



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



John Updike
Director of Real Estate

March 4, 2014

109 New Montgomery
/617 Mission
Lease Renewal
6818

Conner Children Trust No. 2
Edward J. Conner and Douglas G. Moore, Co Trustees
c/o Edward J. Conner
27 Maiden Lane, Suite 250
San Francisco, CA 94108

Subject: Renewal of DCSS Lease at 617 Mission St.

Dear Mr. Conner:

City is a Tenant under an Office Lease dated December 19, 1994 (the "Original Lease") as extended by City's option exercise and as further amended by the First Amendment to Lease dated October 27, 2010 (the "Lease Amendment") for ground floor, 2nd, 3rd, and 4th floor Premises consisting of approximately 33,998 sq. ft. (the "Premises") at 617 Mission St, in the building commonly known as 617 Mission Street/109 New Montgomery Street, San Francisco, CA. The Original Lease as amended by the First Amendment is referred to herein as the "Lease". Capitalized terms in this letter have the meaning given such terms in the Lease unless otherwise defined herein.

The First Amendment Extended Term expires December 31, 2014. The Lease provides an option to renew the term for five (5) years, at a Base Rental of 95% of the then prevailing market rent.

This letter shall serve to (1) exercise City's option to extend the term of the Lease pursuant to Section 6 of the First Amendment for an additional 5 year period through December 31, 2019; (2) confirm the agreement between Landlord and City for 95% of prevailing market rate, considering all factors for such 5 years; and (3) provide City with one further option to extend the term on the terms and conditions set forth below.

Landlord and City have determined that 95% of prevailing market rate, considering all factors pursuant to the Lease, to be \$121,117.88 per month (approximately \$42.75 PSF) and agree that said amount shall be the Base Rent for the entire First Amendment Second Extended Term. The Base Year shall be adjusted to 2015 and the First Amendment Second Extended Term shall be on all of the other terms and conditions of the Lease, except: (i) Section 4 of the Lease Amendment (Amendment of Section 2.1: Leased Premises) shall be

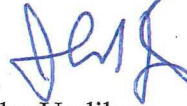
deleted in its entirety; and (ii) any charges levied by the City and County of San Francisco in connection with the usage of space on or under the public sidewalk shall be included as Real Estate Taxes.

Landlord hereby grants to City one further option to extend the term from January 1, 2019 to December 31, 2024 (the "Additional Extended Term") on the same terms and conditions contained in to Sections 6 and 7 of the First Amendment except that (i) the Base Rent shall be 100% of the prevailing market rate (as defined in Section 7 of the First Amendment) as of the commencement of the Additional Extended Term; and (ii) the Additional Extended Term shall be on all of the other terms and conditions of the Lease as modified above. In accordance with California Civil Code Section 1938, Landlord hereby notifies City that the Building has not undergone inspection by a Certified Access Specialist.

Also pursuant to Section 6 of the Lease Amendment, Landlord acknowledges that City's agreement hereto is subject to enactment of a Resolution by the City's Board of Supervisors and Mayor, in their respective sole and absolute discretion authorizing the extension period prior to May 31, 2014. Please be aware that no City Officer or employee has authority to commit the City to any agreement until such authorizing Resolution is duly enacted. Upon enactment of such authorizing Resolution, this letter shall constitute a binding agreement between the parties.

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

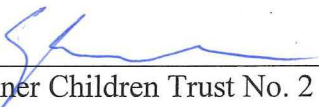
Respectfully,



John Updike
Director

Agreed, Accepted, and Receipt Acknowledged

Landlord



Conner Children Trust No. 2
Edward J. Conner and Douglas G. Moore
Co Trustees

Date _____

cc: Karen Roye, DCSS Director
David Ramires, DCSS, CFO