

File No. 230090

Committee Item No. 3

Board Item No. 9

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date March 8, 2023

Board of Supervisors Meeting Date March 14, 2023

#### Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<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
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

#### OTHER (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Original Lease 11/15/2012</u>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Real Estate Division Presentation 3/8/2023</u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
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Completed by: Brent Jalipa Date March 2, 2023

Completed by: Brent Jalipa Date March 9, 2023

1 [Real Property Lease Amendment - 101 South Van Ness, LLC - 110-12th Street - Not to  
2 Exceed \$454,668.67 in the Initial Year]

3 **Resolution approving and authorizing the Director of Property, on behalf of the City's**  
4 **Department of Administration's ReproMail Services, to execute a lease amendment**  
5 **extending the term for five years for continued use of approximately 10,469 square feet**  
6 **of office space of real property located at 110-12th Street, with 101 South Van Ness,**  
7 **LLC for continued use of approximately 10,469 square feet of office space at a base**  
8 **rent of \$454,668.67 per year with 3% annual rent increases beginning February 1, 2024,**  
9 **for an extended term commencing February 1, 2023, and expiring on January 31, 2028;**  
10 **and authorizing the Director of Property to execute any amendments to the Lease,**  
11 **make certain modifications and take certain actions that do not materially increase the**  
12 **obligations or liabilities to the City, do not materially decrease the benefits to the City**  
13 **and are necessary or advisable to effectuate the purposes of the Lease or this**  
14 **Resolution.**

15  
16 WHEREAS, The City and County of San Francisco ("City") entered into that certain ten-  
17 year Lease dated February 1, 2013 (the "Lease") originally with St. James Family Partnership,  
18 L.P. ("Original Landlord") and exercising the option with 101 South Van Ness, LLC ("Current  
19 Landlord") for the real property located at 110-12th Street ("Property") authorized by  
20 Resolution No. 407-12; and

21 WHEREAS, The Property is approximately 10,469 square feet of space to address  
22 specialized requirements of ReproMail's production equipment, printers, and mailing  
23 machines as well as providing easy access to its client City Departments; and

24 WHEREAS, The Real Estate Division ("RED"), on behalf of ReproMail, negotiated with  
25 the Landlord a lease amendment to: (i) extend the lease term for five years through January

1 31, 2028 ("Extended Term"); and set the base rent at \$454,668.67 (or \$43.43per square foot)  
2 in the initial year with 3% annual increases; and

3 WHEREAS, A copy of the proposed Lease Amendment is on file with the Clerk of the  
4 Board in File No. 230090; and

5 WHEREAS, The Extended Term, upon approval of this Resolution by the Board of  
6 Supervisors, will be on the same terms and conditions as the Lease and the City will have one  
7 remaining five year lease extension available; now, therefore, be it

8 RESOLVED, That in accordance with the recommendation of the Director of Property  
9 and the City Administrator's Office, ReproMail Director, the Board of Supervisors approves the  
10 Lease Amendment and authorizes the Director of Real Estate to take all actions on behalf of  
11 the City necessary or advisable to effectuate the Lease Amendment with 101 South Van Ness  
12 LLC, as Current Landlord, for 110-12th Street, San Francisco, California, substantially in the  
13 form on file with the Clerk of the Board of Supervisors in File No. 230090; and, be it

14 FURTHER RESOVLED, Authorizing the Director of Property to execute any  
15 amendments to the Lease, make certain modifications and take certain actions that do not  
16 materially increase the obligations or liabilities to the City, do not materially decrease the  
17 benefits to the City and are necessary or advisable to effectuate the purposes of the Lease or  
18 this Resolution; and, be it

19 FURTHER RESOLVED, That within 30 days of the Lease Amendment being fully-  
20 executed by all parties, the Director of Property shall provide the final Lease Amendment to  
21 the Clerk of the Board for inclusion into the official file.

Available: \$189,445.30  
(base rent for period 2/1/23 through  
6/30/23)

Fund ID:	14300
Department ID:	228875
Project ID:	10001302
Authority ID:	17378
Account ID:	530110
Activity ID:	25

/s/ \_\_\_\_\_  
Ben Rosenfield  
Controller

Funding for Fiscal Year 2023/2024 is  
subject to the enactment of the Annual  
Appropriation Ordinance for Fiscal Year  
2023/2024.

RECOMMENDED:

/s/ \_\_\_\_\_  
Real Estate Division  
Director of Property



**Item 3**  
**File 23-0090**

**Department:**  
Real Estate Division

## **EXECUTIVE SUMMARY**

### **Legislative Objectives**

- The proposed resolution would retroactively authorize a lease amendment between the City and 101 South Van Ness LLC for the entire building located at 110 12<sup>th</sup> Street, used by the City's ReproMail services, for an additional five years from February 1, 2023 to January 31, 2028 at the base rent of \$454,668.67 in the first year with annual three percent rent increases starting February 1, 2024.

### **Key Points**

- The original lease, dated November 15, 2012, included a 10-year term commencing on February 1, 2013 and ending on January 31, 2023, with two five-year options to extend. The existing lease has been in hold-over status at the current rental rate since February 1, 2023. The current annual rent is \$44.05 per square foot.
- The original lease established that base rent for the extended term would be equal to 95 percent of fair market rent, which suggests base rent of \$38.00 per square foot (95% of \$40) based on the appraisal. However, the proposed extension includes annual increases to base rent of three percent, which is lower than the four percent annual increases in the original lease and assumed in the appraisal. Base rent in the proposed extension of \$43.43 was established based on section 4.5, Determination of Base Rent for the Extended Term. The Real Estate Division and the Landlord could not agree on the prevailing market rate, so they both obtained appraisals per Section 4.5., which differed by less than 10 percent. Per the terms of lease, the average of the two appraisals were used to set the rental rate for the extension.
- The proposed extension does not include an option for the City to purchase the property because the Landlord declined the Real Estate Division's request for a purchase option.

### **Fiscal Impact**

- The total annual base costs (including rent, janitorial services, security, utilities, and building maintenance) for the proposed extension are \$570,513. The proposed lease increases rent annually by three percent. Therefore, the rent and operating costs for the additional five-year term would be \$3,028,931, assuming service costs also escalate at three percent annually.

### **Recommendation**

- Approve the proposed resolution.

**MANDATE STATEMENT**

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

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****ReproMail Current Lease**

The City, on behalf of the City Administrator's Reproduction and Mail (ReproMail) Services, has an existing lease with 101 South Van Ness, LLC, of the entire building and fenced parking area located at 110 12<sup>th</sup> Street also known as 101 South Van Ness.<sup>1</sup> The original lease, dated November 15, 2012, included a 10-year term commencing on February 1, 2013 and ending on January 31, 2023, with two five-year options to extend. The original lease included annual base rent of \$30.95 per square foot and annual increases of four percent and established that base rent for the extended term would be equal to 95 percent of fair market rent.

The existing lease ended on January 31, 2023, and has been in hold-over status at the current rental rate since February 1, 2023 according to Real Estate Division staff. The current annual rent is \$44.05 per square foot.

The Real Estate Division, on behalf of ReproMail Services, desires to extend the existing lease for an additional five years through January 31, 2028, with three percent annual rent adjustments.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would retroactively authorize a lease amendment between the City and 101 South Van Ness LLC for the entire building located at 110 12<sup>th</sup> Street, used by the City's ReproMail services, for an additional five years from February 1, 2023 to January 31, 2028 at the base rent of \$454,668.67 in the first year with annual three percent rent increases starting February 1, 2024.

If the City exercises this first option to extend the lease, there will be one five-year option to extend remaining through January 31, 2033.

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<sup>1</sup> The original lease was between the City and The St. James Family Partnership L.P., which merged with 101 South Van Ness LLC, the current landlord.

### Provisions of Lease

Exhibit 1 below provides an overview of the terms of the proposed lease agreement.

#### Exhibit 1: Lease Comparison Table

	Original Lease	Proposed Extension
Premises	Two-story building, located at 110 12 <sup>th</sup> Street and fenced parking area	<i>No change</i>
Rental Area	10,469 square feet	<i>No change</i>
Base Rent	\$30.95 per square foot per year (\$324,000 annually)	\$43.43 per square foot per year (\$454,668.67 annually)
Base Rent Adjustments	Four percent annually	Three percent annually
Term Start and End	February 1, 2013 through January 31, 2023	February 1, 2023 through January 31, 2028
Option to Extend	Two five-year options to extend through January 31, 2033	One five-year option to extend through January 31, 2033
Early Termination Option	City may terminate on or after February 1, 2016 with at least one-year prior written notice	<i>No change</i>
Maintenance and Repair	Landlord pays to maintain the building, building systems, and parking area. City pays to maintain interior areas of the building	<i>No change</i>
Utility Costs	Paid by City	<i>No change</i>
Janitorial Services	Paid by City	<i>No change</i>
Security Services	Paid by City	<i>No change</i>

Sources: Original Lease and Proposed Amended Lease

According to Real Estate Division staff, the proposed extension does not include an option for the City to purchase the property because the Landlord declined their request for a purchase option.

Under the terms of the existing lease, the landlord paid for tenant improvements, which were built in 2012 and 2013. The proposed extension does not provide for additional tenant improvements.

### Services Provided

The City's ReproMail Services provides design, print, and mail services for all City departments. Services include but are not limited to printing of annual reports, banners, blueprints, books and magazines, brochures, business cards, business forms, certificates, direct mail printing, envelopes, exhibits, flyers, labels, letterhead, manuals, t-shirts, traffic and property restriction signs, training materials, vehicle wraps, binding, and design.

### Site Use

ReproMail Services has 20 City staff working in this building. ReproMail Services' production equipment, printers, and mailing machines are centrally located close to Civic Center to provide timely service to all City departments.

### Site Appraisal

The Real Estate Division obtained an appraisal from J Kauper & Company dated May 6, 2022. The appraisal used a direct market comparison approach to provide a prospective value as of February 1, 2023. The office and parking area were valued separately because of the few comparable properties in the South of Market area. Comparable data provided support two months of free rent and annual rent increase of three percent as opposed to the four percent increase established under the original lease. The appraisal concludes the building has a rental value of \$40.00 per square foot, based on annual increases of four percent.

### FISCAL IMPACT

The proposed amendment for the lease of 110 12<sup>th</sup> Street has a base rate of \$454,669 annually, or \$43.43 per square foot per year. Exhibit 2 below shows a breakdown of the rent and associated costs with the lease for the first year.

#### Exhibit 2: Annual Base Rent and Operating Costs for 110 12<sup>th</sup> Street

Item	Cost
Rent	\$454,669
Janitorial Services	\$74,858
Security	\$1,845
Utilities	\$18,800
Building Maintenance	\$20,341
<b>Total</b>	<b>\$570,513</b>

Source: Real Estate Division

As shown in Exhibit 2 above, the total annual base costs for the proposed extension are \$570,513. The proposed lease increases rent annually by three percent. Therefore, the rent and operating costs for the additional five-year term would be \$3,028,931, assuming service costs escalate at three percent annually.

### Change in Base Rent

The proposed base rent of \$43.43 per square foot is more than the original initial base rent of \$30.95 per square foot in 2013, but less than the current base rent of \$44.05 per square foot.

Real Estate Division staff were not able to provide the funding source for the proposed lease costs at the time this report was finalized.

**Base Rent and Annual Adjustment**

The original lease established that base rent for the extended term would be equal to 95 percent of fair market rent, which suggests base rent of \$38.00 per square foot (95% of \$40) based on the appraisal. However, the proposed extension includes annual increases to base rent of three percent, which is lower than the four percent annual increases in the original lease and assumed in the appraisal. According to Real Estate Division staff, base rent in the proposed extension of \$43.43 was established based on section 4.5, Determination of Base Rent for the Extended Term. The Real Estate Division and the Landlord could not agree on the prevailing market rate, so they both obtained appraisals per Section 4.5., which differed by less than 10 percent. Per the terms of lease, the average of the two appraisals were used to set the rental rate for the extension.

**RECOMMENDATION**

Approve the proposed resolution.



# 110 12<sup>TH</sup> STREET/101 SOUTH VAN NESS

REPROMAIL SERVICES  
LEASE AMENDMENT TO EXERCISE EXTENSION OPTION





# 110 12<sup>TH</sup> STREET/101 SOUTH VAN NESS

## REPROMAIL SERVICES SUMMARY

- The City's ReproMail Services original lease was executed on November 15, 2012, with the term commencing on February 1, 2013.
- They occupy approximately 10,469 square feet of the entire two-story building, including a fenced-in parking area.
- The City's ReproMail Service would like to exercise the option to extend the term by five years.
- Approximately 20 staff work at this location, providing a wide range of services to the City.
- The facility is close to the Civic Center area, providing ReproMail Services with easy access to our client departments. ReproMail Services' production equipment, printers, and mailing machines are centrally located to provide timely service to all City and County of San Francisco departments.



