

File No. 121034

Committee Item No. 5

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date 11/28/2012

Board of Supervisors Meeting

Date \_\_\_\_\_

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Contract/Agreement                           |
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Completed by: Victor Young

Date November 21, 2012

Completed by: Victor Young

Date \_\_\_\_\_

1 [Real Property Lease - Department of Public Health - Community Behavioral Health Services -  
2 1380 Howard Street - \$118,259.38-\$131,584.38 Monthly]

3 **Resolution authorizing the extension of a lease of 79,950 sq. ft. of office space at 1380**  
4 **Howard Street for use by the Department of Public Health's Community Behavioral**  
5 **Health Services Division for a term of an additional 5 years from January 1, 2013,**  
6 **through December 31, 2017, at a monthly rate of \$118,259.38 for the first six months of**  
7 **the extended term and then \$131,584.38 per month for the remainder of the extended**  
8 **term.**

9  
10 WHEREAS, The City has occupied space at 1380 Howard Street since October, 1988  
11 for use by the Community Behavioral Health Services Division of the Department of Public  
12 Health; and

13 WHEREAS, The current lease, authorized by Resolution 332-06, expires on December  
14 31, 2012; and

15 WHEREAS, The City has an option to extend the term for an additional five years  
16 at 95% of fair market rent; and

17 WHEREAS, Pursuant to the terms of such option, the Real Estate Division and the  
18 Landlord have negotiated such 95% of fair market rental, considering all factors; and

19 WHEREAS, The extension of the Term is subject to enactment of a resolution by the  
20 Board of Supervisors and the Mayor, in their respective sole and absolute discretion,  
21 approving and authorizing such exercise; now, therefore, be it

22 RESOLVED, That in accordance with the recommendation of the Director of the  
23 Department of Public Health and the Director of Property, the Director of Property is hereby  
24 authorized to take all actions, on behalf of the City and County of San Francisco, as Tenant,  
25

1 to extend Lease (a copy of which is on file with the Clerk of the Board, the "Lease") and other  
2 related documents with the Cort Family Trust ("Landlord"), for the building commonly known  
3 as 1380 Howard Street, San Francisco, California, which comprises an area of approximately  
4 79,950 square feet on the terms and conditions herein; and, be it

5 FURTHER RESOLVED, That the monthly base rent for the extension shall be  
6 \$118,259.38 for the first six months of the extended term and then \$131,584.38 per month for  
7 the remainder of the extended term. City shall continue to pay for its utilities, janitorial, water  
8 and sewer, security guards, refuse and recycling; and, be it

9 FURTHER RESOLVED, That the Lease shall include a clause approved by the City  
10 Attorney indemnifying and holding harmless the Landlord; from and agreeing to defend the  
11 Landlord against any and all claims, costs and expenses, including, without limitation,  
12 reasonable attorney's fees, incurred as a result of City's use of the premises, any default by  
13 the City in the performance of any of its obligations under the lease, or any acts or omissions  
14 of City or its agents, in, on or about the premises or the property on which the premises are  
15 located, excluding those claims, costs and expenses incurred as a result of the active gross  
16 negligence or willful misconduct of Landlord or its agents; and, be it

17 FURTHER RESOLVED, That actions heretofore taken by the officers of the City with  
18 respect to such lease are hereby approved, confirmed and ratified; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
20 Property to enter into any amendments or modifications to the Lease (including without  
21 limitation, the exhibits) that the Director of Property determines, in consultation with the City  
22 Attorney, are in the best interest of the City, do not increase the rent or otherwise materially  
23 increase the obligations or liabilities of the City, are necessary or advisable to effectuate the  
24 purposes of the Lease or this resolution, and are in compliance with all applicable laws,  
25 including City's Charter; and, be it

1 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term  
2 of the lease unless funds for the Department of Public Health rental payments are not  
3 appropriated in any subsequent fiscal year at which time City may terminate the lease with  
4 reasonable advance written notice to Landlord. Said Lease shall be subject to certification as  
5 to funds by the Controller, pursuant to Section 3.105 of the Charter.

6  
7 \$709,556.28 Available  
8 (Base Rent January 1 to June 30, 2013)  
9 Index No. HMHMCC730515  
Sub Object 03000

10 See File for Signature

11 \_\_\_\_\_  
12 Controller

13 RECOMMENDED:

14 See File for Signature

15  
16 \_\_\_\_\_  
17 Director, Department of Public Health

18 See File for Signature

19 \_\_\_\_\_  
20 Director of Property  
21 Real Estate Division



**Item 5**  
**File 12-1034**

**Departments:**  
Department of Public Health (DPH) and  
Real Estate Division (RED)

## **EXECUTIVE SUMMARY**

### **Legislative Objective**

- The proposed resolution would approve the exercise of the first of two five-year options to extend the lease between the Department of Public Health (DPH), as tenant, and Cort Family Trust, as landlord, for office space at 1380 Howard Street from January 1, 2013 through December 31, 2017.

