

File No. 260017

Committee Item No. 2

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date February 25, 2026

Board of Supervisors Meeting Date _____

Cmte Board

- Motion
- Resolution
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- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
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- Award Letter
- Application
- Public Correspondence

OTHER (Use back side if additional space is needed)

- Asbestos and Lead Based Paint Disclosure
- Disclosed Hazardous Materials
- RED Presentation 2/11/2026
- _____
- _____
- _____
- _____
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- _____

Completed by: Brent Jalipa Date February 19, 2026

Completed by: Brent Jalipa Date _____

1 [Real Property Lease - Double Wood Investment, Inc. - 111 Pine Street - Initial Base Rent
2 \$2,089,208 - Up to \$4,748,200 in Tenant Improvements]

3 **Resolution approving and authorizing the Director of Property, on behalf of the San**
4 **Francisco Employees' Retirement System (SFERS), to execute a lease agreement with**
5 **Double Wood Investment, Inc., a California Corporation, as landlord, for use of a**
6 **portion of 111 Pine Street, consisting of 47,482 rentable square feet for an initial term of**
7 **10 years with two five-year extension options to renew and 12 months of rent credit**
8 **with an initial annual base rent of \$2,089,208 with 3% annual increases; SFERS to**
9 **contribute up to \$4,748,200 on tenant improvement; effective upon approval of the**
10 **Resolution by the Board of Supervisors and the Mayor and upon execution of the lease**
11 **by the Director of Property; and authorizing the Director of Property to execute any**
12 **amendments, make certain modifications and take certain actions that do not**
13 **materially increase the obligations or liabilities to the City, do not materially decrease**
14 **the benefits to the City and are necessary or advisable to effectuate the purposes of**
15 **the lease agreement or this Resolution**

16
17 WHEREAS, The San Francisco Retirement System (SFERS) administers a Defined
18 Benefit trust fund established for the exclusive purposes of providing benefits to participants
19 and their beneficiaries, and defraying reasonable expenses of administering the system;

20 WHEREAS, SFERS is currently located at 1145 Market Street and has been in its
21 current location since 2013; and

22 WHEREAS, SFERS managed approximately \$18,400,000,000 in Defined Benefit Plan
23 assets in 2013 and currently manages approximately \$38,900,000,000; and

24 WHEREAS, SFERS managed approximately \$2,400,000,000 in Deferred
25 Compensation Plan assets in 2013 and now manages approximately \$6,500,000,000; and

1 WHEREAS, SFERS also invests the Retiree Health Care Trust Fund assets valued at
2 approximately \$1,500,000,000; and

3 WHEREAS, SFERS current facilities were designed to handle approximately 59,400
4 Defined Benefit Plan members; and

5 WHEREAS, SFERS Defined Benefit Plan members have grown 37 percent from
6 approximately 59,400 members in 2013 to 81,200 members in 2025, and Deferred
7 Compensation members have grown 52 percent from approximately 24,100 members in 2013
8 to 36,600 members in 2025; and

9 WHEREAS, SFERS desires to provide better service to its members by providing
10 sufficient private retirement counseling space and by expanding its waiting areas,
11 presentation rooms and other member areas to adequately accommodate the increase in the
12 members it serves; and

13 WHEREAS, SFERS desires sufficient conference room space to collaborate and to
14 meet with the increased number of Investment Managers and other service providers; and

15 WHEREAS, SFERS needs space that is sufficient to accommodate the number of
16 offices and cubicles necessary for its FTEs; and

17 WHEREAS, SFERS desires to relocate into the San Francisco Central Business
18 District, in close proximity to major transit hubs; and

19 WHEREAS, The Real Estate Division and SFERS located available space at 111 Pine
20 Street that accommodates SFERS needs; and

21 WHEREAS, On behalf of SFERS, the Real Estate Division (RED) negotiated an
22 agreement with Double Wood Investment, Inc., for 47,482 square feet of office space; and

23 WHEREAS, The City, through RED, with consultation from SFERS and the Office of
24 the City Attorney, have negotiated the proposed lease (Lease) with Landlord, which provides
25

1 a base rent of \$2,089,208 per year (\$174,100.67 per month), with annual adjustments of 3%,
2 a copy of the proposed lease is on file with the Clerk of the Board in File No. 260017; and

3 WHEREAS, The Landlord shall provide a turnkey buildout of the office space; and

4 WHEREAS, The Landlord shall provide a Tenant Improvement Allowance of \$100 per
5 square foot ("PSF"), approximately \$4,748,200 and City will contribute up to 4,748,200 of any
6 tenant improvement costs ("Excess T&I Costs"), which Excess T&I Costs shall be borne by
7 SFERS; and

8 WHEREAS, The Landlord at its sole expense, shall provide services to the Premises,
9 including janitorial, security, water, electricity, and HVAC, Monday through Friday 7:00 a.m. to
10 6:00 p.m., with City responsible for supplemental HVAC and after-hours HVAC; and

11 WHEREAS, During the term, City will also be responsible for its proportional share of
12 taxes and Landlord's operating expense increases over the base year of 2026, as set forth in
13 the Lease; and

14 WHEREAS, The initial term of the Lease shall be for 10 years, commencing the date
15 that the Landlord delivers the premises with the leasehold improvements substantially and
16 confirmed by the City; and

17 WHEREAS, Under the proposed Lease, the City has two additional five-year options to
18 extend, with rent to be the then fair market rental value as of the exercise date of the option,
19 and continuing to be subject to 3% annual increases thereafter; and

20 WHEREAS, SFERS shall pay the base rent and annual base rent escalation directly to
21 the Landlord and expects to occupy the described premises during the entirety of the Lease
22 term; and

23 WHEREAS, The proposed rent of \$44 per square foot ("PSF") escalating annually at
24 3% with 12 months of rent credit (approximately \$2,121,024.04), turnkey buildout, was
25

1 determined by appraisal to be at or below fair market rental value, a second confirming
2 appraisal was not required by Administrative Code, Chapter 23; and be it

3 RESOLVED, In accordance with the recommendation of the Director of Property, The
4 Chief Executive Officer and Chief Investment Officer of SFERS, and the City Attorney, the
5 Director of Property on behalf of the City, as Tenant, is hereby authorized to take all actions
6 necessary to execute the Lease at 111 Pine Street, floors 8, 9, 10 and 11 in San Francisco, at
7 a base rent of \$2,089,208 per year, with an annual base rent escalation of 3%, for an initial
8 ten-year term, plus two five-year options to extend; and, be it

9 FURTHER RESOLVED, The Board of Supervisors approves the Lease in substantially
10 the form in the Board's File and authorizes the Director of Property to take all actions, on
11 behalf of the City to enter into any additions, amendments or other modifications (including
12 without limitation, the exhibits) to the Lease that the Director of Property determines, in
13 consultation with the Chief Executive Officer and Chief Investment Officer of SFERS and the
14 City Attorney, are in the best interests of the City, do not materially increase the obligations or
15 liabilities of the City, and are necessary or advisable to complete the transaction and
16 effectuate the purpose and intent of this Resolution and are in compliance with all applicable
17 laws, including City's Charter; and, be it

18 FURTHER RESOLVED, That the Lease contains language indemnifying and holding
19 harmless the Landlord from, and agreeing to defend the Landlord against any and all claims,
20 costs and expenses, including, without limitation, reasonable attorney's fees, incurred as a
21 result of Tenant's use of the Premises, or any negligent acts or omissions of City or its Agents
22 in, on, or about the Premises or the Building; except those claims, costs and expenses
23 incurred to the extent any Claim arises out of the negligence or willful misconduct of Landlord
24 or its Agents ; and, be it

25

1 FURTHER RESOLVED, in the event another City department occupies any portion of
2 the described premises at any time during the Lease term, such City department shall
3 reimburse SFERS for its pro rata share of the Excess T&I Costs, and any rent abated during
4 the Lease term shall be allocated pro rata between SFERS and such City department; and be
5 it

6 FURTHER RESOLVED, That any action taken by the Director of Property and other
7 officers of the City with respect to the Lease are hereby approved, confirmed and ratified; and,
8 be it

9 FURTHER RESOLVED, That within thirty (30) days of the agreement being fully
10 executed by all parties, the Director of Real Estate shall provide a copy of the executed
11 agreement to the Clerk of the Board for inclusion into the official file.

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Available: \$0.00
(base rent for period 4/1/2026 through 6/30/26)

Fund ID:	31330
Department ID:	232320
Project ID:	10026788
Authority ID:	10000
Account ID:	530110
Activity ID:	0001

Available: \$4,748,200
(City Tenant Improvements for period 4/1/2026 through 6/30/26)

Fund ID:	31330
Department ID:	232320
Project ID:	10026788
Authority ID:	10000

Item 2
File 26-0017

Department: Real Estate Division (RED);
Retirement Services (RET)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize a lease with Double Wood Investment, Inc., as landlord for approximately 47,482 square feet of office space at 111 Pine Street, for a ten-year term with two five-year extension options. The initial annual base rent would be \$2,089,208 with three percent annual escalation.

Key Points

- The Retirement System (RET) has leased office space at 1145 Market Street since 2013. There are currently two leases in place at 1145 Market Street totaling 37,098 square feet to accommodate all RET staff and service providers. RET states the leased premises at 1145 Market Street were designed for a headcount of 97 and are at full capacity with 126 filled positions currently occupying the space. Consequently, the premises would not be able to accommodate the budgeted headcount of 158 and five additional counselors. The proposed lease would allow for approximately 300 square feet per budgeted staff, which is roughly the same as the 294 square feet per actual worker at 1145 Market space.
- Under the proposed lease, the landlord will pay for \$100 per square foot towards tenant improvements for a total of \$4,748,200. RET will fund a match of \$4,748,200. Improvements are anticipated to be substantially completed in August 2026, with lease commencement in September 2026.

Fiscal Impact

- Over the initial 10-year term, RET would pay \$21,713,000 in total rent, which includes a rent credit of 12 months and three percent annual rent increases. The proposed lease would have an initial annual rent of \$2,089,208 (\$44 per square foot). The proposed rent of \$2,089,208 is more than current rent of \$1,867,169 because it is a larger space. Tenant improvements and move-in costs for the relocation to 111 Pine Street, as well as an increase in lease costs, would total approximately \$5.7 million.
- Total costs, including tenant improvements, would be fully funded from RET’s assets of the Defined Benefit Trust Fund and the SF Deferred Compensation Plan recordkeeper reimbursement.

Policy Consideration

- The lease terms are similar to a Civic Center lease at 1455 Market Street, where the City has an option to rent additional floors, though without a moving allowance. The relocation to 111 Pine Street would accommodate RET’s geographic preference to relocate to the Financial District to be closer to financial service vendors but is also well served by public transportation.
- If RET remained at 1145 Market Street, the department would likely pay \$1,178,603 in rent, which is approximately \$700,000 less than RET’s current leases costs at 1145 Market and approximately \$900,000 less than the proposed lease at 111 Pine Street. RED is evaluating backfilling RET’s space at 1145 Market Street with other City tenants who are currently incurring higher leases costs elsewhere in Civic Center.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

City Charter 9.118(c) states that any lease, modification, amendment, or termination of a lease that had an initial term of ten years or more, including options to extend, or that had anticipated revenues of \$1 million or more is subject to Board of Supervisors approval.

BACKGROUND

The San Francisco Employees’ Retirement System (RET) has leased office space at 1145 Market Street since 2013. There are currently two leases in place at 1145 Market Street totaling 37,098 square feet to accommodate all RET staff and service providers: (1) a lease commencing in August 2014 for 35,388 square feet¹ of office space with existing rent \$50.05 per square foot per year that expired and put on holdover status in July 2024, and (2) a month-to-month lease commencing in November 2021 for 1,710 square feet (Suite 650 adjacent to the aforementioned lease’s premises) with existing rent of \$56.14 per square foot per year. According to RET, the leased premises at 1145 Market Street were designed for a headcount of 97 and are at full capacity with 126 filled RET positions currently occupying the space.² RET states that the 1145 Market Street premises would not be able to accommodate the budgeted headcount of 158 and five additional SF Deferred Compensation Plan (SFDCP) counselors, as further discussed below. Consequently, this proposed lease at 111 Pine Street is now being considered by the Board of Supervisors for approval to relocate all RET staff and service providers to this new location.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Director of Property, on behalf of RET, to execute a lease with Double Wood Investment, Inc., as landlord for approximately 47,482 square feet of office space at 111 Pine Street, for a ten-year term with two five-year extension options. The initial annual base rent would be \$2,089,208 with three percent annual escalation. The proposed resolution would also authorize the Director of Property to make further immaterial amendments to the lease.

The new lease agreement would commence 30 days upon substantial completion of tenant improvements. RED anticipates substantial completion in August 2026 and lease commencement in September 2026.

Exhibit 1 below summarizes the terms and conditions of the lease provisions.

¹ The lease also includes approximately 191 square feet of bicycle space on the 1st floor. The leased premises include the entire 5th floor, a portion of the 6th floor and the entire 7th floor, in addition to the bicycle space.

² According to RET, the department accommodated the existing staff of 126 filled positions (in a space designed for a headcount of 97) by entering the second lease at 1145 Market Street for 1,710 square feet in 2021 and repurposing space, such as using member counseling rooms as offices, converting a space for a copier into a cubicle, etc.

Exhibit 1. Summary of Proposed Lease

Proposed Lease	
Premises	47,482 square feet on Floors 8, 9, 10, and 11, 111 Pine Street in San Francisco
Initial Annual Base Rent	\$2,089,208 (\$44 per square foot)
Rent Credit	Rent credit totaling \$2,237,428 and equal to 12 months (Months 1-4, 13-16, 25-26, and 119-120)
Rent Escalation	3% annually Rent resets to market rate at each lease term extension
Utilities and Services	Landlord pays all utilities and services
Term	10 years from the commencement date. Lease will commence 30 days upon substantial completion of tenant improvements.
Options to extend	Two five-year options to extend
Tenant Improvements	Landlord will pay \$100 per square foot towards tenant improvements for a total of \$4,748,200. RET will fund a match of \$4,748,200. Improvements may include buildouts for a multi-purpose space for meetings, member services meeting and counseling spaces, additional conference rooms, and space for training and team meetings.
Operating Costs	City pays percentage share of increase in operating costs over base year (2026). Operating costs include heat, water, HVAC, janitorial services, and security.
City’s Percentage Share of Building Operating Costs	21.82 percent

Source: Proposed Lease Agreement

Site Usage

As previously mentioned, a total of 126 existing filled RET positions, which encompass all RET staff, will move from 1145 Market Street to 111 Pine Street. According to RET, the relocation is needed to adequately accommodate RET’s 158 budgeted positions and five San Francisco Deferred Compensation Plan counselors, as well as space for public and stakeholder meetings. The proposed 111 Pine Street location (47,482 square feet) is 21.9 percent larger than the total 1145 Market Street leased premises (37,098). The proposed lease would allow for approximately 300 square feet per budgeted staff, which is roughly the same as the 294 square feet per actual worker at 1145 Market space. The calculation does not take into account shared space, such as conference rooms.

As previously mentioned, RED anticipates substantial completion of tenant improvements at 111 Pine Street in August 2026. According to RED, the City is obligated to give 30 days’ notice to the landlord at 1145 Market Street to terminate the holdover leases and will cease paying rent at this location 30 days after providing notice.

Utilities, Services and Percentage Share

Under the proposed lease, the landlord is responsible for all utilities and services, such as janitorial support, elevators, HVAC, and building security. RET would pay its percentage share (21.82 percent) of the increase in the building's utilities and operating expenses over the base year. The base year would be calendar year 2026, so RET would begin paying operating costs in 2027. RED estimates the projected monthly operating costs would be approximately \$3,664.

Base Rent Determination

An appraisal conducted by Colliers International in August 2025 has determined that the proposed initial rent of \$44 per square foot is at or below fair market rent. An appraisal was not required under Administrative Code Section 23.27 because the proposed rent is less than \$45 per square foot. The base rent will be escalated by three percent annually.

Tenant Improvements

Under the proposed lease, the landlord will pay for \$100 per square foot towards tenant improvements for a total of \$4,748,200. RET will fund a match of \$4,748,200. RED states that the \$9,496,400 tenant improvement cost estimates were based on a rough order of magnitude estimate developed by an architect and construction management firm. The tenant improvements will be completed by the landlord. According to RED, the scope of improvements has not been finalized but may include buildouts for a multi-purpose space for public and internal meetings, member services meeting and counseling spaces, additional conference rooms, and space for training and team meetings. As previously mentioned, tenant improvements are anticipated to be substantially completed in August 2026.

FISCAL IMPACT

As shown in Exhibit 2 below, over the initial 10-year term, RET would pay \$21,713,000 in total rent, which includes the rent credit of 12 months³ (totaling \$2,237,428) and three percent annual rent increases. If an option to extend the term is exercised, the rent for the extended term would be set at fair market rent at that time.

³ The first four months of the lease term, as well as months 13-16, 25-26, and 119-120 (12 months total) will be rent-free.

Exhibit 2. Total Rent by Year Under Proposed RET Lease

Lease Year	Annual Rent	Annual Rent per Square Foot
Year 1	\$2,089,208	\$44.00
Year 2	2,151,884	45.32
Year 3	2,216,441	46.68
Year 4	2,282,934	48.08
Year 5	2,351,422	49.52
Year 6	2,421,965	51.01
Year 7	2,494,624	52.54
Year 8	2,569,462	54.11
Year 9	2,646,546	55.74
Year 10	2,725,943	57.41
Rent Credit	(2,237,428)	
Total	\$21,713,000	

Source: Proposed Lease Agreement

The proposed lease would have an initial annual rent of \$2,089,208 (\$44 per square foot), with three percent annual escalation. The initial rent rate of \$44/square foot is 12 percent less than the RET’s current office rent of \$50.05/square foot, however the proposed rent of \$2,089,208 is more than current rent of \$1,867,169 because it is a larger space.

The City’s share of the pension contribution for employees totals approximately \$630.4 million in FY 2025-26 and the pension had \$37.5 billion in net assets as of June 2025. A portion of the retirement assets funds RET’s administrative functions which are budgeted at \$55.9 million in FY 2025-26. As shown in Exhibit 3 below, tenant improvements and move-in costs for the relocation to 111 Pine Street, as well as an increase in lease costs, would total approximately \$5.7 million, which is 0.90 percent of the share of the annual City retirement/pension contributions and approximately 10.3 percent of RET’s FY 2025-26 approved budget.

Exhibit 3. Costs for Relocation to 111 Pine Street

New Costs	Amount
Tenant Improvements (RET Share)	\$4,748,200
Increase in Lease Costs (Year 2)	284,715
Move-in Costs	712,230
Total	\$5,745,145

Source: BLA Analysis

Funding Sources

Costs, including tenant improvements, would be fully funded from RET's assets of the Defined Benefit Trust Fund and the SF Deferred Compensation Plan recordkeeper reimbursement.⁴

POLICY CONSIDERATION

Relocation From Civic Center to Financial District

The proposed lease relocates Retirement staff from Civic Center to the Financial District at a higher lease cost of approximately \$300,000 per year. The lease terms are similar to a Civic Center lease at 1455 Market Street, where the City has an option to rent additional floors. Unlike the 1455 Market option, the proposed lease at 111 Pine does not have a moving allowance, which will cost RET approximately \$700,000.

According to Real Estate staff, 1455 Market and other City space were not suitable for Retirement staff because of RET's geographic preference to relocate to the Financial District to be closer to financial service vendors. In addition, RED states 111 Pine Street's proximity near multiple transit lines provides convenient and accessible service to retirees, active members, and others. According to RED, both RED and RET toured and evaluated a total of 20 buildings, which included 1455 Market Street, but preferred a downtown location.

1145 Market Street

In 2024, the City executed three leases at 1145 Market Street for \$29.95 per square foot, escalating at three percent per year.⁵ The 2026 rate is therefore \$31.77. If RET remained in this building, the department would likely pay this rate that other City tenants are paying in 2026, or \$1,178,603 in rent, which is approximately \$700,000 less than RET's current leases costs at 1145 Market and approximately \$900,000 less than the proposed lease at 111 Pine Street. RED is evaluating backfilling RET's space at 1145 Market Street with other City tenants who are currently incurring higher leases costs elsewhere in Civic Center, which would have General Fund savings over time if accomplished.

RECOMMENDATION

Approve the proposed resolution.

⁴ All Deferred Compensation Plan administrative expenses are funded through participant-paid administrative fees collected by the third-party recordkeeper

⁵ The following leases were executed with Trinity Center, LLC at 1145 Market in 2024: (1) Law Library (File 24-0422); (2) Health Service System (File 24-0423), and (3) OCEIA and DMACC (File 24-0347).

Item 2
File 26-0017

Department: Real Estate Division (RED).
Retirement Services (RET)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize a lease with Double Wood Investment, Inc., as landlord for approximately 47,482 square feet of office space at 111 Pine Street, for a ten-year term with two five-year extension options. The initial annual base rent would be \$2,089,208 with three percent annual escalation.

Key Points

- The Retirement System (RET) has leased office space at 1145 Market Street since 2013. There are currently two leases in place at 1145 Market Street totaling 37,098 square feet to accommodate all RET staff and service providers. RET states the leased premises at 1145 Market Street were designed for a headcount of 97 and are at full capacity with 126 filled positions currently occupying the space. Consequently, the premises would not be able to accommodate the budgeted headcount of 158 and five additional counselors. The proposed lease would allow for approximately 300 square feet per budgeted staff, which is roughly the same as the 294 square feet per actual worker at 1145 Market space.
- Under the proposed lease, the landlord will pay for \$100 per square foot towards tenant improvements for a total of \$4,748,200. RET will fund a match of \$4,748,200. The tenant improvements will be completed by the landlord and may include buildouts for a variety of shared and multi-purpose spaces. Improvements are anticipated to be substantially completed in August 2026, with lease commencement in September 2026.

Fiscal Impact

- Over the initial 10-year term, RET would pay \$21,713,000 in total rent, which includes a rent credit of 12 months and three percent annual rent increases. The proposed lease would have an initial annual rent of \$2,089,208 (\$44 per square foot). The initial rent rate of \$44/square foot is 12 percent less than the RET’s current office rent of \$50.05/square foot, however the proposed rent of \$2,089,208 is more than current rent of \$1,867,169 because it is a larger space.
- Total costs, including tenant improvements, would be fully funded from RET’s assets of the Defined Benefit Trust Fund and the SF Deferred Compensation Plan recordkeeper reimbursement.

Policy Consideration

- The lease terms are similar to a Civic Center lease at 1455 Market Street, where the City has an option to rent additional floors. The relocation to 111 Pine Street would accommodate RET’s geographic preference to relocate to the Financial District to be closer to financial service vendors but is also well served by public transportation. RED and RET toured and evaluated a total of 20 buildings, which included 1455 Market Street, but preferred the downtown location.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

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DETAILS OF PROPOSED LEGISLATION

The proposed resolution would authorize the Director of Property, on behalf of RET, to execute a lease with Double Wood Investment, Inc., as landlord for approximately 47,482 square feet of office space at 111 Pine Street, for a ten-year term with two five-year extension options. The initial annual base rent would be \$2,089,208 with three percent annual escalation. The proposed resolution would also authorize the Director of Property to make further immaterial amendments to the lease.

The new lease agreement would commence 30 days upon substantial completion of tenant improvements. RED anticipates substantial completion in August 2026 and lease commencement in September 2026.

Exhibit 1 below summarizes the terms and conditions of the lease provisions.

¹ The lease also includes approximately 191 square feet of bicycle space on the 1st floor. The leased premises include the entire 5th floor, a portion of the 6th floor and the entire 7th floor, in addition to the bicycle space.

² According to RET, the department accommodated the existing staff of 126 filled positions (in a space designed for a headcount of 97) by entering the second lease at 1145 Market Street for 1,710 square feet in 2021 and repurposing space, such as using member counseling rooms as offices, converting a space for a copier into a cubicle, etc.

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Term	10 years from the commencement date. Lease will commence 30 days upon substantial completion of tenant improvements.
Options to extend	Two five-year options to extend
Tenant Improvements	Landlord will pay \$100 per square foot towards tenant improvements for a total of \$4,748,200. RET will fund a match of \$4,748,200. Improvements may include buildouts for a multi-purpose space for meetings, member services meeting and counseling spaces, additional conference rooms, and space for training and team meetings.
Operating Costs	City pays percentage share of increase in operating costs over base year (2026). Operating costs include heat, water, HVAC, janitorial services, and security.
City’s Percentage Share of Building Operating Costs	21.82 percent

Source: Proposed Lease Agreement

Site Usage

As previously mentioned, a total of 126 existing filled RET positions, which encompass all RET staff, will move from 1145 Market Street to 111 Pine Street. According to RET, the relocation is needed to adequately accommodate RET’s 158 budgeted positions and five San Francisco Deferred Compensation Plan counselors, as well as space for public and stakeholder meetings. The proposed 111 Pine Street location (47,482 square feet) is 21.9 percent larger than the total 1145 Market Street leased premises (37,098). The proposed lease would allow for approximately 300 square feet per budgeted staff, which is roughly the same as the 294 square feet per actual worker at 1145 Market space. The calculation does not take into account shared space, such as conference rooms.

As previously mentioned, RED anticipates substantial completion of tenant improvements at 111 Pine Street in August 2026. According to RED, the City is obligated to give 30 days’ notice to the landlord at 1145 Market Street to terminate the holdover leases and will cease paying rent at this location 30 days after providing notice. RED states that there are currently no confirmed plans

for City usage of the vacated space at 1145 Market Street, though the Department of Public Health has expressed interest given relocation of some staff at this location.

Utilities, Services and Percentage Share

Under the proposed lease, the landlord is responsible for all utilities and services, such as janitorial support, elevators, HVAC, and building security. RET would pay its percentage share (21.82 percent) of the increase in the building’s utilities and operating expenses over the base year. The base year would be calendar year 2026, so RET would begin paying operating costs in 2027. RED estimates the projected monthly operating costs would be approximately \$3,664.

Base Rent Determination

An appraisal conducted by Colliers International in August 2025 has determined that the proposed initial rent of \$44 per square foot is at or below fair market rent. An appraisal was not required under Administrative Code Section 23.27 because the proposed rent is less than \$45 per square foot. The base rent will be escalated by three percent annually.

Tenant Improvements

Under the proposed lease, the landlord will pay for \$100 per square foot towards tenant improvements for a total of \$4,748,200. RET will fund a match of \$4,748,200. RED states that the \$9,496,400 tenant improvement cost estimates were based on a rough order of magnitude estimate developed by an architect and construction management firm. The tenant improvements will be completed by the landlord. According to RED, the scope of improvements has not been finalized but may include buildouts for a multi-purpose space for public and internal meetings, member services meeting and counseling spaces, additional conference rooms, and space for training and team meetings. As previously mentioned, tenant improvements are anticipated to be substantially completed in August 2026.

FISCAL IMPACT

As shown in Exhibit 2 below, over the initial 10-year term, RET would pay \$21,713,000 in total rent, which includes the rent credit of 12 months³ (totaling \$2,237,428) and three percent annual rent increases. If an option to extend the term is exercised, the rent for the extended term would be set at fair market rent at that time.

³ The first four months of the term, as well as months 1-4, 13-16, 25-26, and 119-120 (12 months total) will be rent-free.

Exhibit 2. Total Rent by Year Under Proposed RET Lease

Lease Year	Annual Rent	Monthly Rent	Annual Rent per Square Foot
Year 1	\$2,089,208	\$174,101	\$44.00
Year 2	2,151,884	179,324	45.32
Year 3	2,216,441	184,703	46.68
Year 4	2,282,934	190,244	48.08
Year 5	2,351,422	195,952	49.52
Year 6	2,421,965	201,830	51.01
Year 7	2,494,624	207,885	52.54
Year 8	2,569,462	214,122	54.11
Year 9	2,646,546	220,546	55.74
Year 10	2,725,943	227,162	57.41
Rent Credit	(2,237,428)		
Total	\$21,713,000		

Source: Proposed Lease Agreement

The proposed lease would have an initial annual rent of \$2,089,208 (\$44 per square foot), with three percent annual escalation. The initial rent rate of \$44/square foot is 12 percent less than the RET’s current office rent of \$50.05/square foot, however the proposed rent of \$2,089,208 is more than current rent of \$1,867,169 because it is a larger space.

Costs, including tenant improvements, would be fully funded from RET’s assets of the Defined Benefit Trust Fund and the SF Deferred Compensation Plan recordkeeper reimbursement.⁴

POLICY CONSIDERATION

The proposed lease relocates Retirement staff from Civic Center to the Financial District at a lower rent rate than it is currently paying. The lease terms are similar to a Civic Center lease at 1455 Market Street, where the City has an option to rent additional floors. According to Real Estate staff, 1455 Market and other City space were not suitable for Retirement staff because of RET’s geographic preference to relocate to the Financial District to be closer to financial service vendors. In addition, RED states 111 Pine Street’s proximity near multiple transit lines provides convenient and accessible service to retirees, active members, and others. According to RED, both RED and RET toured and evaluated a total of 20 buildings, which included 1455 Market Street, but preferred a downtown location.

⁴ All Deferred Compensation Plan administrative expenses are funded through participant-paid administrative fees collected by the third-party recordkeeper

RECOMMENDATION

Approve the proposed resolution.

OFFICE LEASE

between

Double Wood Investment, Inc.
as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,
as Tenant

For the lease of
111 Pine Street, Floors 8, 9, 10, 11
San Francisco, California

December 12, 2025

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- EXHIBIT H — Asbestos and Lead-Based Paint Disclosure
- EXHIBIT I -----Disclosed Hazardous Materials

OFFICE LEASE

THIS OFFICE LEASE (this “**Lease**”), dated for reference purposes only as of December 12, 2025, is by and between DOUBLE WOOD INVESTMENT, INC., a California corporation (“**Landlord**”), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**City**” or “**Tenant**”).

Landlord and City hereby agree as follows:

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the “**Basic Lease Information**”). Each item below is deemed to incorporate all of the terms in this Lease pertaining to that item. If there is any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision will control.

Lease Reference Date:	December 12, 2025
Landlord:	Double Wood Investment, Inc., a California corporation
Tenant:	CITY AND COUNTY OF SAN FRANCISCO
Building (<u>Section 2.1</u>):	111 Pine Street
Premises (<u>Section 2.1</u>):	Floors 8, 9, 10, 11
Rentable Area of Premises (<u>Section 2.1</u>):	Approximately 47,482 rentable square feet subject to final measurement in accordance with BOMA standards under <u>Section 2.1</u>
Commencement Date, Estimated Commencement Date, and Expiration Date:	The date that is thirty (30) days after Landlord delivers the Premises to Tenant with the Leasehold Improvements Substantially Completed (as defined in Section 5. (b) of Exhibit G hereto) (the “ Commencement Date ”), estimated to be two hundred and ten (210) days after the Effective Date as defined in Section 24.22 (the “ Estimated Commencement Date ”).
Term (<u>Section 3</u>):	Ten (10) years from the Commencement Date
Extension Option(s) (<u>Section 3.4</u>):	Two additional term(s) of five years each, exercisable by City by notice to Landlord given not less than 270 days in advance, with rent determined by Fair Market Value.
Base Rent (<u>Section 4.1</u>):	

Base Rent:

Month(s)	<u>Base Rent / Year</u>	<u>PSF/Year</u>	<u>Base Rent / Month</u>	<u>PSF/Month</u>
Months 1 to 12	\$2,089,208.00	\$44.00	\$174,100.67	\$3.66
Months 13 to 24	\$2,151,884.24	\$45.32	\$179,323.69	\$3.78
Months 25 to 36	\$2,216,440.77	\$46.68	\$184,703.40	\$3.89
Months 37 to 48	\$2,282,933.99	\$48.08	\$190,244.50	\$4.01
Months 49 to 60	\$2,351,422.01	\$49.52	\$195,951.83	\$4.13
Months 61 to 72	\$2,421,964.67	\$51.01	\$201,830.39	\$4.25
Months 73 to 84	\$2,494,623.61	\$52.54	\$207,885.30	\$4.38
Months 85 to 96	\$2,569,462.32	\$54.11	\$214,121.86	\$4.51
Months 97 to 108	\$2,646,546.19	\$55.74	\$220,545.52	\$4.64
Months 109 to 120	\$2,725,942.57	\$57.41	\$227,161.88	\$4.78

As used in the foregoing rent schedule, the term “**Month**” means a calendar month, with Months numbered sequentially commencing with the month in which the Commencement Date occurs if the Commencement date falls on the first day of a calendar month. If the Commencement date falls on a date other than the first day of a calendar month, then Tenant shall pay Base Rent prorated for the “stub” month and the Commencement Date shall occur on the first day of the immediately following month. Following determination of the Commencement Date, the parties shall execute a Commencement Letter establishing the calendar dates that correspond to the foregoing rent schedule.

Notwithstanding the foregoing, provided Tenant is not in default under this Lease beyond any applicable notice and cure period, Landlord hereby agrees to abate Tenant’s obligation to pay Base Rent during the following months of the initial Term: 1, 2, 3, 4, 13, 14, 15, 16, 25, 26, 119 and 120. Such period of abatement shall be referred to as the “**Base Rent Abatement Period**” and the total amount of the abated Base Rent being hereinafter referred to as the “**Abated Base Rent Amount**”. However, Tenant will still be responsible for the payment of all other monetary obligations under the Lease during the Base Rent Abatement Period and throughout the Term. Tenant acknowledges that any default by Tenant under this Lease that results in early termination of this Lease, will cause Landlord to incur costs not contemplated hereunder, the exact amount of such costs being extremely difficult and impracticable to ascertain, therefore, should Tenant at any time during the Term be in default after having been given notice and opportunity to cure, and the Lease is terminated during the initial term, then the total unamortized sum of such Abated Amount (amortized on a straight line basis over the initial Term of this Lease) so conditionally excused shall become immediately due and payable by Tenant to Landlord; this provision shall not be applicable in any extension options; provided, however, Tenant acknowledges and agrees that nothing in this subparagraph is intended to limit any other remedies available to Landlord at law or in equity under applicable law (including, without limitation, the remedies under Civil Code Section 1951.2 and/or 1951.4 and any successor statutes or similar laws), in the event Tenant defaults under this Lease beyond any applicable notice and cure period.

