____

Its: _____

NAME

By: _____

Its: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss
County of San Francisco)

On _____, before me, _____, a notary public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property located at _____ conveyed by the foregoing Grant Deed dated _____ to the City and County of San Francisco, a municipal corporation, is hereby accepted pursuant to Board of Supervisors' Resolution No. 18110 Series of 1939, approved August 7, 1957, and Resolution No. _____, approved _____, 20____, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

By: _____
Andrico Q. Penick
Director of Property

EXHIBIT D

BILL OF SALE

For good and valuable consideration the receipt of which is hereby acknowledged, SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION, LOCAL UNION NO. 104 ("Seller"), does hereby sell, transfer and convey to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Buyer"), all personal property owned by Seller and located on or in or used in connection with the Land and Improvements (as such terms are defined in that certain Agreement of Purchase and Sale of Real Estate dated as of January 2, 2020 ("Purchase Agreement"), between Seller and Buyer (or Buyer's predecessor in interest), including, without limitation, those items described in Schedule 1 attached hereto.

Such personal property is transferred subject to the terms and conditions of the Purchase Agreement including, without limitation, Section 8.2 entitled "As-Is Purchase".

DATED this _____ day of _____, 20__.

SELLER:

SHEET METAL WORKERS'
INTERNATIONAL ASSOCIATION, LOCAL
UNION NO. 104

By: _____
[NAME]

Its: _____

EXHIBIT E

SELLER'S LEASEBACK

[Attached]

OFFICE LEASE

between

CITY AND COUNTY OF SAN FRANCISCO,
as Landlord

and

SHEET METAL WORKERS ASSOCIATION LOCAL UNION NO. 104
as Tenant

For the lease of
a portion of the building located at 1939 Market Street, San Francisco, California 94103

March ____, 2020

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OFFICE LEASE

THIS OFFICE LEASE (this "Lease"), dated for reference purposes only as of March __, 2020, is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), and SHEET METAL WORKERS INTERNATIONAL ASSOCIATION LOCAL UNION NO. 104 a [REDACTED] ("Tenant").

City and Tenant hereby covenant and agree as follows:

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "Basic Lease Information"). Each item below incorporates all of the terms in this Lease related 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:	March [REDACTED], 2020.
Landlord:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation.
Tenant:	SHEET METAL WORKERS INTERNATIONAL ASSOCIATION LOCAL UNION NO. 104, a [REDACTED] (and permitted successors and assigns).
Building (<u>Section 2.1</u>):	1939 Market Street, San Francisco, California.
Premises (<u>Section 2.1</u>):	Space on the first and second floors of the Building, as shown on the floor plan attached as <u>Exhibit A</u> .
Rentable Area of Premises (<u>Section 2.1</u>):	Approximately 6,292 leasable square feet.
Term (<u>Section 3.1</u>):	Estimated commencement date: March __, 2020; Expiration Date: The date that is twenty-four (24) months from the Commencement Date (estimated to be [REDACTED], 2022).
Base Rent (<u>Section 4.1</u>):	Base Rent: \$5,000 per month, or \$60,000 per year.
Permitted Use (<u>Section 5.1</u>):	General office use.
Tenant Improvements (<u>Section 6.1</u>):	None as of the Commencement Date.

Utilities and Services (Section 10.1): City to provide at City's cost, utilities used by Tenant in connection with its use of the Premises. Tenant is responsible for providing its own custodial services and security within the Premises; City to provide any custodial services for the Common Areas of the Building.

Security Deposit (Section 23): \$10,000.00, or two months' rent.

City's Notice Address (Section 26.1): Mayor's Office of Housing and Community Development
City and County of San Francisco
1 S. Van Ness Avenue, 5th Floor
San Francisco, California 94103
Attn: Director
Re: 1939 Market - MOHCD
Email Address: joyce.slen@sfgov.org

with a copy to: Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 1939 Market - MOHCD
Email Address: joshua.keene@sfgov.org

and to: Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4682
Attn: Real Estate & Finance Group
Re: 1939 Market - MOHCD

Fax No.: (415) 554-4757

Key Contact for City: Joyce Slen

Telephone No.: (415) 701-5577

Alternate Contact for City: Director of Property

Telephone No.: (415) 554-9880

Tenant's Notice Address (Section 26.1): 2610 Crow Canyon Road, Suite 300; San Ramon, CA 94583

Email: JOE@SMW104.ORG

Key Contact for Tenant:	Joe Maraccini, Financial Secretary- Treasurer/Recording Secretary
Telephone No.:	(925) 314-8600
Alternate Contact for Tenant:	None
Telephone No.:	None
Brokers (<u>Section 26.8</u>):	None
Other Noteworthy Provisions (<u>Section 3.1</u>):	Lease will automatically renew on a year-to-year basis, subject to earlier termination by either party.

2. PREMISES; AS IS CONDITION

2.1. Lease Premises

Subject to the provisions of this Lease, City leases to Tenant and Tenant leases from City 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 are located on the floor(s) of the Building specified in the Basic Lease Information. The rentable area of the Premises specified in the Basic Lease Information will be conclusive for all purposes. The Building, the land on which the Building is located, and all other improvements on and appurtenances to the land are referred to collectively as the “**Property**.” Tenant shall have the non-exclusive right to use the lobbies, corridors, elevators, stairways, the roll-up doors, 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.

2.2. Accessibility Disclosures

(a) 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. The law does not require landlords to have the inspections performed. Tenant is advised that the Premises have not been inspected by a CASp. A CASp can inspect the Premises and determine if they comply with all the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Premises, City may not prohibit Tenant from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of Tenant if requested by Tenant. If Tenant requests a CASp inspection, then City and Tenant will mutually agree on the arrangements for the time and manner of the CASp inspection, and the payment of the CASp inspection fee.

(b) Tenant acknowledges that, before the execution of this Lease, City provided Tenant with, and Tenant signed, the Disability Access Obligations Notice described in Section 38.3 of the San Francisco Administrative Code. Tenant and City each agree to use reasonable efforts to notify the other party if making any Alterations (as defined in Section 7.1 (Tenant’s Alterations)) that might impact accessibility to the Premises under any disability access Legal Requirements (as defined in Section 11.1 (Compliance with Laws)).

2.3. As Is Condition

Tenant acknowledges and agrees that the premises are being leased and accepted in their "as is" condition, without representation or warranty of any kind, and subject to all applicable Legal Requirements (as defined in Section 11.1 (Compliance with Laws) below) governing their use, occupancy, and possession. Tenant represents and warrants to City that Tenant has investigated and inspected, either independently or through agents of Tenant's own choosing, the condition of the Premises and the suitability of the Premises for Tenant's intended use. Tenant has determined, based solely on its own investigation, that the Premises are suitable for Tenant's business and intended use. Tenant acknowledges and agrees that neither City nor any of its Agents have made, and City disclaims, any representations or warranties, express or implied, concerning the rentable area of the Premises, the physical or environmental condition of the Premises or the Property, the present or future suitability of the Premises for Tenant's business, or any other matter whatsoever relating to the Premises, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

2.4. Energy Consumption Disclosure

Tenant consents to Tenant's utility service providers disclosing energy use data for the Premises to City for use under California Public Resources Code Section 25402.10, as implemented under California Code of Regulations Sections 1680-1685, and San Francisco Environment Code Chapter 20, as each may be amended from time to time ("**Energy Consumption Reporting Laws**"), and for such data to be publicly disclosed under the Energy Consumption Reporting Laws.

3. TERM

3.1. Lease Term

The Premises are leased for a term (the "**Term**") commencing on (a) the date specified in the Basic Lease Information as the estimated commencement date (the "**Estimated Commencement Date**"), or (b) the date specified by written confirmation under Section 3.2 below. The Term will end on the Expiration Date, which is the date that is twenty-four (24) months from the Commencement Date; provided, however, that Tenant may terminate this Lease for any reason whatsoever in its sole discretion by delivering written notice to City no less than ninety (90) days prior to Tenant's desired termination date. City will deliver the Premises to Tenant on the Commencement Date (defined in Section Error! Reference source not found. (Confirmation of Commencement Date and Expiration Date) below) in their then existing as-is condition as further provided above, with no obligation of the City to make any improvements, repairs or alterations in connection with such delivery (provided, however, that the foregoing shall not limit City's other repair and maintenance obligations expressly set forth in this Lease).

3.2. Confirmation of Commencement Date and Expiration Date

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

4. RENT

4.1. Base Rent

Throughout the Term beginning on the Commencement Date, Tenant will pay to City the annual Base Rent specified in the Basic Lease Information, under (the "**Base Rent**"). The Base Rent will be paid to City in advance, without prior demand and without any deduction, setoff, or counterclaim whatsoever, in equal consecutive monthly payments on or before the first day of the Term and on or before the first day of each month thereafter. All sums payable by Tenant to City must be paid in cash or by good funds to the City and County of San Francisco in care of the Director of Property at the primary address for City specified in the Basic Lease Information, or such other place as City may designate in writing. If Tenant pays by personal or business check and the check is not honored, then City may require Tenant to make all future payments in cash or by cashier's check. If the Commencement Date occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the Base Rent for the partial month will be prorated based on a thirty (30) day month. Within five (5) days after the parties execute this Lease, Tenant will pay to City the Base Rent for the first month or, or if the Lease does not commence on the first day of a month, for the first partial month.

4.2. Additional Charges

Tenant will pay to City all charges and other amounts required under this Lease as additional rent, whether or not those amounts are specifically characterized as rent (collectively, "**Additional Charges**"). All Additional Charges will be payable to City at the same place and the same manner as the Base Rent. City will have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent. The term "**Rent**" means Base Rent and Additional Charges.

4.3. Late Charges

Each time Tenant fails to pay any Rent or any portion of Rent within five (5) days following the due date, the unpaid amount will be subject to a late payment charge equal to five percent (5%) of the unpaid amount. City and Tenant have agreed on the late payment charge, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur resulting from Tenant's failure to timely pay Rent, the actual costs being extremely difficult if not impossible to determine. Tenant will pay the late charge to City together with the unpaid amount. Notwithstanding the foregoing, before assessing a late charge the first time in any twelve (12) month period, City shall provide Tenant written notice of the delinquency, and shall waive such late charge if Tenant pays such delinquency within five (5) days thereafter.

4.4. Default Interest

Any Rent, if not paid within five (5) days after the due date, will bear interest from the due date until paid the Prime Rate most recently announced by Bank of America, for the immediately preceding month, plus four percent (4%), which rate will automatically be reduced if it is higher than the rate an individual is permitted to legally charge (the "**Interest Rate**"). Interest will not be payable on late charges or on any amounts on which Tenant paid late charges to the extent this interest would cause the total interest to be more than lawfully permitted. Payment of interest will not excuse or cure any default by Tenant.

4.5. Costs of Collection

In addition to any interest or late charges under Sections 4.3 and 4.4 above, if Tenant fails to pay Rent in immediately available funds or by good check (if Tenant is permitted to pay by personal or business check), to the extent that the costs incurred by City because of Tenant's failure exceed the late charges applicable to that failure, then Tenant will pay to City immediately upon demand as Additional Charges the amount of any fees, charges, or other costs incurred by City, including, but not limited to, dishonored check fees, increased staff time, and any costs of collection.

5. USE

5.1. Permitted Use

Tenant will use and continuously occupy the Premises during the Term solely for general office use and for the uses, if any, as specified in the Basic Lease Information (the "Permitted Use"), and for no other purpose. Tenant acknowledges that this prohibition on the change in use is expressly authorized by California Civil Code section 1997.230 and is fully enforceable.

5.2. No Unlawful Uses, Nuisances or Waste

Without limiting the foregoing, Tenant may not use, occupy, or permit the use or occupancy of any of the Premises in a manner that would violate any Legal Requirements or for any illegal purpose, or permit any offensive, noisy, or hazardous use or any waste on or about the Premises. Tenant will take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Tenant may not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises, Building, or on or about the Property except identification signs in a location and size and design approved by City in its sole discretion.

5.3. Prevailing Wages for Certain Uses

(a) Tenant will pay, and will require its subtenants, and contractors and subcontractors (regardless of tier) to pay, prevailing wages, including fringe benefits or the matching equivalents, to persons performing services for the following activity on the Premises as set forth in and to the extent required by San Francisco Administrative Code Chapter 21C: a Public Off-Street Parking Lot, Garage or Automobile Storage Facility (as defined in Section 21C.3), a Show (as defined in Section 21C.4), a Trade Show and Special Event (as defined in Section 21C.8), and Broadcast Services (as defined in Section 21C.9), Commercial Vehicles, Loading and Unloading for Shows and Special Events (as defined in Section 21C.10), and Security Guard Services for Events (as defined in Section 21C.11).

(b) If Tenant, or its subtenants, contractors, and subcontractors fail to comply with the applicable obligations in San Francisco Administrative Code Chapter 21C, City will have all available remedies set forth in Chapter 21C and the remedies set forth in this Lease. At reasonable times during business hours and following at least three (3) business days prior written notice to Tenant, City may inspect and/or audit any workplace, job site, books, and records pertaining to the applicable services and may interview any individual who provides, or has provided, those services. Within five (5) business days after City's written request, Tenant will provide to City (and to require any subtenant, contractor, or subcontractor who maintains the records to provide to City) prompt access to all workers' time sheets, payroll records, and paychecks for inspection to the extent they relate to those services.

- The types of covered services related to a Show includes individuals engaged in theatrical or technical services, including rigging, sound, projection, theatrical lighting, videos, computers, draping, carpentry, special effects, and motion picture services.
- The types of covered services related to a Special Event includes individuals engaged in on-site installation, set-up, assembly, and dismantling of temporary exhibits, displays, booths, modular systems, signage, drapery, specialty furniture, floor coverings, and decorative materials in connection with trade shows, conventions, expositions, and other special events on City property.
- The types of covered services related to Broadcast Services includes individuals engaged in the electronic capture and/or live transmission of on-site video, digital, and/or video content for commercial purposes through the use of a remote production or satellite trust on-site, including any technical director, video controller, assistant director, and stage manager, and individuals engaged in audio, camera, capture and playback, graphics, and utility functions.

If Tenant has any questions about the applicability or implementation of the requirements of this Section, Tenant should contact the Key Contact for City in the Basic Lease Information.

6. TENANT IMPROVEMENTS

6.1. Tenant Improvement Work

Tenant will contact City prior to commencing construction and installation of any future tenant improvements in the Premises (such work is referred to as the “**Tenant Improvement Work**” or “**Tenant Improvements**” and the plans and specifications are referred to as the “**Plans**”). Tenant is responsible, at no cost to City, for performing its own Tenant Improvement Work in accordance with approved Plans and the standards contained in Section 7.1 (Tenant’s Alterations) below. Tenant is also responsible, at no cost to City, for obtaining all permits and licenses required in connection with the Tenant Improvements. No Tenant Improvement Work may commence in the Premises unless and until this Lease is fully executed. Tenant may not make any material change to the approved Plans or consent to any change order during the course of construction without first obtaining City’s written approval, which City may withhold in its reasonable discretion. Tenant will ensure that the Tenant Improvement Work does not obstruct access to or through the Building/Common Area and that it does not interfere with City’s business being conducted in the Building, other tenant’s use of their premises, or with any other work being done in the Building. On completion of the Tenant Improvements, Tenant will provide City a copy of the final as-built plans and specifications. No approval by City or any of its Agents of the Plans, any changes, or of any Alterations under this Lease will be deemed to constitute approval of any federal, state, or local regulatory authority with jurisdiction over the Premises or Tenant’s use of the Premises, and nothing in this Lease limits Tenant’s obligation to obtain all needed regulatory approvals at no cost to City.

6.2. Local Hiring Requirements

(a) Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.62 (the “**Local**”

Hiring Requirements). Tenant Improvements and Alterations (as defined in Section 7.1) are subject to the Local Hiring Requirements unless the cost for the work is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Requirements. Tenant will comply with the Local Hiring Requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant will contact City's Office of Economic Workforce and Development ("**OEWD**") to verify if the Local Hiring Requirements apply to the work (i.e., whether the work is a "**Covered Project**").

(b) In any contract for a Covered Project, Tenant will include, and will require its subtenants to include, a requirement to comply with the Local Hiring Requirements with specific reference to San Francisco Administrative Code Section 23.62. Each contract will name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Tenant will cooperate, and require its subtenants to cooperate, with City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. Tenant'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 23.62 against the breaching party.

6.3. Prevailing Wages and Working Conditions

(a) Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.61. Tenant will require its Contractors and Subcontractors performing (i) labor in connection with a "public work" as defined under California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) or (ii) Covered Construction, at the Premises to (1) pay workers performing that 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**"). Tenant will cooperate with City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

(b) Tenant will include, and will require its subtenants, and 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 will 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. Tenant'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. For the current Prevailing Rate of Wages, see www.sfgov.org/olse or call City's Office of Labor Standards Enforcement at 415-554-6235.

(c) Tenant will also pay, and will require its subtenants, and Contractors and Subcontractors (regardless of tier) to pay, the Prevailing Rate of Wage for the following activities on the Premises as set forth in and to the extent required by San Francisco Administrative Code Chapter 21C: a Public Off-Street Parking Lot, Garage or Automobile Storage Facility (as defined in Section 21C.3), a Show (as defined in Section 21C.4), a Special Event (as defined in Section 21C.8), Broadcast Services (as defined in Section 21C.9), Commercial Vehicles, Loading and Unloading for Shows and Special Events (as defined in Section 21C.10), and Security Guard Services for Events (as defined in Section 21C.11).