### **Key Points**

- In 2006, the Board of Supervisors approved a lease between DPH and the Cort Family Trust, for 79,950 square feet of office space at 1380 Howard Street that includes two five-year options to extend.
- Under the lease, the office space at 1380 Howard Street includes administration and clinical programs under the Community Programs for the Department of Public Health. The primary DPH programs that occupy space serve the DPH Community Programs' Administrative Office. Other DPH client service programs that occupy space include: (a) DPH's Pharmacy, (b) Opiate Addiction Treatment Program, (c) Behavioral Health Access Center, and (d) Substance Abuse Crime Prevention Act (SACPA).

### **Fiscal Impacts**

- Under the proposed five-year lease extension, the initial monthly base rent of \$118,259 is an increase by \$1,665 or 1.4% from the current monthly rent of \$116,594 for the first six months of the lease from January 1, 2013 through June 30, 2013. The subsequent monthly base rent of \$131,584 would increase by \$14,990 or 12.9% from the current monthly rent of \$116,594, for the remaining 54 months of the lease. Total first year rent from January 1, 2013 through December 31, 2013 is \$1,499,058.
- In addition to the first year annual rent of \$1,499,058, DPH incurs annual operating costs of \$564,107 and utility costs of \$114,578, resulting in first year General Fund costs to DPH of an estimated \$2,177,743. These costs are included in the DPH FY 2012-13 and FY 2013-14 budgets as previously approved by the Board of Supervisors.

### **Recommendation**

- Approve the proposed resolution.

## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

Under Administrative Code Section 23.27, leases with a term of more than one year or rent of more than \$5,000 per month, in which the City is the tenant, are subject to the Board of Supervisors approval, by resolution.

### Background

In 2006, the Board of Supervisors approved a lease between the Department of Public Health (DPH), as tenant, and Cort Family Trust, as landlord, for 79,950 square feet of office space at 1380 Howard Street. Under the existing lease, DPH leased (a) 70,300 square feet of space on the second through fifth floors, for a term of six years and six months from July 1, 2006, through December 31, 2012; and (b) an additional 9,650 square feet of space on the ground floor for a term of six years and four months, from September 1, 2006, through December 31, 2012. The existing lease includes two five-year options to extend. The base monthly rent of the existing lease is \$116,594, or approximately \$1.46 per square foot. Under the lease, the office space at 1380 Howard Street includes administration and clinical programs under the Community Programs for the Department of Public Health. The primary DPH programs that occupy space serve the DPH Community Programs' Administrative Office, and include program administration for: (a) Community Oriented Primary Care, (b) Business Office, (c) Contracts Office, and (d) Information Technology/MIS, and (e) Cultural Competency and Client Relations. Additionally, other DPH client service programs that occupy space include: (a) DPH's Pharmacy, (b) Opiate Addiction Treatment Program, (c) Behavioral Health Access Center, and (d) Substance Abuse Crime Prevention Act (SACPA).

## DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve the first of the two five-year options to extend the lease, as follows:

**Table 1: Summary of Proposed Extended Lease Terms**

Term	Five years January 1, 2013 through December 31, 2017
Square feet (approximate)	79,950 (first floor through fifth floor for office space)
Rent per Month Jan 1, 2013 - June 30, 2013 (six months)	\$1.48 per square foot (approximate) \$118,259 per month
Rent per Month July 1, 2013 - Dec 31, 2017 (balance of 54 months)	\$1.65 per square foot (approximate) \$131,584 per month
Total Rent (60 months)	\$7,815,090
Utilities and services	Utilities and janitorial services paid by the City

The lease would continue to provide office space for the DPH Community Programs' Administrative Office and other DPH client service programs that include: (a) DPH's Pharmacy, (b) Opiate Addiction Treatment Program, (c) Behavioral Health Access Center, and (d) Substance Abuse Crime Prevention Act (SACPA).

## FISCAL IMPACTS

Under the proposed five-year lease extension, and as shown in Table 2 below, the initial monthly base rent of \$118,259 would increase by \$1,665 or 1.4% from the current monthly rent of \$116,594 for the first six months of the lease from January 1, 2013 through June 30, 2013. The subsequent monthly base rent, for a balance of 54 months, of \$131,584 would increase by \$14,990 or 12.9% from the current monthly rent of \$116,594. According to Mr. Charlie Dunn, Senior Real Property Officer, Real Estate Division, monthly rent of \$131,584, effective as of July 1, 2013 represents 95% of prevailing market rate rentals, as determined by the Landlord and the Real Estate Division, and pursuant to the existing lease agreement and proposed extension. According to Mr. Dunn, 95% of the prevailing monthly market rate is \$1.65 per square foot; however, the City was able to negotiate the lower monthly rate of 1.48 per square foot for the first six months to accommodate the City's budgetary cycle, as an additional concession from the Landlord.

