

FIRST AMENDMENT TO OFFICE LEASE

THIS FIRST AMENDMENT TO OFFICE LEASE (this "**Amendment**") is made as of April 1, 2023, in San Francisco, California, by and between RACHRIS, LLC, a California limited liability company, as successor in interest to CELERITY CONSULTING GROUP, INC., ("**Landlord**"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**" or "**Tenant**").

RECITALS

THIS AMENDMENT ("**Amendment**") is made with reference to the following facts and circumstances:

- A. City and Landlord's predecessor in interest, Celerity Consulting Group, entered into that certain Office Sublease dated as of June 22, 2015 (the "**Sublease**"), for the premises (the "**Initial Premises**") located at 2 Gough Street (the "**Building**"), being a portion of Lot 019 in Assessor's Block 3504, San Francisco, California (the "**Property**").
- B. By letter to the City, dated January 16, 2020, Landlord notified City that all of Celerity's interest in the Property had been transferred to the owner of the 2 Gough Street building, RACHRIS, LLC (the "**Successor Landlord**").
- C. By Resolution No. 213-20, amended in Committee by the San Francisco Board of Supervisors on May 6, 2020, the Director of Property was authorized to exercise an option to the lease between the City and Successor Landlord for a five-year term commencing on July 1, 2020 and expiring June 30, 2025 (the "**Lease**").
- D. By letter to the Landlord, dated May 21, 2020, the City confirmed its agreement with Landlord on a rent schedule for the Lease.
- E. The San Francisco Board of Supervisors adopted Resolution No. 410-24 on 7/23/2024, authorizing City and Landlord to enter into this Amendment to lease the entire third floor of the building (the "**Additional Premises**"), and exercise an option to extend the Lease on the Additional Premises and the entire first and second floors of the Building (the "**Initial Premises**") (collectively, the "**Total Premises**") on the terms and conditions as set forth herein.
- F. Capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Lease.

ACCORDINGLY, in consideration of the foregoing Recitals, which are incorporated into this Amendment by this reference, the mutual promises and obligations of the parties contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the City and Landlord agree as follows:

1. Amendment to Lease. As of the Effective Date, as defined herein, the following subsections in Section 1 (Basic Lease Information) are hereby amended with additional or replacement language, as the case may be, as follows:

| | |
|--|---|
| Lease Reference Date: | April 1, 2024 |
| Landlord: | RACHIS, LLC |
| Additional Premises (Section 2; Exhibit A.1, A.2): | 7,938 square feet. |
| Total Premises (Section 2; Exhibits A and B): | 21,877 square feet |
| Term (Section 3): | Estimated to be fifteen (15) months. |
| Commencement and Expiration Dates (Section 3): | Estimated Lease Commencement Date is April 1, 2024. Lease Expiration is June 30, 2025. |

| | |
|---|---|
| Extension Option (Section 3): | City shall have option to extend Term for Total Premises by one additional term of three (3) years at 95% of the prevailing market rent, exercisable by no more than 270 nor less than 180 days prior written notice. |
| Monthly Base Rent for Additional Premises (Section 4): | Month 1: Rent Abated Month 2 through June 30, 2024: \$25,251 per month July 1, 2024 through June 30, 2025: \$26,009 |
| Monthly Base Rent for Total Premises (Section 4): | Month 1: \$56,832.35 Month 2 through June 30, 2024: \$82,083 per month. July 1, 2024 through June 30, 2025: \$84,546 per month. |
| Base Year (Section 4) | 2024. |
| City's approximate Total Percentage Share of Building (Section 4) | 99.1% |
| Leasehold Improvements (Section 9; Exhibit B) | As specified in Section 9 and Exhibit B. |
| Notice Address of Landlord | RACHIS, LLC PO Box 750519 Petaluma CA 94975 (707) 338-3752 |
| Landlord Tax and Supplier Information: | Tax ID: 20-4686676 City Supplier ID: 0000041062 |
| Key Contact for Landlord: | Chris Yowell 415-517-6297 cyowell@consultclerity.com |
| Key Contact for Tenant: | Alfie Penaflor Director of Facilities and Admin Operations O: (415) 557-5472 C: (415) 961-1091 alfie.penaflor@sfgov.org |

2. Premises. City and Landlord agree to increase the City's Initial Premises of 13,938 square feet, being the entire first and second floors of the Building (**Exhibit B**), by the Additional Premises of 7,938 square feet, comprised of the entire third floor of 7,638 rentable square feet and basement storage space of 300 usable square feet (**Exhibit A**). The combined total of the Initial Premises and the Additional Premises equals 21,876 square feet (the "**Total Premises**").