7. ALTERATIONS

7.1. Tenant's Alterations

(a) **General.** Without City's prior written consent in each instance, which consent shall not be unreasonably withheld, conditioned or delayed, Tenant will not make or permit any alterations, installations, additions, or improvements, structural or otherwise (collectively, "Alterations") (i) in, to or about the Premises (ii) to the Building or (iii) to the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security, and other mechanical, electrical, or communications systems of the Building ("Building Systems"). All Alterations will be done at Tenant's expense in accordance with plans and specifications approved by City, only by duly licensed and bonded contractors or mechanics approved by City, and subject to any conditions that City may reasonably impose. With respect to any Alterations that would be visible from the exterior of the Building, Tenant will obtain the prior written approval of City's Arts Commission to the extent the Arts Commission has jurisdiction over the design of the proposed alterations under City's Charter Section 5.103. If the cost of any Alterations is in excess of Five Thousand Dollars (\$5,000), then Tenant will pay to City an administrative fee equal to three percent (3%) of the total "hard" costs of the work to compensate City for its review costs. Notwithstanding anything to the contrary herein, (i) Tenant may construct non-structural Alterations in the Premises without City's prior approval or notice to City, if: (1) the cost of any such project does not exceed Twenty-Five Thousand Dollars (\$25,000) and at no cost to the City, (2) does not result in or require any alteration of the Building by City, and (3) does not result in or require any alterations by other tenants, and (ii) City shall have no right to require Tenant to remove any alterations unless it notifies Tenant at the time it consents to such alteration that it shall require such alteration to be removed.

(b) **Asbestos.** Without limiting Section 25.2 (No Hazardous Materials) below, if it is determined that asbestos-containing materials ("ACM") exist in or about the Premises, Tenant will ensure that all Alterations and any asbestos-related work, as defined in California Health & Safety Code Section 25914.1(b), is performed in compliance with all Legal Requirements relating to asbestos, including, but not limited to, California Occupational Safety and Health (OSHA) regulations found in Title 8 of the California Code of Regulations, Sections 1502 and 1529. Additionally, Tenant will distribute notifications to all employees and contractors as required under California Health & Safety Code Section 25915 et seq. informing them of the existence of ACM and that moving, drilling, boring, or otherwise disturbing ACM may present a health risk and should not be attempted by an unqualified employee. No Alterations affecting ACM-containing areas or any asbestos related work may be performed without City's prior written consent in each instance.

(c) **Prevailing Wage and Local Hiring Requirements.** Tenant and its subtenants will comply with the applicable requirements of Section 6.2 (Local Hiring

Requirements) and Section 6.3 (Prevailing Wages and Working Conditions) above in the performance of any Alterations.

7.2. Title to Improvements

Except for Tenant's Personal Property (as described in the next section), or as may be specifically provided to the contrary in the approved Plans, all appurtenances, fixtures, improvements, equipment, additions, and other property attached or affixed to or installed in the Premises at the Commencement Date or during the Term, including, without limitation, the Tenant Improvements and any Alterations, will be and remain City's property. Tenant may not remove any City property at any time during or after the Term unless City so requests as further provided in Section 24 (Surrender of Premises) below.

7.3. Tenant's Personal Property

All furniture, trade fixtures, office equipment, and articles of movable personal property installed in the Premises by or for the account of Tenant, without expense to City, and that can be removed without structural or other damage to the Premises (collectively, "**Tenant's Personal Property**") will be and remain Tenant's property. Tenant may remove its Personal Property at any time during the Term, subject to the provisions of Section 24 (Surrender of Premises) below. Tenant will pay any taxes or other impositions levied or assessed on Tenant's Personal Property, at least ten (10) days before delinquency, and, on request, deliver satisfactory evidence of that payment to City. City shall have no lien or other interest in any item of Tenant's Personal Property.

7.4. City's Alterations of the Building and Building Systems

City reserves the right at any time to make alterations, additions, repairs, deletions, or improvements to the Common Areas or any other part of the Building or the Building Systems, provided that the alterations or additions do not materially adversely affect the functional utilization of the Premises for the Permitted Use.

8. REPAIRS AND MAINTENANCE

8.1. City's Repairs

City will repair and maintain the structural portions of the Building, including the Building Systems, the elevators, and the Common Areas. Tenant will have no obligation to reimburse City for any damage caused by any act or omission of Tenant, its Agents, or its Invitees (as those terms are defined in Section 26.5 (Parties and Their Agents; Approvals) below) except to the extent caused by Tenant's gross negligence or willful misconduct. In making those repairs, City may use structures in the Premises where reasonably required, provided that the work may not block the main entrance to the Premises or unreasonably interfere with Tenant's business. Provided that City takes reasonable steps to avoid any unreasonable interference with Tenant's use and enjoyment of the Premises, Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned thereby.

8.2. Tenant's Repairs

At no expense to City, Tenant will maintain (but shall have no obligation to replace, if necessary or make any structural changes in or to) the Premises (including, without limitation, the floors, interior plumbing, electrical wiring, fixtures, and equipment) in good repair and working order and in a clean, secure, safe, and sanitary condition. If Tenant does not have the

obligation to replace, then the Landlord shall have such obligation. Tenant will promptly make all repairs for which Tenant is responsible: (a) at no cost to City, (b) by licensed contractors or qualified mechanics approved by City, (c) so that the repairs will be at least equal in quality, value, and utility to the original work or installation, (d) in a manner and using equipment and materials that will not interfere with or impair the operations, use, or occupation of the Building or the Building Systems, and (e) in accordance with any applicable Building Rules and Regulations (as defined in Section 22 (Rules and Regulations)) and all applicable Legal Requirements. Tenant hereby waives all rights to make repairs at City's expense under Sections 1941 and 1942 of the California Civil Code or under any similar Legal Requirements. Tenant will give to City at least fifteen (15) days' prior written notice of commencement of any repair, replacement, or construction on the Premises. Improvements costing over \$25,000 will be considered an Alteration and Article 7 above will apply.

9. LIENS AND ENCUMBRANCES

9.1.Liens

Tenant will keep the Premises and the rest of the Property free from any liens arising out of any work performed, material furnished, or obligations incurred by or for Tenant. If, within fifteen (15) days after the imposition of any lien, Tenant does not cause the lien to be released of record by payment or posting a bond, then, in addition to all other remedies, City may, but is not obligated to, cause the lien to be released in any way it deems proper, including, but not limited to, payment of the claim giving rise to the lien. All sums paid by City and all expenses incurred by it in connection with releasing the lien (including, without limitation, reasonable attorneys' fees) will be payable by Tenant to City on demand. City may post on the Premises any notices that City may deem proper for the protection of City, the Premises, and the Building from mechanics' and material supplier's liens. Tenant will indemnify, defend, and hold City and its Agents harmless from and against any claims for mechanic's, material supplier's, or other liens in connection with any Alterations, repairs, or construction on the Premises, or materials furnished or obligations incurred by or for Tenant.

9.2.Encumbrances

Tenant may not voluntarily create, permit, or suffer any encumbrances affecting any portion of the Premises, the Property, or City's interest in the Property or under this Lease.

10. UTILITIES AND SERVICES

10.1. Utilities and Services

City will provide, at City's cost, the basic Building utilities and services described in the attached Exhibit D (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein.

10.2. Water and Energy Conservation; Mandatory or Voluntary Restrictions

If any Legal Requirements impose mandatory or voluntary controls on City or any part of the Property relating to the use or conservation of energy, water, gas, light, or electricity or the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this Lease, or if City is required or elects to make alterations to any part of the Building to comply with mandatory or voluntary controls or guidelines, then that compliance and making of any related alterations will not entitle Tenant to any damages, relieve Tenant of the obligation to pay the full Rent or to perform each of its other covenants under the Lease, or constitute or be construed as a constructive or other eviction of Tenant. At any time,

City may install a water meter in the Premises or to otherwise measure the amount of water consumed on the Premises, and City will pay for the cost of the meter or other means of measurement and its installation and maintenance.

10.3. Excess Use

If Tenant requires any utilities or services to be provided by City in excess of the Standard Utilities and Services for the Premises, Tenant will first procure City's written consent, which City may give, condition, or withhold in its sole discretion. If City consents, then Tenant will pay to City, as Additional Charges, the cost of the excess usage. City's failure to bill Tenant for excess utilities or services will not impair City's right to bill Tenant for the costs at a later date. Without limiting the foregoing, Tenant will not: (a) connect or use any apparatus, device, or equipment that will require a dedicated circuit or that will impair the proper functioning or capacity of the Building Systems; or (b) connect any apparatus, device, or equipment through electrical outlets except in the manner the outlets are designed and without the use of any device intended to increase the plug capacity of any electrical outlet (such as power strips); or (c) maintain at any time an electrical demand load over any amount specified in the Rules and Regulations. If, at any time, City has reason to believe that Tenant may be using any utility or service in excess of the amount allowed to the Premises under the Standard Building Utilities or Services, City may install a separate meter in the Premises or to take other appropriate steps to measure the amount of utility or service used in the Premises, and City will pay for the cost of the meter or other means of measurements, and its installation and maintenance.

10.4. Floor Load

Tenant will not place or install in the Premises any equipment that weighs more than the normal load-bearing capacity of the floors of the Building without City's prior written consent, which City may give, condition, or refuse in its sole discretion. If City consents to the placement or installation of any overweight equipment in the Premises, Tenant will reinforce the floor of the Premises, at no cost to City, under plans and specifications approved by City and otherwise in compliance with Section Error! Reference source not found. (Tenant's Alterations), to the extent necessary to assure that no damage to the Premises or the Building or weakening of any structural supports will occur because of Tenant's overweight equipment.

10.5. Interruption of Services

City's obligation to provide utilities and services for the Premises are subject to the Rules and Regulations of the Building, applicable Legal Requirements (including the rules or actions of the public utility company furnishing the utility or service), and shutdowns for maintenance and repairs, for security purposes, or because of strikes, lockouts, labor disputes, fire or other casualty, acts of God, or other causes beyond City's control. In the event of an interruption in, or failure or inability to provide any service or utility for the Premises for any reason, then the interruption, failure, or inability will not constitute an eviction of Tenant, constructive or otherwise, or impose on City any liability whatsoever, including, but not limited to, liability for consequential damages or loss of business by Tenant; but if the interruption, failure, or inability impairs Tenant's ability to carry on its business in the Premises for five (5) or more consecutive business days, then Tenant will have the right, as Tenant's sole remedy, to abate the Rent in an amount calculated by City based on the extent the interruption, failure, or inability impairs Tenant's ability to carry on its business in the Premises. If the interruption persists for more than ninety (90) days, Tenant shall have the right to terminate this Lease. Tenant hereby waives the

provisions of California Civil Code Section 1932(1) or any other applicable Legal Requirements permitting the termination of this Lease due to the interruption, failure, or inability.

11. COMPLIANCE WITH LEGAL REQUIREMENTS AND RISK MANAGEMENT REQUIREMENTS

11.1. Compliance with Legal Requirements

At no cost to City, to the extent applicable to its day to day operations at the Premises, Tenant will promptly comply with all present or future federal, state, local, and administrative laws, ordinance, resolution, regulation, requirement, proclamation, order or decree of any municipal, county, state or federal government or other governmental or regulatory authority, board of fire underwriters, or any directive or occupancy certificate issued under any law by any public officer or officers acting in their regulatory capacity (now or later in effect, collectively "Legal Requirements") and with any and all recorded covenants, conditions, and restrictions affecting all or any portion of the Property, in effect at the time of the execution of this Lease. The City shall, at no cost to the Tenant, comply with all applicable Legal Requirements. It is Tenant's obligation, at no cost to City, to cause Tenant's uses of the Premises to be conducted in compliance with the Americans With Disabilities Act, 42 U.S.C. Section 12101 et seq. and any other applicable disability access Legal Requirements. Tenant will not be required to make any structural or other Alterations in order to comply with disability access Legal Requirements unless the Alterations are required, in the Premises, in whole or in part, directly or indirectly, by the Tenant Improvements or any other Alterations, or Tenant's particular use of the Premises.

11.2. Regulatory Approvals

(a) **Responsible Party.** Tenant's use of the Premises and construction of the Tenant Improvements permitted hereunder may require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant is solely responsible for obtaining all regulatory approvals. Tenant may not seek any regulatory approval without first obtaining City's written consent, which shall not be unreasonably withheld, conditioned or delayed. Tenant will bear all costs associated with applying for and obtaining any regulatory approval and is solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any condition that could affect use or occupancy of the Property or City's interest in the Property will first be approved by City in its sole discretion. Tenant will immediately pay and discharge any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval, and City will have no liability, monetary or otherwise, for any fines or penalties. Tenant will Indemnify City and the other Indemnified Parties (defined in Section 18.2 (Tenant's Indemnity) below) against all Claims arising in connection with Tenant's failure to obtain or failure by Tenant, its Agents, or its Invitees to comply with the terms and conditions of any regulatory approval.

(b) **City Acting as Owner of Real Property.** City is entering into this Lease in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this Lease will limit in any way Tenant's obligation to obtain any required approvals from City officials, departments, boards, agencies, commissions, or other body having jurisdiction over the Premises. By entering into this Lease, City is not modifying or limiting Tenant's obligation to cause the Premises to be used and occupied in accordance with all applicable Legal Requirements. If any such approvals are required for Tenant's existing or proposed use, Tenant shall have the right, by giving no less than

ninety (90) days prior written notice to the City, to terminate the Term of this Lease prior to the date it would otherwise expire, which early termination shall be effective as of a date set forth in the notice.

11.3. Compliance with City's Risk Management Requirements

Tenant will not do anything, or permit anything to be done, in or about the Premises, other than the permitted use, that would be prohibited by or increase rates under a standard form fire insurance policy or subject City to potential premises liability. At no cost to City, Tenant will faithfully observe any and all reasonable requirements of City's Risk Manager with respect to Tenant's use and occupancy of the Premises.

12. SUBORDINATION

This Lease is and will be subordinate to any reciprocal easement agreement, ground lease, facilities lease, or other underlying lease and the lien of any mortgage or deed of trust and all renewals, modifications, consolidations, replacements, and extensions of any of the foregoing, that now exist affecting the Property or City's interest in the Property, without the necessity of executing any instrument to effectuate the subordination. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall not terminate if Tenant is in compliance with the material terms of this Lease and Tenant will attorn to City's successor-in-interest and such successor-in-interest shall, in such circumstances, be bound by the City's obligations under this Lease. The provisions of this Section are self-operative and no further instrument will be required. On City's demand, however, Tenant will execute and deliver any additional documents in such commercially reasonable form as may be requested by City evidencing the priority or subordination of this Lease. Notwithstanding anything to the contrary herein, (i) prior to the Commencement Date, City shall obtain from any lenders or ground lessors of the Premises a written agreement in form reasonably satisfactory to Tenant providing for recognition and non-disturbance of Tenant's interests under this Lease in the event of a foreclosure or other exercise of the lender's security interest or termination of the ground lease, and (ii) the subordination of this Lease to a ground lease or instrument of security shall be conditioned upon Tenant's receipt from any such ground lessors or lenders of such a recognition and non-disturbance agreement.

13. INABILITY TO PERFORM

Except as provided in this Lease, no actual or constructive eviction, in whole or in part, caused by force majeure will entitle Tenant to any abatement or reduction of Rent or relieve Tenant from any of its obligations under this Lease. If City is unable to perform or is delayed in performing any of City's obligations under this Lease by reason of acts of God, accidents, breakage, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials, or by any other reason beyond City's reasonable control, then that inability or delay will not constitute an eviction under this Lease, or impose any liability on City or its Agents because of the inconvenience, annoyance, interruption, injury, or loss to or interference with Tenant's business or use and occupancy or quiet enjoyment of the Premises or any other loss or damage due to City's inability or delay. Tenant waives and releases any right to terminate this Lease under Section 1932, subdivision 1 of the California Civil Code or any similar Legal Requirements.

14. DAMAGE AND DESTRUCTION

If all or any portion of the Premises are damaged by casualty but the Premises remain tenantable for the Permitted Use, then the damage will be repaired in accordance with Section 8 (Repairs and Maintenance) above. If the Premises or any portion of it or the Building are completely destroyed by any cause, or are so damaged that the Premises are untenable, then, within forty-five (45) days after the date the destruction or damage, City will give Tenant written notice whether or not City will repair the Premises or Building so that the Premises are in a tenantable condition for Tenant's Permitted Use (the "Repairs") within one hundred eighty (180) days after the date of the destruction or damage. If City's notice states that the Repairs will not be made within one hundred eighty (180) days after the date of the damage or destruction, then either City or Tenant may terminate this Lease by written notice given to the other within thirty (30) days after receipt of City's Repair notice. If neither party terminates this Lease, then, with due diligence, City will repair the Premises for the Permitted Use, and City will proportionally reduce the Base Rent (based upon the extent that the damage and the Repairs materially interferes with Tenant's Permitted Use of the Premises) that would be payable between the date of the damage and the date the repairs are substantially completed.