# 110 12<sup>TH</sup> STREET/101 SOUTH VAN NESS

## REPROMAIL SERVICES LEASE AMENDMENT SUMMARY

- Exercise of first of two options to extend the lease for 5 Years
- Premises: 10,469 sf.
- Base Rent:
  - \$43.43 psf.
  - \$454,668.67 annually
  - \$37,889.06 monthly
- Annual Increase: 3%
- One remaining 5-year Extension Option which will be at fair market value.



# QUESTIONS?

## **FIRST LEASE AMENDMENT**

THIS AMENDMENT (this "Amendment") is made as of \_\_\_\_\_, 20\_\_, in San Francisco, California, by and between 101 SOUTH VAN NESS LLC, a California limited liability company ("Landlord") and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City" or "Tenant").

### **RECITALS**

THIS AMENDMENT is made with reference to the following facts and circumstances:

A. City and Landlord have previously entered into an existing lease agreement, dated as of February 1, 2013 (the "Lease"), for the lease of 101 South Van Ness (the "Building") located at 110 12<sup>th</sup> Street, San Francisco, being a portion of Lot 003, in Assessor's Block 3514, San Francisco, California.

B. The Certificate of Merger was recorded August 13, 2019, Document No. 2019-K814782-00, to document the updated ownership of 110 12<sup>th</sup> Street, San Francisco following the merger of The St. James Partnership into 101 South Van Ness LLC, a California limited liability company.

C. Landlord has leased to City the premises in the Building identified in the Basic Lease Information (the "Premises"). City is using the Premises for office and production areas for the City's reproduction and mail services and such other uses as specified in the Basic Lease Information.

D. The parties now desire to modify the Lease on the terms and conditions as set forth herein.

ACCORDINGLY, in consideration of the matters described in the foregoing Recitals, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the City and Landlord agree as follows:

1. The subsections in Section 1. (Basic Lease Information) listed below are hereby amended and restated to read in their entirety as follows:

"Term (Section 3): Commencement date: February 1, 2023

Expiration date: January 31, 2028"

"Base Rent (Section 4.1):

Annual Base Rent:  
\$454,668.67 (\$43.43 per sq. ft.)

Monthly payments:  
\$37,889.06 (\$3.62 per sq. ft.)"

"City's Percentage Share (Section 4.4): Annually on each February 1 following the Commencement Date, the Base Rent shall be increased by three percent (3%)."

2. **No Joint Venture.** This Amendment or any activity by the City hereunder does not create a partnership or joint venture between the City and Landlord relating to the Lease or otherwise. This Amendment does not constitute authorization or approval by the City of any activity

conducted by Landlord, and the City shall in no way be responsible for the acts or omissions of Landlord on the Premises or otherwise.

3. **Attorneys Fees.** In the event a dispute arises concerning this Amendment, the party not prevailing in such dispute shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Amendment, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.
4. **Governing Law.** This Lease will be construed and enforced in accordance with the Legal Requirements of the State of California and City's Charter. Any legal suit, action, or proceeding arising out of or relating to this Lease shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Lease has been brought in an inconvenient forum.
5. **References.** No reference to this Amendment is necessary in any instrument or document at any time referring to the Lease. Any future reference to the Lease shall be deemed a reference to such document as amended hereby.
6. **Applicable Law.** This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.
7. **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.

8. **Landlord's Compliance with City Business and Tax and Regulations Code.** Landlord acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Landlord under 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.
9. **Taxes, Assessments, Licenses, Permit Fees, and Liens.** San Francisco Administrative Code Sections 23.38 and 23.39 require that certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Lease be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Tenant must provide a copy of this Lease to the County Assessor not later than sixty (60) days after the Effective Date, and any failure of Tenant to timely provide a copy of this Lease to the County Assessor will be a default under this Lease.
10. **Consideration of Salary History.** Tenant shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." For each employment application to Tenant for work that relates to this Agreement or for work to be performed in the City or on City property, Tenant is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant. Tenant shall not (1) ask such applicants about their current or past salary or (2) disclose a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Tenant is subject to the enforcement and penalty provisions in Chapter 12K. Information about Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>.
11. **Drug-Free Workplace.** Tenant acknowledges that under the Federal Drug-Free Workplace Act of 1988, the unlawful manufacture, distribution, possession, or use of a controlled substance under federal Legal Requirements is prohibited on City premises. Any violation of this prohibition by Tenant, its Agents, or assigns will be a material breach of this Lease.
12. **Contractor Vaccination Requirements.**
  - (1) Tenant acknowledges that it has read the requirements of the 38th Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency ("Emergency Declaration"), dated February 25, 2020, and the Contractor Vaccination Policy for City Contractors issued by the City Administrator ("Contractor Vaccination Policy"), as those documents may be amended from time to time. A copy of the Contractor Vaccination Policy can be found at: <https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors>. Any

undefined, initially-capitalized term used in this Section has the meaning given to that term in the Contractor Vaccination Policy.

(2) A Contract as defined in the Emergency Declaration is an agreement between the City and any other entity or individual and any subcontract under such agreement, where Covered Employees of the contractor or subcontractor work in-person with City employees at a facility owned, leased, or controlled by the City. A Contract includes such agreements currently in place or entered into during the term of the Emergency Declaration. A Contract does not include an agreement with a state or federal governmental entity or agreements that does not involve the City paying or receiving funds.

(3) Tenant has read the Contractor Vaccination Policy. In accordance with the Emergency Declaration, if this Lease is (or becomes) a Contract as defined in the Contractor Vaccination Policy, Tenant agrees that:

(I) Tenant shall ensure it complies with the requirements of the Contractor Vaccination Policy pertaining to Covered Employees, as they are defined under the Emergency Declaration and the Contractor Vaccination Policy, and insure such Covered Employees are fully vaccinated for COVID-19 or obtain an exemption based on medical or religious grounds; and

(II) If Tenant grants Covered Employees an exemption based on medical or religious grounds, Tenant will promptly notify City by completing and submitting the Covered Employees Granted Exemptions Form ("Exemptions Form"), which can be found at <https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors> (navigate to "Exemptions" to download the form).

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

14. **Effective Date.** The date of which this Amendment shall become effective as of the date this Amendment is duly executed and exchanged by the parties hereto.

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

**[SIGNATURES APPEAR ON THE FOLLOWING PAGE]**

In witness whereof, the parties hereto have executed this Amendment as of the date written above.

LANDLORD: 101 SOUTH VAN NESS LLC,  
a California limited liability company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

TENANT: CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
Andrico Q. Penick  
Director of Property

Date: \_\_\_\_\_

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: \_\_\_\_\_  
Anna Parlato Gunderson  
Deputy City Attorney

LEASE

between

THE ST. JAMES FAMILY PARTNERSHIP, L.P.,  
as Landlord

and

CITY AND COUNTY OF SAN FRANCISCO,  
as Tenant

For the lease of  
the entire Building and  
fenced parking lot commonly known as 110 12th Street  
San Francisco, California

November 15, 2012

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## LEASE

THIS LEASE (this "Lease"), dated for reference purposes only as of November 15, 2012, is by and between THE ST. JAMES FAMILY PARTNERSHIP, a California limited partnership ("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 shall be deemed to incorporate all of the terms in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

Lease Reference Date:	November 15, 2012
Landlord:	THE ST. JAMES FAMILY PARTNERSHIP, L.P., a California limited partnership
Tenant:	CITY AND COUNTY OF SAN FRANCISCO
Building ( <u>Section 2.1</u> ):	A 2 story building (the "Building") and fenced parking area (the "Parking Area") located at 110 12th Street, San Francisco, California (collectively, the "Property"). The Property is also known as Assessor's Block 3514, Lot 003.
Premises ( <u>Section 2.1</u> ):	The entire Property (the "Premises").
Rentable Area of the Building ( <u>Section 2.1</u> ):	Approximately 10,469 rentable square feet, subject to final measurement in accordance with BOMA standards pursuant to <u>Section 2.1</u>
Term ( <u>Section 3</u> ):	Commencing on the Commencement Date as defined in <u>Section 3.1</u> and ending on the Expiration Date, subject to the early termination option set forth in <u>Section 3.4</u> and the extension options set forth in <u>Section 3.5</u> . Landlord shall deliver the Premises to City upon completion of the Leasehold Improvement Work (as defined in <u>Section 6.1(a)</u> ).
	Estimated Commencement Date: February 1, 2013.
	Expiration Date: January 31, 2023, subject to the early termination option set forth in <u>Section 3.4</u> and the Extension Options set forth in <u>Section 3.5</u> .
Termination Option ( <u>Section 3.4</u> ):	City shall have the right to terminate the Lease early, on or after February 1, 2016, by written notice of termination given to Landlord not less than one (1) year in advance, as provided

Extension Option ( <u>Section 3.4</u> ):	<p>in <u>Section 3.4</u>.</p> <p>City has the right to extend the Term twice, each for an additional term of five (5) years, by providing notice of exercise to Landlord not less than one (1) year in advance, with Base Rent for the Extended Term at 95% of the then fair market rent as provided in <u>Section 4.5</u>.</p> <p>Extension Option No. 1: February 1, 2023 through January 31, 2028</p> <p>Extension Option No. 2: February 1, 2028 through January 31, 2033</p>
Base Rent ( <u>Section 4.1</u> ):	<p>Annual Base Rent: \$324,000.00 (approximately \$30.95 per sq. ft.)</p> <p>Monthly payments: \$27,000.00 (approximately \$2.58 per sq. ft.)</p>
Adjustment Dates ( <u>Section 4.1</u> )	<p>Annually on each February 1 following the Commencement Date, the Base Rent shall be increased by four percent (4%).</p>
Additional Charges ( <u>Section 4.2</u> ):	<p>City shall pay certain Additional Charges as specified in <u>Section 4.4</u>.</p>
Use ( <u>Section 5.1</u> ):	<p>Offices and production areas for the City's reproduction and mail services or any other administrative/general offices of the City.</p>
Leasehold Improvement Work ( <u>Section 6</u> ):	<p>Landlord shall perform the Leasehold Improvement Work, at no cost to the City, in accordance with <u>Article 6</u>.</p>
Maintenance and Repair ( <u>Section 8</u> )	<p>Landlord, at Landlord's sole cost, shall maintain all of the Property, including the Building, the Building Systems and the Parking Area, but excluding the interior areas of the Building that are not the Building Systems. City shall maintain only the interior areas of the Building, but not including the Building Systems or fixtures connected to the Building Systems.</p>
Utilities ( <u>Section 9.1</u> ):	<p>Landlord shall provide all utilities as described in <u>Section 9.1</u>. City shall pay the actual cost of such utilities, without markup, to Landlord or</p>

directly to the utility service provider, as applicable.

Janitorial Services (Section 9.2):

Landlord shall provide janitorial services in accordance with Exhibit C. City shall reimburse Landlord, , at rates agreed upon in advance. If the parties cannot agree on the rates, or if City otherwise elects to perform janitorial services on its own or through a contractor, then Landlord shall thereafter no longer be required to provide janitorial services.

Security Monitoring Services (Section 9.3)

Landlord shall arrange for security services as described in Section 9.3. City shall reimburse Landlord, , at rates agreed upon in advance. If the parties cannot agree on the rates, or if City otherwise elects to perform security services on its own or through a contractor, then Landlord shall thereafter no longer be required to provide security services.

Notice Address of Landlord (Section 23.1):

1145 Market Street, 12<sup>th</sup> Floor  
San Francisco, California 94103  
Attn: Trinity Management Services  
Fax No.: (415) 864-5188

Rent Payment Address:

St James Family Partnership  
c/o Trinity Management  
1145 Market Street, 12<sup>th</sup> Floor  
San Francisco, California 94103

Key Contact for Landlord:

Walter Schmidt

Landlord Contact Telephone No.:

(415) 864-1111

Notice Address for Tenant (Section 23.1):

Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Attn: Director of Property  
Fax No.: (415) 552-9216

with a copy to:

Reproduction  
110 12th Street  
San Francisco, California 94103  
Fax No.: TBD

and to:

Office of the City Attorney  
City Hall, Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, California 94102-4682  
Attn: Real Estate Transactions Team  
Fax No.: (415) 554-4755

Key Contact for Tenant:

Salla Vaerma

Tenant Contact Telephone No.:

TBD

Alternate Contact for Tenant:

Charlie Dunn

Alternate Contact Telephone No.:

(415) 554-9861

Brokers (Section 23.8):

Cushman and Wakefield

## **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 two story building identified in the Basic Lease Information (the "Building") and shown on the floor plans attached hereto as Exhibit A (the "Premises"). The Premises consist of the entire Building, with approximately 10,469 sq. ft. of rentable Building area, and a fenced parking area for approximately 22 cars. As used in this Lease, the term "rentable area" shall mean that measurement of interior floor area computed in accordance with the "Standard Method for Measuring Floor Area in Office Buildings, the American National Standard" (Z65.1-1996), adopted by the Building Owners and Managers Association (BOMA). The Building, land upon which the Building is located and all other improvements on or appurtenances to such land are referred to collectively as the "Property."