**Table 2: Comparison of Rent under the Existing Lease and the Proposed Lease Extension**

	Jan 1, 2012 - Dec 31, 2012	Jan 1, 2013 - June 30, 2013			July 1, 2013 - June 30, 2014		
Rent per Month	Current rent	Proposed rent	Increase over current rent	Percent increase	Proposed rent	Increase over current rent	Percent increase
Square foot	\$1.46	\$1.48	\$0.02	1.4%	\$1.65	\$0.19	12.9%
Total	\$116,594	\$118,259	\$1,665	1.4%	\$131,584	\$14,990	12.9%

The first year annual rent of \$1,499,058<sup>1</sup> is funded by General Fund monies as previously appropriated by the Board of Supervisors in the FY 2012-13 and FY 2013-14 DPH budget.

As shown in Table 3 below, the first year total rent and operating costs total \$2,177,743 paid from General Fund monies included in DPH's FY 2012-13 and FY 2013-14 budgets as previously approved by the Board of Supervisors.

<sup>1</sup> The first year annual rent is \$709,554 from January 1, 2013 through June 30, 2013 (\$118,259 per month x 6 months) plus \$789,504 from July 1, 2013 through December 31, 2013 (\$131,584 per month x 6 months).

**Table 3: Total Estimated First Year General Fund Costs  
from January 1, 2013 through December 31, 2013**

<b>Cost Category</b>	<b>Annual Amount</b>
Rent	\$1,499,058
Per square foot	\$18.75
Operational Costs	
Pest Control Service	\$1,984
Data Center Maintenance & Repairs	305,688
Garbage Collection	24,866
Janitorial Service & Supplies	226,293
Fire Extinguisher inspection	276
Misc. Repair Allowance	<u>5,000</u>
Subtotal	\$564,107
Subtotal, per square foot	\$7.06
Utilities	
Water / Waste Water	\$26,674
Electricity	<u>87,904</u>
Subtotal	\$114,578
Subtotal, per square foot	\$1.43
<b>Total General Fund Costs</b>	<b>\$2,177,743</b>
<b>Total per square foot</b>	<b>\$27.24</b>

## RECOMMENDATION

Approve the proposed resolution.



**John Updike**  
**Acting Director of Real Estate**

October 11, 2012

12/0.34

**Department of Public Health**  
**Renewal of Lease of Real Property**  
**1380 Howard Street**  
**Assignment #6647**

Through Naomi Kelly  
City Administrator

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

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO  
2012 OCT 18 PM 2:34  
SNO

Dear Board Members:

Attached for consideration is a Resolution authorizing the exercise of an option to renew the Lease of approximately 79,950 rentable square feet of office space located at 1380 Howard Street, for continued use by the Department of Public Health (DPH) for administrative offices, data center and Community Behavioral Health Services (CBHS).

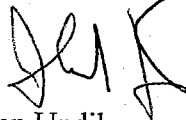
Community Behavioral Health Services is a division of the Department of Public Health that provides mental health and substance abuse treatment services to older adults, adults, youth, children and families. They provide a range of treatment services including outpatient care, case management, substance abuse management, methadone maintenance and social programs to support their direct treatment programs.

The City has occupied 1380 Howard Street since October 1988. 1380 Howard Street is a five story plus basement office building located on the northeast corner of 10<sup>th</sup> and Howard Streets. The existing lease expires on December 31, 2012. If approved the City would be exercising an option to extend the term for an additional five (5) years.

The term of the proposed lease extension would commence upon January 1, 2013, and expire on December 31, 2017. The Base Rent under the proposed extension would be \$118,259.38 per month (approximately \$17.25 per rentable square foot per year), for the first six months of the Term and then \$131,584.38 per month (approximately \$19.75 per rentable square foot per year) flat for the remainder of the term (4.5 years). The proposed Lease will continue to be modified gross with the City paying for utilities, janitorial services and security guards, refuse and recycling costs.

We recommend approval of the proposed Lease extension. If you have any questions regarding this matter, please contact Charlie Dunn in our office on 554-9861.

Respectfully,

A handwritten signature in black ink, appearing to read 'J. Updike', with a long horizontal line extending from the end of the signature towards the top right of the page.

John Updike  
Acting Director of Property

cc. Barbara Garcia, Director DPH  
Tyrone Navarro, DPH

## LEASE AMENDMENT

THIS AMENDMENT (this "Amendment") is made as of June 23, 2006, in San Francisco, California, by and between THE CORT MARITAL TRUST ("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 June 1, 2001 (the "Lease"), for the lease of a portion of the building (the "Building") located at 1380 Howard Street, being a portion of Assessor's Block 3509, Lot 11, in San Francisco, California.

B. Landlord has leased to City the premises in the Building identified in the Basic Lease Information (the "Premises"). City is using the Premises for general and administrative offices for the Department of Public Health, and such other uses as specified in the Basic Lease Information.