In addition, if more than twenty-five percent (25%) of the replacement value of the Building is destroyed, then City may terminate this Lease by written notice to Tenant given within ninety (90) days after the damage or destruction, which termination will be effective as of the date of the notice.

Notwithstanding anything to the contrary in this Lease, if the Building or the Premises are damaged or destroyed in the last twelve (12) months of the Term, then either party may terminate this Lease upon written notice to the other party given within thirty (30) days after the damage or destruction occurs.

City and Tenant intend that in the event of any damage or destruction to the Premises or the Building that this Section 14 will govern the rights and obligation of the parties; accordingly, Tenant waives the provisions of Subdivision 2 of Section 1932 of the California Civil Code and the provisions of Subdivision 4 of Section 1933 of the California Civil Code, and all similar Legal Requirements.

15. EMINENT DOMAIN

If the Premises or any portion of it is taken under the power of eminent domain or sold under threat of exercise of eminent domain (collectively, "Condemnation") this Lease will terminate as to the part taken as of the date the condemning authority takes title or possession, whichever occurs first. Each party will promptly notify the other of any pending or threatened Condemnation. If more than 10% of the Premises or convenient access to the Premises is taken by Condemnation, then either party may, at its option, terminate this Lease by giving written notice to the other party within ten (10) days after receiving any resolution of necessity (or notice of any similar action by the condemning authority) ("Condemnation Notice") regarding a pending or threatened Condemnation. If all or any portion of the Building is taken by Condemnation, then, at its option, City may terminate this Lease by giving written notice to Tenant within thirty (30) days after receiving Condemnation Notice. Any termination will be effective the earlier of thirty (30) days after the termination notice and the date the condemning authority takes title or possession, whichever occurs first. If neither party terminates this Lease, then this Lease will remain in full force and effect as to the portion of the Premises remaining, and City will proportionally reduce Base Rent. Condemnation awards will be City's property,

whether the award is made as compensation for the reduction in value of the leasehold, the value of the part taken, or for severance damages, but Tenant may petition for a separate award for Tenant's relocation expenses or Tenant's Personal Property. All Alterations or improvements made to the Premises will be considered City's property for the purposes of any Condemnation and City will be entitled to the Condemnation award. If this Lease is not terminated under this paragraph, then City will repair any damage to the Premises caused by the Condemnation.

City and Tenant intend that the provisions of this Section 15 govern fully in the event of a Condemnation and accordingly, the parties each waive any right to terminate this Lease in whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar Legal Requirements.

16. ASSIGNMENT AND SUBLETTING

16.1. Restriction on Assignment and Subletting

Tenant may not directly or indirectly (including, without limitation, by merger, acquisition, or other transfer of any controlling interest in Tenant), voluntarily or by operation of law, sell, assign, encumber, pledge, or otherwise transfer any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder (collectively, an "Assignment"), or permit or license any portion of the Premises to be used or occupied by anyone other than itself, or sublet any portion of the Premises (collectively, "Sublease"), without City's prior written consent in each instance, as provided below, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Tenant may Assign this Lease or Sublet any or all portions of the Premises to any Tenant's Affiliate (as defined below) without obtaining City's consent by giving City written notice of its intent thereof at least fifteen (15) business days before the proposed effective date of the transfer. As used in this Section, the term "Tenant's Affiliate" means any of the following: (a) any person or entity owning, directly or indirectly, fifty percent (50%) or more of the ownership interests of Tenant (an "Owning Person"), (b) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by any Owning Person, (c) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by Tenant.

16.2. Notice of Proposed Transfer

If Tenant desires to enter into an Assignment or a Sublease, it will give written notice (a "Notice of Proposed Transfer") to City of its intention to do so. The Notice of Proposed Transfer will identify the proposed transferee and state the terms and conditions of the proposed Assignment or Sublease. Tenant will deliver to City with its request for City's consent, the proposed Assignment or Sublease and current financial statements of the proposed Transferee, prepared by an independent certified public accountant, and promptly on City's request, any additional documents or information reasonably related to the proposed transaction or Transferee.

16.3. City's Response

(a) Within twenty (20) business days after City's receipt of the Notice of Proposed Transfer (the "Response Period"), by written notice to Tenant, City may elect to either approve or disapprove of the Assignment or Sublease.

(b) If City approves the Transfer under subsection (a) above, then Tenant will have ninety (90) days following the earlier of (i) City's notice that it approves the Assignment or

Sublease or (ii) the expiration of the Response Period, to enter into the Assignment or Sublease, subject to City's prior written approval of the proposed assignee or subtenant (in either case, a "Transferee") and the terms and conditions of the proposed Sublease or Assignment. However, fifty percent (50%) of any rent or other consideration realized by Tenant under any Assignment or Sublease in excess of the Base Rent and Additional Charges (or the amount proportionate to the portion of the Premises subject to a Sublease) will be paid to City, after Tenant has recovered any reasonable brokers' commissions, attorneys' fees, and the reasonable cost of any leasehold improvements that Tenant has incurred in connection with the Sublease or Assignment. Tenant will provide City with any information regarding the proposed Transferee and the Assignment or Sublease as City may reasonably request. City will not unreasonably withhold its approval of any proposed Transferee. If Tenant does not enter into the Assignment or Sublease within ninety (90) days after the earlier of the events described in clauses (i) or (ii) above, then Tenant will submit a new Notice of Proposed Transfer for any Assignment or Sublease.

(c) Intentionally Omitted.

(d) Intentionally Omitted.

(e) Notwithstanding the foregoing, if any Event of Default by Tenant has occurred and is continuing at the time of Tenant's Notice of Proposed Transfer (or if any event occurs that, with the giving of notice or the passage of time or both, would constitute an Event of Default), then City may elect by notice to Tenant to refuse to consent to Tenant's proposed Transfer and pursue any of its right or remedies or at law or in equity.

16.4. Intentionally Omitted

16.5. Effect of Sublease or Assignment

No Sublease or Assignment by Tenant or any consent by City will relieve Tenant, or any guarantor, of any obligation to be performed by Tenant under this Lease. Any Sublease or Assignment not in compliance with this Section will be void and, at City's option, will constitute a material default by Tenant under this Lease. City's acceptance of any Base Rent or other payments from a proposed Transferee will not constitute City's consent to any Sublease or Assignment or a recognition of any Transferee, or City's waiver of any failure of Tenant or other transferor to comply with this Section. If there is an Assignment or Sublease, whether in violation of or in compliance with this Section, and a Transferee or any successor of Tenant defaults in the performance or observance of any of the terms of this Lease or any Sublease or Assignment agreement, City may proceed directly against Tenant without the necessity of exhausting remedies against the Transferee or successor.

16.6. Assumption by Transferee

Each Transferee (other than City) will assume all obligations of Tenant under this Lease and will be liable jointly and severally with Tenant for the payment of the Rent, and for the performance of all of Tenant's obligations under this Lease. No Assignment will be binding on City unless Tenant or Transferee has delivered to City a counterpart of the Assignment and an instrument in recordable form that contains a covenant of assumption by the Transferee satisfactory in form and substance to City. Transferee's failure or refusal under an Assignment to execute the instrument of assumption, however, will not release the Transferee from its liability under this Lease, as set forth above. Tenant will reimburse City on demand for any reasonable costs out-of-pocket that may be incurred by City in connection with any proposed Sublease or Assignment, including, without limitation, the costs of making investigations as to

the acceptability of the proposed Transferee and legal costs incurred in connection with the granting of any requested consent, not to exceed, in the aggregate, the sum of \$1,000.

16.7. Indemnity for Relocation Benefits

Without limiting Section 16.6 (Assumption by Transferee) above, Tenant will cause any Transferee to expressly waive entitlement to any and all relocation assistance and benefits in connection with this Lease. If Tenant does not do so, then Tenant will Indemnify City for any and all Claims (as defined in Section Error! Reference source not found. (Tenant's Indemnity)) arising out of any relocation assistance or benefits payable to any Transferee. Tenant's obligation to Indemnify City will survive the expiration or termination of this Lease and any Assignment or Sublease.

17. DEFAULT; REMEDIES

17.1. Events of Default

Any of the following will constitute an event of default (the "Event of Default") by Tenant under this Lease:

- (a) a failure to pay Base Rent or Additional Charges when due that continues for five (5) days after the date of City's written notice;
- (b) a failure to comply with any other covenant, condition, representation, or warranty made under this Lease that continues for thirty (30) days after the date of written notice by City, provided that if the default is not capable of cure within the thirty (30)-day period, Tenant will have a reasonable period to complete the cure if Tenant promptly undertakes action to cure the default within the thirty (30)-day period and thereafter diligently prosecutes the same to completion;
- (c) an abandonment of the Premises; or
- (d) an appointment of a receiver to take possession of all or substantially all of Tenant's assets, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium, or other debtor relief act or statute, whether now existing or hereafter amended or enacted, if the receiver, assignment, or action is not released, discharged, dismissed, or vacated within one hundred twenty (120) days.

17.2. Remedies

On the occurrence of an Event of Default City will have the following remedies, which are not exclusive but are cumulative and in addition to any other remedies now or later allowed by law or in equity:

- (a) City may terminate Tenant's right to possession of the Premises at any time by written notice to Tenant. Tenant expressly acknowledges that in the absence of a written notice from City, no other act of City, including, but not limited to, its re-entry into the Premises, its efforts to relet the Premises, its storage of Tenant's Personal Property and trade fixtures, its acceptance of keys to the Premises from Tenant, its appointment of a receiver, or its exercise of any other rights and remedies under this Section 17.2 or otherwise under Legal Requirements, will constitute an acceptance of Tenant's surrender of the Premises or constitute a termination of this Lease or of Tenant's right to possession of the Premises.

(b) On a written termination of Tenant's right to possession of the Premises, this Lease will terminate and City will be entitled to recover damages from Tenant as provided in California Civil Code Section 1951.2 or any other applicable existing or future Legal Requirement providing for recovery of damages for a breach, including but not limited to the following:

- (i) The reasonable cost of recovering the Premises; plus
- (ii) All unpaid Rent due or earned under this Lease before the date of termination, less the proceeds of any reletting or any rental received from subtenants before the date of termination, together with interest at the Interest Rate, on those amounts from the date the Rent is due and payable until the date of the award of damages; plus
- (iii) The amount by which the Rent which would be payable by Tenant under this Lease, as reasonably estimated by City, from the date of termination until the date of the award of damages, exceeds the amount of the rental loss that Tenant proves could have been reasonably avoided, together with interest at the Interest Rate on those amounts from the date the Rent is due and payable until the date of the award of damages; plus
- (iv) Other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Legal Requirements, including without limitation any other amount necessary to compensate City for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease that, in the ordinary course of things, would be likely to result therefrom.

(c) City shall have the remedy described in California Civil Code Section 1951.4 (a landlord may continue the lease in effect after the tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations), and may continue this Lease in full force and effect and may enforce all of its rights and remedies under this Lease, including, but not limited to, the right to recover Rent as it becomes due.

(d) During the continuance of an Event of Default, for so long as City does not terminate Tenant's right to possession of the Premises and subject to Section 16 (Assignment and Subletting) and the rights granted to City under that Section, City will not unreasonably withhold its consent to an Assignment or Sublease of Tenant's interest in the Premises or in this Lease.

(e) City may cure the Event of Default at Tenant's expense, it being understood that City's cure will not waive the Event of Default. If City pays any sum or incurs any expense in curing the Event of Default, Tenant will reimburse City on demand for the amount of the payment or expense with interest at the Interest Rate from the date the sum is paid or the expense is incurred until City is reimbursed by Tenant.

17.3. Waiver of Redemption

Tenant hereby waives, for itself and all persons claiming by and under Tenant, all rights and privileges that it might have under any present or future Legal Requirement to redeem the Premises or to continue this Lease after being dispossessed or ejected from the Premises.

17.4. City's Right to Cure Tenant's Defaults

If Tenant defaults in the performance of any of its obligations under this Lease, then, at City's sole option, City may remedy the default for Tenant's account and at Tenant's expense by

providing Tenant with three (3) business days' prior written notice of City's intention to cure the default (except that no prior notice will be required in the event of an emergency as determined by City). No City action to cure Tenant's default will be construed as a waiver of Tenant's default or any of City's rights or remedies, and nothing in this Section implies any duty on City to do any act that Tenant is obligated to perform. Tenant will pay to City on demand, as Additional Charges, all costs, damages, expenses, or liabilities incurred by City, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy the default. Tenant's obligations under this Section will survive the expiration or termination of this Lease.

18. WAIVER OF CLAIMS; INDEMNIFICATION

18.1. Limitation on City's Liability; Waiver of Claims

City will not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases City and its Agents from all Claims for any injury, loss, or damage to any person or property in or about the Premises by or from any cause whatsoever including: (a) any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Premises; (b) theft; (c) explosion, fire, steam, oil, electricity, water, gas, rain, pollution, or contamination; (d) stopped, leaking, or defective Building Systems; (e) Building defects; and (f) any other acts, omissions, or causes. Nothing in this Section will relieve City from liability to the extent caused by the gross negligence or willful misconduct of City or its Agents, but neither the City nor the Tenant will be liable under any circumstances for any consequential, incidental, or punitive damages.

18.2. Tenant's Indemnity

Tenant, on behalf of itself and its successors and assigns, will indemnify, defend, and hold harmless ("**Indemnify**") City, including all of its boards, commissions, departments, agencies, and other subdivisions, and all of its and their Agents, and their respective heirs, legal representatives, successors, and assigns (individually and collectively, the "**Indemnified Parties**"), and each of them, from and against all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties, and expenses, including direct and vicarious liability of every kind (collectively, "**Claims**"), incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person (including Tenant's employees), or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Premises; (b) [Intentionally Omitted]; (c) the use or occupancy or manner of use or occupancy of the Premises by Tenant, its Agents, its Invitees, or any person or entity claiming through or under any of them; (d) the condition of the Premises caused by an Event of Default by Tenant; (e) any construction or other work undertaken by Tenant on the Premises during the Term; or (f) any acts, omissions, or negligence of Tenant, its Agents, or its Invitees, in, on, or about the Premises or the Property, all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that the Indemnity is void or otherwise unenforceable under applicable Legal Requirements and further except only those Claims to the extent caused by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing Indemnity includes reasonable fees of attorneys, consultants, and experts and related costs and City's costs of investigating any Claim. Tenant expressly acknowledges that Tenant has an immediate and independent obligation to defend City from any Claim that actually or potentially falls within this indemnity provision even if the allegation is or may be groundless, fraudulent, or false, which obligation arises at the time the Claim is tendered to Tenant by City and continues at all times thereafter. Tenant's obligations under this Section will survive the expiration or termination of

this Lease. Notwithstanding anything to the contrary herein, City shall not be released or indemnified from, and shall indemnify, defend, protect and hold harmless Tenant from, all losses, damages, liabilities, claims, attorneys' fees, costs and expenses arising from the gross negligence or willful misconduct of City or its agents, contractors, licensees or invitees or a violation of City's obligations or representations under this Lease.

19. INSURANCE

19.1. Tenant's Insurance

(a) At no cost to City, Tenant 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 Two Million Dollars (\$2,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse, and underground (XCU).

(ii) Worker's Compensation Insurance with Employer's Liability limits not less than One Million Dollars (\$1,000,000) each accident.

(iii) Business automobile 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 owned and non-owned and hired vehicles, as applicable, if Tenant uses automobiles in connection with its use of the Premises.

(iv) Business interruption insurance insuring that the Rent will be paid to City for a period of at least one (1) year if Tenant is unable to operate its business at the Premises. Business Interruption Insurance will also cover business interruptions due to failures or interruptions in telecommunications services, strikes, employee lockouts, riots, or other civil commotion.

(v) Licensed professionals (i.e., architects, engineers, certified public accountants, etc.) will provide professional liability insurance with limits not less than \$1,000,000 each claim with respect to negligent acts, errors, or omissions in connection with professional services to be provided under this Lease or to the Premises.

(vi) Other insurance as is generally required by commercial owners of buildings similar in size, character, age, and location as the Building, as may change from time to time.

(b) If any of the required insurance is provided under a claims-made form, Tenant will maintain the coverage continuously throughout the Term and, without lapse, for a period of three (3) years beyond the expiration or termination of this Lease, to the effect that, if occurrences during the Term give rise to claims made after expiration or termination of this Lease, those claims will be covered by the claims-made policies. Tenant's obligations under this Section will survive the expiration or termination of this Lease.

(c) If any of the required insurance is provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in the general annual aggregate limit, the general aggregate limit will be double the occurrence or claims limits specified above.

(d) All liability insurance policies will be endorsed to provide the following:

(i) Name as additional insured the City and County of San Francisco, its officers, agents, and employees.

(ii) That the policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Lease, and that insurance applies separately to each insured against whom claim is made or suit is brought.

(e) Each insurance policy required under Section 19.1(a) above will be issued by an insurance company licensed in the State of California and with a general policyholders' rating of "A-" or better and a financial size ranking of "Class VIII" or higher in the most recent edition of Best's Insurance Guide.

(f) All insurance policies required to be maintained by Tenant will be endorsed, if such endorsement is available without cost, to provide thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to both Tenant and City. If Tenant's insurer refuses to offer this endorsement, Tenant will promptly provide the thirty (30) day's prior written notice of cancellation, intended non-renewal, or reduction in coverage to City. Notice to City will be mailed to the addresses for City set forth in the Basic Lease Information.