Base Year (Section 4.5):

2026

City's Percentage Share (<u>Section 4.4</u>):	21.8249 %
Use (<u>Section 5.1</u>):	General Office
Leasehold Improvements (<u>Section 6</u>) and Exhibit G Work Letter:	
Utilities (<u>Section 9.1</u>):	Included in Rent
Services (<u>Section 9.2</u>):	Included in Rent
Notice Address of Landlord (<u>Section 24.1</u>):	Double Wood Investment, Inc. 111 Pine Street, Suite 1425 San Francisco, CA, 94111 Fax No.: (415) 732-5785
Landlord's Key Contact:	Angelica Ting Steinmeier
Landlord Contact Telephone No.:	415-732-5780
Tenant's Notice Address (<u>Section 24.1</u>):	Real Estate Division 25 Van Ness Avenue, Suite 400 San Francisco, California 94102 Attn: Director of Property Re: 111 Pine Street
with a copy to:	San Francisco Employee Retirement System 111 Pine Street San Francisco, CA 94111 Attn: Alison Romano Email: Alison.Romano@Sfgov.org.
and to:	Office of the City Attorney City Hall, Room 234 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4682 Attn: Real Estate & Finance Team Re: 111 Pine Street Fax No.: (415) 554-4757
Tenant's Key Contact:	Jeff Suess
Tenant Contact Telephone No.:	415-554-9850
Tenant's Alternate Contact:	Michael Halpren
Alternate Contact Telephone No.:	(415) 554-9865
Brokers (<u>Section 24.8</u>):	Scott A. Nykodym CBRE Advisory and Transactional Services for Tenant and Mark Hutchinson of Dunhill Partners West for Landlord
Special Provisions (<u>Section 22</u>):	Reserved

2. PREMISES

2.1. Lease Premises

Landlord leases to City and City leases from Landlord, subject to the provisions of this Lease, those premises in the building identified in the Basic Lease Information (the “**Building**”) and shown on the floor plan(s) attached as **Exhibit A** (the “**Premises**”). The Premises contain the rentable area and are located on the floor(s) of the Building specified in the Basic Lease Information. As used in this Lease, the term “**rentable area**” means that measurement of interior floor area computed in accordance with the Office Buildings: Standard Methods of Measurements adopted by the Building Owners and Managers Association (1996) (the “**BOMA Standard**”). The Building, the land on which the Building is located, and all other improvements on or appurtenances to the land are referred to collectively as the “**Property**.”

2.2. Common Areas

City has the non-exclusive right to use, together with any other tenants in the Building, the lobbies, corridors, elevators, stairways, and other public areas of the Building and the Property (collectively, the “**Common Areas**”), and the non-exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

2.3. Condition of the Premises on Delivery

Landlord will deliver the Premises to City in broom clean condition, fully demised, with all Building Systems (as defined in Section 8.1 (Landlord’s Repairs)) in good working order, condition, and repair, and the Premises, the Building, and the Common Areas in compliance with all applicable Laws in effect as of the date that Landlord received a building permit therefor, as provided in Section 10.1 (Landlord’s Compliance with Laws; Premises Condition; Indemnity) with the Leasehold Improvements (as defined below) substantially completed by Landlord and confirmed by City under Section 6.1 (Landlord’s Obligation to Construct Improvements). Tenant shall have six (6) months from the date on which Landlord delivered the Premises to Tenant to notify Landlord of any failure of Landlord to deliver the Premises in the condition described in the preceding sentence. Following delivery and within such six (6) month period, Landlord, at Landlord’s sole cost, and as Tenant’s sole remedy, shall be responsible for remedying and repairing any such defective condition or deficiency which is not the result of any Alterations made to the Premises by Tenant or Tenant’s particular use (as opposed to office uses generally). Following such six (6) month period, Landlord shall perform maintenance, repairs and replacements of the Base Building, the cost of which may be included in Operating Costs, subject to applicable exclusions. In addition, if during the twelve (12) month period immediately subsequent to the Commencement Date, and of the Leasehold Improvements constructed pursuant to **Exhibit G** to this Lease requires repair or replacement, then, (1) except to the extent such repairs or replacements are necessitated by (a) the negligence or willful misconduct of Tenant or any Tenant Party or (b) any defects or deficiencies caused by any Alterations made to the Premises by Tenant, and (2) only to the extent that any warranties made or given to Landlord from Landlord’s general contractor, any major subcontractors or any equipment manufacturer with respect to the Leasehold Improvements would reduce Tenant’s maintenance or repair obligations of such Leasehold Improvements under this Lease, Landlord shall use Landlord’s best efforts to enforce any such warranties.

2.4. Disability Access

California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist (“CASp”) to determine whether the property meets all applicable construction-related accessibility requirements.

Landlord discloses (i) Landlord has not been issued a disability access inspection certificate as described in California Civil Code (“CC”) Section 55.53(e), (ii) pursuant to CC Section 1938, that Landlord has not ordered, performed, or caused to be performed, a Certified Access Specialist (“CASp”) inspection of the Premises (sometimes referred to as “premises” or “subject premises” for the herein disclosures), and (iii) Landlord makes the following statutory disclosure per CC Section 1938 (the required “CASp Disclosure”):

“A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.”

If City elects to obtain an inspection, City and Landlord will mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the CASp inspection fee, and the cost of any repairs necessary to correct violations of construction-related accessibility standards.

3. TERM

3.1. Term of Lease

The Premises are leased for a term (the “Term”) commencing on the date that Landlord has delivered the Premises with the Leasehold Improvements (as defined below) Substantially Completed by Landlord and confirmed by City under Section 6.1 (Landlord’s Obligation to Construct Improvements), which may not be before the Effective Date, as provided in Section 24.22 (Effective Date) The Term will end on the expiration date specified in the Basic Lease Information, or the date that this Lease is earlier terminated under the provisions of this Lease, unless City extends the Term pursuant to Section 3.4 (Extension Option(s)), below.

3.2. Commencement Date and Expiration Date

The dates that the Term commences and expires under this Lease are the “Commencement Date” and the “Expiration Date.” If the Commencement Date occurs on a date other than the Estimated Commencement Date provided in the Basic Lease Information, then Landlord will promptly deliver to City a notice substantially in the form of the attached

Exhibit B confirming the actual Commencement Date, but Landlord’s failure to do so will not affect the dates of commencement or expiration of the Term.

3.3. Delay in Delivery of Possession

Landlord will use its best efforts to deliver possession of the Premises with all of the Leasehold Improvements Substantially Completed on or before the Estimated Commencement Date. If Landlord is unable to deliver possession of the Premises by the Estimated Commencement Date, then, subject to the provisions of this Section below, the validity of this Lease will not be affected by Landlord’s inability to deliver possession except that City’s obligations to pay Rent will not commence until the Commencement Date. If the Commencement Date, has not occurred on or after the date that is ninety (90) days after the Estimated Commencement Date (the “**First Commencement Date Deadline**”), subject to extension by virtue of Tenant Delays (as defined in the Work Letter) and Unavoidable Delay, then Tenant shall be entitled to a day-for-day rent credit of Base Rent attributable to the Premises for each day following the First Commencement Date Deadline (the “**Late Commencement Date Rent Credits**”) until the earlier to occur of: (a) the Commencement Date or (b) the Second Commencement Date Deadline (as defined below). Tenant shall immediately apply any accrued Late Commencement Date Credits against payments of Base Rent for the Premises as they become due. If the Commencement Date has not occurred on or before the date that is one hundred and eighty (180) days after the Estimated Commencement Date (the “**Second Commencement Date Deadline**”), subject to extension by virtue of Tenant Delays and Unavoidable Delay, Tenant shall be entitled to, at its option, terminate this Lease without further liability to Landlord, by written notice to Landlord. Consistent with Landlord default provisions contained in Section 15.3.

3.4. Extension Option(s)

Landlord grants City the right to extend the Term (the “**Extension Option(s)**”) for the additional term(s) specified in the Basic Lease Information (the “**Extended Term(s)**”) The Extended Term(s) will be on all of the terms and conditions contained in this Lease. City may exercise an Extension Option, if at all, by giving first written notice to Landlord of the City’s intent to extend the Lease (the “**Exercise Notice**”) no later than three hundred and sixty-five (365) days before expiration of the Term; provided, however, if there is an uncured Event of Default on the date City gives an Exercise Notice, then Landlord may reject City’s Exercise Notice if City fails to cure the Event of Default within ten (10) days after Landlord’s written demand for City to cure the Event of Default. Tenant’s exercise of the Extension Option shall be subject to the terms of Section 4.3(b)(iii) below regarding the need for the City’s Director of Property to approve the prevailing market rate determined by the appraisal process described therein.

4. RENT

4.1. Base Rent

Beginning on the Commencement Date (but subject to the Base Rent Abatement Period), City will pay to Landlord the annual Base Rent specified in the Basic Lease Information (the “**Base Rent**”)The Base Rent is payable in equal monthly payments at the address specified for Landlord in the Basic Lease Information, or other place as Landlord may designate in writing on not less than thirty (30) days’ advance notice. City will pay the Base Rent monthly within thirty

(30) days after invoice from Landlord and without any deductions or setoff except as otherwise provided in this Lease.

4.2. Adjustments in Base Rent

On each date specified in the Basic Lease Information for the adjustment of Base Rent (an “**Adjustment Date**”), the Base Rent payable under Section 4.1 (Base Rent) will be adjusted as follows:

Month(s)	<u>Base Rent / Year</u>	<u>PSF/Year</u>	<u>Base Rent / Month</u>	<u>PSF/Month</u>
Months 1 to 12	\$2,089,208.00	\$44.00	\$174,100.67	\$3.66
Months 13 to 24	\$2,151,884.24	\$45.32	\$179,323.69	\$3.78
Months 25 to 36	\$2,216,440.77	\$46.68	\$184,703.40	\$3.89
Months 37 to 48	\$2,282,933.99	\$48.08	\$190,244.50	\$4.01
Months 49 to 60	\$2,351,422.01	\$49.52	\$195,951.83	\$4.13
Months 61 to 72	\$2,421,964.67	\$51.01	\$201,830.39	\$4.25
Months 73 to 84	\$2,494,623.61	\$52.54	\$207,885.30	\$4.38
Months 85 to 96	\$2,569,462.32	\$54.11	\$214,121.86	\$4.51
Months 97 to 108	\$2,646,546.19	\$55.74	\$220,545.52	\$4.64
Months 109 to 120	\$2,725,942.57	\$57.41	\$227,161.88	\$4.78

4.3. Determination of Base Rent for the Extended Term

4.3.1. At the commencement of any Extended Term, the Base Rent will 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, location, and quality to the Building (“**Comparable Space**”) situated within the Central Business District area of San Francisco (“**Reference Area**”). As used in this Section, “**prevailing market rate**” means the base rent for Comparable Space, taking into account **(i)** any additional rent and all other payments and escalations payable under this Lease, **(ii)** floor location and size of the premises covered by leases of the Comparable Space, **(iii)** the duration of Extended Term under this Lease and the term of the leases for Comparable Space, **(iv)** free rent and any other tenant concessions given under the leases for Comparable Space, and **(v)** tenant improvement allowances and other allowances given under the leases for Comparable Space.

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

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

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

(c) If only one appraisal report is submitted within that thirty (30)-day period, then the prevailing market rate determined in that appraisal report will be used to establish the Base Rent for the Extended Term. If both appraisal reports are submitted within the thirty (30)-day period, and if the prevailing market rates determined in the two appraisal reports differ by less than one percent (1%) of the higher of the two, then the average of the two will be the prevailing market rate. If the prevailing market rates in the two appraisal reports differ by one percent (1%) or more, then the two appraisers will immediately select a third appraiser. Within thirty (30) days after selection, the third appraiser will determine which of the first two appraisal reports specified a value closest to the actual fair market value, which will be the prevailing market rate. If City's Director of Property does not approve the prevailing market rate as determined by the appraisal procedure specified above, the Director of Property may revoke City's exercise of the Extension Option. If the City's Director of Property has not disapproved the prevailing market rate on or before ninety (90) days after the date of the Exercise Notice, then the City shall be deemed to have approved the prevailing market rate determined by the appraisal procedure and the Extension Option is null and void.

(d) All appraisers must be "MAI" designated members of the Appraisal Institute with not less than five (5) years' recent experience appraising leases of commercial properties similar to the Premises in the Reference Area. Landlord and City will pay the cost of the appraiser it selects and one-half of the cost of the third appraiser.

4.4. Additional Charges

City will pay to Landlord any charges or other amounts required under this Lease as additional rent ("**Additional Charges**"), including the charges for City's Percentage Share of Real Estate Taxes and Operating Costs, as provided below. All Additional Charges are payable to Landlord at the place where the Base Rent is payable. The Base Rent and Additional Charges are sometimes collectively referred to "**Rent.**"

4.5. Definitions

"**Base Year**" means the year specified in the Basic Lease Information.

"**City's Percentage Share**" means the percentage specified in the Basic Lease Information.

"**Expense Year**" means each calendar year commencing January 1st of each year during the Term, including any partial year in which this Lease commences; provided that Landlord, on advance written notice to City, may change the Expense Year to any other twelve (12) consecutive month period and, in the event of a change, City's Percentage Share of Operating Costs will be equitably adjusted for the Expense Years involved in the change. Expense Year does not include the Base Year.

“**Operating Costs**” means the total costs and expenses actually paid or incurred by Landlord in connection with the management, operation, maintenance, and repair of the Building, including without limitation: **(1)** the cost of air conditioning, electricity, steam, water, sewer, heating, mechanical, telephone, ventilating, escalator, and elevator systems and all other utilities, **(2)** the cost of general maintenance, cleaning, and service contracts, including all supplies, tools, and equipment for that maintenance, cleaning, and service, **(3)** the cost incurred by Landlord for all insurance required to be carried on the Building, **(4)** wages, salaries, payroll taxes (not including any taxes imposed under the Business and Tax Regulations Code based on payroll expense), and other labor costs and employee benefits relating to Landlord’s employees or its Agents (defined in Section 24.5 (Parties and Their Agents, Approvals) below) engaged in the operation, repair, or maintenance, of the Building, allocated in proportion to the percentage of that person’s working time actually spent working in connection with the Building, **(5)** reasonable management fees, not to exceed 3% of the gross revenues of the Building, **(6)** fees, charges, and other costs of all independent contractors engaged by Landlord, allocated in proportion to the percentage of that person’s working time actually spent working in connection with the Building, **(7)** accounting and legal expenses, **(8)** depreciation on personal property, including carpeting in public corridors and Common Areas and window coverings provided by Landlord, **(9)** the fair market rental value of offices in the Building for the property manager, and **(10)** costs of capital repairs, capital improvements, and equipment **(A)** required by applicable Laws enacted on or after the date Landlord received a construction permit therefor amortized over the useful life of the improvement and/or equipment, together with interest at the actual interest rate incurred by Landlord in connection those capital repairs or, in lieu thereof, at a rate of six percent (6%) per annum, improvements, or equipment, unless caused by Landlord’s deliberate or negligent violation of applicable Laws, and except to the extent the improvements are attributable to or are made for the primary benefit of a tenant or occupant other than City, or **(B)** acquired to cause, in Landlord’s good faith judgment, a reduction during the Term in other Operating Costs, amortized over the useful life of the repairs, improvements, or equipment at an annual rate reasonably calculated to equal the amount of Operating Costs to be saved in each calendar year throughout the Term (as determined at the time Landlord elected to proceed with the capital repair or improvement or acquisition of the capital equipment to reduce Operating Costs), together with interest at the actual interest rate incurred by Landlord or, in lieu thereof, six percent (6%) per annum.

“**Operating Costs**” expressly do not include the following:

(a) Costs of capital repairs, capital improvements, capital equipment, and capital tools, and rental payments and other related expenses incurred in leasing air conditioning systems, elevators, or other equipment ordinarily considered to be of a capital nature, except as expressly permitted under clause (10) above;

(b) Rentals and other related expenses for items (except when needed in connection with normal repairs and maintenance of permanent systems, including but not limited to tool rented by Landlord in connection with normal repairs and maintenance) that, if purchased rather than rented, would constitute a capital improvement that is specifically excluded in item (i) above (excluding, however, equipment not affixed to the Building that is used in providing janitorial or similar services);

(c) Depreciation, amortization, and interest payments (including interest, principal, points, and fees on debt or amortization payment on any mortgages, deeds of

trust, or other debt instruments) except to the extent permitted under clause (10) above and except on materials, tools, supplies, and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party where the depreciation, amortization, and interest payments would otherwise have been included in the charge for the third party's services, all as determined in accordance with GAAP or, if GAAP is not available, in accordance with sound real estate accounting principles, consistently applied.

(d) Costs incurred by Landlord because of fire, windstorm, or other casualty or by the exercise of the right of eminent domain to the extent Landlord is actually compensated through proceeds or insurance or condemnation awards, or would have been reimbursed if Landlord had in force all of the insurance required to be carried by Landlord under this Lease,

(e) Costs incurred by Landlord if any portion of the Building is made untenable by fire or other casualty required to be insured against under the terms of the Lease and City's Percentage Share of the cost of earthquake repairs is in excess of one hundred thousand dollars (\$100,000) per earthquake (for this purpose, an earthquake is defined collectively as the initial earthquake and the aftershocks that relate to the initial earthquake);

(f) Costs for which the Landlord is actually reimbursed (other than as a reimbursement of Operating Costs) under any warranty, or by any tenant or occupant of the Building, or by insurance by its carrier or any tenant's carrier, or by anyone else;

(g) Costs, including permit, license, and inspection costs, incurred for the installation of improvements made for other tenants or occupants of the Building or incurred in renovating or otherwise improving, decorating, painting, or redecorating vacant space for tenants or occupants in the Building;

(h) Leasing commissions, attorneys' and other professionals' fees, space planning costs, and all other costs and expenses in connection with negotiations with present or prospective tenants or other occupants in the Building or any present or future ground lessors or holders of any mortgages or other encumbrances affecting any of the Building;

(i) Leasing commissions, attorneys' fees, costs, and disbursements and other expenses incurred in connection with negotiations or disputes with tenants or other occupants or prospective tenants or other occupants, or associated with the enforcement of any leases or costs of the defense of Landlord's title to the Building or the Property;

(j) Expenses in connection with services or other benefits that are not offered to City or for which City is charged directly but that Landlord provides to another tenant or occupant of the Building;

(k) Costs incurred by Landlord resulting from any dispute under the terms and conditions of any lease, ground lease, mortgage, or deed of trust, or covenants, conditions, or restrictions encumbering the Building or Property, or any violation of applicable Laws by Landlord or any other tenant or occupant of the Building;

(l) Costs incurred in connection with upgrading the Building to comply with disabled access, life, fire and safety codes in effect before the date on which

Landlord received a building permit for the portion of the Building in question, and costs incurred in connection with upgrading the Building to comply with the Americans with Disabilities Act, as amended, Title 24 of the California Code of Regulations (or its successor), the San Francisco Sprinkler Ordinance and the San Francisco Unreinforced Masonry Building Ordinance as such laws were in effect on the date that Landlord received a building permit for the portion of the Building in question;

(m) Payments for management or other services in or to the Building, or for supplies or other materials to Landlord's subsidiaries or affiliates, to the extent that the costs of the services, supplies, or materials exceed the costs that would have been paid had the services, supplies, or materials been provided by parties unaffiliated with the Landlord on a competitive basis;

(n) Costs for which Landlord has been compensated by a management fee, and any management fees in excess of three percent (3%) of the gross revenues of the Building;

(o) Any ground lease rental or rental under any other underlying leases;

(p) Except as specifically permitted under clause (10) above, interest, principal, points, and fees on debts or amortization on any mortgage, deed of trust, or any other debt instrument encumbering any of the Building or the Property;

(q) Any compensation paid to clerks, attendants, or other persons in commercial concessions operated by Landlord or in any parking facility at or for the Building;

(r) All items and services for which City, any other tenant or occupant of the Building or anyone else reimburses Landlord (other than through a party's proportionate share of Operating Costs), or that Landlord provides selectively to one or more other tenants or occupants without reimbursement;

(s) Advertising or promotional expenditures, and the costs of acquiring and installing signs in or on any of the Building identifying the owner of the Building or any tenant or occupant of the Building;

(t) Costs of any electric power used by any tenant in the Building for which the tenant directly contracts with the local public service company or of which any tenant is separately metered or sub-metered and pays Landlord directly and if any tenant in the Building contracts directly for electric power service or is separately metered or sub-metered during any portion of the relevant period, the total electric power costs for the Building must be "grossed up" to reflect what those costs would have been had each tenant in the Building used a commercially reasonable, standard amount of electric power;

(u) Services provided, taxes attributable to, and costs incurred in connection with the operation of retail, restaurant, and garage operations in the Building;

(v) "in-house" legal or accounting fees;

(w) Real Estate Taxes, exclusions from Real Estate Taxes as set forth in the definition of that term below, and any tax penalties incurred as a result of Landlord's failure to make tax payments when due which failure is not directly due, without intervening cause, to Tenant's failure to pay Landlord Real Estate Taxes as and when due pursuant to the terms of this Lease;

(x) Fines, costs, penalties or interest incurred due to a violation by Landlord or any other tenant or occupant of the Building of the terms and conditions of any applicable laws (subject to the limitations of subitem (l) above), the terms and conditions of any lease, ground lease, mortgage or deed of trust, or other covenants, conditions or restrictions encumbering the Building;

(y) Costs arising from the presence of Hazardous Material in, under, or about the Building including groundwater or soil conditions, provided that nothing herein shall be deemed to limit Tenant's obligations under this Lease with respect to any Hazardous Material brought in, under of about the Building by Tenant or Tenant's agents, employees, contractors or invitees;

(z) Costs, fees, dues, contributions, or similar expenses for or related to charitable or political causes or candidates;

(aa) Costs as a result of repairs of latent defects in the design or original construction of the Building, or improvements made or installed by Landlord or any previous owner, or in the Building Systems; Costs for sculpture, paintings, or other objects of art;

(bb) Costs arising from claims, disputes, or potential disputes, including tax disputes where the tenants of the Building would receive benefits if Landlord prevails, in connection with potential or actual claims, litigation, or arbitrations pertaining to Landlord or the Building, including all attorneys' fees and costs of settlement, judgments, and other similar payments;

(cc) All direct cost of refinancing, selling, exchanging, or otherwise transferring ownership of any portion of the Building or the Property or any interest in any portion of the Property, including broker commissions, attorney's fees, and closing costs;

(dd) Reserves for bad debts, rent loss, capital items, future improvements, repairs, or additions, Real Estate Taxes, or Operating Costs;

(ee) The wages and benefits of any employee who does not devote substantially all of his or her employed time to the Building unless the wages and benefits are prorated to reflect time spent on operating and managing the Building vis-a-vis time spent on matters unrelated to operating and managing the Building; and

(ff) Landlord's general corporate overhead and general and administrative expenses and all costs associated with the operation of the business of the ownership or entity that constitutes "Landlord," as distinguished from the costs of Building operations, management, maintenance or repair.

“**Real Estate Taxes**” means all taxes, assessments, and charges levied assessed or imposed on or with respect to the Building (or portion thereof) owned by Landlord, or Landlord’s interest in the Building. Real Estate Taxes include all general or special real property taxes and general and special assessments, charges, fees, or assessments for transit, housing, police, fire, or other governmental services, service payments in lieu of taxes that are now or later levied or assessed against Landlord by the federal, state, or local government, district or public corporation, and will also include any other tax, fee, or other excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes. Real Estate Taxes (and Operating Costs) expressly do not include: (1) franchise, real property transfer, other transfer, inheritance, gross receipts (except on rents) business registration, payroll expense, or capital stock taxes, or income taxes of Landlord from all sources unless, due to a change in the method of taxation, any of those taxes are levied or assessed against Landlord as a substitute for, or as an addition to, in whole or in part, any other tax that would otherwise constitute a Real Estate Tax, (2) any penalties, fines, interest, or charges attributable to the late payment of any taxes, except to the extent attributable to City’s failure to pay its portion of Real Estate Taxes, (3) any personal property taxes payable by City or by any other tenant or occupant of the Building, (4) any increase in Real Estate Taxes due to improvements to another tenant’s premises in the Building or another tenant’s leased space reverts to Landlord; (5) any Early Care and Education Commercial Rents Tax imposed under Article 21 of the Business and Tax Regulations Code (gross receipts received from leases to government entities are exempt from this tax).

“**Tax Year**” means each calendar year during the Term, including any partial year during which this Lease commences; provided that, by notice to City, Landlord may change the Tax Year from time to time to any other twelve (12) consecutive month period and, in the event of that change, City’s Percentage Share of Real Estate Taxes will be equitably adjusted for the Tax Year during the change.

4.6. Adjustments to Base Year

4.6.1. Operating Costs. If the Building is not at least one hundred percent (100%) occupied during all or a portion of the Base Year or any Expense Year, then Landlord will make an appropriate adjustment to the components of Operating Costs for that year to determine the amount of Operating Costs that would have been incurred had the Building been one hundred percent (100%) occupied; and the amount Landlord determines will be deemed to have been the amount of Operating Costs for that year. If Landlord does not carry earthquake or terrorism insurance for the Building during the Base Year but subsequently obtains earthquake or terrorism insurance for the Building during the Lease Term, then from and after the date that Landlord obtains earthquake or terrorism insurance, as the case may be, and continuing throughout the period during which Landlord maintains that insurance, Operating Costs for the Base Year will be deemed to be increased by the amount of the premium Landlord would have incurred had Landlord maintained that insurance for the same period of time during the Base Year. If during the Base Year Landlord does not furnish any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Costs) to a tenant who has undertaken that work or service in lieu of Landlord, Operating Costs will be deemed to be increased by an amount equal to the additional Operating Costs that would reasonably have been incurred during that period by Landlord if it had furnished the work or service to the tenant. Further, if after the Base Year, Landlord changes its custom and practice in operating the

Building, adds services, or incurs expenses relating to separate items or categories or subcategories of Operating Costs that are not generally provided for in other comparable office buildings in San Francisco and were not part of Operating Costs during the entire Base Year, then the Operating Costs for the Base Year will be grossed up to reflect what Operating Costs would have been if the custom or practice, additional services, separate items, or categories or subcategories of Operating Costs been provided during the entire Base Year. Operating Costs for the Base Year will not include market-wide labor-rate increases resulting from extraordinary circumstances, including boycotts and strikes, and utility rate increases resulting from extraordinary circumstances including conservation surcharges, boycotts, embargoes or other shortages, or amortized costs relating to capital improvements.

4.6.2. Taxes. If the property tax assessment for the Building or Real Estate Taxes for the Base Year or any Expense Year does not reflect an assessment or Real Estate Taxes for a 100% occupied building, then Real Estate Taxes for the Base Year or Expense Year (as applicable) will be adjusted to reflect Real Estate Taxes for a 100% occupied Building. If, after the Base Year, the Building is sold or improved and the Property and Building are reassessed, the Real Estate Taxes will be grossed up for the Base Year to reflect what they would have been had the Real Estate Taxes been calculated based on the reassessment value.

4.7. Calculation of Operating Costs and Real Estate Taxes

4.7.1. Calculation of Operating Costs. The calculation of Operating Costs will be made in accordance with generally accepted accounting principles (“GAAP”) or, in the event of a relevant GAAP rule, in accordance with sound real estate accounting principles, consistently applied. With respect to the costs of capital repairs, improvements, or equipment included in Operating Costs under clause (10) of the definition of Operating Costs, those costs will be included in Operating Costs only after the capital Improvement is completed and put into service and will be amortized over the useful life of the capital improvements, together with interest on the unamortized balance at any rate actually charged Landlord by a third party lender or, in lieu thereof, at a rate per annum equal to six percent (6%) per annum, but not more than the maximum rate permitted by law at the time the capital improvement is constructed. Landlord will not collect or be entitled to collect Operating Costs from all of its tenants in the Building an amount that is more than 100% of the Operating Costs actually paid by Landlord in connection with the Building.

4.7.2. Calculation of Real Estate Taxes. The amount of Real Estate Taxes for the Base Year and any Expense Year will be calculated without taking into account any decreases in real estate taxes obtained in connection with any Proposition 8 reduction in Real Estate Taxes, and, therefore, the Real Estate Taxes in the Base Year and/ or an Expense Year may be greater than those actually incurred by Landlord, but nonetheless will be the Real Estate Taxes due under this Lease; provided that (i) any costs and expenses incurred by Landlord in securing any Proposition 8 reduction will not be deducted from Real Estate Taxes or included in Operating Costs for purposes of this Lease, and (ii) tax refunds under Proposition 8 will not be deducted from Real Estate Taxes or refunded to City, but will be Landlord’s sole property.

4.8. Payment of City’s Percentage Share of Operating Costs

Commencing the first month after the end of the Base Year, City will pay to Landlord each month, as Additional Charges, one twelfth (1/12) of City’s Percentage Share of the amount,

if any, by which Operating Costs for each Expense Year exceed the Operating Costs for the Base Year. City will make the payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to City at least four (4) months before the first payment of City's Percentage Share of Operating Costs is due. Landlord will update its estimates of Operating Costs each Lease year, but none of the revised estimates will be retroactive. Landlord must provide any revised estimates to City at least four (4) months before the Expense Year. With reasonable promptness not to exceed one hundred twenty (120) days after the expiration of each Expense Year, Landlord will furnish City with a statement ("**Landlord's Expense Statement**") setting forth in reasonable detail the actual Operating Costs for the Expense Year and City's Percentage Share. If City's Percentage Share of the actual Operating Costs for the Expense Year exceeds the estimated Operating Costs paid by City for that Expense Year, City will pay to Landlord (whether or not this Lease has terminated) the difference between the amount of estimated Operating Costs paid by City and City's Percentage Share of the actual Operating Costs within thirty (30) days after the receipt of Landlord's Expense Statement. If the total amount paid by City for its Percentage Share of Operating Costs exceeds City's Operating Costs Share of the actual Operating Costs for the Expense Year, the excess will be credited against the next installments of City's Percentage Share of Operating Costs or refunded to City, at City's option. Notwithstanding anything to the contrary contained in this Lease, in no event will the City's Percentage Share of Controllable Operating Costs for any Expense Year exceed City's Percentage Share of Controllable Operating Costs for the previous Expense Year by more than eight percent (8%), calculated on a cumulative and compounded basis. For the purposes of this Lease, "Controllable Operating Costs" shall mean all Operating Costs other than Real Estate Taxes, other taxes, insurance costs and utilities costs. Notwithstanding anything contained in this paragraph to the contrary, Controllable Operating Costs shall not include (A) costs incurred due to an event of force majeure, and (B) cost incurred to comply with applicable Laws.

4.9. Payment of City's Percentage Share of Real Estate Taxes

Commencing the first month after the end of the Base Year, City will pay Landlord each month, as Additional Charges, one twelfth (1/12) of City's Percentage Share of the amount, if any, by which Real Estate Taxes for each Tax Year exceed Real Estate Taxes for the Base Year. City will make those payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to City at least four (4) months before the first payment of City's Percentage Share of Real Estate Taxes is due. With reasonable promptness not to exceed thirty (30) days after Landlord has received the tax bills for any Tax Year, Landlord will furnish City with a statement ("**Landlord's Tax Statement**") setting forth the actual amount of Real Property Taxes for the Tax Year and City's Percentage Share. If City's Percentage Share of the actual Real Estate Taxes for the Tax Year exceeds the estimated Real Estate Taxes paid by City for that Tax Year, City will pay to Landlord (whether or not this Lease has terminated) City's Percentage Share of the actual Real Estate Taxes within thirty (30) days after the receipt of Landlord's Tax Statement. If the total amount of estimated Real Estate Taxes paid by City for the Tax Year exceeds City's Percentage Share of the actual Real Estate Taxes, the excess will be credited against the next installments of City's Percentage Share of Real Estate Taxes, or at Landlord's option, the excess will be refunded to City.

4.10. Proration

If the Commencement Date or Expiration Date occurred on a date other than the first or last day of a Tax Year or Expense Year, then City's Percentage Share of Real Estate Taxes or

Operating Costs for the Tax Year or Expense Year in which the Commencement Date or Expiration Date occurs, will be prorated based on a three hundred sixty-five (365)-day year.

4.11. Audits

After not less than ten (10) business days' notice to Landlord, City may audit the books and records of the Building related to Operating Costs and Real Estate Taxes at any time within three hundred and sixty five (365) days following the respective deliveries by Landlord to City of Landlord's Expense Statement and Landlord's Tax Statement. Such audit may be conducted by the City Controller or his or her designee or by an independent accounting firm selected by City ("City's Representative") and may be made in connection with City's review of back-up documentation or independent of such review. If the audit discloses any discrepancies that would result in a reduction of City's Percentage Share of Operating Costs for any Expense Year, Tenant may audit the books and records of the Building related to the cost or expense category of that discrepancy at any time within three (3) years following the respective deliveries by Landlord to City of Landlord's Expense Statement and Landlord's Tax Statement. Unless Landlord objects to the same, if the audit discloses any discrepancies that would result in a reduction of City's Percentage Share of Operating Costs for any Expense Year, Landlord will immediately refund (or credit against future Base Rent) to City the amount of any overpayment by City. If Landlord objects to City's audit, Landlord may cause its own auditor to audit such books and records and, if the two (2) auditors cannot agree on the amount of Operating Costs owed by City within thirty (30) days following the completion of the audit by Landlord's auditor, then the two (2) auditors shall agree upon a third (3rd) auditor (and the determination of the third (3rd) auditor shall be binding on City and Landlord). City will pay the cost of the audit, but if the final determinative results of the audit(s) discloses any discrepancies that result in a reduction of City's Percentage Share of Operating Costs and/or Real Estate Taxes by five percent (5%) or more for any Expense Year or Tax Year, then Landlord will pay the costs of the audit. City agrees to keep the results of such audit(s) strictly confidential to the extent permitted by Law.

Tenant's sole and exclusive remedy for resolving any such dispute shall be by binding arbitration. The arbitration shall be administered by the office of JAMS in San Francisco, California, and shall be conducted pursuant to its Streamlined Arbitration Rules and Procedures. The arbitrator's powers shall be limited to resolving the dispute and awarding costs (including reasonable attorneys' fees) to the prevailing party.

4.12. Records

Landlord will maintain at the Building or another location in San Francisco, California designated by Landlord, all of its records related to this Lease, Real Estate Taxes, Operating Costs, and any other charges paid by City under this Lease, for at least three (3) years - after the Expiration Date or earlier termination of the Term. Landlord will maintain the records on a current basis and in sufficient detail to facilitate adequate review and audit. All books and records will be available for inspection, copying, and audit by City and its representatives, at City's expense, subject to the provisions of Section 4.11 (Audits).