3. Effective Date. The effective date will be the date of approval of this Lease by the Mayor of the City and County of San Francisco or, in lieu of the Mayor's approval, the 10th day after approval of this Lease by the San Francisco Board of Supervisors ("**Effective Date**").

4. Commencement Date. This lease shall commence upon the first day of the month following the Effective Date.

5. Term. The term of this Lease shall be the number of months between the Commencement Date, and June 30, 2025 (the "**Expiration Date**").

6. Base Rent.

a. Monthly Base Rent for the Initial Premises shall remain at (i) \$56,832.35 per month from the Commencement Date until June 30, 2024, (ii) increasing to \$58,537.32 beginning July 1, 2024 and ending on the Expiration Date.

b. Monthly Base Rent for the Additional Premises shall be (i) abated for the first month of the Term; (ii) increasing to \$25,251, from the second month of the Term until June 30, 2024, (iii) and increasing again to \$26,009 from July 1, 2024 and ending on the Expiration Date.

c. Monthly Base Rent for the Total Premises shall be (i) \$56,832.35 for the first month of the Term; (ii) increasing to \$82,083 For second month through June 30, 2024, and (iii) increasing again to \$84,546 from July 1, 2024 and ending on the Expiration Date.

7. **Base Year.** The Base Year for the additional Premises shall be 2024.

8. **Option to Extend Term.** City shall have the option to extend the Term for the Total Premises (the “**Option**”) for an additional term of three (3) years (the “**Extended Term**”), exercisable by City providing written notice to Landlord no more than one hundred seventy (170) calendar days and no less than one hundred eighty (180) calendar days prior to the Lease expiration date (“**Option Notice Date**”). The square footage of the Total Premises shall conform to the BOMA 2017 Standard Methods of Measurement for Office Buildings (ANSI/BOMA Z65.1—2017).

9. **Extended Term Base Rent.**

a. At the commencement of the Extended Term, the Base Rent will be adjusted to equal ninety-five percent (95%) of 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 South of Market – West (SOMA West) 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) the applicable base year, (ii) any additional rent and all other payments and escalations payable under this Lease, (iii) floor location and size of the premises covered by leases of the Comparable Space, (iv) the duration of Extended Term under this Lease and the term of the leases for Comparable Space, (v) free rent and any other tenant concessions given under the leases for Comparable Space, and (vi) tenant improvement allowances and other allowances given under the leases for Comparable Space.

b. 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:

(i) 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.

(ii) 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 prepare and complete an appraisal report determining the prevailing market rate and submit the report to Landlord and City.

(iii) 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 ten percent (10%) 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 more than ten percent (10%) of the higher of the two, then the two appraisers will immediately select a third appraiser. Within ten (10) 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.

(iv) 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.

(v) 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.

10. **Tenant Improvements and Repairs.** Landlord will perform and complete, at its sole expense, the tenant improvements and repairs to the premises by no later than the Commencement Date, in accordance with the specifications under the Tenant Improvements and Repairs attached hereto in **Exhibit C**.

11. **Obligations Joint and Several.** All obligations of the parties comprising Landlord under the Lease shall be joint and several. For all purposes of this Amendment, Landlord shall be deemed one entity and Landlord shall have no defense or claim resulting from or relating to the fact that Landlord is comprised of more than one party.

12. **No Joint Venture.** This Amendment or any activity by the City hereunder does not create a partnership or joint venture between the City and Landlord relating to the Lease or otherwise. This Amendment does not constitute authorization or approval by the City of any activity conducted by Landlord, and the City shall in no way be responsible for the acts or omissions of Landlord on the Premises or otherwise.