(g) On or before the Commencement Date, Tenant will deliver to City certificates of insurance and additional insured policy endorsements from insurers in a form reasonably satisfactory to City, evidencing the coverage required under this Lease. During the Term, Tenant will provide City with certificates or policies at least thirty (30) days before the expiration dates of expiring policies. If Tenant fails to procure the required insurance, or to deliver the policies or certificates, then at its option and without waiving any rights or remedies that City may have for Tenant's default, City may procure the insurance for Tenant's account, and Tenant will pay the cost to City within five (5) days after delivery to Tenant of invoices therefor.

(h) On City's request, Tenant and City will periodically review the limits and types of insurance carried under this Section. If the general commercial practice in San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Tenant for risks comparable to those associated with the Premises, then, at City's request, Tenant will increase the amounts or coverage carried by Tenant to conform to the general commercial practice.

(i) Tenant's compliance with the provisions of this Section will in no way relieve or decrease Tenant's liability under Section 18.2 (Tenant's Indemnity), or any of Tenant's other obligations under this Lease.

(j) Notwithstanding anything to the contrary in this Lease, if any of the required insurance coverage lapses, this Lease will terminate on three (3) business days' prior written notice to Tenant unless Tenant renews the insurance coverage within the notice period.

19.2. Tenant's Personal Property

At no cost to City, Tenant is responsible for separately insuring Tenant's Personal Property.

19.3. City's Self Insurance

Tenant acknowledges that City self-insures against casualty, property damage, and public liability risks and agrees that, at City's sole election (but without obligation to do so), City may carry any third party insurance coverage for the Building, the Premises, or otherwise.

19.4. Waiver of Subrogation

Notwithstanding anything to the contrary in this Lease, City and Tenant (each a "Waiving Party") each waives any right of recovery against the other party for any loss or damage relating to the Building or the Premises or any operations or contents, whether or not the loss is caused by the fault or negligence of the other party, to the extent the loss or damage is covered by third-party insurance that is required to be purchased by the Waiving Party under this Lease or is actually covered by insurance held by the Waiving Party or its Agents or, in the case of any loss that is self-insured, to the extent that the loss would have been covered if the City had coverages typical for a commercial landlord in San Francisco, California. Each Waiving Party will obtain a waiver of subrogation rights endorsements from applicable insurance carriers issuing policies relating to the Building or the Premises; provided, the failure to obtain the endorsement will not affect the above waiver.

20. ACCESS BY CITY

City reserves for itself and any of its designated Agents, the right to enter the Premises as follows: (a) on a regular basis without advance notice to supply any necessary or agreed-upon service provided by City under this Lease; (b) on an occasional basis, at all reasonable times after giving Tenant reasonable, but not less than one (1) business day, advance written notice, to show the Premises to prospective tenants or other interested parties; to post notices of non-responsibility; to conduct any environmental audit of Tenant's use of the Premises; to repair, alter, or improve any part of the Building, Building Systems, or the Premises; and for any other lawful purpose; and (c) on an emergency basis without notice whenever City believes that emergency access is required. In addition, Tenant acknowledges and understands that the Property will be developed as affordable housing by a developer selected by the City through a Request for Qualifications process (the "Qualified Developer"). From time to time, Tenant will be required to allow the Qualified Developer or its agents or consultants to enter the Premises and undertake due diligence or studies related to the proposed affordable housing. The Qualified Developer will be required by the City to provide reasonable notice to the City and the Tenant prior to entry and minimize any disruption of the Tenant's use of the Premises. The Qualified Developer will restore the preexisting condition of the Premises that may be damaged as a result of the Qualified Developer's access. City will have the right to use any means that it deems proper to open doors in an emergency to obtain access to any part of the Premises, and that entry will not be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion of the Premises. Tenant will not alter any lock or install any new or additional locking devices without City's prior written consent. All locks installed in the Premises will be keyed to the Building master key system, and City will at all times have a key with which to unlock all doors in the Premises (excluding Tenant's vaults, safes, or special security areas, if any, designated by Tenant in writing to City).

21. CERTIFICATES

21.1. Tenant's Estoppel Certificates

At any time and from time to time on not less than ten (10) business days' prior written notice from City, Tenant will execute and deliver to City or to any party designated by City a certificate stating: (a) that Tenant has accepted the Premises, (b) the Commencement Date and Expiration Date of this Lease, (c) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (d) whether or not there are then existing any defenses against the enforcement of any of Tenant's obligations under this Lease (and if so, specifying the same), (e) whether or not there are any defaults then existing under this Lease (and if so specifying the same), (f) the dates, if any, to which the Base Rent and Additional Charges have been paid, and (g) any other information that may be required.

21.2. City's Certificates

At any time and from time to time on not less than ten (10) days' prior notice from Tenant, City will execute and deliver to Tenant or to any party designated by Tenant 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, that the Lease is in full force and effect as modified and stating the modifications), (c) whether or not there are any known defaults then existing under this Lease (and if so specifying the same), and (d) the dates, if any, to which the Base Rent and Additional Charges have been paid.

22. RULES AND REGULATIONS

Tenant will faithfully comply with the rules and regulations attached to this Lease as Exhibit E (Building Rules and Regulations), which City may amend from time to time (the "Rules and Regulations"). City will not be responsible for the non-performance of the Rules and Regulations by any other tenant or occupant of the Building. If there is any conflict between any provision of this Lease and any provision of the Rules and Regulations, this Lease will control.

23. SECURITY DEPOSIT

On execution of this Lease, Tenant will deposit with City the sum specified as the security deposit in the Basic Lease Information (the "**Security Deposit**"), in cash, to secure Tenant's faithful performance of all terms, covenants, and conditions of this Lease. City may apply (but will not be required to apply) the Security Deposit in whole or in part to remedy any damage to the Premises caused by Tenant, its Agents, or its Invitees, or any failure of Tenant to perform any other terms, covenants, or conditions in this Lease (including, but not limited to, the payment of Rent either before or after a default), without waiving any of City's other rights and remedies under this Lease or under applicable Legal Requirements. Tenant waives the provisions of Section 1950.7 of the California Civil Code or any similar Legal Requirements now or hereafter in effect and agrees that City may retain any portion of Security Deposit reasonably necessary to compensate it for any foreseeable or unforeseeable loss or damage caused by the acts or omissions of Tenant, its Agents, or its Invitees. Without limiting the foregoing, City may apply some or all of the Security Deposit to the payment of future Rent following a Tenant default.

If City uses any portion of the Security Deposit to cure any default by Tenant, Tenant will immediately replenish the Security Deposit to the original amount. If the Base Rent is

increased under any of the provisions of this Lease, Tenant will increase the amount of the Security Deposit by the same percentage increase. City's obligations regarding the Security Deposit are solely that of debtor and not trustee. City will not be required to keep the Security Deposit separate from its general funds, and Tenant will not be entitled to interest on the Security Deposit. The amount of the Security Deposit will in no way limit the liabilities of Tenant under any provision of this Lease.

24. SURRENDER OF PREMISES

On the Expiration Date or other termination of this Lease, Tenant will peaceably quit and surrender to City the Premises, together with the Tenant Improvements and all Alterations approved by City (or in place on the Commencement Date of this Lease), in the condition existing as of the Commencement Date (or in the case of Tenant Improvements installed thereafter, on the completion date of each such Tenant Improvement or Alteration, except for normal wear and tear (after Tenant has made the last necessary repair required under this Lease), and further except for any portion of the Premises condemned and any damage and destruction for which Tenant is not responsible under this Lease, and further except for Hazardous Materials (other than those released or emitted by Tenant during the term of this Lease), alterations or other interior improvements which Tenant is permitted to surrender at the termination of this Lease and repairs for which Tenant is not responsible under this Lease. The Premises will be surrendered free and clear of all liens and encumbrances caused by Tenant during the term of this Lease, other than those existing as of the date of this Lease and any other encumbrances created by City. Immediately before the Expiration Date or other termination of this Lease, Tenant shall remove all of Tenant's Personal Property as provided in this Lease, without the obligation to remove fixtures or cable and to repair any damage resulting from the removal; provided, in City's sole discretion, City may reserve ownership of any telecommunications equipment, wire, cabling, and/or conduit installed in the Premises or any other portion of the Building by or on behalf of Tenant. If the removal is not completed at the expiration or other termination of this Lease, City may perform the removal at Tenant's expense. Tenant's obligations under this Section will survive the expiration or sooner termination of this Lease. At City's option, any items of Tenant's Personal Property remaining in the Premises after the Expiration Date or sooner termination of this Lease may be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Legal Requirements.

Concurrently with the surrender of the Premises, if requested by City, Tenant will execute, acknowledge, and deliver to City a quitclaim deed to the Premises and any other instrument reasonably requested by City to evidence the termination of Tenant's leasehold estate and to effect the transfer or vesting of title to the Tenant Improvements or other improvements or equipment that remain part of the Premises. The terms of this Section will survive the expiration or sooner termination of this Lease.

25. HAZARDOUS MATERIALS

25.1. Definitions

As used in this Lease:

(a) "Environmental Laws" means all present or future Legal Requirements relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge, or storage), or to health and safety, industrial hygiene, or the environment, including, without limitation, soil, air, and groundwater conditions.

(b) **“Hazardous Material”** means any material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or later deemed by any federal, state, or local governmental authority to pose a present or potential hazard to human health, welfare, or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a “hazardous substance,” “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 Section 25316 of the California Health & Safety Code; any “hazardous waste” listed under Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas, or natural gas liquids.

(c) **“Investigate”** and **“Investigation”** means undertaking any activities to determine the nature and extent of Hazardous Material that may be located in, on, under, or about the Property or that has been, are being or threaten to be Released into the environment; **“Remediate”** and **“Remediation”** means to clean up, remove, contain, treat, stabilize, monitor, or otherwise control the Hazardous Material.

(d) **“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 Premises, or in, on, under, or about any other part of the Property or into the environment.

25.2. No Hazardous Materials

Neither Tenant nor any of its Agents or Invitees will cause or permit any Hazardous Material to be brought on, kept, used, stored, generated or disposed of in, on, or about the Property, or transported to or from the Property, with the sole exception that Tenant may keep and use Hazardous Material in the Premises in reasonably limited amounts as are customarily used for general office purposes (such as copy toner and other normal office and cleaning supplies) and may generate Hazardous Material as a result of measures taken under Article 7 or Article Error! Reference source not found. of this Lease that disturb or remove lead-based or presumed lead-based paint from the exterior or interior surfaces of the Premises so long as the generation, storage, transportation, use, and disposal are in compliance with all applicable Environmental Laws at all times. Tenant will give City immediate written notice of: (a) any action, proceeding, or inquiry by any governmental authority (including, without limitation, the California State Department of Health Services, the State or any Regional Water Quality Control Board, the Bay Area Air Quality Management District, or any local governmental entity) against Tenant with respect to the presence or Release or suspected presence or Release of Hazardous Material on the Premises, Building, or Property or the migration thereof from or to other property; (b) all demands or claims made or threatened by any third party against Tenant or the Premises, Building, or Property relating to any loss or injury resulting from any Hazardous Materials; (c) any Release of Hazardous Material on or about the Premises or any other part of the Property that has occurred and may require any Investigation or Remediation; and (d) all matters of which Tenant is required to give notice under Section 25359.7 of the California Health and Safety Code.

25.3. Tenant’s Environmental Indemnity

If Tenant breaches any of its obligations contained in this Section, or, if any act or omission of Tenant, its Agents, or its Invitees during the term of this Lease results in any Release of Hazardous Material in, on, under, or about the Premises or any other part of the Property in

violation of any applicable Environmental Laws, and any natural resource damages. Without limiting the foregoing, if Tenant or any of its Agents or its Invitees, causes or permits the Release of any Hazardous Materials in, on, under, or about the Premises or any other part of the Property, Tenant will immediately and at no expense to City take all appropriate actions to return the Premises or the Property affected by the Release to the condition existing before the Release and otherwise Investigate and Remediate the Release in accordance with all Environmental Laws. Tenant expressly acknowledges that Tenant has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnity provision even if the allegation is or may be groundless, fraudulent, or false, and this obligation arises at the time the claim is tendered to Tenant by City and continues at all times thereafter. Tenant will afford City a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, or other compromise or proceeding involving Hazardous Material.

25.4. Survival of Obligation

Tenant's obligations under this Section 25 will survive the expiration or earlier termination of this Lease.

26. GENERALLY APPLICABLE PROVISIONS

26.1. Notices

Any notice given under this Lease will be effective only if in writing and delivered in person or by sending it first-class mail or certified mail with a return receipt requested or by overnight courier, return receipt requested, with postage prepaid, to: (a) Tenant, (i) at Tenant's address set forth in the Basic Lease Information, if sent before Tenant takes possession of the Premises, or (ii) at the Premises if sent on or after Tenant takes possession of the Premises, or (iii) at any place where Tenant or any Agent of Tenant may be found if sent after Tenant vacates, abandons, or surrenders the Premises; or (b) City, at City's address set forth in the Basic Lease Information; or (c) to any other address that either City or Tenant designates as its new address by notice given to the other in accordance with the provisions of this Section at least ten (10) days before the effective date of the change. A properly addressed notice transmitted by one of the foregoing methods shall be deemed to have been given two (2) days after the date it is mailed by first class or certified mail, one day after the date it is deposited with an overnight courier for overnight delivery, or on the date of personal delivery. For convenience of the parties, copies of notices may also be given by email to the email address set forth in the Basic Lease Information or as may be provided from time to time; however, neither no official or binding notice may be given by email; a notice will only be deemed given and effective when sent as provided in the first two (2) sentences of this Section. Tenant will promptly provide City with copies of all notices received regarding any alleged violation of Legal Requirements or insurance requirements or any alleged unsafe condition or practice.

26.2. No Implied Waiver

No failure by City to insist on the strict performance of any obligation of Tenant under this Lease or to exercise any right, power, or remedy arising out of a breach, regardless of the length of time that the breach continues, no acceptance of full or partial Base Rent or Additional Charges during any breach, and no acceptance of the keys to or possession of the Premises before the expiration of the Term by any Agent of City, will constitute a waiver of the breach or of City's right to demand strict compliance with any term, covenant, or condition or operate as a surrender of this Lease. 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 period of 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. Any City consent under this Lease will not relieve Tenant of any obligation to secure City's consent in any other or future instance as required by this Lease.

26.3. Amendments

Neither this Lease nor any of its terms or provisions may be changed, waived, discharged, or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought. 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 Legal Requirements, including the Charter. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, are subject to the mutual written agreement of City and Tenant, and City's agreement may be made upon the sole approval of the Director of Property, or his or her designee; provided, however, (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) of this Lease, and (e) any other amendment or modification that materially increases City's liabilities or financial obligations under this Lease may also require the approval of City's Board of Supervisors.

26.4. Authority

If Tenant signs as a corporation, a limited liability company, or a partnership, then Tenant covenants and warrants that Tenant is a duly authorized and existing entity, Tenant has and is qualified to do business in California, Tenant has full right and authority to enter into this Lease, and each and all of the persons signing on behalf of Tenant are authorized to do so. On City's request, Tenant will provide City with evidence reasonably satisfactory to City confirming these representations and warranties.

26.5. Parties and Their Agents; Approvals

The words "City" and "Tenant" include the plural as well as the singular. If there is more than one entity that comprises Tenant, Tenant's obligations and liabilities under this Lease are joint and several. The term "Agents" when used with respect to either party includes the agents, employees, officers, contractors, and representatives of the party, and the term "Invitees" when used with respect to Tenant includes the clients, customers, invitees, guests, licensees, assignees, or subtenants of Tenant. All approvals, consents, or other determinations permitted or required by City will be made by or through City's Director of Property unless otherwise provided in this Lease, subject to applicable Legal Requirements.

26.6. 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 in no way define or limit the scope or intent of any provision of this Lease. Provisions in this Lease relating to number of days are calendar days, unless otherwise specified, but if the last day of any period to give notice, reply to a notice, or to undertake any other action occurs on a Saturday, Sunday, or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice will be the next succeeding business day. Use of the word "including" or similar words will not be

construed to limit any general term, statement, or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

26.7. Successors and Assigns

Subject to the provisions of this Lease relating to Assignment and Subletting, the terms, covenants, and conditions contained in this Lease will bind and benefit City and Tenant and their successors and assigns; provided, however, that on any sale, assignment, or transfer by City (or by any subsequent landlord) of its interest in the Building as owner or lessee, including any transfer by operation of law, City (or any subsequent landlord) will be relieved from all obligations and liabilities arising under this Lease after the sale, assignment, or transfer.

26.8. Brokers

Neither party has had any contact or dealings regarding leasing the Premises to Tenant, or any communication in connection that leasing, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated in this Lease except as identified in the Basic Lease Information, whose commission, if any is due, will be paid under a separate written agreement between the broker and the party through which the broker contracted. If any broker or finder perfects a claim for a commission or finder's fee based on a contact, dealings, or communication, then the party through whom the broker or finder makes a 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 in defending against the broker's or finder's claim. The provisions of this Section will survive the expiration or any earlier termination of this Lease.