4.13. Payments by City

Landlord acknowledges that City cannot make any payments to Landlord unless Landlord is qualified as an approved vendor in City's financial and payment system. Therefore,

City will not be in default of any monetary obligation under this Lease and no interest or late charge will apply, if Landlord is not an approved vendor with City. More information about being an approved vendor with City is available at <https://sfcitypartner.sfgov.org/Vendor/BecomeSupplier>. All Rent that has accrued while Landlord was not an approved vendor will be payable within twenty (20) after City receives Landlord's written notice and the Contract Monitoring Division confirms that Landlord has been approved as a City vendor.

4.14. Landlord's Compliance with City Business and Tax Regulations Code

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

4.15. Additional Services

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

5. USE

5.1. Permitted Use

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

5.2. Observance of Rules and Regulations

City will observe the rules and regulations for the Building attached to this Lease as **Exhibit C** (the "**Rules and Regulations**"), but the provisions of this Lease will govern over any

conflicting Rules and Regulations. Landlord may make reasonable changes to the Rules and Regulations, but all changes must be applicable to all other Building tenants and the changes may not **(a)** reduce Landlord's obligations under the Lease, **(b)** conflict with the provisions of this Lease, **(c)** materially increase City's burdens or obligations, **(d)** impose a charge on City for services that this Lease expressly states are to be provided to City at no charge, or **(e)** materially adversely affect any permitted use of the Premises. The changes permitted under this Section will be binding on City within a reasonable implementation period after delivery of Landlord's written notice of the changes to City. Landlord will administer the Rules and Regulations in a fair and nondiscriminatory manner and use reasonable efforts to cause other Building tenants to comply with them.

5.3. Interference with Access

Landlord will provide to City uninterrupted access to the Building and the Premises twenty-four (24) hours per day, seven (7) days per week, subject to the effect of applicable Laws, force majeure events but Landlord may after consultation with ~~City's~~ City's Director of Property interrupt City's access to the Premises or the Building if there is an immediate threat that will render the Premises, the Common Areas, or any other portion of the Building unsafe for human occupancy. If City's use of any of the Premises or access to the Premises is interrupted because the Premises, the Common Areas, or any other portion of the Building is unsafe for human occupancy due to Landlord's failure to comply with its obligations under this Lease or for any other reason other than an Event of Default, then Landlord will immediately undertake all necessary steps to correct the condition, and, in the event such condition continues for five (5) days, the Base Rent shall be abated based on the extent to which such default materially interferes with Tenant's ability to conduct normal administrative office operations in the Premises. Nothing in this Section will limit City's rights with respect to any disruption due to casualty under Section 12 (Damage and Destruction).

6. LEASEHOLD IMPROVEMENTS

6.1. Construction of Leasehold Improvements

Landlord will construct the Premises and make the installations in the Premises and the Common Areas as provided in the Work Letter attached as Exhibit G (the "**Work Letter**"). All work and installations performed under the Work Letter are referred to as the "**Leasehold Improvement Work**" and the "**Leasehold Improvements.**"

6.2. Construction of Improvements that Disturb or Remove Exterior Paint

Landlord, on behalf of itself and its successors, assigns, and Agents, will comply with all requirements of the San Francisco Building Code Chapter 34 and all other applicable local, state, and federal laws, including the California and United States Occupational and Health Safety Acts and their implementing regulations, when the work or alteration disturbs or removes exterior or interior lead-based or "presumed" lead-based paint (as defined below). Landlord and its Agents must give to City three (3) business days' prior written notice of any disturbance or removal of exterior or interior lead-based or presumed lead-based paint. Landlord acknowledges that the required notification to the Department of Building Inspection regarding the disturbance or removal of exterior lead-based paint under San Francisco Building Code Chapter 34 does not constitute notification to City as Tenant under this Lease and similarly that notice under this

Lease does not constitute notice under San Francisco Building Code Chapter 34. Further, Landlord and its Agents, when disturbing or removing exterior or interior lead-based or presumed lead-based paint, will not use or cause to be used any of the following methods: (a) acetylene or propane burning and torching; (b) scraping, sanding, or grinding without containment barriers or a High Efficiency Particulate Air filter (“HEPA”) local vacuum exhaust tool; (c) hydroblasting or high-pressure wash without containment barriers; (d) abrasive blasting or sandblasting without containment barriers or a HEPA vacuum exhaust tool; and (e) heat guns operating above 1,100 degrees Fahrenheit. Landlord will comply with the requirements of California Code of Regulations Title 17 when taking measures that are designed to reduce or eliminate lead hazards. Under this Section, paint on the exterior or interior of buildings built before January 1, 1979 is presumed to be lead-based paint unless a lead-based paint test, as defined by San Francisco Building Code Chapter 34, demonstrates an absence of lead-based paint on the interior or exterior surfaces of the buildings. Under this Section, lead-based paint is “disturbed or removed” if the work or alteration involves any action that creates friction, pressure, heat, or a chemical reaction on any lead-based or presumed lead-based paint on a surface so as to abrade, loosen, penetrate, cut through, or eliminate paint from that surface.

7 ALTERATIONS

7.1 Alterations by City

City may not make or permit any alterations, installations, additions, or improvements (collectively, “**Alterations**”) to the Premises without first obtaining Landlord’s written consent, which Landlord will not unreasonably withhold, condition, or delay. Installation of furnishings, fixtures, equipment, or decorative improvements that do not affect the Building Systems or structural integrity of the Building, do not require a permit, do not penetrate the floor slab or ceiling of the Premises, are not visible from outside the Premises and which cost less than Fifty Thousand Dollars (\$50,000) each, and the repainting and recarpeting of the Premises do not require Landlord’s consent, but do require prior written notice thereof to Landlord. Any Alterations permitted under this Lease will be made at City’s cost in compliance with applicable Laws (as defined in Section 10.1 (Landlord’s Compliance with Laws)). Tenant shall pay Landlord Landlord’s then-existing construction management fee, not to exceed 3% and reimburse Landlord for Landlord’s reasonable out-of-pocket costs incurred in reviewing such Alterations. City will not be required to remove any Alterations on the expiration or sooner termination of this Lease unless Landlord notifies City in writing at the time Landlord approves the Alterations that they must be removed. All Alterations to be made to the Premises shall be designed by and made under the supervision of a California licensed architect and/or California licensed structural engineer (each of whom has been reasonably approved by Landlord, with such approval not being unreasonably withheld, conditioned or delayed) and shall be made in accordance with plans and specifications which have been furnished to and approved by Landlord in writing prior to commencement of work.

7.2 Title to Improvements

Except for City’s Personal Property (as defined in the next Section) and the Leasehold Improvements, all appurtenances, fixtures, improvements, equipment, additions, and other property permanently installed in the Premises as of the Commencement Date or during the Term will be and will remain Landlord’s property. City may not remove Landlord’s property without Landlord’s written approval.

7.3 City's Personal Property

7.3.1 All furniture, furnishings, equipment, trade fixtures, and articles of movable personal property installed in the Premises by or for City and that can be removed without structural damage to the Premises (collectively, "**City's Personal Property**") are and will remain City's property.

7.3.2 At any time during the Term, City shall remove any of City's Personal Property, and City will repair any damage to the Premises resulting from that removal. On the expiration or earlier termination of this Lease, City will remove City's Personal Property from the Premises in accordance with Section 20 (Surrender of Premises).

7.4 Alteration by Landlord

Landlord will use commercially reasonable efforts to minimize interference with or disruption to City's use and occupancy of the Premises during any alterations, installations, additions, or improvements to the Building, including any leasehold improvement work for other tenants in the Building. Landlord will promptly remedy any interference or disruption on receiving City's notice thereof.

8 REPAIRS AND MAINTENANCE

8.1 Landlord's Repairs

At its cost (but subject to reimbursement as an Operating Cost, subject to the exceptions thereto), Landlord will repair and maintain the exterior and structural portions of the Building in good and working condition, including, the roof, foundation, bearing and exterior walls, windows, doors, door frames, demising walls, and subflooring, and the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security, and other mechanical, electrical, and communications systems of the Building (collectively, the "**Building Systems**") and the Common Areas. Without limiting the foregoing, Landlord will maintain the Building in a clean, safe, and attractive manner, will provide exterior graffiti removal with reasonable frequency, and will not permit any other tenants of the Building to disturb or interfere with City's use of the Premises or permit to be done in or about the Building or the Common Areas anything that is illegal, is dangerous to persons or property, or constitutes a nuisance.

8.2 City's Repairs

Subject to Landlord's warranty under Section 10.1 (Premises Condition), any construction warranties or guaranties received in connection with Landlord's completion of the Leasehold Improvements, and Landlord's repair and maintenance obligations under this Lease, City will repair and maintain at its cost the interior portions of the Premises and will keep the Premises in good working order and in a safe and sanitary condition, except for ordinary wear and tear and damage by casualty or condemnation. City will make any required repairs and replacements to the interior of the Premises that Landlord specifies in writing **(a)** at City's cost, **(b)** by contractors or mechanics selected by City and reasonably approved by Landlord, **(c)** so that the interior portions of the Premises will be at least substantially equal in quality, value, and utility to the original work or installation before the damage, **(d)** in a manner and using equipment and materials that will not materially interfere with or impair the operations, use, or

occupation of the Building or the Building Systems, and (e) in compliance with all applicable Laws, including any applicable contracting requirements under City's Charter and Administrative Code. At all times during the Term, promptly after City's reasonable notice, Landlord will provide City and its Agents with access to those portions of the Building that are necessary to maintain or repair the telecommunications and data and computer cabling facilities and equipment installed by City.

8.3 Liens

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

9 UTILITIES AND SERVICES

9.1 Landlord's Provision of Utilities and Essential Services

Landlord will furnish the following utilities and services to the Premises: (a) heating, air conditioning, and ventilation in amounts required for City's comfortable use and occupancy of the Premises, during the period from 7:00 a.m. to 6:00 p.m., Monday through Friday, except holidays generally recognized in San Francisco; (b) electric current in amounts required for normal lighting and for the operation of personal computers and other normal office machines and equipment, on a twenty-four (24) hours-a-day, three hundred sixty-five (365) days-a-year basis, subject to force majeure, the effect of applicable Laws, and Landlord's reasonable security precautions ("**Daily Basis**"); (c) elevator service on a Daily Basis; (d) freight elevator service consistent with **Exhibit D**, (e) water for lavatory, kitchen, and drinking purposes on a Daily Basis, and (f) fire protection services and hazard detection (collectively, "**Essential Services**").

9.2 Services

Common Area Janitorial Service. Landlord shall provide at its cost (as an Operating Cost) janitorial service to the Common Areas in accordance with the specifications contained in **Exhibit E** ("Standards for Janitorial Services") attached hereto. Landlord reserves the right to reasonably revise the janitorial services from time to time during the Term, provided that such revised service is sufficient to maintain the Common Areas in a clean and orderly condition and is consistent with the janitorial service provided from time to time in comparable first class high-rise office buildings, and is subject to City's reasonable approval.

6.2.1. Premises Janitorial Service. At its cost (as an Operating Cost or as directly billed to Tenant), Landlord will provide janitorial service to the Premises in accordance with the specifications contained in the attached **Exhibit E** ("Standards for Janitorial Services").

6.2.2. Elevators. At its cost (as an Operating Cost), Landlord will provide unattended automatic passenger elevator facilities serving the floor(s) on which the Premises are

located, on a Daily Basis. Freight elevator service is available on a Daily Basis, subject to Landlord's scheduling rules and the rights of other tenants to use the freight elevator.

6.2.3. Building Security Service. Landlord shall provide at its cost (as an Operating Cost) security for the Building in accordance with the specifications contained in Exhibit F ("Standards for Security Service") attached hereto. Landlord reserves the right to reasonably revise the security services from time to time during the Term, consistent with security provided from time to time in comparable first-class high-rise office buildings, and in no event for fewer than twenty-four (24) hours per day. Subject to Landlord's prior approval, which approval shall not be unreasonably withheld, conditioned or delayed, City may install and operate its own access control to the Premises at the doors thereof, provided that City's access control system shall not interfere with Landlord's access control system of the Building. City acknowledges and agrees that Landlord shall at all times have access to the Premises in the event of an emergency and as reasonably necessary to provide the services to be furnished by Landlord under this Lease.

6.2.4. Building Graffiti Removal. Landlord, during normal business hours, shall promptly remove graffiti at its cost (as an Operating Cost, to the extent applicable) from Building surfaces outside the Premises.

9.3 Conservation

Landlord may establish reasonable measures to conserve energy and water, including automatic light shut off after hours and efficient lighting forms, so long as these measures do not unreasonably interfere with City's use of the Premises.

9.4 Disruption in Essential Utilities or Services

If any failure, stoppage, or interruption of any utilities or services to be furnished by Landlord occurs, Landlord will immediately notify City of the failure, stoppage, or interruption; diligently attempt to restore service as promptly as possible; and keep City apprised of its efforts. If (i) Landlord fails to perform the obligations required of Landlord under the terms of the Lease to provide the utilities to be furnished to the Premises, and (ii) such failure causes all or a portion of the Premises to be untenantable and unusable by Tenant (except to the extent such failure is due to the failure of a utility company to provide its utility to the Building not caused by Landlord's failure to pay such utility company any amounts owed such utility company (unless such failure is caused by Tenant's failure to pay Landlord the related utility costs owed Landlord pursuant to this Lease)), Tenant shall give Landlord notice (the "Abatement Notice"), specifying such failure to perform by Landlord (the "Abatement Event"). and stating how the lack of Essential Services has materially impaired the City's use of the Premises and its calculation as to the percentage of the Premises that cannot and has not been used by the lack of such Essential Service. If Landlord has not cured such Abatement Event within five (5) days after the receipt of the Abatement Notice, Tenant, as its sole and exclusive remedy, may immediately abate Rent payable under the Lease for that portion of the Premises rendered untenantable and not used by Tenant, for the period from the commencement of such Abatement Event until the earlier of the date Landlord cures such Abatement Event or the date Tenant recommences the use of such portion of the Premises; provided that if the entire Premises has not been rendered untenantable and unusable by the Abatement Event, the amount of abatement that Tenant is entitled to receive shall be prorated based upon the percentage of the Premises (which

shall be based on a ratio of the square feet of rentable area rendered untenable and unusable to all of the rentable area leased by Tenant) so rendered untenable and unusable and not used by Tenant. If Landlord disputes whether the lack of Essential Services materially impairs City's use of the Premises and/or City's calculation of the percentage of the Premises affected by such failure, then the parties shall promptly meet in good faith to resolve the dispute.

City will not be entitled to any abatement of Rent if Landlord's inability to supply Essential Services to City results solely from the negligent acts or omissions of City and its Agents.

10 COMPLIANCE WITH LAWS; PREMISES CONDITION

10.1 Landlord's Compliance with Laws; Premises Condition

Landlord shall make, at its cost (but subject to reimbursement from Tenant as an Operating Cost, subject to the limitations thereon described in Section 4.5 (e) above), any and all modifications to the Premises, the Building or the Building Systems as may be required by applicable Laws for use for use of the Premises for general office purposes. Landlord shall at all times during the Term, at its cost (but subject to reimbursement from Tenant as an Operating Costs, subject to the limitations thereon described in Section 4.5 (e) above) cause the Property, the Building, the Common Areas and the Building Systems serving the Premises to be in compliance with applicable present or future federal, state, local and administrative laws, rules, regulations, orders and other governmental requirements, the requirements of any board of fire underwriters or other similar body, any directive or occupancy certificate issued pursuant to any law by any public officer or officers acting in their regulatory capacity (collectively, "Laws"), including, without limitation, Disabilities Laws, Seismic Safety Laws, and Life Safety Laws. Notwithstanding the foregoing, if and to the extent (a) City's status as a governmental entity or (b) City's proposed or actual use of the Premises for other than general office use, requires changes or upgrades to the Building or special services in the Building in order to comply with applicable Law, (i) Landlord shall provide City with prior written notice of the required additional changes, upgrades or services and Landlord's good faith estimate of the cost thereof, (ii) City shall be responsible for the cost of the additional changes, upgrades or services that result from City's status as a governmental entity or City's proposed or actual use of the Premises for other than general office use, and (iii) City shall reimburse Landlord, promptly upon demand accompanied by an invoice and supporting documentation, as additional Rent, for any costs or expenses that Landlord reasonably incurs arising from such additional changes, upgrades or services, provided that prior to incurring such costs or expenses Landlord shall provide City, for City's reasonable approval or disapproval, with written notice of the required Building changes or upgrades and a budget or other satisfactory estimate of the costs and expenses to be incurred in connection therewith. If Landlord is required to make Building changes or upgrades due to a use by City which is not a general office use, City shall have the option of terminating such use and instead using the space as general office space, provided that such termination shall not reduce or eliminate the City's obligations with respect to any additional changes, upgrades or services that arose prior to such termination becoming effective. Nothing contained herein shall prevent Landlord from contesting any alleged violation of Laws in good faith, including, but not limited to, the right to apply for and obtain a waiver or deferment of compliance, the right to assert any and all defenses allowed by applicable Laws, and the right to appeal any decisions, judgments or rulings to the fullest extent permitted by applicable Laws.

10.2 City's Compliance with Laws

City will use the Premises during the Term in compliance with applicable Laws, except that City will not be required to make any structural alterations, additions, or other modifications in order to comply with applicable Laws unless the modifications are necessary solely because of any Alterations to the Premises made by City under Section 7 (Alterations) or Tenant's particular use of the Premises (as opposed to office uses generally) City will be responsible for complying with any requirement of the Disabilities Laws relating to the placement of City's furniture or other City Personal Property and the operation of any programs in the Premises, other than any requirement relating to the physical structure, fixtures, and permanent improvements of the Premises or portions of the Property or Building along the path of travel to the Premises, which are Landlord's obligation as provided in Section 10.1 (Premises Condition).

10.3 City's Compliance with Insurance Requirements

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

11 SUBORDINATION

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

11.1.2 If any mortgage or deed of trust to which this Lease is subordinate is foreclosed or a deed in lieu of foreclosure is given to the mortgagee or beneficiary, or if any

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

12 DAMAGE AND DESTRUCTION

12.1.1 If the Premises, the Building, or any Building Systems serving the Premises are damaged by fire or other casualty, Landlord will repair the same without delay (and if Landlord is then carrying insurance on the Leasehold Improvements, Landlord will also repair the Leasehold Improvements) so long as the repairs can be made under applicable Laws within sixty (60) days after Landlord obtains all necessary permits but not later than two hundred seventy (270) days after the date of the damage (the “**Repair Period**”). If Landlord is obligated to repair as provided above, then this Lease will remain in full force and effect, except that City will be entitled to an abatement of Rent until the Premises are restored to their condition before the casualty. The abatement in Rent will be based on the extent to which the damage, the making of the repairs, and reoccupying the repaired Premises interferes with City’s use of the Premises and City actually does not use the portion of the Premises in question. Landlord’s repairs will not include, and the Rent will not be abated as a result of, any damage by fire or other cause to City’s Personal Property or any damage caused by the negligence or willful misconduct of City or its Agents that is not covered by insurance maintained by Landlord pursuant to this Lease.

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

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

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

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

13 EMINENT DOMAIN

13.1 Definitions

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

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

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

13.2 General

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

13.3 Total Taking; Automatic Termination

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

13.4 Partial Taking; Election to Terminate

13.4.1 If there is a Taking of any portion (but less than all) of the Premises, then this Lease will terminate in its entirety if all of the following exist: **(i)** the partial Taking, in City’s reasonable judgment, renders the remaining portion of the Premises untenable or

unsuitable for continued use by City for its intended purposes or otherwise materially adversely affects City's normal operations in the Premises or access to the Premises, **(ii)** the condition rendering the Premises untenable or unsuitable or that materially adversely affects City's normal operations or limits access to the Premises either is not curable or is curable but Landlord is unwilling or unable to cure the condition, and **(iii)** City elects to terminate.

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

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

13.5 Termination of Lease; Rent and Award

On termination of this Lease in its entirety under Section 13.3 (Total Taking; Automatic Termination) or under Section 13.6 (Partial Taking; Continuation of Lease), then: **(a)** City's obligation to pay Rent will continue up until the date of termination and then will cease, and **(b)** Landlord will be entitled to the entire Award, except that City will receive any portion of the Award for the unamortized cost of any Leasehold Improvements paid for by City and any Award made specifically for City's relocation expenses or the interruption of or damage to City's business or damage to City's Personal Property.

13.6 Partial Taking; Continuation of Lease

If there is a partial Taking of the Premises and this Lease is not terminated in its entirety under Section 13.6 (Partial Taking; Continuation of Lease) above, then this Lease will terminate as to the portion of the Premises taken, but will remain in effect as to the portion not taken, and the rights and obligations of the parties will be as follows: **(a)** Rent will be equitably reduced depending on the configuration of the Premises and the portion taken (for instance, if the area of the Premises taken has no special or significant use, then the reduction may be by an amount that is in the same ratio to the Rent as the area of the Premises taken bears to the area of the Premises before the Date of Taking), and **(b)** Landlord will be entitled to the entire Award in connection therewith, provided that City will receive any portion of the Award for the unamortized cost of any Leasehold Improvements paid for by City in the portion of the Premises taken and any Award made specifically for City's relocation expenses or the interruption of or damage to City's business or damage to City's Personal Property.

13.7 Temporary Taking

Notwithstanding anything to contrary in this Section, if a Taking of the Premises occurs for sixty (60) consecutive days or fewer, this Lease will remain unaffected by the temporary Taking, and City will continue to pay Rent and to perform all of the terms, conditions, and covenants of this Lease. In the event of a temporary Taking, City will be entitled to receive that

portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total Rent owing by City and any out-of-pocket costs incurred by City due to the temporary Taking for the period of the Taking.

14 ASSIGNMENT AND SUBLETTING

14.1.1 Except as provided in this Section, City may not directly or indirectly sell, assign, encumber, pledge, or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Premises or its leasehold estate created by this Lease or permit all or any portion of the Premises to be occupied by anyone other than itself or sublet all or any portion of the Premises, without Landlord's prior written consent in each instance, which will not be unreasonably withheld, conditioned, or delayed. From time to time, on notice to Landlord, but without Landlord's consent, City may transfer this Lease or use and occupancy of all or any of the Premises to any department, commission, or agency of the City and County of San Francisco for uses permitted under this Lease, provided that City may not be released as a result of such transfer.

14.1.2 In the event Landlord shall consent to a sublease or an assignment, Tenant shall pay to Landlord, as additional rent, fifty percent (50%) of all net proceeds (including the fair market value of all non-cash consideration) collected or received by Tenant from a subtenant or assignee which are in excess of the Base Rent and additional rent due and payable with respect to the subject space for the time period encompassed by the sublease or assignment term, after first deducting reasonable leasing commissions paid by Tenant with respect to such sublease or assignment. With respect to an assignment, Tenant shall make such payment on the effective date of such assignment. With respect to a sublease, Tenant shall make such payment on a monthly basis on the first day of each calendar month after Tenant receives such amount from the subtenant.

14.1.3 Tenant's written request to Landlord for consent to an assignment or subletting or other form of transfer shall be accompanied by (i) the name and legal composition of the proposed transferee; (ii) the nature of the proposed transferee's business to be carried on in the Premises; (iii) the material terms and provisions of the proposed transfer agreement (including, without limitation, a description of the portion of the Premises to be transferred, and the effective date of the proposed transfer); (iv) a copy of all executed and/or proposed documentation pertaining to the proposed transfer; and (v) such financial and other reasonable information as Landlord may promptly request concerning the proposed transferee.

14.1.4 Notwithstanding any other provision of this Article 14, if Tenant desires to assign, sublease or otherwise transfer to any person or entity any interest in this Lease or the entire Premises or any part thereof, then Tenant shall deliver to Landlord a written request for consent. If such transfer (together with all other assignments, subleases or transfers then in effect) would affect seventy-five percent (75%) of the rentable area of the Premises in the aggregate (or, if such transfer, together with all other assignments, subleases or transfers then in effect would affect seventy-five percent (75%) of the rentable area of the premises leased pursuant to this Lease) (such total affected portion of the rentable area of the Premises being referred to herein as the "**Recapture Space**") for more than fifty percent (50%) of the remainder of the Term, then Landlord shall have the option to recapture all, but not less than all, of the Recapture Space, which option shall be exercisable only by giving written notice to Tenant ("**Recapture Notice**") within ten (10) days after Landlord's receipt of Tenant's request for

consent. A timely Recapture Notice shall terminate this Lease with respect to the Recapture Space effective as of the date specified in Tenant's request for consent as the effective date of the proposed transfer. Landlord's recapture rights shall be subject to the rights of any assignee, subtenant or other transferee of Tenant, as set forth in any assignment, sublease or other transfer agreement to which Landlord previously has consented, but subject to the terms and conditions set forth in Landlord's consent thereto; any such assignment, sublease or other transfer agreement shall be assigned to Landlord as of the effective date of Landlord's recapture.

14.1.5 If Landlord recaptures less than the entire Premises pursuant to Section 14.1.4 above, then the Rent reserved herein shall be prorated on the basis the of the rentable area of the portion of the Premises retained by Tenant in proportion to the rentable area contained in the Premises. This Lease, as so amended, shall continue thereafter in full force and effect. Either party may require written confirmation of the amendments to this Lease necessitated by Landlord's recapture of the Recapture Space. If Landlord recaptures the Recapture Space, then Landlord, at Landlord's sole expense, shall promptly (but in all events prior to Landlord tendering possession of the Recapture Space to a third party) construct, paint, and furnish any partitions required to segregate the Recapture Space from the remaining Premises retained by Tenant, as well as arrange for separate provision of utilities and services (including, at Landlord's option, installation of separate meters if and to the extent the premises are served by separately metered utilities) (collectively, the "**Demising Improvements**"). Landlord agrees that the Demising Improvements shall be completed pursuant to plans and specifications reasonably acceptable to Tenant and that Landlord shall use commercially reasonable efforts to minimize any interference with Tenant's use and enjoyment of the Premises during the construction of any Demising Improvements.

15 DEFAULT; REMEDIES

15.1 Events of Default by City

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

15.1.1 After Landlord is qualified as an approved vendor as provided in Section 4.13 (Payments by City) above, City fails to make any timely payment of Rent and to cure the nonpayment within fifteen (15) business days provided that after Landlord has given Tenant a written notice of monetary default more than once in any one calendar year after receipt of written notice of nonpayment from Landlord. In the event that Landlord serves Tenant with a Notice to Pay Rent or Quit in the form required by applicable law, such Notice shall constitute the notice required by this paragraph, provided that the cure period stated in such Notice shall be the applicable cure period rather than the statutory three (3) days.

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

15.1.3 City's failure to perform any other of its covenants or obligations under this Lease (not involving the payment of money) and failure to cure the non-performance within thirty (30) days of the date of receipt of Landlord's notice of the failure, provided that if more than thirty (30) days are reasonably required for the cure, no Event of Default will occur if City commences the cure within the thirty (30)-day period and diligently prosecutes the cure to completion, but not more than ninety (90) days from the date of such notice. In the event

Landlord serves Tenant with a Notice to Perform Covenant or Quit in the form required by applicable law, such Notice shall constitute the notice required by this paragraph, provided that the cure period stated in such Notice shall be thirty (30) days rather than the statutory three (3) days.

15.1.4 Tenant's failure to provide any (i) estoppel certificate as required by Section 19 or (ii) any document subordinating this Lease to a Lender's deed of trust as required by Section 11, if any such failure continues for thirty (30) business days after written notice of the failure. In the event Landlord serves Tenant with a Notice to Perform Covenant or Quit in the form required by applicable law, such Notice shall constitute the notice required by this paragraph, provided that the cure period stated in such Notice shall be fifteen (15) business days rather than the statutory three (3) days.

15.2 Landlord's Remedies

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

15.2.1 The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate City's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that City proves could be reasonably avoided, as computed under subsection (b) of Section 1951.2. In connection therewith, Landlord may terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, (i) the cost of recovering possession of the Premises including reasonable attorney's fees related thereto; (ii) the worth at the time of the award of any unpaid Rent that had been earned at the time of the termination, to be computed by allowing interest at a rate per annum equal to the lesser of (i) the annual "Bank Prime Loan" rate cited in the Federal Reserve Statistical Release publication H.15(519), published weekly (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus two percent (2%) (the "**Agreed Rate**") but in no case greater than the maximum amount of interest permitted by law, (iii) the worth at the time at the time of the award of the amount by which the unpaid Rent that would have been earned between the time of the termination and the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by allowing interest at the Agreed Rate but in no case greater than the maximum amount of interest permitted by law, (iv) the worth at the time of the award of the amount by which the unpaid Rent for the balance of the Lease Term after the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%), (v) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform obligations under this Lease, including, but not limited to, reasonable brokerage commissions and advertising expenses, expenses of remodeling the Premises for a new tenant (whether for the same or a different use), and any market-rate concessions made to obtain a new tenant, and (vi)

any other amounts, in addition to or in lieu of those listed above, that may be permitted by applicable law.

15.2.2 The rights and remedies provided by California Civil Code Section 1951.4 (continuation of lease after breach and abandonment), which allows Landlord to continue this Lease in effect and to enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due, for so long as Landlord does not terminate City's right to possession, if City has the right to sublet or assign, subject only to reasonable limitations.

15.2.3 Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state of California.

15.3 Landlord's Default

15.3.1 Landlord shall not be in default under this Lease unless Landlord fails to perform obligations required of Landlord within thirty (30) days after receipt of written notice from Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Tenant in writing, specifying that Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are reasonably required for performance then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In the event Landlord does not commence performance of any maintenance or repair required of Landlord hereunder within the thirty (30) day period provided herein, and in the event that such maintenance or repair relates to improvements which are wholly within the Premises (not including any Building core systems or equipment), Tenant may perform such maintenance or repair, and Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in taking such action, together with interest thereon at the Agreed Rate. But if any default by Landlord continues for one hundred fifty (150) days and impairs City's ability to carry on its normal business in the Premises, then City may provide thirty (30) day notice to Landlord to terminate this Lease. Notwithstanding any other provisions of this Lease, in no event shall Landlord or any of its Agents be liable under any circumstances for (i) injury or damage to, or interference with, Tenant's business (including, but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use) or other consequential damages, in each case however occurring, or (ii) any damage which is or could be covered by the insurance Tenant is required to carry under this Lease.

16 INDEMNITIES

16.1 City's Indemnity

City will indemnify, defend, and hold harmless ("**Indemnify**") Landlord and its Agents from and against any and all claims, losses, damages, costs, and expenses, including reasonable attorneys' fees (collectively, "**Claims**"), incurred as a result of (a) City's use of the Premises, or (b) any negligent acts or omissions of City or its Agents in, on, or about the Premises or the Property; provided, however, City will not be obligated to Indemnify Landlord or its Agents to the extent any Claim arises out of the negligence or willful misconduct of Landlord or its Agents. In any action or proceeding brought against Landlord or its Agents because of a Claim Indemnified by City under this Section, at its sole option, City may elect to defend the Claim by

attorneys in City's Office of the City Attorney, by other attorneys selected by City, or both. City will have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that Landlord will have the right, but not the obligation, to participate in the defense of the Claim at its sole cost. City's obligations under this Section will survive the termination of the Lease.

16.2 Landlord's Indemnity

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

17 INSURANCE

17.1 City's Self-Insurance

Landlord acknowledges that City maintains a program of self-insurance and City is not required to, but may at its sole discretion, carry insurance with respect to this Lease. If City elects to carry insurance it shall conform with the following requirements:

Liability Insurance. City shall procure at City's sole cost and expense and keep in effect from the date of this Lease and at all times until the end of the Term Commercial General Liability insurance applying to the use and occupancy of the Premises and the Building, and any part of either, and the business operated by City, or by any other occupant on the Premises. Such insurance shall include Contractual Liability insurance coverage insuring all of City's indemnity obligations under this Lease. Such coverage shall have a minimum limit of at least Two Million Dollars (\$2,000,000.00), and a general aggregate limit of Three Million Dollars (\$3,000,000.00). All such policies shall be written to apply to all bodily injury, property damage, personal injury and other covered loss, occurring during the policy term, shall be endorsed to add Landlord and its agents, beneficiaries, partners, employees, and any deed of trust holder or mortgagee of Landlord or any ground lessor as an additional insured, and to provide that such coverage shall be primary and that any insurance maintained by Landlord shall be excess insurance only. All such insurance shall provide for severability of interests; shall provide that an act or omission of one of the named insureds shall not reduce or avoid coverage to the other named insureds; and shall afford coverage for all claims based on acts, omissions, injury and damage, which claims occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period and shall be written as primary policies, not excess or contributing with or secondary to any other insurance as may be available to the additional insureds. Said coverage shall be written on an "occurrence" basis, if available. If an "occurrence" basis form is not available, City must purchase "tail" coverage for the most number of years available if for any reason this Lease is terminated or if the policy is cancelled or if the retroactive date is changed which might leave a gap in coverage for occurrences that might have occurred in prior years. If a "claims made"

policy is ever used, the policy must be endorsed so that Landlord is given the right to purchase “tail” coverage should City for any reason not do so or if the policy is to be cancelled for nonpayment of premium.

17.2 General Insurance Requirements All coverages described in this Section shall provide Landlord with thirty (30) days’ notice of cancellation or change in terms. If at any time during the Term the amount or coverage of insurance which City is required to carry under this Section is, in Landlord’s reasonable judgment, materially less than the amount or type of insurance coverage typically carried by owners or tenants of properties located in the general area in which the Premises are located which are similar to and operated for similar purposes as the Premises, Landlord shall have the right to require City to reasonably increase the amount or change the types of insurance coverage required under this Section, should the City continue to elect to carry insurance at that higher amount. All insurance policies required to be carried under this Lease shall be written by companies rated A+ XII or better in “Best’s Insurance Guide” and authorized to do business in California. Should City elect to carry insurance, City shall deliver to Landlord within thirty (30) days, a certificate of Tenant’s insurance.

17.2.1 At all times during the Term, Landlord will keep the Building insured against damage and destruction by fire, vandalism, malicious mischief, sprinkler damage (include earthquake sprinkler leakage) and other perils customarily covered under a cause of loss-special form property insurance policy in an amount equal to [ninety percent (90%)] of the full insurance replacement value (replacement cost new, including debris removal and demolition). Upon City’s request, Landlord will provide to City a certificate of insurance issued by the insurance carrier, evidencing the required insurance.

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

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

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

17.3 Waiver of Subrogation

Notwithstanding anything to the contrary in this Lease, Landlord and City each waives any right of recovery it has against the other party for any loss or damage relating to the Building

or the Premises or the City's Personal Property or any operations or contents in the Building, whether or not the loss is caused by the other party's fault or negligence, to the extent the loss or damage is covered by insurance that is required of such party under this Lease or any excess coverage otherwise held by Landlord or Tenant. Each party will obtain a waiver of subrogation endorsement from applicable insurance carriers issuing policies relating to the Building or the Premises, but its failure to do so will not affect the above waiver.