## **3. TERM**

### **3.1 Term of Lease**

The Premises are leased for an initial term (the "Initial Term") commencing on the date (the "Commencement Date") which is the earlier of (a) the date on which Landlord shall have delivered the Premises to City with the Leasehold Improvement Work (as defined below) having been completed and accepted by City pursuant to Section 6.1 (Leasehold Improvement Work) provided that on or before the Commencement Date (i) the Board of Supervisors and Mayor have authorized the transaction contemplated by this Lease, in their sole and absolute discretion, as further provided in this Lease and (ii) this Lease has been duly executed and delivered by the parties hereto. The Term of this Lease shall end on the expiration date specified in the Basic Lease Information, or such earlier date on which this Lease terminates pursuant to the provisions of this Lease, provided that City shall have the right to (A) terminate this Lease early as set forth in Section 3.4 (Early Termination Option) and (B) extend the Term as set forth in Section 3.5 (Extension Options). The word "Term" as used herein shall refer to the Initial Term and any Extended Terms if City exercises the Extension Options as provided below.



### **3.2 Commencement Date and Expiration Date**

The dates on which the Term commences and terminates pursuant hereto are referred to respectively as the "Commencement Date" and the "Expiration Date." If the Commencement Date occurs on a date other than the Estimated Commencement Date, then promptly thereafter Landlord shall deliver to City a notice substantially in the form of Exhibit B attached hereto, confirming the actual Commencement Date, but Landlord's failure to do so shall not affect the commencement of the Term.

### **3.3 Delay in Delivery of Possession**

Landlord shall use its commercially reasonable efforts to deliver possession of the Premises with all of the Leasehold Improvement Work completed and accepted by the City's Director of Property pursuant to Section 6.1 (Leasehold Improvement Work) and the Required Installations and Equipment installed on or before the Estimated Commencement Date. However, if Landlord is unable to deliver possession of the Premises as provided above, then, subject to the provisions of this Section below, the validity of this Lease shall not be affected by such inability to deliver possession except that City's obligations to pay Base Rent or any other charges shall not commence until such time as Landlord has delivered the Premises as required under this Lease. If the Term commences later or earlier than the Estimated Commencement Date, this Lease shall nevertheless expire on the Expiration Date, unless sooner terminated pursuant to the provisions under this Lease. If Landlord is unable to deliver possession of the Premises to City as required hereunder within one hundred eighty (180) days after the Estimated Commencement Date, then City may, at its option, terminate this Lease, without any further liability under this Lease, upon written notice to Landlord.

### **3.4 Early Termination Option**

City shall have the right (the "Early Termination Option") to terminate this Lease effective as of any date (the "Early Termination Date") on or after February 1, 2016, provided that City provides Landlord with not less than one (1) year prior written notice (the "Early Termination Notice") of such early termination, which Early Termination Notice shall specify the Early Termination Date. City's notice of its intent to exercise the Early Termination Option shall be exercisable by the City's Director of Property.

### **3.5 Extension Options**

City shall have the right to extend the Initial Term of this Lease (the "Extension Options") for the additional terms specified in the Basic Lease Information (each, an "Extended Term" and collectively the "Extended Terms"). Such Extension Options shall be on all of the terms and conditions contained in this Lease, except that Base Rent at the beginning of each Extended Term shall be adjusted in accordance with Section 4.5 (Base Rent for Extended Term). City may exercise an Extension Option, if at all, by giving written notice of exercise to Landlord no later than three hundred sixty five (365) days before the start of the applicable Extended Term; provided, however, if City is in material default under this Lease on the date of giving such notice and fails to cure such default as and when required under this Lease, Landlord may reject such exercise by delivering written notice thereof to City promptly after such failure to cure. Landlord acknowledges and agrees that City's notice of exercise shall be subject to the provisions of Section 4.5 and the subsequent enactment of a resolution by the Board of Supervisors and the Mayor, in their respective sole and absolute discretion, approving and authorizing the extension. If the such Board of Supervisor approval and authorization is not given within ninety (90) days after the date the Base Rent is determined under Section 4.5, the exercise notice shall be deemed null and void.

## **4. RENT**

### **4.1 Base Rent**

Beginning on the Commencement Date, City shall pay to Landlord during the Term the annual base rent specified in the Basic Lease Information (the "Base Rent"). The Base Rent shall be payable in equal consecutive monthly payments on or before the first day of each month, in advance, at the address specified for Landlord in the Basic Lease Information, or such other place as Landlord may designate in writing upon not less than thirty (30) days' advance notice. City shall pay the Base Rent without any prior demand 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 such fractional month shall be prorated based on a thirty (30)-day month.

On each date specified in the Basic Lease Information for the adjustment of Base Rent (an "Adjustment Date"), the Base Rent payable shall be increased by four percent (4%).

### **4.2 Additional Charges**

City shall pay to Landlord, as additional rent, the charges for Security Costs and Janitorial Costs and, if applicable, the additional costs as described in Section 9.2(d), each as provided below (collectively, "Additional Charges"). All such Additional Charges shall be payable to Landlord at the place where the Base Rent is payable. Landlord shall have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent. The Base Rent and Additional Charges are sometimes collectively referred to below as "Rent."

### **4.3 Definitions**

For purposes of payments of Additional Charges, the following terms shall have the meanings hereinafter set forth:

"Expense Year" means each calendar year commencing January 1st of each year during the Term, including any partial year in which this Lease commences.

"Operating Costs" means the total reasonable and prudent costs and expenses actually paid or incurred by Landlord for the Janitorial Costs and the Security Costs. Such costs may also include additional expenses as and when agreed by Landlord and City in accordance with Section 9.2(d).

"Janitorial Costs" means the total reasonable and prudent costs and expenses actually paid by Landlord in connection with the security services provided to the Premises pursuant to the provisions of Section 9.2(a).

"Security Costs" means the total reasonable and prudent costs and expenses actually paid by Landlord in connection with the security, camera, and alarm services provided to the Premises pursuant to the provisions of Section 9.2(b).

### **4.4 Payment for Additional Charges**

During the Term, City shall pay to Landlord each month, as Additional Charges, one twelfth (1/12) of Landlord's estimate of the Operating Costs for each Expense Year; provided if City does not agree to the estimated Operating Costs or if City elects at any time to terminate Landlord's obligation to provide janitorial or security services (as set forth in Section 9.2), then Landlord shall not be required to provide the applicable service and the Operating Costs for that



service shall be eliminated. City shall make payments for the Additional Charges in advance, in the amount estimated by Landlord in reasonable detail in a writing delivered to City prior to November 30th of each Expense Year. Landlord may revise its estimate of Operating Costs from time to time and, unless City elects to terminate Landlord's obligation to provide the applicable service, City shall thereafter make payments on the basis of such revised estimates, provided that: (a) no such revision shall take effect before the date that is 30 days after Landlord's notice, and shall apply prospectively only; (b) Landlord may not make any such revision more than twice in any given Expense Year; and (c) no such revision may be made within four (4) months following an earlier estimate or revision. With reasonable promptness not to exceed sixty (60) days after the expiration of each Expense Year, Landlord shall furnish City with a statement (herein called "Landlord's Expense Statement"), setting forth in reasonable detail the actual Operating Costs for such Expense Year and City's payments thereof. If the actual Operating Costs for such Expense Year exceeds the estimated Operating Costs paid by City for such Expense Year, City shall pay to Landlord (whether or not this Lease has terminated) the difference between the amount of estimated Operating Costs paid by City and the actual Operating Costs within sixty (60) days after the receipt of Landlord's Expense Statement. If the total amount paid by City for any such Operating Costs exceeds the actual Operating Costs for such Expense Year, such excess shall be credited against the next installments of Operating Costs due from City to Landlord hereunder, or, at City's request, refunded to City within sixty (60) days.

#### **4.5 Determination of Base Rent for the Extended Term**

At the commencement of the Extended Term, the Base Rent shall be adjusted to equal ninety five percent (95%) of the then prevailing market rate for space of comparable size and location to the Premises then being offered for rent in other buildings similar in age, location and quality to the Premises situated within the Civic Center area of San Francisco ("Reference Area"). As used herein, the term "prevailing market rate" shall mean the base rental for such comparable space, taking into account (i) any additional rental and all other payments and escalations payable hereunder, (ii) location and size of the premises covered by leases of such comparable space, (iii) the duration of the renewal term and the term of such comparable leases, (iv) free rent given under such comparable leases and any other tenant concessions, (v) credit worthiness of the tenant, and (vi) building standard tenant improvement allowances and other allowances given under such comparable leases.

Within thirty (30) days following City's exercise of the Extension Option, Landlord shall notify City of Landlord's determination of the prevailing market rate for the Premises along with substantiation for such determination. If City disputes Landlord's determination of the prevailing market rate, City shall so notify Landlord within fourteen (14) days following Landlord's notice to City of the prevailing market rate and such dispute shall be resolved as follows:

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

(b) If within this thirty (30)-day period Landlord and City cannot reach agreement as to the prevailing market rate, they shall each select one commercial real estate broker to determine the prevailing market rate. Each such commercial real estate broker shall arrive at a determination of the prevailing market rate and submit his or her conclusions to Landlord and City within thirty (30) days of the expiration of the thirty (30) day consultation period described in (a) above.

(c) If only one determination is submitted within the requisite time period, it shall be deemed to be the prevailing market rate. If both determinations are submitted within

such time period, and if the two determinations so submitted differ by less than ten percent (10%) of the higher of the two, then the average of the two shall be the prevailing market rate. If the two determinations differ by more than ten percent (10%) of the higher of the two, then the two commercial real estate broker shall immediately select a third appraiser who will within thirty (30) days of his or her selection make a determination of which of the two submitted prevailing market rates closest reflects its determination and submit such determination to Landlord and City.

(d) If City's Director of Property does not in good faith believe that the prevailing market rate as determined by the appraisal procedure specified above will be approved by the City's Board of Supervisors and Mayor in their sole and absolute discretion, the Director of Property shall revoke the exercise of the Extension Option by City by delivering written notice of such revocation on or before the termination of the Initial Term.

(e) All commercial real estate broker specified herein shall have not less than five (5) years' experience with leases of commercial properties similar to the Premises in the Reference Area. Landlord and City shall pay the cost of the commercial real estate broker selected by such party and one-half of the cost of the third commercial real estate broker, if any.

#### **4.6 Audits and Records**

City shall have the right, upon not less than five (5) business days' notice to Landlord, to audit the books and records of Landlord related to Operating Costs. If such audit discloses any discrepancies which would result in a reduction of Operating Costs for any Expense Year, Landlord shall immediately refund to City the amount of any overpayment by City. City shall pay the cost of such audit, provided that if such audit discloses any discrepancies which result in a reduction of Operating Costs of three percent (3%) or more for any Expense Year, then Landlord shall pay the costs of such audit.

#### **4.7 Records**

Landlord shall maintain at its offices in San Francisco in a complete and organized manner all of its records pertaining to Operating Costs and any other charges paid by City pursuant hereto, for a period of not less than three (3) years following expiration of the Term. Landlord shall maintain such records on a current basis and in sufficient detail to facilitate adequate audit and review thereof. All such books and records shall be available for inspection, copying and audit by City and its representatives, at City's expense, subject to the provisions of Section 4.6.

### **5. USE**

#### **5.1 Permitted Use**

City may use the Premises for administrative, public program, and/or general office uses and such other uses as may be specified in the Basic Lease Information, and for no other use without the prior written consent of Landlord, which shall not be unreasonably withheld or delayed.

#### **5.2 Interference with Access**

Landlord shall provide to City at all times use of the Premises and uninterrupted access thereto to the maximum extent possible, including, without limitation, during any power outages affecting the Premises or any portion of the Building; provided, however, that Landlord may, after consultation with the City's Administrator, interrupt City's access to the Premises or the

Building in the event of an immediate threat of the Premises, the s or any other portion of the Building being rendered unsafe for human occupancy. If City's use of any of the Premises or access thereto is interrupted as a result of the Premises, the s or any other portion of the Building being rendered unsafe for human occupancy due to Landlord's failure to comply with its obligations under this Lease or for any other reason other than City's default hereunder, then Landlord shall immediately undertake all necessary steps to correct such condition. In the event such condition continues for five (5) or more consecutive days and impairs City's ability to carry on its business in the Premises, the Rent payable hereunder shall be abated based on the extent to which such default interferes with City's ability to carry on its business at the Premises. If any such default by Landlord shall continue for thirty (30) days or more after City's use is interrupted and impairs City's ability to carry on its business in the Premises, then City shall have the right, without limiting any of its other rights under this Lease to 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 of the date City's use was interrupted, and such use is actually restored within such 60-day period. Nothing in this Section shall limit City's rights with respect to any disruption due to casualty pursuant to Section 12 (Damage and Destruction) hereof.

## **6. LEASEHOLD IMPROVEMENTS**

### **6.1 Landlord's Obligation to Construct Improvements**

Landlord, through its general contractor approved by City, shall construct the Premises, perform the work and make the installations in the Premises at Landlord's sole cost pursuant to the Construction Plans (as defined in this Section below) approved by City, and in accordance with the provisions of this Section below. Such work and installations are referred to as the "Leasehold Improvement Work" and "Leasehold Improvements."

