

File No. 210775

Committee Item No. 12

Board Item No. 48

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget & Finance Committee

Date July 21, 2021

Board of Supervisors Meeting

Date July 27, 2021

Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
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| <input type="checkbox"/> | <input type="checkbox"/> | MOU |
| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract/Agreement |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
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Completed by: Linda Wong Date July 15, 2021

Completed by: Linda Wong Date July 23, 2021

1 [Lease of Real Property - SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and SFSPE
2 OBI LLC - 1360 Mission Street - \$644,404 Annual Base Rent - Up to \$200,000 in Tenant
3 Improvements]

3

4 **Resolution approving and authorizing the Director of Property, on behalf of the**
5 **Department of Public Health, to lease real property located at 1360 Mission Street, for**
6 **an initial term of four years, from SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and**
7 **SFSPE OBI LLC, at a base rent of \$644,404 per year with 3% annual increases;**
8 **authorizing the City to contribute up to an additional \$200,000 in tenant improvements**
9 **to commence upon substantial completion of the installation of the Tenant**
10 **Improvements necessary for the City’s occupancy, which is expected to occur on or**
11 **around August 1, 2021; and authorizing the Director of Property to execute documents,**
12 **make certain modifications and take certain actions in furtherance of the Lease and**
13 **this Resolution, as defined herein.**

14

15 WHEREAS, The Department of Public Health (“DPH”) strives to protect and promote
16 the health of all San Franciscans by providing a wide range of public health services and
17 programs; and

18 WHEREAS, On December 6, 2019, the San Francisco Board of Supervisors passed an
19 Ordinance amending the Administrative Code to establish Mental Health San Francisco
20 (Mental Health SF), creating a need for additional staffing and office space; and

21 WHEREAS, The COVID-19 Emergency has created the need for additional office
22 space for both new Covid-related hires and the relocation of the COVID-19 Command Center
23 (“CCC”) currently being demobilized from the Moscone Convention Center; and

24 WHEREAS, The office building located at 1360 Mission Street (“Building”) was
25 determined to be an ideal space and location for the consolidation of 73 Mental Health San

1 Francisco staff, including the Office of Coordinated Care, the Office of Street and Justice
2 Services, and the Office of Utilization Management teams; and

3 WHEREAS, These teams provide management, monitoring access, flow and service
4 utilization throughout the behavioral health system in San Francisco; and

5 WHEREAS ,The Real Estate Division (“RED”), in consultation with DPH and the Office
6 of the City Attorney, negotiated a proposed lease (“Lease”) with SFSPE TG, LLC, SFSPE T1,
7 LLC, SFSPE MH, LLC and SFSPE OBI LLC (collectively, the “Landlord”) for an initial term of
8 four years (the “Initial Term”), plus two, one-year options to extend the term (the “Optional
9 Terms”), of approximately 16,958 rentable square feet of administrative, program, and office
10 space (“Premises”) at the Building, a copy of the Lease is on file with the Clerk of the Board
11 in File No. 210775; and

12 WHEREAS, The Building was determined to be the best site for this program due to its
13 geographic proximity to Civic Center, the minimal amount of tenant improvements required,
14 proximity to DPH’s related Behavioral Health/Mental Health Administrative offices and
15 proximity to Behavioral Health Access Center located at 1380 Howard Street; it has sufficient
16 space and is well-configured to DPH’s use, with flexibility to configure in accordance with new
17 space planning standards resulting from the COVID-19 emergency; and

18 WHEREAS, The Commencement Date (“Commencement Date”) shall be upon
19 substantial completion of the installation of the Tenant Improvements (“Tenant
20 Improvements”) necessary for the City’s occupancy, which is expected to occur on or around
21 August 1, 2021 (estimated “Rent Commencement Date”); and

22 WHEREAS, The Rent will be abated for during the first eight months of the lease,
23 making rent payable on or around April 1, 2022; and

1 WHEREAS, The cost of the improvements to the Premises specific to City’s use
2 (“Tenant Improvements”), of which the Landlord will construct at City’s sole cost is not
3 expected to exceed \$200,000; and

4 WHEREAS, Under the Lease, base rent payable by City will be \$644,404 per year
5 (\$38.00 per sq. ft.), payable in monthly installments, with 3% annual increases; and

6 WHEREAS, The Director of Property determines the base rent negotiated in the Lease
7 to be at or below fair market rental value; and

8 WHEREAS, Throughout the Term, City at its cost, will be responsible for maintenance
9 within the premises, increases in operating costs over the base year but not increases in
10 property taxes in the event of sale of the property and reassessment; and

11 WHEREAS, As of the Commencement Date, Landlord is obligated to pay for utilities,
12 custodial services, routine maintenance and repair within the common areas and insurance;
13 now, therefore, be it

14 RESOLVED, That in accordance with the recommendation of the Director of Health
15 and the Director of Property, the Board of Supervisors approves the Lease in substantially the
16 form presented to the Board, and authorizes the Director of Property, to take all actions
17 necessary to execute the Lease and any other documents that are necessary or advisable to
18 effectuate the purpose of this Resolution; and, be it

19 FURTHER RESOLVED, That upon execution of the Lease, City is authorized to
20 request Landlord to perform completion of the Tenant Improvements on behalf of City,
21 pursuant to the terms and conditions of the Lease; and, be it

22 FURTHER RESOLVED, That under the Lease, City shall indemnify and hold harmless
23 the Landlord from, and agree to defend the Landlord against, any and all claims, costs and
24 expenses, including without limitation, reasonable attorneys’ fees, incurred as a result of City’s
25

1 use of the premises or any negligent acts or omissions of City, its agents or invitees in, on or
2 about the Property, in accordance with the terms of the Lease; and, be it

3 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City
4 with respect to the Lease are hereby approved, confirmed and ratified; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
6 Property to enter into any extensions, amendments or modifications to the Lease (including
7 without limitation, the exhibits) that the Director of Property determines, in consultation with
8 the Director of Health and the Office of the City Attorney, are in the best interest of the City, do
9 not increase the rent or otherwise materially increase the obligations or liabilities of the City,
10 are necessary or advisable to effectuate the purposes of the Lease or this Resolution, and are
11 in compliance with all applicable laws, including City's Charter; and, be it

12 FURTHER RESOLVED, That within thirty (30) days of the Lease being fully executed
13 by all parties, RED shall provide the final Lease to the Clerk of the Board for inclusion in the
14 official file.

Available: \$361,006
3 months' base rent + tenant improvements

Amount:	\$180,503
Fund ID:	10020
Department ID:	152644
Project ID:	10037695
Authority ID:	21481
Account:	501010
Activity ID:	1

Amount:	\$180,503
Fund ID:	10582
Department ID:	240645
Project ID:	10036747
Authority ID:	21531
Account ID:	530000
Activity ID:	1

/s/
Michelle Allersma, Budget and Analysis
Division Director on behalf of
Ben Rosenfield, Controller

Funding for Fiscal Year 2021/2022 is
subject to the enactment of the Annual
Appropriation Ordinance for Fiscal Year
2021/2022

/s/
Department of Public Health
Director of Health

/s/
Real Estate Division
Director of Property

Item 12
File 21-0775

Department: Department of Public Health (DPH), Real Estate Division (RED)

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would approve a lease at 1360 Mission Street between the Department of Public Health (DPH) as tenant and SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC, and SFSPE OBI LLC (SFSPE) as landlord, for a term of four years from approximately September 2021 through August 2025, with two one-year options to extend through August 2027, and initial annual base rent of \$644,404, with three percent annual increases.

Key Points

- DPH, which rents space on the 4th floor of 1360 Mission Street, is interested in renting space on the 1st and 2nd floors that had previously been rented by the Human Services Agency (HSA). The Real Estate Division (RED) has negotiated a lease for DPH with the landlord.
- DPH would use the 1st floor for COVID-19 related staffing. The 2nd floor would be used by approximately 73 Behavioral Health Services staff, including teams from the Office of Coordinated Care, Street and Justice Services, and Utilization Management.
- An appraisal was not required for the lease, but the rental rate was determined by reviewing other recent commercial leases within a one-mile radius. The landlord is also providing eight months' rent abatement. The lease includes two one-year options to extend, but the options may be rescinded by the landlord.

Fiscal Impact

- Over the initial four-year term of the lease, DPH would pay \$2,266,343 in rent. If the two one-year options to extend are exercised, DPH would pay at least \$1,472,323 in additional rent, for total rent of \$3,738,667 over the full six-year term. DPH would reimburse the landlord for up to \$200,000 in leasehold improvements, for a total cost over six years of approximately \$3,938,667.
- For the 1st floor premises, DPH would seek rent reimbursement from the Federal Emergency Management Agency (FEMA) for the 1st floor. If FEMA funding is no longer available, rent would be funded by the City's General Fund. DPH would use Proposition C funds for the 2nd floor.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Administrative Code Section 23.27 states that the Board of Supervisors shall approve all Leases on behalf of the City as tenant by resolution for which the term is longer than a year and costs over \$15,000 per month.

BACKGROUND

For four years, the Human Services Agency (HSA) rented approximately 16,958 square feet on the 1st and 2nd floors of 1360 Mission Street. HSA's lease ended on September 21, 2020, and the space remains vacant. The Department of Public Health (DPH), which rents space on the 4th floor of the building, is interested in the premises previously rented by HSA to use for both COVID-19 and behavioral health staff. The Real Estate Division (RED) has negotiated a lease on behalf of DPH with the landlord, SFSPE TG, LLC, SFSPE T1 LLC, SFSPE MH, LLC, and SFSPE OBI LLC (collectively SFSPE).

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a lease between DPH as tenant and SFSPE as landlord for a term of four years, from approximately September 2021 through August 2025, with initial annual rent of \$644,024, with three percent annual increases, and two one-year options to extend, which the landlord may rescind.¹

DPH would use the 1st floor of the premises for COVID-19 related staffing. The 2nd floor would be used by approximately 73 Behavioral Health Services staff, including teams from the Office of Coordinated Care, Street and Justice Services, and Utilization Management. These teams would be responsible for managing and monitoring access, flow, and service utilization throughout the behavioral health system; providing streamlined access to behavioral health services; supporting homeless people with connecting to care and providing direct community-based behavioral health services; providing care coordination services; and providing behavioral health managed care functions.

The initial annual base rent of \$38 per square foot is approximately 23 percent less than the annual base rent of \$49.17 paid by HSA at the end of its lease. In addition to the rent reduction, SFSPE has agreed to waive eight months of rent. The proposed annual rent of \$38 per square foot is less than the threshold of \$45 per square foot requiring an appraisal. According to Mr. Joshua Keene, RED Special Projects and Transactions Manager, the rent was determined by reviewing other recent commercial leases within a one-mile radius. The annual base rent of \$38 per square foot, with eight months' rent abatement, was determined to be favorable for the City. If the one-year options to extend are exercised, base rent during the extension period would be the greater of three percent greater than the previous year's rent or 95 percent of the Prevailing Market Rate.

¹ Under the proposed lease, the City may exercise each option to extend by providing at least 180 days' notice before the lease is due to expire. After receiving the notice to extend, the landlord may rescind the option within 30 days.

The key terms of the proposed lease are shown in Table 1 below:

Table 1: Key Terms of Proposed Lease

Premises	Approximately 16,958 square feet on the 1 st and 2 nd floors
Term	4 years
Options to Extend	Two 1-year options to extend, may be rescinded by landlord
Annual Base Rent	\$644,404 (\$38 per square foot)
Rent Adjustment	3% annual increase
Rent During Extension Period	Equal to the greater of 103% of previous year's base rent or 95% of the Prevailing Market Rate
Rent Abatement	8 months
Leasehold Improvements	Completed by landlord and reimbursed by City, not to exceed \$200,000
Utilities	Paid by landlord
Janitorial Services	Paid by landlord

Source: Proposed Lease

FISCAL IMPACT

Under the proposed lease, DPH would pay initial annual rent of \$644,404, or \$38 per square foot, with three percent annual increases. DPH would also receive eight months' rent abatement, for a value of \$429,736. Over the initial four-year term of the lease, DPH would pay \$2,266,343 in rent. If the two one-year options to extend are exercised, DPH would pay at least \$1,472,323 in additional rent, for total rent of \$3,738,667 over the full six-year term.² Rent paid by DPH is shown in Table 2 below.

² During the extension term, DPH would pay the greater of 103 percent of the previous year's base rent or 95 percent of the Prevailing Market Rate. Table 2 shows the rent payments using 103 percent of the previous year's base rent, as the future Prevailing Market Rate is currently unknown.

Table 2: Rent Paid by DPH under Proposed Lease

Year	Annual Rent per Square Foot	Annual Rent
1	\$38.00	\$214,801 ³
2	39.14	663,736
3	40.31	683,648
4	41.52	704,158
<i>Initial Term Subtotal</i>		<i>\$2,266,343</i>
5	\$42.77	\$725,282
6	44.05	747,047
<i>Option Term Subtotal</i>		<i>\$1,472,323</i>
Total		\$3,738,667

In addition to the rent, DPH would reimburse the landlord for up to \$200,000 in leasehold improvements,⁴ for a total cost over six years of approximately \$3,938,667. According to Mr. Keene, there are no other anticipated operating costs. For the 1st floor premises, DPH would seek rent reimbursement from the Federal Emergency Management Agency (FEMA) for the 1st floor. At the time of this writing, FEMA funding is anticipated to end September 30, 2021. If FEMA funding is no longer available, rent would be funded by the City's General Fund. DPH would use Proposition C funds for the 2nd floor.

POLICY CONSIDERATION

DPH intends to use the 1st floor of the premises for COVID-19 related staff. However, the DPH FY 2021-23 two-year budget eliminates most COVID-19 temporary positions within six months and all positions within one year. According DPH staff, DPH is intending to use the 1st floor of the 1360 Mission Street building for its approximately 60 public health workforce within the Population Health Division (PHD), primarily new hires to address the new normal of living with and managing COVID-19 as an ongoing endemic disease. This incoming workforce is assigned to support the COVID Task Force and are funded through five (5) grants from the Centers for Disease Control and Prevention (CDC) and California Department of Public Health (CDPH). The funding terms of the grants vary from two to five years with the aim of building long-term workforce capacity to prevent, investigate and mitigate infectious and communicable diseases.

DPH estimates that approximately 73 Behavioral Health Services staff will be located in the 2nd floor premises. According to DHP staff, the 73 staff DPH is proposing to move to 1360 Mission represent a consolidation of new hires and staff relocations to maximize program and service effectiveness. This includes new Office of Coordinated Care hires, existing Street & Justice Services staff who do not have a permanent space, and existing staff relocating to support Office Coordinated Care services and operations.

³ The rent paid in Year 1 includes eight months' rent abatement, for a total rent reduction of \$429,736.

⁴ The leasehold improvements include upgrades to the heating, ventilation, and air conditioning (HVAC) system, information technology (IT) infrastructure, security system, electrical work, and office space reconfigurations.

RECOMMENDATION

Approve the proposed resolution.