18 ACCESS BY LANDLORD

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

19 ESTOPPEL CERTIFICATES

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

20 SURRENDER OF PREMISES

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

21 HAZARDOUS MATERIALS

21.1 Definitions

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

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

“Hazardous Material” means any material that, because of its quantity, concentration, or physical or chemical characteristics, is deemed by any federal, state, or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes any material or substance defined as a “hazardous substance,” or “pollutant” or “contaminant” under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”, also commonly known as the Superfund law), as amended (42 U.S.C. Section 9601 et seq.), or under California Health & Safety Code Section 25316; any “hazardous waste” listed under California Health & Safety Code Section 25140; any asbestos and asbestos containing materials whether or not those materials are part of the structure of the Building or are naturally occurring substances on or about the Property; and petroleum, including crude oil or any fraction thereof, natural gas, or natural gas liquids.

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

21.2 Landlord’s Representations and Covenants

Landlord represents and warrants to City that to the best of Landlord’s actual knowledge, that the following statements are true and correct and will be true and correct as of the Effective Date (a) Landlord has received no written notice that the Property is in violation of any Environmental Laws; (b) except as identified on Exhibit L attached hereto or otherwise disclosed in writing to City’s Director of Property, the Property is not now used for the manufacture use, storage, discharge, deposit, transportation, or disposal of any Hazardous Material, except for the use of Hazardous Material in limited quantities as are customarily used in offices, which limited use is and has been in compliance with Environmental Laws; (c) the Property does not consist of any landfill or contain any underground storage tanks; (d) the Building does not contain any asbestos-containing materials or have building materials that contain any other Hazardous Material except for asbestos-containing materials and lead-based paints that have been fully encapsulated or as disclosed in Exhibit H (“Disclosure Regarding Asbestos Containing Material and Lead-Based Paint”); and (e) there is and has been no Release of any Hazardous Material in the Building, or in, on, under, or about the Property excepting the now fully encapsulated asbestos-containing materials and lead-based paints, and (f) the Property is not subject to any claim by any governmental regulatory agency or third party related to the Release of any Hazardous Material, and there is no inquiry by any governmental agency (including the California Department of Toxic Substances Control or the Regional Water Quality Control Board) with respect to the presence of Hazardous Material in the Building or in, on, under, or about the Property, or the migration of Hazardous Material from or to other real property. Subject to City’s obligations under this Section below, Landlord will maintain the Property throughout the Term in compliance with all Environmental Laws that could affect the health, safety, and welfare of City’s employees or City’s use, occupancy, or enjoyment of the Premises for their intended purposes.

21.3 City's Covenants

Neither City nor its Agents will cause any Hazardous Material to be brought on, kept, used, stored, generated, or disposed of in, on or about the Premises or the Property, or transported to or from the Premises or the Property, in violation of any Environmental Laws.

21.4 City's Environmental Indemnity

If City breaches its obligations contained in the preceding Section 21.3 (City's Covenants), or if City or its Agents cause the Release of Hazardous Material from, in, on, or about the Premises or the Property, then City will Indemnify Landlord against any and all Claims arising during or after the Term as a result of the Release, except to the extent Landlord or its Agents is responsible for the Release. The foregoing Indemnity will not include any Claims resulting from the non-negligent aggravation by City, its Agents, or Invitees of physical conditions of the Premises, or other parts of the Property, existing before City's occupancy.

22 SPECIAL PROVISIONS

22.1 Reserved.

23 CITY PROVISIONS

23.1 MacBride Principles - Northern Ireland

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

23.2 Controller's Certification of Funds

The terms of this Lease are governed by and subject to the budgetary and fiscal provisions of City's Charter. Notwithstanding anything to the contrary contained in this Lease, there will be no obligation for the payment or expenditure of money by City under this Lease unless the Controller of the City and County of San Francisco first certifies, under Section 3.105 of City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year of City after the fiscal year in which the Term of this Lease commences, sufficient funds for the payment of Rent are not appropriated, then City may terminate this Lease, without penalty, liability, or expense of any kind to City, as of the last date on which sufficient funds are appropriated. City will use its reasonable efforts to give Landlord reasonable advance notice of the termination.

23.3 Prevailing Wages and Working Conditions

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

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

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

23.4 Non-Discrimination in City Contracts and Benefits Ordinance

23.4.1 Covenant Not to Discriminate

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

23.4.2 Subcontracts

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

23.4.3 Non-Discrimination in Benefits

Landlord does not as of the date of this Lease, and will not during the Term, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for City or elsewhere within the United States, discriminate in the provision of

bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of the employees, where the domestic partnership has been registered with a governmental entity under state or local law authorizing that registration, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2(b).

23.4.4 CMD Form

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

23.4.5 Incorporation of Administrative Code Provisions by Reference

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

23.5 Tropical Hardwood and Virgin Redwood Ban

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

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

23.5.3 If Landlord fails to comply in good faith with any of the provisions of San Francisco Environment Code Chapter 8, Landlord will be liable for liquidated damages for each violation in an amount equal to Landlord’s net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greatest. Landlord acknowledges and agrees that the liquidated damages assessed will be payable to the City and County of San Francisco on demand and may be set off against any monies due to Landlord from any contract with City.

23.6 Bicycle Parking Facilities

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

23.7 Resource-Efficient City Buildings

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

23.8 Sunshine Ordinance

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

23.9 Conflicts of Interest

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

23.10 Notification of Prohibition on Contributions

By executing this Lease, Landlord acknowledges its obligations under Section 1.126 of the City’s Campaign and Governmental Conduct Code, which prohibits any person who leases, or seeks to lease, to or from any department of the City any land or building from making any campaign contribution to **(a)** a City elected official if the lease must be approved by that official, **(b)** a candidate for that City elective office, or **(c)** a committee controlled by that elected official or a candidate for that office, at any time from the submission of a proposal for the lease until the later of either the termination of negotiations for the lease or twelve (12) months after the date the City approves the lease. Landlord acknowledges that the foregoing restriction applies only if the lease or a combination or series of leases or other contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one hundred thousand dollars (\$100,000) or more. Landlord further acknowledges that **(i)** the prohibition on contributions applies to each prospective party to the lease; any person with an ownership interest of more than

10 percent (10%) in Landlord; any subcontractor listed in the lease; and any committee that is sponsored or controlled by Landlord; and **(ii)** within thirty (30) days of the submission of a proposal for the Lease, the City department with whom Landlord is leasing is obligated to submit to the Ethics Commission the parties to the lease and any subcontractor. Additionally, Landlord certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the lease and has provided the names of the persons required to be informed to the City department with whom it is leasing.

23.11 Preservative-Treated Wood Containing Arsenic

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

24 GENERALLY APPLICABLE PROVISIONS

24.1 Notices

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

24.2 No Implied Waiver

No failure by either party to insist on the strict performance of any obligation of the other party under this Lease or to exercise any right, power, or remedy after a breach of this Lease will constitute a waiver of any breach or of term, covenant, or condition. No acceptance of full or partial Rent by Landlord while City is in default will constitute a waiver of the default by Landlord. No express written waiver of any default or the performance of any provision if this Lease will affect any other default or performance, or cover any other period of time, other than the default, performance, or time specified in the express waiver. One or more written waivers

of a default or the performance of any provision of this Lease will not be deemed to be a waiver of a subsequent default or performance. The consent of Landlord or City given in one instance under the terms of this Lease will not relieve the other party of any obligation to secure the consent to any other or future instance under the terms of the Lease.

24.3 Amendments

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

24.4 Authority

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

24.5 Parties and Their Agents; Approvals

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

24.6 Interpretation of Lease

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

24.7 Successors and Assigns

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

24.8 Brokers

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

24.9 Severability

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

24.10 Governing Law

This Lease will be construed and enforced in accordance with the laws of the State of California and City's Charter. Any legal suit, action, or proceeding arising out of or relating to this Lease shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Lease has been brought in an inconvenient forum.

24.11 Entire Agreement; Incorporation of Exhibits

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

24.12 Holding Over If Tenant, without Landlord's prior written consent, remains in possession of the Premises after the expiration of the Lease Term, then such occupancy shall be a tenancy-at-sufferance on every applicable term, condition and agreement contained herein (including the payment of additional rent), except that, if Tenant has not exercised the Short-Term Option described below, monthly Base Rent shall be payable at a rate equivalent to one hundred twenty-five percent (125%) of the monthly Base Rent in effect immediately prior to such expiration for the first two (2) months of any such holdover and one hundred fifty percent (150%) of the monthly Base Rent in effect immediately prior to such expiration thereafter. Tenant shall have one (1) option to extend the initial Term of this Lease for a period of four (4) months (the "Short-Term Option"). The Short-Term Option will be exercisable as to the entire Premises (and no less than the entire Premises), by delivering written notice of Tenant's exercise of the Short-Term Option to Landlord at least twelve (12) months prior to the expiration of the initial Term. If Tenant elects to exercise the Short-Term Option, the Lease will be extended for four (4) months on all the same terms and conditions as this Lease, except that Base Rent during the Short-Term Option shall be increased to one hundred fifteen percent (115%) of the Base Rent for the last month of the initial Term. Notwithstanding anything to the contrary, exercise of the Short-Term Option will not extend the time period for Tenant's exercise of an Extension Option pursuant to Section 3.4 above, and the Short-Term Option shall be a one-time right applicable to the initial Term of this Lease only. The foregoing provisions of this Section 24.12 are in addition to, and do not affect, Landlord's right of re-entry or any other rights of Landlord hereunder or otherwise at law or in equity. Nothing contained in this Section 24.12 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease.

24.13 Cumulative Remedies

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

24.14 Time of Essence

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

24.15 Survival of Indemnities

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

24.16 Signs

City may erect or post exterior signs on or about the Premises with Landlord's prior approval. In addition, City shall have the right to custom signage on the ground floor of a type and in a location mutually acceptable to Landlord and Tenant.

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

24.17 Quiet Enjoyment and Title

Landlord covenants and represents that it has full right, power, and authority to grant the leasehold estate as provided in this Lease, and covenants that City, on paying the Rent and performing the covenants contained in this Lease, will peaceably and quietly have, hold, and enjoy the Premises and all related rights during the Term as against all persons or entities or on account of any action, inaction, or agreement of Landlord or its Agents.

24.18 Bankruptcy

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

24.19 Transfer of Landlord's Interest

Landlord may transfer its interest in the Property, the Building, or this Lease to any other person or entity. If Landlord transfers its interest in the Property, the Building, or this Lease to another person or entity, then Landlord will be relieved of Landlord's obligations under this Lease accruing from and after the date of the transfer when (a) Landlord has provided notice to City of the name and address of Landlord's successor, (b) Landlord has delivered to City an express written assumption by the transferee of all of Landlord's obligations under this Lease.

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

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

24.21 Counterparts

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

24.22 Effective Date

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

24.23 Access to Premises

City requires public/ members to have access to the Premises at certain times. This access will be limited to a reception floor. The Landlord can require individuals (public) coming to the reception floor to check in, sign in, etc. however, Landlord cannot require the public to provide identification.

24.24 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 Landlord. 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.

24.25 Relocation

Landlord shall have the one time right to temporarily relocate City at Landlord’s expense in the event Landlord needs to perform any work that is code related on the City’s floors. City acknowledges that Landlord plans to perform construction work pertaining to various portions of the Building and/or the Premises, including without limitation, tenant improvements and other work necessary to comply with applicable law and requirements of governmental authorities (collectively, the “Construction”). The relocation shall not occur during the first seven (7) years of the Lease term. Landlord shall provide City with at least nine (9) months prior notice. Landlord shall be responsible for all costs involved in the relocation and the relocation space must be similar in layout and condition to City’s Premises. Landlord and City to discuss the seismic work scope and timing.

Notwithstanding anything to the contrary contained in this Lease, Landlord acknowledges that no officer or employee of City has authority to commit City to this Lease unless City’s Board of Supervisors has duly adopted a resolution approving this Lease and authorizing consummation of the transaction contemplated by this lease. Therefore, any obligations or liabilities of City under this Lease are contingent on adoption of that resolution, and this Lease will be null and void unless City’s Mayor and Board of Supervisors approve this Lease, at their respective sole and absolute discretion, and in accordance with all applicable Laws. Approval of this Lease by any department, commission, or agency of City will not be

deemed to imply that the resolution will be adopted and no such approval will create any binding obligations on City.

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

Landlord also acknowledges that they have read and understood the City's statement urging companies doing business in Northern Ireland to move toward resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

LANDLORD:

Double Wood Investment, Inc.,
a California corporation

By: Angelica Steinmeier

Its: Director of Operations

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
Sarah R. Oerth
Director of Property

RECOMMENDED:

Alison Romano
Chief Executive Officer & Chief
Investment Officer

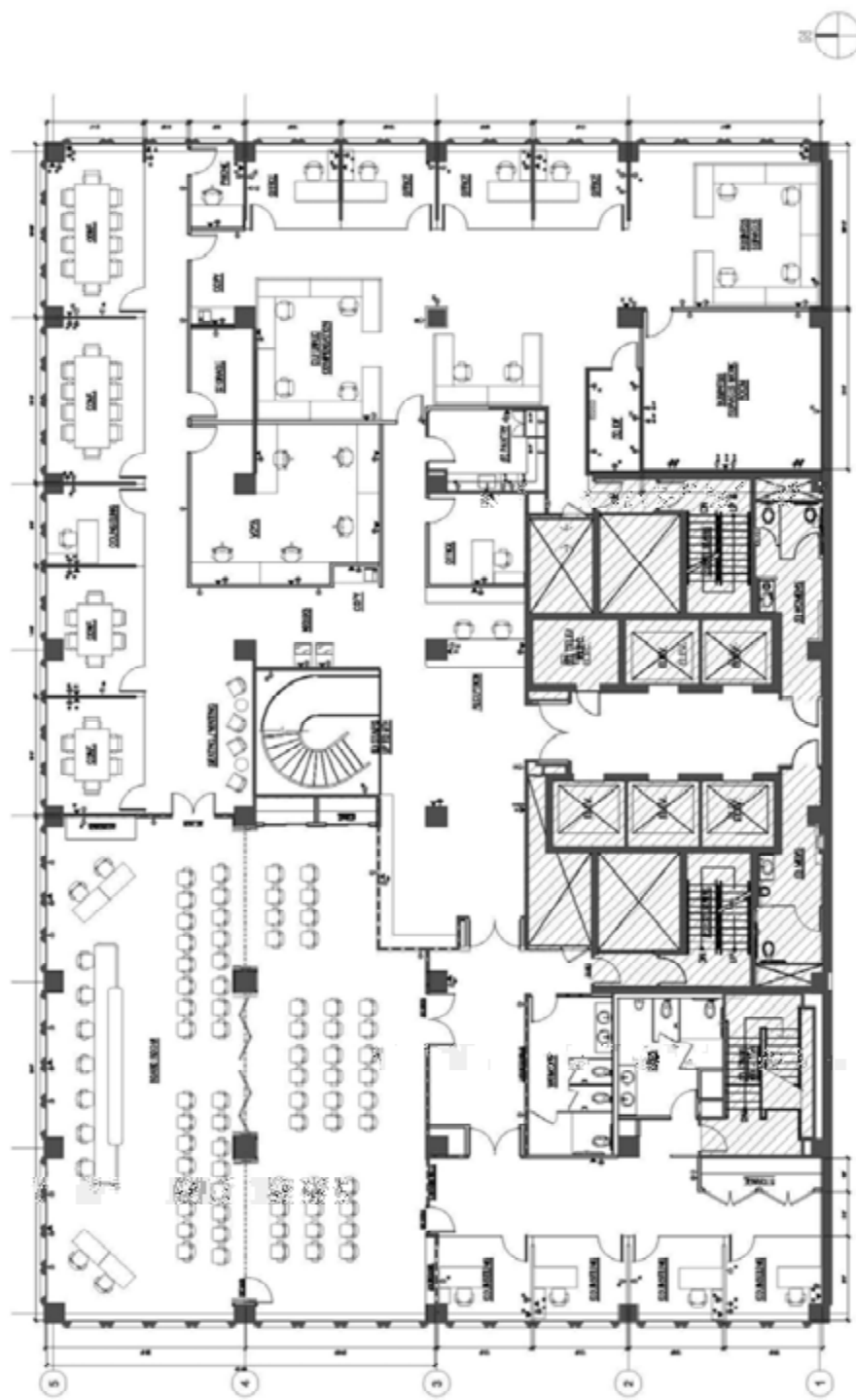
APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Anna Gunderson
Deputy City Attorney

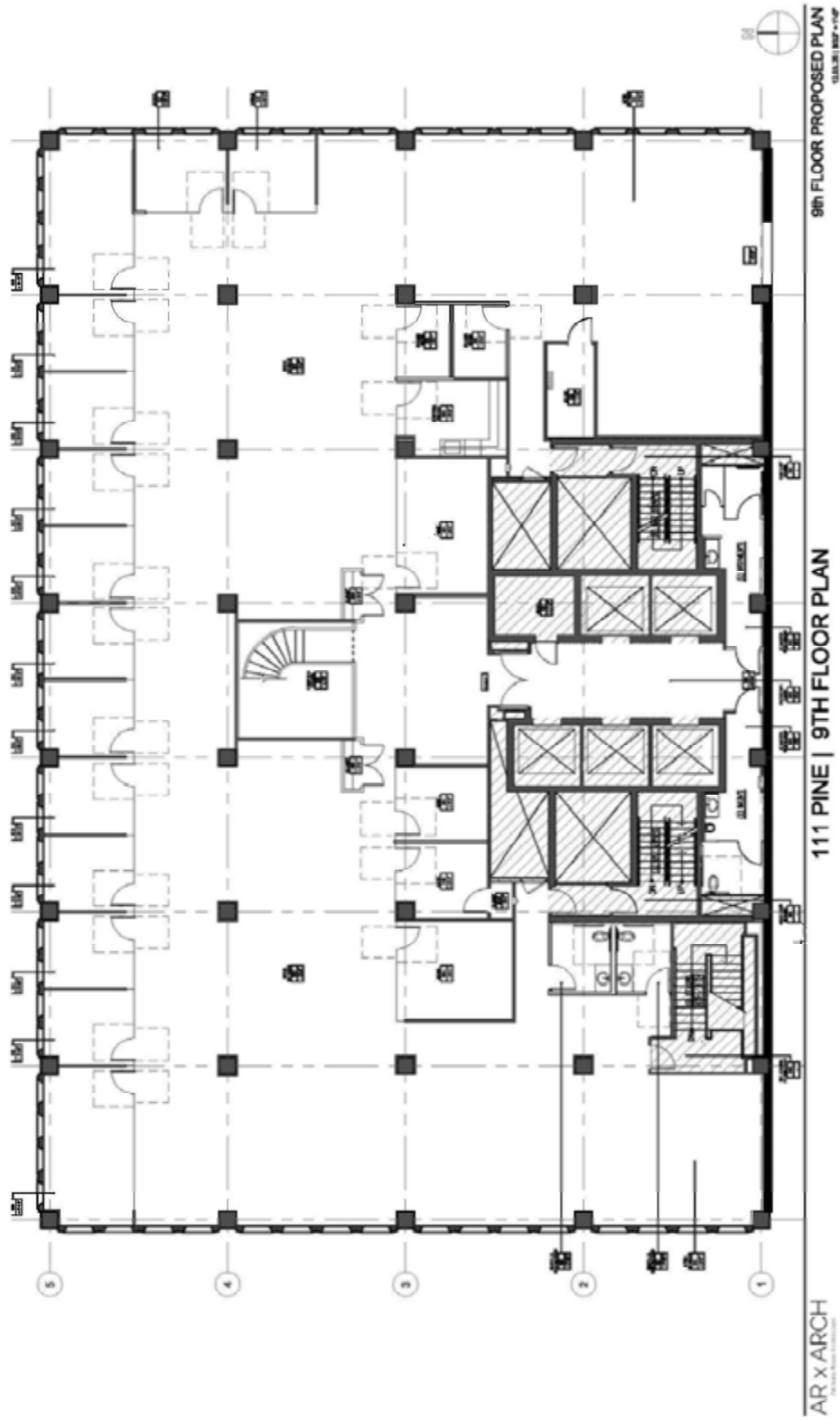
EXHIBIT A

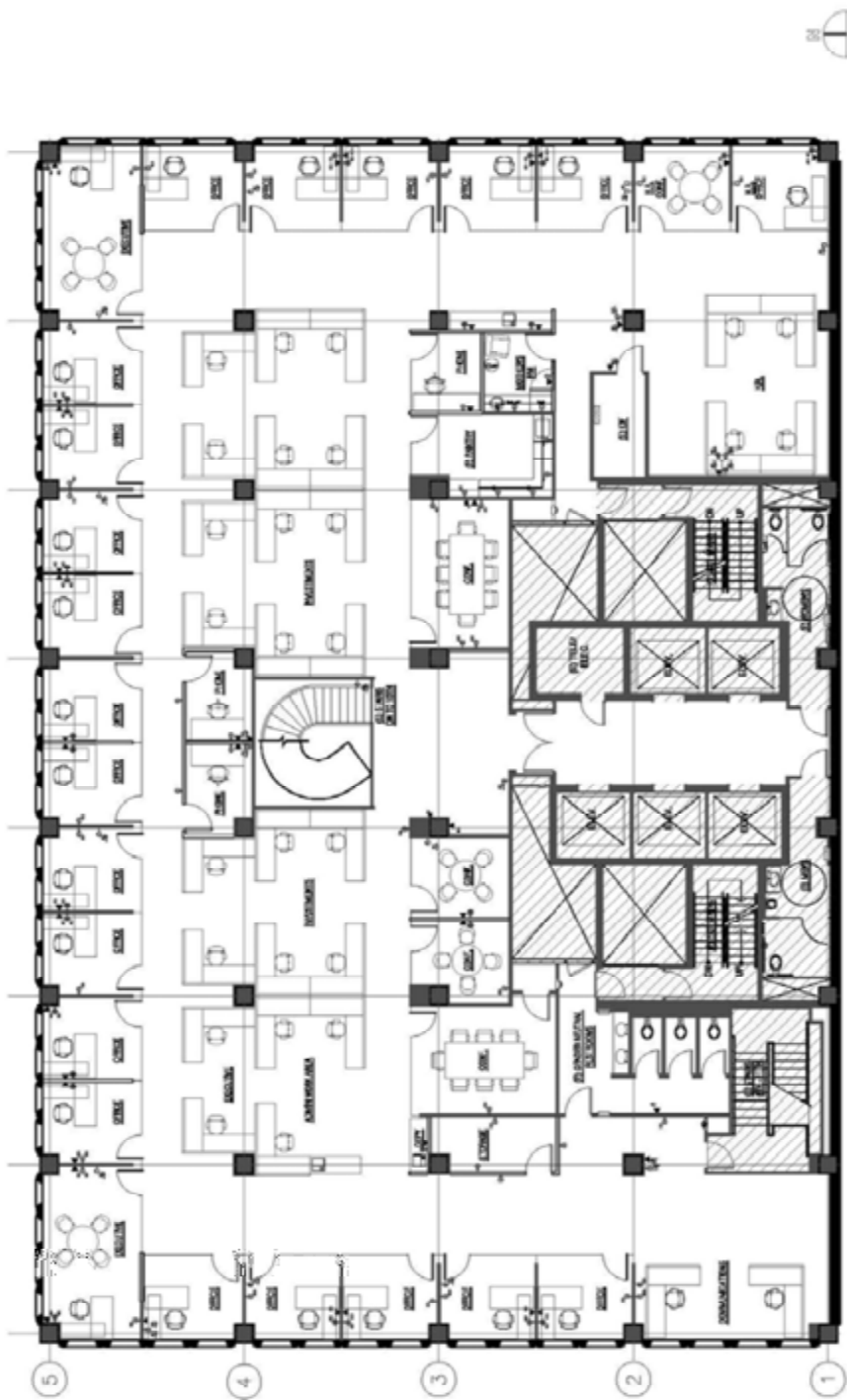
Floor Plan(s) of Premises



8th FLOOR PROPOSED PLAN
 111 PINE | 8TH FLOOR PLAN
 12.11.25

AR X ARCH
 ARCHITECTS





11th FLOOR PROPOSED PLAN
DATE: 08/11/2011

111 PINE | 11TH FLOOR PLAN

ARX ARCH
ARCHITECTS

EXHIBIT B

NOTICE OF COMMENCEMENT DATE

Date

Ms. Sarah Oerth
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 Double Wood Investment, Inc. (Landlord), and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises known as 111 Pine Street, floors 8,9,10,11 located at 111 Pine Street, San Francisco, CA

Dear Ms. Oerth:

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

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

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____

Director of Property

Dated: _____

EXHIBIT C

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the Rules and Regulations set forth in this Exhibit C, as reasonably modified by Landlord from time to time in writing. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Building.

1. Signage

No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the building without the prior written consent of the Landlord. Landlord shall have the right to remove, at Tenant's expense and without written notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person chosen by Landlord.

2. Window Coverings

If Landlord objects in writing to any curtains, blinds, shades or screens attached to or hung in or used in connection with any window or door of the Premise, Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Premises. Tenant shall not place anything against glass partitions or doors or windows which may appear unsightly from outside the Premises.

3. Floor Coverings

Tenant shall not lay linoleum, tile, carpet or other similar floor in any manner except by a past or other material, which may easily be removed with water, the use of cement or other similar adhesive materials being expressly prohibited. The expense of repairing any damage resulting from a violation of this rule shall be borne by Tenant.

4. Access

Tenant shall not loiter in or obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Building. The halls, passages, exits, entrances, elevators, escalators and stairways shall be used only as a means of ingress and egress for the leased Premises, and Landlord shall in all cases retain the right to control and prevent access thereto to all persons whose presence in the judgement of Landlord would be prejudicial to the safety, character, reputation and interests of the Building and its tenants provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any tenant shall go upon the roof of the Building, the mechanical rooms, air conditioning rooms, electrical closets, janitorial closets, or in other restricted access areas within the Building. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for comparable buildings in the City of San Francisco. Tenant, its employees or agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises after the normal hours of business for the Building. Any tenant, its employees or agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building Register when so doing. Access to the Building may be refused unless the person seeking access has the proper identification or has previously arranged a pass for access to the Building. Landlord and its agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building during the continuance of same by any means it deems appropriate for the safety and protection of life and property.

5. **Building Directory**

The directory of the Building will be provided exclusively for the display of the name and location of Tenants only and Landlord reserves the right to exclude any other names therefrom and may limit the number of listings per Tenant; Tenant shall pay Landlord's standard charge for Tenant's listing thereon and for any changes made by Tenant.

6. **Janitorial Services**

All cleaning and janitorial services for the Building and the Premises shall be provided exclusively through Landlord, and except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be employed by Tenant or permitted to enter the Building for the purpose of cleaning the same. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to any tenant for any loss of property on the Premises, however occurring, or for any damage to any Tenant's property by the janitor or any other employee or any other person. Janitor services shall include ordinary dusting and cleaning by the janitor assigned to do such work and shall not include cleaning of carpets or rugs, except normal vacuuming, or moving of furniture, interior window cleaning, coffee or eating area cleaning, and other special services. Janitorial services shall not exceed five (5) times per calendar week. Janitor services will not be furnished on nights when rooms are occupied or to rooms which are locked. Window cleaning shall be done by only by Landlord at Landlord's discretion.

7. **Keys**

Landlord will furnish to Tenant free of charge with two keys to each door lock in the Premises. Landlord may make a reasonable charge for any additional keys. Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install a new or additional lock or bolt on any door of its Premises. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys of all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord therefor.

8. **Wiring**

Landlord reserves the right to approve both where and how telephonic wires, security alarms and similar equipment are to be introduced to the Premises. The location of telephone, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord. Landlord makes no representation to Tenant regarding the condition, security, availability or suitability of existing intrabuilding network cabling or any telecommunication services located within the Building for Tenant's purposes. Tenant hereby waives any claim against Landlord for damages if Tenant's telecommunication services are in any way interrupted, damaged or otherwise interfered with, except to the extent caused by the gross negligence or willful misconduct of Landlord, its agents or employees, provided that in no event shall any such interruptions, damages, or interference entitle Tenant to any consequential damages (including damages for loss of business) or relieve Tenant of any of its obligations under the Lease.

Tenant shall maintain and repair all telecommunications cabling and wiring within or exclusively serving the Premises. Landlord shall have no obligation (and Tenant shall have no right) to increase the capacity of the existing telecommunication riser and distribution facilities and/or cabling in the Building. At the Landlord's written request., all voice and data telecommunication cabling installed in connection with Tenant's business shall be removed at Tenant's sole cost and expense at the termination or expiration of the Lease. Landlord reserves the right to limit the number of local exchange carriers and competitive alternative local telecommunication providers (collectively "TSPs") having access to the Building's riser system and infrastructure; provided, however, in all cases, Landlord will provide Building and riser access to at least one TSP for dial tone telecommunications services to tenants of the Building.

9. **Freight Elevator**

The freight elevator shall be available for use by all tenants in the Building subject to such reasonable scheduling as Landlord in its discretion shall deem appropriate and no equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building unless approved by Landlord or carried in the elevators except between such hours and in such elevators as may be designated and approved by Landlord.

10. **Loads**

Tenant shall not place a load upon any floor of the Premises which exceeds 20 pounds per square foot partition load or 80 pounds per square foot live load. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Tenant, stand on such platforms as determined by Landlord necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenants in the Building shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of the Tenant.

11. **Toxics**

Tenant shall not use or keep in the Premises any kerosene, gasoline or flammable or combustible fluid or material other than limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations. Tenant shall not bring into or keep within the Building or the Premises any animals, fish or birds, bicycles or other vehicles.

12. **Heating/Air Conditioning**

Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord, unless Tenant has Landlord's written approval for said alteration. Heating or air conditioning alterations shall be governed by guidelines established in section 12 of the Lease. Landlord shall furnish heating and air conditioning during the hours of 7:00 a.m. to 6:00 p.m., Monday through Friday. In the event Tenant requires heating and air conditioning during off hours, Saturdays, Sundays, or holidays, Landlord upon five (5) days prior written notice from Tenant may provide such services at an hourly rate to be established by Landlord, from time to time.

13. **Natural Resource Use**

Tenant shall not waste electricity, water or air-conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air-conditioning, and shall refrain from attempting to adjust any controls other than room thermostats installed for Tenant's use. Tenant shall keep corridor doors closed.

14. **Building Name/Address**

Landlord reserves the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building.

15. **Secure Premises**

Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus and electricity, gas or air outlets, and all electric machines (coffee pots) before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

16. **Vendors**

Tenant shall not obtain for use on the Premises ice, food, beverage, towel or other similar services or accept barbering or bootblacking services upon the Premises, except at such hours and under such regulations as may be fixed by Landlord. Tenant may obtain bottled water service provided by an independent vendor. Tenant shall not disturb, solicit, or canvass any occupant of the Building nor shall Tenant permit or cause others to do so and Tenant shall cooperate to prevent same by others.

17. **Restrooms**

The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it.

18. **Retail Sales**

Tenant shall not sell, or permit the sale at retail, of newspapers, magazines, periodicals, theater tickets or any other good or merchandise to the general public in or on the Premises. Tenant shall not make any room-to-room solicitation of business from other tenants in the Building. Tenant shall not use the Premises for any business or activity other than that specifically provided for in such Tenant's lease. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building are prohibited, and each tenant shall cooperate to prevent same.

19. **Building Exterior**

Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building without Landlord's prior written approval. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

20. **Maintenance of Walls/Carpet**

Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof except for nails and screws used for normal decorating purposes. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Premises. Tenant shall not cut or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule. In all carpeted areas where desks and chairs are utilized, Landlord shall require Tenant, at Tenant's sole cost, to place mats under each and every chair in order to protect said carpeting from unnecessary wear and tear.

21. **Vending Machines**

Tenant shall not install, maintain or operate upon the Premises any vending machines without the written consent of Landlord.

22. Trash Storage

Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord.

23. Cooking

The Premises shall not be used for the storage of merchandise held for sale to the general public, or for lodging or for manufacturing of any kind without prior written approval of Landlord, nor shall Premises be used for any improper, immoral or objectionable purpose. No cooking shall be done or permitted by any Tenant on the Premises, except for that use by the Tenant of Underwriters' Laboratory approved equipment inclusive of a microwave oven for heating food and equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, provided that such equipment and use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations. Tenant may install a refrigerator in the Premises for ordinary use by Tenant's employees.

24. Hand Trucks

Tenant shall not use in any space or in the public halls of the Building any hand trucks except those equipped with rubber tires and side guards or such other material-handling equipment as Landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building. Tenant shall obey all Building rules and regulations covering the timing, procedures and restrictions for moving objects in and out of the Premises (i.e., masonite over tile).

25. Tenant Use of Building Name

Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

26. Life Safety

Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency, including the attendance of required safety seminars and demonstrations. Tenant, Tenant's agents, employees, guests and invitees shall observe all non-smoking areas as may be established either by law or Landlord including, but not limited to, the ground floor interior and exterior lobbies.

27. Theft

Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage. All doors opening to public corridors shall be kept closed at all times.

28. Notification

The requirements of Tenant will be attended to only upon appropriate application to the office of the Building by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

29. Landlord Control

Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgement, is intoxicated or under the influence of liquor or drugs or who is in violation of any rules and regulations of the Building. Landlord shall have the right to control and operate the public portions of the Building, the public facilities, the heating and air conditioning, and any other facilities furnished for the common use of Tenants, in such manner as is customary for comparable buildings in the City of San Francisco. Landlord reserves the right to make such other and reasonable rules and regulations as in its judgement may from time to time be needed for care and cleanliness of the building and for the preservation of good order therein. Tenant agrees to abide by all such rules and regulations hereinabove stated and any additional rules and regulations which are adopted.

30. Lease Agreement

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

31. Building

The word "Building" as used herein means the Building of which the Premises are a part.

32. Elevator Use

See Exhibit D

33. Tenant Responsibility

Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

34. Smoking

The westernmost exterior alcove on the Pine Street side of the Building is a designated smoking area. Tenant shall not use and shall not allow its employees, agents, invitees or licensees to use any other portion of the Building grounds for the purpose of smoking. In accordance with law, smoking is prohibited in the Premises and in the interior of the Building.