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

"Premises (Section 2.1):

That portion of the Building, comprised of the basement, a portion of the ground floor and all of the second, third, fourth and fifth floors, and further described as the Building, including the basement parking and storage (the "Original Premises") and, upon substantial completion of the Leasehold Improvements for such space, the 9,650 square feet on the ground floor now occupied by the City's Department of Parking & Traffic (DPT) (the "Expanded Premises"), all shown in Exhibit A attached hereto. Upon substantial completion of the Leasehold Improvements for the Expanded Premises, all references to the Premises shall include the Expanded Premises. Landlord reserves all sign rights to the exterior of the Building, except for the City's right to display the signs ordinarily required to identify City's use of the Building."

"Rentable Area of Premises  
(Section 2.1):

Approximately 70,300 square feet.

Upon substantial completion of the Expanded Premises, the rentable area of the Premises will increase to approximately 79,950 square feet."

"Term (Article 3): Estimated commencement date: July 1, 2006, or upon delivery to all parties of a fully executed Amendment.

Expiration date: December 31, 2012.

City Termination date: Without penalty after June 30, 2011 with 180-day advance notice."

"Extension Options (Section 3.3): Two (2) five-year options at 95% of fair market value (FMV) with 180-days notice. To determine FMV, see Exhibit B attached hereto. Options require approval by the Board of Supervisors."

"Base Rent (Section 4.1): Annual Base Rent: beginning July 1, 2006, \$17.50 per sf x 70,300 sf = \$1,230,250.

Monthly Payments: \$102,520.83 (\$1.46 per rentable sf).

Upon substantial completion of the Leasehold Improvements for the Expanded Premises, the Annual Base Rent will be calculated as follows:

\$17.50 per sf x 79,950 sf = \$1,399,125  
(Note: there will be no adjustment to the Base Rent per square foot as a result of the expansion).

Monthly Payments: \$116,593.75 (\$1.46 per rentable sf)."

"Rent Penalty (Section 4.6): City is entitled to a \$0.15 per square foot per month reduction in Base Rent on the Premises only (\$0.15 per sf x 70,300 sf = \$10,545), if the Leasehold Improvement Work is not completed within six (6) months of the Effective Date of this Amendment. Reduction in Base Rent is effective until such time Landlord completes the Leasehold Improvement Work and City has acknowledged and accepted in writing the Leasehold Improvement Work "

"Leasehold Improvements (Section 6): Landlord, at its sole cost and expense, shall perform certain Leasehold Improvement work for the Original Premises as described in Exhibit C attached hereto."

"Tenant Improvements to Expanded Premises (Section 6.3): DPT's lease of the Expanded Premises expires on June 30, 2006; DPT anticipates vacating the space in November 2006. Upon DPT's vacation of the Expanded Premises, Landlord shall perform, at Landlord's sole cost, the Tenant Improvements to the Expanded Premises, as described in the conceptual plans attached hereto as Exhibit D, and



pursuant to construction plans and specifications to be prepared by Charles Hemminger Associates, Architecture & Planning, which construction plans will be subject to City's prior review and approval.  
"

"Other Services (Section 9.3): City shall pay for refuse disposal and recycling."

2. Extension Option. Section 3.3 (Extension Options) is hereby amended and restated to read in its entirety as follows:

"City shall have the right to extend the Term of this Lease (the "Extension Options") for the additional terms specified in the Basic Lease Information (the "Extended Terms"). Such Extension Options shall be on all of the terms and conditions contained in this Lease. City may exercise the Extension Option(s), if at all, by giving written notice to Landlord no later than one hundred eighty (180) days prior to expiration of the Term to be extended; 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 provided in 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 its intent to exercise an Extension Option shall be subject to enactment of a resolution by the Board of Supervisors and the Mayor, in their respective sole and absolute discretion, approving and authorizing the same, within sixty (60) days after the date such notice of exercise is given."

3. Potential Rent Reduction. Section 4.6 (Rent Reduction) is hereby added to the Lease as follows:

"Landlord understands and agrees that City is entitled to a reduction in the Base Rent of Fifteen Cents (\$0.15) per square foot per month on the Premises only (\$0.15 per sf x 70,300 sf = \$10,545) if Landlord fails to complete the Leasehold Improvement Work within six (6) months of commencement of this Amendment, as set forth in the attached Exhibit C. The reduction in Base Rent is effective until such time Landlord completes the Leasehold Improvement Work and City has acknowledged and accepted in writing the Leasehold Improvement Work."

4. Landlord's Obligation to Complete Improvements. Section 6.1 (Landlord's Obligation to Complete Improvements) is hereby amended and restated to read in its entirety as follows:

"Landlord shall, at Landlord's sole cost and expense, perform or cause to be performed that certain work on the existing Leasehold Improvements as described and set forth in Exhibit C."

