ORIGINAL

FIRST AMENDMENT TO
SUBLEASE AND PROPERTY MANAGEMENT AGREEMENT

THIS FIRST AMENDMENT TO SUBLEASE (this "First Amendment"), dated for reference purposes only as of March 15, 2016, is by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation ("Sublandlord"), and The John Stewart Company, a California corporation ("Subtenant").

RECITALS

A. Sublandlord and Subtenant entered into that certain Sublease and Property Management Agreement dated for reference purposes as of July 1, 2014 (the "Original Sublease"), for the management of 556 Housing Units at Former Naval Station Treasure Island, San Francisco, California, as more particularly described in the Original Sublease.

B. Sublandlord and Subtenant desire to amend the Original Sublease to remove several buildings and include Quarters 7 as a caretakers unit to the Premises, adjust the Subtenant's insurance requirements and increase the Common Area Maintenance Fee on the terms and conditions set forth in this First Amendment.

C. The Original Sublease and this First Amendment shall collectively be referred to as the "Sublease". All capitalized terms used herein but not otherwise defined shall have the meaning given to them in the Sublease.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the Sublandlord and Subtenant hereby amend the Sublease as follows:

AGREEMENT

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth herein.

2. **Effective Date.** The effective date of this First Amendment shall be March 15, 2016 (the "Effective Date").

3. **Premises.** As of the Effective Date, Quarters 7, located at 70 Garden Way, Yerba Buena Island, San Francisco, California, shall be added to the Premises, and the following Yerba Buena Island and Treasure Island units shall be deleted from the Premises: 60 Yerba Buena Rd., 66 Yerba Buena Rd., 324 Yerba Buena Rd., 325 Yerba Buena Rd., 326 Yerba Buena Rd., 327 Yerba Buena Rd., 328 Yerba Buena Rd., 329 Yerba Buena Rd., 331 Yerba Buena Rd., 105 Forest Rd., 106 Forest Rd., 109 Forest Rd., 111 Forest Rd., 113 Forest Rd., 115 Forest Rd., 300 Nimitz Dr., 302 Nimitz Dr., 303 Nimitz Dr., 304, Nimitz Dr., 301 Macalla Dr., 1133 Mason Ct., 1311 Gateview Ave., 1313 Gateview Ave., and 1325 Westside Dr.,and Exhibit B shall be deleted and replaced with the attached Exhibit B.

4. **Management, Maintenance and Repair Responsibilities.** Commencing July 1, 2016, the Management, Maintenance and Repair Responsibilities described in Sublease Section 8.2 (g) shall be amended to read as follows:

> "Subtenant shall not be required to maintain all Landscaping, grounds and common areas for the Premises"

5. **Common Area Maintenance Charges (CAM).** Commencing July 1, 2016, the Common Area Maintenance Charges (CAM) described in the Sublease Section 15.8 (i) shall be amended to read as follows:

> "Any increase in the amount of Common Area Maintenance (CAM) Charge payable by Subtenant after the Effective Date of this Agreement. The Parties herby acknowledge and agree that for the purposes of this Sublease, the Parties will treat the rates used by the Authority to calculate the CAM Charge as $107.65 per unit per month. The Parties hereby acknowledge that CAM Charge payable hereunder shall be subject to annual adjustment to increase CAM Charge by three percent (3%)"

6. **Insurance.** As of the Effective Date, Sublease Sections 25.1 (b), (c) and (H), and 25.2 (B) (i) shall be amended to read as follows:

> "25.1 (b) Property Insurance. Property insurance on an ISO "special form" (excluding earthquake and flood) with any exposures for reconstruction loss of rents up to 12 months included in the aggregate limit. The loss of rents coverage shall have a deductible of no more than $5,000 per occurrence. The deductible will be no greater than $75,000 per occurrence for property related losses only. Any vacancy clause will be waived or extended to no less than 90 days. The limit of coverage will be full replacement cost or a stop loss limit that covers at least 35% of the total insurable value of all covered rentable units.
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> 25.1 (c) Environmental Pollution Insurance. Should Subtenant perform construction related activities under this Agreement, insurance for such activities shall be approved in advance by the Authority with respect to the amount, form and insurers. Such insurance shall be obtained, paid for, and maintained by Subtenant throughout such operations.
>
> 25.1 (h) Employee Fidelity Bonds. Fidelity bond insurance coverage for on-site employees with a $3,000,000 limit and $25,000 deductible.
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> 25.2 (b) All insurance policies shall be endorsed to provide the following:

(i) The Authority and the City shall be named as an additional named insured and loss payee on liability and property coverages as its interest may appear, if necessary. Subtenant shall be first named insured. All liability insurance policies required to be maintained by Subtenant hereunder shall contain a cross-liability clause, shall name as additional insureds the "THE TREASURE ISLAND DEVELOPMENT AUTHORITY, CITY AND COUNTY OF SAN FRANCISCO, THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE DEPARTMENT OF THE NAVY, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS," shall be primary to any other insurance available to the additional insureds with respect to claims arising under this Sublease, and shall provide that such insurance applies separately to each insured against whom complaint is made or suit is brought except with respect to the limits of the company's liability."