OFFICE LEASE

between

SFSPE TG, LLC, a California limited liability company; SFSPE TI, LLC, a California limited liability company; SFSPE OBI, LLC, a California limited liability company; and SFSPE MH, LLC, a California limited liability company, together
as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,
as Tenant

For the lease of
1360 Mission Floors 1 and 2
San Francisco, California

Reference Date: June 1, 2021

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LIST OF EXHIBITS AND SCHEDULES

- EXHIBIT A — Floor Plan(s) of Premises
- EXHIBIT B — Notice of Commencement Date
- EXHIBIT C — Rules and Regulations
- EXHIBIT D — Exclusions from Operating Costs
- EXHIBIT E — Standards for Janitorial Service
- EXHIBIT F --- Scope of Tenant Improvements

OFFICE LEASE

THIS OFFICE LEASE (this “**Lease**”), dated for reference purposes only as of June 1, 2021, is by and between SFSPE TG, LLC, a California limited liability company; SFSPE TI, LLC, a California limited liability company; SFSPE OBI, LLC, a California limited liability company; and SFSPE MH, LLC, a California limited liability company (together “**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:	June 1, 2021
Landlord:	SFSPE TG, LLC, a California limited liability company; SFSPE TI, LLC, a California limited liability company; SFSPE OBI, LLC, a California limited liability company; and SFSPE MH, LLC, a California limited liability company, together as Landlord
Tenant:	CITY AND COUNTY OF SAN FRANCISCO
Building (<u>Section 2.1</u>):	1360 Mission Street, San Francisco, CA
Premises (<u>Section 2.1</u>):	First and Second Floors
Rentable Area of Premises (<u>Section 2.1</u>):	Approximately 16,958 rentable square feet subject to final measurement in accordance with BOMA standards under <u>Section 2.1</u>
Term (<u>Section 3</u>):	Estimated Commencement Date: July 1, 2021 Expiration Date: June 30, 2025
Rent Commencement Date (<u>Section 4.1</u>):	The date that is eight (8) months after the Commencement Date
Extension Option(s) (<u>Section 3.4</u>):	two (2) additional term(s) of 1 years each, exercisable by City by notice to Landlord given not less than 180 days in advance, with Base Rent equal to the greater of (a) 103% of previous year’s Base Rent and (b) 95% of the

	Prevailing Market Rate.
Base Rent (<u>Section 4.1</u>):	Annual Base Rent: \$644,404 (\$38.00 per sq. ft.) Monthly payments: \$53,700.33 (\$3.17 per sq. ft.)
Base Rent Adjustment; Adjustment Dates (<u>Section 4.2</u>):	Throughout the Term, Base Rent will increase by 3% on each anniversary of the Commencement Date or, where the Commencement Date occurs on a date other than the first day of a calendar month, on the first day of the calendar month in which the Commencement Date occurred (an “ Adjustment Date ”)
Base Year (<u>Section 4.5</u>):	2021
City’s Percentage Share (<u>Section 4.5</u>):	48.55%
Use (<u>Section 5.1</u>):	Office and administrative uses only. No drop-in or public access permitted.
Leasehold Improvements (<u>Section 6</u>)	Landlord shall complete City Improvements and City shall reimburse Landlord not to exceed \$200,000 and as described in Section 6.
Utilities (<u>Section 9.1</u>):	Landlord is responsible for providing all utilities.
Services (<u>Section 9.2</u>):	Landlord shall provide janitorial services five (5) days per week as specified in Exhibit E.
Notice Address of Landlord (<u>Section 24.1</u>):	Address: 720 S B Street San Mateo, CA 94401 Fax No.: 415-276-6383
Landlord’s Key Contact:	Michael Wang
Landlord Contact Telephone No.:	650-689-5746
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: 1360 Mission floors 1 & 2
with a copy to:	Department of Public Health Attention: Director 101 Grove St. San Francisco, CA 94102 Re: 1360 Mission Floors 1 & 2

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: **1360 Mission floors 1 & 2**
Fax No.: (415) 554-4757

Tenant's Key Contact: Jeff Suess
Tenant Contact Telephone No.: 415-554-9873
Tenant's Alternate Contact: Josh Keene
Alternate Contact Telephone No.: 415-554-9859
Brokers (Section 24.8): None

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" (ANSI/BOMA Z65.1-2017) adopted by the Building Owners and Managers Association (the "**BOMA Standard**"), Method B. 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**."

Within thirty (30) days following acceptance of the Premises, City may cause the Premises to be remeasured in accordance with the BOMA standard specified above to confirm the rentable area of the Premises. If the remeasurement of the Premises shows that the Premises contain more or less than the total rentable square feet specified in the Basic Lease Information, then City will notify Landlord of the results of the remeasurement and the Base Rent and City's Percentage Share. Landlord and City will enter into an amendment to this Lease confirming the adjustment and any changes necessitated by the change in rentable area and Common Areas

City has the non-exclusive right to use, together with 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.

2.2 Condition of the Premises on Delivery

Tenant has inspected the Premises and accepts possession of the Premises in its "as-is" state and condition existing on the date hereof. Landlord shall have no obligation to make or pay for any improvements or renovations to the Premises to prepare the Premises for Tenant's occupancy, other than to sweep the Premises to render it in broom clean condition 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 acknowledges that Landlord has not made any representation or warranty regarding the condition of the Premises or the Building with respect to their suitability for the conduct of Tenant's business, except as expressly set forth in this Lease.

2.3 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

City is advised that as of the Reference Date the Premises have not been inspected by a CASp. The law does not require landlords to have the inspections performed, but Landlord may not prohibit City from obtaining a CASp inspection of the Premises for its occupancy or potential occupancy if requested by City. 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 and City has accepted the Premises in the condition required under this Lease 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 commercially reasonable efforts to deliver possession of the Premises in the condition required under this Lease, with all of the Leasehold Improvements substantially completed and accepted by City's Director of Property under Section 6.1 (Landlord's Obligation to Construct Improvements) 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 Rent Commencement Date. If the Commencement Date is later or earlier than the Estimated Commencement Date, this Lease will still expire on the Expiration Date, unless sooner terminated under the provisions under this Lease. If Landlord is unable to deliver possession of the Premises to City as required under this Lease within sixty (60) days after the

Estimated Commencement Date, then, by written notice to Landlord, City may terminate this Lease, without any further liability to Landlord or City.

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)**”), subject to Landlord’s superior right to rescind the Extension Option as provided in this Section, which right Landlord hereby expressly reserves. The Extended Term(s) will be on all of the terms and conditions contained in this Lease, except that the Base Rent shall be increased for each Extended Term as provided in the Basic Lease Information. City may exercise an Extension Option, if at all, by giving written notice (the “**Extension Notice**”) to Landlord no later than one hundred eighty (180) days before expiration of the Term to be extended, time being of the essence; 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. If City extends the Term as provided in this Section, then the word “Term” will mean and include any Extended Terms. Tenant issuance of an Extension Notice shall be deemed Tenant’s irrevocable exercise the Extension Option, except as provided in section 4.3 below. Notwithstanding anything to the contrary contained in this Lease, Landlord, upon receipt of an Extension Notice, may at its option rescind the Extension Option, by providing City written notice of its election to rescind the Extension Option no later than thirty (30) days following Landlord’s receipt of Tenant’s Extension Notice (the “**Rescission Notice**”). Landlord may issue a Rescission Notice in its sole and absolute discretion. In the event that Landlord issues a Rescission Notice, the Extension Option for which the City issued its Extension Notice shall be cancelled, null and void, the Term shall not be extended and instead shall expire as scheduled as if no Extension Notice had been issued.

4. RENT

4.1 Base Rent

Beginning on the date that is the Rent Commencement Date, 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 such 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 ten (10) days after invoice from Landlord and without any deductions or setoff except as otherwise provided in this Lease. If the Commencement Date occurs on a day other than the first day of a calendar month or the Expiration Date occurs on a day other than the last day of a calendar month, then the monthly payment of the Base Rent for the fractional month will be prorated based on a thirty (30)-day month.

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:

On each Adjustment Date, the Base Rent for the following twelve-month period will be adjusted to equal one hundred and three percent (103%) of the Base Rent for the lease year preceding the Adjustment Date.

4.3 Determination of Base Rent for the Extended Term

At the commencement of any Extended Term, the Base Rent will be adjusted to equal the greater of (a) one hundred and three percent (103%) of the Base Rent for the lease year preceding the Extended Term and (b) 95% of the Prevailing Market Rate.

For purposes of determining the Prevailing Market Rate (as hereinafter defined) for purposes of this Section 3.4, the following provisions shall apply:

(a) In the event that Landlord does not issue a Rescission Notice, then Landlord shall, in response to and within sixty (60) days of Landlord's receipt of Tenant's Extension Notice, give Tenant written notice of the applicable Prevailing Market Rate, as reasonably determined in good faith by Landlord.

(b) The term "Prevailing Market Rate" shall mean, for the option period, the then prevailing annual rental rate per square foot of rentable area for office space in comparable buildings in the Mid-Market area of San Francisco on or south of Market Street, which has been built out for occupancy, comparable in area and location to the space for which such rental rate is being determined (to the extent that quoted rental rates vary with regard to location), being leased for a duration comparable to the Extended Term beginning on or about the time of the start of the Extended Term. The determination of the Prevailing Market Rate shall take into consideration the "as is" condition of the Premises, operating expenses and tax expenses, other adjustments to base rental, and other comparable factors.

(c) Not later than thirty (30) days after Landlord's notice to Tenant of the Prevailing Market Rate, Tenant shall timely notify Landlord of Tenant's election (i) to have the Prevailing Market Rate determined by the "appraisal" procedure hereinafter described or (ii) to accept Landlord's determination of the Prevailing Market Rate, time being of the essence. If Tenant fails to notify Landlord within said thirty (30) day period of Tenant's election, Tenant shall be deemed to have accepted Landlord's determination of the then Prevailing Market Rate and to have waived its rights to an "appraisal" thereof.

(d) If Tenant has timely elected to have an "appraisal" of the amount(s) and component(s) of the then Prevailing Market Rate (based upon the aforesaid definition), then the following shall be utilized to make and implement such election:

(i) Upon the valid exercise of Tenant's election to have an "appraisal" of the then Prevailing Market Rate, then not later than twenty (20) days after Tenant's notice to have such an "appraisal" of the then Prevailing Market Rate, Landlord and Tenant shall each designate, by written notice given to the other party setting forth the designated person's address, a qualified MAI appraiser who shall have had at least ten (10) years' experience relevant to the Premise in the City of San Francisco (the "Appraisers"). It is expected that the Appraisers will familiarize themselves with this Lease, the exhibits and riders hereto, and such other documents as are deemed relevant by the Appraisers or either or both of them. Each of the Appraisers shall submit to Landlord and Tenant, within sixty (60) days after his or her appointment, a written determination of the then Prevailing Market Rate with respect to the Premises as of the start of the Extended Term.

(ii) If the two Appraisers' determinations is within 10% of each other, then the average of the two determinations shall be deemed to be the then Prevailing Market Rate and conclusive and binding on the parties. If such be not the case, then the Appraisers shall mutually select a third qualified and impartial Appraiser who shall also have an MAI designation and at least ten (10) years' experience relevant to the commercial space in the City of San Francisco (the "Third Appraiser"). The Third Appraiser shall issue a determination of said Prevailing Market Rate within sixty (60) days of his or her

appointment and the average of all three determinations shall be deemed to be the then Prevailing Market Rate and shall be conclusive and binding on the parties. The costs of these determinations shall be borne equally by Landlord and Tenant.

(iii). If Tenant becomes obligated to pay Base Rent with respect to an Extended Term when the applicable Prevailing Market Rate has yet to been determined in accordance with the foregoing procedure, Tenant shall commence paying Base Rent utilizing Landlord's determination of the then Prevailing Market Rate. Following determination of the applicable Prevailing Market Rate in accordance with the foregoing, Landlord and Tenant shall, by a cash payment within thirty (30) days of the date of such determination, adjust between themselves the difference, if any, between the Base Rent paid by Tenant pursuant to the foregoing sentence and the Base Rent actually owed by Tenant pursuant to the terms of this Lease for that time period.

(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 in writing the City's exercise of the Extension Option at any time prior to the date that is twenty-one (21) days after determination of the applicable Prevailing Market Rate in accordance with the foregoing.

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 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 reasonable and prudent 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) repairs and all labor and material costs related thereto, and 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 carried on the Building, (4) wages, salaries, payroll taxes, 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, (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 without limitation 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, (10) costs of capital repairs, capital improvements, and equipment (A) required by applicable Laws enacted on or after the date of this Lease 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, 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, an immediate (i.e., commencing within the first year after completion of the repairs or improvements or installation of equipment) reduction 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, and (11) any other expenses reasonably incurred in connection with the management, operation, maintenance or repair of the Building (other than Real Estate Taxes and any services for which Landlord is separately and directly reimbursed by City or other tenants in the Building) which would, under generally accepted accounting principles, be considered an operating expense. The computation of Operating Costs shall be made in accordance with generally accepted accounting principles.

“Operating Costs” expressly do not include the following:

(i) 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;

(ii) Rentals and other related expenses for items (except when needed in connection with normal repairs and maintenance of permanent systems) 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);

(iii) 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 sound real estate accounting principles, consistently applied.

(iv) 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 entitled to be 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,

(v) 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 cost of earthquake repairs 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);

(vi) Costs for which the Landlord is entitled to be 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, and for which Landlord is in fact reimbursed;

(vii) 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 (other than the Premise) for tenants or occupants in the Building;

(viii) 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;

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

(x) 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;

(xi) Costs incurred by Landlord resulting from any dispute under the terms and conditions of any other 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;

(xii) Costs incurred in connection with upgrading the Building to comply with disabled access, life, fire and safety codes in effect before the reference date of this Lease, 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;

(xiii) 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;

(xiv) Any management fees in excess of management fees normally charged by landlords of comparable buildings in San Francisco;

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

(xvi) 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;

(xvii) 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;

(xviii) 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, or that are not provided in reasonable proportion to the Premises but that Landlord provides to another tenant or other occupant of the Building;

(xix) 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;

(xx) 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;

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

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

(xxiii) Real Estate Taxes and any tax penalties incurred as a result of Landlord's negligence or Landlord's inability or unwillingness to make tax payments when due;

(xxiv) Fines, costs, penalties, or interest resulting from the negligence or fault of other tenants or of the Landlord or their Agents;

(xxv) Costs arising from the presence of Hazardous Material in, under, or about the Building including groundwater or soil conditions;

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

(xxvii) 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;

(xxviii) Costs for sculpture, paintings, or other objects of art;

(xxix) Costs arising from claims, disputes, or potential disputes, excluding 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;

(xxx) 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;

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

(xxxii) 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;

(xxxiii) 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; and

(xxxiv) Any other expense that under sound real estate accounting principles would not be considered a maintenance or operating expense by landlord of comparable buildings in San Francisco.