5. Disposal Service. Section 9.3(b) (Disposal Service) is hereby added to the Lease as follows:

"City shall contract for and provide daily (five days per week) refuse and recycling services to the Building. However, City reserves the right to request Landlord to provide refuse and recycling services to the Building if City is unable to contract for such services. The cost of such services provided by Landlord shall be paid by City to Landlord together with an administrative fee equal to 10% of the monthly cost of such services. Landlord shall deliver to City copies of the vendor's invoices clearly showing the charges prior to City's reimbursement of such costs. City shall pay Landlord for such services and the administrative fee at the time City makes its payment of Base Rent."

6. Landlord's Insurance. Section 17.2 (Landlord's Insurance) is hereby amended and restated to read in its entirety as follows:

"At all times during the Term and Extended Terms, Landlord shall keep the Building (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 and Extended Terms 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."

7. Waiver of Subrogation. Section 17.3 (Waiver of Subrogation) is hereby amended and restated to read in its entirety as follows:

"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 Building 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 Building or the Premises; provided, Landlord's failure to do so shall not affect the above waiver."

8. Attorneys' Fees. Section 23.12 (Attorneys' Fees) is hereby amended and restated to read in its entirety as follows:

"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."

9. Tropical Hardwoods. Section 23.26 (Tropical Hardwood and Virgin Redwood Ban) is hereby amended and restated to read in its entirety as follows:

"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 Improvements or otherwise in the performance of this Lease which are tropical hardwood, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

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.

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."

10. Resource Efficiency. Section 23.28 (Resource-Efficient City Buildings and Pilot Projects) is hereby amended and restated to read in its entirety as follows:

"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,"

11. Sunshine Ordinance. Section 23.32 (Sunshine Ordinance) is hereby added to the Lease as follows:

"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."

12. Conflicts of Interest. Section 23.33 (Conflicts of Interest) is hereby added to the Lease as follows:

"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."

13. Notification of Limitations on Contributions. Section 23.34 (Notification of Limitations on Contributions) is hereby added to the Lease as follows:

"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 City for the selling or leasing of any land or building to or from 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 the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by City and the contractor. Negotiations are terminated when City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract."

14. Preservative-Treated Wood Containing Arsenic. Section 23.35 (Preservative-Treated Wood Containing Arsenic) is hereby added to the Lease as follows:

"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."

15. 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.

16. 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.

17. 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.

18. Applicable Law. This Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.


19. 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.

20. 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.



21. 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 or 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.

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

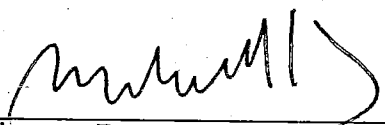
LANDLORD: THE CORT MARTAL TRUST

By:   
VERA CORT  
Its: Trustee

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


By:   
AMY L BROWN  
Its: Director of Property 

RECOMMENDED:

By:   
Director, Department of Public Health

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By:   
Charles R. Sullivan  
Deputy City Attorney

**EXHIBIT A**

**Description of the Premises and Expanded Premises**

**San Francisco, CA**



**Charles Hemminger Associates**  
Architecture & Planning  
490 Hayes St.  
San Francisco, CA 94102  
Tel: 415. 553.8073  
Fax: 415. 553.8072  
email:  
hannminger@architects@earthlink.net