26.9. Severability

If any provision of this Lease or its application to any person, entity, or circumstance is invalid or unenforceable, then 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 thereby, and each other provision of this Lease will be valid and enforceable to the fullest extent permitted by Legal Requirements, 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.

26.10. Governing Law

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

26.11. Entire Agreement

This Lease, including its attached exhibits, which are made a part of this Lease by this reference, contains the entire agreement between the parties pertaining to the Lease of the Premises by Tenant, and all prior written or oral negotiations, understandings concerning the Lease, and agreements pertaining to the Lease (not including the Agreement for Purchase and Sale for Real Estate dated January 2, 2020 between Tenant, as Seller and City as Buyer); are merged into this Lease. The parties intend that this Lease constitutes the complete and exclusive statement of its terms and no extrinsic evidence whatsoever (including prior drafts and changes) may be introduced in any judicial, administrative, or other legal proceeding involving this Lease. Tenant acknowledges that neither City nor City's Agents have made any representations or warranties with respect to the Premises, the Building, or this Lease except as expressly set forth

in this Lease, and no rights, easements, or licenses are or will be acquired by Tenant by implication or otherwise unless expressly set forth in this Lease.

26.12. Attorneys' Fees

If either City or Tenant 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, then the defaulting party or the non-prevailing party in the dispute, as the case may be, will pay the prevailing party's reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of the action and enforcing or establishing its rights under this Lease (whether or not the action is prosecuted to a judgment). For purposes of this Lease, the terms "court costs and reasonable attorneys' fees" means the fees and expenses of counsel to the party, which may include printing, duplicating, and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians, and others not admitted to the bar but performing services under the supervision of an attorney. The term "court costs and attorneys' fees" also includes, without limitation, all fees and expenses incurred with respect to appeals, mediation, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which the fees and costs were incurred. For the purposes of this Lease, reasonable fees of attorneys 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 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.

26.13. Holding Over

(a) If Tenant retains possession of any portion of the Premises after the expiration or the earlier termination of this Lease, then unless City expressly agrees to the holdover in writing, Tenant will pay City, on a month-to-month basis, Base Rent equal to one hundred fifty percent (150%) of the latest Base Rent payable by Tenant before the expiration or termination of the Lease, together with an amount estimated by City for the monthly Additional Charges, and will otherwise be on the terms and conditions specified in this Lease so far as applicable (except for those pertaining to the Term and any Extension Options). Any failure by Tenant to surrender, discontinue using, or, if required by City, any failure to remove any property or equipment following written demand by City, will constitute continuing possession for purposes of this Section. Tenant acknowledges that the foregoing provisions do not serve as permission for the Tenant to hold over, or serve to extend the Term. Any holding over without City's consent will constitute a default by Tenant and entitle City to exercise any or all of its remedies, notwithstanding that City may elect to accept one or more payments of Rent, and whether or not the amounts are at the holdover rate specified above or the rate in effect at the end of the Term.

(b) Any holding over after the expiration of the Term with City's express written consent will be construed to automatically extend the Term on a month-to-month basis at a Base Rent equal to one hundred fifty percent (150%) of the latest Base Rent payable by Tenant before the expiration, together with an amount estimated by City for the monthly Additional Charges, and will otherwise be on the terms and conditions specified in this Lease so far as applicable (except for those pertaining to the Term and any Extension Options).

(c) Tenant's obligations under this Section will survive the expiration or termination of this Lease.

26.14. Time of Essence

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

26.15. Cumulative Remedies

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

26.16. Survival of Indemnities

Termination of this Lease will not affect the either party's right to enforce any indemnities and representations and warranties given or made to the other party under this Lease, or affect any provision of this Lease that expressly states it will survive expiration or termination of the Lease.

26.17. Signs

Tenant will not erect or maintain, or permit to be erected or maintained, any new signs, notices or graphics on or about the Premises that are visible in or from public corridors or other portions of any Common Areas of the Building or from the exterior of the Premises without City's prior written consent, which City may withhold, grant, or condition in its sole discretion. Existing signs may be retained by Tenant.

26.18. Relationship of the Parties

City is not, and none of the provisions in this Lease will be deemed to render City, a partner in Tenant's business, or a member in any joint enterprise or venture with Tenant. Neither party may act as the agent of the other party for any purpose under this Lease. This Lease is not intended and it will not be construed to create any third-party beneficiary rights in any party, unless otherwise expressly provided.

26.19. Light and Air

No diminution of light, air, or view by any structure that may later be erected (whether or not by City) will entitle Tenant to any reduction of the Base Rent or Additional Charges under this Lease, result in any City liability to Tenant, or in any other way affect this Lease or Tenant's obligations under the Lease.

26.20. No Recording

Tenant may not record this Lease or any memorandum of this Lease in the public records.

26.21. Non-Liability of Employees and Agents

No elected or appointed board, commission, member, officer, employee, or other Agent of City will be personally liable to Tenant or its successors and assigns for any City default or breach or for any amount that may become due to Tenant or its successors and assigns, or for any City obligation under this Lease. Notwithstanding anything to the contrary in this Agreement, no board, commission, member, officer, employee or agent of Tenant or its advisors or consultants shall be personally liable to City, its successors and assigns, in the event of any default or breach by Tenant or for any amount which may become due to City, its successors and assigns, or for any obligation of Tenant under this Lease or for any other claim related to this Lease.

26.22. 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.

26.23. 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.

26.24. Effective Date

This Lease will be effective on the date after (a) City's Board of Supervisors and the Mayor, in their sole and absolute discretion, adopt a resolution approving this Lease in accordance with all applicable Legal Requirements and (b) this Lease is duly executed and delivered by the parties

26.25. Acceptance of Lease by Tenant

This Lease will be null and void unless Tenant accepts it and returns to City two (2) fully executed counterparts of this Lease on or before 5:00 p.m. San Francisco Time on March __, 2020.

27. CITY REQUIREMENTS

27.1. Public Transit Information

At its sole expense, Tenant will establish and carry on during the term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including, without limitation, the distribution of written materials to personnel explaining the convenience and availability of public transportation facilities adjacent or near the Building and encouraging use of them.

27.2. Taxes, Assessments, Licenses, Permit Fees and Liens

(a) Tenant recognizes and understands that this Lease may create a possessory interest subject to property taxation and Tenant may be subject to the payment of property taxes levied on its possessory interest. To the extent City has the ability, City shall cause its third-party property manager (if any) to reimburse Tenant for any such tax paid by Tenant within thirty (30) days after request, and if such property manager is unable to reimburse Tenant, City shall provide Tenant with a rent credit for any such tax paid by Tenant. If there is any amount still due to Tenant despite the foregoing efforts, City shall cause Tenant to be directly reimbursed for such amounts due under this Section 27.2(a) within such thirty (30) day period.

(b) Tenant will pay taxes of any kind, including possessory interest taxes (subject to reimbursement by City as set forth above), lawfully assessed on the leasehold interest created by this Lease and all other taxes, excises, licenses, permit charges, and assessments based on Tenant's use of the Premises and imposed on Tenant by Legal Requirements, all of which will be paid when they become due and payable and before delinquency.

(c) Tenant will not allow or suffer a lien for any taxes to be imposed on the Premises or on any equipment or property located in the Premises without promptly discharging

the lien, provided that Tenant, if it desires, may have reasonable opportunity to contest the validity of the same.

(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that City report certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Lease be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Tenant must provide a copy of this Lease to the County Assessor not later than sixty (60) days after the Effective Date, and any failure of Tenant to timely provide a copy of this Lease to the County Assessor will be a default under this Lease. Tenant will also timely provide any information that City may request to ensure compliance with this or any other reporting requirement.

27.3. Non-Discrimination in City Contracts and Benefits Ordinance

(a) **Covenant Not to Discriminate.** In the performance of this Lease, Tenant will not discriminate against any employee, any City employee working with Tenant, or applicant for employment with Tenant, 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 protected classes, or in retaliation for opposition to discrimination against protected classes.

(b) **Subleases and Other Subcontracts.** Tenant will include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Tenant will incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and require all subtenants and other subcontractors to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

(c) **Non-Discrimination in Benefits.** Tenant 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 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 the Legal Requirements authorizing that registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **CMD Form.** As a condition to this Lease, Tenant 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. Tenant represents that before execution of this Lease, (i) Tenant 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 Chapters 12B and 12C of the San Francisco Administrative Code relating to non-

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

27.4. No Relocation Assistance; Waiver of Claims

Tenant acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Tenant fully RELEASES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors, and employees, and all persons acting by, through or under each of them, under any Legal Requirements, including, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance Legal Requirements (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking.

27.5. MacBride Principles—Northern Ireland

The provisions of San Francisco Administrative Code Section 12F are incorporated by this reference and made part of this Lease. By signing this Lease, Tenant confirms that Tenant 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.

27.6. Tropical Hardwood and Virgin Redwood Ban; Preservative-Treated Wood Containing Arsenic

City 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 product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant will not provide any items to the construction of Tenant Improvements or the Alterations, or otherwise in the performance of this Lease that are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. If Tenant fails to comply with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant will be liable for liquidated damages for each violation in any amount equal to Tenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater. Tenant 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.

27.7. Restrictions on the Use of Pesticides

(a) Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or "IPM Ordinance") describes an integrated pest management ("IPM") policy to be implemented by all City departments. Tenant may not use or apply or allow the use or application of any pesticides on the Premises or contract with any party to provide pest abatement or control services to the Premises without first receiving City's written approval of an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term,

(ii) describes the steps Tenant will take to meet City's IPM Policy described in Section 300 of the IPM Ordinance, and (iii) identifies, by name, title, address, and telephone number, an individual to act as the Tenant's primary IPM contact person with City. Tenant will comply, and will require all of Tenant's contractors to comply, with the IPM plan approved by City and will comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Tenant were a City department. Among other matters, the provisions of the IPM Ordinance: (i) provide for the use of pesticides only as a last resort, (ii) prohibit the use or application of pesticides on City property, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City's Department of the Environment), (iii) impose certain notice requirements, and (iv) require Tenant to keep certain records and to report to City all pesticide use at the Premises by Tenant's staff or contractors.

(b) If Tenant or Tenant's contractor would apply pesticides to outdoor areas at the Premises, Tenant will first obtain a written recommendation from a person holding a valid Agricultural Pest Control Advisor license issued by the California Department of Pesticide Regulation ("CDPR") and the pesticide application will be made only by or under the supervision of a person holding a valid, CDPR-issued Qualified Applicator certificate or Qualified Applicator license. City's current Reduced Risk Pesticide List and additional details about pest management on City property can be found at the San Francisco Department of the Environment website, <http://sfenvironment.org/ipm>.

27.8. Sunshine Ordinance

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

27.9. Conflicts of Interest

Through its execution of this Lease, Tenant acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, 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, and agrees that if Tenant becomes aware of any violation during the Term Tenant will immediately notify City.

27.10. Charter Provisions

This Lease is governed by and subject to the provisions of City's Charter.

27.11. Drug-Free Workplace

Tenant acknowledges that under the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession, or use of a controlled substance under federal Legal Requirements is prohibited on City premises. Any violation of this prohibition by Tenant, its Agents, or assigns will be a material breach of this Lease.

27.12. Prohibition of Tobacco Sales and Advertising

No advertising or sale of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product.

27.13. Prohibition of Alcoholic Beverage Advertising

No advertising of alcoholic beverages is allowed on the Premises. For purposes of this section, "alcoholic beverage" is defined as set forth in California Business and Professions Code Section 23004, and does not include cleaning solutions, medical supplies, and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product.

27.14. Requiring Health Benefits for Covered Employees

(a) Unless exempt, Tenant will comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance ("HCAO"), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as they may be amended from time to time. The provisions of Chapter 12Q are incorporated into this Lease by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Lease have the meanings assigned to those terms in Chapter 12Q.

(b) For each Covered Employee, Tenant will provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Tenant chooses to offer the health plan option, the health plan must meet the minimum standards set forth by the San Francisco Health Commission.

(c) Notwithstanding the above, if the Tenant is a small business as defined in Section 12Q.3(e) of the HCAO, it will have no obligation to comply with subsection (a) above.

(d) Tenant's failure to comply with the HCAO will constitute a material breach of this Lease. City may notify Tenant if a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure the breach or, if the breach cannot reasonably be cured within the thirty (30) days period, and Tenant fails to commence efforts to cure within that period, or fails diligently to pursue the cure to completion, then City will have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to City.

(e) Any Subcontract entered into by Tenant will require the Subcontractor to comply with the requirements of the HCAO and contain contractual obligations substantially the same as those set forth in this Section. Tenant will notify City's Purchasing Department when it enters into a Subcontract and will certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Tenant will be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, City may pursue the remedies set forth in this Section against Tenant based on the Subcontractor's failure

to comply, provided that City has first provided Tenant with notice and an opportunity to cure the violation.

(f) Tenant may not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City regarding Tenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(g) Tenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(h) Tenant will keep itself informed of the current requirements of the HCAO.

(i) Tenant will provide reports to City in accordance with any reporting standards promulgated by City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(j) Tenant will provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five (5) business days to respond.

(k) City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant will cooperate with City when it conducts the audits.

(l) If Tenant is exempt from the HCAO when this Lease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000) Fifty Thousand Dollars (\$50,000) for nonprofits but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with City to reach Seventy-Five Thousand Dollars (\$75,000), then all the agreements will be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Tenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

27.15. Notification of Prohibition on Contributions

By executing this Lease, Tenant 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. Tenant 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. Tenant 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 Tenant; any subtenant listed in the lease; and any committee that is sponsored or controlled by Tenant; and (ii) within thirty (30) days of the submission of a proposal for the Lease, the City department with whom Tenant is leasing is obligated to submit to the Ethics Commission the parties to the lease and any subtenant. Additionally, Tenant 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.

27.16. Resource-Efficient City Buildings

Tenant acknowledges that City has enacted San Francisco Environment Code Sections 700 to 713 relating to green building requirements for the design, construction, and operation of buildings owned or leased by City. City and Tenant will each comply with all applicable provisions of those code sections.

27.17. Food Service and Packaging Waste Reduction Ordinance

Insofar as applicable to Tenant's use of the Premises, Tenant will comply with and is bound by all of the provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated into this Lease by reference and made a part of this Lease as though fully set forth. This provision is a material term of this Lease. By entering into this Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) for the first breach, Two Hundred Dollars (\$200.00) for the second breach in the same year, and Five Hundred Dollars (\$500.00) for subsequent breaches in the same year is a reasonable estimate of the damage that City may incur based on the violation, established in light of the circumstances existing at the time this Lease was made. These amounts will not be considered a penalty, and do not limit City's other rights and remedies available under this Lease, at law, or in equity.

27.18. San Francisco Packaged Water Ordinance

Insofar as applicable to Tenant's use of the Premises, Tenant will comply with San Francisco Environment Code Chapter 24 ("Chapter 24"). Tenant may not sell, provide, or otherwise distribute Packaged Water, as defined in Chapter 24 (including bottled water), in the performance of this Lease or on City property unless Tenant obtains a waiver from City's Department of the Environment. If Tenant violates this requirement, City may exercise all remedies in this Lease and the Director of City's Department of the Environment may impose administrative fines as set forth in Chapter 24.

27.19. Criminal History in Hiring and Employment Decisions

(a) Unless exempt, Tenant will comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions), as amended from time to time ("Chapter 12T"), which are incorporated into this Lease as if fully set forth, with respect to applicants and employees of Tenant who would be or are performing work at the Premises.

(b) Tenant will incorporate by reference the provisions of Chapter 12T in all subleases of some or all of the Premises, and require all subtenants to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

(c) Tenant and subtenants may not inquire about, require disclosure of, or if the information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (i) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved;

(ii) participation in or completion of a diversion or a deferral of judgment program; (iii) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (iv) a Conviction or any other adjudication in the juvenile justice system; (v) a Conviction that is more than seven years old, from the date of sentencing; or (vi) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(d) Tenant and subtenants may not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection (c) above. Tenant and subtenants may not require that disclosure or make any inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(e) Tenant and subtenants will state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Premises, that the Tenant or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(f) Tenant and subtenants will post the notice prepared by the Office of Labor Standards Enforcement ("OLSE"), available on OLSE's website, in a conspicuous place at the Premises and at other workplaces within San Francisco where interviews for job opportunities at the Premises occur. The notice will be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Premises or other workplace at which it is posted.

(g) Tenant and subtenants understand and agree that on any failure to comply with the requirements of Chapter 12T, City will have the right to pursue any rights or remedies available under Chapter 12T or this Lease, including a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant, or other person as to whom a violation occurred or continued, or termination of this Lease in whole or in part.

(h) If Tenant has any questions about the applicability of Chapter 12T, it may contact City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

27.20. Vending Machines; Nutritional Standards

Tenant may not install or permit any vending machine on the Premises without the prior written consent of the Director of Property. Any permitted vending machine will comply with the food and beverage nutritional standards and calorie labeling requirements set forth in San Francisco Administrative Code Section 4.9-1(c), as may be amended from time to time (the "Nutritional Standards Requirements"). Tenant will incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 27.20 will be a material breach of this Lease. Without limiting Landlord's other rights and remedies under this Lease, Landlord will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

27.21. All-Gender Toilet Facilities

If applicable, City will comply with San Francisco Administrative Code Section 4.1-3 requiring at least one all-gender toilet facility on each floor of the Building where extensive renovations are made. An “all-gender toilet facility” means a toilet that is not restricted to use by persons of a specific sex or gender identity by means of signage, design, or the installation of fixtures, and “extensive renovations” means any renovation where the construction cost exceeds 50% of the cost of providing the toilet facilities required by Administrative Code Section 4.1-3. If Tenant has any question about applicability or compliance, Tenant should contact the Director of Property for guidance.