13. **Governing Law. This Amendment will be governed by, construed and enforced in** accordance with the laws of the State of California and the City's Charter. Any legal suit, action, or proceeding arising out of or relating to the Amendment 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 Amendment or the Lease has been brought in an inconvenient forum.

14. **References.** No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended hereby.

15. **Notification of Prohibition on Contributions.** By executing this Amendment, 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.

16. **Landlord's Compliance with City Business and Tax and 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 the Lease is withheld, then City will not be in breach or default under the 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.

17. **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further actions as may be reasonably required to carry out the intent of this Amendment.

18. **Effective Date.** The "Effective Date" means the date that **(a)** City's Board of Supervisors and the Mayor, in their sole and absolute discretion, have adopted the Resolution approving this Amendment in accordance with all applicable legal requirements and **(b)** this Amendment is duly executed and delivered by the parties.

19. 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.

20. Miscellaneous. Except as expressly modified herein, the terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect. The Lease as amended by this Amendment constitutes the entire agreement of the parties concerning the subject matter hereof, and supersedes and conceals any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein. The execution of this Amendment shall not constitute a waiver of relinquishment of any rights which the City may have relating to the Lease. Landlord and City hereby ratify and confirm all of the provisions of the Lease as amended by this Amendment.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

LANDLORD:

RACHRIS, LLC, a California limited liability company

DocuSigned by: Chris Yowell

By: _____ 4/30/2024

Name: Chris Yowell

Its: President

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

DocuSigned by: Andrico Q. Penick
By: _____ 8/26/2024

Andrico Q. Penick
Director of Property

APPROVED AS TO
FORM:

DAVID CHIU, City
Attorney

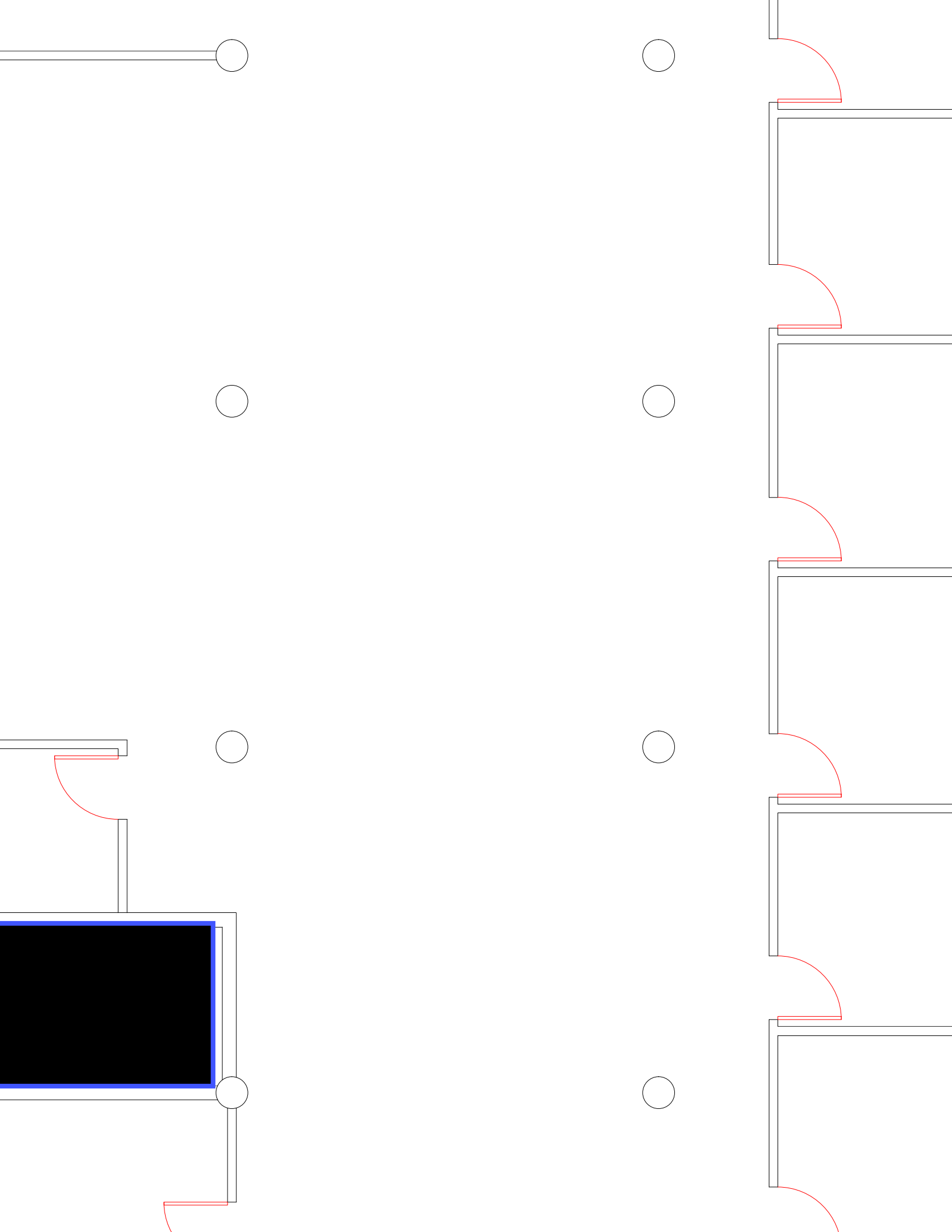
DocuSigned by: Anna Gunderson

7444FF2B5E484F1
Anna Gunderson

Deputy City Attorney

EXHIBIT A

Additional Premises – 3rd Floor and Basement (2 pages)