no.	issue	date
1	FOR REVIEW	4.1.06

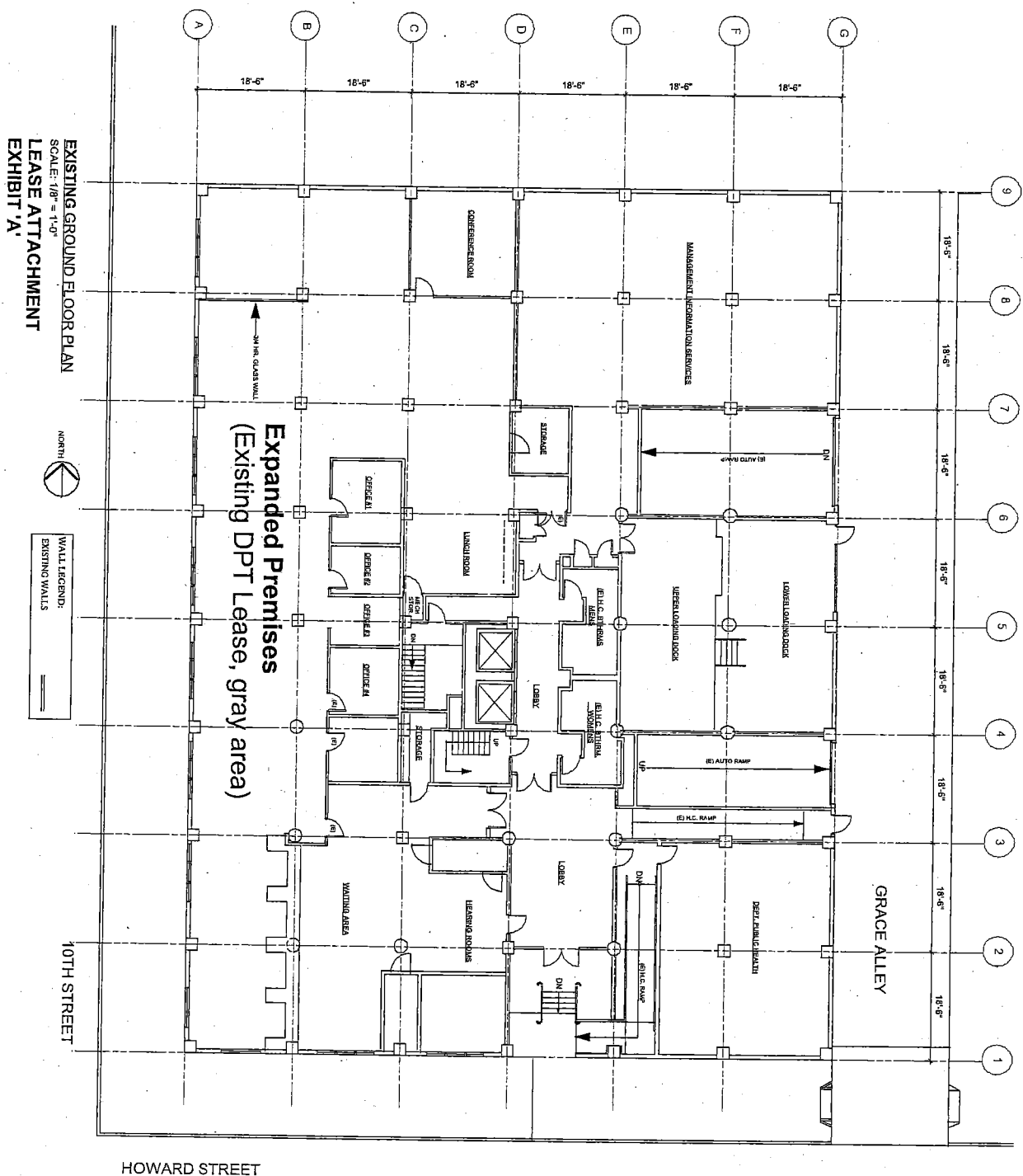

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DATE	CHICKEN BY
10-1-80	APPROVED