#### **(a) Plans and Specifications**

Before the reference date of this Lease, Landlord has caused its architect or space planner approved by City to prepare and submit to City for its approval an architectural plan, power and signal 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 prepared by ASD, dated November 13, 2012 and loading door elevation with Planning Department comments dated November 5, 2012, as modified by City prior to the Effective Date (the "Construction Plans"), which Construction Plans are incorporated herein by reference.

#### **(b) Permits**

Landlord shall secure and pay for any building 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 approved Construction Plans. Promptly following City's execution of this Lease, Landlord shall apply for any permits, approvals or licenses necessary to complete such construction and shall provide copies to City promptly following receipt thereof. Landlord shall be responsible for arranging for all inspections required by City's Bureau of Building Inspection.

#### **(c) Construction**

Immediately upon Landlord's procurement of all necessary permits and approvals, Landlord shall commence construction and shall cause the Leasehold Improvements to be completed in a good and professional manner in accordance with sound building practice. Landlord shall comply with and give notices required by all laws, rules, regulations, ordinances, building restrictions and lawful orders of public authorities bearing on construction of the

Leasehold Improvements. Without limiting the foregoing, construction of the Leasehold Improvements shall comply with all applicable disabled access laws, including, without limitation, the most stringent requirements of the Americans With Disabilities Act of 1990, Title 24 of the California Code of Regulations (or its successor) and City's requirements for program accessibility. Landlord shall pay prevailing wages in connection with construction of the Leasehold Improvement Work as further provided in Section 23.24 (Prevailing Wages), below, and shall not use tropical hardwood wood products, or virgin redwood wood products as further provided in Section 23.26 (Tropical Hardwood and Virgin Redwood Ban), below.

**(d) Construction Schedule; Substantial Completion**

Landlord shall 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, City shall have the right upon reasonable advance oral or written notice to Landlord to enter the Premises at reasonable times to inspect the Premises, provided such inspections do not unreasonably interfere with the construction. Landlord or its representative may accompany City during any such inspection. When construction progress so permits, but not less than fifteen (15) days in advance of completion, Landlord shall notify City of the approximate date on which the Leasehold Improvement Work will be Substantially Completed (as defined below) in accordance with the Construction Plans. Landlord shall revise such notice of the approximate Substantial Completion date as appropriate from time to time and shall immediately notify City when the Leasehold Improvement Work is in fact Substantially Completed and the Premises are ready for occupancy by City. On such date or other mutually agreeable date as soon as practicable thereafter, City and its authorized representatives shall have the right to accompany Landlord or its architect on an inspection of the Premises.

The Leasehold Improvement Work shall be deemed to be "Substantially Completed" for purposes of this Lease when (i) the Leasehold Improvements shall have been sufficiently completed in accordance with the approved Construction Plans so that City can occupy the Premises and conduct its business for its intended uses, (ii) Landlord has procured a temporary or final certificate of occupancy for the Premises (iii) Landlord has delivered an HVAC Air Balance Report to City detailing that the HVAC system performs as designed and (iv) City, through City's Director of Property, shall have approved the Leasehold Improvements. City may, at its option, approve the Leasehold Improvements even though there may remain details that would not interfere with City's use. Landlord shall diligently pursue to completion all such details. Notwithstanding the foregoing, City shall have the right to present to Landlord within thirty (30) days after acceptance of the Premises, or as soon thereafter as practicable, a written punchlist consisting of any items that have not been finished in accordance with the Construction Plans. Landlord shall promptly complete all defective or incomplete items identified in such punchlist, and shall in any event complete all items within thirty (30) days after the delivery of such list. City's failure to include any item on such list shall not alter the Landlord's responsibility hereunder to complete all Leasehold Improvement Work in accordance with the approved Construction Plans, nor constitute any waiver of any latent defects.

No approval by City or any of its Agents of the Construction Plans, any other construction documents or completion of the Leasehold Improvement Work for purposes of this Lease shall be deemed to constitute approval of any governmental or regulatory authority with jurisdiction over the Premises, and nothing herein shall limit Landlord's obligations to obtain all such approvals.

**(e) Changes to Leasehold Improvement Plans & Documents.**

If City inquires (orally or in writing) about any change, addition or alteration relating to the design or specifications of the Leasehold Improvement Work (a "Change Order"), Landlord shall cause its Architect and Contractor to promptly supply a good faith not to exceed change



order cost estimate. In the event that a City requested Change Order would delay Substantial Completion, Landlord shall also provide its good faith estimate of such a delay (a "Tenant Delay"). Within five (5) business days of receipt of such cost and delay estimates, City shall notify Landlord in writing whether City approves the proposed change and for which City has appropriated funding. If City approves the proposed change within the five (5) business day period, then Contractor shall proceed with such City Change Order as soon as reasonably practical thereafter and City shall upon completion of the work and invoicing, along with typical contractor documentation, pay the approved Change Order cost.. And if there is a Tenant Delay for the Change Order, City's obligation to pay Base Rent shall commence as of the date the Premises would have been Substantially Complete had it not been for the Tenant Delay. Notwithstanding the foregoing, City shall be responsible and the date for Substantial Completion shall be extended only to the extent any delays are actually and directly caused by Tenant Delays.

## **6.2 Installation of Telecommunications and Other Equipment**

Landlord and City acknowledge that the Leasehold Improvement Work shall be completed by Landlord exclusive of the installation of telecommunications, data and computer facilities and equipment. City shall be responsible for installing such facilities and equipment, provided that Landlord shall furnish access to City and its consultants and contractors to the main telephone service serving the floor(s) on which the Premises are located and all other parts of the Building for which access is needed for proper installation of all such facilities and equipment including, but not limited to, wiring. City shall have the right to enter the Premises and such other portions of the Building at reasonable times during the course of construction of the Leasehold Improvements in order to install such facilities and equipment. City and Landlord shall use their good faith efforts to coordinate any such activities to allow the Leasehold Improvements and the installation of such 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, shall comply with all requirements of the San Francisco Building Code Chapter 34 and all other applicable local, state, and Federal laws, including but not limited to the California and United States Occupational and Health Safety Acts and their implementing regulations, when the work of improvement or alteration disturbs or removes exterior or interior lead-based or "presumed" lead-based paint (as defined below). Landlord and its Agents shall 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 pursuant to Chapter 34 of the San Francisco Building Code does not constitute notification to City as Tenant under this Lease and similarly that notice under this Lease does not constitute notice under Chapter 34 of the San Francisco Building Code. Further, Landlord and its Agents, when disturbing or removing exterior or interior lead-based or presumed lead-based paint, shall 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 covenants and agrees to comply with the requirements of Title 17 of the California Code of Regulations 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 Chapter 34 of the San Francisco Building Code, demonstrates an absence of lead-based paint on the interior or exterior surfaces of such buildings. Under this Section, lead-based paint is "disturbed or removed" if the work of improvement or alteration involves any action that creates

friction, pressure, heat or a chemical reaction upon 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 shall not make or permit any alterations, installations, additions or improvements (collectively, "Alterations") to the Premises without first obtaining Landlord's written consent, which Landlord shall not unreasonably withhold or delay. However, the installation of furnishings, fixtures, equipment or decorative improvements, none of which affect the Building Systems (as defined in Section 8 below) or structural integrity of the Building, and any repainting and recarpeting of the Premises shall not constitute Alterations requiring Landlord's consent. Any Alterations permitted hereunder shall be made at City's cost in compliance with applicable Laws (as defined below). Landlord shall, without cost to itself, cooperate with City in securing building and other permits and authorizations needed in connection with any permitted Alterations. Landlord shall not be entitled to any construction or other administrative fee in connection with any Alteration. City shall not be required to remove any Alterations upon the expiration or sooner termination of this Lease unless Landlord notifies City in writing at the time Landlord approves such Alterations that they must be removed at the Expiration Date. From and after City's initial occupancy, if any change of use, increase in occupancy, subletting, assignment or other new activity of City triggers the need for any upgrade, alteration or improvement to the Premises, the cost and performance of such work shall be solely the responsibility of City.

### **7.2 Title to Improvements**

Except for City's Personal Property (as defined in Section 7.3 below), all appurtenances, fixtures, improvements, equipment, additions and other property permanently installed in the Premises as of the Commencement Date or during the Term shall be and remain Landlord's property. City may not remove such property unless Landlord consents thereto.

### **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 the account of City and that can be removed without structural damage to the Premises (collectively, "City's Personal Property") shall be and remain City's property. At any time during the Term or at the expiration thereof, City may remove any of City's Personal Property, provided City shall repair any damage to the Premises resulting therefrom. Upon the expiration or earlier termination of this Lease, City shall remove City's Personal Property from the Premises in accordance with Section 20 (Surrender of Premises), below. 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. Landlord, upon City's reasonable request, shall execute and deliver any document required by any supplier, lessor, or lender in connection with the installation in the Premises of any items of City's Personal Property, pursuant to which Landlord waives any rights it may have or acquire with respect to City's Personal Property, so long as the supplier, equipment lessor or lender agrees that it (i) will remove the Property from the Premises within thirty (30) days after the Expiration Date (but if it does not remove City's Personal Property within such time it shall have waived any rights it may have had to City's Personal Property), and (ii) will repair any damage caused by the removal of City's Personal Property. Landlord shall recognize the rights of any supplier, lessor or lender who has an interest in any items of City's Personal Property to enter the Premises and remove such property at any time during the Term or within thirty (30) days after the Expiration Date.

#### **7.4 Alterations by Landlord**

Landlord shall use its best efforts to minimize interference with or disruption to City's use and occupancy of the Premises during any alterations, installations, additions or improvements to the Property, including without limitation any capital or repair work required under this Lease. Landlord shall promptly remedy any such interference or disruption upon receiving City's notice thereof.

### **8. REPAIRS AND MAINTENANCE**

#### **8.1 Landlord's Repairs**

Landlord shall repair and maintain, at its cost and in first-class condition, the exterior and structural portions of the Property, including, without limitation, the parking lot, parking fencing and gate, roof, foundation, bearing and exterior walls and subflooring, and the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other mechanical, electrical and communications systems of the Building (collectively, the "Building Systems"). Without limiting the foregoing, Landlord shall maintain the Property in a clean, safe and attractive manner.

#### **8.2 City's Repairs**

Subject to Landlord's warranty under Section 10.1 (Premises Condition and Landlord's Compliance with Laws; Indemnity), any warranties or guaranties received in connection with the performance of the Leasehold Improvement Work, and Landlord's repair and maintenance obligations hereunder, City shall repair and maintain at its cost the interior portions of the Premises (not including the Building Systems) and shall keep the Premises in good working order and in a safe and sanitary condition, except for ordinary wear and tear and damage by casualty. City shall make any such required repairs and replacements that Landlord specifies in writing (i) at City's cost, (ii) by contractors or mechanics selected by City and reasonably approved by Landlord, (iii) so that same shall be at least substantially equal in quality, value and utility to the original work or installation prior to damage thereof, (iv) 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 (v) in compliance with all applicable Laws, including, without limitation, any applicable contracting requirements under the City's Charter and Administrative Code. At all times during the Term of this Lease, Landlord shall, upon reasonable notice by City, afford City and its Agents with access to those portions of the Building which are necessary to maintain or repair the telecommunications and data and computer cabling facilities and equipment installed by City.

#### **8.3 Liens**

City shall keep the Premises free from liens arising out of any work performed, material furnished or obligations incurred by City during the Term. Landlord shall have the right to post on the Premises any notices permitted or required by law or that are needed for the protection of Landlord from mechanics' and material suppliers' liens. City shall 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 shall be responsible for furnishing all utilities and services to the Premises including electricity, gas, water, and sewer. Without limiting Landlord's obligations hereunder,



Landlord shall furnish all utilities and services required under this Lease in a manner consistent with such utilities and services normally provided in other buildings similar to the Building in the San Francisco Civic Center District. City shall pay Landlord at the actual rates charged by the utility service provider, without markup, or instead pay the utility service provider directly, as applicable.

## **9.2 Services**

### **(a) Janitorial Service**

Landlord shall provide, at City's cost, janitorial service in accordance with the specifications contained in Exhibit F attached hereto. City reserves the right, by written notice to Landlord, to revise the specifications for the janitorial service to be provided to the Premises from time to time during the Term, and the right to elect to perform the janitorial service, at City's sole cost, through City's employees or contractors.

### **(b) Security Services**

Landlord shall, without any responsibility for the efficacy thereof, arrange for, at City's cost, security alarm and camera services for the Premises. City reserves the right to change, add or modify the security services to be provided from time to time during the Term, and the right to elect to perform the service, at City's sole cost, through City's employees or contractors.

### **(c) Mark-Up**

All costs billed to City under this Section 9.2 shall be based on Landlord's actual costs paid to third party contractors with a five percent (5%) administrative overhead charge.