"Real Estate Taxes" means all taxes, assessments, and charges levied, assessed or imposed on or with respect to the portion of the Building or the Property owned by Landlord, or Landlord's interest in the Building or the Property. Real Estate Taxes include, without limitation, all general 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, or by any other political or public entity, 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 expressly do not include: (1) franchise, transfer, inheritance, gross receipts, 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) intentionally omitted ; or (5) any Commercial Rent Tax for Childcare and Early Education (Prop. C), but only to the extent that gross receipts received from leases to government entities are exempt.

(b) **"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

(a) **Operating Expenses.** 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 Expenses for that year to determine the amount of Operating Expenses 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 Expenses 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 Expenses 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 or any Expense Year, Landlord does not

furnish any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken that work or service in lieu of Landlord, Operating Expenses will be deemed to be increased by an amount equal to the additional Operating Expenses 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 Expenses that were not part of Operating Expenses during the entire Base Year, then the Operating Expenses for the Base Year will be grossed up to reflect what Operating Expenses would have been if the custom or practice, additional services, separate items, or categories or subcategories of Operating Expenses been provided during the entire Base Year. Operating Expenses 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.

(b) Taxes. If a new type of Real Estate Tax is imposed or the method of calculating a particular Real Estate Tax is modified after the Base Year, then Real Estate Taxes for the Base Year will be adjusted on a basis consistent with sound real estate accounting principles, to reflect Real Estate Taxes of the type of tax or method had been in effect in the Base Year. 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 on 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 during 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

(a) Calculation of Operating Expenses. The calculation of Operating Costs will be made in accordance with sound real estate accounting principles. 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 Expenses 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 a rate per annum equal to three percent (3%) over the Treasury Rate charged at the time the capital improvement is constructed, 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 Expenses from all of its tenants in the Building an amount that is more than 100% of the Operating Expenses actually paid by Landlord in connection with the Building.

(b) Calculation of Real Estate Taxes. The calculation of Real Estate Taxes will be made in accordance with sound real estate accounting principles. 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 Expenses for purposes of this Lease, and (ii) tax refunds under Proposition 8 will not be deducted from Real Estate Taxes or refunded to Tenant, but will be Landlord's sole property.

4.8 Payment of 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 sixty (60) days 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 sixty (60) days before the Expense Year. With reasonable promptness not to exceed ninety (90) 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 any annual increase in City's Percentage Share of Operating Costs for any Expense Year exceed five percent (5%). The obligations of this paragraph shall survive the termination of this Lease or expiration of the Term.

4.9 Payment of 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 two (2) months before the first payment of City's Percentage Share of Real Estate Taxes is due. With reasonable promptness not to exceed sixty (60) 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 City's option, the excess will be refunded to City. The obligations of this paragraph shall survive the termination of this Lease or expiration of the Term.

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 five (5) business days' notice to Landlord, City may audit the books and records of the Building related to Operating Costs and Real Estate Taxes. 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 to City the amount of any overpayment by City. City will pay the cost of the audit, but if an audit discloses any discrepancies that result in a reduction of City's Percentage Share of Operating Costs and/or Real Estate Taxes by three percent (3%) or more for any Expense Year or Tax Year, then Landlord will pay the costs of the audit.

4.12 Records

Landlord will maintain at the Building or at its offices in San Francisco in a safe, complete, and organized manner all of its records related to 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 City 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 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 the uses specified in the Basic Lease Information, and for no other use without Landlord's prior written consent. It is expressly acknowledged and agreed that the Premises may not be used for drop-in or public access to social services.

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. Landlord will notify City of any waiver of or special dispensation under the Rules and Regulations granted by Landlord to any other tenant in the Building and on request, City will be entitled to the same waiver or special dispensation.

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, including during any power outages affecting the Premises or any portion of the Building; but Landlord may, after consultation with City's Administrator, 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. If the condition continues for two (2) business days and impairs City's ability to carry on its business in the Premises, then the Rent will be abated based on the extent to which the condition interferes with City's ability to normally and safely carry on its business at the Premises. If the condition continues for thirty (30) days or more after City's use is interrupted or impaired then, without limiting any of its other rights under this Lease, City may terminate this Lease, unless Landlord supplies City with evidence reasonably satisfactory to City that City's normal and safe use will be restored within sixty (60) days after the date City's use was interrupted or impaired, and City's full use is actually restored within that sixty (60)-day period. 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 Landlord's Obligation to Construct Improvements

Landlord, through its general contractor reasonably approved by City, will construct the Premises, perform the work, and make the installations in the Premises as provided in the Construction Documents (as defined in this Section below) approved by City. The construction, work, and installations are referred to as the “**Leasehold Improvement Work**” and “**Leasehold Improvements.**”

(a) Plans and Specifications

(i) Landlord has caused its architect or space planner approved by City to prepare and submit to City for its approval an architectural plan, electrical plan, reflected ceiling plan, floor plans, and tenant finish specifications for the Leasehold Improvements, based on City's program requirements for use of the Premises, and in form and detail sufficient for purposes of contractor pricing. City hereby approves the plans and specifications dated May 18, 2021 (the “**Pricing Plans**”), prepared by Landlord, copies of which are attached as **Exhibit F**.

(ii) Immediately following the Effective Date of this Lease (as defined in Section 24.22 (Effective Date)), based on the approved Pricing Plans and any adjustments authorized by City, Landlord will cause final plans, specifications, and working drawings for the Leasehold Improvements to be prepared, in conformity with the requirements of this Lease. Landlord will submit a copy of the final plans, specifications, and working drawings to City within fifteen (15) days after the Effective Date. The final working drawings and specifications will be subject to City's approval, which approval may not be unreasonably withheld or delayed. If City disapproves the final working drawings and specifications, or any portion of them, then City will promptly notify Landlord of its disapproval and the revisions that City reasonably requires in order for Landlord to obtain City's approval. As soon as reasonably possible, but in no event later than three (3) days after City's notice, Landlord will submit to City final plans, specifications, and working drawings incorporating the revisions required by City. The revised plans, specifications, and working drawings will be subject to City's approval, which may not be unreasonably withheld or delayed. The final plans, specifications, and working drawings for the Leasehold Improvements approved by City are referred to as the “**Construction Documents.**”

(b) Permits

Landlord will secure and pay for any building permits and other permits and approvals, government fees, licenses, and inspections necessary for the proper performance and completion of the Leasehold Improvement Work shown on the Construction Documents. Promptly after City's approval of the Construction Documents, Landlord will apply for any permits, approvals, or licenses necessary to complete the Leasehold Improvement Work and will provide copies to City promptly following receipt. Landlord will be responsible for arranging for all inspections required by City's Department of Building Inspection.

(c) Construction

Immediately after approval of the Construction Documents and Landlord's receipt of all necessary permits and approvals, Landlord will commence construction and cause the Leasehold Improvements to be completed in a good and professional manner in accordance with sound building practices. Landlord will comply with and give notices required by all Laws (defined in Section 10.1 (Landlord's Compliance with Laws)), related to construction of the Leasehold Improvements. Without limiting the foregoing, construction of the Leasehold Improvements must comply with all applicable disabled access laws, including the most stringent requirements of the Americans with Disabilities Act of 1990, California Code of Regulations Title 24 (or its

successor) and City's requirements for program accessibility. Landlord will pay prevailing wages in connection with construction of the Leasehold Improvement Work as further provided in Section 23.3 (Prevailing Wages and Working Conditions), and may not use tropical hardwood wood products, or virgin redwood wood products as further provided in Section 23.5 (Tropical Hardwood and Virgin Redwood Ban).

(d) Construction Schedule; Substantial Completion

(i) Landlord will keep City apprised on a regular basis of the status of plan preparation, permit issuance, and the progress of 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 reasonable efforts not to materially interfere with the construction. Landlord or its representative may accompany City during any inspection. When construction progress permits, but not less than fifteen (15) days before completion, Landlord will notify City of the approximate date that the Leasehold Improvement Work will be substantially completed in accordance with the Construction Documents. Landlord will revise the notice of the approximate substantial completion date as appropriate from time to time and will immediately notify City when the Leasehold Improvement Work is substantially completed and the Premises are ready for occupancy by City. On a mutually agreeable date as soon as practicable after Landlord's notice to City that the Leasehold Improvements have been substantially completed, City and its authorized representatives will accompany Landlord or its architect on an inspection of the Premises.

(ii) The Leasehold Improvement Work will be deemed to be "**substantially completed**" for purposes of this Lease when the Leasehold Improvements have been sufficiently completed in accordance with the approved Construction Documents so that City can occupy the Premises and conduct its business for its intended uses and City, through its Director of Property, has approved the Leasehold Improvements. At its option, City may approve the Leasehold Improvements even though there may remain incomplete minor details that would not interfere with City's use. Landlord will promptly and diligently cause all incomplete details to be completed. Within thirty (30) days after acceptance of the Premises or as soon after acceptance as practicable, City may present to Landlord a written punch-list of any items that have not been finished in accordance with the Construction Documents. Within thirty (30) days after the delivery of the punch-list, Landlord will promptly complete all defective or incomplete items identified in the punch-list. City's failure to include any item on the punch-list will not alter Landlord's obligation under this Lease to complete all Leasehold Improvement Work in accordance with the approved Construction Documents, or constitute a waiver of any latent defects.

(iii) No approval by City or any of its Agents of the Pricing Plans, Construction Documents, or completion of the Leasehold Improvement Work for purposes of this Lease will be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Premises, and nothing in this Lease will limit Landlord's obligations to obtain all necessary or required approvals.

(iv) All costs incurred in connection with the Leasehold Improvement Work conducted by Landlord shall be paid by the City, either directly or as reimbursement to Landlord for costs which Landlord has paid directly. All such payments to third parties shall be promptly made by City when they become due. All reimbursements requested by Landlord shall be paid by City within thirty (30) days of Landlord's request therefore.

6.2 Installation of Telecommunications and Other Equipment

Landlord and City acknowledge that the Leasehold Improvement Work will not include the installation of telecommunications, data, and computer cabling facilities and equipment, except as specifically noted in the Scope of Work (“Scope of Work”). City is responsible for installing those facilities and equipment. Landlord will furnish access to City and its consultants and contractors to the main communications service serving the floor(s) on which the Premises are located and all other parts of the Building where access is needed for proper installation of the facilities and equipment including wiring. City will have the right to enter the Premises and the other portions of the Building at reasonable times during construction of the Leasehold Improvements in order to install the facilities and equipment. City and Landlord will use their good faith efforts to coordinate any all activities to allow the Leasehold Improvements and the installation of the facilities and equipment to be completed in a timely and cost-effective manner.

6.3 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, and the repainting and recarpeting of the Premises do not constitute Alterations and do not require Landlord’s consent. Any Alterations permitted under this Lease will be made at City’s cost in compliance with present or future applicable Laws (as defined in Section 10.1 (Landlord’s Compliance with Laws)). Without cost to itself, Landlord

will cooperate with City in securing building and other permits and authorizations needed for any permitted Alterations. Landlord will not be entitled to any construction or other administrative fee in connection with any Alteration. City will not be required to remove any Alterations on the expiration or sooner termination of this. City is not required to remove any improvements not requiring Landlord's consent.

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

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. If City requests, Landlord may assist City by ordering and installing City's Personal Property and City will reimburse Landlord for all fees, costs, and expenses approved by City in advance within thirty (30) days after receipt of an invoice; provided, however, that City may elect to provide any deposit or other expense required at the time of ordering City's Personal Property. Although Landlord may order and install City's Personal Property, all items will remain City's Personal Property and not be considered Leasehold Improvements or constitute any component of the Leasehold Improvements. At any time during the Term, City may 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). Landlord acknowledges that some of City's Personal Property may be financed by an equipment lease financing otherwise subjected to a security interest, or owned by an equipment company and leased to City ("**Secured Personal Property**"). Landlord recognizes the rights of any supplier, lessor, or lender who has an interest in any items of Secured Personal Property to enter the Premises and remove that Secured Personal Property at any time during the Term or within thirty (30) days after the Expiration Date. On City's reasonable request, Landlord will execute and deliver any document required by any supplier, lessor, or lender in connection with the installation of any items of Secured Personal Property in the Premises, under which Landlord waives any rights it may have or acquire with respect to the Secured Personal Property, so long as the supplier, equipment supplier, lessor, or lender agrees that it **(i)** will remove the Secured Personal Property from the Premises within thirty (30) days after the Expiration Date (and if it does not remove the Secured Personal Property within that time the equipment supplier, lessor, or lender will have waived any rights it may have had to the Secured Personal Property), and **(ii)** will repair any damage caused by the removal of the Secured Personal Property.

7.4 Alteration by Landlord

Landlord will use reasonable 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, Landlord will repair and maintain the exterior and structural portions of the Building in good condition, including, the roof, foundation, bearing and exterior walls and subflooring, and the heating, 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 **(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

Landlord will furnish the following utilities and services to the Premises: **(a)** heating in amounts required for City's comfortable use and occupancy of the Premises, during the period from 8:00 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 ("**Daily Basis**"); **(c)** elevator service on a Daily Basis; and **(d)** water for lavatory, kitchen, and drinking purposes on a Daily Basis. During the Term, Landlord will provide freight elevator service on City's reasonable request. Without limiting Landlord's obligations under this Section, Landlord will furnish all

utilities and services required under this Lease in a manner consistent with utilities and services normally provided in other comparable class buildings similar to the Building in the San Francisco Lower South of Market area.

9.2 Services

(a) Janitorial Service

At its cost, Landlord will provide janitorial service in accordance with the specifications contained in the attached **Exhibit E**.