27.22. Employee Signature Authorization Ordinance

City has adopted an Employee Signature Authorization Ordinance (San Francisco Administrative Code Sections 23.50–23.56). That ordinance requires employers of employees in hotel or restaurant projects on public property with fifty (50) or more employees (whether full-time or part-time) to enter into a “card check” agreement with a labor union regarding the preference of employees to be represented by a labor union to act as their exclusive bargaining representative. Tenant will comply with the requirements of the ordinance, if applicable, including any requirements in the ordinance with respect to its subtenants, licensees, and operators.

27.23. Tenant’s Compliance with City Business and Tax and Regulations Code

Tenant 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 Tenant 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 Tenant, without interest, late fees, penalties, or other charges, upon Tenant coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO CITY OFFICER OR EMPLOYEE HAS AUTHORITY TO COMMIT CITY TO THIS LEASE UNLESS AND UNTIL CITY’S BOARD OF SUPERVISORS HAS DULY ADOPTED A RESOLUTION OR ENACTED AN ORDINANCE APPROVING THIS LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY CITY OBLIGATIONS OR LIABILITIES UNDER THIS LEASE ARE CONTINGENT ON ADOPTION OF A RESOLUTION [OR ORDINANCE, AND THIS LEASE WILL BE NULL AND VOID IF CITY’S MAYOR AND THE BOARD OF SUPERVISORS DO NOT APPROVE THIS LEASE, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS LEASE BY ANY CITY DEPARTMENT, COMMISSION, OR AGENCY WILL NOT BE DEEMED TO IMPLY THAT A RESOLUTION OR ORDINANCE WILL BE ENACTED, AND NO APPROVAL WILL CREATE ANY BINDING CITY OBLIGATIONS.

[SIGNATURES ON FOLLOWING PAGE]

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

TENANT:

SHEET METAL WORKERS INTERNATIONAL
ASSOCIATION LOCAL UNION NO. 104,

a [REDACTED]

By: _____

Its: _____

By: _____

Its: _____

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: _____

Keith Nagayama
Deputy City Attorney

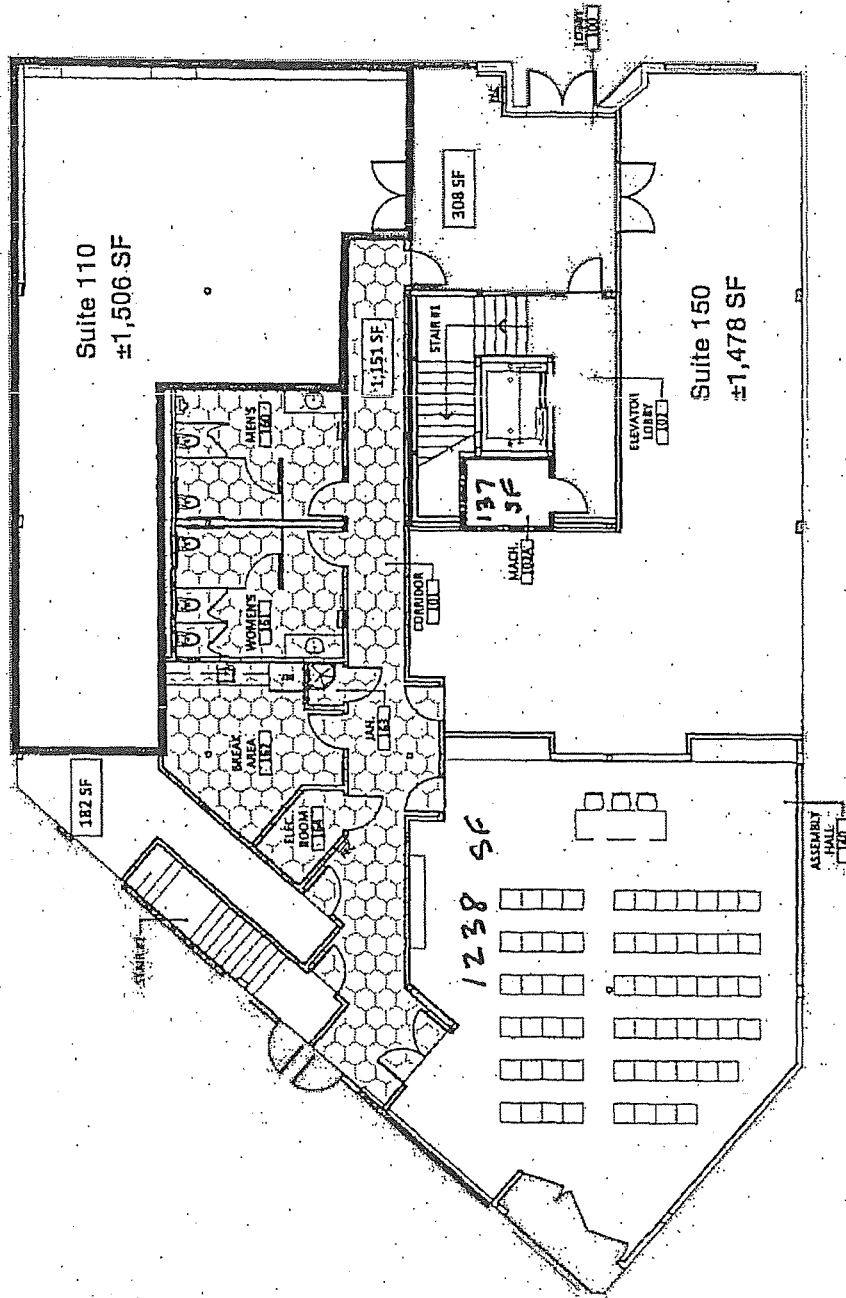
EXHIBIT A

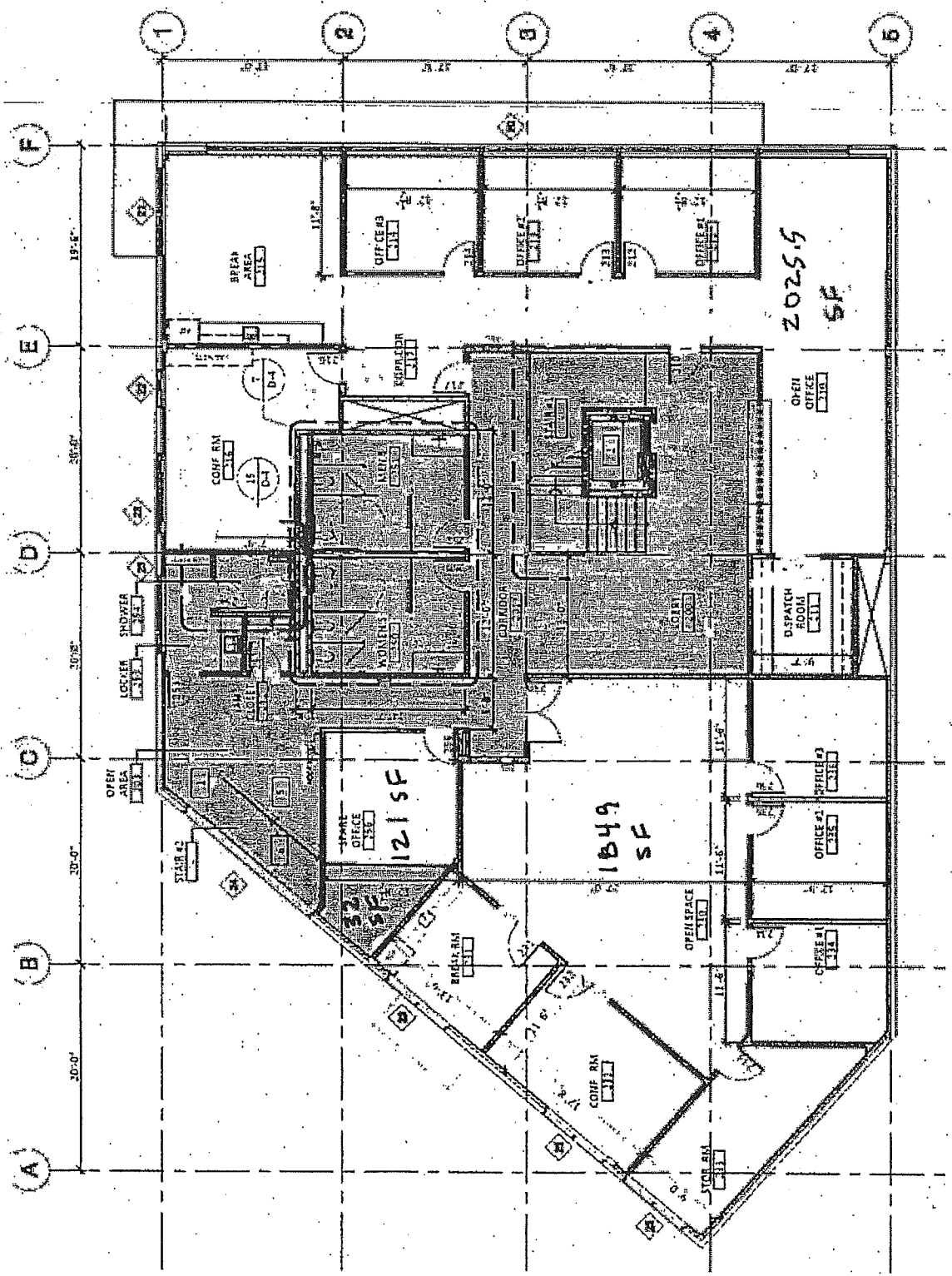
FLOOR PLAN

CONSISTING OF TWO PAGES

[See attached]

Plan Depicting The Premises





1939 Market
2nd floor

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
_____ (Tenant), and the City and County of
San Francisco (Landlord), for the Premises located at _____

Dear Mr. Penick:

This letter will confirm 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

INTENTIONALLY OMITTED

EXHIBIT D

STANDARD UTILITIES AND SERVICES

The standards set forth below describe the basic utilities and services presently in effect for the Building. City reserves the right to adopt any nondiscriminatory modifications and additions to the standards that do not materially impair Tenant's rights under this Lease or Tenant's use of the Premises. City will give Tenant reasonable advance notice, in accordance with the provisions of this Lease, of any material modifications and additions, which will be subject to the reasonable approval of Tenant.

Subject to the terms and conditions of this Lease, City will provide the following basic utilities and services:

A. **Elevator.** Unattended automatic passenger elevator facilities serving the floor(s) on which the Premises are located, on a 24-hour a day, 7-day a week basis. Freight elevator service is available on reasonable advance written request, subject to rules and regulations established by City including hours and days of usage.

B. **Ventilation; Heating and Air-Conditioning.** Ventilation to the Premises, and air-conditioning and heating to the Premises in season, 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 Legal Requirements. Tenant will not alter, adjust, tamper with, or in any manner affect the installations or facilities supplying climate control to the Building or the Premises.

C. **Electricity.** Electric current to the Premises on a 24-hours a day, 7-days a week basis, in a quantity as reasonably determined by City to service standard office lighting and normal fractional horsepower office machines. If Tenant's electrical installation or consumption exceeds the quantity described above, Tenant will reimburse City monthly for the additional consumption. Tenant will not connect any apparatus or device with wires, conduits, or pipes, or other means by which the services are supplied, for the purpose of using additional or extraordinary amounts of the services without City's prior written consent. At all times, Tenant's use of electric current may not exceed the capacity of feeders to the Building or the risers or wiring installation, except as provided in working drawings to City.

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, on a 24-hours a day, 7-days a week basis.

E. **Janitorial Service.** Tenant shall provide its own custodial services within the Premises at Tenant's sole cost. Landlord will provide custodial services to the Common Areas of the Building.

EXHIBIT E

RULES AND REGULATIONS

1. Tenant may not obstruct the sidewalks, halls, passages, exits, entrances, elevators, and stairways of the Building or use them for any purpose other than for ingress to and egress from the Premises. City retains the right to control and prevent access to the halls, passages, exits, entrances, elevators, escalators, and stairways that are not for the use of the general public, and City retains the right to control and prevent access of all persons whose presence in City's judgment would be prejudicial to the safety, character, reputation, and interests of the Building and its tenants, but that nothing in these Rules and Regulations may be construed to prevent access to persons with whom Tenant normally deals in the ordinary course of its business, unless those persons are engaged in illegal activities. Tenant may not go on the roof of the Building, except in areas that City may designate as "Common Areas" from time to time.
2. No sign, placard, picture, name, advertisement, or notice visible from the exterior of the Premises may be installed or displayed by Tenant on any part of the outside or inside of the Building without City's prior written consent. At Tenant's expense and without notice, City may remove any sign installed or displayed in violation of this rule. All approved signs or lettering on doors will be printed, painted, affixed, or inscribed at Tenant's expense by a person approved by City, which approval will not be unreasonably withheld. Material visible from outside the Building will not be permitted.
3. The Premises may not be used for the storage of merchandise held for sale to the general public or for lodging. Tenant may not cook or permit cooking on the Premises, except that Tenant's use of Underwriters' Laboratory-approved microwave oven and portable equipment for brewing coffee, tea, hot chocolate, and similar beverages is permitted if done in accordance with all applicable Legal Requirements.
4. Except with City's written consent, no person or persons other than those approved by City will be permitted to enter the Building to clean, such approval not to be unreasonably withheld or delayed. Tenant will not cause any unnecessary labor because of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Janitor service will not be furnished on nights when rooms are occupied after 9:00 p.m. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.
5. The elevators to be used for the loading of freight will be available to Tenant in accordance with reasonable scheduling as City may deem appropriate. Tenant will schedule with City, by written notice given no less than forty-eight (48) hours in advance, its move into or out of the Building. Moving may occur only on weekend days unless otherwise permitted by City. Tenant will reimburse City on demand for any additional security or other charges incurred by City as a consequence of Tenant's moving. The persons employed by Tenant to move equipment or other items in or out of the Building must be acceptable to City. The floors, corners, and walls of elevators and corridors used for the moving of equipment or other items in or out of the Building will be adequately covered, padded, and protected, and City may provide padding and protection, at Tenant's expense, if City determines that Tenant's measures or Tenant's movers are inadequate. City may prescribe the weight, size, and position of all equipment, materials, supplies, furniture,

or other property brought into the Building. If considered necessary by City, heavy objects will stand on wood strips of thickness necessary to properly distribute the weight of the objects. City will not be responsible for loss of or damage to any of Tenant's property from any cause, and all damage done to the Building by moving or maintaining Tenant's property will be repaired at the expense of Tenant.

6. Tenant may not use or keep in the Premises or the Building any kerosene, gasoline, or flammable, combustible, or noxious fluid or materials or use any method of heating or air conditioning other than those limited quantities necessary for the operation and maintenance of normal office equipment. Tenant will not use, keep, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to City or other occupants of the Building because of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business in the Building.
7. Tenant may not cut or bore holes for wires in the partitions, woodwork, or plaster of the Premises. Tenant may not affix any floor covering to the floor of the Premises in any manner except as approved by City.
8. No curtains, draperies, blinds, shutters, shades, screens, or other coverings, hangings or decorations may be attached to, hung or placed in, or used in connection with any window of the Building without City's prior written consent. In any event, with City's prior written consent, the items will be installed on the office side of City's standard window covering and will in no way be visible from the exterior of the Building.
9. Tenant will ensure that the doors of the Premises are closed and locked and that all water faucets, water apparatus, and utilities are shut off before Tenant leave the Premises each day, to prevent waste or damage. For any Tenant default or carelessness, Tenant will pay for, repair, or otherwise compensate for all injuries and damages sustained by other tenants or occupants of the Building or City. On multiple-tenancy floors, all tenants will keep the doors to the Building corridors closed at all times except for ingress and egress, and all tenants will at all times comply with any rules or orders of the fire department with respect to ingress and egress.
10. The toilet rooms, toilets, urinals, wash bowls, and other apparatus may not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever may be deposited in them. The expense of any breakage, stoppage, or damage resulting in any violation of this rule will be borne by Tenant.
11. Except with City's prior consent, Tenant may not sell, or permit the sale from the Premises of, or use or permit the use of any sidewalk or mall area adjacent to the Premises for the sale of, newspapers, magazines, periodicals, theater tickets, or any other goods, merchandise, or service. Tenant may not carry on, or permit, or allow any employee or other person to carry on, business in or from the Premises for the service or accommodation of occupants or any other portion of the Building, and the Premises may not be used for manufacturing of any kind, or for any business or activity other than that specifically provided for in Tenant's lease.