### **(d) Additional Services:**

At City's additional cost, City shall have the right to request that the Landlord perform lease related services or incur additional expenses not covered under this Lease that the City may require from time to time as requested by City's Real Estate Division in writing. City shall reimburse the Landlord for such expenses, at rates agreed-upon in advance. In accordance with any such agreement, the additional costs shall be reimbursed by City either directly as and when incurred by Landlord or instead such costs may be added to Operating Costs under Sections 4.3 and 4.4.

## **9.3 Disruption in Essential Utilities or Services**

In the event of any failure, stoppage or interruption of any utilities or services to be furnished by Landlord hereunder, Landlord shall immediately notify City of such failure, stoppage or interruption, diligently attempt to restore service as promptly as possible and shall keep City apprised of its efforts. In the event Landlord is unable to supply any of the Building's sanitary, electrical, heating, air conditioning, water, elevator, fire and life safety equipment and response or other essential services serving the Premises (collectively, "Essential Services") and such inability of Landlord impairs City's ability to carry on its business in the Premises for a period of one (1) or more business days if such failure is in the reasonable control of Landlord or a period of five (5) or more consecutive business days if such failure is not within the reasonable control of Landlord, then the Rent shall be abated based on the extent such inability of Landlord impairs City's ability to carry on its business in the Premises, or, alternatively at City's election, City shall have the option to provide such services and offset the reasonable cost thereof against the Rent next due under this Lease. Such abatement, or right to provide the services and offset against Rent, shall continue until the Essential Services have been restored so that the lack of any



remaining services no longer materially impairs City's ability to carry on its business in the Premises. Landlord shall use its best efforts to restore disrupted Essential Services as soon as possible. However, if such failure to provide any Essential Services continues for any reason for thirty (30) days and such failure interferes with City's ability to carry on its business in the Premises, then City may, without limiting any of its other rights or remedies hereunder or at law or in equity, terminate this Lease upon written notice to Landlord, unless Landlord supplies City with evidence reasonably satisfactory to City that the Essential Services will be restored within sixty (60) days of the date City's use was interrupted, and the Essential Services are actually restored within such 60-day period. City shall not be entitled to any abatement of Rent or right to terminate if Landlord's inability to supply Essential Services to City is due solely to the acts, omissions or negligence of City and its Agents.

## **10. COMPLIANCE WITH LAWS; PREMISES CONDITION**

### **10.1 Premises Condition and Landlord's Compliance with Laws; Indemnity**

Landlord represents and warrants to City, and covenants with City, as follows to the best of Landlord's knowledge: (a) the physical structure, fixtures and permanent improvements of the Premises (including, without limitation, any leasehold improvements) and all portions of the Property and the Building along the path of travel to the Premises (including, but not limited to, the Building entrances, restrooms, elevators, lobbies, drinking fountains and parking areas as of the Commencement Date will be, in compliance with the requirements of the Americans With Disabilities Act of 1990 and Title 24 of the California Code of Regulations and all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements intended to provide equal accessibility for persons with disabilities (collectively, "Disabilities Laws"); (b) the Building is not an unreinforced masonry building, and is now, and as of the Commencement Date will be, in compliance with all applicable federal, state, local and administrative laws, rules, regulations, orders and requirements relating to seismic safety (collectively, "Seismic Safety Laws"); (c) the Property and Building Systems serving the Premises as of the Commencement Date will be, in full compliance with all applicable federal, state, local and administrative laws, rules, regulations, orders and requirements relating to fire and life safety (including, without limitation, the San Francisco High-Rise Sprinkler Ordinance) (collectively, "Life Safety Laws"); (d) the Property and Building Systems serving the Premises as of the Commencement Date will be, in compliance with all other applicable federal, state, local and administrative laws, rules, regulations, orders and requirements; and (e) there are not now, and as of the Commencement Date will not be, any material physical or mechanical defects in the Property or the Building Systems that would materially adversely affect City's intended use of the Premises. Landlord shall at all times during the Term maintain, at its cost, the Property, Building, and the Building Systems serving the Premises in compliance with applicable present or future federal, state, local and administrative laws, rules, regulations, orders and requirements (collectively, "Laws"), including, without limitation, Disabilities Laws, Seismic Safety Laws, and Life Safety Laws. Without limiting Section 16.2 (Landlord's Indemnity), Landlord shall Indemnify City against any and all Claims arising out of any failure of the Property, Building, Building Systems, or any portion thereof, to comply with applicable Laws as provided in this Section or any misrepresentation by Landlord under this Section.

### **10.2 City's Compliance with Laws; Indemnity**

City shall use the Premises during the Term in compliance with applicable Laws, except that City shall not be required to make any structural alterations, additions or other modifications in order to comply therewith unless such modifications are necessary solely because of any Alterations to the Premises made by City pursuant to Section 7 hereof and such modifications are not otherwise Landlord's responsibility under this Lease. City shall 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 above. Without limiting Section 16.1 (City's Indemnity), City shall Indemnify Landlord against any and all Claims arising out of City's failure to comply with all applicable Laws as provided in this Section.

### **10.3 City's Compliance with Insurance Requirements**

City shall 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 therein, (b) result in a refusal by fire insurance companies of good standing to insure the Building or any such property 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 fire insurance premium for the Building unless City agrees to pay such increase, or (d) subject Landlord to any liability or responsibility for injury to any person or property by reason solely of any business operation being conducted by City in the Premises; provided, however, Landlord shall provide City with reasonable prior written notice of any applicable insurance requirements and no such insurance requirements shall materially and adversely interfere with City's normal business in the Premises.

## **11. SUBORDINATION**

Without the necessity of any additional document being executed by City for the purpose of effecting a subordination, and subject to subsection (b) below, this Lease shall be subject and subordinate at all times to the following (each an "Encumbrance"): (a) any reciprocal easement agreements, ground leases or other underlying leases that may hereafter be executed affecting Landlord's interest in the Property, or any portion thereof, and (b) the lien of any mortgages or deeds of trust and renewals, modifications, consolidations, replacements and extensions of any of the foregoing that may hereafter be executed by Landlord in any amount for which any part of the Property, any ground leases or underlying leases, or Landlord's interest or estate therein is specified as security; provided that as a condition to any such Encumbrance, the holder of the Encumbrance shall, at City's request, enter into a subordination and nondisturbance agreement with City in a form then commercially reasonable. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated to this Lease any Encumbrance. In the event that any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, City shall pay subsequent Rent and attorn to and become the tenant of such successor landlord, at the option of such successor-in-interest, provided that City has received proper written notice of such succession and the name and address of the successor landlord, and further provided that, in the case of any Encumbrance hereafter executed, as a condition to such attornment the holder of such Encumbrance shall, at City's request, agree that so long as City is not in default hereunder, such holder shall recognize this Lease and shall not disturb City in its possession of the Premises for any reason other than one that would entitle Landlord to terminate this Lease or otherwise dispossess City of the Premises in accordance with the terms hereof. The provisions of this Section shall be self-operative and no further instrument shall be required other than as provided in this Section. City agrees, however, to execute upon request by Landlord and in a form reasonably acceptable to City, any additional documents evidencing the priority or subordination of this Lease with respect to any such Encumbrance as provided herein.

Landlord shall use its best efforts to provide to City, before the Effective Date, executed non-disturbance and attornment agreements from the holder of any existing Encumbrance. The form of such agreement shall be subject to City's reasonable approval.

## **12. DAMAGE AND DESTRUCTION**

If the Premises, the Building or any Building Systems are damaged by fire or other casualty, Landlord shall repair the same without delay, provided that such repairs can be made under applicable laws within sixty (60) days after Landlord obtains all necessary permits for such repairs but not later than two hundred ten (210) days after the date of such damage (the "Repair Period"). In such event, this Lease shall remain in full force and effect, except that City shall be entitled to an abatement of Rent while such repairs are being made. Such abatement in Rent shall be based upon the extent to which such damage and the making of such repairs interfere with City's business in the Premises. Landlord's repairs shall not include, and the Rent shall 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.

Within twenty (20) days after the date of such damage, Landlord shall notify City whether or not, in Landlord's reasonable judgment made in good faith, such repairs can be made within the Repair Period. If such repairs cannot be made within the Repair Period, then either party hereto may, by written notice to the other given within thirty (30) days after the date of such damage, terminate this Lease as of the date specified in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given by Landlord. In case of termination, the Rent shall be reduced by a proportionate amount based upon the extent to which such damage interferes with the conduct of City's business in the Premises, and City shall pay such reduced Rent up to the date of termination. Landlord shall refund to City any Rent previously paid for any period of time subsequent to such date of termination.

Notwithstanding the foregoing, in the event the Premises are damaged or destroyed by reason of flood or earthquake, and such damage or destruction is not fully covered by insurance proceeds payable under the insurance policies Landlord is required to carry hereunder (excluding any deductible, for which Landlord shall be responsible), Landlord may terminate this Lease by written notice to City within thirty (30) days of the date Landlord receives written notice that such damage is not covered by insurance. Such notice from Landlord shall include adequate written evidence of the denial of insurance coverage. If Landlord does not elect to terminate this Lease as provided above, this Lease shall remain in full force and effect, and Landlord shall repair and restore the Premises as provided above.

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

The parties intend that the provisions of this Section govern fully their rights and obligations in the event of damage or destruction, and Landlord and City each hereby 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, statute or ordinance now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

## **13. EMINENT DOMAIN**

### **13.1 Definitions**

(a) "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.

(b) "Date of Taking" means the earlier of (i) the date upon which title to the portion of the Property taken passes to and vests in the condemnor or (ii) the date on which Tenant is dispossessed.

(c) "Award" means all compensation, sums or anything of value paid, awarded or received for a Taking, whether pursuant to 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 any interest in this Lease, the rights and obligations of the parties hereunder shall be determined pursuant to this Section. City and Landlord intend that the provisions hereof govern fully in the event of a Taking and accordingly, the parties each hereby waive 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 hereafter in effect.

### **13.3 Total Taking; Automatic Termination**

If there is a total Taking of the Premises, then this Lease shall 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 shall 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, (ii) the condition rendering the Premises untenable or unsuitable either is not curable or is curable but Landlord is unwilling or unable to cure such condition, and (iii) City elects to terminate.

(b) In the case of a partial taking of a substantial portion of the Property, and if subsection (a) above does not apply, City and Landlord shall each have the right to terminate this Lease by written notice to the other within thirty (30) days after the Date of Taking, provided that, as a condition to City's right to terminate, the portion of the Property taken shall, 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.

(c) Either party electing to terminate under the provisions of this Section 13.4 shall do so by giving written notice to the other party before or within thirty (30) days after the Date of Taking, and thereafter this Lease shall terminate upon the later of the thirtieth (30<sup>th</sup>) day after such written notice is given or the Date of Taking.

### **13.5 Rent; Award**

Upon termination of this Lease pursuant to an election under Section 13.4 above, then: (a) City's obligation to pay Rent shall continue up until the date of termination, and thereafter shall cease, except that Rent shall be reduced as provided in Section 13.6 below for any period during which this Lease continues in effect after the Date of Taking, and (b) Landlord shall be entitled to the entire Award in connection therewith, except that City shall receive 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 under circumstances where this Lease is not terminated in its entirety under Section 13.4 above, then this Lease shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and the rights and obligations of the parties shall be as follows: (a) Rent shall be reduced 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 prior to the Date of Taking, and (b) Landlord shall be entitled to the entire Award in connection therewith, provided that City shall receive 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 occurs with respect to the Premises for a limited period of time not in excess of sixty (60) consecutive days, this Lease shall remain unaffected thereby, and City shall continue to pay Rent and to perform all of the terms, conditions and covenants of this Lease. In the event of such temporary Taking, City shall 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 for the period of the Taking.

## **14. ASSIGNMENT AND SUBLETTING**

(a) In entering into this Lease for the term and on the provisions of this Lease, Landlord has relied upon City's business reputation and experience. Accordingly, City agrees that it will not mortgage or hypothecate this Lease or any interest therein without Landlord's prior written consent in each instance, which shall not be unreasonably withheld or delayed. City may not assign this Lease or sublet the Premises without first having obtained the written consent of the Landlord. Such consent by Landlord shall not be unreasonably withheld. City shall not sublet all or portion of the Premises for any period of time extending beyond the period of this Lease or any renewal thereof. The City agrees that reasonable grounds for the Landlord's refusal to consent shall include, but not be limited to: (1) financial instability of the proposed subtenant, and (2) credit rating of the subtenant.