EXHIBIT D

ELEVATOR USE

General Conditions

1. Elevator use is subject to availability, scheduling and approval of Building Staff.
2. Elevator(s) provided only in Dedicated Run mode (“Dedicated Run Elevator”) as follows:
 - Weeknights: 6:00 p.m. to 6:00 a.m.
 - Weekdays: Not allowed except with Building Management approval for short time slots of 10 to 15 minutes only. Dedicated Run requests will not be allowed during lunch hours of 11:30 a.m. to 1:30 p.m.
 - Weekends: 6:00 p.m. on Friday through 6:00 a.m. on Monday.
 - Holidays: Contact Building Staff for use schedule.
3. Dedicated Run Elevator use limited to Freight Elevator (Car #1) unless otherwise arranged, scheduled and approved by Building Staff.
4. Dedicated Run Elevators will be provided only to Movers/Contractors with valid Certificates of Insurance. Tenants must have Building Staff approval.
5. Dedicated Run Elevator use will be provided to only one entity (Mover or Contractor) at a time, regardless of circumstances.
6. For large moves, shipments and deliveries; elevators, hallways, common areas and floors must be protected as follows:
 - Masonite on elevator car floors and around interior car walls
 - Cardboard folded around edges of elevator entrance frames
 - Cardboard folded around edges of hallway walls
 - Masonite covering all involved floors
 - Masonite and Cardboard must be secured with tape that will not damage finishes
7. Elevator use may be canceled at any time, without notice or reason, by the Building Staff.
8. All deliveries and shipments occurring during normal business hours, 7:00 a.m. to 5:00 p.m. Monday through Friday, must use the sidewalk elevator located on Front Street. After hour deliveries will need to enter the building through the main lobby area, exercising appropriate caution and care.
9. For use of the sidewalk/basement elevator, contact building staff.

Freight Elevator Dimensions:

Interior Width (left to right when facing rear wall of elevator): 76-1/2 inches wide.

Interior Depth Excluding Elevator Door Indentation (front right or left corner of rear or left corner): 55-1/2 inches deep.

Width of Elevator Entrance/Doors: 42 inches wide.

Height of Elevator Interior: 96 inches tall.

Height of Elevator Entrance (From Outside Facing Entrance):

7 feet 0 inches or 84 inches tall.

Sidewalk/Basement Elevator Dimensions:

Floor-53" x 62"

Height-100" to center of domed bar

Basement Exit Door-78" x 56"

Prohibited:

1. Loading/stacking materials/articles into elevator while elevator is in Normal Mode.
2. Use of STOP Emergency alarm button in non-emergencies.
3. Holding, jamming, propping, blocking, obstructing or impeding of elevator entrances and doors.
4. Use/providing of keys for operation of elevator(s).
5. Tampering with elevator controls, locks, etc.

**DT STANDARDS AND RECOMMENDATIONS FOR NEW
BUILDING AND MOVES**

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EXHIBIT D-1

1. FIBER

- a. General Standards and Recommendations
 - i. DT Project Management Office working with the DT Outside Wiring Team will assess potential sites for Fiber connectivity prior to lease/purchase or construction/renovation activities.
 - ii. DT will provide the cost estimate to connect the building to City Fiber (preferred) or using an outside contractor for install.
 - iii. Adequate space in the Main Point of Entry (MPoE) room to install a fiber box. Boxes are typically 30 inches high, 30 inches wide, and 20 inches deep and require 3 feet of clearance.
 - iv. Fiber boxes can be mounted on the wall or in a rack, depending on the individual MPoE Configuration
 - v. If DT outside wiring fiber is installed separately from the building core switch (in a different rack, on the wall, or in a different room), there must be a ladder rack or conduit connecting the DT Outside Wiring Fiber box to the Building Inside Wiring Fiber Box to make a physical connection.
- b. Space and Cost Savings Opportunities
 - i. DT Outside Wiring can assess feasibility and cost for potential new locations and inform DPW and Real Estate staff of possible issues with connectivity during location selection process

2. INSIDE WIRING

- a. General Standards and Recommendations
 - i. In buildings without drop ceilings, provide cable trays for cabling throughout the floors.
 - ii. Conduit between floors will be required for fiber connectivity to the network rooms, typical 4" diameter.
 - iii. Drawings – should specify number of wire drops per floor and include wiring for wireless access points.
 - iv. Single Mode Fiber between floors.
 - v. CAT6A cables recommended for all new installations and renovations.

3. NETWORK

- a. General Standards and Recommendations
 - i. Number of racks:
 - 1. Up to 40 desks (2 ports per desk) or 80 desks (1 port per desk) –Two post rack accommodation
 - 2. Up to 160 desks (2 ports per desk) or 320 desks (1 port per desk) – Larger 4 port rack needed
 - 3. Additional desks – Add one cabinet for every 160 desks (2 ports per desk) or 320 desks (1 port per desk)
 - ii. Cooling

EXHIBIT D-1

1. DT requires forced air cooling in all network rooms. Optimal temperature range to maintain equipment for the best possible lifespan is 68 to 75 degrees. Equipment can operate at 75-80 degrees; however, increased heat will progressively degrade the equipment faster, shorten life span, and may cause operating problems.
 2. Newer power over ethernet switches generate more heat than previous models
 - a. DT will provide equipment list with maximum total power consumption for mechanical engineer's use.
 - b. Wireless Access
 3. DT provides wireless connectivity using CCSF secured SSID and public #CCSF-GUEST SSID
 4. As part of the upgrade to the network program, future security enhancements will allow for changes in connectivity for a more seamless user experience
 5. DT will create a wireless connectivity heat map assessment using Ekahau, an industry standard tool for determining WiFi coverage
 6. DT Inside Wiring staff can be contracted to mount access points. Access points are powered via Ethernet cable, so no additional power outlets needed for WiFi
- iii. Servers
1. DT recommends Departments migrate all on-premise servers to the City Data Center to gain the following benefits:
 2. Disaster recovery and high availability – Automatic backups at Rancho Cordova Data center
 3. Physical security – Armed Sheriff deputies guarding the DEM Data Center
 4. Resiliency – DEM is designed to be seismically resilient
 5. Cost savings – Departments do not have to refresh their equipment or maintenance contracts
 6. Data Separation and Control – Departments manage and control access to data their instances down to the individual user level
 7. Cybersecurity – The City Data Center architecture has enterprise level tools for cybersecurity monitoring, management, and incident response

4. NETWORK AND INFRASTRUCTURE DESIGN

a. General Standards and Recommendations

- i. 1 data port per workstation, 2 per office, and 4 per conference room. Wired ports should be added to the drawings only when absolutely needed. This reduces the network equipment and network racks/cabinets in IDFs and MDFs. A single port can be used for both a workstation and VoIP Phone (workstation plugs into phone, phone plugs into wall).
- ii. Migrate servers onto shared City Data Center Infrastructure. Do not bring Departments physical servers into new sites. This reduces the amount of equipment and racks/cabinets in IDFs and MDFs saving space and reducing the size of cooling and power for these rooms.
- iii. Exception – Network video recorder (NVR) servers should remain on site due to bandwidth requirements for streaming multiple video sources. Periodic backups could go on SFCloud

EXHIBIT D-1

Infrastructure.

5. TELEPHONY

a. General Standards and Recommendations

- i. DT recommends all Departments moving into office space with new or upgraded networks to use the new Cisco Voice over Internet Protocol (VoIP) system
- ii. DT currently uses Cisco Jabber as a soft phone, and departments as a cost savings measure may use soft phones in place of hard phones
 1. Soft phone client works on laptops and mobile devices such as cell phones or tablets
- iii. In areas where there is controlled access, DT recommends wall mounted common area phones such as the Cisco 3905
- iv. Analog fax lines for multi-function devices can be accommodated with the Cisco Analog Gateways for physical devices such as MFDs or the Biscom E-Fax system
 - a. Gateways for 2 lines, 4 lines, or 24 lines can be installed in the Network rack. A count from Departments broken out by floor is needed to determine the exact bill of materials

b. Space and Cost Savings Opportunities

- i. When approved for Citywide use, Soft Phones could be a cost saver as the physical handsets cost approx. \$200 per unit and do not require space on the desk.
- ii. The Cisco VoIP system connects through the network equipment and does not require any on-site servers.

6. PHYSICAL SPACES / ARCHITECTURAL DESIGN

a. General Standards and Recommendations

i. Drawings

1. Low Voltage: Indicate number of wire drops per floor, mapped to ports/Jacks on the walls. Wire drops should include wires for the wireless access point (WAPs) devices as well as a port map of termination points.
 - a. **Contractor Deliverables** – Testing results for all low voltage cabling, and a CAT-6A wiring map showing all jack numbers.
2. MPoE – Site/Civil drawings to indicate fiber route from outside to inside termination box at the MPoE. Include pull boxes, vaults, and conduit on designs.
3. Network rooms – should indicate rack elevations for the network equipment as well as distances around the racks.

ii. Network Rooms

1. Number of rooms per floor depend on the length of the furthest jacks from the IDF. Furthest jack must be within 300 feet of the nearest IDF due to CAT-6A distance limitations.
2. Conduits minimum 4" conduits running through the network rooms to and from the MPoE

EXHIBIT D-1

- iii. Cooling and Power
 - iv. Calculations for heat/cooling and power are required as part of network design. We recommend that the network rooms stay between 60-68 degrees F on average.
- b. Required Clearances
- i. Provide at least 3'-0" (3'-6" preferred) clearance in the front of the Network rack.
 - ii. Provide at least 3'-0" clearance at back of racks and on one side.
 - iii. See example below, rack dimensions may vary depending on the type of rack used

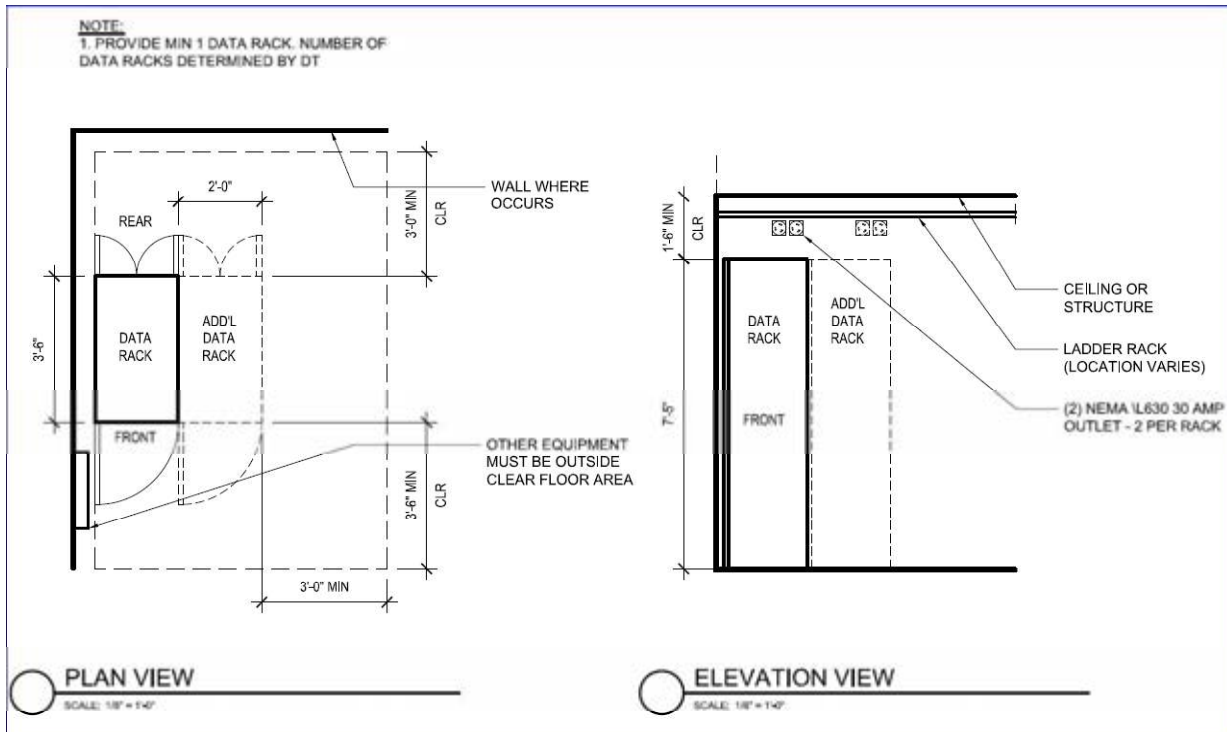


EXHIBIT D-1

7. EQUIPMENT SPECIFICATIONS

- a. UPS and Power Receptacle Requirements (by Switch Type)
 - i. Cisco 9300s – Require QTY 2 APC [SMX3000LV](#)
 - 1. Outlets Required – QTY 2 NEMA L5-30R on separate Circuits
 - ii. Cisco 9407 and 9410R – Each require QTY 2 APC [SRT5KRMXLT](#)
 - 2. Outlets Required – QTY 2 NEMA L5-30R on separate Circuits
- b. Two post rack (Patch panels)
 - iii. [Chatsworth 55053 Series](#)
 - 4. Multiple options based on RUs needed
- c. Four Post Rack
 - iv. [Chatsworth 15251 48RU rack](#)
- d. Data Center Cabinets (likely to change in 2022)
 - v. [Netshelter AR2144BLK seismic-42u-enclosure-w-sides-black/](#)
- e. In Building Copper
 - vi. [CommScope UN874043014/10 CAT-6 Cable](#)
 - vii. [CommScope UN874035114/10 CAT-6A cable](#)
- f. CAT-6 / CAT6A Patch Panels
 - viii. [Commscope M2000-48](#)
- g. Cable Management
 - ix. Horizontal options
 - 5. [Commscope 760072942 \(1 RU\)](#)
 - 6. [Commscope 760072959 \(2 RU\)](#)
 - x. Vertical options
 - 7. [Commscope 760244780 \(Double sided\)](#)
 - 8. [Commscope 760244792 \(Single sided\)](#)
- h. Ladder Rack
 - xi. [Chatsworth 10250-712](#)
- i. Cable raceways
 - xii. [Flextray wire mesh basket trays](#)
- j. Patch Cables
 - xiii. [CommScope CO166S2 Cables](#)
 - xiv. Lengths vary depending on the placement of the patch panels and LAN switches in the racks
 - xv. Standard colors
 - 9. Black: Building management systems and security systems including cameras
 - 10. Green: Wireless Access Points
 - 11. Blue: Workstations, furniture, and wall jacks

EXHIBIT D-1

k. Wireless Access Points

xvi. Interior Aps: [Cisco 9130AX series](#)

xvii. Exterior Aps: [Cisco 9124AX Series](#)

12. Can use internal or external antenna models

xviii. [Cisco 9800 Series Wireless Controller](#)

13. Typically, 9800-Ls will be used, unless it's a larger deployment or for the data center

l. Cisco Switches

xix. [Cisco 9500 Series](#) (WAN Switch)

14. Needed to connect sites to the City Fiber Wan

15. Will typically use C9500-24Y4C-A (24 ports) or C9500-48Y4C-A (48 ports) depending on the number of IDFs

16. If there are more than two distribution facilities (IDF and MDF combined count), then two 9500s are needed

17. <https://www.cisco.com/c/en/us/products/switches/catalyst-9500-series-switches/index.html>

xx. [Cisco 9400 series \(LAN switch\)](#)

18. 9407 (Medium deployment up to 150 people)

19. 9410r (Large deployments up to 250 people)

20. Configuration and Line Cards

i. Include redundant power supplies and supervisor modules with memory

ii. C9400-LC-48UX line cards standard

xxi. [Cisco 9300 series \(LAN switch\)](#)

21. Standard deployment uses C9300-48U-A for 30-35 people.

22. Switches may be stacked when needed, need to purchase stacking cables.

23. Some non-standard deployments may use C9300-48S-A

i. departments in one building we will buy 2 for the building MDF, then place 1 in the primary network room for each individual department.

m. Telephone Equipment

xxii. Standard Desk phone – Cisco 7841

24. If wall mounting is needed, order CP-7800-WMK

xxiii. Executive/Admin Desk Phone – Cisco 8851

25. Can also purchase an optional key expansion module

xxiv. Smaller Conference Room Phone – Cisco 7832

xxv. Larger conference Room Phone – Cisco 8832

26. Ensure the CP-8832-ETH power injector and external speakers are included

xxvi. Common area/wall mounted phone – Cisco 3905

xxvii. Analog gateways – [Cisco VG Series](#)

EXHIBIT D-1

- 27. Most deployments will use VG202 (2 ports) or VG204 (4 ports)
- 28. If larger deployments are needed, order VG310
- xxviii. Wired headsets
 - 29. Single ear – Cisco 531
 - 30. Dual Ear – Cisco 532
- xxix. Wireless headsets
 - 31. Single ear – Cisco 561
 - 32. Dual ear – Cisco 562

EXHIBIT E

STANDARDS FOR JANITORIAL SERVICE

Service Level Agreement

Client/Company: Downtown Properties – Angelica Ting Steinmeier

Service Location: 111 Pine San Francisco, CA

EXTERIOR, ENTRANCES, PUBLIC CORRIDORS, SERVICE AREAS	Daily (M-F) *Excludes Holidays	WEEKLY
Police perimeter of building	X	
Exterior of Building – Sweep and Spot mop spills as needed – remove debris	X	
Police and clean as needed interior stairwells		X
Sweep and dust all areas as needed	X	
Vacuum carpeted areas and walk off mats	X	
Spot clean all metal surfaces	X	
Dust furniture and ledges	X	
Clean entrance door glass and walls	X	
Spot Damp mop hard surface floors	X	
Wipe down exterior windowsills and bottom metal area		X

LOBBY AREA	Daily (M-F) *Excludes Holidays	WEEKLY
Receive and sign for packages from vendors as needed – put all packages in designated area	X	
Escort outside vendors to designated areas as needed	X	
Clean spots from walls windows and doors	X	
Spot dust mop all hard surface floors	X	
Wipe down common area furniture & ledges		X
Empty trash, replace liners as needed	X	
Align chairs & waste containers	X	
Secure lights & doors	X	

RESTROOMS THROUGHOUT THE BUILDING	Daily (M-F) *Excludes Holidays	WEEKLY
Restock all consumables	X	
Wash, polish, disinfect mirrors, dispensers, faucets	X	
Wash and sanitize fixtures. Includes behind around base of toilet. Urinal cleaning includes around walls.	X	
Flush toilets on all floor daily	X	
Run the sink water daily	X	
Mop floors with disinfectant as needed	X	

Empty, sanitize waste & sanitary napkin receptacles	X	
Wash/disinfect partition walls as needed	X	
Remove trash, replace liners as needed	X	
Report any leaks or issues to supervisor and PM	X	
Spot clean fingerprints and remove marks from walls, entry doors (inside and out) and partitions	X	

STAIRWELLS AND ELEVATORS	Daily (M-F) <i>*Excludes Holidays</i>	WEEKLY
Police stairwells, & clean handrails	X	
Dust mop as needed	X	
Damp mop as needed	X	
Vacuum as needed	X	
Maintain cleanliness of elevators	X	

JANITORIAL CLOSET	Daily (M-F) <i>*Excludes Holidays</i>	WEEKLY
Keep neat and organized	X	
Discard outdated chemicals or debris	X	
Sweep / mop floors	X	
Monitor supplies	X	
Maintain up-to-date SDS/ Emergency information	X	

Night SERVICE LEVEL AGREEMENT

ENTRANCE, PUBLIC CORRIDORS, SERVICE AREAS	Nightly (M-F) <i>*Excludes Holidays</i>	WEEKLY
Police perimeter of building, remove trash	X	
Sweep and dust mop lobby	X	
Vacuum carpeted areas and walk off mats	X	
Spot clean all metal surfaces	X	
Clean entrance door glass	X	

OFFICE AREAS	Nightly (M-F) <i>*Excludes Holidays</i>	WEEKLY
* DO NOT DISTURB ITEMS ON DESKS OR TABLES	X	
Spot vacuum carpet flooring	X	
Dust mop hard surface floors	X	
Wipe, dust common area surfaces	X	
Empty trash, replace liners as needed	X	
Align chairs & waste containers	X	

Secure lights & doors as requested	X	
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CONFERENCE ROOMS	Nightly (M-F) <small>*Excludes Holidays</small>	WEEKLY
Clean spots from glass doors	X	
Spot vacuum carpeted areas	X	
Dust mop hard surface floors	X	
Wipe down common area surfaces	X	
Empty trash, replace liners as needed	X	
Align chairs & waste containers	X	
Secure lights & doors as requested	X	

RESTROOMS	Nightly (M-F) <small>*Excludes Holidays</small>	WEEKLY
Restock all consumables	X	
Wash, polish, disinfect mirrors, dispensers, faucets	X	
Clean toilet bowls, urinal bowls. Includes behind around base of toilet.	X	
Mop floors	X	
Empty, feminine waste baskets & sanitary napkin receptacles	X	
Remove trash, replace liners as needed	X	

KITCHENS AND BREAKROOMS	Nightly (M-F)	WEEKLY
* FOLLOW CLIENT RECYCLING / COMPOST PROGRAM	X	
Turn off lights upon completion of cleaning	X	
Spot vacuum carpet areas	X	
Spot mop all hard surface floors	X	
Wipe down open counters/ tabletops	X	

STAIRWELLS AND ELEVATORS	Nightly (M-F)	WEEKLY
Police stairwells, clean, disinfect handrails		X
Sweep and mop elevator cabs	X	

JANITORIAL CLOSETS	Nightly (M-F)	WEEKLY
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Keep neat and organized	X	
Discard outdated chemicals or debris		X
Sweep / mop floors	X	
Monitor supplies	X	
Maintain up-to-date SDS/ Emergency information		X

PERIODIC (INCLUDED IN CONTRACT or MONTHLY BILLED)	MONTHLY	QUARTERLY	YEARLY
Spot carpets (up to the size of a quarter) as requested			
Edge vacuuming		X	
Clean elevator tracks and thresholds as needed	X		
Scrub restroom floors as needed	X		
Machine scrub all resilient or composition flooring			X
Carpet Cleaning (Extra Cost) TBD			
Restroom Tile and Grout Cleaning (included in contract)		X	
Restroom Grout Acid Wash Cleaning (Extra Cost) TBD			

Other Services

In addition to the listed services above, Landlord shall, through another vendor, provide interior and exterior window cleaning of perimeter windows on an annual basis.

EXHIBIT F

To: 111 Pine Property Management Team
From: Jason P. Daugherty
Re: Scope of Services

Subject: Scope of Services

This Scope of Services outlines PalAmerican Security's duties and responsibilities at 111 Pine. Any future revisions must be mutually agreed upon in writing.

Scope of Service

PalAmerican shall provide building-trained Security Officer(s) during the times specified by the client (Angelica Steinmeier) and agreed to in writing. A full-time Account Manager is also assigned as the client's primary point of contact to oversee security staff and ensure compliance with responsibilities.\

Security duties and responsibilities are defined in Post Orders, post memos, and by mutual agreement between PalAmerican and building management.

Staffing & Coverage

- Lobby Officer: 24 hours per day, 7 days per week (168 hours per week)**
- Break Relief: 2.5 hours per week**

The Monday–Friday day shift Officer serves as the Site Supervisor and acts as the primary liaison between Security staff and building management.

Duties & Responsibilities

- Monitor and enforce building access rules for tenants, visitors, and vendors as directed by building management.**
- Keep the client fully informed of all security, safety, and customer service matters occurring on the property.**
- Respond to life safety situations including, but not limited to, fire, flood, and medical emergencies.**
- Document daily activities include tenant issues, contractor access, and unusual events such as incidents, thefts, or prohibited activities.**
- Act as a point of contact, as directed by the client, between tenants, guests, visitors, vendors, and contractors.**

Oversight & Support

- PalAmerican Field Supervision shall respond to the property after hours as needed.**
- Additional guard coverage shall be provided upon client request.**
- The PalAmerican Account Manager will maintain direct communication with the client to ensure this Scope of Service remains current and properly executed.**

Sincerely,

Jason P. Daugherty
Client Service Manager
PalAmerican Security
jdaugherty@palamerican.com
Office: (415) 243-2104 | Cell: (510) 871-0783

EXHIBIT G

WORK LETTER

111 Pine Street, San Francisco

This Work Letter is part of the Lease dated as of December ___, 2025 (the “**Lease**”), executed concurrently with this Work Letter, by and between Double Wood Investment, Inc., as Landlord, and the City and County of San Francisco, as Tenant, covering the Premises, as defined in the Lease. All terms that are capitalized but not defined in this Work Letter have the same meanings given to them in the Lease.

Landlord, at its sole cost and expense (except as otherwise specifically set forth below), and through its general contractor approved by City (the “**Contractor**”), will construct, furnish, and install in the Premises the improvements shown on the Construction Documents finally approved by City under Paragraph 1 below (the “**Leasehold Improvements**” and the construction, furnishing and installation of the Leasehold Improvements, the “**Leasehold Improvement Work**”), in accordance with the provisions of this letter.

1. Plans and Specifications

a. Schematic Design Documents. City and Landlord approve the schematic design plans for the Leasehold Improvement Work dated December 3, 2025, prepared by Anthony Roxas Architectural Corporation (the “**Schematic Design Documents**”) in accordance with the program requirements of City; provided, however, that approval will not limit Landlord’s obligations under this Work Letter or the Lease.

b. Design Development Documents. Based on the approved Schematic Design Documents and any adjustments approved by City, on or before ten (10) days following the Effective Date, Landlord will cause its architect or space planner approved by City (the “**Architect**”) and its qualified and licensed engineer approved by City (the “**Engineer**”) to prepare and submit to City for its approval plans and specifications expanding in greater detail the representations of the Schematic Design Documents and fixing and describing the size and character of the Leasehold Improvements, including architectural, structural, mechanical, electrical, fire and life safety systems, materials, and other elements as may be appropriate, together with fully developed floor plans, interior elevations, reflected ceiling plans, and wall and building sections (collectively, the “**Design Development Documents**”). City hereby preapproves the use of Anthony Roxas Architectural Corporation as the Architect and Acies Engineering as the Engineer. The Design Development Documents must show the following:

- i.** location of all demolition;
- ii.** location and type of all partitions;
- iii.** location and type of all doors, with door hardware specifications;
- iv.** location of telephone equipment room, with all special electrical and cooling requirements;

- v. location and type of all electrical outlets, switches, telephone outlets, and lights;
- vi. location and type of all computer and other equipment requiring special electrical requirements;
- vii. location, weight per square foot, and description of any heavy equipment or filing system exceeding 50 pounds per square foot live and dead load;
- viii. requirements for special air conditioning or ventilation for the Premises;
- ix. location of all heating and air conditioning ducts;
- x. location and detail of any millwork
- xi. location, type, and color of floor covering;
- xii. location, type, and color of all window treatment;
- xiii. ceiling plans including light fixtures;
- xiv. location of sprinklers;
- xv. location, type, and color of wall covering;
- xvi. location, type, and color of paint or finishing;
- xvii. location and type of plumbing;
- xviii. location and type of kitchen equipment;
- xix. disabled accessibility standards, including any improvements to the lobbies, corridors, drinking fountains, telephone banks, elevators, elevator vestibules, stairs, stair vestibules, and restrooms on all floors of the Building in which the Premises are located;
- xx. any modifications needed to increase the existing raised floor areas;
- xxi. location, capacity, and type of air conditioning equipment;
- xxii. critical dimensions for construction; and
- xxiii. other interior improvement work required by City.

The Design Development Documents are subject to approval by City as provided in Paragraph 1.e below.

c. Construction Documents. Based on the approved Design Development Documents and any further adjustments approved by City, on or before Thirty days (30) after the Effective Date, Landlord will cause its Architect and Engineer to prepare and submit to City for its approval final plans, specifications, and working drawings for the Leasehold Improvements, setting forth in detail all aspects of the design, function, and construction of the Leasehold Improvements, in form sufficient for bidding of all elements of construction, and in conformity with all of the requirements of this Work Letter (collectively, the “**Construction Documents**”). The Construction Documents are subject to approval by City in accordance with Paragraph 1.e below.

d. Design in Accordance with City’s Requirements. City has prepared and submitted to Landlord documents that outline City’s space requirements for the Premises. Landlord’s Architect will design the Premises and prepare all plans and specifications, including the Design Development Documents and Construction Documents, in conformity with the documents. Landlord’s Architect will consult and hold periodic meetings with City, at least at 25%, 50% and 100% design and its architectural consultants and space planners in the preparation of the Design Development Documents and Construction Documents.

e. City’s Approval of Plans. The Design Development Documents and Construction Documents (and any Landlord Change Orders, as described below) are subject to approval by City, which approval will not be unreasonably withheld or delayed, in accordance with the following procedure. After Landlord submits the Design Development Documents, Construction Documents, or proposed Change Order to City, City will have ten (10) days to provide notify Landlord of its disapproval any element of any of them and of the revisions that City reasonably requires in order to obtain approval. As soon as reasonably possible, but not later than seven (7) days after receipt of City’s disapproval notice, Landlord will submit to City documents incorporating the required revisions. The revisions will be subject to City’s approval, which will not be unreasonably withheld or delayed. If City fails to notify Landlord of any objection to the revisions within seven (7) days after receipt, then the revisions will be deemed approved by City.

f. Payment for Plans. Landlord will pay the costs of preparing the Schematic Design Documents, Design Development Documents, and the Construction Documents and those costs will be deducted from the Allowance (as defined in Paragraph 4.b below), subject to City’s prior approval of the costs as provided in Paragraph 4.c below. Landlord will provide City evidence of the costs by invoices and other substantiation as City may reasonably require.

g. Changes to Approved Construction Documents.

i. City Change Orders. If following its approval of the Construction Documents, City requests any change, addition, or alteration thereto relating to the design or specifications of the Leasehold Improvement Work (“**City Change Order**”), Landlord will cause the Architect or Engineer, as applicable, to prepare plans and specifications for the change, addition, or alteration. Within 5 days of City’s request, Landlord will notify City of the cost that would be incurred resulting from the proposed City Change Order, including architectural or engineering charges and any delay in the anticipated date of Substantial Completion that would

result from the City Change Order. If City approves the cost of the City Change Order within five (5) days of receipt from Landlord, then Landlord's Contractor will proceed with the City Change Order as soon as reasonably practicable. If City does not approve the cost within the five (5)-day period, then construction of the Premises will proceed in accordance with the original completed and approved Construction Documents. City will be responsible for the reasonable cost actually incurred by Landlord in the preparation of the plans and specifications for any City Change Order, as evidenced by invoices or other substantiation reasonably required by City.

ii. Landlord Change Orders. If after City's approval of the Construction Documents, Landlord requests or is required by a third party or government agency to make any change, addition, or alteration thereto relating to the design or specifications of the Leasehold Improvement Work ("**Landlord Change Order**"), Landlord will provide City with proposed plans and specifications for the change, addition, or alteration, together with notice of any delay in the anticipated date of Substantial Completion that would result from the Landlord Change Order. Any Landlord Change Order will be subject to City's prior written approval, in accordance with Paragraph 1.e above. No approval by City of any Landlord Change Order will relieve or modify Landlord's obligations to complete the construction of the Leasehold Improvements in accordance with the approved Construction Schedule, or limit any of City's rights or remedies under this Work Letter or under the Lease. Landlord will be solely responsible for the cost of the Landlord Change Order, including the costs of preparing the plans and specifications, and none of the costs for or related to any Landlord Change Order will be paid or deducted from the Allowance.

iii. Appointment of Representatives. City and Landlord will each designate and maintain at all times during the design and construction period a project representative ("**Representative**"), and an alternate for the Representative ("**Alternate**"), each of whom will be authorized to confer and attend meetings and represent such party on any matter relating to this Work Letter. Landlord and City may not make any inquiries of or requests to, and will not give any instructions or authorizations to, any other employee or agent of the other party, including the other party's architect, engineers, consultants, and contractors or any of their agents or employees, regarding matters associated with this Work Letter. The initial Representatives and Alternates are:

City:	Representative — <u>Laura Scripture of Summit Construction Management.</u>
	Alternate — _____
Landlord:	Representative — Angelica Ting Steinmeier
	Alternate — Bob Criscuolo of Whiting Turner

Each party may at any time and from time to time change its Representative or Alternate by written notice to the other party. Each party's Representative or Alternate must be available during ordinary business hours so that questions and problems may be quickly resolved and so that the Leasehold Improvements may be completed economically and in accordance with the Construction Schedule. All approvals made by City's Representative or Alternate must be made in writing.

2. Permits

a. Responsibility for Obtaining Permits. Landlord is responsible for obtaining all governmental permits and approvals required to commence and complete the Leasehold Improvement Work, and promptly on receipt of any permit or approval, Landlord will deliver copies to City. Landlord will use commercially reasonable efforts to obtain all needed approvals and permits on or before Thirty days (30) from the date which the Construction Documents are approved by City and Landlord. Landlord is responsible for calling for all inspections required by City's Bureau of Building Inspection.