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 Landlord is unable to supply any of the Building's sanitary, electrical, heating, water, elevator, fire protection and security, audio, video or electronic communications, hazard detection and alarm, or other essential services serving the Premises (collectively, "**Essential Services**") and that inability of Landlord impairs City's ability to carry on its business in the Premises for **(a) five (5)** or more business days and it is in Landlord's reasonable control to restore the Essential Services or **(b) seven (7)** or more consecutive business days if the failure is not within Landlord's reasonable control, then the Rent will be abated based on the extent that the lack of the Essential Services impairs City's ability to normally carry on its business in the Premises, or, alternatively at City's election, City may provide the Essential Services and offset the reasonable cost against the Rent next due under this Lease. The abatement or right to provide the Essential Services and offset against Rent will continue until the Essential Services have been restored so that the lack of any remaining Essential Services no longer materially impairs City's ability to carry on its business in the Premises. Landlord will use commercially reasonable efforts to restore disrupted Essential Services as soon as possible. If the failure to provide any Essential Services occurs for any reason for fifteen (15) days or more in any sixty (60)-day period and that failure interferes with City's ability to normally carry on its business in the Premises, then, without limiting any of its other rights or remedies under this Lease or at law or in equity, City may terminate this Lease on written notice to Landlord, unless Landlord supplies City with evidence reasonably satisfactory to City that the Essential Services will be reliably restored within sixty (60) days after the date City's use was first interrupted, and the Essential Services are actually restored and reliable within the sixty (60)-day period. City will not be entitled to any abatement of Rent or right to terminate if Landlord's inability to supply Essential Services to City results solely to 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; Indemnity

Subject to City's obligation under Section 8.2 (City's Repairs), Landlord will at all times during the Term maintain, at its cost, the Property, Building, Common Areas, and the Building Systems in compliance with applicable present or future federal, state, local, and administrative laws, rules, regulations, orders, and requirements (collectively, "**Laws**"). Landlord represents and warrants to City, and covenants with City, as **(a)** the physical structure, fixtures, and

permanent improvements of the Premises (including the Leasehold Improvements) and all portions of the Property and the Building along the path of travel that Premises (including the Building entrances, Common Areas, restrooms, elevators, lobbies, telephone banks, and drinking fountains) are, to the best of Landlord's current actual knowledge, now, and as of the Commencement Date will be, in compliance with the requirements of the Americans With Disabilities Act of 1990, California Code of Regulations Title 24, and all other applicable Laws intended to provide equal accessibility for persons with disabilities (collectively, "**Disabilities Laws**"); (b) the Building is not an unreinforced masonry building, and to the best of Landlord's current actual knowledge, is now, and as of the Commencement Date will be, in compliance with all applicable Laws relating to seismic safety (collectively, "**Seismic Safety Laws**"); (c) the Building, the Common Areas, and Building Systems serving the Premises are to the best of Landlord's current actual knowledge, now, and as of the Commencement Date will be, in full compliance with all applicable Laws relating to fire and life safety (including the San Francisco High-Rise Sprinkler Ordinance) (collectively, "**Life Safety Laws**"); (d) the Building, the Common Areas, and Building Systems serving the Premises are to the best of Landlord's current actual knowledge, now, and as of the Commencement Date will be, in compliance with all other applicable Laws; and (e) to the best of Landlord's current actual knowledge, there are not now, and as of the Commencement Date will not be, any material physical or mechanical defects in the Premises, Building, or the Building Systems that would materially adversely affect City's intended use of the Premises. Without limiting Section 16.2 (Landlord's Indemnity), Landlord will Indemnify City against any and all Claims (defined in Section 16.1 (City's Indemnity) below) arising out of (i) any failure of the Property, Building, Common Areas, Building Systems (or any portion of any of them) to comply with applicable Laws; or (ii) any misrepresentation by Landlord under this Section.

10.2 City's Compliance with Laws; Indemnity

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) and the modifications are not otherwise Landlord's responsibility under this Lease. 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). Without limiting Section 16.1 (City's Indemnity), City will Indemnify Landlord against any and all Claims arising out of City's failure to comply with all applicable Laws as provided in this Section. Furthermore, City shall use reasonable efforts to notify Landlord if it makes alterations to the Premises that might impact accessibility under federal and state disability access laws.

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

(a) 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 are self-operative and no further instrument will be required. At Landlord’s request, however, City will enter into a subordination, non-disturbance, 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.

(b) 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 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

(a) If the Premises, the Building, or any Building Systems 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 or if, at its sole option, City makes sufficient funds available to Landlord, 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 ten (210) 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. 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.

(b) Within twenty (20) 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 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.

(c) 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.

(d) 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.

(e) 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 condemnor 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

(a) 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.

(b) 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.

(c) 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 13.4 (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 13.4 (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

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.

15. DEFAULT; REMEDIES

15.1 Events of Default by City

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

(a) 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 five (5) business days after receipt of written notice or nonpayment from Landlord, provided that for the first two (2) monthly payments of Rent at the beginning of the Term and for the first monthly payment of Rent after the beginning of each new fiscal year for City

(b) City will have twenty (20) days after written notice from Landlord to cure any nonpayment.

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

(d) 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.

15.2 Landlord's Remedies

On the occurrence 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:

(a) The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including without limitation 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.

(b) 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.

15.3 Landlord's Default

If Landlord fails to perform any of its obligations under this Lease, then (without limiting any of City's other cure rights under this Lease), at its sole option, City may cure the default at Landlord's expense if the default continues after ten (10) days after the date City gives notice to Landlord of City's intention to perform the cure. However, if a default occurs because of a cause beyond Landlord's control (excluding any financial inability to perform), and Landlord cannot with due diligence cure the default within the ten (10)-day period, then the ten (10)-day period will be extended if, promptly on receipt of City's notice, Landlord advises City of Landlord's intention to take all steps required to cure the default, and Landlord promptly commences the cure and diligently prosecutes the cure to completion. But if any default by Landlord continues for sixty (60) days and impairs City's ability to carry on its normal business in the Premises, then City may terminate this Lease on written notice to Landlord within thirty (30) days after the expiration of the sixty (60)-day period. Subject to the other provisions of this Lease relating to abatement of Rent, if Landlord fails to cure any default within the ten (10)-day cure period provided above (as it may be extended as provided above), then, whether or not City elects to cure Landlord's default, the Rent will be abated based on the extent to which the default interferes with City's ability to carry on its normal business at the Premises. City's rights under this Section and under any other provisions of this Lease will not limit in any way any of its other rights and remedies under this Lease or at law or in equity.

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 default by City in the performance of any of its material obligations under this Lease, or (c) 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 (a) any default by Landlord in the performance of any of its obligations under this Lease

or any breach of any representations or warranties made by Landlord under this Lease, or **(b)** 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 carry any insurance with respect to this Lease. City assumes the risk of damage to any of City's Personal Property, except for damage caused by Landlord or its Agents.

18. ACCESS BY LANDLORD

Landlord reserves for itself and any of its designated Agents the right to enter the Premises at all reasonable times 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, **(e)** accessing the Building's Electrical Room, which is located within the Premise on the first floor, **(f)** accessing the Building's Telephone/Communications Closet, which is located within the Premises on the second floor, and **(g)** 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 unreasonably interfere with City's use of the Premises. Furthermore, Landlord reserves for itself and its Agents a non-exclusive right for ingress and egress over, on, across and through the hallway in the western portion of the ground floor of the Premises connecting the Building's freight exterior to Mission Street via the Premise's Mission Street entrance, which Landlord or its Agent may utilize to **(i)** bring items into the Building from Mission Street to the freight elevator and **(ii)** to remove trash or other items from the Building through the freight elevator to Mission Street.

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.

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, and any Alterations City desires or is

required to remove from the Premises under the provisions of Section 7.1 (Alterations by City). 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 current actual knowledge, the following statements are true and correct and will be true and correct as of the Commencement Date **(a)** the Property is not in violation of any Environmental Laws; **(b)** the Property is not now, and has not been, 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, and the Premises or the common areas of the Building do not contain any lead-based paints; **(e)** there is and has been no Release of any Hazardous Material in the Building or in, on, under, or about the Property; 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 Landlord's Environmental Indemnity

Without limiting Landlord's Indemnity in Section 16.2 (Landlord's Indemnity), Landlord will Indemnify City and its Agents against any and all Claims arising during or after the Term (a) as a result of any breach of any of Landlord's representations, warranties, or covenants in the preceding Section, or (b) in connection with any presence or Release of Hazardous Material in the Building or on, under, or about the Property, unless City or its Agents caused the Release.

21.4 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.

21.5 City's Environmental Indemnity

If City breaches its obligations contained in the preceding Section 21.4 (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. Intentionally Omitted

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. 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.

23.3 Non Discrimination in City Contracts and Benefits Ordinance

(a) 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.

(b) 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.

(c) 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).

(d) 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.

(e) 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.

23.4 Tropical Hardwood and Virgin Redwood Ban

(a) 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.

(b) 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.

(c) 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.

23.5 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.

23.6 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. Landlord will comply with all applicable provisions of those code sections.

23.7 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.

23.8 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.

23.9 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.

23.10 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 exercise of an Extension Option may be made on the sole approval of the Director of Property, or his or her designee. 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 (but expressly excluding City’s exercise of

an Extension Option), (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.

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. 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.

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 City holds over in possession of the Premises after the expiration of the Term with Landlord's express written consent, that holding over will not be deemed to extend the Term or renew this Lease, and City's tenancy will continue as a month-to-month tenancy until the tenancy is terminated by either party by giving least thirty (30) days' prior written notice of termination. The month-to-month tenancy will be on all the terms and conditions of this Lease and at the monthly Base Rent in effect during the last month of the Term or as Landlord and City may mutually agree in writing. If City holds over without Landlord's express written consent, the rent payable by City during the period of holding over will be one hundred ten percent (110%) of the monthly Base Rent in effect during the last month of the Term of this Lease, and the tenancy will otherwise be on the terms and conditions contained in 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. 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. Without limiting the provisions of Section 16.2 (Landlord's Indemnity), Landlord will Indemnify City and its Agents against Claims arising out of any assertion that would interfere with City's right to quiet enjoyment as provided in this Section.

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 financially responsible person or entity. If Landlord transfers its interest in the Property, the Building, or this Lease to another other financially responsible person or entity, as reasonably determined by Landlord, 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) intentionally omitted, (c) Landlord has transferred the Security Deposit to the transferee, and (d) 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 Acceptance of Lease by Landlord

24.23 Cooperative Drafting

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

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. THE OBLIGATIONS OF THIS LEASE ARE VOIDABLE AND THIS LEASE MAY BE TERMINATED BY LANDLORD AT ANY TIME UNLESS AND UNTIL THIS LEASE HAS BEEN FULLY AND FINALLY APPROVED BY THE CITY’S BOARD OF SUPERVISORS PURSUANT TO THIS PARAGRAPH.

DISABILITY ACCESS OBLIGATIONS NOTICE

DISABILITY ACCESS OBLIGATIONS UNDER
SAN FRANCISCO ADMINISTRATIVE CODE CHAPTER 38

Before you, as the Tenant, enter into a lease with us, the Landlord, for the Premises, please be aware of the following important information about the Lease:

You May Be Held Liable for Disability Access Violations on the Premises.

Even though you are not the owner of the Premises, you, as the Tenant, as well as the Premises owner, may still be subject to legal and financial liabilities if the Premises does not comply with applicable federal and state disability access laws. You may wish to consult with an attorney prior to entering into this Lease to make sure that you understand your obligations under federal and state disability access laws. The Landlord must provide you with a copy of the Small Business Commission Access Information Notice under Section 38.6 of the Administrative Code in your requested language. For more information about disability access laws applicable to small businesses, you may wish to visit the website of the San Francisco Office of Small Business or call 415-554-6134.

The Lease Must Specify Who Is Responsible for Making Any Required Disability Access Improvements to the Premises. Under City law, the Lease must include a provision in which you, the Tenant, and the Landlord agree upon your respective obligations and liabilities for making and paying for required disability access improvements on the Premises. The Lease must also require you and the Landlord to use reasonable efforts to notify each other if they make alterations to the Premises that might impact accessibility under federal and state disability access laws. You may wish to review those provisions with your attorney prior to entering into this Lease to make sure that you understand your obligations under the Lease.

PLEASE NOTE: The Premises may not currently meet all applicable construction-related accessibility standards, including standards for public restrooms and ground floor entrances and exits.

By signing below, I confirm that I have read and understood this Disability Access Obligations Notice.

TENANT:

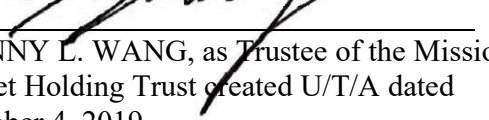
CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

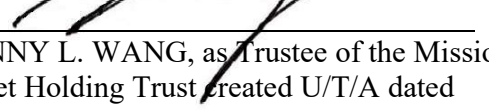
Landlord and City have executed this Lease as of the date first written above.

LANDLORD:

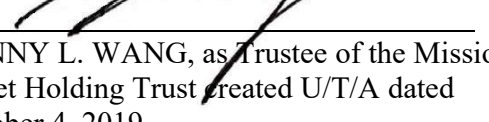
SFSPE TG, LLC,
a California limited liability company

By: 
BENNY L. WANG, as Trustee of the Mission
Street Holding Trust created U/T/A dated
October 4, 2019
Its: Manager

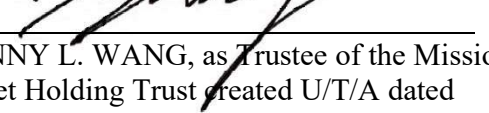
SFSPE TI, LLC,
a California limited liability company

By: 
BENNY L. WANG, as Trustee of the Mission
Street Holding Trust created U/T/A dated
October 4, 2019
Its: Manager

SFSPE OBI, LLC,
a California limited liability company

By: 
BENNY L. WANG, as Trustee of the Mission
Street Holding Trust created U/T/A dated
October 4, 2019
Its: Manager

SFSPE MH, LLC,
a California limited liability company

By: 
BENNY L. WANG, as Trustee of the Mission
Street Holding Trust created U/T/A dated
October 4, 2019
Its: Manager

[Signature Page Continued on Following Page]

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

*[Pursuant to the authority granted to the
Director of Property under San Francisco
Administrative Code Section 23.26]*

RECOMMENDED:

Greg Wagner
Chief Operating Officer

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

FLOOR PLAN

CONSISTING OF TWO PAGES

Exhibit A-1



DATE	REVISION	INITIALS

EXHIBIT A-2



DATE	INITIALS	REVISION

P:\Projects\Design\SF\SFDPH\A2

EXHIBIT B

NOTICE OF COMMENCEMENT DATE

[Date]

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

RE: Acknowledgement of Commencement Date, Lease Between
_____ (Landlord), and the CITY AND COUNTY OF
SAN FRANCISCO (Tenant), for premises known as
_____ located at _____

Dear Mr. Penick:

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: _____
Andrico Q. Penick
Director of Property

Dated: _____

DRAFT
CONFIDENTIAL
ATTORNEY CLIENT PRIVILEGED

EXHIBIT C

BUILDING RULES AND REGULATIONS

EXHIBIT C

BUILDING RULES AND REGULATIONS

Rules and Regulations
1360 Mission Street, San Francisco, CA

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's written consent, which shall not be unreasonably withheld. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon termination of the Lease, all keys to the Building and the Premises shall be surrendered to Landlord.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress to and egress from the Premises.

3. 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 neighborhood. Tenant and its employees shall at all times keep the door of the front and rear stairwell closed, with access restricted to employees only. Tenant and its employees and agents shall ascertain that the Building doors are securely closed and locked when leaving the Premises after normal business hours. Landlord and its agents shall in no event be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the event of invasion, mob riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building by any means Landlord deems appropriate for the protection of life and property.

4. Landlord shall have the right to control and operate the public portions of the Building, the public facilities, the heating and ventilating, and any other facilities furnished for the common use of tenants.

5. Tenant shall apply to the Landlord for any work or maintenance to be provided by Landlord. Employees of Landlord shall not perform any work other than their regular duties, except when so directed by Landlord.

6. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate with Landlord or Landlord's agent to prevent same.

7. 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 objects other than toilet paper shall be thrown into the toilets. The expense of any breakage, stoppage or damage resulting from the violation of this rule by Tenant or its employees, agents and visitors shall be borne by Tenant.

8. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof without Landlord's prior written consent.

9. No vending machine or machines of any description other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without Landlord's prior written consent.

10. Tenant shall not use or keep in or on the Premises of the Building any kerosene, gasoline or other inflammable or combustible fluid or material. Except for commonly-used cleaning supplies, Tenant shall not use, keep or permit to be used or kept foul or noxious substances in or on the Premises, 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, or interfere in any way with other tenants or persons having business in the Building.

11. Tenant shall not bring into or keep within the Building or the Premises any animals or birds, without Landlord's prior written consent.

12. Introduction of telephone and telegraph wires to the Premises and the location of telephone, call boxes and other office equipment affixed to the Premises shall be subject to Landlord's prior written approval.

13. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's sole judgment, displays negative behavior due to the influence of liquor or drugs, or who violates these rules and regulations.

14. Any damage to the Premises caused by Tenant or its employees or agents while engaged in the cleaning or maintaining of the Premises shall be Tenant's sole responsibility.

15. Tenant and its employees and agents shall not loiter in the entrances or corridors, nor in any way obstruct the sidewalks, lobby, halls, stairways or elevators, and shall use the same only for ingress to and egress from the Premises.

16. Tenant shall store all trash, garbage, and recyclables within the interior of the Premises. In the event that Tenant has trash or recyclables that does not fit within the receptacles located in the Premises, Tenant shall store such trash in the ground floor only within the designated bins in the Common Area, located in the rear of the ground floor. No trash, garbage, refuse or recyclables shall be placed by Tenant or its employees or agents on the floor or any other portion of the Common Area outside of the designated containers for such materials. No material shall be placed in trash boxes or receptacles if disposal in the ordinary and customary manner in San Francisco would violate any applicable law or ordinance. All trash, garbage and refuse disposal shall occur only through entryways and elevators provided for such purposes at times designated by Landlord.

17. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

18. Tenant shall assume all responsibility for protecting the Premises from theft, robbery and pilferage, including without limitation preventing entry to the Premises by unauthorized persons, except as permitted by Landlord or Landlord's agents.

19. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all tenants of the Building.

20. Landlord reserves the right to make other reasonable rules and regulations as in its judgment may from time to time be needed for security or for the preservation of good order, and Tenant shall abide by all such rules and regulations.

EXHIBIT D

STANDARDS FOR UTILITIES AND SERVICES

Landlord will provide the following utilities and services, at cost:

(a) Elevators. Unattended automatic passenger elevator facilities serving the floor(s) on which the Premises are located, on a 24-hours a day, 7-days a week basis. Freight elevator service is available 24-hours a day 7-dys a week.

(b) Ventilation and Heating. Ventilation to the Premises and heating to the Premises in season, 5-days per week, Monday through Friday, except holidays generally recognized in the City of San Francisco, from 7:00 a.m. to 6:00 p.m., and at the temperatures and in the amounts as City deems reasonably necessary for the comfortable occupancy of the Premises, subject to applicable governmental laws, ordinances, rules, and regulations. In addition to the above hours, Landlord will provide ventilation to the Premises and heating to the Premises in season, after hours or on weekends or during holidays, on twenty-four (24) hours' notice from City, provided that City will reimburse Landlord for Landlord's actual cost for providing the additional ventilation to the Premises and air-conditioning and heating to the Premises in season. City may not alter, adjust, or tamper with the installations or facilities supplying climate control to the Building or the Premises. There is no air conditioning for the Premises.

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

(d) Water. Water available at current points of supply in public areas for drinking and lavatory purposes only, and hot and cold water in the Premises for drinking and kitchen purposes 24-hours per day, 7-days per week.

EXHIBIT E

STANDARDS FOR JANITORIAL SERVICE

1360 Mission Street 1st and 2nd floors

I. SPECIFICATION OF SERVICES TO BE PERFORMED - SCOPE OF WORK

- A.** Landlord's janitorial contractor (its "**Contractor**") will furnish all labor, materials, and equipment required to perform exterior and interior janitorial service five days a week, Monday through Friday, excluding holidays, at the above location in accordance with these specifications:
- B.** All windows and glass broken by Landlord's Contractor will be replaced at no cost to City.
- C.** Landlord's Contractor must, at all times, maintain adequate staffing that meets these specifications. All employees must wear uniforms (See Section II). City may request Landlord to remove any janitor from the Premises at any time it desires and for any reason whatsoever, and an immediate replacement will be provided. All written notices are to be submitted to:

City and County of San Francisco
Department of Public Health
101 Grove street
San Francisco, CA 94102
Attn.: **Facilities**

- D.** All services must be performed after 5:00 p.m.
- E.** All employees of Landlord's Contractor must be fully trained and experienced in the custodial service trade.
- F.** Landlord will assign space in the Building to Contractor to store supplies and equipment. Supplies and equipment must be neatly stored only in the areas provided by Landlord. No supplies or equipment may be stored in the Premises without City's prior approval.
- G.** City's Recycling Program includes recycling materials from offices in the Building. Bins for recyclable materials can be obtained from City.
- H.** On or before the Commencement Date, Landlord's Contractor will provide a schedule for all periodic services specified in this Exhibit.
- I.** Janitorial Service Specifications for Offices and Common Areas.
 - 1.** Nightly Services
 - a.** Turn off all lights as soon as possible each night.

- b.** Vacuum all carpets. Move electric cords to prevent damage to the corner bead.
- c.** Dust mop all resilient and composition floors with treated dust mops. Damp mop to remove spills and water stains as required.
- d.** Spot clean any stains on carpet.
- e.** Dust all desks and office furniture with treated dust cloths.
- f.** Papers and folders on desks are not to be moved.
- g.** Sanitize all telephone receivers.
- h.** Empty all waste paper baskets and other trash containers and remove all trash from floors to the designated trash areas. Sort and put **ALL RECYCLABLE MATERIAL** into bins provided by City.
- i.** Remove fingerprints, dirt smudges, graffiti, etc., from all doors, frames, glass partitions, windows, light switches, and walls.
- j.** Return chairs and waste baskets to proper positions.
- k.** Clean, sanitize, and polish drinking fountains.
- l.** Monitor any interior public planters and remove extraneous items.
- m.** Dust and remove debris from all metal door thresholds.
- n.** Wipe clean smudged brightwork.
- o.** Spot clean resilient and composition floors as required.
- p.** Service all walk-off mats as required.
- q.** Close all window coverings.
- r.** Check for burned out lights and replace from building stock (to be supplied by Landlord).

2. Weekly Services

- a.** Dust all low reach areas including chair rungs, structural and furniture ledges, baseboards, window sills, door louvers, wood paneling, molding, etc.
- b.** Dust inside of all door jambs.
- c.** Clean and polish all metal door thresholds.
- d.** Wipe clean and polish all brightwork

- e. Sweep the service stairwell.
- f. Damp mop all vinyl bases.
- g. Edge all carpeted areas.

3. Monthly Services

- a. Dust all high reach areas including tops of door, frames, structural and furniture ledges, tops of partitions, picture frames, etc.
- b. Vacuum upholstered furniture.
- c. Move all plastic carpet protectors and thoroughly vacuum under and around all desks and office furniture.
- d. Clean and buff all building standard resilient and/or composite flooring.

4. Quarterly Services

- a. Shower-scrub or otherwise recondition all resilient or composition flooring to provide a level of appearance equivalent to a completely refinished floor.
- b. Wash all chair pads.

5. Semi-Annual Services

- a. Vacuum all window coverings.
- b. Dust light diffusers.

6. Annual Services

- a. Shampoo carpets in offices (schedule to be approved in advance), using products and methods recommended by manufacturer and/or carpet installation contractor.

J. Rest Room Service Specifications

1. Daily Service

- a. Re-stock all rest rooms with supplies from the Landlord's stock, including paper towels, toilet tissue, seat covers, and hand soap, as required.
- b. Re-stock all sanitary napkin and tampon dispensers from Contractor's stock, as required.

- c.** Wash and polish all mirrors, dispensers, faucets, flushometers, and brightwork with non-scratch disinfectant cleaner. Wipe dry all sinks.
- d.** Wash and sanitize all toilets, toilet seats, urinals, and sinks with non-scratch disinfectant cleaner.
- e.** Remove stains, scale toilets, urinals, and sinks, as required.
- f.** Mop all rest room floors with disinfectant, germicidal solution, include scrubbing of all base, inside corners, and hard-to-reach areas.
- g.** Empty and sanitize all waste and sanitary napkin and tampon receptacles.
- h.** Remove all rest room trash.
- i.** Spot clean fingerprints, marks and graffiti from walls, partitions, glass, aluminum, and light switches as required.
- j.** Check for burned out lights and replace from building stock (supplied by Landlord).
- k.** Ventilate rest rooms.

2. Weekly Services

- a.** Dust all low reach and high reach areas, including structural ledges, mirror tops, partition tops and edges,.

3. Monthly Services

- a.** Wipe down all walls and metal partitions. Partitions must be left clean and not streaked after this work.
- b.** Clean all ventilation grilles.
- c.** Dust all doors and door jambs.

4. Quarterly Services

- a.** Thoroughly clean and reseal all ceramic tile floors, using approved sealers.

K. Main Floor Elevator Lobbies and Public Corridors Specifications

1. Nightly Services

- a.** Spot clean all glass including low partitions and the corridor side of all windows and glass doors to City's Premises and other tenants' premises.

- b.** Spot clean all chrome brightwork including swinging door hardware, kick plates, base partition tops, handrails, waste paper receptacles, planters, elevator call button plates, hose cabinets, and visible hardware on the corridor side of tenant entry doors.
- c.** Thoroughly clean all door saddles of dirt and debris.
- d.** Empty, clean, and sanitize all waste paper baskets and refuse receptacles as required.
- e.** Vacuum and spot clean all carpets as necessary.
- f.** Spot clean all elevator doors and frames.

L. Exterior Structure and Grounds Services Specifications

1. Daily Service

- a.** Spot clean accumulations of dirt, papers, and leaves in all corner areas where winds tend to cause collections of debris.
- b.** Spot clean all exterior glass at building entrances.
- c.** Lift nap on all entry walk-off mats as necessary with a heavy bristle brush and vacuum.
- d.** Empty all waste receptacles and remove trash to designated trash areas.
- e.** Clean sidewalk, steps, and landscaped area, walks and benches; including gum removal.

2. Monthly Weekend Services

- a.** Steam clean exterior sidewalk and walk way areas.

M. Carpet Cleaning

- 1.** Provide spot cleaning to tenant space as necessary and shampoo carpets in tenant office space and any common areas once each year (exact schedule to be approved in advance by City).

N. Window Cleaning

- 1.** All work to be performed in accordance with generally accepted industry standards.
- 2.** Proper safety standards are to be maintained at all times, including use of proper warning signs and clean up of water in compliance with all City, State, and Federal laws (including OSHA).

3. Window cleaning standards are to include clean up of water, wipe down of adjacent window mullions and ledges to prevent streaking, spotting, and excessive runoff.
4. When necessary, drop cloths are to be used to prevent damage to floors and adjacent surfaces.
5. Interior and exterior window washing will be scheduled immediately before the Lease Commencement Date. Interior glass will be cleaned not less than once per year. Exterior glass will be cleaned as needed, but not less than once every six months, including May of each year.
6. Contractor will notify City for specific scheduling of window washing one week before scheduled cleaning.
7. Contractor will be responsible for removing paint and putty etc. from both glass and plastic windows.
8. Exterior surfaces of windows are not to be washed when it is raining.
9. The words “window” and “light” as used in this Exhibit are synonymous and are to be construed to mean any pane of glass or glass substitute.

II. UNIFORMS

- A. Janitors must wear their uniforms whenever on duty.
- B. All personnel, including the coordinator and supervisors, must be uniformed. All personnel must have a visible company name, logo, badge, etc., on their uniform.

III. EMPLOYEE SAFETY

Landlord’s Contractor will accept responsibility for determining that all necessary safeguards for protection of Contractor’s employees are available or will be furnished. All work performed must conform to CAL-OSHA standards.

IV. SUPPLIES

Landlord or its Contractor will supply floor wax, wax stripper, and other expendable supplies required for daily cleaning and maintenance, as well as janitorial supplies such as hand soap, paper hand towels, paper toilet tissue, paper seat covers, and deodorants. Furthermore, Landlord or its Contractor will supply all equipment including ladders, vacuum cleaners, extractors, floor machines, mops, and buckets.

V. APPROVAL OF PRODUCTS

City will have the right to prohibit the use of any product proposed or being used by Landlord’s Contractor should City deem the product to be unsafe or harmful to those items being cleaned or to City’s staff. In this regard, Landlord must provide on request a complete list of products to be used in the course of this Lease, together with Material Safety Data Sheets for each cleaning chemical.

VI. DISPOSITION OF REFUSE

All trash and refuse collected by the custodians will be deposited in a debris box as designated by the Landlord. (Landlord will pay for debris box service).

VII. MAINTENANCE PROBLEMS

Employees of Landlord's Contractor will note maintenance problems (such as broken glass, light bulbs missing or burned out, inoperative fixtures, etc.) and report them to Landlord. Any problem that prevents performance must be noted in the log (Section VIII) before the end of the shift. Contractor will not claim, and City will not entertain, any claim that those problems prevented Contractor's performance if the claim is not entered in the log.

VIII. JANITORIAL LOG

Landlord's Contractor will provide, and City will keep, a janitorial log noting any deficiencies in performance, special problems, or instructions. Landlord's Contractor will check the log daily, as arranged with City, and correct any deficiencies in service within twenty-four (24) hours of the log entry. Contractor will initial and date each entry when deficiency has been corrected.

IX. EMERGENCY CONTACT

Landlord's Contractor will provide City with an emergency telephone number where Contractor may be reached at any time during normal business hours (Monday – Friday, 8:00 a.m. – 5:00 p.m.). Contractor must respond to emergency calls relating to deficiency of service by correcting the deficiency within two hours after receipt of the call.

X. PERFORMANCE

Landlord and its Contractor will guarantee that workmanship required for the performance of this Lease will be in accordance with the highest level of workmanship and accomplished according to the highest professional standards. The determination as to the adequacy of performance will be made by City or its Director of Property. Contractor or Contractor's agent must be available at reasonable intervals during regular business hours as requested by City, to participate in inspection walk throughs. Contractor will supervise all janitors during all shifts.

XI. VERIFICATION OF SERVICE

City may provide, install, or establish a system of sign off slips, service receipts, or room service sign off cards. Landlord's Contractor will faithfully comply with same by initialing, dating, and indicating time that service was completed. It is agreed that no service has been completed unless signed off by Contractor and countersigned by City if said system so requires.