No permitted subtenant shall assign, mortgage, pledge, encumber, transfer, modify, extend or renew its sublease or further sublet all or any portion of its sublet space, or otherwise permit any portion of the sublet space to be used or occupied by others, without the prior written consent of Landlord first had and obtained in each instance, which consent shall not be unreasonably withheld or delayed. Any mortgage, pledge, hypothecation, encumbrance or transfer or any such assignment, subletting, occupation or use without the consent of Landlord as aforesaid shall be void and, at the option of Landlord, constitute a default entitling Landlord to terminate this Lease. For purposes of this Section 14(a), the following events shall be deemed an assignment of this Lease or a sublease, as appropriate: (i) the issuance of equity interests in any assignee of this Lease or any subtenant (whether stock or partnership interests or otherwise) to any person or group of persons in a single transaction or a series of related or unrelated transactions, such that, following such issuance, such person or group shall have control of any assignee of this Lease or such subtenant; or (ii) a transfer of control of any assignee of this Lease or of any subtenant in a single consolidation, merger or reorganization), except that the transfer of the outstanding capital stock of any assignee of this Lease or subtenant (by persons or parties other than "insiders" within the meaning of the Securities Exchange Act of 1934, as amended) through the "over-the-counter" market or any recognized national or international securities

exchange shall not be included in the determination of whether control has been transferred. "Control" shall mean ownership of not less than fifty percent (50%) of all of the voting stock of such corporation or not less than fifty percent (50%) of all of the legal and equitable interest in any other business entity. If this Lease is assigned, whether or not in violation of the terms of this Lease, Landlord may collect rent from the assignee. If the Premises or any part thereof is sublet or is used or occupied by anybody other than City, Landlord may, after default by City, collect rent from such subtenant or occupant. In either event, Landlord may apply the next amount collected to the rents herein reserved. The consent by Landlord to an assignment, transfer, encumbering or subletting pursuant to any provision of this Lease shall not relieve City or any assignee or subtenant from obtaining the express prior written consent of Landlord to any other or further assignment, transfer, encumbering or subletting. Neither any assignment of this Lease or any interest created hereby or any interest of City in any sublease, nor any subletting, occupancy or use of the Premises or any part thereof by any person other than City, nor any collection of rent by Landlord from any person other than City, nor any application of any such rent as provided in this subparagraph (a) shall be deemed a waiver of any of the provisions of this subparagraph, or (b) relieve, impair, release or discharge City of its obligation fully to perform the terms of this Lease on City's part to be performed, and City shall remain fully and primarily liable thereunder.

(b) City agrees to pay to the Landlord the amount of the Landlord's cost of processing every proposed subletting, subject to a maximum of One Thousand Dollars (\$1,000) per proposed subletting (including, without limitation, the costs of attorneys' and other professional fees and administrative, accounting and clerical time of the Landlord), and the amount of all direct expenses incurred by the Landlord arising from any sublessee taking occupancy (including, without limitation, freight elevator operation for moving furnishings and trade fixtures, security service, janitorial and cleaning service and rubbish removal service). Notwithstanding anything herein to the contrary, the Landlord shall have no obligation to process any request for such consent prior to the Landlord's receipt of payment by the City of the amount of the Landlord's estimate of the processing costs and expenses and all other direct and indirect costs and expenses of the Landlord and its agents arising from such proposed subletting.

(c) In the event of (i) any permitted subletting at a greater rental rate than the Base Rent payable by the City hereunder or (ii) any permitted subletting providing for payment of any consideration (including, without limitation, payment for leasehold improvements) by the sublessee to the City, the amount of all such sublease rental and/or consideration which is in excess of the Rent payable by the City hereunder shall be split equally (50%/50%) between Landlord and City.

(d) Notwithstanding anything in this Lease to the contrary, City shall have the right, upon notice to but without the consent of Landlord or additional payment to Landlord, to permit use and occupancy of all or any of the Premises to any department, commission or agency of the City and County of San Francisco, non-profits, vendors or contractors of City (collectively, "Related Users"), provided the City will remain fully liable and responsible for payment of the Base Rent and any other charges under this Lease and all other lease terms, conditions, covenants and duties of City under this Lease.

## **15. DEFAULT; REMEDIES**

### **15.1 Events of Default by City**

Any of the following shall constitute an event of default by City hereunder:

(a) City's failure to make any timely payment of Rent and to cure such nonpayment within five (5) business days after receipt of written notice thereof 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, City shall have twenty (20) days to cure any such nonpayment after written notice thereof from Landlord;

(b) City's abandons the Premises (within the meaning of California Civil Code Section 1951.3); or

(c) City's failure to perform any other covenant or obligation of City hereunder (not involving the payment of money) and to cure such non-performance within thirty (30) days of the date of receipt of notice thereof from Landlord, provided that if more than 30 days are reasonably required for such cure, no event of default shall occur if City commences such cure within such period and diligently prosecutes such cure to completion.

## **15.2 Landlord's Remedies**

Upon the occurrence of any event of default by City that is not cured within the applicable grace period as provided above, Landlord shall have all rights and remedies available pursuant to law or granted hereunder, including the following:

(a) The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, 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 pursuant to subsection (b) of such 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) City may, at its sole option, cure such default at Landlord's expense if such default continues after ten (10) days from the date City gives written notice to Landlord of City's intention to perform such cure provided such failure materially interferes with City's ability to carry on its business from the Premises. However, in the case of a default which for causes beyond Landlord's control (excluding any financial inability to perform) cannot with due diligence be cured within such 10-day period, such 10-day period shall be extended if Landlord, promptly upon receipt of City's notice, advises City of Landlord's intention to take all steps required to cure such default, and Landlord promptly commences such cure and diligently prosecutes the same to completion. Subject to the other provisions of this Lease relating to abatement of Rent, if Landlord fails to cure any default within the cure period provided above, then, whether or not City elects to cure Landlord's default as provided herein, the Base Rent and any other charges hereunder shall be abated based on the extent to which such default materially interferes with City's ability to carry on its business at the Premises. Notwithstanding the foregoing, if any such default by Landlord continues for sixty (60) days and if Landlord fails to promptly commence a cure and to diligently prosecute such cure to completion as provided above and such failure impairs City's ability to carry on its business in the Premises, then City shall have the right to terminate this Lease upon written notice to Landlord within thirty (30) days after the expiration of such 60-day period. City's rights



hereunder and under Section 3.3 (Delay in Delivery of Possession), Section 5.2 (Interference with Access), and Section 9.4 (Disruption in Essential Services), shall not limit in any way any of its other rights and remedies hereunder or at law or in equity. In the event that Landlord shall be liable to City for any damages sustained by City as a result of Landlord's breach, it is expressly understood and agreed that, if not satisfied by the companies that provide insurance coverage in favor of Landlord, any judgment resulting from any default or other claim arising under this Lease, shall be satisfied out of Landlord's right to receive the income from operation of the Property including, but not limited to, all receipts, rents, profits or other income produced by or resulting from the Property and out of Landlord's equity interest in the Property (collectively called "Landlord's Interest") and no other real, personal or mixed property of the Landlord wherever situated shall be subject to levy on such judgment obtained against Landlord. If Landlord's Interest is insufficient for the payment of such judgment, City will not institute any further action, suit, claim or demand, in law or in equity, against Landlord for or on account of such deficiency and City hereby waives, to the extent waivable under law, any rights to satisfy said money judgment against Landlord except from Landlord's Interest. City shall have the right to cause the Property and Landlord's Interest therein to be sold to satisfy any such money judgment

## **16. INDEMNITIES**

### **16.1 City's Indemnity**

City shall indemnify, defend and hold harmless ("Indemnify") Landlord and its Agents from and against any and all claims, costs and expenses, including, without limitation, reasonable attorneys' fees (collectively, "Claims"), incurred as a result of (a) City's use of the Premises, (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 shall 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 by reason of any Claim Indemnified by City hereunder, City may, at its sole option, elect to defend such Claim by attorneys in City's Office of the City Attorney, by other attorneys selected by City, or both. City shall have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that Landlord shall have the right, but not the obligation, to participate in the defense of any such Claim at its sole cost. City's obligations under this Section shall survive the termination of the Lease.

### **16.2 Landlord's Indemnity**

Landlord shall 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 shall 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 by reason of any Claim Indemnified by Landlord hereunder, Landlord may, at its sole option, elect to defend such Claim by attorneys selected by Landlord. Landlord shall have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that City shall have the right, but not the obligation, to participate in the defense of any such Claim at its sole cost. Landlord's obligations under this Section shall 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 agrees that City shall not be 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. In the event City assigns this Lease or sublets the Premises, Landlord may require such transferee to maintain such insurance as Landlord or its affiliates typically requires of office tenants for buildings in the San Francisco Civic Center or Financial District area.

### **17.2 Landlord's Insurance**

At all times during the Term, Landlord shall keep the Property (excluding the land upon which it is located) insured against damage and destruction by fire, vandalism, malicious mischief, sprinkler damage and other perils customarily covered under a cause of loss-special form property insurance policy in an amount equal to one hundred percent (100%) of the full insurance replacement value (replacement cost new, including, debris removal and demolition) thereof. Landlord shall, upon request by City, provide to City a certificate of insurance issued by the insurance carrier, evidencing the insurance required above. The certificate shall expressly provide that the policy is not cancelable or subject to, reduction of coverage or otherwise subject to modification except after thirty (30) days prior written notice to City. Landlord hereby waives any rights against City for loss or damage to the Premises or any other part of the Property, to the extent covered by Landlord's property insurance.

In addition, Landlord, at no cost to City, shall procure and keep in effect at all times during the Term insurance as follows: (a) Commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse and underground (XCU); and (b) Worker's Compensation Insurance with Employer's Liability Limits not less than One Million Dollars (\$1,000,000) each accident.

### **17.3 Waiver of Subrogation**

Notwithstanding anything to the contrary contained herein, Landlord hereby waives any right of recovery against City for any loss or damage sustained by Landlord with respect to the Property or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of City, to the extent such loss or damage is covered by insurance which Landlord is required to purchase under this Lease or is otherwise actually recovered from valid and collectible insurance covering Landlord. Landlord agrees to obtain a waiver of subrogation endorsement from each insurance carrier issuing policies relative to the Property or the Premises; provided, Landlord's failure to do so shall not affect the above waiver.

## **18. ACCESS BY LANDLORD**

Landlord reserves for itself and any designated Agent the right to enter the Premises at all reasonable times and, except in cases of emergency (in which event Landlord shall give any reasonable notice), after giving City at least twenty four (24) hours' advance written or oral notice, for the purpose of (a) inspecting the Premises, (b) supplying any service to be provided by Landlord hereunder, (c) showing the Premises to any prospective purchasers, mortgagees or, during the last six (6) months of the Term of this Lease, tenants, (d) posting notices of non-responsibility, and (e) altering, improving or repairing the Premises and any portion of the

Property, and Landlord may for that purpose erect, use and maintain necessary structures in and through the Premises where reasonably required by the character of the work to be performed, provided that the entrance to the Premises shall not be blocked thereby, and further provided that Landlord shall use commercially reasonable efforts to insure that City's use shall not be unreasonably interfered with.

## **19. ESTOPPEL CERTIFICATES**

Either party, from time to time during the Term upon not less than ten (10) days' prior written notice from the other party, may reasonably request the other party to execute, acknowledge and deliver to such persons or entities designated by such 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), (d) the date to which Rent has been paid, and (e) any other information that may be reasonably required.

## **20. SURRENDER OF PREMISES**

Upon the expiration or sooner termination of this Lease, City shall surrender the Premises to Landlord in good order and condition, reasonable use and wear and damage by fire or other casualty excepted. By the Expiration Date, City shall remove from the Premises all of City's Personal Property and any Alterations City desires or is required to remove from the Premises pursuant to the provisions of Section 7.1 (Alterations by City), above. City shall repair or pay the cost of repairing any damage to the Premises or the Property resulting from such removal. Notwithstanding anything to the contrary in this Lease, City shall not be required to demolish or remove from the Premises any of the leasehold improvements. City's obligations under this Section shall survive the expiration or earlier termination of this Lease.

## **21. HAZARDOUS MATERIALS**

### **21.1 Definitions**

As used in this Lease, the following terms shall have the meanings hereinafter set forth:

(a) "Environmental Laws" shall mean any federal, state, local or administrative law, rule, regulation, order or requirement relating to industrial hygiene, environmental conditions or Hazardous Material, whether now in effect or hereafter adopted.

(b) "Hazardous Material" shall mean 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, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Sections 9601 et seq.), or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such 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.

(c) "Release" when used with respect to Hazardous Material shall include 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 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, nor has it been, used for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except for the use of such substances in such limited quantities as are customarily used in offices, which limited use has been and is 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 consist of any asbestos-containing materials or building materials that contain any other Hazardous Material, nor do the Premises contain any lead-based paints; (e) there has been and is 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, without limitation, 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 shall 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), above, Landlord shall Indemnify City and its Agents against any and all Claims arising during or after the Term of this Lease (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 such Release.

## **21.4 City's Covenants**

Neither City nor its Agents shall cause any Hazardous Material to be brought upon, 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, provided that City may use such substances in such limited amounts as are customarily used in offices so long as such use is in compliance with all applicable Environmental Laws.

## **21.5 City's Environmental Indemnity**

If City breaches its obligations contained in the preceding Section 21.4, or if City or its Agents cause the Release of Hazardous Material from, in, on or about the Premises or the Property, then City shall Indemnify Landlord against any and all Claims arising during or after the Term of this Lease as a result of such Release, except to the extent Landlord or its Agents is responsible for the Release. The foregoing Indemnity shall 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 prior to City's occupancy.

