

FOURTH AMENDMENT TO OFFICE LEASE

THIS FOURTH AMENDMENT TO OFFICE LEASE (this "**Amendment**") is made as of _____, 2023, in San Francisco, California, by and among 716 SACRAMENTO LLC, a California limited liability company, as to an undivided 73.4% interest, and DLS SACRAMENTO LLC, a California limited liability company, as to an undivided 26.6% interest (together "**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. Landlord's predecessors-in-interest, KHC Investment Company, a California general partnership, and City entered into that certain Office Lease, dated December 1, 1996 (the "**Initial Lease**"), as amended by that certain Amendment to Lease, dated June 29, 2012 (the "**Amendment**"), as further amended by that certain Second Amendment to Lease, dated July 23, 2013 (the "**Second Amendment**"), and as further amended by that certain Third Amendment to Lease, date January 30, 2018 (the "**Third Amendment**"), and together with the Initial Lease, the Amendment, the First Amendment and the Third Amendment, the "**Lease**"), for the City's lease of the premises comprised of approximately 9,250 square feet, as more particularly described in the Initial Lease (the "**Premises**"), at the building located at 720 Sacramento Street, San Francisco, California being a portion of Lot 010, in Assessor's Block 0226, San Francisco, California (the "**Building**").

B. City is using the Premises for office space and such other uses as specified in the Basic Lease Information.

C. The Term of the Lease as extended by the Third Amendment is scheduled to expire June 30, 2023.

D. City and Landlord desire to enter into this Amendment to further extend the term of the Lease with respect to the Premises and amend the Lease on the terms and conditions as set forth herein. Capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Lease.

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

1. Extension of the Term. City and Landlord agree to extend the Term of the Lease for an additional three (3) years, commencing on July 1, 2023, and expiring at 11:59 p.m. Pacific Time on June 30, 2026, unless sooner terminated pursuant to the terms of the Lease. From and after the Effective Date (as hereinafter defined) of this Amendment, all references in the Lease and this Amendment to the "Term" or "term" shall refer to the Term, as extended hereby.

2. Base Rent. From and after the Effective Date of this Amendment, City shall pay to Landlord an annual Base Rent of \$370,000 (\$40.00 per sq. ft.). From and after of the Effective Date of this Amendment, all references in the Lease to the Base Rent shall mean the Base Rent as amended hereby.

3. Amendments to Lease.

A. As of the Effective Date of this Amendment, the following subsections in Section 1 (Basic Lease Information) are hereby amended or added to read as follows:

Term (Section 3):

Commencement date: July 1, 2023
Expiration Date: June 30, 2026

Extension Option (Section 3.4):

City shall have the option to extend the Term for two (2) additional term of one (1) year (the “**Extended Term**”), exercisable by City providing notice to Landlord and accepted by the Landlord in its sole discretion. The notice shall be given not less than one hundred eighty (180) calendar days and no more the three hundred sixty-five (365) calendar days prior to the expiration of the Term in advance, on the terms and conditions set forth in Section 3.4.

Base Rent (Section 4.1):

Annual Base Rent:
\$370,000.00 (\$40.00 per sq. ft.)

Monthly payments:
\$30,833.33 (\$3.33 per sq. ft.)

B. As of the Effective Date of this Amendment, the following Section 3.4 is hereby added hereby amended or added to read as follows:

3.4 Extension Option

Landlord grants City the option to extend the Term (the “**Extension Option**”) for the additional terms specified in the Basic Lease Information (the “**Extended Term**”). The Extended Term will be on all of the terms and conditions contained in this Lease, including, but not limited to, the Base Rent. City may exercise the Extension Option, if at all, by giving written notice (the “**Extension Notice**”) to Landlord no later than one hundred eighty (180) calendar days and no more the three hundred sixty-five (365) calendar days before expiration of the Term to be extended; If City extends the Term as provided in this Section, then the word “Term” will mean and include the Extended Term.

4. Obligations Joint and Several. All obligations of the parties comprising Landlord under this Lease shall be joint and several. For all purposes under this Amendment, Landlord shall be deemed one entity and Landlord shall have no defense or

claim resulting from or relating to the fact that Landlord is comprised of more than one party.

5. **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.

6. **Governing Law.** This Amendment 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.

7. **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.

8. **Notification of Prohibition on Contributions.** By executing this Amendment, Landlord acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who leases, or seeks to lease, to or from any department of the City any land or building from making any campaign contribution to (a) a City elected official if the lease must be approved by that official, (b) a candidate for that City elective office, or (c) a committee controlled by that elected official or a candidate for that office, at any time from the submission of a proposal for the lease until the later of either the termination of negotiations for the lease or twelve (12) months after the date the City approves the lease. Landlord acknowledges that the foregoing restriction applies only if the lease or a combination or series of leases or other contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one hundred thousand dollars (\$100,000) or more. Landlord further acknowledges that (i) the prohibition on contributions applies to each prospective party to the lease; any person with an ownership interest of more than 10 percent (10%) in Landlord; any subcontractor listed in the lease; and any committee that is sponsored or controlled by Landlord; and (ii) within thirty (30) days of the submission of a proposal for the Amendment, 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.

9. 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.

10. 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.

11. 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>.

12. 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.

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 "Effective Date" means the date that (a) City's Board of Supervisors and the Mayor, in their sole and absolute discretion, adopt a resolution approving this Amendment in accordance with all applicable laws; and (b) this Amendment is duly executed and delivered by the parties.

15. Civil Code Section 1938 Statement. As mandated by California Civil Code Section 1938, Landlord hereby notifies City that, to Landlord's knowledge, as of the date this Lease is made, the Premises have not undergone inspection by a "Certified Access Specialist" ("**CASp**") to determine whether the Premises meet all applicable construction-related accessibility standards under California Civil Code Section 55.53. As mandated by California Civil Code Section 1938, this Lease contains the following statement:

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

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

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

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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

LANDLORD: 716 SACRAMENTO, LLC,
a California limited liability company

By: _____
David Friedkin, Manager

DLS SACRAMENTO LLC,
a California limited liability company

By: _____
Name: Larry Stadtner
Title: _____

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

By: _____
Andrico Q. Penick
Director of Property

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Vincent Brown
Deputy City Attorney