XII. HOLIDAY SCHEDULE FOR CITY

New Year's Day
Martin Luther King Day

President's Day
Memorial Day
Independence Day
Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Friday after Thanksgiving Day
Christmas Day

Exhibit F

May 18, 2021

1360 Mission Street Tenant Improvements

The 1360 Mission Street 1st and 2nd floor spaces are generally characterized as predominantly open floor plan office space with ancillary conference room and individual office space construction. DPH's overall reuse of the space will maintain this concept and include upgrades to the building's HVAC system. DPH will work to finalize an overall space/furniture plan and IT strategy built largely upon the layout and infrastructure of the previous City of SF tenancy, but will need to work with the building owner to finalize the tenant improvement plan.

Preliminary Scope of Work/Work Plan

Scope of Work	Cost Estimate	Add Alternate
HVAC Improvements 1. Furnish and install (3) air scrubber units inside the office space of both the first and second floors. Exhibit F-2 2. Add Alternate - install (4 th) air scrubber unit in second floor office space. Exhibit F-2 3. Install damper linkages on the return and outside air dampers to allow for air balancing on each floor. 4. Replace all existing MERV-7 air filters with MERV-13 air filters. 5. Clean the outside air inlet screen for both the first and second floor air handling units. 6. Make sure equipment and system is operating properly.	\$26,000	\$6,000

Exhibit F

IT Infrastructure

1. City's Department of Technology (DT) to install cabling utilizing existing infrastructure from previous City tenancy as much as feasible. Will need to coordinate minor support from owner.

2. 1st floor MDF may need modifications, to be finalized, preliminary information is as follows (please refer to DPH IDF Requirements document):

1. Verify type of 220v connector
2. Will potentially house two 4 post rack (may need another rack)
3. 2" conduit to MPOE (for AT&T and DT fiber)
4. 1u lightbox/patch panel w/LC connectors
5. Determine rack placement (collaboration with Networks)

3. 2nd floor IDF will need modifications including expansion of wall by 2-3 feet as generally shown on 2nd floor furniture plan. Preliminary information is as follows (please refer to DPH IDF Requirements document):

6. Will house a 4-post rack
7. Add ventilation through door and wall
8. Add 2 power circuits

Notes:

Exhibit F-4

Exhibit F

<p>9. Modify existing 20 amp circuit</p> <p>10. Fiber conduits tp 1st floor MDF</p> <p>11. 1u lightbox/patch panel w/LC connectors</p> <p>12. 36" rack clearance on 3 sides</p>		
<p>Security</p> <p>1. See Security Report</p>		<p>Note: See highlighted sections of Security Report attached as Exhibit F-3</p>
<p>1st Floor Office Space</p> <p>2. Review of floor plan with DPH staff and coordination of power needs.</p> <p>1. Power for cubicles, office spaces, conference room, large format MFD printers (2 per floor), other miscellaneous areas.</p> <p>3. Add alternate - Create 1 additional conference room space, and associated power needs.</p>		<p>Notes:</p> <p>1. See MFD printer specifications: Konica Minolta Bizhub 454eor Konica Bizhub 658</p> <p>2. Conference room space does not need walls all the way to the ceiling. Assume additional electrical to support basic conference room equipment.</p>

Exhibit F

<p>2nd Floor Office Space</p> <ol style="list-style-type: none">1. Review of floor plan with DPH staff and coordination of power needs.<ol style="list-style-type: none">1. Power for cubicles, large format MFD printers (2 per floor), kitchen, other misc. Areas.2. Large office area to be divided into 2 work spaces, need additional door and power for 2 work areas.		<p>Notes:</p> <ol style="list-style-type: none">1. See MFD printer specifications: printer specifications: Konica Minolta Bizhub 454e or Konica Bizhub 658
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Attachments:

1. 1360 Mission HVAC Upgrades cost Estimate Exhibit F-2
2. DPH IT IDF Requirements Exhibit F-4
3. 1st Floor Space/Furniture Plan as of 4/23/21, this plan may change but this represents the maximum project anticipated for budgeting purposes Exhibit A-1
4. 2nd Floor Space/Furniture Plan as of 5/18/21, includes furniture panel plan and furniture electrical plan Exhibit A-2
5. DPH Security Assessment, 4/23/21 Exhibit F-3

May 25th, 2021**T I P R O P O S A L**

To: Michael Wang		Project Location:
720 South B Street		1360 Mission Street, 1 st & 2 nd Floor
San Mateo, CA		San Francisco, CA

Scope of Work

Tenant Improvement	
HVAC (all work done by ABCO Mechanical Contractors Incorporated and accepted by tenant – SFDPH)	\$25,538.00
<ul style="list-style-type: none"> All work to be performed per proposal 2/24/2021 Job# 2-253C (see proposal) Add-On Option #1 (see proposal) 	\$5,595.50
Walls, Door, Drywall and Paint	\$23,000.00
First Floor	
<ul style="list-style-type: none"> Install an open ceiling conference room with 8 foot high walls and a solid core flush door with lock and hardware according to plan 	
Second Floor	
<ul style="list-style-type: none"> Expand utility room for IT infrastructure by demolishing a portion of wall to 8 foot high and install new walls with 8 foot high without ceiling <p>All work to have new drywall and matching wall paint, no new flooring</p>	
Electrical Work	\$18,000.00
<ul style="list-style-type: none"> Install receptacle outlets throughout first and second floor at posts and walls Install four 220-volt outlets for large format printer according to plan. Two in each floor Install electrical outlets according to IT layout for utility room with additional circuitry and breakers 	
Management & Coordination	\$8,000.00
<ul style="list-style-type: none"> Manage and coordinate with tenant, HVAC contractor, security and IT team for completion of work (not for cubical and furnishings) 	

Profit and Overhead	\$12,000.00
Subtotal	\$92,133.50
Total	\$92,133.50

Notes

1. Owner to provide temporary toilet, water, electrical utilities, and accessibility for the completion of work.
2. All change orders to be according to the scope discussed with owner. A change order may be given for the additional modification from the City of San Francisco, owner, engineers, or architect.
3. Contractor to remove debris related to construction.
4. Owner or tenant to pay for permit if required.
5. Contractor to provide workers compensation insurance certificate before work starts.
6. Estimated completion time to be within 4 weeks.
7. Exclusions:
 - a. This proposal specifically excludes the following items:
 - i. Public Improvements
 - ii. Sewer Trenching and Hook-up.
 - iii. Shoring, Barricades, Street Utilities
 - iv. Any permits, structural, and architectural fees.
 - b. Contractor will not be responsible for time delay due to material delivery schedule, owner's subcontractors delay, plans or building inspection changes, weather, and payment issues.
 - c. Additional time will be added to contract for all change orders
8. We propose a lump sum fee of **Ninety-Two Thousand One Hundred Thirty Three Dollars and Fifty Cents (\$92,133.50) Dollars** for the project.

Payment Terms: Payment to be consisted of 3 draws base on completion of percentage

25% Start of job
25% Progress Payment
25% Progress Payment
25% Completion of job

Additional Comments or Remarks:

Exclusions: Owner is responsible for any permits, layouts, shoring, testing, inspections, engineering, erosion control, site security, hazardous material, lead paint removal, asbestos removal, disconnecting all utilities and access for heavy equipment to move in on job site. All exclusions to become part of final contract

We will furnish labor and rough material to complete the above specifications, for the sum of: *Ninety Two Thousand One Hundred Thirty Three Dollars and Fifty Cents* **\$92,133.50**

All material is guaranteed to be as specified. All work to be completed in a professional manner per standard practices. Any alteration or deviation from the above specifications that add extra costs will be executed upon written orders, and become an extra cost over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado and other necessary insurance.

Acceptance of Proposal: The above prices, specification and conditions are hereby accepted. You are Authorized to perform the work specifics. Payment will be made as outlined above.

Authorized Signature:
This proposal is good for 30 day from the above date.

Date

Date

475 BARNEVELD AVENUE
SAN FRANCISCO, CA 94124
www.abcoair.com

PROPOSAL

LICENSE #209064
TELEPHONE: (415) 648-7135
FAX: (415) 648-7105
EMAIL: abco@abcoair.com

CITY & COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC HEALTH
1360 MISSION STREET
SAN FRANCISCO, CA 94103
Attn: SEAN PORTWOOD

Date: FEBRUARY 24, 2021
Phone #: 415-319-2052
Job #: 2-253C

We hereby are proud to present our proposal to upgrade the HVAC equipment to achieve proper indoor air quality. Our recent certified air balance report indicated the office space on the 1st and 2nd floors are not achieving four (4) air changes per hour.

WE PROPOSE TO INSTALL THREE (3) STAND ALONE AIR SCRUBBING UNITS THAT USE HEPA FILTERS TO CLEAN THE AIR INSIDE THE SPACE TO ACHIEVE THE DEFICIENT AIR CHANGES, AND AN OPTION FOR A FOURTH UNIT TO PROVIDE FURTHER PROTECTION. WE ARE ALSO PROPOSING TO INSTALL DAMPER LINKAGES ON THE EXISTING RETURN AND OUTSIDE AIR DAMPERS TO ALLOW US TO PERMANENTLY SET THE FRESH AIR RATIO. WE ALSO REPLACE ALL OF THE EXISTING MERV-7 AIR FILTERS ON THE EXISTING HVAC EQUIPMENT WITH MERV-13 FILTERS AND CLEAN THE OUTSIDE AIR INLET SCREENS ON THE OUTSIDE OF THE BUILDING.

SCOPE OF WORK:

- FURNISH AND INSTALL THREE (3) AIR SCRUBBER UNITS INSIDE THE OFFICE SPACE OF BOTH THE 1ST AND 2ND FLOORS
- INSTALL DAMPER LINKAGES ON THE RETURN AND OUTSIDE AIR DAMPERS TO ALLOW US TO BALANCE THE AIR PROPERLY ON EACH FLOOR
- REPLACE ALL EXISTING MERV-7 AIR FILTERS WITH MERV-13 FILTERS
- CLEAN THE OUTSIDE AIR INLET SCREEN FOR BOTH THE 1ST AND 2ND FLOOR AIR HANDLING UNITS
- SET EQUIPMENT INTO OPERATION

WE WILL LEAVE THE JOB SITE CLEAN. OUR PRICE INCLUDES SALES TAX AND FREIGHT.

We propose: Hereby to furnish material and labor – complete in accordance with above specifications, for the sum of:

BASE PRICE

TWENTY FIVE THOUSAND AND FIVE HUNDRED AND THIRTY EIGHT DOLLARS and 00/100 \$25,538.00

ADD-ON OPTION # 1

FOR AN ADDITIONAL SUM OF \$5,595.50 TO THE BASE PRICE WE WILL INSTALL A 4TH AIR SCRUBBER. (2ND ON THE 2ND FLOOR).

Nick Lanthier
President



Availability: 3-5 DAYS (ARO)
Warranty: ONE (1) YEAR PARTS AND LABOR

Note: Our price quote is good for
THIRTY (30) days from the above date

Our price is based on performing the work during normal working hours.

Acceptance of Proposal – The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Date of Acceptance _____

Signature _____



San Francisco Department of Public Health

Basil A. Price
Director of Security
(415) 926-3669

Exhibit F-3

City and County of San Francisco
London Breed
Mayor

April 23, 2021

To: Elaine Obien
Facilities Project Manager
San Francisco Department of Public Health

From: Basil A. Price
Director of Security
Department of Public Health

Subject: **Security Assessment:**
1360 Mission St. San Francisco, CA 94103



At the request of the Department of Public Health, Facilities Department, provided are the following preliminary recommendations related to the security assessment for the 1st and 2nd floors that will be occupied by programs:

- Behavioral Health Services
- Population Health Services

The recommendations are consistent with Department of Public Health, Healthcare Security Construction Standards, which are supported by the International Association for Healthcare Safety and Security.

The security assessment included a walkthrough of the building's interior and exterior. The assessment addresses four security intervention zones:

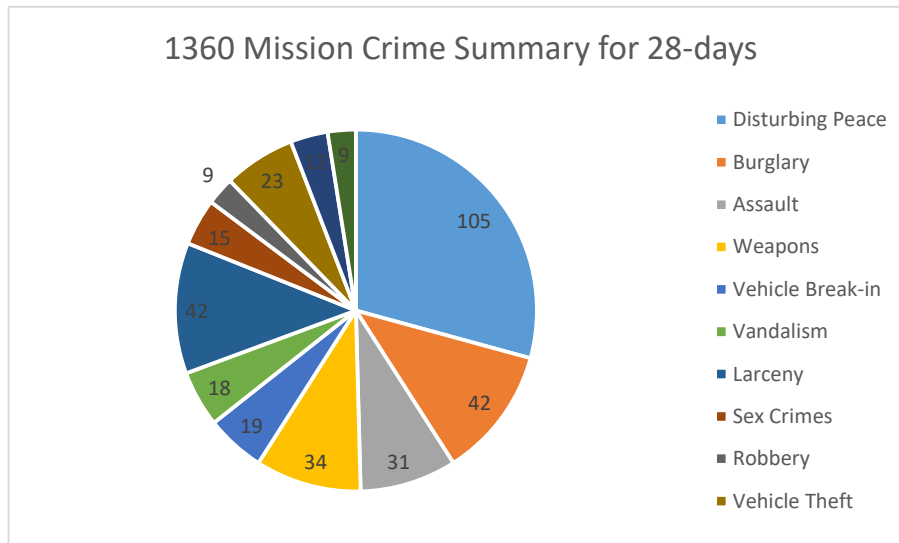
- Perimeter Security
- Building Perimeter
- Building Inner Perimeter
- Building Interior

SUMMARY OF FINDINGS & RECOMMENDATIONS

Key Findings:

Perimeter Security

- Based on community crime stats, provided by San Francisco Police Department, for a 4-week period, within a 1-mile radius of the site location, there were 359 crime reports, which poses a high-level security risk:



Building Perimeter

- No exterior lighting assessment was conducted during this assessment.
- The main entrance is surrounded by wrought iron security fencing that requires intercom access, which was not operational during the assessment.
- The inner perimeter entrances are not equipped with electronic security to address access control.

Building Interior

- Based on preliminary furniture drawings, the physical design does not funnel visitors/clients from the elevator lobby to the staffed reception areas where assistance, general guidance, and a psychological deterrence to wrong direction or wrongdoing can be provided.
- There are limited physical barriers to clearly distinguish between public areas and work areas.
- Public-facing cubical spaces do not have a second exit that allows the staff member to escape a dangerous situation.
- Hard-copy medical records will be stored at the site. The current condition of the space limits the ability to secure PHI according to patient privacy security standards.

Key Recommendations:

Property Perimeter Recommendations

- The site location will be added to the San Francisco Sheriff's Department Sector Patrol, (SFSO) for increased security visibility, deter criminal activity, and respond to security emergencies.

Building Perimeter and Inner Perimeter Recommendations See attached Plans

- If the existing intercom system is not operational, install a dedicated intercom with camera viewing capability (Aiphone) that rings at the 1st and 2nd floor reception areas for visitors screening from the building exterior.
- DPH Facilities Department should install locks/keys to access DPH perimeter entrances.
- Install an intruder alarm system, equipped with magnetic alarm sensors on all perimeter doors, alarm keypad inside both office suite entrances, and motion detection devices that monitor all office suite entry points.
- Install security surveillance cameras inside the workspace that monitor the 1st floor entry points, and 2nd floor elevator lobby.
- Install security surveillance cameras in the 2nd-4th level elevator lobbies that monitor traffic from both directions.