## **22. [INTENTIONALLY OMITTED]**

## **23. GENERAL PROVISIONS**

### **23.1 Notices**

Except as otherwise specifically provided in this Lease, any notice given under this Lease shall 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 Tenant'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) such other address as either Landlord or City may designate as its new address for such purpose by notice given to the other in accordance with this Section. Any notice hereunder shall be deemed to have been given and received two (2) days after the date when it is mailed if sent by first-class, certified mail, one day after the date when it is mailed if sent by Express Mail, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by telefacsimile to the telefacsimile number set forth in the Basic Lease Information or such other number as may be provided from time to time; however, neither party may give official or binding notice by facsimile.

### **23.2 No Implied Waiver**

No failure by either party to insist upon the strict performance of any obligation of the other party under this Lease or to exercise any right, power or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such term, covenant or condition. No acceptance of full or partial Rent by Landlord while City is in default hereunder shall constitute a waiver of such default by Landlord. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall 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 shall not relieve the other party of any obligation to secure the consent to any other or future instance under the terms of the Lease.

### **23.3 Amendments**

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Whenever this Lease requires or permits the giving by City of its consent or approval, the Director of Property, or his or her designee, shall be authorized to provide such approval, except as otherwise provided by applicable law, including the Charter of the City and County of San Francisco. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to the mutual written agreement of City and Landlord, and City's agreement may be made upon the sole approval of the Director of Property, or his or her designee; provided, however, material amendments or modifications to this Lease (a) changing the legal description of the Premises, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Premises from the use authorized under Section 5.1 of this Lease, and (e) any other amendment or modification which materially increases City's liabilities or financial obligations under this Lease may additionally require the approval of City's Board of Supervisors and Mayor.



#### **23.4 Authority**

Landlord represents and warrants to City that the execution and delivery of this Lease by Landlord has been duly authorized and does not violate any provision of any agreement, law or regulation to which Landlord or the Property is subject.

#### **23.5 Parties and Their Agents; Approvals**

If applicable, the word "Landlord" as used in this Lease shall include the plural as well as the singular. As used in this Lease, the term "Agents" when used with respect to either party shall include the agents, employees, officers and contractors of such party, and the term "Invitees" when used with respect to City shall 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 but not limited to the exercise of any option granted to City, shall be made by or through City's Director of Property unless otherwise provided in this Lease, subject to any applicable limitations in the City's Charter and Administrative Code.

#### **23.6 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 such captions shall in no way define or limit the scope or intent of any provision of this Lease. This Lease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intent and purposes of the parties, without any presumption against the party responsible for drafting any part of this Lease. Except as otherwise specifically provided herein, wherever in this Lease Landlord or City is required or requested to give its consent or approval to any matter or action by the other, such consent or approval shall not be unreasonably withheld or delayed and the reasons for disapproval of consent shall be stated in reasonable detail in writing. Provisions in this Lease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

#### **23.7 Successors and Assigns**

Subject to the provisions of Section 14 relating to assignment and subletting, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and City and, except as otherwise provided herein, their personal representatives and successors and assigns. There are no third-party beneficiaries to this Lease.

#### **23.8 Brokers**

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, 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 contemplated herein, except for the broker, if any, identified in the Basic Lease Information, whose commission, if any is due, shall be the sole responsibility of Landlord pursuant to a separate written agreement between Landlord and such broker, and City shall have no liability therefore. In the event that any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his claim shall be responsible for such commission or fee and shall

Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

### **23.9 Severability**

If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the full extent permitted by law.

### **23.10 Governing Law**

This Lease shall be construed and enforced in accordance with the laws of the State of California and the City's Charter.

### **23.11 Entire Agreement**

The parties intend that this Lease (including all of the attached exhibits, which are made a part of this Lease) shall be the final expression of their agreement with respect to the subject matter hereof 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 shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts hereof and changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Lease.

### **23.12 Attorneys' Fees**

In the event that either Landlord or City fails to perform any of its obligations under this Lease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting party or the non-prevailing party in such dispute, as the case may be, shall pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights hereunder (whether or not such action is prosecuted to a judgment). For purposes of this Lease, reasonable attorneys' fees of the City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. The term "attorneys' fees" shall also include, without limitation, all such fees incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees were incurred. The term "costs" shall mean the costs and expenses of counsel to the parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, and others not admitted to the bar but performing services under the supervision of an attorney.

### **23.13 Holding Over**

Should City hold over in possession of the Premises after the expiration of the Term with Landlord's consent, such holding over shall not be deemed to extend the Term or renew this Lease, but such tenancy thereafter shall continue as a month-to-month tenancy. Such tenancy shall be on all the terms and conditions set forth in this Lease and at the monthly Base Rent in effect during the last month of the Term of this Lease or such other rental as Landlord and City

may mutually agree in writing as a condition to Landlord's consent to such holding over, and City shall continue as a month-to-month tenant until the tenancy shall be terminated by Landlord giving City or City giving Landlord at least thirty (30) days' prior written notice of termination. Should City hold over without Landlord's consent, the rent payable by City during the period of such holding over shall be one hundred twenty-five percent (125%) of the monthly Base Rent in effect during the last month of the Term of this Lease, and such tenancy shall otherwise be on the terms and conditions contained herein.

#### **23.14 Cumulative Remedies**

All rights and remedies of either party hereto set forth in this Lease shall be cumulative, except as may otherwise be provided herein.

#### **23.15 Time of Essence**

Time is of the essence with respect to all provisions of this Lease in which a definite time for performance is specified.

#### **23.16 Survival of Indemnities**

Termination of this Lease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease, nor shall it affect any provision of this Lease that expressly states it shall survive termination hereof. Each party hereto specifically acknowledges and agrees that, 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 which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to the indemnitor by the indemnitee and continues at all times thereafter.

#### **23.17 Signs**

City may erect or post signs on or about the Premises subject to Landlord's prior approval. Landlord reserves the right to review the placement, design, and plan for any such sign prior to its erection or posting and agrees that the approval thereof shall not be unreasonably withheld or delayed.

#### **23.18 Quiet Enjoyment and Title**

Landlord covenants and represents that it has full right, power and authority to grant the leasehold estate hereunder, and covenants that City, upon paying the Rent hereunder and performing the covenants hereof, shall peaceably and quietly have, hold and enjoy the Premises and all appurtenances during the full Term of this Lease as against all persons or entities claiming by and through Landlord 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 agrees to 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.

#### **23.19 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. Landlord and City agree that City's leasehold estate created hereby includes, without limitation, all rights to receive and

enjoy all services, facilities and amenities of the Premises and the Property as provided herein, and that if any of such services, facilities or amenities are terminated, or materially limited or restricted on account of any such case or proceeding, or for any other reason, City shall have the right to (a) contract directly with any third-party provider of such services, facilities or amenities to obtain the same, and (b) offset against the Base Rent or other charges payable hereunder any and all reasonable costs and expenses incurred by City in obtaining such services, facilities or amenities.

### **23.20 Transfer of Landlord's Interest**

Landlord shall have the right to transfer its interest in the Property, the Building or this Lease to any other financially responsible person or entity. In the event of any such transfer, Landlord shall be relieved, upon notice to City of the name and address of Landlord's successor, of any obligations accruing hereunder from and after the date of such transfer and upon delivering to City an express assumption by the transferee of all of Landlord's obligations hereunder.

### **23.21 Non-Liability of City Officials, Employees and Agents**

Notwithstanding anything to the contrary in this Lease, no elective or appointive board, commission, member, officer, employee or agent of City shall be personally liable to Landlord, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Landlord, its successors and assigns, or for any obligation of City under this Lease.

### **23.22 MacBride Principles - Northern Ireland**

The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Landlord acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

### **23.23 Controller's Certification of Funds**

The terms of this Lease shall be governed by and subject to the budgetary and fiscal provisions of the City's Charter. Notwithstanding anything to the contrary contained in this Lease, there shall 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, pursuant to Section 3.105 of the 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 and any other payments required under this Lease 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 shall use its reasonable efforts to give Landlord reasonable advance notice of such termination.

### **23.24 Prevailing Wages for Construction Work**

Landlord agrees that any person performing labor for the construction of the Leasehold Improvement Work or other improvements to the Premises, which Landlord provides under this Lease, shall be paid not less than the highest prevailing rate of wages as required by



Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Landlord shall include, in any contract for improvements to the Premises, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Landlord shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing labor for any Leasehold Improvement Work or other improvements to the Premises.

### **23.25 Non Discrimination in City Contracts and Benefits Ordinance**

#### **(a) Covenant Not to Discriminate**

In the performance of this Lease, Landlord covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height, or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee or, any City employee working with, or applicant for employment with, Landlord in any of Landlord's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Landlord.

#### **(b) Subcontracts**

Landlord shall include in all subcontracts relating to the Premises a non-discrimination clause applicable to such subcontractor in substantially the form of subsection (a) above. In addition, Landlord shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k) and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Landlord's failure to comply with the obligations in this subsection shall 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 or where the work is being performed for the City elsewhere in 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 specified above within the United States, between employees with domestic partners and employees with spouses, and/or between domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the condition set forth in Section 12.B2(b) of the San Francisco Administrative Code.

#### **(d) HRC Form**

As a condition to this Lease, Landlord shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Landlord hereby represents that prior to execution of the Lease: (a) Landlord executed and submitted to the HRC Form HRC-12B-101 with supporting documentation, and (b) the HRC approved such form.

### **(e) Incorporation of Administrative Code Provisions by Reference**

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of property to City are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. Landlord shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Landlord understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such 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.

### **23.26 Tropical Hardwood and Virgin Redwood Ban**

(a) Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, neither Landlord nor any of its contractors shall provide any items to City in the construction of the Leasehold Improvement Work or otherwise in the performance of this Lease which 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) In the event Landlord fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Landlord shall 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 shall be payable to the City and County of San Francisco upon demand and may be set off against any monies due to Landlord from any contract with the City and County of San Francisco.

### **23.27 Bicycle Storage Facilities**

(a) Article 1.5, Section 155.1, of the San Francisco Planning Code (the "Planning Code") requires the provision of bicycle storage at City-leased buildings at no cost to Landlord if funds are available.

(b) In the event public and/or private donations, grants or other funds become available, at any time during the Term of this Lease including any extension thereof, City may, by giving a 60-day advanced written notice to Landlord, install compliant bicycle storage in front of the Building, which are required to meet the Class 1 and/or Class 2 requirements of the Planning Code. Landlord, at no cost to Landlord, shall reasonably cooperate with City regarding the location of such spaces in furtherance of the implementation of such requirements of the Planning Code.

### **23.28 Resource-Efficient City Buildings and Pilot Projects**

Landlord acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Landlord hereby agrees that it shall comply with all applicable provisions of such code sections.

### **23.29 Counterparts**

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

### **23.30 Effective Date**

The date on which this Lease shall become effective (the "Effective Date") is the date upon which : (a) City's Board of Supervisors and Mayor, in its sole and absolute discretion, adopts a resolution approving this Lease in accordance with all applicable laws, and (b) this Lease is duly executed by the parties hereto.

### **23.31 Certification by Landlord**

By executing this Lease, Landlord certifies that neither Landlord nor any of its officers or members have been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state or local governmental agency. In the event Landlord or any of its officers or members have been so suspended, disbarred, disciplined or prohibited from contracting with any governmental agency, it shall immediately notify the City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, disbarment, discipline or prohibition may result in the termination or suspension of this Lease. Landlord acknowledges that this certification is a material term of this Lease.

### **23.32 Sunshine Ordinance**

In accordance with Section 67.24(e) of the San Francisco Administrative Code, 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 which is covered by this Section will be made available to the public upon request.

### **23.33 Conflicts of Interest**

Through its execution of this Lease, Landlord acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Landlord becomes aware of any such fact during the Term of this Lease, Landlord shall immediately notify City.

### **23.34 Preservative-Treated Wood Containing Arsenic**

As of July 1, 2003, 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 Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, 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" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

### **23.35 Notification of Limitations on Contributions**

Through its execution of this Lease, Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Landlord acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Landlord further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Landlord's board of directors, chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Landlord; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Landlord. Additionally, Landlord acknowledges that Landlord must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Landlord further agrees to provide to City the names of each person, entity or committee described above.

### **23.36 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 shall be considered the drafter of this Lease, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Lease.

[No further text this page.]



NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY HERETO UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION, APPROVED BY THE MAYOR, APPROVING THIS LEASE AND AUTHORIZING CONSUMMATION OF THE TRANSACTION CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LEASE SHALL BE NULL AND VOID UNLESS CITY'S BOARD OF SUPERVISORS AND MAYOR APPROVE THIS LEASE, IN THEIR SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS.

