

City and County of San Francisco

Real Estate Division
Administrative Services Department



February 11, 2002

RECEIVED

APR 05 2002

REAL ESTATE DIV.

DCSS Lease
617 Mission St.
Further Extension Option

101 New Montgomery St. Building
c/o Edward J. Conner
27 Maiden Lane, Suite 250
San Francisco, CA 94108

Dear Mr. Conner:

The City and Landlord enter into a lease dated Dec. 19, 1994 for premises commonly known as 617 Mission. The initial term of the Lease expires July 31, 2002. City has exercised its option to renew the Lease for additional five (5) years (through July 31, 2007).

This letter shall serve to confirm the further agreement between the City and the owners of 101 New Montgomery Street to grant the City and County of San Francisco a second extension option to extend its lease for an additional five (5) years, commencing upon the expiration of the first extension term.

This second extension term will be on the same terms and conditions of the Lease except for the determination of a new base rent. The Base Rent during the second extension shall be at ninety (90%) percent of fair market rent for the first thirty (30) months and at ninety-five (95%) of that same fair market rent for the remaining thirty (30) months of the second extension term rather than adjusted for changes in the Consumer Price Index as contained in the first extension. For the second extension, the Base Year shall be 2007. City and Landlord hereby agree that Fair Market Rent shall be determined as follows:

The Base Rent shall be adjusted to equal the prevailing market rate for space of comparable size and location to the Premises then being offered for rent in other buildings similar in age, seismic condition, location and quality to the 101 New Montgomery Street Building situated within the Central Business District of San Francisco ("Reference Area"); provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to commencement of such Extended Term. As used herein, the term "prevailing market rate" shall mean the base rental for such comparable space, taking into account all factors to make such spaces comparable to the Lease Premises, including but not limited to (i) any expense adjustments such as utilities paid, (ii) any additional rental and all other payments and

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(415) 554-9850
FAX: (415) 552-9218

Office of the Director of Property
25 Van Ness Avenue, Suite 400

San Francisco, 94102

P. 3

(415) 392-0820

EDWARD J. CONNER

Apr 02 02 03:09P

escalations payable, (iii) floor location, access to natural light and size of the premises of such comparable space, (iv) the duration of the renewal term and the term of such comparable space, (v) free rent and any other tenant concessions offered under such comparable space, and (vi) building standard tenant improvement allowances and other allowances offered by such comparable space.

Within thirty (30) days of Landlord's receipt of City's notice of its intent to exercise this option to further extend the Lease, Landlord shall provide written notice to City of Landlord's determination of its prevailing market rate along with reasonable substantiation for such rate, including, but not limited to recent comparable lease transactions and the terms offered at comparable spaces.

If City disputes Landlord's determination of the prevailing market rate, City shall so notify Landlord within fourteen (14) days following Landlord's notice to City of the City's determination of prevailing market rate and reasonable substantiation for such rate. If City and Landlord still disagree:

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

(b) If within this thirty (30) day period Landlord and City cannot reach agreement as to the prevailing market rate, they shall each select one commercial real estate agent

(c) The two agents shall immediately select a third agent who will, within ten (10) days of his or her selection, choose either Landlord's and City's determination of the prevailing market rate.

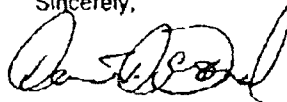
(d) All agents specified above shall have not less than five (5) years' experience leasing commercial properties in the San Francisco area similar to the Premises. Landlord and City shall pay the cost, if any, of the agent selected by such party and one-half of the cost of the third agent, if any.

The City's exercise of the second option shall be subject to approval by the San Francisco Board of Supervisors pursuant to the terms of the Lease.

Kindly acknowledge the consent of 101 New Montgomery Street Building by signing and returning the enclosed copy of this letter. Landlord should be aware that the City's Board of Supervisors is the only entity that can bind the City to a lease extension.

You may contact Ken Chopping of this office at 554-9862 if you have any questions on this matter.