**GROUND FLOOR PLAN**



### A1.1



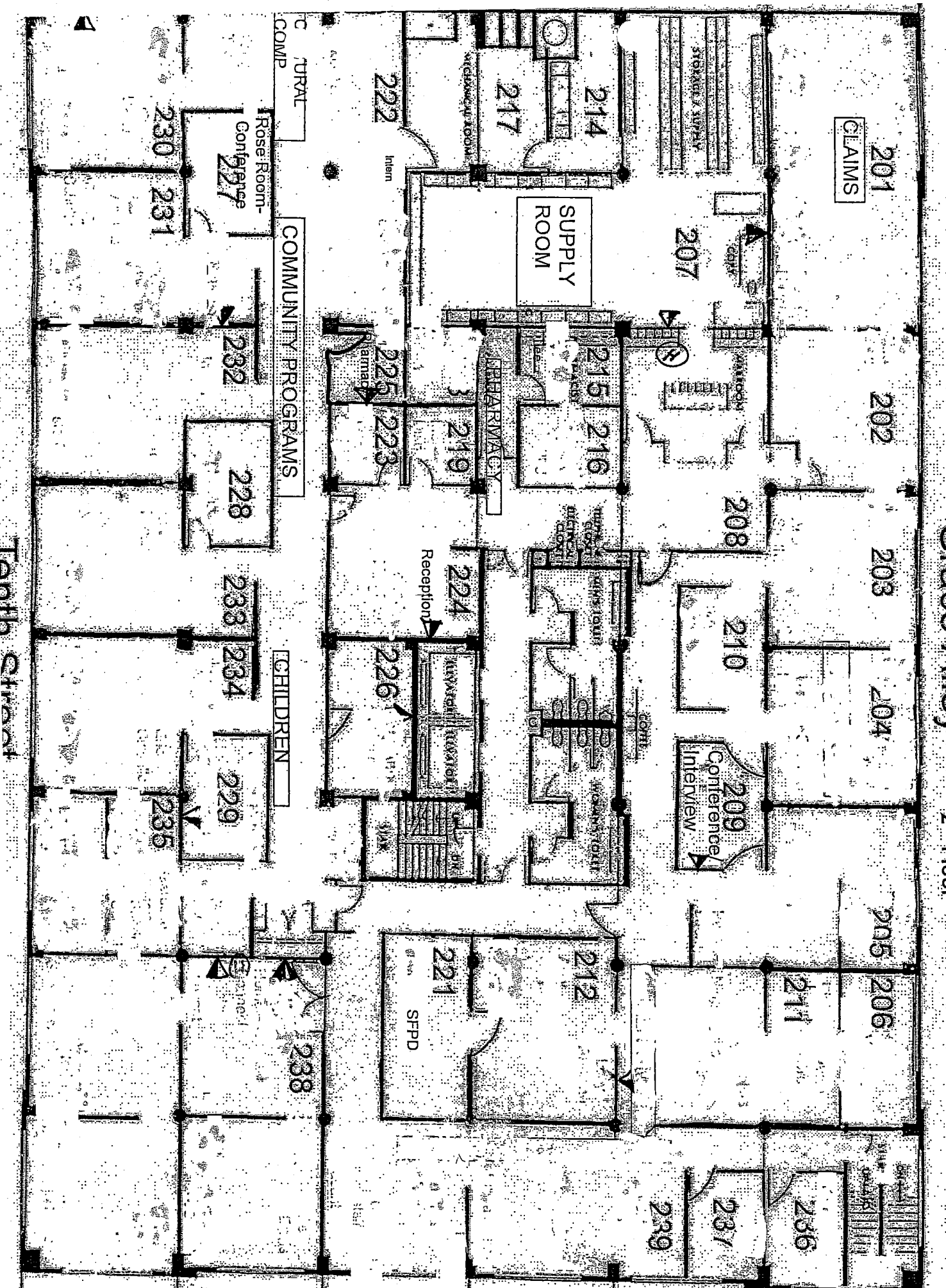
**EXISTING GROUND FLOOR PLAN**  
**SCALE: 1/8" = 1'-0"**  
**LEASE ATTACHMENT**  
**EXHIBIT 'A'**