3. Construction

a. Construction of Leasehold Improvements. After City's approval of the Construction Documents, Landlord will cause the Leasehold Improvements to be constructed and installed in a good and professional manner in accordance with sound building practice and in conformity with the Construction Documents, as revised by any approved Change Orders, and the terms of this Work Letter. City will not have any obligation for any work except as provided in this Work Letter.

b. Construction Schedule. Landlord will commence construction of the Leasehold Improvements within thirty (30) days after approval of all required permits for construction in accordance with the approved Construction Documents, and will diligently pursue construction to completion, all in accordance with the construction schedule attached as Exhibit A-1 to this Work Letter (the "**Construction Schedule**").

c. Status Reports; Inspections. Landlord will keep City apprised of the status of permit approval and the progress of construction. Landlord or its Contractor will furnish City with weekly/biweekly/monthly reports on construction. From time to time during the design and construction of the Leasehold Improvements, after reasonable advance oral or written notice to Landlord, City may enter the Premises at reasonable times to inspect the Premises, and City will use commercially reasonable efforts not to materially interfere with the construction. Landlord or its Representative may accompany City during any inspection.

d. General Conditions. The performance of all Leasehold Improvement Work by Landlord is subject to the following terms and conditions:

i. All of the Leasehold Improvement Work must be performed in compliance with all Laws bearing on construction of the Leasehold Improvements; and

ii. Without limiting the foregoing, the construction of the Leasehold Improvements must comply with all requirements of the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable Laws intended to provide equal accessibility for persons with disabilities (collectively, "**Disabled Access Laws**").

iii. Landlord will require at least two (2) competitive bids from subcontractors in each trade for all Leasehold Improvement Work.

e. Cooperation. Landlord will cooperate at all times with City in timely completing the Leasehold Improvements. Landlord will resolve any and all disputes arising out of the Leasehold Improvements Work in a manner that will allow work to proceed expeditiously.

f. Telecommunications, Data and Computer Cabling Installation Work to be Performed by Landlord. The Leasehold Improvement Work will include construction of server room(s), including power supply, reasonably necessary for the City's telecommunications, data, and computer facilities and equipment, as provided for in approved Construction Drawings. As part of the Leasehold Improvement Work and in compliance with **EXHIBIT D-1** to this Work Letter and City's data and computer cabling specifications and requirements included in **EXHIBIT D-1** ("**DT STANDARDS AND RECOMMENDATIONS FOR NEW BUILDING AND MOVES**"), Landlord or its consultants and contractors will perform surveys and develop plans and specifications for the installation of telecommunications, data, and computer cabling for City's occupancy of the Building. City or its contractor, at City's cost, will be responsible for providing telecommunications, data, and computer cabling up to the point where it is stubbed out in the Building's core area. Beyond that point, Landlord will be responsible for installing the cabling to service points on each floor, as provided in the City Data Specs, as part of the Leasehold Improvement Work. Landlord at City's expense as part of the Leasehold Improvement Work, will be responsible for providing cabling from the service points to workstations. Landlord understands that the conduit for the telecommunications, data, and computer cabling will be included in the Construction Documents and installed by Contractor.

g. Asbestos Related Work. If City, its consultants, contractors or subcontractors encounter any asbestos containing materials ("ACM") in the Building in connection with the installation of City's telecommunications, data, and computer cabling, Landlord will be responsible for all legally required work or other work necessary relating to the proper containment, abatement, removal, and disposal of the ACM and all costs related to the ACM. In no event will any of those costs be deducted from the Allowance or otherwise be City's responsibility. Any delay due to the presence of unknown ACM in the Building will be considered a Landlord Delay (defined below).

h. Construction Improvements that Disturb or Remove Exterior Paint. Landlord, on behalf of itself and its agents, employees, officers, and contractors, will comply with all requirements of the San Francisco Building Code Chapter 34 and all other applicable Laws, including the California and United States Occupational and Health Safety Acts and their implementing regulations, when the work of improvement or alteration disturbs or removes exterior or interior lead-based or "presumed" lead-based paint (as defined below). Landlord, its agents, employees, officers, and contractors will give to City three (3) business days' prior written notice of any disturbance or removal of exterior or interior lead-based or presumed lead-based paint. Landlord acknowledges that the required notification to the Department of Building Inspection regarding the disturbance or removal of exterior lead-based paint under San Francisco Building Code Chapter 34 does not constitute notification to City as Tenant under the Lease and similarly that notice under the Lease does not constitute notice under San Francisco Building Code Chapter 34. Further, Landlord and its agents, employees, officers, and contractors, when disturbing or removing exterior or interior lead-based or presumed lead-based paint, will not use or cause to be used any of the following methods: (i) acetylene or propane burning and torching; (ii) scraping, sanding or grinding without containment barriers or a High Efficiency Particulate Air filter ("HEPA") local vacuum exhaust tool; (iii) hydroblasting or high-pressure wash without

containment barriers; (iv) abrasive blasting or sandblasting without containment barriers or a HEPA vacuum exhaust tool; and (v) heat guns operating above 1,100 degrees Fahrenheit. Landlord will comply with the requirements of California Code of Regulations Title 17 when taking measures that are designed to reduce or eliminate lead hazards. Under this Paragraph, paint on the exterior or interior of buildings built before January 1, 1979 is presumed to be lead-based paint unless a lead-based paint test, as defined by San Francisco Building Code Chapter 34, demonstrates an absence of lead-based paint on the interior or exterior surfaces of the buildings. Under this Section, lead-based paint is “disturbed or removed” if the work of improvement or alteration involves any action that creates friction, pressure, heat, or a chemical reaction on any lead-based or presumed lead-based paint on a surface so as to abrade, loosen, penetrate, cut through, or eliminate paint from that surface.

4. Payment for Work; Allowance

a. Accessibility Improvements. Through its approved Contractor, Landlord will furnish and install all improvements that are required to bring the Premises and the Common Areas serving the Premises, including the lobbies, corridors, telephone banks, drinking fountains, elevators, elevator vestibules, stairs, stair vestibules, restrooms, and signage in all those areas, into full compliance with all Disabled Access Laws and City’s work plan in accordance with Paragraph 3.d.ii. above. All costs of that work will be deducted from the Allowance (defined below).

b. Other Leasehold Improvement Work. Subject to Paragraph 4.a above, Landlord will pay for the cost of constructing and installing the Leasehold Improvements (as defined below) up to a total sum of One Hundred Dollars (\$100.00) per rentable square foot in the Premises (the “**Allowance**”). Any portion of the Allowance not used by City will be forfeited by the City. If the actual costs of the Leasehold Improvement Work incurred by Landlord exceed the Allowance, City will pay the excess costs on a monthly progress basis upon receipt of required documentation in accordance with subparagraph d below. City’s share of the Leasehold Improvement costs in excess of the Allowance will not exceed One Hundred Dollars (\$100.00 per rentable square foot in the Premises), except in the event of any change orders to the Leasehold Improvement Work requested by Tenant and any other amounts which are approved by Tenant pursuant to the terms of Section 4.c. below. City will not be responsible for, and the Allowance may not be used for, any review, supervision, administration, or management fees of any person or entity, any overhead or other general expenses of Landlord or any other person or entity, and any charges for parking or use of hoists or freight elevators; provided, however, that City shall pay (through the Allowance or otherwise) for any reasonable costs incurred by Landlord from third parties (as opposed to Landlord’s own employees) for the review of Tenant’s responses to any plans and specifications for the Leasehold Improvements. City will be responsible for the costs of the telecommunications, data, and computer cabling work to as described in subparagraph 3(f) above.

c. City’s Approval of Costs. The costs of the Leasehold Improvement Work must be set forth in a detailed construction budget prepared by Landlord and approved by City. The approved construction budget must show all costs funded by the Allowance and any other costs to be paid by City in line items in cost categories. No later than thirty (30) days following City and Landlord approval of the Construction Documents, Landlord will provide City with an

initial construction budget for its approval. The initial City-approved construction budget is attached as **Exhibit C-1**. If the Leasehold Improvements cannot be completed in strict conformity with the most recently approved construction budget, Landlord must promptly submit to City for its approval a revised construction budget and identify to City changes in line items and the reasons for the changes. If further changes are required, then Landlord will seek City's approval, following the same procedures. No costs will be included in the Allowance, and City will not be obligated to pay any costs in excess of the Allowance, unless and until City approves the construction budget and any revisions. City may approve or disapprove any construction budget or revisions in its reasonable judgment. City will not unreasonably delay its approval or disapproval and shall, in any event, respond to Landlord's request for such approval within five (5) business days of written request therefor. The most recently approved construction budget will supersede all previously approved budgets.

d. Required Documentation of Costs. Landlord will provide City with copies of **(i)** all invoices received by Landlord from the Contractor in connection with the construction of the Leasehold Improvements, **(ii)** satisfactory evidence of payment of the invoices, including unconditional lien waivers, or if the invoices have not been paid, conditional lien waivers; all lien waivers must meet the requirements of California Civil Code Section 8124 and be in the form prescribed by California Civil Code Sections 8132, 8134, 8136, and 8138, as applicable, and be executed by each subcontractor and material supplier, and **(iii)** any additional supporting documentation substantiating the Contractor's right to payment as City may reasonably require, such as copies of requisitions from subcontractors and material suppliers. Tenant shall pay Landlord Tenant's share (i.e., a percentage created by dividing the budgeted cost of the Leasehold Improvement by the portion of such budgeted cost in excess of the Allowance and multiplying that percentage towards the aggregate cost of the Leasehold Improvements for such monthly period) of the cost of the Leasehold Improvements incurred for the previous month within thirty (30) days of Tenant's receipt of the materials described in this Section 4(d).

e. No Waiver of Conditions. Any waiver by City of a condition of payment must be expressly made by City in writing. If City makes a payment before fulfillment of one or more required conditions, that payment alone will not be a waiver of the conditions, and City reserves the right to require their fulfillment before making any subsequent payments. If all conditions are not satisfied, City, acting in its reasonable judgment, may make payment as to certain items or categories of costs and not others.

5. Substantial Completion

a. Construction Schedule. Landlord will use efforts to complete the Leasehold Improvement Work on or before the Estimated Commencement Date. When construction progress permits, but not less than fifteen (15) days before substantial completion, Landlord will notify City of the date that the Leasehold Improvement Work is anticipated to be substantially completed in accordance with the approved Construction Documents and the provisions of the Lease and this Work Letter. Landlord will notify City when the Leasehold Improvement Work is in fact Substantially Completed and the Premises are ready for occupancy by City. Promptly after City receives Landlord's notice of substantial completion, City or its representatives will accompany Landlord or its architect on an inspection of the Premises on a mutually agreeable date.

b. Substantial Completion. The Leasehold Improvements will be deemed to be “**Substantially Completed**” when (i) all necessary inspections required for occupancy of the Premises have been completed and signed off as approved by the appropriate governmental authority(ies), (ii) a temporary or permanent certificate of occupancy for City’s occupancy of the Premises has been issued by the appropriate governmental authority, and (iii) the Architect reasonably determines and certifies in writing to City that the Leasehold Improvements have been Substantially Completed in accordance with the Construction Documents to the extent necessary to enable City to occupy the Premises and to conduct its normal business operations in the Premises without unreasonable impairment or interference. The date of Substantial Completion will, upon request by either party, be memorialized in writing signed by both Landlord and City. The Leasehold Improvements will be deemed Substantially Completed even though there may remain minor details that would not materially interfere with City’s use. Landlord will diligently pursue to final completion all such details. Notwithstanding the foregoing, City will have the right to present to Landlord within thirty (30) days after Substantial Completion a supplemental written punch list consisting of any incomplete items that have not been finished in accordance with the Construction Documents and the terms of this Work Letter, provided that such incomplete items were not reasonably observable on the earlier walkthrough inspection of the Premises and are not the result of damage caused by City during or after move-in. Landlord will use commercially reasonable efforts to complete all incomplete items identified in such punch list within thirty (30) days after the delivery of such list, or as soon thereafter as reasonably practicable. For the avoidance of doubt, obtaining LEED Gold Certification will not be a requirement of Substantial Completion, but Landlord shall use commercially reasonable efforts to obtain such certification within twelve (12) months of Substantial Completion. For absence of doubt, obtaining such LEED Gold Certification shall be considered part of the Leasehold Improvement Work, and to the extent that the costs of obtaining such LEED Gold Certification, together with the other costs incurred by Landlord in connection with the Leasehold Improvement Work, exceed the Allowance, any such excess costs shall be paid by Tenant to Landlord in accordance with the terms of this Work Letter.

6. Delays in Construction

a. Unavoidable Delays. “**Unavoidable Delays**” means any delays by reason of acts of nature, accidents, breakage, repairs, strikes, lockouts, other labor disputes, inability to obtain labor or materials after using diligent and timely efforts, enemy action, civil commotion, epidemics, pandemics, and related governmental orders and requirements (and private sector responses to comply with those orders and requirements); protests; riots; demonstrations; or by any other reason without fault and beyond the reasonable control of the party obligated to perform. If an Unavoidable Delay occurs, the party affected by the Unavoidable Delay will give prompt written notice to the other of the event causing the Unavoidable Delay and the length of the projected delay in performance and will continue to keep the other party regularly informed of the status of the Unavoidable Delay.

7. Tenant Delays. Subject to any Unavoidable Delay, City will be responsible for any delay in the construction of the Leasehold Improvements resulting solely and directly from any of the following (collectively, “**Tenant Delays**”): (i) the failure of Tenant to approve or disapprove based on timelines provided in this Work Letter any matter requiring Tenant’s approval relating to the construction of the Leasehold Improvements;, (ii) City Change Orders to

the Construction Documents, (iii) City's failure to review the any costs to be included in the Allowance within the time provided in this Work Letter, and (iv) unreasonable (when judged in accordance with industry custom and practice) interference by Tenant, its agents or any party for which Tenant is legally responsible with the Substantial Completion of the Leasehold Improvements and which objectively precludes or delays the construction of the Leasehold Improvements; provided, however, that notwithstanding anything herein to the contrary, no Tenant Delay described in this clauses (iii) shall be deemed to have occurred unless and until Landlord has provided written notice to Tenant specifying the action or inaction that constitutes the Tenant Delay, and in such case, the applicable Tenant Delay shall be deemed to have occurred commencing as of the date such notice is received and continuing until the same is cured. Landlord agrees to notify Tenant in writing when Landlord becomes aware of a Tenant Delay described in clause (a) above, but the date of such notice shall not be a limitation on the commencement of the applicable Tenant Delay.. Tenant Delays in the completion of construction of the Leasehold Improvement Work will accelerate the date for Substantial Completion for each day of the Tenant Delay. Notwithstanding the foregoing, City will be responsible and the date for Substantial Completion will be accelerated only to the extent any delays are actually and directly caused by Tenant Delays.

8. General Provisions.

a. Notices. Except as may be otherwise specifically provided in this Work Letter, any notice given under this Work Letter must be in writing and given by delivering the notice in person, by commercial courier or by sending it by first class mail, certified mail with a return receipt requested, or Express Mail, return receipt requested, with postage prepaid, and addressed to the parties as follows:

City:	Real Estate Division 25 Van Ness Avenue, Suite 400 San Francisco, CA 94102 Attn: Director of Property San Francisco Employee Retirement System 111 Pine Street San Francisco, CA 94111 Attn: Alison Romano Email: Alison.Romano@Sfgov.org.
Landlord:	Double Wood Investment, Inc. 111 Pine Street, Suite 1425 San Francisco, California 94111 Attn: Ms. Angelica Ting Steinmier

or any other address as a party may designate to the others as its new address for notices by notice given to the others in accordance with the provisions of this paragraph. A properly addressed notice transmitted by one of the foregoing methods will be deemed received upon confirmed delivery, attempted delivery, or rejected delivery. Neither party may give official or binding notice by email.

b. Landlord's Duty to Notify City. Landlord will promptly notify City in writing of (i) any written communication that Landlord may receive from any governmental,

judicial, or legal authority giving notice of any claim or assertion that the Property, Building, or Leasehold Improvements fail in any respect to comply with applicable Laws; **(ii)** any known material adverse change in the physical condition of the Property, including any damage suffered as a result of earthquakes; and **(iii)** any known default by the Contractor or any subcontractor or material supplier, or any known material adverse change in the financial condition or business operations of any of them.

c. Prevailing Wages and Apprentices. Any person performing labor in the construction of the Leasehold Improvements that Landlord is obligated to provide under this Work Letter will be paid not less than the highest prevailing rate of wages and Landlord will include in any contract for construction of the Leasehold Improvements a requirement that all persons performing labor under the contract will be paid not less than the highest prevailing rate of wages for the labor performed. In connection with the construction of the Leasehold Improvements under this Work Letter, Landlord will comply with all the provisions of subsection (b) of San Francisco Charter Section A7.204 and Section 6.22(E) of the San Francisco Administrative Code. In addition, if the Leasehold Improvements are Covered Construction (as defined in San Francisco Administrative Code Section 23.61), Landlord will pay the Prevailing Rate of Wages (as defined in San Francisco Administrative Code Section 23.61), employ Apprentices (as defined in San Francisco Administrative Code Section 23.61), and comply with all the provisions of Section 23.3 of the Lease, and San Francisco Administrative Code Section 23.61 of the regarding the Leasehold Improvements.

d. Tropical Hardwood and Virgin Redwood Ban.

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

City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood, or virgin redwood wood products.

If Landlord fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Landlord will be liable for liquidated damages for each violation in any amount equal to Landlord's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greatest. Landlord acknowledges and agrees that the liquidated damages assessed will be payable to City on demand and may be set off against any monies due to Landlord from any contract with City.

e. Days; Incorporation of Exhibits. Unless otherwise provided in this Work Letter, all periods specified by a number of days will refer to business days. Saturdays, Sundays, and recognized City holidays will not constitute business days. Exhibits A-1, B-1, C-1 and Exhibit D-1 attached to this Work Letter, are made a part of this Work Letter by this reference.

f. Approvals. City is entering into this Work Letter in its proprietary capacity and not as a regulatory agency with certain police powers. Notwithstanding anything to the contrary in this Work Letter or the Lease, no approval by City of the plans for the Leasehold Improvements (including the Design Development Documents or Construction Documents or Change Orders), completion of the Leasehold Improvement Work or any other approvals by City under this Work Letter or the Lease will be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Premises. All approvals or other determinations of City as tenant under this Work Letter or the Lease may be made by City's Director of Property unless otherwise specified.

9. Time of the Essence. Time is of the essence with respect to all provisions of this Work Letter where definite time for performance is specified, including the date for Substantial Completion.

10. Landlord's Work. Landlord at Landlord's sole cost, (i) shall seal and finish the passageway between the Premises and the adjacent building on the 9th floor, (ii) seal the internal staircase in the southwest corner of the Premises from the 7th and 8th floor, and (iii) remove any existing furniture and personal property currently located in the Premises.

The parties have executed this Work Letter as of the date of the Lease.

LANDLORD:

Double Wood Investment, Inc.,
a California corporation

By: Angelica Steinmeier

Its: Director of Operations

CITY:

CITY AND COUNTY OF SAN FRANCISCO, a
municipal corporation

By: _____
Sarah R. Oerth
Director of Property

RECOMMENDED:

Alison Romano
Chief Executive Office & Chief Investment
Officer

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Anna Gunderson
Deputy City Attorney

Exhibit A-1
Construction Schedule

Exhibit B-1
Disabled Access Laws

Exhibit C-1
Construction Budget

**111 Pine - Suites 800-1100 Tenant Improvement
ROM Estimate, Version 2.5 - 12/12/2025**

MASTERFORMAT SUMMARY



PROJECT TOTAL	
47,512	GSF

DIVISION	COST	\$/SF	% COW
01 General Requirements	\$ 100,340	\$ 2.11	1.60%
02 Existing Conditions	\$ 110,264	\$ 2.32	1.76%
03 Concrete	\$ -	\$ -	0.00%
04 Masonry	\$ -	\$ -	0.00%
05 Metals	\$ 19,500	\$ 0.41	0.31%
06 Wood, Plastics, and Composites	\$ 426,384	\$ 8.97	6.79%
07 Thermal & Moisture Protection	\$ -	\$ -	0.00%
08 Openings	\$ 346,575	\$ 7.29	5.52%
09 Finishes	\$ 1,304,760	\$ 27.46	20.78%
10 Specialties	\$ 30,600	\$ 0.64	0.49%
11 Equipment	\$ 50,000	\$ 1.05	0.80%
12 Furnishings	\$ -	\$ -	0.00%
13 Special Construction	\$ -	\$ -	0.00%
14 Conveying Systems	\$ -	\$ -	0.00%
21 Fire Suppression	\$ 161,902	\$ 3.41	2.58%
22 Plumbing	\$ 451,364	\$ 9.50	7.19%
23 HVAC	\$ 997,752	\$ 21.00	15.89%
25 Integrated Automation	\$ -	\$ -	0.00%
26 Electrical	\$ 2,090,528	\$ 44.00	33.29%
27 Communications	\$ 190,048	\$ 4.00	3.03%
28 Electronic Safety & Security	\$ -	\$ -	0.00%
31 Earthwork	\$ -	\$ -	0.00%
32 Exterior Improvements	\$ -	\$ -	0.00%
33 Site Utilities	\$ -	\$ -	0.00%

SUBTOTAL - COST OF WORK	\$ 6,280,017	\$ 132.18	100.00%
--------------------------------	---------------------	------------------	----------------

	EXCLUDED	EXCLUDED	
Subcontractor Default Insurance (SDI)			
General Requirements	\$ 157,000	\$ 3.30	2.50%
Design Development Contingency	\$ 193,111	\$ 4.06	3.00%
Construction/CM Contingency	\$ 331,506	\$ 6.98	5.00%
Escalation Contingency	EXCLUDED	EXCLUDED	
General Conditions	\$ 636,096	\$ 13.39	10.13%
Liability Insurance	\$ 87,374	\$ 1.84	1.15%
Gross Receipts Tax	\$ 61,481	\$ 1.29	0.80%
Whiting-Turner Bond	NOT REQUIRED	NOT REQUIRED	
Whiting-Turner Fee	\$ 309,863	\$ 6.52	4.00%
Builder's Risk Insurance	BY OWNER	BY OWNER	

CONSTRUCTION TOTALS	\$ 8,056,448	\$ 169.57 / GSF
----------------------------	---------------------	------------------------

Architectural Design Fees	\$ 90,000.00
MEP Engineering	\$ 114,950.00
Permit Expeditors	\$ 27,005.00
Structural Engineers	\$ 20,000.00
Permit Fees	\$ 157,988.97

PROJECT TOTALS	\$ 8,466,392	\$ 178.19 /GSF
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Exhibit D-1
City Data Spec

EXHIBIT H

ASBESTOS AND LEAD-BASED PAINT DISCLOSURE

EXHIBIT I

DISCLOSED HAZAROUS MATERIALS



111 Pine Street



PROPOSED 10 YEAR LEASE

San Francisco Employees' Retirement System



Manages \$47.5 billion in assets • Serves +83,000 members • Supports City's financial health

What We Do

- ▶ Secure, protect and invest pension trust assets
 - ▶ Operate one of the best funded public pensions in the country
- ▶ Administer mandated benefit programs
- ▶ Provide promised benefits
- ▶ Self-funded

Who We Serve

- ▶ Pension Plan
 - ▶ Members: 83,000
 - ▶ Assets: \$39.3 billion
- ▶ Deferred Comp Plan
 - ▶ Participants: 37,000
 - ▶ Assets: \$6.6 billion
- ▶ Retiree Healthcare Trust Fund
 - ▶ Assets: \$1.6 billion

Lease terms summary

Premises	47,482 sq. ft. on floors 8,9,10 and 11
Initial Base Rent	\$44.00 per sq. ft. \$2,089,208 annually \$174,101 monthly
Rent Escalations	3% annually
Rent Credit	12 Months (months, 1-4, 13-14, 25-26 and 119-120)
Term	10 Years, with two 5-year options to extend
Tenant Improvements	Landlord to provide \$100 per sq. ft approx. \$4,748,200 towards the buildout. SFERS will contribute up to an additional \$100 per sq. ft. toward the buildout.
Operating Costs	City pays the percentage share of increase in operating expenses over the base year of 2027
City's Percentage Share of Building	21.82%



Questions?



**CONFIDENTIAL AND PRIVILEGED
ATTORNEY - CLIENT PRIVILEGE
SELF-EVALUATE PRIVILEGE
ATTORNEY WORK PRODUCT**

**LIMITED ASBESTOS SURVEY
111 PINE STREET
SAN FRANCISCO, CALIFORNIA**

Prepared for:

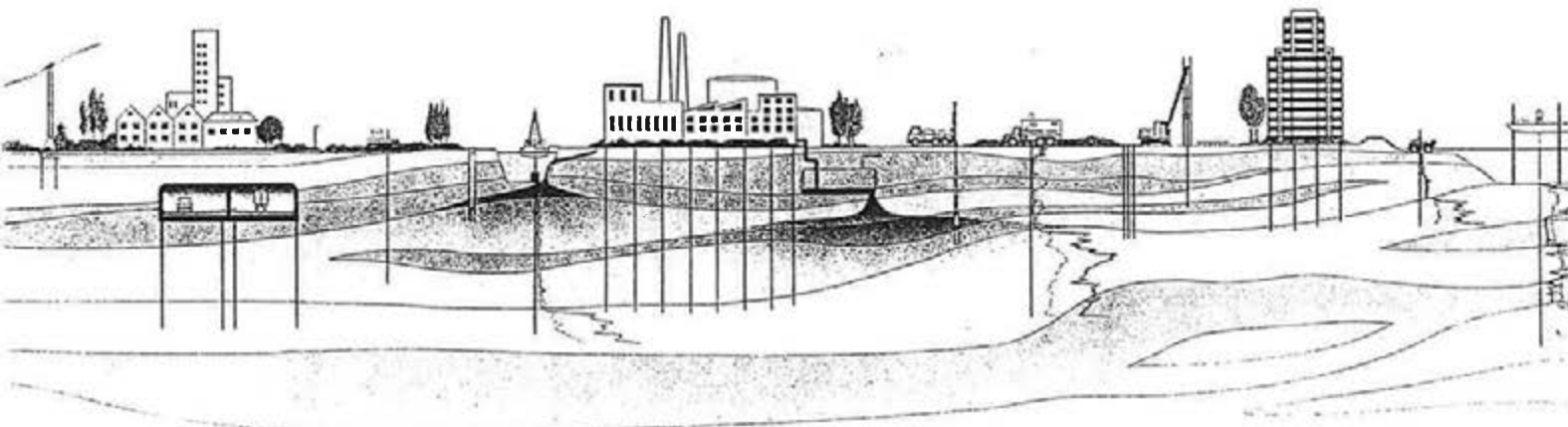
**ERVIN, COHEN, & JESSUP
BEVERLY HILLS, CALIFORNIA**

DECEMBER 1994

Prepared by:

**FUGRO WEST, INC.
44 MONTGOMERY, SUITE 1010
SAN FRANCISCO, CA 94104**

FUGRO PROJECT NO. 9437-7660-A





FUGRO WEST, INC.

December 13, 1994
Project No. 9437-7660-A

44 Montgomery Street, Suite 1010
San Francisco, CA 94104
Tel: (415) 296-1041
Fax: (415) 296-0944

Ervin, Cohen & Jessup
9401 Wilshire Boulevard
Beverly Hills, California 90212-2974

Attention: Mr. Roger J. Holt

**LIMITED ASBESTOS SURVEY
111 PINE STREET
SAN FRANCISCO, CA.**

Fugro West, Inc. (Fugro) is pleased to present the results of our limited asbestos survey at the 111 Pine Street Building in San Francisco, California. This assessment was authorized on November 9, 1994, and performed in general accordance with the scope of services outlined in our Proposal No. 9437-7660, dated November 8, 1994.

This study included a review of available existing documents, visual observations, collection of bulk samples of suspect asbestos-containing materials, and laboratory analysis. An assessment was made, conclusions stated, and recommendations outlined.

We appreciate the opportunity to provide environmental services to Ervin, Cohen & Jessup. If you have any questions concerning this report, or if we can assist you in any other matter, please contact us at (415) 296-1041.

Sincerely,

FUGRO WEST, INC.

Joseph Colton III
Field Coordinator
Cal/OSHA Certified Asbestos Consultant #92-0651

Stephen J. Boudreau
Regional Branch Manager
Senior Environmental Engineer

SJB:dlb





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APPENDICES

Appendix A	Bulk Sample Summary Table
Appendix B	Laboratory Analysis Report



EXECUTIVE SUMMARY

On November 14, 1994 Fugro West, Inc. (Fugro) performed a limited asbestos survey (LAS) of the 111 Pine Street Building located in San Francisco, California.

The scope of work included:

- (a) Review of previous survey reports or construction drawings to determine the presence of asbestos-containing material (ACM) in the building, if made available.
- (b) Visual observations of interior and exterior areas of the facility.
- (c) The collection of bulk samples from suspect ACM.
- (d) Laboratory analysis of collected samples.
- (e) Preparation of a written Report of Findings

This project was performed in general accordance with Fugro's written proposal, dated November 8, 1994 and was authorized by Mr. Roger Holt's written acceptance dated November 9, 1994.

The sampling strategy employed in Fugro's scope of work was limited in nature and was not intended to comply with the sampling protocol established under the Asbestos Hazard Emergency Response Act (AHERA) guidelines promulgated under 40 CFR 763.86. Representative samples of suspect materials were collected using random sampling techniques and assigned identification numbers. Destructive sampling activities (i.e., opening permanent walls or ceilings) were not performed for this survey. Analysis of collected bulk samples was performed by Polarized-Light Microscopy (PLM). Determination of asbestos percentages by point counting was not included in Fugro's scope of services.

The United States Environmental Protection Agency (US/EPA) defines ACM as any material containing more than one percent asbestos. State of California OSHA regulations define ACM as materials containing more than one-tenth of one percent asbestos. In making a determination whether a material sampled is positive for asbestos, the more stringent California state regulations are used.

Materials found to contain asbestos minerals include gypsum wallboard with joint compound and residual mastic.

PROJECT INFORMATION

Fugro scope of services on this project includes a limited survey for ACM. The work was performed in general accordance with our proposal number 9437-7660 dated November 8, 1994 and was authorized by Mr. Roger Holt's written acceptance dated November 9, 1994.



Fugro limited survey was performed by Mr. Joseph Colton, a CAL/OSHA Certified Asbestos Consultant, on November 11, 1994. Mr. Colton was provided access to interior areas of the facility by the property manager, Mr. Scott Pozzi, who was on site at the time of Fugro's work.

The Subject Property consists of an 18-story office building with approximately 42 lease spaces. In addition, there is a basement consisting of engineering facilities and leasable space. The building reportedly was constructed in 1965 using poured-in-place concrete columns on concrete piles, with stone and glass window exterior finishes. The tenants of the office building consist of law offices, sales departments of various companies, public and private banking offices, and other offices.

PROCEDURES

The purpose of Fugro's limited asbestos survey was to identify and collect samples from a limited number of building materials to determine the presence of asbestos. The following tasks were performed as part of Fugro's scope of work.

Document/Notification Review

A limited asbestos sampling and analysis report prepared by Mehler & Haring Associates Inc. dated October 31, 1990 was reviewed by Fugro prior to performing the field portion of our work. This report indicated that the insulation on the chillers contained asbestos. The subject insulation has since then been removed. No other documents concerning asbestos surveys, abatement, or operations and maintenance plan (O & M Plan), or as-built construction plans were available for Fugro's review.

At the time of Fugro's LAS known ACM (boiler insulation) had been removed. Therefore, no notification concerning the presence of ACM of the Subject Property has been made to tenants, maintenance personal or contractors.

Visual Observation

A visual survey was performed to determine whether major classes of accessible suspect ACM were present. Suspect ACM are defined as those classes of materials which have, in the past, been known to contain asbestos. Materials observed by Fugro are classified as structural, mechanical, roofing and finish materials.

Structural

The structural system of the building consists of concrete slab with poured in place concrete columns and decks between floors. Suspect insulating or fireproofing materials associated with the facility's structural system were observed by Fugro only on a portion of the 18th floor ceiling and a small section of the basement storage area. It appears that this material was used more for an acoustical purpose than for fire-proofing.

Mechanical

Heating and cooling to the facility is provided by gas fired hot water boilers, two (2) chillers located in the basement and HVAC units. Conditioned air is distributed through hard metal and flexible ductwork. The hard metal ductwork, which was located on the 19th floor of the facility, was observed to be insulated. Inaccessible insulating materials may exist inside the hard metal ductwork. The flexible ductwork which was located within the building above suspended ceiling was observed to be insulated with fiberglass which is not considered a suspect ACM. Duct wrap was observed on the HVAC hard metal ductwork. Caulking materials were identified on fiberglass batting insulation on the 19th floor mechanical areas. Expansion joints observed on HVAC ductwork were not sampled to protect the integrity of the system, although they are considered a suspect ACM.

Roofing

The roof of the building is comprised of multiple layers of roof felts covered with a mineralized cap sheet. Other roof penetrations are covered with a black roof cement. The perimeter flashing of the roof is comprised of multiple layers of roof felts. According to Tom Price, chief building engineer for the Trammell Crow Company, the original roof was replaced in 1988.

Finishes

The buildings interior walls are comprised of gypsum wall board with taped and mudded joints. Paint has been applied to most of these walls. Cove base mastic was observed around the base of most of these walls. Various 12" x 12" floor tiles were observed on the 19th floor engineering office, in multiple kitchen areas of tenants and in the basement floor of the building. Several types of acoustical 2' x 2' ceiling panels were observed throughout the suspended ceilings in the building. Additionally, a small piece of vinyl sheet flooring adhered with mastic to a wall in a basement storage room was observed.

Sample Collection

Fugro identified homogenous areas of materials which were suspected of containing asbestos. A homogenous area, for bulk sampling purposes, is one that seems by texture, color and wear to be uniform and applied during the same general time period.

Based on Fugro's survey observations, a total of 15 samples were collected from 14 different homogenous areas. Fugro collected samples of spray-applied fireproofing, 2' x 2' ceiling panels, 1' x 1' ceiling tile, rolled roofing material, residual mastic, floor tile and mastic, cove base mastic, duct wrap, caulking on fiberglass batting, roofing cement, gypsum wallboard with taped and mudded joints and vinyl sheet flooring.

Representative samples were collected from locations determined in a random manner, but adjusted to minimize visible area disturbance. No destructive sampling activities were performed to access concealed or inaccessible areas. Sampled areas were repaired using caulking, tape, or mastics, as applicable, although it was not Fugro's intent to return sampled surfaces to their pre-sampled condition.



The sampling strategy employed in Fugro's limited survey was not intended to comply with the sampling protocol established under the Asbestos Hazard Emergency Response Act (AHERA) guidelines promulgated under 40 CFR 763.86. AHERA sampling guidelines typically require a minimum of three samples to be collected from each homogenous area of suspect ACM identified in a building. The limitations of Fugro's scope of work did not allow for AHERA-style sampling of selected materials.

Sample Analysis

Samples were delivered with chain-of-custody documentation to Forensic Analytical in Hayward, California for asbestos content analysis. The bulk samples were analyzed using the stereo Polarized Light Microscopy (PLM) method described in Title 40 of the Code of Federal Regulations, Chapter 1, Part 763, Subpart F, Appendix A. Forensic Analytical is an active participant in the National Voluntary Laboratory Accreditation Program (NVLAP #1459) and is certified for bulk asbestos analysis by the California Department of Health Services (Certificate #1202).

The percentage quantification of bulk sample constituents was determined by visual estimation. Non-homogenous constituents of layered samples were analyzed by layer. Laboratory results are reported based on the percentage of asbestiform minerals identified within each sample layer. Determination of asbestos percentages by point counting was not included in Fugro's scope of services.

The U. S. Environmental Protection Agency (US/EPA) defines ACM as any material containing more than one percent asbestos. State of California OSHA regulations define ACM as materials containing more than one-tenth of one percent asbestos. In making a determination whether a material sampled is positive for asbestos, the more stringent California state regulations are used. It should be noted that although the US/EPA considers one positive sample sufficient to identify the presence of asbestos in a particular material, a minimum of three samples are necessary by US/EPA guidelines to confirm a negative, or non-asbestos sample result.