Building Interior Recommendations See attached plans

Building Interior 1st Floor (Appendix A)

- Install a physical barriers and proper visual cues to funnel visitors from the elevator lobby to the reception areas.
- Install phones that are equipped with speaker/intercom capability to alert other staff to assist with an escalating situation.
- The height of the reception desk should be sufficient to prevent unwanted access and to make it difficult for someone to jump over a barrier or physically assault an employee.
- Public-facing offices, including reception workspace should be designed to provide staff with an escape to allow them to immediately vacate the office in the event of a violent or potentially violent situation.
- Server room, containing IT equipment entrances should be equipped with mechanical combination locks to address access control at both entrances.
- Install security surveillance cameras in server rooms that contain IT equipment.
- Install cable-locks on all desktop equipment.
- A two-layered approach to securing hard-copy medical records is required, according to security industry standards: medical records should be housed in a locked area that can track entries (badge reader or individual combination codes) and the records must be stored inside a secured cabinet with limited access to authorized personnel only.
- A security surveillance video recorder should be housed in a secured with password protected access.

Building Interior 2nd Floor (Appendix B)

- Install mechanical combination locks to control access to both suite entrance from the elevator lobby. (See circled area.)
- Install a physical barriers and proper visual cues to funnel visitors from the elevator lobby to the reception areas.
- Install phones that are equipped with speaker/intercom capability to alert other staff to assist with an escalating situation.
- The height of the reception desk should be sufficient to prevent unwanted access and to make it difficult for someone to jump over a barrier or physically assault an employee.
- Public-facing offices, including reception workspace should be designed to provide staff with an escape to allow them to immediately vacate the office in the event of a violent or potentially violent situation.
- Server room, containing IT equipment entrances should be equipped with mechanical combination locks to address access control.
- Install security surveillance cameras in server rooms that contain IT equipment.
- Install cable-locks on all desktop equipment.
- A two-layered approach to securing hard-copy medical records is required, according to security industry standards: medical records should be housed in a locked area that can track entries (badge reader or individual combination codes) and the records must be stored inside a secured cabinet with limited access to authorized personnel only.

Electronic Security Device Specifications:

Watch Dog Security Surveillance System (digital-watchdog.com)

- Digital Watchdog DW-VAONE88T 8 Channels Universal HD Digital Video Recorder,8TB



- Digital Watchdog DWC-V6263WTIR 2.1 MP Indoor-Outdoor HD Dome Camera



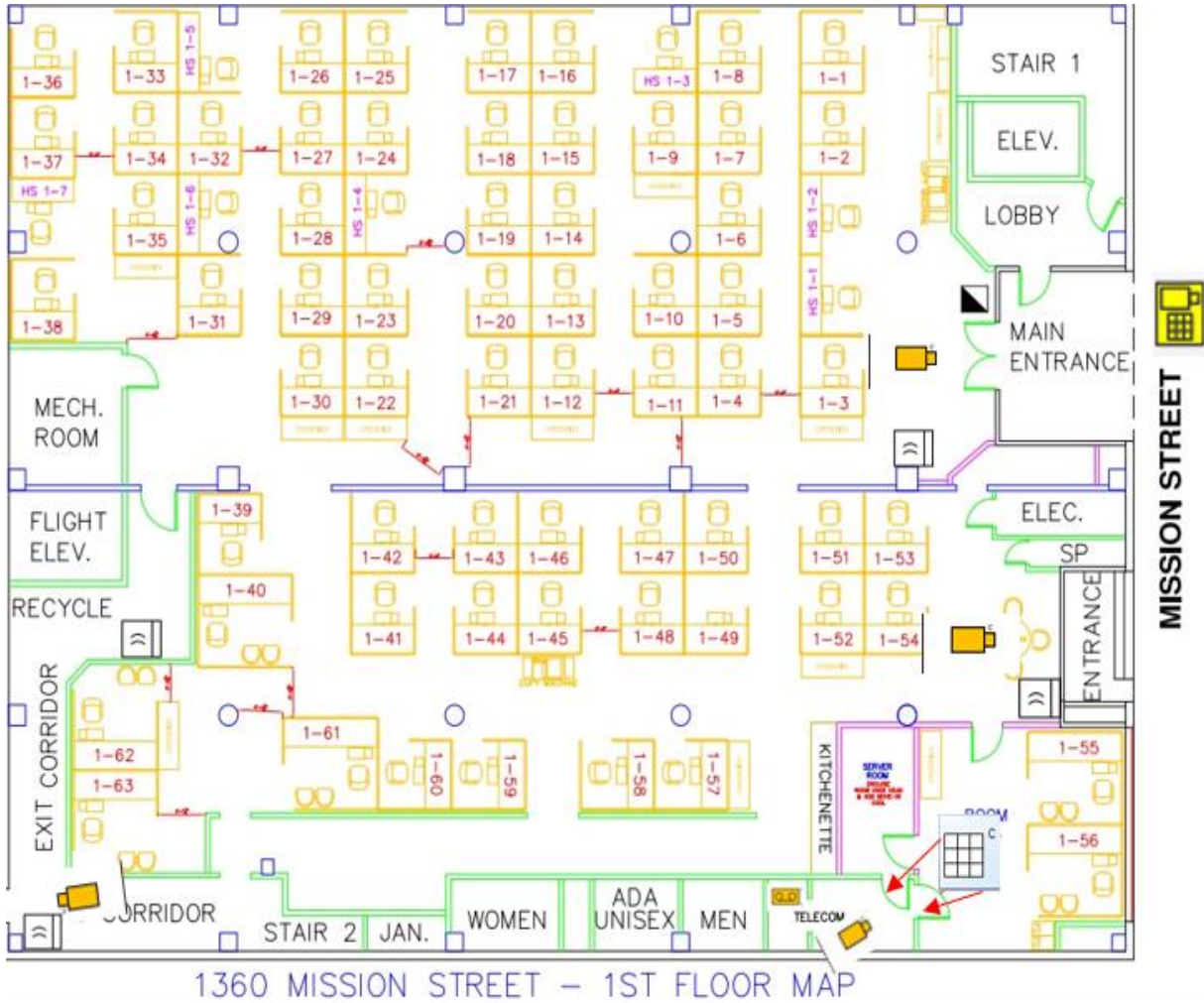
- Trilogy T2 DL2700, DL2700WP Digital Commercial Keypad Lock



Electronic Security Device Estimate Pricing (not including wiring, installation, or computer monitor):

1360 Mission					
	Total Units	Monitoring Cost (over 3-years)	Cable & Rough-In/Conduit Cost	Cost Per Unit	Total Cost
Watch Dog Video System	1	\$ -	\$ -	\$ 1,047.00	\$ 1,047.00
Watch Dog Security Cameras	6	\$ -	\$ -	\$ 163.00	\$ 978.00
Combination Locks	6	\$ -	\$ -	\$ 337.00	\$ 2,022.00
Intruder Alarm System	1	\$ 2,340.00	\$ 900.00	\$ 3,240.00	\$ 3,240.00
Intercom with Camera View (Aiphone)	1	\$ 7,845.00	\$ 1,555.00	\$ 9,400.00	\$ 9,400.00
Project Cost	15				\$ 16,687.00

Appendix A



Stand alone Security Surveillance Camera
(Watch Dog Product)



Aiphone



Mechanical Combination Lock



Alarm Keypad

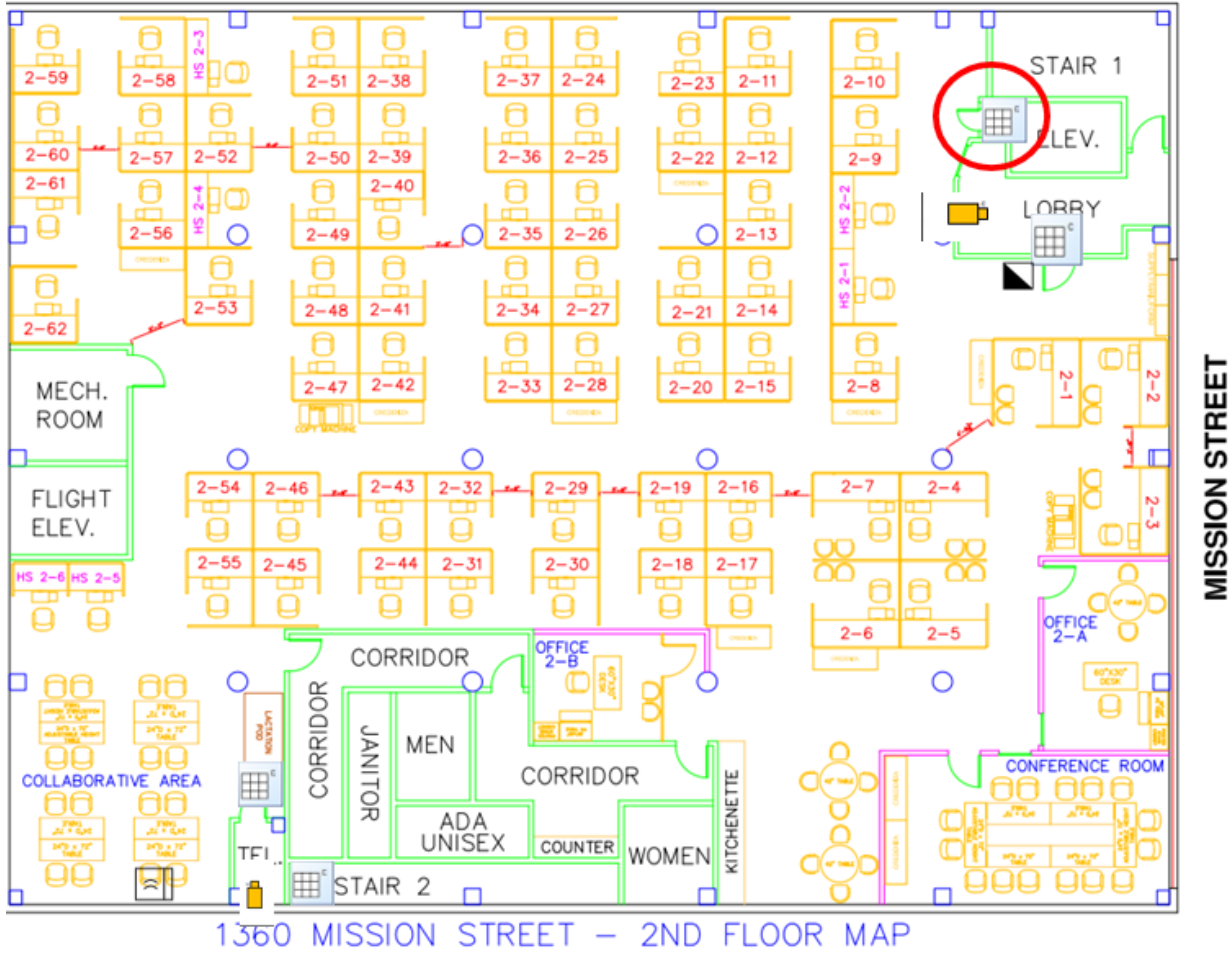


Motion Detector




Video Recorder

Appendix B



 Stand alone Security Surveillance Camera (Watch Dog Product)

 Mechanical Combination Lock

 Alarm Keypad

 Motion Detector

City & County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Andrico Q. Penick, Director of Real Estate

June 21, 2021

Department of Public Health
Lease of Real Property
1360 Mission Street

Through Carmen Chu
City Administrator

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102

RE: 1360 Mission Floors 1 & 2

Dear Board Members:

Attached for consideration is a Resolution authorizing the lease of approximately 16,958 rentable square feet of office space located at 1360 Mission Street, for use by the Department of Public Health (DPH) for Mental Health SF staff as well as COVID relocated staff.

The Human Services Agency (HSA), terminated their lease of the space as of September 21, 2020. The Lease rate at the time was \$49.17 per square foot, \$833,825 annually and \$69,485 monthly. The Department of Public Health has offices on the 4th floor of this building and found the space vacated by HSA as desirable for their expanding Mental Health SF program and Covid related staffing needs.

The Department of Public Health would use the 1st floor for COVID-related hires, including for use by staff previously located at the COVID Command Center at the Moscone Convention Center as needed.

The second floor would provide for approximately 73 BHS/Mental Health SF staff, including teams from the Office of Coordinated Care, Street and Justice Services, and Utilization Management. The teams at 1360 Mission Street will be responsible for managing and monitoring access, flow and service utilization throughout the behavioral health system; providing streamlined access to behavioral health services; supporting people experiencing homelessness with connecting to care and providing direct community-based behavioral health services for people experiencing homelessness; providing care coordination services; and providing important behavioral health managed care functions.

The Real Estate Division, in response to the impact of the COVID-19 pandemic and direction from the Board of Supervisors in recent transactions, negotiated the following:

- Rent: \$38.00 per rentable square foot per year (a 33% reduction over previous HSA Lease); \$644,024 annually
- Free rent for 8 months

- Landlord to complete tenant improvements, City to reimburse, not to exceed \$200,000

The lease will commence on delivery of the premises, estimated to be September 1, 2021, for a term of 4 years, with two additional 1-year options, which Landlord may rescind with proper notice. Landlord to provide all utilities and custodial.

We recommend approval of the proposed Lease. If you have any questions regarding this matter, please contact Andrico Penick at 415-554-9860.

Respectfully,



Andrico Penick
Director of Property

cc. Dr. Grant Colfax, Director DPH

From: [Wong, Linda \(BOS\)](#)
To: [Wong, Linda \(BOS\)](#)
Subject: FW: 7/21 Budget & Finance: DPH Leases (agenda items #12, #13, and #14)
Date: Tuesday, July 20, 2021 9:34:21 AM

From: Lindsay, Claire (DPH) <claire.lindsay@sfdph.org>
Sent: Monday, July 19, 2021 3:51 PM
To: Haney, Matt (BOS) <matt.haney@sfgov.org>; Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; Mar, Gordon (BOS) <gordon.mar@sfgov.org>
Cc: Wong, Linda (BOS) <linda.wong@sfgov.org>; RivamonteMesa, Abigail (BOS) <abigail.rivamontemesa@sfgov.org>; Chung, Lauren (BOS) <lauren.l.chung@sfgov.org>; Morris, Geoffrea (BOS) <geoffrea.morris@sfgov.org>; Quan, Daisy (BOS) <daisy.quan@sfgov.org>; Nguyen, Rita (DPH) <rita.nguyen@sfdph.org>; Simmons, Marlo (DPH) <marlo.simmons@sfdph.org>; Zayas-Chien, Lisa (DPH) <lisa.zayas-chien@sfdph.org>; Soto, Martin (DPH) <martin.soto@sfdph.org>; Almeida, Angelica (DPH) <angelica.almeida@sfdph.org>; Jung, Kathy (DPH) <kathy.jung@sfdph.org>; Suess, Jeff (ADM) <jeff.suess@sfgov.org>; Keene, Joshua (ADM) <joshua.keene@sfgov.org>; Penick, Andrico <andrico.penick@sfgov.org>; Gorham, Claudia (ADM) <claudia.gorham@sfgov.org>; Patil, Sneha (DPH) <sneha.patil@sfdph.org>
Subject: 7/21 Budget & Finance: DPH Leases (agenda items #12, #13, and #14)

Hello Supervisors Haney, Safai and Mar,

The Department of Public Health (DPH) and Real Estate and respectfully requesting approval for three (3) leases at the July 21st Budget & Finance Committee meeting. Please see below for lease details, a brief description of each program, and the DPH representatives who may be contacted should you have any questions about the programs.