12. Tenant may not install any radio or television antenna, loudspeaker, or other device on or about the roof area or exterior walls of the Building. Tenant will not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.
13. Tenant will not use in any space, or in the Common Areas of the Building, any hand-trucks except those equipped with rubber tires and side guards or other material-handling equipment as City may approve. No other vehicles of any kind may be brought by Tenant into the Building or kept in or about the Premises.
14. Tenant will store all its trash and garbage within the Premises until it is removed to the location in the Building as designated from time to time by City. No material may be placed in the Building trash boxes or receptacles if the material is of a 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 Legal Requirements governing its disposal.
15. All loading and unloading of merchandise, supplies, materials, garbage, and refuse will be made only through the entryways and freight elevators and at the times as City may designate. In its use of the loading areas of the Building, Tenant may not obstruct or permit the obstruction of the loading areas, and at no time may Tenant park vehicles in the loading areas except for immediate loading and unloading purposes.
16. Canvassing, soliciting, peddling, or distribution of handbills or any other written material in the Building is prohibited and Tenant will cooperate to prevent the forgoing.
17. Upon City's request (which request need not be in writing), Tenant will immediately reduce its lighting in the Premises for temporary periods designated by City, when required in City's judgment to prevent overloads of the mechanical or electrical systems of the Building.
18. City reserves the right to select the name of the Building and change of name as it deems appropriate from time to time, and Tenant will not refer to the Building by any name other than (a) the name as selected by City (as the same may be changed from time to time), or (b) the postal address approved by the United States Post Office. Tenant will not use the name of the Building in any respect other than as an address of its operation in the Building without City's prior written consent.
19. Tenant assumes all responsibility for protecting its Premises from theft, robbery, and pilferage, which includes keeping doors locked and other means of entry closed.
20. No vending machine may be maintained or operated within the Premises or the Building without City's prior written consent.
21. All incoming mail and package deliveries will be received at the area in the Building designated by City for that purposes and distributed through means established by City. No messenger or other delivery personnel will be permitted to enter any area of the Building other than the area designated by City for the pick-up and receipt of deliveries.

22. City reserves the right to exclude or expel from the Building any person who is, in City's judgment, intoxicated or under the influence of alcohol or other drug or who is in violation of any of the Rules or Regulations of the Building.
23. No animal or bird is permitted in the Premises or the Building, except for service animals when in the company of their masters.
24. The requirements of Tenant will be attended to only on request received by telephone or writing or in person at the management office of the Building. City employees will not perform any work or do anything outside of their regular duties unless under special instructions from City.
25. City may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no waiver by City may be construed as a waiver of these Rules and Regulations in favor of any other tenant or tenants, or prevent City from later enforcing any Rules and Regulations against any or all of the tenants of the Building.
26. Wherever the word "Tenant" occurs in these Rules and Regulations, it means Tenant's associates, agents, clerks, employees, and visitors. Wherever the word "City" occurs in these Rules and Regulations, it means City's assigns, agents, officers, employees, and visitors.
27. These Rules and Regulations are in addition to, and will not be construed in any way to modify, alter, or amend, in whole or part, the terms, covenants, agreements, and conditions of any lease of premises in the Building.
28. City reserves the right to make other and 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.
29. Tenant will be responsible for the observance of all the Rules and Regulations by Tenant's employees, agents, clients, customers, invitees, and guests.

EXHIBIT F

ASSIGNMENT OF LEASES AND ASSUMED CONTRACTS

THIS ASSIGNMENT is made and entered into as of this ___ day of _____, 2020, by and between SHEET METAL WORKERS' INTERNATIONAL ASSOCIATION, LOCAL UNION NO. 104 ("Assignor"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Assignee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date (as defined below), Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under certain leases executed with respect to that certain real property commonly known as 1939 Market Street (the "Property") as more fully described in Schedule 1 (collectively, the "Leases") and Schedule 2 (the "Assumed Contracts") attached hereto.

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor represents and warrants that as of the date of this Assignment and the Effective Date the attached Schedule 1 includes all of the Leases and occupancy agreements and Assumed Contracts affecting any of the Property. As of the date hereof and the Effective Date, there are no assignments of or agreements by Assignor to assign the Leases or Assumed Contracts to any other party.

2. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), arising out of any uncured unresolved breach by the Assignor of its obligations under the Leases where the breach has been described in a written, formal notice of default to the Assignor from the Tenant and where the Assignor has not disclosed the breach in question to the Assignee prior to the date of this Assignment.

3. Except as otherwise set forth in the Purchase Agreement (as defined below), effective as of the Effective Date (as defined below), Assignee hereby assumes all of the landlord's obligations under the Leases and Assumed Contracts and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating on or subsequent to the Effective Date (as defined below) and arising out of the landlord's obligations under the Leases.

4. Any rental and other payments under the Leases shall be prorated between the parties as provided in the Purchase Agreement between Assignor, as Seller, and Assignee, as City, dated as of January __, 2020 (the "Purchase Agreement").

5. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, attorneys' fees.

6. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.

7. This Assignment shall be governed by and construed in accordance with the laws of the State of California.

8. For purposes of this Assignment, the "Effective Date" shall be the date of the Closing (as defined in the Purchase Agreement). This Assignment is subject to the provisions of the Purchase Agreement.

9. This Assignment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGES]

Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR:

SHEET METAL WORKERS'
INTERNATIONAL ASSOCIATION, LOCAL
UNION NO. 104

By: _____
[NAME]

Its: _____

By: _____
[NAME]

Its: _____

ASSIGNEE:

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: _____
Keith Nagayama
Deputy City Attorney

SCHEDULE 1

ASSIGNED LEASES

Note: Lease with Local 104 to be replaced with the Leaseback attached to the Agreement as an Exhibit. City has agreed to extend the Lease with District Council 16 for a period of 24 months following the Closing on a gross basis at the rent of \$_____ per month.

1. Lease to Sheet Metal Workers Local 104 (see above). Lease termination agreement to be executed prior to and effective as of Closing when lease will be replaced with the Leaseback.
2. Lease to District Council 16 (see above). Lease to be extended prior to Closing on the terms described above.
3. Lease to Dark, Inc.
4. Lease to The Key PR, LLC

SCHEDULE 2

ASSUMED CONTRACTS

Note: City to specify, in writing, before the BOS Approval Date, which of the following will be assumed by the City. Those contracts that are selected by the City in such notice and those contracts which may not be terminated on the Closing Date by giving notice on the Closing Date will be Assumed Contracts

1939 MARKET SERVICE CONTRACTS

1. Backflow testing agreement between AA Precision Backflow and Sheet Metal Workers Local 104
2. Electrical charging stations agreement between Chargepoint and Sheet Metal Workers Local 104
3. Property Management agreement between Transwestern and Sheet Metal Workers Local 104
4. Mobile Union Engineer agreement between GSH and Sheet Metal Workers Local 104
5. HVAC Periodic Maintenance Agreement dated July 3, 2018 between CP Mechanical and Sheet Metal Workers Local 104
6. Janitorial Service Agreement between ABM Services, Inc. and Sheet Metal Workers Local 104
7. Commercial Alarm Installation and Services Agreement dated December 13, 2013 between Bay Alarm and Sheet Metal Workers Local 104

8. HVAC services agreement between CP Mechanical and Sheet Metal Workers Local 104
9. Proposal and Contract dated September 8, 2014 between Enterprise Roofing Service, Inc. and Sheet Metal Workers Local 104
10. Fire Protection and Life Safety Equipment Performance Testing agreement dated October 10, 2019 by Pyro-Comm Systems, Inc.
11. Proposal and Contract dated December 20, 2019 between Walschon Fire Protection, Inc. and Sheet Metal Workers Local 104
12. Service Agreement dated July 26, 2019 between Walschon Fire Protection, Inc. and Sheet Metal Workers Local 104
13. Infrared Inspection agreement between Bass Electric and Sheet Metal Workers 104
14. Elevator maintenance between Otis Elevator Co. and Sheet Metal Workers Local 104
15. Agreement for electrician services between CBF Electric and Sheet Metal Workers Local 104
16. Agreement for relating to AB802 energy benchmarking between Vert Energy Group and Sheet Metal Workers Local 104

EXHIBIT G

TENANT'S ESTOPPEL CERTIFICATE

DATE: _____

TENANT: _____

PREMISES: _____

LEASE DATE: _____

COMMENCEMENT DATE: _____

EXPIRATION DATE: _____

TERM IN MONTHS: _____

DATE RENT AND OPERATING EXPENSE
PARKING: _____

PAYMENTS ARE DUE: _____

OPTIONS: Check if you have any of these
options or rights, and provide details in
Sections 5 or 9 below.

_____ Extension Option

_____ Termination Option

_____ Expansion Option

_____ Purchase Option

CURRENT MONTHLY PAYMENTS: _____

BASE RENTAL: _____

TAXES: _____

OP. EXP. CAP: _____

_____ Check here if you have rental escalations and provide details in Section 6 below:

SECURITY DEPOSIT: _____

THE UNDERSIGNED, AS TENANT OF THE ABOVE REFERENCED PREMISES
("PREMISES") UNDER THE LEASE DATED AS OF THE ABOVE-REFERENCED LEASE
DATE, BETWEEN _____
("LANDLORD") AND TENANT, HEREBY CERTIFIES, REPRESENTS AND WARRANTS

TO THE CITY AND COUNTY OF SAN FRANCISCO ("CITY"), AND ITS ASSIGNEES, AS FOLLOWS:

1. Accuracy. All of the information specified above and elsewhere in this Certificate is accurate as of the date hereof.
2. Lease. The copy of the Lease attached hereto as Exhibit A is a true and correct copy of the Lease. The Lease is valid and in full force and effect. The Lease contains all of the understandings and agreements between Landlord and Tenant and has not been amended, supplemented or changed by letter agreement or otherwise, except as follows (if none, indicate so by writing "NONE" below):
3. Premises. The Premises consist of _____, and Tenant does not have any options to expand the Premises except as follows (if none, indicate so by writing "NONE" below):
4. Acceptance of Premises. Tenant has accepted possession of the Premises and is currently occupying the Premises. There are no unreimbursed expenses due Tenant including, but not limited to, capital expense reimbursements.
5. Lease Term. The term of the Lease commenced and will expire on the dates specified above, subject to the following options to renew or rights to terminate the Lease (if none, indicate so by writing "NONE" below):
6. Rental Escalations. The current monthly base rental specified above is subject to the following escalation adjustments (if none, indicate so by writing "NONE" below):
7. No Defaults/Claims. Neither Tenant nor Landlord under the Lease is in default under any terms of the Lease nor has any event occurred which with the passage of time (after notice, if any, required under the Lease) would become an event of default under the Lease. Tenant has no claims, counterclaims, defenses or setoffs against Landlord arising from the Lease, nor is Tenant entitled to any concession, rebate, allowance or free rent for any period after this certification. Tenant has no complaints or disputes with Landlord regarding the overall operation and maintenance of the property within which the Premises are located (the "Property"), or otherwise.
8. No Advance Payments. No rent has been paid in advance by Tenant except for the current month's rent.
9. No Purchase Rights. Tenant has no option to purchase, or right of first refusal to purchase, the Premises, the Property or any interest therein (if none, indicate so by writing "NONE" below):
10. Notification by Tenant. From the date of this Certificate and continuing until, Tenant agrees to notify City immediately of the occurrence of any event or the discovery of any fact that would make any representation contained in this Certificate inaccurate as of the date hereof or as of any future date.
11. No Sublease/Assignment. Tenant has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises.
12. No Notice. Tenant has not received notice of any assignment, hypothecation, mortgage, or pledge of Landlord's interest in the Lease or the rents or other payments payable thereunder, except those listed below (if none, indicate so by writing "NONE" below):

13. Hazardous Materials. Tenant has not used, treated, stored, disposed of or released any Hazardous Materials on or about the Premises or the Property. Tenant does not have any permits, registrations or identification numbers issued by the United States Environmental Protection Agency or by any state, county, municipal or administrative agencies with respect to its operation on the Premises, except for any stated below, and except as stated below no such governmental permits, registrations or identification numbers are required with respect to Tenant's operations on the Premises. For the purposes hereof, the term "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids, and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

14. Reliance. Tenant recognizes and acknowledges it is making these representations to City with the intent that City, and any of its assigns, will fully rely on Tenant's representations.

15. Binding. The provisions hereof shall be binding upon and inure to the benefit of the successors, assigns, personal representatives and heirs of Tenant and City.

16. Due Execution and Authorization. The undersigned, and the person(s) executing this Certificate on behalf of the undersigned, represent and warrant that they are duly authorized to execute this Certificate on behalf of Tenant and to bind Tenant hereto.

EXECUTED BY TENANT ON THE DATE FIRST WRITTEN ABOVE.

By:

[NAME]

[TITLE]

By:

[NAME]

[TITLE]

EXHIBIT H

**CERTIFICATE OF TRANSFEROR
OTHER THAN AN INDIVIDUAL
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445 of the Code), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by by [INSERT IF SELLER IS NOT A SINGLE-MEMBER DISREGARDED LLC: the undersigned ("Transferor")] [INSERT IF SELLER IS A SINGLE-MEMBER DISREGARDED LLC: [INSERT NAME OF SELLER ENTITY], a _____, whose sole owner is Transferor,] the undersigned hereby certifies the following on behalf of Transferor: _____

_____, a
("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. Transferor's U.S. employer identification number is _____; and

3. Transferor's office address is _____

4. Transferor is not a disregarded entity as defined in §1.1445-2(b)(2)(iii).

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to my current, actual knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated: _____, 20__.

On behalf of:

[NAME]

a _____

By: _____

[NAME]

Its: _____

EXHIBIT I

FORM OF NOTICE TO TENANTS

_____, 20__

VIA U.S. MAIL

[TENANT]

Re: [PROPERTY DESCRIPTION]

Dear _____:

This letter is to inform you that the above-referenced property has been sold by the undersigned to _____, a _____ (the "Buyer") and the undersigned has assigned its interest in your lease. In connection therewith, Buyer is "Landlord" under that certain _____ dated _____, by and between the undersigned, as landlord, and _____, as lessee (the "Lease"). In order to receive credit for payments under the Lease, from and after the date hereof, all payments shall be made in accordance with the directions set forth in this letter.

All future notices and other communication should be delivered to Buyer, c/o the building manager, at the following address:

Commencing with the rent and other charges due on or after the date hereof, all payments due under the Lease should be paid and delivered as follows:

Your security deposit, if any, has been transferred to Buyer

Please indicate your receipt and acceptance of the terms of this Notice by executing and returning the enclosed counterpart of this Notice to Buyer. Thank you for your cooperation.

SHEET METAL WORKERS' INTERNATIONAL
ASSOCIATION, LOCAL UNION NO. 104

By: _____
Name: _____
Title: _____

ACCEPTED AND AGREED TO:

a _____

By: _____
Name: _____
Title: _____

EXHIBIT J

Schedule 1 to Agreement for Purchase and Sale of Real Estate

DISCLOSURE ITEMS

Natural hazards described in the following California code sections (the “**Natural Hazard Laws**”) may affect the Property: (A) Govt. Code Section 8589.3 (Special Flood Hazard Area); (B) Govt. Code Section 8589.4 (Inundation Area); (C) Govt. Code Section 51183.5 (Fire Hazard Severity Zone); (D) Public Resource Code Section 2621.9 (Earthquake Fault Zone); (E) Public Resource Code Section 2694 (Seismic Hazard Zone); and (F) Public Resource Code Section 4136 (Wildland Area). The Title Company shall procure and deliver to Buyer a Natural Hazards Disclosure Statement with respect to the foregoing matters (the “**Natural Hazards Disclosure Statement**”). Buyer acknowledges and agrees that Buyer will independently evaluate and investigate whether any or all of such Natural Hazards affect the Property, and Seller shall have no liabilities or obligations with respect thereto. Prior to the BOS Approval Date, Buyer shall execute and deliver to Seller the Natural Hazards Disclosure Statement. BUYER ACKNOWLEDGES AND REPRESENTS THAT BUYER HAS EXTENSIVE EXPERIENCE ACQUIRING AND CONDUCTING DUE DILIGENCE REGARDING COMMERCIAL PROPERTIES. THIS PROVISION IS AN ESSENTIAL ASPECT OF THE BARGAIN BETWEEN THE PARTIES.

All matters disclosed or referred to in those certain environmental reports delivered or made available to Buyer, during the Contingency Period (the “**Environmental Reports**”). Pursuant to California Health & Safety Code Section 25359.7, which requires sellers of commercial real estate to disclose the known existence of hazardous substances that have come to be located on or beneath any real property being sold or transferred, Seller hereby discloses that the Property may contain Hazardous Materials, as such term is defined in the Purchase and Sale Agreement to which this Schedule 1 is attached. Buyer acknowledges and agrees that, in providing or making available such Environmental Reports, Seller has satisfied its obligations of disclosure, to the extent required by California Health & Safety Code Section 25359.7, and that no representation is being made or given by Seller regarding the presence or absence of any environmental matters or conditions on or affecting the Property. Without limitation, the Environmental Reports include the following:

1939 Market St. SF Phase II Summary - prepared by SCS Engineers 12.18.2019

1939 Market Street SF Phase I – prepared by SCS Engineers 9.12.2019

City acknowledges that, prior to entering into the Agreement and pursuant to Health and Safety Code section 25914 et seq., Seller has notified City that the Improvements located on the Property contain asbestos containing construction materials. Prior to entering into this Agreement, Seller has disclosed to Buyer that some of the asbestos containing construction materials and some of the serpentine located beneath the surface of the Property has been removed or remediated.