7. Criminal History in Hiring. As of the Effective Date, the following is added to the Sublease as new Section 34.18:

34.18 Criminal History in Hiring and Employment Decisions.

(a) Unless exempt, Subtenant agrees to comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; "Chapter 12 T"), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Subtenant who would be or are performing work at the Premises.

(b) Subtenant shall incorporate by reference the provisions of Chapter 12T in all subleases of some or all of the Premises, and shall require all subtenants to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) Subtenant and subtenants shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(d) Subtenant and subtenants shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection (c) above. Subtenant and subtenants shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(e) Subtenant and subtenants shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Subtenant or subtenant at the Premises, that the Subtenant or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(f) Subtenant and subtenants shall post the notice prepared by the Office of Labor Standards Enforcement ("OLSE"), available on OLSE's website, in a conspicuous place at the Premises and at other workplaces within San Francisco where interviews for job opportunities at the Premises occur. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Premises or other workplace at which it is posted.

(g) Subtenant and subtenants understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T or this Sublease, including but not limited to a penalty of $50 for a second violation and $100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Sublease.

(h) If Subtenant has any questions about the applicability of Chapter 12T, it may contact the City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of the City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

8. **Local Hire**. As of the Effective Date, Section 32.9 of the Sublease is deleted and replaced with the following:

32.9 Local Hire. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.62 (the "Local Hiring Requirements"). The Alterations are subject to the Local Hiring Requirements unless the cost for such work is (i) estimated to be less than $750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Requirements. Accordingly, as a condition of this Sublease, Subtenant agrees that it shall comply with the requirements of the Local Hiring Requirements applicable to Alterations and shall require its subcontractors to comply with those requirements to the extent applicable. Before starting any Alteration, Subtenant shall contact City's Office of Economic Workforce and Development ("OEWD") to verify if any Local Hiring Ordinance requirements apply to such work. Subtenant shall comply with all such applicable requirements. Subtenant's failure to comply with its obligations under this Section shall constitute a material breach of this Sublease. Subtenant shall include and shall require its subcontractors to include a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62 and each such contract shall name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties against any contractor or subcontractor in accordance with San Francisco Administrative Code Section 23.61. Subtenant agrees to cooperate with the

Authority in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements.

9. **Counterparts**. This First Amendment may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof.

10. **Full Force and Effect**. Except as specifically amended herein, the terms and conditions of the Sublease shall remain in full force and effect.

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IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this First Amendment to Sublease at San Francisco, California, as of the date first above written.

SUBLANDLORD:

TREASURE ISLAND DEVELOPMENT AUTHORITY

By: _____
Robert P. Beck
Treasure Island Director

SUBTENANT:

The John Stewart Company, Inc.
a California corporation

By: _____
Steven McElroy
Its: Vice President

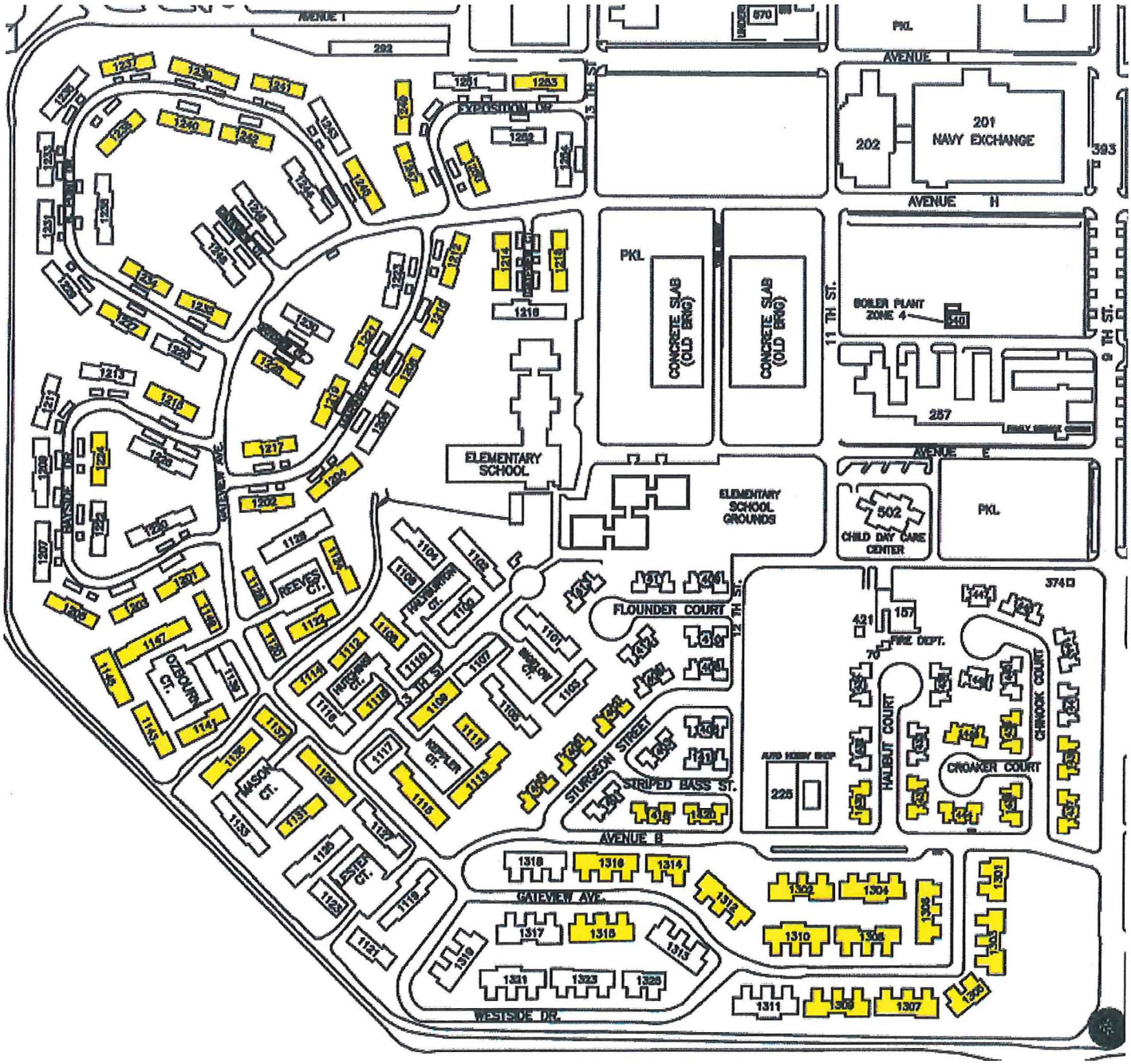
APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

Amendment Prepared By: Richard A. Rovetti, Deputy Director of Real Estate _____
(initial)