Sincerely,



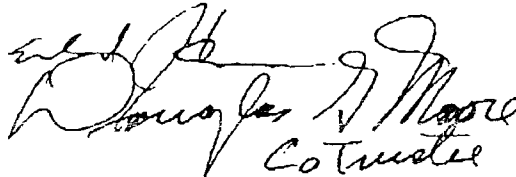
Marc S. McDonald
Director

Enclosure

**AGREED, ACCEPTED AND
RECEIPT ACKNOWLEDGED:**

Edward J. Conner and Douglas G. Moore,
Co-Trustees under the Conner Children
Trust No. 2, as Landlord

By: _____
Its: _____
Date: 04/02/02



Douglas G. Moore
Co-trustee
Haskell Properties LLC
By Donald M. Gregory, Jr.
manager

cc: Karen Roye, Child Support Services
Merlin Zimmerty, Child Support Services

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Apr 02 02 03:09P EDWARD J. CONNER (415) 392-0820 P.2

Apr 03 02 08:33a Donald M. Gregory, Jr. 415-956-7017 P.2



February 11, 2002

**DCSS Lease
617 Mission St.
Further Extension Option**

101 New Montgomery St. Building
c/o Edward J. Conner
27 Maiden Lane, Suite 250
San Francisco, CA 94108

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The Base Rent shall be adjusted to equal the prevailing market rate for space of comparable size and location to the Premises then being offered for rent in other buildings similar in age, seismic condition, location and quality to the 101 New Montgomery Street Building situated within the Central Business District of San Francisco ("Reference Area"); provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to commencement of such Extended Term. As used herein, the term "prevailing market rate" shall mean the base rental for such comparable space, taking into account all factors to make such spaces comparable to the Lease Premises, including but not limited to (i) any expense adjustments such as utilities paid, (ii) any additional rental and all other payments and

escalations payable, (iii) floor location, access to natural light and size of the premises of such comparable space, (iv) the duration of the renewal term and the term of such comparable space, (v) free rent and any other tenant concessions offered under such comparable space, and (vi) building standard tenant improvement allowances and other allowances offered by such comparable space.

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Sincerely,

Marc S. McDonald
Director

Enclosure

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RECEIPT ACKNOWLEDGED:**

Edward J. Conner and Douglas C. Moore,
Co-Trustees under the Conner Children
Trust No. 2, as Landlord

By: _____
Its: _____
Date: _____

cc: Karen Roye, Child Support Services
Merlin Zimmerly, Child Support Services



January 18, 2002

Option Exercised

*Owner will grant on
new option 5 years*

101 New Montgomery Street Building
c/o Edward J. Conner
27 Maiden Lane, Suite 250
San Francisco, Ca 94108

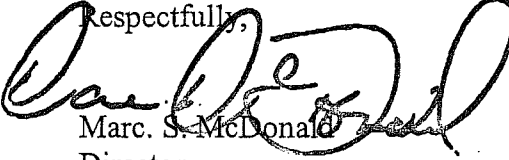
**Re: Lease Extension
101 New Montgomery St.
617 Mission Street**

Dear Mr. Conner:

This is to inform you that, subject to approval by its Board of Supervisors, the City and County of San Francisco exercises its option to extend its lease dated December 19, 1994, covering premises at 101 New Montgomery Street/617 Mission Street, for an additional five year term pursuant to Section 3.4 of the lease. The extended term will commence September 1, 2002 and terminate August 31, 2007.

Pursuant to Section 4.3 of the Lease, the base rent beginning September 1, 2002 will be as adjusted by comparison with changes in the Consumer Price Index from February 1995 to August 2002 and the Base Year for additional charges shall be changed to calendar year 2002.

If you have any questions regarding this matter, please contact Ken Chopping of this office, at 554-9862.

Respectfully,

Marc S. McDonald
Director

cc: Karen Roye, Child Support Services

KE CD

City and County of San Francisco



Real Estate Division
Administrative Services Department

January 18, 2002

101 New Montgomery Street Building
c/o Edward J. Conner
27 Maiden Lane, Suite 250
San Francisco, Ca 94108

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617 Mission Street**

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If you have any questions regarding this matter, please contact Ken Chopping of this office, at 554-9862.

Respectfully,

A handwritten signature in blue ink, appearing to read "Marc S. McDonald".

Marc. S. McDonald
Director

cc: Karen Roye, Child Support Services

Handwritten initials "KC" and "CD" in blue ink, followed by a signature.