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

LANDLORD:

ST. JAMES FAMILY PARTNERSHIP, L.P.  
FAMILY TRUST

By: SFLP, its General Partner

By:

  
Maria Sangiacomo

Its: Chief Executive Officer

CITY:

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By:

  
John Updike  
~~Acting~~ Director of Property

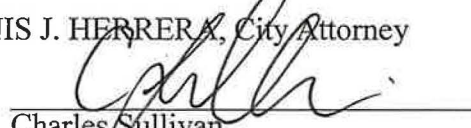
RECOMMENDED:

\_\_\_\_\_  
Purchaser

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By:

  
Charles Sullivan  
Deputy City Attorney

**EXHIBIT A**

**FLOOR PLAN**

CONSISTING OF TWO PAGES

[Attached]

1

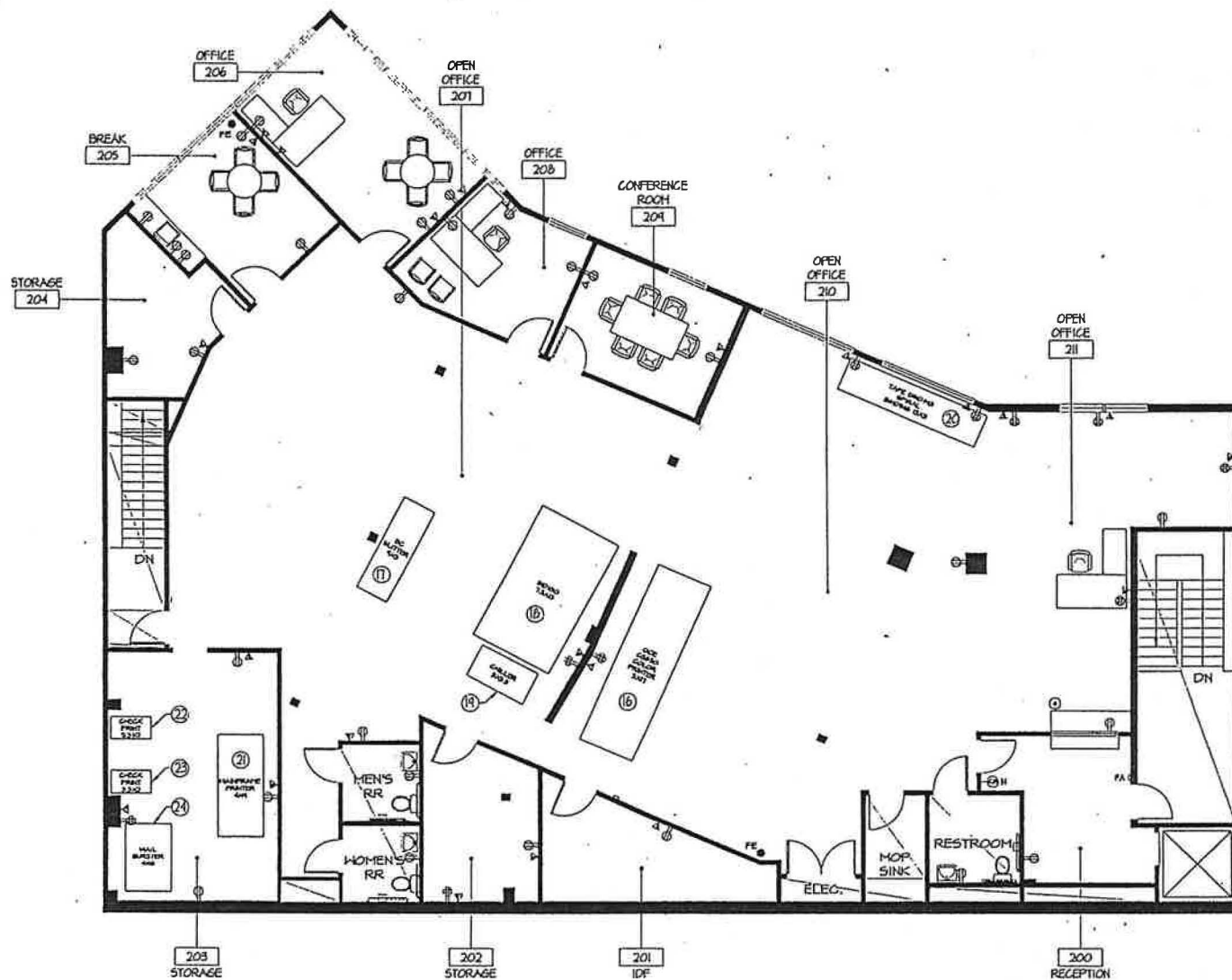
1ST FLOOR POWER AND COMMUNICATIONS PLAN

1/8" = 1'-0"

2

2ND

# EXHIBIT A-2





**EXHIBIT B**

**NOTICE OF COMMENCEMENT DATE**

[Date]

Mr. John Updike  
Acting Director of Property  
Real Estate Division  
City and County of San Francisco  
25 Van Ness Avenue, Suite 400  
San Francisco, CA 94102

RE: Acknowledgement of Commencement Date, Lease between ANGELO SANGIACOMO and YVONNE SANGIACOMO, Co-Trustees of THE SANGIACOMO FAMILY TRUST, Dated May 24, 1994 (Landlord), and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises known as 1145 Market Street, Suite 401 located at San Francisco, California

Dear Mr. Updike:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is \_\_\_\_\_, 200\_.

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

Very truly yours,

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted and Agreed:

By: \_\_\_\_\_  
Director of Property

Dated: \_\_\_\_\_

EXHIBIT C, D and E

[Intentionally Omitted.]

## **EXHIBIT F**

### **STANDARDS FOR JANITORIAL SERVICE**

110 12<sup>th</sup> STREET, SAN FRANCISCO

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

- A. Landlord's contractor shall furnish all labor, materials and equipment required to perform exterior and interior janitorial service five (5) days a week, Monday through Friday, excluding holidays, at the location specified above in accordance with these specifications.
- B. All windows and glass broken by Landlord's contractor will be replaced at its expense.
- C. Landlord's contractor must, at all times, maintain adequate staffing that meets these specifications. All employees must wear uniforms (see Section II below). All written notices are to be submitted to:

City and County of San Francisco  
Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Attn.: Director of Property

- D. All services must be performed after 5:00 p.m.
- E. All employees of Landlord's contractor shall be fully trained and experienced in the custodial service trade.
- F. Landlord will assign space in the Building to contractor for the storage of supplies and equipment. Materials and equipment shall be neatly stored only in areas provided by Landlord. No supplies or equipment will be stored in the Premises without the prior approval of City.
- G. City's Recycling Program includes recycling materials from offices in the Building. Bins for recyclable materials can be obtained from City.
- H. Landlord's contractor will provide, upon Lease Commencement, a schedule for all periodic services specified herein.
- I. Janitorial Service Specifications

##### **1. Nightly Services**

- a. Secure 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. Dust and remove debris from all metal door thresholds.
- m. Wipe clean smudged brightwork.
- n. Spot clean resilient and composition floors as required.
- o. Service all walk-off mats as required.
- p. Upon City's request, check for burned out lights and replace from building stock (supplied by Landlord).

## 2. Weekly Services

- a. Dust all low reach areas including, but not limited to, 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, but not limited to, tops of door, frames, structural and furniture ledges, air conditioning diffusers and return grilles, 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.
- 5. Semi-Annual Services
  - a. Vacuum all window coverings.
  - b. Dust light diffusers.
- 6. Annual Services
  - a. At City's cost, 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 but not limited to, structural ledges, mirror tops, partition tops and edges, air conditioning diffusers and return air grilles.

3. Monthly Services

a. Wipe down all walls and metal partitions. Partitions shall 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 tenant 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. Upon City's request and at Landlord's cost, provide spot cleaning to tenant space as necessary.
- 2. Provide spot cleaning as necessary, and fully clean carpets at least once a year, at Landlord's cost.
- 3. Upon City's request and cost, clean carpets in City's premises office space once each year (exact schedule to be approved in advance by City), using products and methods recommended by manufacturer and/or carpet installation contractor.

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 but not limited to, use of proper warning signs and clean up of water in compliance with all City, State and Federal laws (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 glass shall be cleaned not less than once per year. Exterior glass shall be cleaned as needed, but not less than once a year.
- 6. Contractor to notify the City for specific scheduling of window washing one week prior to 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 herein 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, will be uniformed. All personnel shall have a visible company name, logo, badge, etc., on their uniform.

## III. EMPLOYEE SAFETY

Landlord's contractor shall 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 shall 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 shall supply all equipment including, but not limited to, ladders, vacuum cleaners, extractors, floor machines, mops and buckets.

## V. APPROVAL OF PRODUCTS

City shall have the right to prohibit the use of any product proposed or being used by Landlord's contractor should the 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 upon request a complete list of products to be used in the course of this contract, together with Material Safety Data Sheets for each cleaning chemical.

## VI. DISPOSITION OF REFUSE

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

## VIII. JANITORIAL LOG

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

## IX. EMERGENCY CONTACT

Landlord's contractor shall provide City with an emergency telephone number where contractor may be reached at any time during normal business hours (Monday through



Friday, 8:00 a.m. to 5:00 p.m.). Contractor must respond to emergency calls relating to deficiency of service by correcting said deficiency within two hours of receipt of the call.

X. PERFORMANCE

Landlord and its contractor shall guarantee that workmanship required for the performance of this contract shall 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 shall be made by City or the Director of Property, City and County of San Francisco. 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 shall faithfully comply with same by initialing, dating, and indicating time at which service was completed. It is agreed that no such 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



## 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](mailto:ethics.commission@sfgov.org) . [www.sfethics.org](http://www.sfethics.org)

Received On:

File #: 230090

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

<b>TYPE OF FILING</b>	<b>DATE OF ORIGINAL FILING (for amendment only)</b>
original	
<b>AMENDMENT DESCRIPTION – Explain reason for amendment</b>	

#### 2. CITY ELECTIVE OFFICE OR BOARD

<b>OFFICE OR BOARD</b>	<b>NAME OF CITY ELECTIVE OFFICER</b>
Board of Supervisors	Members

#### 3. FILER'S CONTACT

<b>NAME OF FILER'S CONTACT</b>	<b>TELEPHONE NUMBER</b>
Angela Calvillo	415-554-5184
<b>FULL DEPARTMENT NAME</b>	<b>EMAIL</b>
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

#### 4. CONTRACTING DEPARTMENT CONTACT

<b>NAME OF DEPARTMENTAL CONTACT</b>	<b>DEPARTMENT CONTACT TELEPHONE NUMBER</b>
Tracy Irvin	415.554.9850
<b>FULL DEPARTMENT NAME</b>	<b>DEPARTMENT CONTACT EMAIL</b>
ADM RED	realstateadmin@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR 101 South Van Ness, LLC	TELEPHONE NUMBER 415.864.1111
STREET ADDRESS (including City, State and Zip Code) 1145 Market Street, San Francisco, CA 94103	EMAIL paul.wallace@trinitysf.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 230090
DESCRIPTION OF AMOUNT OF CONTRACT \$2,424,366.72		
NATURE OF THE CONTRACT (Please describe) The nature of the contract is 5 year renewal as discussed within the lease.		

7. COMMENTS
Per the 101 South Van Ness LLC Operating Agreement, the list of members is the 7 members of the Sangiacomo family, who in turn have appointed Trinity Management Services as Manager:

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	Trinity Management Service		Other Principal Officer
2	Sangiaco	Anne Marie	Other Principal Officer
3	Sangiaco	James	Other Principal Officer
4	Sangiaco	Maria	Other Principal Officer
5	Sangiaco	Mark Angelo	Other Principal Officer
6	Sangiaco	Maryanne	Other Principal Officer
7	Sangiaco	Sandro	Other Principal Officer
8	Sangiaco	Susan	Other Principal Officer
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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**

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

**10. VERIFICATION**

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

**SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK**

**DATE SIGNED**

BOS Clerk of the Board





January 25, 2023

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

RE: Exercise of Extension Option – 101 South Van Ness Street/110 12<sup>th</sup> Street

Dear Board Members:

Attached for your consideration is a proposed Resolution to execute a lease amendment extending the term for five (5) years for approximately 10,469 rentable square feet located at 110 12th Street for use by the Department of Administration's ReproMail Services ("ReproMail").

The property at 110 12th Street consists of a two-story building of approximately 10,469 sq. ft. plus a fenced parking area. It is also known as 101 South Van Ness. The facility is close to the Civic Center area, providing ReproMail Services with easy access to our client departments. ReproMail Services' production equipment, printers, and mailing machines are centrally located to provide timely service to all City and County of San Francisco departments.

The original Lease, dated February 1, 2013, was approved by the Board of Supervisors on October 23, 2012 (Resolution No. 407-12) (the "Lease"); The Lease includes the right to extend the term two (2) additional five (5) year periods ("Extend Term").

This first exercise of the option to extend the lease term adds additional five years from February 1, 2023, through January 31, 2028. Per the Lease, the initial annual base rent will be \$454,668.67 (\$37,889.06 per month), with an annual increase of 3% from the base rent for the Extend Term.

All other terms and conditions, including the calculation of Base Rent for the extensions, remain the same.

If you have any questions regarding this matter, please get in touch with Tracy Irvin of our office at 415-554-9871.

Respectfully,

A handwritten signature in blue ink, appearing to read "Andrico Q. Penick".

Andrico Q. Penick  
Director of Real Estate