Agenda item #12 - Lease of Real Property - SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and SFSPE OBI LLC - 1360 Mission Street - \$644,404 Annual Base Rent - Up to \$200,000 in Tenant

Improvements - Resolution approving and authorizing the Director of Property, on behalf of the Department of Public Health, to lease real property located at 1360 Mission Street, for an initial term of four years, from SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and SFSPE OBI LLC, at a base rent of \$644,404 per year with 3% annual increases; authorizing the City to contribute up to an additional \$200,000 in tenant improvements to commence upon substantial completion of the installation of the Tenant Improvements necessary for the City's occupancy, which is expected to occur on or around August 1, 2021; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the Lease and this Resolution, as defined herein.

• **Summary of Lease Details:**

- Term: 4 years, two (1) year options to extend, that can be rescinded by notice by Landlord
- Premises: Floors 1 & 2 comprised of 16,958 sf.
- Rent: \$38 psf. Initial rate, escalating at 3% per year. \$644,404 base year

- T.I. up to \$200,000 in work to be done prior to rent commencement
- Other concessions: 8 Months of free rent
- Notes: Landlord had been planning redevelopment of this site when the pandemic hit, they have now put their plans on hold and are willing to lease at a steep discount to retain the city as a tenant. The actual rate negotiated was lower than their lender would approve, so free rent was exchanged to make up the difference.
- **Description of Programs:** The 1st floor would be used by approximately 60 grant funded Population Health Covid-related staff, assigned to support the COVID Task Force in the short term as well as continue to manage COVID-19 as an ongoing endemic disease. The 2nd floor would be used by approximately 73 Behavioral Health Services staff, including teams from the Office of Coordinated Care, Street and Justice Services, and Utilization Management. These teams would be responsible for managing and monitoring access, flow, and service utilization throughout the behavioral health system; providing streamlined access to behavioral health services; supporting homeless people with connecting to care and providing direct community-based behavioral health services; providing care coordination services; and providing behavioral health managed care functions.
- **DPH Representatives:**
 - Rita Nguyen, M.D. | Acting Deputy Director, Population Health Division | Rita.Nguyen@sfdph.org
 - Marlo Simmons, Deputy Director, Behavioral Health Services | Marlo.Simmons@sfdph.org
 - Lisa Zayas-Chien, DPH Facilities and Capital Planning | Lisa.Zayas-Chien@sfdph.org

Agenda item #13 - Real Property Lease Amendment - Townsend Associates, LLC - 650-5th Street - \$159,200 Annual Base Rent - Resolution approving and authorizing the Director of Property, on behalf of the Department of Public Health, to amend the lease of real property located at 650-5th Street, with Townsend Associates, LLC, at a base rent of \$159,200 per year with 3% annual increases, for an initial term commencing upon approval of this Resolution and expiring on June 30, 2026, plus two one-year options to extend; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the First Amendment, the Lease and this Resolution, as defined herein.

- **Summary of Lease Details:**
 - Term: 5 years, with two one (1) year options.
 - Premises: Approximately 3,600 sf and four (4) dedicated parking spaces
 - Rent: \$52 psf. \$12,260 monthly, \$159,200 annually
 - Notes: This is an amendment that was made in place of exercising the renewal option. The original option had rent at \$58 psf. and 3 years of term. DPH is looking to relocate this site to owned space, this additional term provides flexibility to do this, while reducing current rent.
- **Description of Program:** The Department of Public Health currently operates its Jail Health Services (JHS) Administration at 650-5th Street, Suites 309. The offices serve as the main leadership hub that serves to provide overall comprehensive and integrated system of

medical, psychiatric and substance abuse services to inmates in the San Francisco Jails. As the main Jail Health Services Office, it serves to co-locate the Director of Jail Health, other Leadership and Executive Staff as well as staff who serve as part of the JHS Administration & Operations Team.

- **DPH Representative:** Martin C. Soto | Manager, Administration and Operations, Jail Health Services | Martin.Soto@sfdph.org

Agenda item #14 - Real Property Lease Extension - Mattison Family Trust - 555-575 Polk Street -

\$500,364 Annual Base Rent - Resolution approving and authorizing the Director of Property, on behalf of the Department of Public Health, to extend the lease of real property located at 555-575 Polk Street, with Mattison Family Trust, at a base rent of \$500,364 per year with no annual increases, commencing upon the later of August 1, 2021, or approval of this Resolution and expiring on July 31, 2026; and authorizing the Director of Property to execute documents, make certain modifications and take certain actions in furtherance of the Lease and this Resolution, as defined herein.

- **Summary of Lease Details:**
 - Term: 5 years
 - Premises: 18,000 sf
 - Rent: 27.80 psf., \$500,364 annually, with no annual increases.
 - Notes: The annual base rent of \$27.80 per square foot is below fair market rate, and the lack of annual escalation makes the lease more favorable to the City.
- **Description of Program:** DPH operates the Community Justice Center (CJC) on the second floor, providing court authorized alternatives to incarceration, in partnership with the Superior Court of San Francisco. The CJC includes both a courtroom and social services center. Social services include drug treatment, mental health programs, support groups, counseling, career development, and job training. The AOC and Superior Court are co-occupants of the ground floor premises.
- **DPH Representatives:**
 - Angelica M. Almeida, Ph.D. | Director, Street Based and Justice Involved Behavioral Health Services | Angelica.Almeida@sfdph.org
 - Marlo Simmons | Deputy Director, Behavioral Health Services | Marlo.Simmons@sfdph.org

Thank you for your time and consideration,
Claire

Claire Lindsay, MPH

Senior Health Program Planner | Office of Policy and Planning

San Francisco Department of Public Health

claire.lindsay@sfdph.org | desk: 415-554-2667 | mobile: 831-239-1094

President, District 10
BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689
Tel. No. 554-6516
Fax No. 554-7674
TDD/TTY No. 554-6546

Shamann Walton

PRESIDENTIAL ACTION

Date: July 7, 2021

To: Angela Calvillo, Clerk of the Board of Supervisors

Madam Clerk,

Pursuant to Board Rules, I am hereby:

- Waiving 30-Day Rule (Board Rule No. 3.23)

File No. _____

(Primary Sponsor)

Title. _____

- Transferring (Board Rule No 3.3)

File No. _____

(Primary Sponsor)

Title. _____

See the attached two trailing pages for a list of transferring files.

From: Government Audit & Oversight _____

Committee

To: Budget & Finance _____

Committee

- Assigning Temporary Committee Appointment (Board Rule No. 3.1)

Supervisor: _____ Replacing Supervisor: _____

For: _____

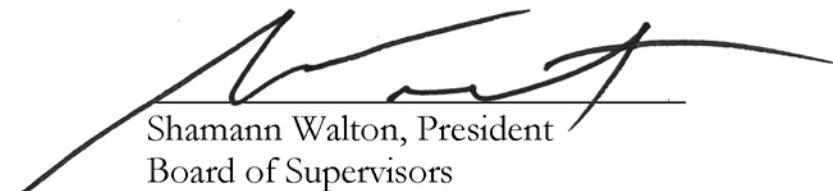
(Date)

(Committee)

Meeting

Start Time: _____ End Time: _____

Temporary Assignment: Partial Full Meeting



Shamann Walton, President
Board of Supervisors

210534 - Administrative Code and Amending Ordinance No. 49-17 - Deferring Payments to and Use of the 180 Jones Affordable Housing Fund

210635 - Lease Amendment No. 2 - Stellar Partners, Inc. - Boarding Area F Specialty Store Lease No. 12-0086 - Term Extension

210607 - Accept and Expend Grant - Retroactive - University of California San Francisco - Construction Community Outreach Program - \$136,000

210608 - Accept and Expend Grant - Retroactive - Development of Commerce - CARES Act Recovery Assistance Revolving Loan Fund - \$550,000

210675 - Lease Agreement - Genesco Partners Joint Ventures #11 - Harvey Milk Terminal 1 Retail Concession - \$365,000 Minimum Annual Guarantee

210676 - Lease Agreement - Culinary Heights Hospitality - Harvey Milk Terminal 1 Food and Beverage Concession Leases in Phases 3 and 4 - Lease 13, Lease No. 20-0043 - \$385,000 Minimum Annual Guarantee

210679 - Accept and Expend Grant - Retroactive - California Governor's Office of Emergency Services - Paul Coverdell Forensic Science Improvement Program - \$61,437

210680 - Accept and Expend Grant - Retroactive - United States Homeland Security - California Office of Emergency Services - Bay Area Urban Areas Security Initiative - \$33,012,500

210681 - Accept and Expend Grant - Retroactive - United States Homeland Security - Securing the Cities Program - FY2020 - \$3,065,800

210682 - Accept and Expend Grant - Retroactive - California Governor's Office of Emergency Services - FY2020 Community Power Resiliency Grant Program - \$189,005

210683 - Accept and Expend Grant - Retroactive - Health Resources and Services Administration - Ending the Human Immunodeficiency Virus Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B - \$2,667,000

210685 - Accept and Expend Grant - Retroactive - California Governor's Office of Emergency Services - Public Safety Power Shutoff Resiliency Allocation Program - FY2019 - \$378,010

210693 - Accept and Expend Grant - Retroactive - Health Resources and Services Administration - Ending the Human Immunodeficiency Virus Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B - \$2,667,000

210713 - Professional Services Agreement Amendment - Calpine Energy Solutions, LLC - Community Choice Aggregation Program - Not to Exceed \$32,645,425

210721 - Apply for Grants - FY2021, FY2022, and FY2023 Emergency Preparedness Grants

210735 - Lease Extension Modification - 2011 Lease and Use Agreement - TACA International Airlines, S.A. - Estimated Rent \$4,301,668

210736 - Lease Agreement - ProperFood SFO Airport, LLC - Harvey Milk Terminal 1 Food and Beverage Concession Lease in Phases 3 and 4 - Lease 10, Lease No. 20-0041 - \$275,000 Minimum Annual Guarantee

210737 - Real Property Lease Amendment - Townsend Associates, LLC - 650-5th Street - \$159,200 Annual Base Rent

- 210738 - Real Property Lease Extension - Mattison Family Trust - 555-575 Polk Street - \$500,364 Annual Base Rent
- 210740 - Health Service System Plans and Contribution Rates - Calendar Year 2022
- 210742 - Accept and Expend Grant - Retroactive - John D. and Catherine T. MacArthur Foundation - Safety and Justice Challenge - Amendment to the Annual Salary Ordinance for FYs 2020-2021 and 2021-2022 - \$2,000,000
- 210743 - Accept and Expend Grant - Retroactive - U.S. Department of Justice - Justice Reinvestment Initiative - Amendment to Annual Salary Ordinance - FYs 2020-2021 and 2021-2022 - \$1,000,000
- 210763 - Loan Agreement - 2550 Irving Associates, L.P. - 100% Affordable Housing at 2550 Irving Street - Not to Exceed \$14,277,516
- 210764 - Loan Agreement - Ambassador Ritz Four Percent, L.P. - 55 Mason Street and 216 Eddy Street - Not to Exceed \$44,465,000
- 210765 - Multifamily Housing Revenue Note - Ambassador Ritz Four Percent L.P. - 55 Mason Street and 216 Eddy Street - Not to Exceed \$56,039,857
- 210766 - Multifamily Housing Revenue Bonds - 151 and 351 Friedell Street (Hunters Point Shipyard Phase 1 Blocks 52 and 54) - Not to Exceed \$63,000,000
- 210767 - Multifamily Housing Revenue Bonds - 1500 Block of Sunnysdale Avenue (Sunnysdale HOPE SF Block 3B) - Not to Exceed \$58,750,000
- 210768 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - Community Development Block Grant Program (CDBG) - \$24,737,307 - FY2021-2022
- 210769 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - Emergency Solutions Grants (ESG) Program - \$1,590,749 - FY2021-2022
- 210770 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - HOME Investment Partnership Program - \$5,261,731 - FY2021-2022
- 210771 - Apply for, Accept, and Expend Grant - Retroactive - U.S. Department of Housing and Urban Development - Housing Opportunities for Persons with AIDS (HOPWA) Program - \$12,977,602 - FY2021-2022
- 210774 - Real Property Lease Extension - BC Capp, LLC - Homeless Resource Center - 165 Capp Street - \$270,685 Annual Base Rent
- 210775 - Lease of Real Property - SFSPE TG, LLC, SFSPE T1, LLC, SFSPE MH, LLC and SFSPE OBI LLC - 1360 Mission Street - \$644,404 Annual Base Rent - Up to \$200,000 in Tenant Improvements



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 #: 210775

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 RED	jeff.suess@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR SFSPE TG, SFSPE MH, SFSPE TI, SFSPE OBI	TELEPHONE NUMBER 650-689-5746
STREET ADDRESS (including City, State and Zip Code) 720 S B St, San Mateo, CA 94401	EMAIL acc.ssmgmt@gmail.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 210775
DESCRIPTION OF AMOUNT OF CONTRACT \$214,801		
NATURE OF THE CONTRACT (Please describe) Lease		

7. COMMENTS
SFSPE TG LLC (49%), SFSPE MH LLC (26.5%), SFSPE TI LLC (12.25%), and SFSPE OBI LLC (12.25%)

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	SFSPE TG LLC	Darren Cheng	Other Principal Officer
2	SFSPE TG LLC	Sun wong	Other Principal Officer
3	SFSPE MH LLC	Malex Holdings II LLC	Other Principal Officer
4	SFSPE MH LLC	Michael wang	Other Principal Officer
5	SFSPE MH LLC	Thomas wang	Other Principal Officer
6	SFSPE TI LLC	Tiburon Investments II LLC	Other Principal Officer
7	SFSPE TI LLC	Michael wang	Other Principal Officer
8	SFSPE OBI LLC	Ocean Bay Investments II L	Other Principal Officer
9	Trustee of the Mission Str	Benny wang	Other Principal Officer
10	SFSPE OBI LLC	Thomas wang	Other Principal Officer
11			
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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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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
39			
40			
41			
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48			
49			
50			
<input type="checkbox"/>	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>
---	---------------------------