



March 25, 2022

Mr. Maurice Casey
120 14th Street LLC
San Francisco, CA 94102

RE: Conditional Option Exercise in Connection with the Office the Two Story Office Building Located at 120 14th St., San Francisco, CA ("Premises").

Dear Mr. Casey:

In connection with the Lease dated June 26, 2002 (the "Lease"), by and between the City and County of San Francisco (the "City") and Mark Nelson Development LLC and New California Land Company, predecessor in interest to 120 14th Street LLC., ("Landlord,") this letter confirms the City's conditional exercise of its Extension Option for the Extended Term (as such terms are defined in the Lease,) and the parties' determination of Base Rent for the Extended Term established by the City and Landlord pursuant to Section 4.3 of the Lease. The terms of the Extended Term will be incorporated into the City's current office lease form as an Amended and Restated Lease (the "Amended Lease").

If the City's Board of Supervisors approves City's exercise of the Extension Option and the Amended Lease, the Extended Term will commence on July 1, 2022, and expire on June 30, 2027. Base Rent for the Extended Term as determined by an expert appraiser from the City's list of approved appraisers and confirmed by an appraisal review shall be as follows:

<u>Period of Extended Term</u>	<u>Approximate Annual Rental Rate Per Square Foot</u>	<u>Monthly Installment of Base Rent</u>
7/1/2022-6/30/2023	\$54.63	\$85,869.26
7/1/2023-6/30/2024	\$56.27	\$88,447.06
7/1/2024-6/30/2025	\$57.96	\$91,103.46
7/1/2025-6/30/2026	\$59.70	\$93,838.45
7/1/2026-6/30/2027	\$61.49	\$96,652.03

Landlord and City hereby agree that the Amended Lease will grant City an additional five (5) year option to extend the Term beyond the June 30, 2027 Lease expiration on all the terms and conditions contained in the Section 3.4 of the Lease.

A subsequent letter will be sent once the Board of Supervisors considers the Extension Option. If approved, that letter will confirm City's exercise of the Extension Option is no longer conditional and the parties will enter into the Amended Lease. If the Extension Option is not approved, that letter will confirm the termination of the Lease on June 30, 2022.

Please countersign this letter below to confirm your agreement to these matters and return your original, countersigned copy to the City.

If you should have any questions regarding this matter please don't hesitate to contact Cindy J. Lee at 415-554-9872 or cindy.j.lee@sfgov.org.

Sincerely,



Andrico Q. Penick
Director of Property

ACKNOWLEDGED AND AGREED

The undersigned acknowledges the City's conditional exercise of its Extension Option and agrees to the Extended Term Base Rent described in this letter.

Maurice Casey

By: Maurice Casey

Name: MAURICE CASEY

Title: Principal 120 14th St. LLC.

3/28/2022