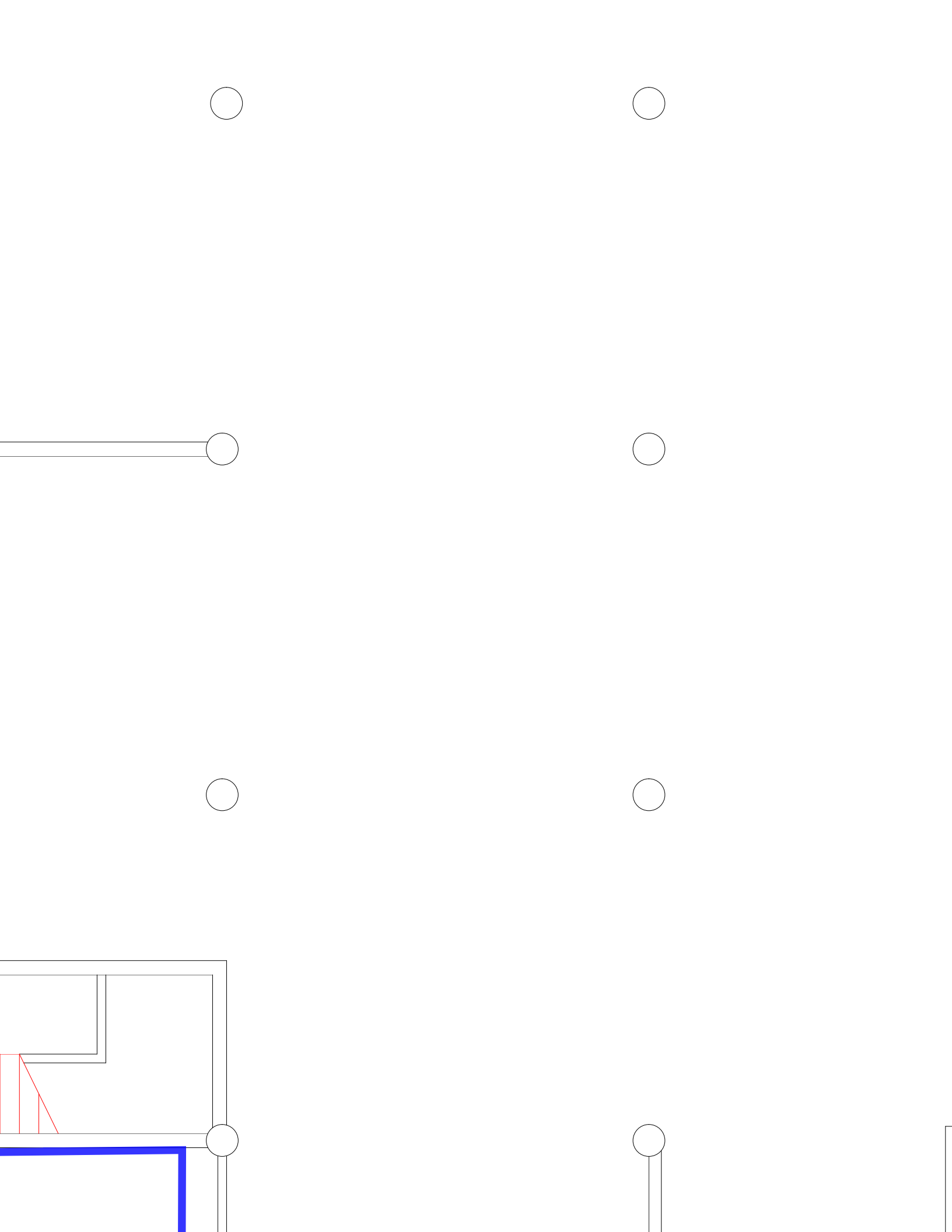
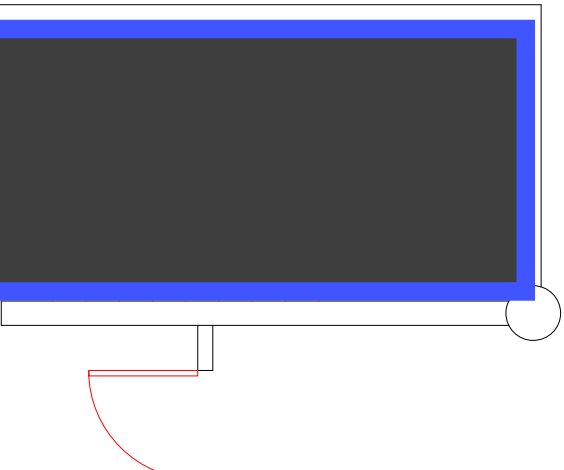
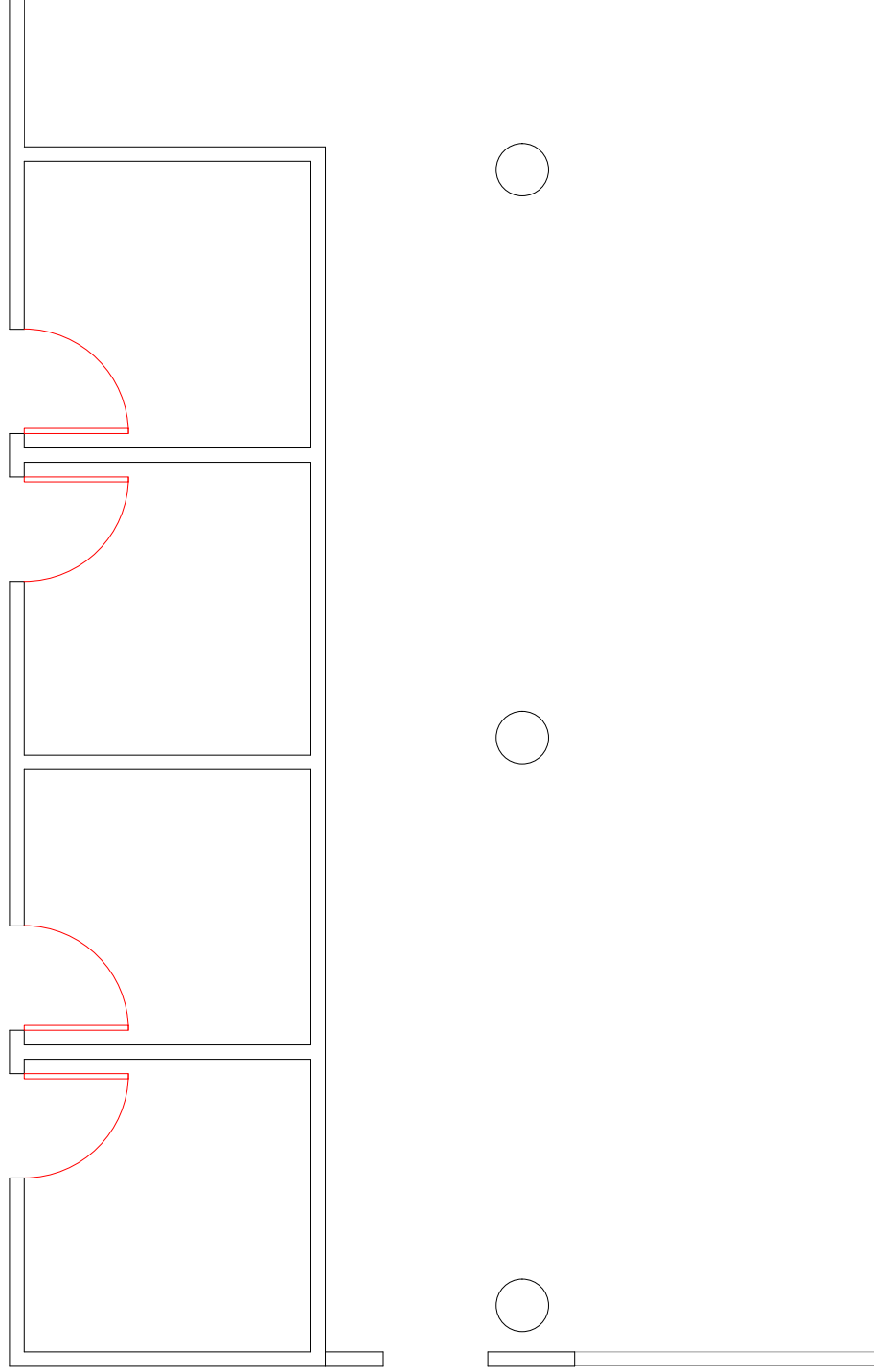