Roofing materials and other resinously bound materials, when analyzed by the US/EPA method, may yield false negative results because of limitations in separating closely bound fibers and in detecting fibers of small length and diameter. When a definitive result is required, Fugro recommends utilizing alternative methods of identification, including Transmission Electron Microscopy (TEM).

FINDINGS

From laboratory analyses, three of the fifteen samples collected were found to contain varying percentages of asbestiform minerals. They are discussed by building system classification below.



Finishes

Fugro collected a total of eight samples from eight different homogeneous areas identified as finishes within the facility. The samples of gypsum wallboard with taped and mudded joints were found to contain trace amounts of Chrysotile asbestos in the joint compound. These were samples (11-DJC-1-A and 14-DJC-1-A). These two samples were reanalyzed to determine asbestos percentages by point counting. Results of the reanalyzed samples indicated that each sample contained at least one percent Chrysotile asbestos.

According to Mr. Tom Price, chief building engineer for the Trammell Crow Company, the first two samples were collected of unpainted wallboard with exposed joint compound in unrenovated storage areas on the 19th and basement floors. Therefore, Fugro then collected three additional bulk samples of painted, gypsum wallboard with taped and mudded joints in renovated tenant areas. These additional samples were determined to not contain asbestiform materials. Approximately 3,000 square feet of unpainted, gypsum wallboard with taped and mudded joints exist in the 19th and basement storage areas. The ACM wallboard with taped and mudded joints is considered to be non-friable and in good condition.

Residual mastic sample (5-RM-1-A) was found to have 5-10% Chrysotile asbestos. Asbestiform minerals were not found in the remaining samples of finishes that were collected and analyzed. The residual mastic found was approximately five square feet on the 19th floor where mechanical equipment for the building was previously staged. The area was abated of floor tile and mastic except for under the mechanical equipment, which has now been removed. This material is non-friable and in good condition.

A tabular summary of the suspect ACM sampled, sample locations and analytical results is presented in Appendix A. The Laboratory Analysis Report is presented in Appendix B.

CONCLUSION AND RECOMMENDATIONS

Based on the non-friable nature of the ACM, its good condition, and location within low access areas, Fugro considers these ACMs to present a low potential for exposure to asbestos.

At present, a commercial building owner is not required by law to remove ACM based solely on the fact that they are present. Current US/EPA National Emissions Standards for Hazardous Air Pollutants (NESHAP) regulations require that most ACM be removed by a properly trained and equipped asbestos abatement contractor, prior to renovations which would otherwise disturb them. We recommend that, if renovation or maintenance work is planned which may disturb the identified ACM, they should be removed and properly disposed by a qualified contractor prior to disturbance.



Proposition 65 requires the posting of notifications when a facility is known to contain toxic substances found on the governor's list. Until such time that all ACM is removed from the building, Fugro recommends that building tenants and maintenance personnel be notified in writing of the ACM identified and the need to refrain from any activities which would disturb these materials.

OPINION OF COST

Based on Fugro's experience with projects of similar scope, magnitude and within this region, it is our opinion that the estimated cost to remove the ACM identified would be approximately \$20,000. If the subject ACM is to remain in place, the creation of an O & M plan would cost approximately \$2000. This opinion of cost does not include associated consulting or State of California, State Board of Equalization fees.

REGULATORY CONSIDERATIONS

Applicable regulations which require asbestos removal prior to renovation or demolition include: US/EPA's NESHAP regulations (40 CFR Part 61); Title 8 of the California Code of Regulations; and Rules and Regulations of various local Air Quality Management Districts; such as the Bay Area Air Quality Management District (BAAQMD).

Other regulations apply to construction activities and notification requirements for projects involving ACM at both Federal and state levels, including, but not limited to: OSHA regulations 29 CFR 1910 and 1926; the California Health and Safety Code; California Assembly Bills 3713 and 1564, Senate Bill 198, and Proposition 65.

APPENDIX A
BULK SAMPLE SUMMARY TABLE



**APPENDIX A
 BULK SAMPLE SUMMARY TABLE**

SAMPLE IDENTIFICATION		SAMPLE LOCATION	MATERIAL SAMPLED	ASBESTOS ANALYSIS RESULTS
H.A. NUMBER	SAMPLE NO.			
1-SAF-1-A	1	18th floor above ceiling in hallway in SW area	Spray-applied firproofing	None detected
2-ACP-1-A	1	18th floor hallway ceiling in SW area	2' x 2' acoustical ceiling panel, white	None detected
3-ACP-1-A	1	19th floor storage area in SW area	1' x 1' acoustical ceiling panel, white	None detected
4-RRM-1-A	1	19th floor storage area in SW area	Rolled roofing material	None detected
5-RM-1-A	1	19th floor adjacent to elevator lobby area	Residual mastic	5-10% Chrysotile
6-FT-1-A	1	19th floor adjacent to elevator lobby area	tan 12" x 12" floor tile	None detected
7-CBM-17-A	1	19th fl. adjacent to elevator area	Brown cove Base mastic	None detected
8-DW-1-A	1	19th floor mechanical room in the SW area	White duct wrap	None detected
9-CC-1-A	1	19th floor mechanical room in the SW area	White Caulking on fiberglass batting	None detected
10-RC-1-A	1	Roof by the NE corner of the cooling tower	Roofing cement	None detected



**APPENDIX A
 BULK SAMPLE SUMMARY TABLE**

SAMPLE IDENTIFICATION		SAMPLE LOCATION	MATERIAL SAMPLED	ASBESTOS ANALYSIS RESULTS
H.A. NUMBER	SAMPLE NO.			
11-DJC-1-A	1	19th floor SE storage room	Unpainted gypsum wallboard with joint compound	Trace Chrysotile
12-SAT-1-A	1	Basement west/central office behind elevators	Spray-applied fireproofing	None detected
12-SAT-2-A	2	Basement west/central office behind elevators	Spray-applied fireproofing	None detected
13-VSF-1-A	1	Basement storage room wall in north/central area	Vinyl sheet flooring with mastic	None detected
14-DJC-1-A	1	Basement storage room in SW area	Unpainted gypsum wallboard with joint compound	Trace Chrysotile

APPENDIX B
LABORATORY ANALYSIS REPORT



Point Count Report

Fugro West, Inc.
44 Montgomery St., Suite 1010
San Francisco CA 94104

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94
Date Reported: 11/17/94

Sample Number: 11-DJC-1-A	Lab Number: 19492179
Job ID: 9437-7660-A	

COMMENTS ON ANALYTICAL METHOD:

The NESHAP Final Rule does not define the preparation method for multilayered samples. In order to determine the composite quantity of asbestos, the volume percent of each layer is determined, the asbestos containing layers are analyzed by point counting, and the composite quantity of asbestos is calculated. The NESHAP Final Rule can not be applied to matrices that dissolve in refractive index liquid. This includes tar, mastic or adhesive typically found on the back of floor tiles. According to the NESHAP Final Rule, point count data is only necessary when the visual estimate of asbestos is below 10%.

RESULT:

Point Count Data:

Number of Asbestos Points Counted:	5
Number of Non-empty Points Counted:	400
Percent Asbestos:	1.25 %
Asbestos Type Detected:	Chrysotile

Analytical method: NESHAP Final Rule, 40 CFR, Part 61

Laboratory Supervisor _____

Patrick Little



Point Count Report

Fugro West, Inc.
44 Montgomery St., Suite 1010
San Francisco CA 94104

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94
Date Reported: 11/17/94

Sample Number: 14-DJC-1-A
Job ID: 9437-7660-A

Lab Number: 19492183

COMMENTS ON ANALYTICAL METHOD:

The NESHAP Final Rule does not define the preparation method for multilayered samples. In order to determine the composite quantity of asbestos, the volume percent of each layer is determined, the asbestos containing layers are analyzed by point counting, and the composite quantity of asbestos is calculated. The NESHAP Final Rule can not be applied to matrices that dissolve in refractive index liquid. This includes tar, mastic or adhesive typically found on the back of floor tiles. According to the NESHAP Final Rule, point count data is only necessary when the visual estimate of asbestos is below 10%.

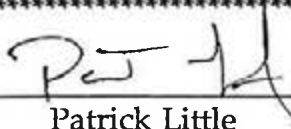
RESULT:

Point Count Data:

Number of Asbestos Points Counted:	4
Number of Non-empty Points Counted:	400
Percent Asbestos:	1 %
Asbestos Type Detected:	Chrysotile

Analytical method: NESHAP Final Rule, 40 CFR, Part 61

Laboratory Supervisor _____


Patrick Little



Forensic Analytical
Analytical Report

San Francisco • 3777 Depot Road, Suite 409, Hayward, CA 94545 • Phone 510/887-8828 • Fax 510/887-4218
Los Angeles • 19443 Laurel Park Road, Suite 101, Rancho Dominguez, CA, 90220 • Phone 310/763-2374 • Fax 310/763-8684

Bulk Asbestos Analysis Summary
40 CFR 763, Subpart F, Appendix A (AHERA)


Client:
Fugro West, Inc.

Client ID: 1608
Report Number: 225001
Date Received: 11/18/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Sample Number Location/Description	Date Col.	Lab Num.	Asbestos Present	(Breakdown by type)
15-DJC-1-A Not indicated.	11/18/94	19493979	Non-Det. %	
16-DJC-1-A Not indicated.	11/18/94	19493980	Non-Det. %	
17-DJC-1-A Not indicated.	11/18/94	19493981	Non-Det. %	


Patrick E. Little, Optical Laboratory Supervisor, Hayward Laboratory

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Forensic Analytical
Analytical Report

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Los Angeles • 19443 Laurel Park Road, Suite 101, Rancho Dominguez, CA, 90220 • Phone 310/763-2374 • Fax 310/763-8684

Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 225001
Date Received: 11/18/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19493979
Sample Number: 15-DJC-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/18/94

Location: Not indicated.

Gross Description: White drywall with fibrous backing and joint compound.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	
	%	
	%	

TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		50-55 %
Cellulose	50-55 %	
Fibrous Glass	Non-Det. %	
	%	
	%	

TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		45-50 %
---	--	---------

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 225001
Date Received: 11/18/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19493980
Sample Number: 16-DJC-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/18/94

Location: Not indicated.

Gross Description: White drywall with fibrous backing and joint compound.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	

TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		50-55 %
Cellulose	50-55 %	
Fibrous Glass	Non-Det. %	

TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		45-50 %
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Analytical Report

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Los Angeles • 19443 Laurel Park Road, Suite 101, Rancho Dominguez, CA. 90220 • Phone 310/763-2374 • Fax 310/763-8684

Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 225001
Date Received: 11/18/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19493981
Sample Number: 17-DJC-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/18/94

Location: Not indicated.

Gross Description: White drywall with fibrous backing and joint compound.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det.	%
Amosite	Non-Det.	%

TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		45-50 %
Cellulose	45-50	%
Fibrous Glass	Non-Det.	%

TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		50-55 %
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Project: CalFront Portfolio Project No. 9437-7660-A
Client: Erwin, Cohen & Jessup Date: 11-18-94
Site: 111 Pine St. Project Manager: Steve Boudrea
Address: San Fran., Ca. Submitted By: Joe Lorton

Submitted To: Forensic Analytical Location: Hayward, Ca.
Attention: Lab Method of Delivery: Courier
Date of Delivery: 11-18-94 Appr. Time of Delivery: 3:00 A.M. (P.M.)

ANALYSIS REQUIRED

PLM PCM TEM AA (Flame) AA (G.F.) Other:

TYPE OF SAMPLES

Bulk Air Paint Soil Water Other:

No. of Samples: 3 Report Results As: % asbestos

Fax Results By: 11 / 19 / 94 at ~~12:00~~ 12:00 (P.M.)

Fax No.: (415) 296-0944

Hardcopy Results By: 11 / 21 / 94

Send Results To: Steve Boudrea

Cost Per Sample: \$ 12.00

Special Instructions: _____

CHAIN-OF-CUSTODY ATTACHED

LAB SUBMITTAL FORM



Environmental Services
Water Resources
Geotechnical Engineering
Marine Surveying/Positioning

Rec'd 11/18 4:30 p.m.

1608

Project: Cal Front Portfolio
Client: Erwin, Cohen & Jessup
Site: 111 Pine St.
Address: San Fran., Ca.

Project No. 9437-7660-A
Date: 11-18-94
Project Manager: Steve Boudreau
Submitted By: Joe G Lton

No. of Samples: 3

SAMPLE NUMBERS

<u>15-DJC-1-A</u>		
<u>16-DJC-1-A</u>		
<u>17-DJC-1-A</u>		

SIGN FROM	DATE	TIME	SIGN TO	DATE	TIME
<u>Joe G Lton</u>	<u>11-18-94</u>	<u>2:00</u>	<u>forensic Analytical</u>	<u>11-18-94</u>	<u>3:00</u>

CHAIN-OF-CUSTODY RECORD



Environmental Services
Water Resources
Geotechnical Engineering
Marine Surveying/Positioning

Rec'd 11/18 4:30 James



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Bulk Asbestos Analysis Summary
40 CFR 763, Subpart F, Appendix A (AHERA)

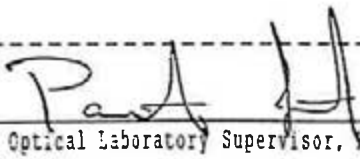
Client:
Fugro West, Inc.

Client ID: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Sample Number Location/Description	Date Col.	Lab Num.	Asbestos Present	(Breakdown by type)
1-SAF-1-A Not indicated.	11/14/94	19492169	Non-Det.%	
2-ACP-1-A Not indicated.	11/14/94	19492170	Non-Det.%	
3-ACP-1-A Not indicated.	11/14/94	19492171	Non-Det.%	
4-RRM-1-A Not indicated.	11/14/94	19492172	Non-Det.%	
5-RM-1-A Not indicated.	11/14/94	19492173	5-10%	Chrysotile (5-10%)
6-FT-1-A Not indicated.	11/14/94	19492174	Non-Det.%	
7-CBM-1-A Not indicated.	11/14/94	19492175	Non-Det.%	
8-DW-1-A Not indicated.	11/14/94	19492176	Non-Det.%	
9-CC-1-A Not indicated.	11/14/94	19492177	Non-Det.%	


Patrick E. Little, Optical Laboratory Supervisor, Hayward Laboratory



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Bulk Asbestos Analysis Summary
40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client ID: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Sample Number Location/Description	Date Col.	Lab Num.	Asbestos Present	(Breakdown by type)
10-RC-1-A Not indicated.	11/14/94	19492178	Non-Det. %	
11-DJC-1-A Not indicated.	11/14/94	19492179	Trace%	Chrysotile (Trace%)
12-SAT-1-A Not indicated.	11/14/94	19492180	Non-Det. %	
12-SAT-2-A Not indicated.	11/14/94	19492181	Non-Det. %	
13-VSF-1-A Not indicated.	11/14/94	19492182	Non-Det. %	
14-DJC-1-A Not indicated.	11/14/94	19492183	Trace%	Chrysotile (Trace%)

Patrick E. Little, Optical Laboratory Supervisor, Hayward Laboratory

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492169
Sample Number: 1-SAF-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: Beige fibrous material.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det.	
Amosite	Non-Det.	

TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		95-99 %
Cellulose	95-99	
Fibrous Glass	Non-Det.	

TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		1-5 %
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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492170
Sample Number: 2-ACP-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: Beige fibrous material with paint.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %	Non-Det. %
Chrysotile	Non-Det. %		
Amosite	Non-Det. %		
	%		
	%		
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:			85-90 %
Cellulose	30-35 %		
Fibrous Glass	50-55 %		
	%		
	%		
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:			10-15 %

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492171
Sample Number: 3-ACP-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: White fibrous material with paint.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	

TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		95-99 %
Cellulose	Trace	%
Fibrous Glass	95-99	%

TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		1-5 %
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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492172
Sample Number: 4-RRM-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: Black roof material.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	
	%	
	%	

TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		5-10 %
Cellulose	1-5 %	
Fibrous Glass	Non-Det. %	
Synthetic	1-5 %	
	%	

TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		90-95 %
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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492173
Sample Number: 5-RM-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: Black fibrous roof material.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		5-10	%
Chrysotile	5-10	%	
Amosite	Non-Det.	%	
		%	
		%	
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		Trace	%
Cellulose	Trace	%	
Fibrous Glass	Non-Det.	%	
		%	
		%	
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		90-95	%

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492174
Sample Number: 6-FT-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: Tan tile with yellow mastic.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		Trace %
Cellulose	Trace %	
Fibrous Glass	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		99-100 %

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492175
Sample Number: 7-CBM-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: Yellow mastic with black fibrous material.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		5-10 %
Cellulose	5-10 %	
Fibrous Glass	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		90-95 %

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492176
Sample Number: 8-DW-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: White fibrous wrap with yellow fibrous material.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		85-90 %
Cellulose	50-55 %	
Fibrous Glass	30-35 %	
	%	
	%	
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		10-15 %

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492177
Sample Number: 9-CC-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: White nonfibrous material with black fibrous material.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	
	%	
	%	
 TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		5-10 %
Cellulose	Trace	%
Fibrous Glass	5-10	%
	%	
	%	
 TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		90-95 %

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492178
Sample Number: 10-RC-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: Black nonfibrous material.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		Trace %
Cellulose	Trace %	
Fibrous Glass	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		99-100 %

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Forensic Analytical
Analytical Report

San Francisco • 3777 Depot Road, Suite 409, Hayward, CA 94545 • Phone 510/887-8828 • Fax 510/887-4218
Los Angeles • 19443 Laurel Park Road, Suite 101, Rancho Dominguez, CA, 90220 • Phone 310/763-2374 • Fax 310/763-8684

Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492179
Sample Number: 11-DJC-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: White joint compound with fibrous backing.

Comments: Asbestos in joint compound (trace). Composite reported.

Microscopic Description

TOTAL ASBESTOS PRESENT:		Trace	%
Chrysotile	Trace	%	
Amosite	Non-Det.	%	
		%	
		%	
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		50-55	%
Cellulose	50-55	%	
Fibrous Glass	Non-Det.	%	
		%	
		%	
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		45-50	%

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492180
Sample Number: 12-SAT-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: Beige fibrous material.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		80-85 %
Cellulose	Trace %	
Fibrous Glass	80-85 %	
	%	
	%	
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		15-20 %

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492181
Sample Number: 12-SAT-2-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: Beige fibrous material.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		80-85 %
Cellulose	Trace %	
Fibrous Glass	80-85 %	
	%	
	%	
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		10-15 %

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492182
Sample Number: 13-VSF-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: White linoleum with fibrous backing.

Comments:

Microscopic Description

TOTAL ASBESTOS PRESENT:		Non-Det. %
Chrysotile	Non-Det. %	
Amosite	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		10-15 %
Cellulose	10-15 %	
Fibrous Glass	Non-Det. %	
	%	
	%	
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		85-90 %

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Bulk Material Analysis
Method: 40 CFR 763, Subpart F, Appendix A (AHERA)

Client:
Fugro West, Inc.

Client Number: 1608
Report Number: 224667
Date Received: 11/14/94

44 Montgomery Street, Suite 1010
San Francisco, CA 94104

Lab Number: 19492183
Sample Number: 14-DJC-1-A
P.O. Num:
Job ID: 94377660A
Site: 111 Pine Street, San Francisco, CA

Date Collected: 11/14/94

Location: Not indicated.

Gross Description: White joint compound with fibrous backing.

Comments: Asbestos in joint compound (1-5%). Composite reported.

Microscopic Description

TOTAL ASBESTOS PRESENT:		Trace	%
Chrysotile	Trace	%	
Amosite	Non-Det.	%	
		%	
		%	
TOTAL NON-ASBESTOS FIBROUS MATERIAL PRESENT:		40-45	%
Cellulose	40-45	%	
Fibrous Glass	Non-Det.	%	
		%	
		%	
TOTAL NON-ASBESTOS NONFIBROUS MATERIAL PRESENT:		55-60	%

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Project: Calfront Portfolio Project No. 9437-7660-A
Client: Erwin, Cohen & Jessup Date: 11-14-94
Site: 111 Pine St. Project Manager: Steve Boudreau
Address: S.F. Ca. Submitted By: Joe Colton

Submitted To: Forensic Analytical Location: Hayward, Ca.
Attention: Lab Method of Delivery: Courier
Date of Delivery: 11-14-94 Appr. Time of Delivery: 10:00 A.M. P.M.

ANALYSIS REQUIRED

PLM PCM TEM AA (Flame) AA (G.F.) Other:

TYPE OF SAMPLES

Bulk Air Paint Soil Water Other:

No. of Samples: 15 Report Results As: To asbestos
Fax Results By: 11 / 15 / 194 at 8:00 A.M. P.M.
Fax No.: (415) 296-0944
Hardcopy Results By: 11 / 17 / 194
Send Results To: Joe Colton
Cost Per Sample: \$ 12.00
Special Instructions: _____

CHAIN-OF-CUSTODY ATTACHED

LAB SUBMITTAL FORM



Environmental Services
Water Resources
Geotechnical Engineering
Marine Surveying/Positioning

Project: Cal Front Portfolio
 Client: Erwin, Cohen, & Jessup
 Site: 111 Pine St.
 Address: S.F. Ca.

Project No. 9437-7660-A
 Date: 11-18-94
 Project Manager: Steve Boodreau
 Submitted By: Joel Colton

No. of Samples: 15

SAMPLE NUMBERS

<u>1-SAF-1-A</u>	<u>11-DJC-1-A</u>	_____
<u>2-ACP-1-A</u>	<u>12-SAT-1-A</u>	_____
<u>3-ACP-1-A</u>	<u>12-SAT-2-A</u>	_____
<u>4-RRM-1-A</u>	<u>13-USF-1-A</u>	_____
<u>5-RM-1-A</u>	<u>14-DJC-1-A</u>	_____
<u>6-FT-1-A</u>	_____	_____
<u>7-CBM-1-A</u>	_____	_____
<u>8-DW-1-A</u>	_____	_____
<u>9-CC-1-A</u>	_____	_____
<u>10-RC-1-A</u>	_____	_____

SIGN FROM	DATE	TIME	SIGN TO	DATE	TIME
<u>Joel Colton</u>	<u>11-18-94</u>	<u>9:00 AM</u>	<u>Forensic Analytical</u>	<u>11-18-94</u>	<u>10:00 AM</u>
_____	_____	_____	<u>R. Kan</u>	<u>11/14/94</u>	<u>10 AM</u>
_____	_____	_____	_____	_____	_____

CHAIN-OF-CUSTODY RECORD



Environmental Services
 Water Resources
 Geotechnical Engineering
 Marine Surveying/Positioning

INTRODUCTION

This report presents the results of an Environmental Site Assessment (ESA) performed by Fugro West, Inc. (Fugro) at 111 Pine Street (Subject Property), located in San Francisco, California. The ESA was authorized on November 9, 1994, and was performed in general accordance with the scope of services outlined in our Proposal No. 9437-7660, dated November 8, 1994.

Purpose and Scope

The purpose of the ESA was to provide the client with information for use in evaluating potential environmental concerns associated with the Subject Property. In conducting the ESA, Fugro assessed the property for visible signs of possible contamination, researched public records, and conducted interviews with representatives of the public, property management, and regulatory agencies. This was performed to determine the need, if any, for additional environmental sampling or soil/groundwater exploration.

This project was performed in general accordance with the American Society for Testing and Materials (ASTM) Standard Practice Designation E 1527-94.

Limitations

This report has been prepared to aid Ervin, Cohen, Jessup (ECJ) and Summit Commercial Properties, Inc. (Summit) in identifying and addressing environmental site conditions at 111 Pine Street. This report is prepared for the sole benefit of ECJ, Summit and of its affiliated entities, assignees, investors, or lenders thereto, and Summit and may not be relied upon by any other person or entity without the written authorization of Fugro West, Inc.

During this ESA, Fugro relied on database information, interviews with the property owners, regulatory officials, and other private individuals. Fugro has assumed, where reasonable to do so, that the information provided is true and accurate. If information to the contrary is discovered, our conclusions and recommendations may not be valid.

Certain environmental hazards are impossible to identify visually and their presence can only be verified by testing and analysis. In addition, Fugro can make no direct inferences as to the subsurface conditions at the Subject Property based on the ESA scope of work, which does not include a detailed investigation of the subsurface.

Fugro obtained environmental agency database information from Environmental Data Resources, Inc. The databases usually present the location of the entities by street address. In many cases this is the only reasonable means by which we may locate a database entry; the actual proximity of an entry to the Subject Property may not be accurately indicated by the street address given.

The conclusions and recommendations describe only the conditions present at the time of our survey, in areas that were observed. The scope of this report is limited to matters expressly covered.



SITE DESCRIPTION

The Subject Property is located on the 100 block of Pine Street in San Francisco, California (Plate 1). The legal description of the site is as follows:

- A 0.29 acre tract of land, assessors parcel number 03-0266-001.

The Subject Property (Appendix A, Photo No. 1,) consists of an eighteen-story office building with approximately 42 lease spaces (Plate 2). In addition, there is a basement consisting of engineering facilities and leasable space.

The building was reportedly constructed in 1965 using poured-in-place concrete columns on concrete piles, with stone and glass window exterior finishes. Water services are provided to the Subject Property by the San Francisco Water Department, sewage services are provided by the San Francisco Public Works Department, and electricity is supplied by Pacific Gas and Electric (PG&E). The surrounding and adjacent properties generally consist of office buildings and retail and commercial businesses.

The tenants of the office building consist of law offices, sales departments of various companies, public and private banking offices, and other offices. Only administrative duties are conducted out of the office lease spaces.

The nearest major thoroughfare to the Subject Property is the adjacent Pine Street (Plate 2). The Subject Property is easily accessible from this thoroughfare. Property usage along this portion of Pine Street consists largely of office buildings and retail and commercial businesses.

RECORDS REVIEWS

Fugro researched, and as necessary, contacted and/or visited the appropriate federal, state, regional, county, and city agencies for the following information and data regarding the Subject Property. In many cases, Fugro relied upon lists provided by various agencies which indicated properties that are known or suspected to have hazardous substances contamination. In addition, Fugro obtained environmental agency databases from Environmental Data Resources, Inc. The databases were reviewed to identify the notifications, registrations, and documented environmental incidents regarding the Subject Property and sites in the vicinity of the Subject Property. The following sections summarize our findings.

Superfund Sites

Federal Superfund. According to the U.S. Environmental Protection Agency (EPA) National Priorities List (NPL) database search, dated January 10, 1994, no such sites (commonly referred to as Superfund sites) are located within a one mile radius of the Subject Property.

Cal-Sites (AWP)

The Annual Work Plan (AWP) contains a listing of all verified hazardous waste sites that are or will be targeted for abatement by the CAL/EPA. These sites may be discovered by CAL/EPA, another government agency, a responsible party or a concerned citizen. New sites are added to this



database as they are verified and the "Preliminary Assessment, Site Investigation and Hazard Ranking System" processes are completed. This database is updated once annually after the approval of the California state legislature. According to the database search, dated June 1993, neither the Subject Property nor sites listed within a one mile radius of the Subject Property were listed in the State of California Cal-Sites AWP listings.

Cal-Sites List (ASPIS)

The Cal-Sites list is a compilation of sites which have been brought to the attention of the CAL/EPA, through various means, as being possible sites of hazardous waste activity or contamination. It should be noted that the Cal-Sites list is an informational database and not necessarily an action list. According to the database search, dated May 1994, the project site is not listed in the Cal-Sites ASPIS list. However, there are 88 sites within a one-quarter mile radius of the Subject Property listed in the Cal-Sites ASPIS list. Of the 88 sites, 87 are listed as either "low priority" or "no further action required". Of the 87 sites, none are located within 500 feet in the upgradient direction of the Subject Property. One site listed as "medium priority" is located approximately 700 feet from the Subject Property in a crossgradient direction. Due to the site's distance, location topographically (crossgradient from the Subject Property) and the status of the Cal-Sites ASPIS listing, Fugro considers this site to have a low potential to have impacted the Subject Property. The remaining 87 Cal-Sites within one-quarter mile of the Subject Property are considered to have a low potential to have impacted the Subject Property. An additional 370 Cal-Sites are documented at a distance of greater than one-half mile from the Subject Property. Due to their distance from or location relative to the Subject Property, Fugro considers these 370 Cal-Sites to have a low potential to have impacted the Subject Property.

CERCLIS

Each region of the EPA produces a Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) Information System (CERCLIS) list. CERCLIS is a list of all potentially hazardous waste sites identified by the EPA. All sites identified are assessed by the EPA or an appropriate state agency to determine what action, if any, needs to be taken. Once on a CERCLIS list, the site remains there permanently and may be re-assessed in the future. The identification of a site from the CERCLIS list implies only that the site has been brought to the attention of the EPA and does not necessarily confirm that an actual health or environmental threat currently exists or has ever existed.

According to the database search, dated June 30, 1994, two CERCLIS sites are located within one-half mile of the Subject Property. At each of the sites, the EPA conducted site assessments and determined that no further action was required. Therefore, Fugro considers these sites to have a low potential to have impacted the Subject Property.

RCRA

The EPA has jurisdiction over Resource Conservation and Recovery Act (RCRA) sites and maintains an Information System (RCRIS) of privately owned and operated facilities for which notifications have been filed as required by RCRA regulations. RCRIS serves to track the status of registrations, permits, reports, inspections, and enforcement activities of those facilities regulated under the RCRA. Among those facilities listed are generators, and treatment/storage/disposal facilities (TSD) facilities for hazardous waste. RCRA sites are considered possible sources of

contamination to adjacent properties. According to the database search, dated July 1, 1994, no RCRA TSD facilities listings are located within one mile of the Subject Property, and there are eight RCRA GEN listings located within one-eighth mile of the Subject Property. The sites listed are not on or adjacent to the Subject Property and none are listed as having violations, therefore these sites are considered to have a low potential to have impacted the Subject Property.

Hazardous Waste Information System (HWIS)

The Hazardous Waste Information System (HWIS) identifies hazardous waste generators and hazardous waste treatment storage and disposal facilities in the state of California. The list is maintained by the California Environmental Protection Agency. HWIS sites are considered possible sources of contamination to adjacent properties.

According to the database search, dated December 3, 1993, there are 11 HWIS listings within one-eighth mile of the Subject Property. The sites listed are not on or adjacent to the Subject Property and therefore are considered to have a low potential to have impacted the Subject Property.

Emergency Response Notification System (ERNS)

Fugro reviewed the EPA Emergency Response Notification System (ERNS) report regarding the release of oil and hazardous substances. According to the database search, dated December 31, 1993, no ERNS incidents have occurred on the Subject Property.

Registered Underground Storage Tanks (UST)

USTs are regulated under Subtitle I of the Resource Conservation and Recovery Act (RCRA) and must be registered with the state department responsible for administering the UST program. The presence of a UST on an adjacent property only represents a potential environmental concern. According to the database search, dated October 15, 1990, three sites on the Subject Property are listed as having a total of nine USTs. However, according to Mr. Scott Pozzi, the building manager, two of the sites (and eight of the USTs) are actually remote properties owned or administered by the building tenants; therefore, the UST site address listed is incorrect. The other listed UST is a 300-gallon diesel aboveground storage tank (AST) used for an emergency generator for a former tenant at the Subject Property. The AST is no longer in service, but has not been "closed" in accordance with applicable regulations. The AST was observed to be in good condition. No leaks, stains, or odors were observed on or near the AST. Fugro considers this AST to have a low potential to have impacted the Subject Property. For more information, refer to the section of this report on Site Reconnaissance regarding the AST.

In addition, there are nine other UST sites within one-eighth mile of the Subject Property that contain a total of 18 registered USTs. None of these additional USTs are on or adjacent to the Subject Property. In addition, none of these UST sites are listed on the LUST database. Therefore, Fugro considers these USTs to have a low potential to have impacted the Subject Property.

Leaking Underground Storage Tanks (LUST)

The RWQCB catalogs leaking underground storage tanks (LUST listings). According to database search, dated May 31, 1994, there are 28 registered LUST facilities located within one-half mile of the Subject Property. The 28 LUST sites were reviewed regarding each site's distance from the Subject Property and the regional groundwater gradient direction. Based on those reviews, 27 of the 28 listed LUST sites were considered to have a low potential to have impacted the Subject Property.

The remaining LUST site (MLHIRP Partnership, 36 Battery Street) is located approximately 200-feet upgradient of the Subject Property. In July 1986, one seven foot deep ground water monitoring well was installed approximately ten feet downgradient of the subject LUST site. Analysis of groundwater samples from the subject monitoring well indicated 7,200 parts per million (ppm) of Total Petroleum Hydrocarbons as gasoline (TPH-G). Subsequent sampling of the monitoring well indicated decreasing levels of TPH-G. The most recent sample analysis, dated May 1994, indicated levels of 4.8 ppm TPH-G. On November 2, 1994, two additional wells, located approximately 20 to 25 feet east of the LUST (i.e., in the presumed downgradient direction) were installed. Results of samples collected from these monitoring wells were not available at the time of the preparation of this report. Based on the information reviewed by Fugro, the MLHIRP LUST is considered to have a high potential to have impacted or to impact the Subject Property.

Notify 65

California Proposition 65, the California Safe Drinking Water and Toxic Enforcement Act, prohibits the contamination of drinking water with chemicals known to cause cancer or reproductive toxicity. The Act also requires public notice or warning of any exposure, or unauthorized releases or discharges of such chemicals into potential sources of public drinking water. The California State Water Resources Control Board maintains a database of Proposition 65 records of known discharges and releases of chemicals that are known to cause cancer and reproductive toxicity. According to the database search, dated October 1993, the Subject Property is not listed on the Proposition 65 Notification Records. However, four sites are listed within a one mile radius of the Subject Property. Three of these are located topographically crossgradient to the Subject Property and are therefore considered to have a low potential to have impacted the Subject Property. The fourth site, located at 630 Pine Street, is situated topographically upgradient to the Subject Property at a distance of approximately one-half mile. Due to the distance of this site from the Subject Property, Fugro considers this site to have a low potential to have impacted the Subject Property.

California Hazardous Materials Incident Report System

The California Hazardous Material Incident Report System (CHMIRS) contains information on reported hazardous material incidents, including accidental releases or spills. According to the database search, dated December 1991, the Subject Property is not listed on the CHMIRS listing. However, there is one site located within a one-eighth mile radius of the Subject Property. The site is located approximately 500 feet north and topographically crossgradient of the Subject Property. Fugro considers this site to have a low potential to have impacted the Subject Property. An additional 10 CHMIRS sites are documented at a distance of greater than one-eighth mile from the Subject Property. Due to their distance from or location relative to the Subject Property, Fugro considers these 10 CHMIRS sites to have a low potential to have impacted the Subject Property.