EXHIBIT K

FORM OF DECLARATION OF RESTRICTIONS

[Attached]

Free Recording Requested Pursuant to
Government Code Section 27383

Recording requested by and
when recorded mail to:

APN#:

Address:

-----Space Above This Line for Recorder's Use-----

DECLARATION OF RESTRICTIVE COVENANT

1939 Market Street

THIS DECLARATION OF RESTRICTIVE COVENANT (this "**Declaration**") is made as of _____, 2020, by the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, acting through its Real Estate Division (the "**City**") in favor of the Sheet Metal Workers' International Association, Local Union No. 104 and its successors or assigns ("**Beneficiary**").

RECITALS

Pursuant to that certain Agreement for Purchase and Sale for Real Estate dated January _____, 2020 (the "Agreement"), the City acquired from Beneficiary the real property described in **Exhibit A** attached hereto and incorporated herein by reference (the "**Property**"). Pursuant to the Agreement, City agreed to comply with certain labor restrictions related to improvement work on the Property. The Agreement is incorporated by reference in this Declaration as though fully set forth in this Declaration. Definitions and rules of interpretation set forth in the Agreement apply to this Declaration.

AGREEMENT

Now, therefore, in consideration of Beneficiary selling the Property to City in accordance with the Agreement, City agrees as follows:

1. City, and any successive owner or lessee of all or any part of the Property (each an "Owner"), will either: (i) cause all improvement, construction, repair and replacement work on the Property to be performed by signatories to a collective bargaining agreement, or (ii) require that all improvement, construction, repair and replacement work on the Property be completed in accordance with prevailing wage requirements of the City and the State of California (collectively, the "**Labor Obligations**").

2. No Owner shall amend, terminate, subordinate, rescind, or otherwise change this Declaration or the Labor Obligations without the prior written consent of the Beneficiary, which may be withheld or denied in its sole discretion.

3. The City and each successive Owner of all or part of the Property shall cause each transferee of all or any part of the Property to assume and agree to be bound by the provisions of this Declaration for the benefit of Beneficiary. Each lease or deed to any part or all of the Property shall be subject to this Declaration and each Owner shall be bound by the provisions of this Declaration.

4. If any term, covenant, condition or provision of this Declaration, or the application thereof to any person, entity or circumstance, shall ever be held to be invalid or unenforceable, then in each such event the remainder of the Declaration or the application of such term, covenant, condition or provision to any other person or any other circumstance (other than those as to which it shall be invalid or unenforceable) shall not be thereby affected, and each term, covenant, condition and provision hereof shall remain valid and enforceable to the fullest extent permitted by law.

5. Failure on the part of Beneficiary to complain of any act or failure to act to enforce this Declaration shall not constitute a waiver by Beneficiary of the right to strictly enforce the provisions of this Declaration thereafter. Beneficiary, in its sole discretion, may elect to waive or terminate any or all of the requirements of this Declaration; provided, however, that, no such waiver or termination shall be effective unless the same is set forth in a writing executed by Beneficiary.

6. This Declaration and the Labor Obligations constitute covenants and equitable servitudes running with the land and bind and benefit the City and each Owner and each of their successors and assigns for the benefit of the Beneficiary and any real property owned or leased by Beneficiary, now or in the future, in the City and County of San Francisco. If the City or any successor Owner of all or part of the Property fails to comply with the Labor Obligations within thirty (30) days of City's receipt of notice from the Beneficiary to so comply, such failure shall be a default hereunder and, as a result of such default, the Beneficiary, at its option, may exercise any rights available at equity or in law, including, without limitation, instituting an action for an injunction or specific performance and in any action or proceeding to enforce the provisions of this Declaration the prevailing party shall be entitled to collect, from the other party, attorneys' fees and costs. The City agrees that damages would not be an adequate remedy for breach or default by the City or any Owner of its covenants and obligations hereunder.

City has executed this Declaration as of the date first written above.

"CITY"

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

Date: _____

[SIGNATURE MUST BE NOTARIZED.]

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Keith Nagayama
Deputy City Attorney

EXHIBIT A

(Legal Description of the Property)

THE FOLLOWING LAND SITUATED IN THE CITY AND COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL ONE:

BEGINNING AT A POINT ON THE NORTHERLY LINE OF DUBOCE AVENUE, DISTANT THEREON 113 FEET WESTERLY FROM THE WESTERLY LINE OF GUERRERO STREET; THENCE WESTERLY ALONG SAID NORTHERLY LINE OF DUBOCE AVENUE 75 FEET; THENCE AT A RIGHT ANGLE NORTHERLY 19 FEET AND 7-3/4 INCHES; THENCE NORTHWESTERLY 58 FEET AND 9-1/2 INCHES TO A POINT ON THE SOUTHEASTERLY LINE OF MARKET STREET, DISTANT THEREON 99 FEET AND 1 INCH NORTHEASTERLY FROM THE POINT OF INTERSECTION OF SAID SOUTHEASTERLY LINE OF MARKET STREET AND THE NORTHERLY LINE OF DUBOCE AVENUE; THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF MARKET STREET 75 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY 86 FEET AND 5-1/4 INCHES; THENCE SOUTHERLY 47 FEET AND 3-1/2 INCHES TO THE POINT OF BEGINNING.

BEING A PORTION OF MISSION BLOCK NO. 24.

APN: LOT 006, BLOCK 3501.

PARCEL TWO:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHEASTERLY LINE OF MARKET STREET WITH THE NORTHERLY LINE OF DUBOCE AVENUE; THENCE EASTERLY ALONG SAID NORTHERLY LINE OF DUBOCE AVENUE; THENCE EASTERLY ALONG SAID NORTHERLY LINE OF DUBOCE AVENUE 113 FEET AND 6-1/4 INCHES; THENCE AT A RIGHT ANGLE NORTHERLY 19 FEET AND 7-3/4 INCHES; THENCE NORTHWESTERLY 58 FEET AND 10 INCHES TO A POINT ON THE SOUTHEASTERLY LINE OF MARKET STREET, DISTANT THEREON 99 FEET AND 1 INCH NORTHEASTERLY FROM THE NORTHERLY LINE OF DUBOCE AVENUE; AND THENCE SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF MARKET STREET 99 FEET AND 1 INCH TO THE POINT OF BEGINNING.

BEING A PORTION OF MISSION BLOCK NO. 24.

APN: LOT 007, BLOCK 3501

Street Address: 1939 Market Street, San Francisco, California.



SAN FRANCISCO PLANNING DEPARTMENT

General Plan Referral

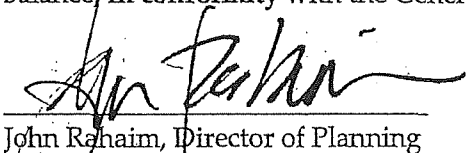
Date: January 13, 2020
Case No. Case No. 2019-023188GPR
Acquisition of 1939 Market Street

Block/Lot No.: 3501-006 & 3501-007
Project Sponsor: Joyce Slen
 Mayor's Office of Housing & Community Development
 (MOHCD)
 1 South Van Ness, 5th Floor
 San Francisco, CA 94103

Applicant: Josh Keene
 City and County of San Francisco – Real Estate Division
 25 Van Ness Avenue, Suite 400
 San Francisco, CA 94102

Staff Contact: Reanna Tong, (415) 575-9193
 Reanna.tong@sfgov.org

Recommendation: Finding the proposed acquisition of 1939 Market Street, on balance **in conformity** with the General Plan.

Recommended
By: 
 John Rahaim, 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 Project is the City's proposed purchase of a parcel located at 1939 Market Street for permanent affordable housing. The parcel is currently owned by the Sheet Metal Workers' International Association Local Union 104 and leased as an administrative office and training facility. The City and County of San Francisco has signed a Letter of Intent with the current parcel owner to purchase the site. Upon the City's acquisition of the parcel, the Sheet Metal Workers' Union will lease the space from the City for 24 months. It is anticipated that the City will secure approval by the Board of Supervisors for site acquisition in late-February 2020 and close on the acquisition in late-March 2020. The Mayor's Office of Housing and Community Development intends to construct affordable housing on the site. The City will select a developer for the site through a Requests for Qualifications process when funding for development becomes available. The submittal is for a General Plan Referral to recommend whether the Project is in conformity

ACQUISITION OF 1939 MARKET STREET

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

Real estate transaction only. 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 the City's proposed acquisition of property containing an existing structure with office and commercial space. The proposed acquisition of 1939 Market Street 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:

Note: General Plan Objectives are shown in **BOLD UPPER CASE** font; Policies are in **Bold** font; staff comments are in *italic* font.

HOUSING ELEMENT

OBJECTIVE 1, IDENTIFY AND MAKE AVAILABLE FOR DEVELOPMENT ADEQUATE SITES TO MEET THE CITY'S HOUSING NEEDS, ESPECIALLY PERMANENTLY AFFORDABLE HOUSING.

POLICY 1.2

Focus housing growth and infrastructure necessary to support growth according to community plans. Complete planning underway in key opportunity areas. Such as Treasure Island, Candlestick Park and Hunter's Point Shipyard.

Comment: The property that is proposed for acquisition and permanent affordable housing sits in the Market Octavia Area Plan boundaries, which encourages infill housing in an area with easy access to transit and services.

POLICY 1.3

Work proactively to identify and secure opportunity sites for permanently affordable housing.

Comment: The acquisition of 1939 Market Street would secure this site for permanently affordable housing.

POLICY 1.10

Support new housing projects, especially affordable housing, where households can easily rely on public transportation, walking and bicycling for the majority of daily trips.

ACQUISITION OF 1939 MARKET STREET

Comment: The permanently affordable housing project to be constructed on this property would be easily accessible to major MUNI and bicycle routes, and would enable households to rely on walking, public transportation and bicycling for most trips.

OBJECTIVE 4, FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

POLICY 4.4

Encourage sufficient and suitable rental housing opportunities, emphasizing permanently affordable rental units wherever possible.

Comment: The acquisition of 1939 Market Street would secure this site for permanently affordable housing, addressing an unmet housing need in San Francisco.

POLICY 4.5

Ensure that new permanently affordable housing is located in all of the city's neighborhoods, and encourage integrated neighborhoods; with a diversity of unit types provided at a range of income levels.

Comment: The acquisition of 1939 Market Street would secure this site for permanently affordable housing in an existing, diverse, mixed-use neighborhood close to amenities like parks, schools and high-frequency transit.

OBJECTIVE 7, SECURE FUNDING AND RESOURCES FOR PERMANENTLY AFFORDABLE HOUSING, INCLUDING INNOVATIVE PROGRAMS THAT ARE NOT SOLELY RELIANT ON TRADITIONAL MECHANISMS OR CAPITAL.

POLICY 7.5

Encourage the production of affordable housing through process and zoning accommodations, and prioritize affordable housing in the review and approval processes.

Comment: Once the site is acquired, the affordable housing project constructed on the site will be eligible to take advantage of legislation and zoning that encourages the production of more and affordable housing, including HOME-SF and removal of housing density limits in a Neighborhood Commercial Transit zoning district.

OBJECTIVE 8, BUILD PUBLIC AND PRIVATE SECTOR CAPACITY TO SUPPORT, FACILITATE, PROVIDE AND MAINTAIN AFFORDABLE HOUSING.

POLICY 8.1

Support the production and management of permanently affordable housing.

ACQUISITION OF 1939 MARKET STREET

Comment: The acquisition of 1939 Market Street would secure this site for permanently affordable housing.

OBJECTIVE 13, PRIORITIZE SUSTAINABLE DEVELOPMENT IN PLANNING FOR AND CONSTRUCTING NEW HOUSING.**POLICY 13.1**

Support "smart" regional growth that locates new housing close to jobs and transit.

Comment: The acquisition of 1939 Market Street would secure this site for permanently affordable housing in a neighborhood close to high-frequency transit and within proximity and access to jobs.

POLICY 13.3

Promote sustainable land use patterns that integrate housing with transportation in order to increase transit, pedestrian, and bicycle mode share.

Comment: The acquisition of 1939 Market Street would secure this site for permanently affordable housing in a neighborhood close to high-frequency transit, protected bicycle infrastructure, and ground floor commercial corridors that encourage pedestrian activity.

COMMERCE AND INDUSTRY ELEMENT**OBJECTIVE 3, PROVIDE EXPANDED EMPLOYMENT OPPORTUNITIES FOR CITY RESIDENTS, PARTICULARLY THE UNEMPLOYED AND ECONOMICALLY DISADVANTAGED.****POLICY 3.1**

Promote the attraction, retention and expansion of commercial and industrial firms which provide employment improvement opportunities for unskilled and semi-skilled workers.

Comment: The City could explore retaining space for technical training and associated administrative offices on site after the Sheet Metal Worker's Union's 24-month lease is up in order to provide opportunities for employment improvement to unskilled and semi-skilled workers.

Market and Octavia Area Plan**OBJECTIVE 2.2, ENCOURAGE CONSTRUCTION OF RESIDENTIAL INFILL THROUGHOUT THE PLAN AREA.**

Comment: The acquisition of 1939 Market Street would secure this site for permanently affordable housing. Future infill housing on this site would be built close to transit and services.

ACQUISITION OF 1939 MARKET STREET

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:

The proposed 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 existing uses on the site include an administrative office and training facility. The Sheet Metal Workers' Union's will continue to lease the space for 24 months after the City's purchase, preserving the retail and community-serving job-related uses. It is not yet known whether the project MOHCD intends to construct will preserve these uses on the ground floor, which could provide future opportunities for neighborhood-serving retail uses and employment.

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

The Project would have no adverse effect on the City's existing housing stock or on neighborhood character. The construction of a 100% affordable housing project on the site is likely to enhance the cultural and economic diversity of the neighborhood.

3. That the City's supply of affordable housing be preserved and enhanced.
The acquisition of this site would allow the construction of permanently affordable housing, enhancing the City's supply of affordable housing.

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

The proposed acquisition of the site would not result in commuter traffic impeding MUNI's transit service, overburdening the streets or altering current neighborhood parking.

ACQUISITION OF 1939 MARKET STREET

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.

The Project would not adversely affect the City's economic base or future opportunities for employment and/or ownership. The future affordable housing project on the site will increase opportunities for residential employment in our industrial and service sectors by offering permanently affordable housing units for low-income households and families.

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. The affordable housing project to be constructed on the site would be required to meet all applicable building code seismic standards.

7. That landmarks and historic buildings be preserved.

This Project would not adversely affect any landmarks or buildings of historic significance. Per the Department's Property Information Map and Database, the building that could be demolished or altered to create affordable housing has a Historic Resource Status of "C", indicating that no historic resource is present.

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

The acquisition of the site would not adversely affect any parks or open space. The affordable housing project to be constructed on the site would undergo review to ensure it doesn't create a negative impact to sunlight and vistas to our parks and open space.

RECOMMENDATION:

Finding the acquisition of 1939 Market Street, on balance, in-conformity with the General Plan

OFFICE OF THE MAYOR
SAN FRANCISCO



LONDON N. BREED
MAYOR
BOARD OF SUPERVISORS
SAN FRANCISCO

2020 JAN 14 PM 4:49

Jp

TO: Angela Calvillo, Clerk of the Board of Supervisors *Slc*
FROM: Sophia Kittler
RE: Acquisition of Real Property for \$12,000,000 – 1939 Market Street, San Francisco – Sheet Metal Workers' International Association, Local Union No. 104 – Mayor's Office of Housing and Community Development
DATE: Tuesday, January 14, 2020

Resolution 1) approving and authorizing the Director of Property, on behalf of the Mayor's Office of Housing and Community Development, to acquire real property, located at 1939 Market Street from Sheet Metal Workers' International Association, Local Union No. 104, for purchase at \$12,000,000 inclusive of a deposit in the amount of \$500,000; 2) placing the Property under the jurisdiction of the San Francisco Mayor's Office of Housing and Community Development for use in constructing affordable housing for San Franciscans; 3) adopting findings that the conveyance is consistent with the City's General Plan and Eight Priority Policies of City Planning Code Section 101.1; and 4) authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the purchase agreement and this resolution, including assuming certain leases, entering into a leaseback with seller, and assuming certain service contracts; and 5) affirming the Planning Department's determination under the California Environmental Quality Act.

Should you have any questions, please contact Sophia Kittler at 415-554-6153.



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 #:

200042

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

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

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

4. CONTRACTING DEPARTMENT CONTACT	
NAME OF DEPARTMENTAL CONTACT Joyce Slen	DEPARTMENT CONTACT TELEPHONE NUMBER (415) 701-5577
FULL DEPARTMENT NAME MYR Mayor's Office of Housing and Community	DEPARTMENT CONTACT EMAIL joyce.slen@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Sheet Metal Workers' International Association Local	TELEPHONE NUMBER 925-314-8600
STREET ADDRESS (including City, State and Zip Code) 2610 Crow Canyon #300, San Ramon, CA 94583	EMAIL joe@smw104.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 200042
DESCRIPTION OF AMOUNT OF CONTRACT Purchase by City for \$12,000,000; leaseback by seller for 24 months at \$60,000 per year (
NATURE OF THE CONTRACT (Please describe) Purchase of property by MOHCD for future redevelopment as affordable housing.		

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	Mariacaccini	Joe	CFO
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9. AFFILIATES AND SUBCONTRACTORS

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9. AFFILIATES AND SUBCONTRACTORS

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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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.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK BOS Clerk of the Board	DATE SIGNED
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