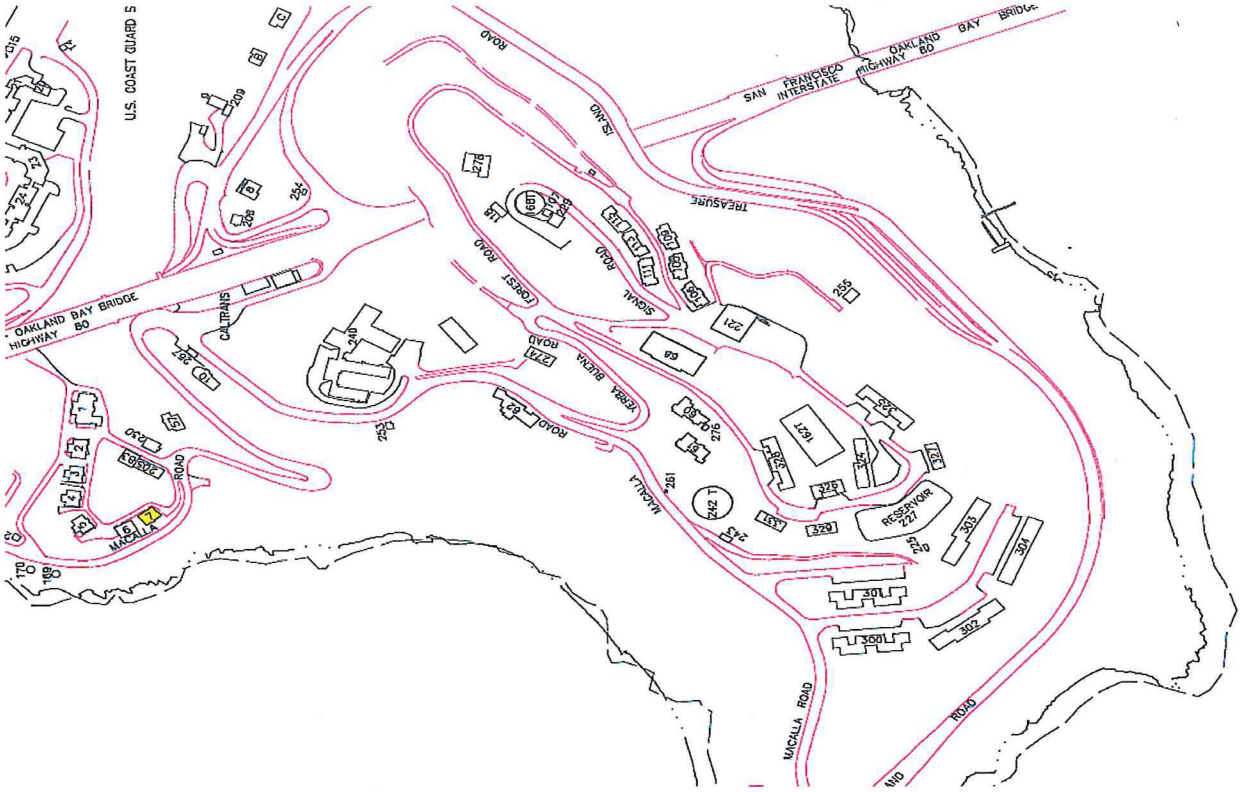
Exhibit B
List of Rental Units - Treasure Island
Market-Rate Housing



List of Rentable Units
Market-Rate Housing – Treasure Island

Addresses

1100's	1200's	1200's	1300's	1400's
1108 Halyburton Court	1201 Bayside Drive	1221 Mariner Drive	1301 Gateview Avenue	1400 Sturgeon Street
1109 Keppler Court	1202 Mariner Drive	1224 Bayside Drive	905 Avenue B (Previously 1302 Avenue B)	1402 Sturgeon Street
1111 Keppler Court	1203 Bayside Drive	1227 Northpoint Drive	1303 Gateview Avenue	1404 Sturgeon Street
1112 Hutchins Court	1204 Mariner Drive	1390 Gateview Court (Previously 1228 Gateview Court)	901 Avenue B (Previously 1304 Avenue B)	1418 Striped Bass Street
1113 Keppler Court	1205 Bayside Drive	1232 Northpoint Drive	1305 Gateview Avenue	1420 Striped Bass Street
1114 Hutchins Court	1208 Mariner Drive	1234 Northpoint Drive	1306 Gateview Avenue	1430 Halibut Court
1115 Keppler Court	1210 Mariner Drive	1237 Northpoint Drive	1307 Gateview Avenue	1431 Halibut Court
1118 Hutchins Court	1212 Mariner Drive	1238 Northpoint Drive	1308 Gateview Avenue	1436 Chinook Court
1120 Reeves Court	1420 Gateview Court (Previously 1214 Gateview Court	1239 Northpoint Drive	1309 Gateview Avenue	1437 Chinook Court
1122 Reeves Court	1215 Bayside Drive	1240 Northpoint Drive	1310 Gateview Avenue	1438 Chinook Court
1124 Reeves Court	1217 Mariner Drive	1241 Northpoint Drive	1312 Gateview Avenue	1439 Chinook Court
1128 Reeves Court	1440 Gateview Court (Previously 1218 Gateview Court)	1242 Northpoint Drive	1314 Gateview Avenue	1444 Croaker Court
1129 Mason Court	1219 Mariner Drive	1245 Northpoint Drive	1315 Gateview Avenue	1449 Croaker Court
1131 Mason Court		1247 Exposition Drive	1316 Gateview Avenue	
1135 Mason Court		1249 Exposition Drive		
1137 Mason Court		1250 Exposition Drive		
1141 Ozbourn Court		1253 Exposition Drive		
1143 Ozbourn Court				
1145 Ozbourn Court				
1147 Ozbourn Court				
1149 Ozbourn Court				



List of Rentable Units
Market-Rate Housing – Yerba Buena Island

Quarters 7, 70 Garden Way, Yerba Buena Island