CORTESE Listing -Hazardous Waste and Substances Site List

The Hazardous Waste and Substances Site list is a compilation by the State of California Office of Planning and Research, of potential and confirmed hazardous waste and substance sites throughout California. This list includes tank leaks compiled by the Water Resource Control Board, abandoned hazardous waste sites compiled by the Toxic Substance Control Division of the California Department of Health Services, contaminated public water drinking wells compiled by the Environmental Health Division of the California Department of Health Services, California Bond Expenditure Sites (also known as the State Superfund list) and solid waste disposal sites with known migration of hazardous waste. According to the database search, dated July 1992, the Subject Property is not listed in the State of California CORTESE listings. However, 143 sites are listed within a one mile radius of the Subject Property. Fugro considers 142 of these CORTESE sites to have a low potential to have impacted the Subject Property due to their distance from the Subject Property or their location relative to the Subject Property. Refer to the LUST section of this report for information on the LUST/CORTESE site (MLHIRP Partnership, Battery Street (36)), which Fugro considers to have a high potential to have impacted the Subject Property.

Manufactured Gas Plant (Coal Gas) Sites

Prior to the widespread use of natural gas, combustible gas was manufactured from coke, coal and oil at thousands of plant sites throughout the United States. The manufactured gas plants yielded large quantities of by-products during their operation including complex mixtures of coal tars, sludges, oils, and other chemicals. Coal tar and other waste products from the gasification plants were frequently disposed on the plant site. These practices have left behind coal tar contamination at many former manufactured gas plant sites. The information provided by EDR was obtained from Real Property Scan, Inc. The EDR report indicated that there is one Coal Gas site within one-quarter mile of the Subject Property, five within one-half mile of the Subject Property, and 30 within one mile of the Subject Property. These sites are located topographically crossgradient or downgradient to the Subject Property. Due to this orientation and their distance from the Subject Property, Fugro considers these sites to have a low potential to have impacted the Subject Property.

Solid Waste Facilities/Landfill Sites (SWF/LS)

Solid Waste Facilities/Landfill Sites (SWF/LS) records typically contain an inventory of solid waste disposal facilities or landfills in a particular state. These may be active or inactive facilities or open dumps. According to the database search, dated March 1993, neither the Subject Property nor any other sites within a one-half mile radius of the Subject Property are included in the SWF/LS listing.

State Waste Activity Tracking (SWAT)

State Waste Activity Tracking (SWAT) contains information on ground water monitoring of sanitary landfills compiled by the State Water Resources Control Board. According to the database search, dated August 1994, neither the Subject Property nor any other sites within a one-half mile radius of the Subject Property are listed in the SWAT listing.

Toxic Pits

Toxic Pits Cleanup Act Sites identifies sites suspected of containing hazardous substances where cleanup has not yet been completed. This database is compiled by the State Water Resources Control Board. According to the database search, dated June 1994, neither the Subject Property nor any other sites within a one mile radius of the Subject Property are listed in the Toxic Pits listing.

San Francisco Department of Public Health, Local Oversight Program (LOP)

According to Ms. Lenette O'Brien of the LOP, there was no file maintained at LOP regarding 111 Pine Street.

San Francisco Department of Public Health, Hazardous Materials Program (HMP)

According to Ms. Sukey Schwartz of the HMP, there was no file maintained at HMP regarding 111 Pine Street.

San Francisco Fire Department (SFFD)

Documents found in SFFD files included:

- A permit for a 300-gallon diesel storage tank, dated May 23, 1983.
- A permit to store flammable liquids in a stationary tank (300-gallon diesel tank), dated November 29, 1989.
- A permit to store flammable liquids (paints and oils) in a flammable liquid locker, dated April 8, 1992 (Building Maintenance).

Fugro personnel observed these facilities during the performance of the site reconnaissance activities. Each facility was observed to be in good condition with no evidence of environmental concern. Fugro considers these facilities to have a low potential to have impacted the Subject Property.

PHYSICAL SETTING

This section describes the general physical and environmental setting of the Subject Property and surrounding areas.

Topography and Surface Drainage

According to the United States Geological Survey (USGS) San Francisco North, California 7.5-minute topographic quadrangle map, the Subject Property lies at an elevation of approximately 10 feet above mean sea level. The general terrain is flat with a regional slope to the east-northeast. Almost all nearby land is developed or paved with asphalt. Surface drainage and runoff are directed into storm drains located on Pine Street and Battery Street. The Subject Property did not appear to receive significant surface runoff from an upgradient direction.



Site Geologic Conditions

The Subject Property is located in the northeastern portion of the City of San Francisco, on the San Francisco Peninsula within the Coast Ranges geomorphic province. The Coast Ranges geomorphic province lies between the Great Valley province and the Pacific Ocean, and extends for approximately 550 miles. The Coast Ranges show strong northwest-southeast trends, induced by folds and faults of the same trend. The chain contains predominately sedimentary rocks underlain by two unlike types of basement rocks, mostly of middle Mesozoic age. One of these basement rock types is the widespread Franciscan Formation, and the other is granitic (Norris 1990). Bedrock in the site vicinity consists of shale and sandstone of the Franciscan Formation and is found at a depth of approximately 250 feet below ground surface (bgs). Sediments in the site vicinity include artificial fill (loose to medium dense fine sand with some rubble and debris) to a maximum depth of approximately 20 feet bgs, underlain by Quaternary bay deposits (the "Bay Mud", which consists of soft to medium stiff silty clay interbedded with lenses of silty sand and traces of decayed organic material) to a depth of approximately 50 feet bgs. Sediments underlying the Bay Mud include dense sands and marine clays (Dames and Moore, 1987).

Groundwater

The Subject Property lies within the Market Street Groundwater Basin, which occupies a broad alluvium-filled valley and filled tideland area extending southwest from San Francisco Bay. Groundwater occurs in unconsolidated Quaternary alluvium, sand, and fill material. No well-defined continuous sand aquifers occur (DWR, 1975). The San Francisco Water Department provides potable water service to the area, mostly from Hetch-Hetchy reservoir in the Sierra Nevada. Groundwater in the site vicinity is not used for drinking water. The Subject Properties' general terrain is flat with a regional slope to the east-northeast. Shallow groundwater flow is generally directed toward the east-northeast. Shallow groundwater in nearby monitoring wells has been encountered at a depth of approximately ten feet bgs.

Radon

In early 1990, the California Department of Health Services, in conjunction with the EPA, conducted a survey of the radon levels found in the indoor air of homes across the state. Radon is a colorless, odorless, tasteless radioactive gas that is produced as a natural decay product of uranium. Due to its radioactivity, studies have shown that at elevated levels there is a link between radon and lung cancer. Persons living in a building with elevated radon concentrations may have an increased risk of contracting lung cancer over a period of years.

The survey determined that about 5.5 percent of homes in the San Francisco area are expected to exceed 4 pico curies per liter of air (pCi/l), the level EPA recommends action be taken to reduce radon levels. Potentially high radon levels are associated with geologic uplift, the uranium/lignite belt, or granite or shale outcrops.

Due to the low percentage of houses in this area expected to exceed the EPA action level, Fugro considers radon levels to have a low potential to have impacted the Subject Property.



Other Environmental Issues and Constraints

Wetlands. Undeveloped land is subject to U.S. Army Corp of Engineers (COE) jurisdiction if mandatory criteria for wetlands identification are present. Wetlands are defined as areas that have a predominance of hydric soils, and are inundated or saturated by surface or groundwater at a frequency and duration sufficient to support a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions.

According to the United States Geological Survey (USGS) San Francisco North, California 7.5-minute topographic quadrangle map, no wetlands are located within a one mile radius of the Subject Property.

Floodplain. According to the City of San Francisco Planning Department, the Subject Property is not located within the 100 year floodplain.

Public Water System. The San Francisco Water Department provides water service to the area, mostly from Hetch-Hetchy reservoir in the Sierra Nevada. Due to groundwater quantity issues, groundwater in the site vicinity is not used for drinking water.

Indoor Air Quality. According to Mr. Price, two studies of indoor air quality had been performed at the Subject Property. In 1993, a tenant on the first floor of the building (Wells Fargo Bank) had complained of hot, stuffy air. In a report dated October 5, 1993, an unidentified consultant indicated levels of carbon monoxide (CO) in the building did not exceed two parts per million (ppm) in a 26-hour test (According to the report, "California ambient indoor air standards are not to exceed 20 ppm for one-hour or 9 ppm over eight hours"). However, air temperatures of up to 80°F were noted in the back room of the International Micronet office, apparently due to overnight operation of unspecified equipment.

In April of 1994, the California State Banking office on the tenth floor had similar complaints. According to a report by the California Occupational Safety and Health Administration, levels of carbon dioxide (CO₂) and CO measured on April 25, 1994, did not exceed the Permissible Exposure Limit (PEL) defined in the California Code of Regulations (CCR), Title 8, Section 4155. Measured levels were 438 ppm CO₂ (PEL + 5,000 ppm) and less than 2 ppm CO (PEL = 35 ppm). In both cases, monitoring of indoor air quality indicated that parameters monitored were within acceptable ranges. Therefore, Fugro considers these cases to have a low potential to have impacted the Subject Property.

Drinking Water Fountains. According to Mr. Tom Price, the building's chief engineer, the building contains no drinking water fountains.

Oil and Gas Wells and Pipelines. According to the State of California Department of Conservation Division of Oil, Gas, and Geothermal Resources-Regional Wildcat Map W3-10, dated July 31, 1993, no oil and gas fields exist within a one mile radius of the Subject Property.

Faults. The Subject Property is located approximately nine and one-half miles east of the San Andreas fault and nine and one-half miles west of the Hayward fault, both of which are considered active by the California Division of Mines and Geology (DMG, 1992).



SITE HISTORY AND HISTORICAL USE INFORMATION

The initial task of the ESA was to gather and review available information on the Subject Property from the various agencies and individuals, as listed in Appendix B.

Deed Records

Fugro conducted a historical chain-of-title review for the Subject Property. Chain-of-title information was provided by Trammell Crow Company (TCC), the current property management company, and was investigated by First American Title Insurance Company. Title information covers the period from July 14, 1964 to May 26, 1994.

Title to the Subject Property has been vested in the current owner, One Eleven Pine Street Associates, since at least December 18, 1986. The listed property owner on July 4, 1964 was Haas and Haynie, a Partnership.

According to warranty deed copies, no industrial, mineral production, waste management, or fuel storage companies were identified as past owners, nor were there any petroleum pipeline easements recorded on the Subject Property.

Fire Insurance Maps

Sanborn Fire Insurance Maps locate buildings, streets, and some types of equipment in areas of certain population density. Certified copies of Sanborn maps for the subject property vicinity were obtained from the Sanborn Mapping and Geographical Information Service, Pelham, New York. Fugro reviewed Sanborn maps from 1887, 1899, 1913, 1948, 1950, 1974, and 1994.

- The 1887 map shows four structures on the Subject Property. The structures on the western and northern portion of the site are labeled "Paints and Oils". A structure south of the site is labeled "Whol. Drugs Laboratory". A structure north of the site, across Pine Street, is labeled "Paints and Oils". Notations indicate that paints and oils were stored in vaults beneath the sidewalks adjacent to this structure.
- The 1899 map shows four structures on the Subject Property, of which the western and northern portions are labeled "Paints and Oils". Another notation indicates that oils were stored in the basement of the northern structure. Another notation names the facility as "W.P. Fuller and Company". A structure approximately 50 feet south of the Subject Property is labeled "Paints and Oils".
- The 1913 map indicates that most of the structures in the Subject Property vicinity are different from the structures on the 1899 map, which is probably due to the widespread destruction of the area caused by the 1906 earthquake and resulting fires. Four structures labeled "Store" are shown on the Subject Property.
- The 1948 map shows a single, three-story structure labeled "Store" on the Subject Property. A structure labeled "Auto Parking Garage" is shown on the site, currently occupied by the MLHIRP garage at 36 Battery Street.
- The 1950 map is similar to the 1948 map.





- The 1974 map shows the current building on the Subject Property.
- The 1994 map is similar to the 1974 map.

Historical fire insurance maps reviewed indicated that facilities labeled "Paints and Oils" were listed on the Subject Properties. Other historical information (i.e., Haines Directories) were not available for the time period of concern. Therefore, information indicating whether these materials were manufactured, retailed, or both, is not available. However, the current structure on the Subject Property includes a basement that would have required the excavation of soils to a depth of at least 15 feet bgs. Groundwater is currently found at approximately 10 feet bgs. If releases at these sites had impacted the soils at the Subject Property, the impacted soils would probably have been removed during the construction of the current structure. Therefore, Fugro considers the historic presence of these facilities to have a low potential to have impacted the Subject Property.

Building Permits

Fugro reviewed city building department records to determine past property usages and owners, and site construction/demolition activities. The records were reviewed at the City of San Francisco Building Department offices at 1660 Mission Street in San Francisco, California. Included in the file was a permit issued by the BBI, dated April 26, 1978 for a fuel tank. Documents reviewed indicated that the subject permit was for the 300-gallon AST for the emergency generator previously discussed.

City Directories

Fugro reviewed Haines Directories at the City of San Francisco Public Library. Haines directories dating from the mid-1970s to present were available. The structures during this time period are consistent with the current structures. Tenants listed in the Haines Directory were consistently commercial/retail in nature. The review of Haines Directories by Fugro revealed no evidence of recognized environmental conditions.

Historical Aerial Photographs

Aerial photographs from Pacific Aerial Surveys of Oakland, California were reviewed for the presence of any suspect environmental features which may have affected the Subject Property. A selected aerial photograph is included in Appendix D. The following summarizes the aerial photograph review.

- 1935 The Subject Property and surrounding areas appear to be completely developed. Nearby streets appear to be in the same locations as current streets. Buildings of one to approximately five stories occupy almost all properties in the vicinity. A structure which appeared to be approximately two to three stories high was observed on the site. All the structures on the Subject Property block appeared to be taller than the other structures on the Subject Property.
- 1938 No significant changes to the Subject Property or adjacent properties were observed.
- 1948 No significant changes to the Subject Property or adjacent properties were observed.



- 1955 No significant changes to the Subject Property or adjacent properties were observed.
- 1958 The structure on the Subject Property (which appears to be the same structure observed on earlier photographs) appears to have four stories. No significant changes to adjacent properties were observed.
- 1963 The former structure on the Subject Property is gone. No structures or objects are visible on the Subject Property.
- 1969 A tall structure, which appears to resemble the current structure, is visible on the Subject Property. The appearance of the 1969 structure coincides with the approximate construction date of the Subject Property.
- 1975 No significant changes to the Subject Property or adjacent properties were observed.
- 1979 No significant changes to the Subject Property or adjacent properties were observed.
- 1985 No significant changes to the Subject Property or adjacent properties were observed.
- 1991 No significant changes to the Subject Property or adjacent properties were observed.

The sequence of aerial photographs indicates that the Subject Property and almost all nearby properties were developed prior to 1935. The present day office building on the Subject Property appeared in the late 1950's and remained relatively unchanged to the present.

SITE RECONNAISSANCE AND INTERVIEWS

On November 11, 1994, Mr. William Bassett and Mr. Joseph Colton, both of Fugro, visited the Subject Property to perform a site reconnaissance and conduct interviews with property personnel. During the site walk-through, Fugro observed surface conditions, conducted interviews, and identified adjoining properties.

Of the 42 lease spaces in the office building, one vacant lease space and common areas were accessed at the time of the site reconnaissance.

On-Site Interviews

Fugro interviewed Mr. Scott Pozzi and Mr. Tom Price of TCC at the Subject Property. Mr. Pozzi is the property manager for the Subject Property and Mr. Price is the building's Chief Engineer. They were questioned with regard to general site operations and history. Information gathered is presented in the following sections as appropriate. Mr. Price accompanied Fugro personnel during the site inspection.

Interior Surface Observations and Conditions

The tenants of the office building consist of law offices, sales departments of various companies, public and private banking offices, and other offices. According to Mr. Price, only administrative duties are conducted in each lease space and none of the office tenants are known to store or use chemicals of any type or quantity. None of the tenants are manufacturers or industrial in nature.

Occupied lease spaces and elevator shafts were not accessible to Fugro for inspection. A 300-gallon above-ground diesel storage tank, located in the basement, was used to supply fuel for an emergency electric generator owned and used by Western Union, a former tenant. Western Union vacated the building in the 1970s and left the generator and storage tank onsite. A City of San Francisco License Certificate (No. 000737) issued by the office of the Tax Collector lists the tank owner as One Eleven Pine Street Associates, Suite 1425, 111 Pine Street, San Francisco, California.

According to Mr. Price, the tank was licensed even though it was unused because maintaining the annual fee for licensing was less costly than removing the tank. The tank was mounted on a stand approximately six inches off the floor and was located within a concrete block vault which was accessible only through a two-foot square access door. Viewed through the access door, the floor of the vault appeared clean. No stains, leaks or odors were observed on or near the tank, except for a small stained area on the top of the tank around the fill pipe area. Two steel drums of waste oil were located in the basement. The drums were set on wheeled dollies, and the bungs were in place. A flammable liquids storage cabinet located in the basement contained oils and greases. No stains, leaks, or odors were observed on or near the drums or the storage cabinet. Fugro considers these facilities to have a low probability to have impacted the Subject Property. Fugro considers the AST to have a low potential to have impacted the Subject Property.

Exterior Surface Observations and Conditions

Fugro personnel walked accessible areas of the Subject Property looking for any surface evidence of potentially hazardous materials.

The exterior areas of the Subject Property, including sidewalks and access areas, appeared to be well maintained with no evidence of distress. If present, distressed vegetation may indicate the presence of suspect conditions in the subsurface. No evidence of underground storage tanks or other equipment associated with potential environmental concerns were identified on the exterior grounds of the Subject Property.

Drainage of surface water at the Subject Property is directed toward storm drains located on Pine Street and Battery Street adjacent to the Subject Property. Drainage systems appeared to be generally free of blockage and functioning well.

Potential PCB-Containing Electrical Equipment

The Toxic Substance Control Act (TSCA) regulates any electrical transformer with mineral oil containing polychlorinated biphenyls (PCBs) in concentrations greater than 50 parts per million (ppm). Such transformers are considered PCB-containing and require appropriate remediation should they be found to be damaged or leaking.



According to Mr. Price, the building contains twelve "dry" electric transformers. These transformers are air cooled and do not contain mineral oils that may contain PCBs. Mr. Price stated that two transformers owned by PG&E were located under the sidewalks adjacent to the building; he did not know whether or not they contained PCBs. Fugro considers the presence of these "dry" transformers to have a low potential to have impacted the Subject Property.

Fluorescent light fixtures were present in the building. Fluorescent light fixtures utilize ballasts and capacitors which may contain PCBs. However, according to Mr. Price, all fluorescent light ballasts in the building had been changed out to non-PCB ballasts. None of the ballasts observed appeared to be damaged or leaking. Any unlabeled ballast should be considered to contain PCBs until tested. When removed, ballasts containing PCBs must be disposed of as hazardous waste. If ballasts containing PCBs are present in the building, Fugro would consider the ballasts to have a low potential to have impacted or to impact the Subject Property.

Adjacent Properties

The following sections identify the structures and apparent usage of the properties adjacent to and within 100 feet of the Subject Property:

North The Subject Property borders Pine Street. A 30-story office building exists on the north side of Pine Street.

South The property adjacent to the south is 444 Market Street, a 30-story office building.

East The Subject Property borders Front Street. A 25-story office building (388 Market Street) exists on the east side of Front Street. The top ten floors of the 388 Market street building are residential condominiums.

West The property adjacent to the west is a 5-story office building with retail stores on the ground floor.

No surficial conditions were observed that indicate contamination originating from adjoining properties has affected the Subject Property. A detailed investigation into the chemicals, operations, and processes used on the adjacent properties was not performed.

Contract Services

Solid waste (consisting primarily of office waste, especially paper) was stored in plastic garbage bags, then placed on the sidewalk nightly and picked up by Golden Gate Garbage Service. No unusual wastes, pesticide odors or unusual conditions were noted in any of the areas surveyed during this assessment.



FINDINGS AND CONCLUSIONS

Fugro has performed a ESA Environmental Site Assessment of the office building located at 111 Pine Street in San Francisco, California. This assessment was conducted in general conformance with the scope and limitations of the ASTM Practice E 1527. Any exceptions to, or deletions from this practice are described in the limitations section of this report.

This assessment has revealed no evidence of recognized environmental conditions in connection with this property except for the following:

Regulatory agency databases and other sources were reviewed to identify on-site and nearby properties which may have affected the Subject Property. Our review identified the following:

Regulatory agency databases and other sources were reviewed to identify on-site and nearby properties which may have affected the Subject Property. Our review identified the following:

- According to the database search, dated May 1994, the project site is not listed in the Cal-Sites ASPIS list. However, there are 88 sites within a one-quarter mile radius of the Subject Property listed in the Cal-Sites ASPIS list. Of the 88 sites, 87 are listed as either "low priority" or "no further action required". Of the 87 sites, none are located within 500 feet in the upgradient direction of the Subject Property. One site listed as "medium priority" status is located approximately 700 feet from the Subject Property in a crossgradient direction. Due to the site's distance, location topographically (crossgradient from the Subject Property) and the status of the Cal-Sites ASPIS listing, Fugro considers this site to have a low potential to have impacted the Subject Property. The remaining 87 Cal-Sites listed within one-quarter mile of the Subject Property are considered to have a low potential to have impacted the Subject Property. An additional 370 Cal-Sites are documented at a distance of greater than one-half mile from the Subject Property. Due to their distance from or location relative to the Subject Property, Fugro considers these 370 Cal-Sites to have a low potential to have impacted the Subject Property.
- According to the database search, dated June 30, 1994, two CERCLIS sites are located within one-half mile of the Subject Property. At each of the sites, the EPA conducted site assessments and determined that no further action was required. Therefore, Fugro considers these sites to have a low potential to have impacted the Subject Property.
- According to the database search, dated July 1, 1994, no RCRA TSD facilities listings are located within one mile of the Subject Property, and there are eight RCRA GEN listings located within one-eighth mile of the Subject Property. The sites listed are not on or adjacent to the Subject Property and none are listed as having violations, therefore these sites are considered to have a low potential to have impacted the Subject Property.
- According to the database search, dated December 3, 1993, there are 11 HWIS listings within one-eighth mile of the Subject Property. The sites listed are not on or adjacent to the Subject Property and therefore are considered to have a low potential to have impacted the Subject Property.



- According to database search, dated October 15, 1990, three sites on the Subject Property are listed as having a total of nine USTs. However, according to Mr. Scott Pozzi, the building manager, two sites (and eight of the USTs) are actually remote properties owned or administered by the building tenants; therefore, the UST site address listed is incorrect. The other listed UST is a 300-gallon diesel aboveground storage tank (AST) used for an emergency generator for a former tenant at the Subject Property. The AST is no longer in service, but has not been "closed" in accordance with applicable regulations. The AST was observed to be in good condition. No leaks, stains, or odors were observed on or near the AST. Fugro considers this AST to have a low potential to have impacted the Subject Property. For more information, refer to the section of this report on Site Reconnaissance regarding the AST.

In addition, there are nine other UST sites within one-eighth mile of the Subject Property that contain a total of 18 registered USTs. None of these additional USTs are on or adjacent to the Subject Property. In addition, none of these UST sites are listed on the LUST database. Therefore, Fugro considers these USTs to have a low potential to have impacted the Subject Property.

- A total of 28 LUST sites were identified within one-half mile of the Subject Property. Based on each site's location, distance from the Subject Property, and the reported regional groundwater gradient direction, 27 of the 28 listed LUST sites were considered to have a low potential to have impacted the Subject Property.

The remaining LUST site (MLHIRP Partnership, 36 Battery Street) is located approximately 200-feet upgradient of the Subject Property. In July 1986, one seven-foot-deep monitoring well was installed approximately ten feet downgradient of the subject LUST site. Analysis of groundwater samples from the subject monitoring well indicated 7,200 parts per million (ppm) of Total Petroleum Hydrocarbons as gasoline (TPH-G). The most recent sample analysis, dated May 1994, indicated levels of 4.8 ppm TPH-G. On November 12, 1994, two additional wells, approximately 20 to 25 feet downgradient of the subject LUST, were installed. Results of samples collected from these monitoring wells were not available at the time of the preparation of this report. Based on the information reviewed by Fugro, the MLHIRP LUST is considered to have a high potential to have impacted or to impact the Subject Property.

- According to the database search, dated October 1993, the Subject Property is not listed on the Proposition 65 Notification Records. However, four sites are listed within a one mile radius of the Subject Property. Three of these are located topographically crossgradient to the Subject Property and are therefore considered to have a low potential to have impacted the Subject Property. The fourth site, located at 630 Pine Street, is situated topographically upgradient to the Subject Property at a distance of approximately one-half mile. Due to the distance of this site from the Subject Property, Fugro considers this site to have a low potential to have impacted the Subject Property.



- According to the database search, dated December 1991, the Subject Property is not listed on the CHMIRS listing. However, there is one site located within a one-quarter mile radius of the Subject Property. The site is located approximately 500 feet north and topographically crossgradient of the Subject Property. Fugro considers this site to have a low potential to have impacted the Subject Property. An additional 10 CHMIRS sites are documented at a distance of greater than one-eighth mile from the Subject Property. Due to their distance from or location relative to the Subject Property, Fugro considers these 10 CHMIRS sites to have a low potential to have impacted the Subject Property.
- According to the database search, dated July 1992, the Subject Property is not listed in the State of California CORTESE listings. However, 143 sites are listed within a one mile radius of the Subject Property. Fugro considers 142 of these CORTESE sites to have a low potential to have impacted the Subject Property due to their distance from the Subject Property or their location relative to the Subject Property. Refer to the LUST section of this report for information on the LUST/CORTESE site (MLHIRP Partnership, Battery Street (36)), which Fugro considers to have a high potential to have impacted the Subject Property.
- The EDR report indicated that there is one Coal Gas site within one-quarter mile of the Subject Property, five within one-half mile of the Subject Property, and 30 within one mile of the Subject Property. These sites are located topographically crossgradient or downgradient to the Subject Property. Due to this orientation and their distance from the Subject Property, Fugro considers these sites to have a low potential to have impacted the Subject Property.
- Documents found in SFFD files included:
 - A permit for a 300-gallon diesel storage tank, dated May 23, 1983.
 - A permit to store flammable liquids in a stationary tank (300-gallon diesel tank), dated November 29, 1989.
 - A permit to store flammable liquids (paints and oils) in a flammable liquid locker, dated April 8, 1992.

Fugro personnel observed these facilities during the performance of the site reconnaissance activities. Each facility was observed to be in good condition with no evidence of environmental concern. Fugro considers these facilities to have a low potential to have impacted the Subject Property.

Fugro reviewed and describes the general physical and environmental setting of the Subject Property. Our review identified the following:

- In early 1990, the California Department of Health Services conducted a survey of radon levels found in the indoor air of homes across the state. The survey determined that about 5.5 percent of homes in the San Francisco area are expected to exceed 4 pico curies per liter of air (pCi/l), the level EPA recommends action be





taken to reduce radon levels. Due to the low percentage of houses in this area expected to exceed the EPA action level, Fugro considers radon levels to have a low potential to have impacted the Subject Property.

- Two studies of indoor air quality had been performed at the Subject Property. In 1993, a tenant on the first floor of the building (Wells Fargo Bank) had complained of hot, stuffy air. In April of 1994, the California State Banking office on the tenth floor had similar complaints. In both cases, monitoring of indoor air quality indicated that parameters monitored were within acceptable ranges. Therefore, Fugro considers these cases to have a low probability to have impacted the Subject Property.

Sanborn Fire Insurance Maps locate buildings, streets, and some types of equipment in areas of certain population density. Certified copies of Sanborn maps for the subject property vicinity were obtained from the Sanborn Mapping and Geographical Information Service, Pelham, New York. Fugro reviewed Sanborn maps from 1887, 1899, 1913, 1948, 1950, 1974, and 1994.

- Historical fire insurance maps reviewed indicated that facilities labeled "Paints and Oils" were listed on the Subject Properties. Other historical information (i.e., Haines Directories) were not available for the time period of concern. Therefore, information indicating whether these materials were manufactured, retailed, or both, is not available. However, the current structure on the Subject Property includes a basement that would have required the excavation of soils to a depth of at least 15 feet bgs. Groundwater is currently found at approximately 10 feet bgs. If releases at these sites had impacted the soils at the Subject Property, the impacted soils would probably have been removed during the construction of the current structure. Therefore, Fugro considers the historic presence of these facilities to have a low potential to have impacted the Subject Property.

On November 11, 1994, Mr. William Bassett and Mr. Joseph Colton, both of Fugro, visited the Subject Property to perform a site reconnaissance and conduct interviews with property personnel. During the site walk-through, Fugro observed surface conditions, conducted interviews, and identified adjoining properties.

- A 300-gallon above ground diesel storage tank, located in the basement, was used to supply fuel for an emergency electric generator owned and used by Western Union, a former tenant. Western Union vacated the building in the 1970s and left the generator and storage tank onsite. A City of San Francisco License Certificate (No. 000737) issued by the office of the Tax Collector lists the tank owner as One Eleven Pine Street Associates, Suite 1425, 111 Pine Street, San Francisco, California.

According to Mr. Price, the tank was licensed even though it was unused because maintaining the annual fee for licensing was less costly than removing the tank. The tank was mounted on a stand approximately six inches off the floor and was located within a concrete block vault which was accessible only through a two-foot square access door. Viewed through the access door, the floor of the vault appeared clean. No stains, leaks or odors were observed on or near the tank, except for a small stained area on the top of the tank around the fill pipe area. Two steel drums of waste oil were located in the basement. The drums were set on wheeled dollies, and



the bungs were in place. A flammable liquids storage cabinet located in the basement contained oils and greases. No stains, leaks, or odors were observed on or near the drums or the storage cabinet. Fugro considers these facilities to have a low probability to have impacted the Subject Property.

- Fluorescent light fixtures were present in the building. Fluorescent light fixtures utilize ballasts and capacitors which may contain PCBs. However, according to Mr. Price, all fluorescent light ballasts in the building had been changed out to non-PCB ballasts in 1987. None of the ballasts observed appeared to be damaged or leaking. Any unlabeled ballast should be considered to contain PCBs until tested. When removed, ballasts containing PCBs must be disposed of as hazardous waste. If ballasts containing PCBs are present in the building, Fugro would consider the ballasts to have a low potential to have impacted or to impact the Subject Property.

RECOMMENDATIONS

After performing this ESA, Fugro recommends that assessment and remediation activities at the MLHIRP LUST facility be periodically reviewed to evaluate the potential impact of this facility on the Subject Property and to monitor the responsible party's remedial activities. In addition the currently unused 300-gallon UST no longer in service should be closed.





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 #: 260017

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4
 (S.F. Campaign and Governmental Conduct Code § 1.126(f)4)
 A Public Document

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

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

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

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

4. CONTRACTING DEPARTMENT CONTACT	
NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Jeff Suess	415-554-9850
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
ADM Real Estate Division	realestateadmin@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Double wood Investment, Inc	TELEPHONE NUMBER 415-732-5780
STREET ADDRESS (including City, State and Zip Code) 111 Pine Street, Suite 1425, San Francisco CA 94111	EMAIL angelica@dw-investment.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 260017
DESCRIPTION OF AMOUNT OF CONTRACT \$26,461,200		
NATURE OF THE CONTRACT (Please describe) 10 Year Lease and Tenant Improvements for SFERS.		

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	Lin	Hong Bang	CEO
2	Lin	Hong Bang	CFO
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			

9. AFFILIATES AND SUBCONTRACTORS

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

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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#	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.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
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City & County of San Francisco
Daniel Lurie, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Sally Oerth Director of Real Estate

December 29, 2025

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

RE: Lease Agreement for 111 Pine Street– San Francisco Retirement System

Dear Board Members:

Attached for your consideration is a Resolution authorizing and approving a lease agreement of approximately 47,482 square feet at 111 Pine Street on floors 8,9,10 and 11 for the San Francisco Retirement System (SFERS).

The SFERS mission is to secure, protect and prudently invest the pension trust assets, administer mandated benefits programs and provide promised benefits to the active and retired members of the City and County of San Francisco. Under the direction of its Board, the Retirement System administers two benefit programs: a Pension Plan (Defined Benefit Plan) and a Deferred Compensation Plan (457 (b) Plan). In addition, the SFERS organization invests the Retiree Health Care Trust Fund. The Pension Plan remains financially strong, with approximately \$38.9 billion in assets and a funded status of 97%, based on the actuarial value of assets. The Pension Plan serves more than 81,000 active, vested and retired employees of the City and County of San Francisco and their survivors. SFERS members include firefighters, police officers, sheriffs, and civilian employees across various City and County departments, the San Francisco Unified School District, the San Francisco Community College District, the San Francisco Superior Court, the City's Police and Fire Departments, and the Sheriff's Department. The Deferred Compensation Plan oversees approximately \$6.5 billion in assets and serves over 36,000 members.

SFERS is currently located at 1145 Market Street, under a lease that expired on July 31st, 2024, and remains on a month-to-month holdover as provided in that lease. It has been at this location since 2013 and occupies approximately 37,532 sq. ft. The current location no longer meets SFERS' future functional needs and SFERS, with the Real Estate Division, has located new space that offers room to accommodate Retirement Board approved headcount, effective membership counseling, public access for Board meetings, and space to meet with stakeholders and investment business partners.


The rental rate for the initial year is \$2,089,208 or \$44 per square foot, which was determined by appraisal to be at or below fair market rental value. The first 4 months of the rent are abated as are months 13,14,15,16,25,26,119 and 120, for a total of 12 months (total rent credit over the term approximately \$2,237,427.97). The rent will escalate at 3% annually. The Lease is fully serviced including security, janitorial, all utilities, taxes, insurance and common area maintenance. SFERS will pay its proportional share of the increases in utilities and operating expenses over the base year of 2026.

As part of this lease the landlord will provide turn-key Tenant Improvements, including obtaining LEED gold certification. The Landlord is providing \$100 per square foot in a Tenant Improvement Allowance, for a total of \$4,748,200. SFERS will pay for the remaining balance and has estimated this expense at \$4,748,200

The proposed lease agreement is for the term of ten years commencing on substantial completion of the tenant improvements and includes two options of five years to extend the term at fair market rental value.

If you have any questions regarding this matter, please contact our office at 415-554-9850.

Respectfully,

Signed by:

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Sally Oerth
Director of Real Estate