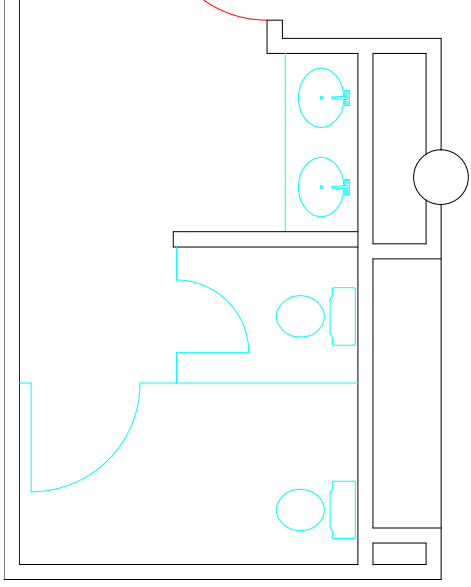
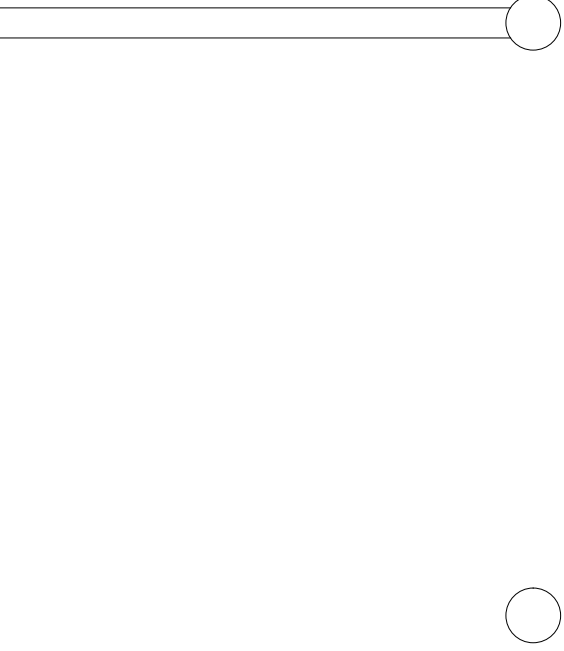


EXHIBIT B

Initial Premises – 1st and 2nd Floors (2 pages)



STAIRS



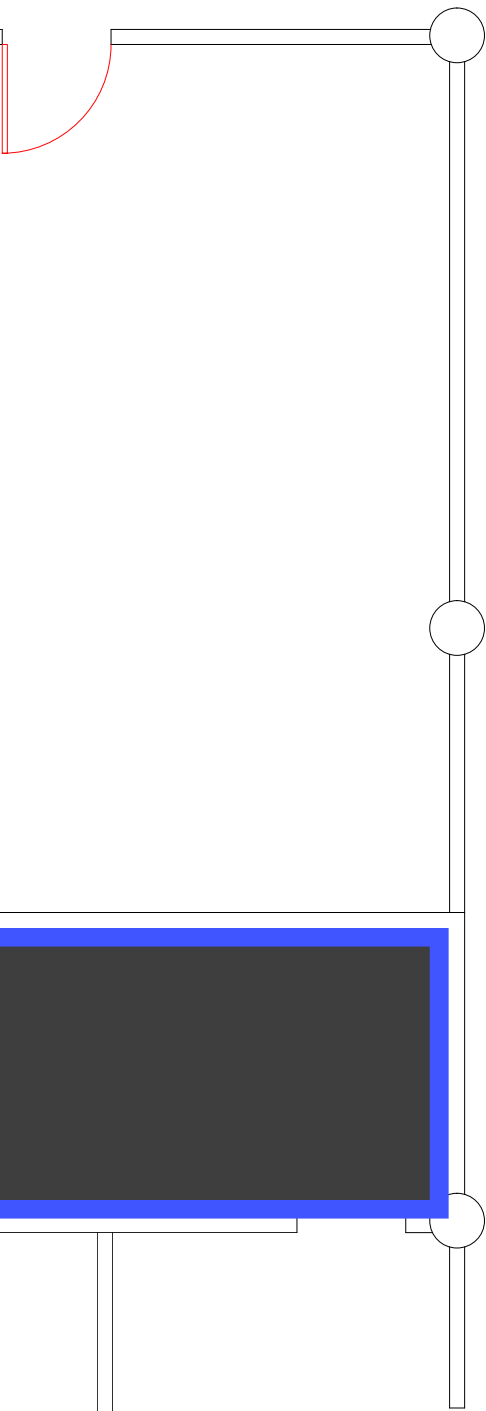
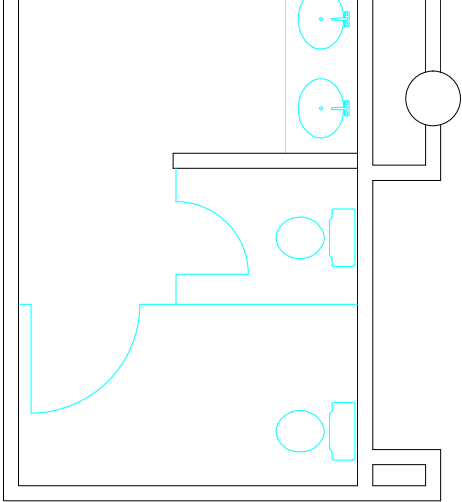


EXHIBIT C

Tenant Improvements and Repairs

following Landlord-provided specifications and installation of tenant improvements and repairs are to be made (i) under the terms and conditions provided for in Section 9 of the Amendment and (ii) to the reasonable satisfaction and approval of the City.

- a. Installation of electrical facilities, such as circuits and conduit, to provide power to City-supplied modular furniture systems on the third floor;
- b. Removal of existing carpet and replacement with engineered luxury vinyl flooring on the third floor;
- c. Painting of all walls, baseboards and trim on the third floor;
- d. Repainting any previously painted areas of the third-floor balcony and repair of any portions of third floor balconies in disrepair.
- e. Installation of a pergola or similar feature to provide overhead coverage on the third-floor balcony.
- f. Repair of any cabinetry and counters in disrepair, and painting and/or refinishing and of any painted or finished cabinetry on the third floor.
- g. Increasing the CFM output of the HVAC system servicing the premises on the Total Premises.