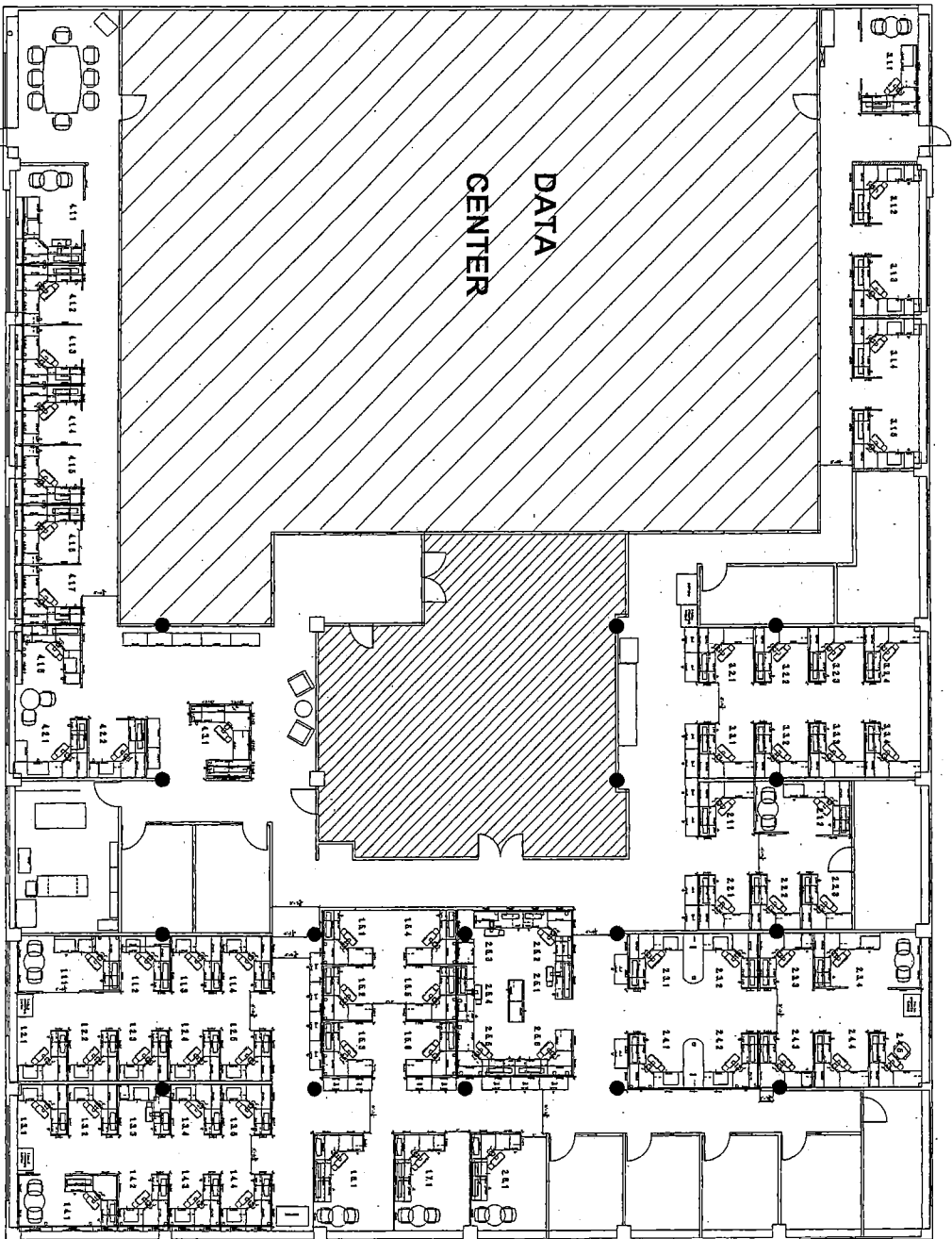


# Grace Alley

2nd Floor

EXHIBIT A (not to scale)





1380 HOWARD - 3RD FLOOR

EXHIBIT A

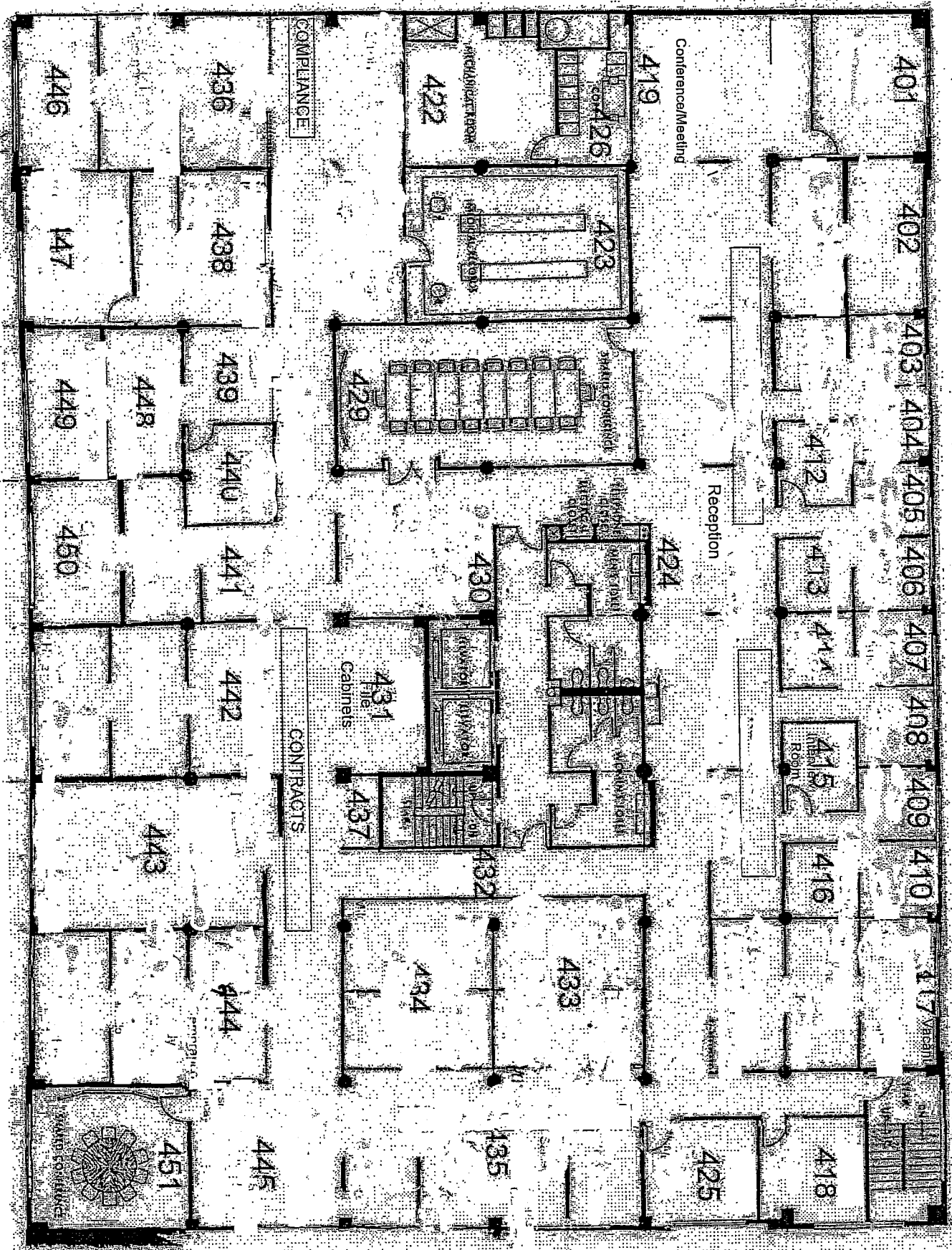


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100	REVISION	08/01/00	MM	MM

# Grace Alley

4<sup>th</sup> Floor

EXHIBIT A (not to scale)

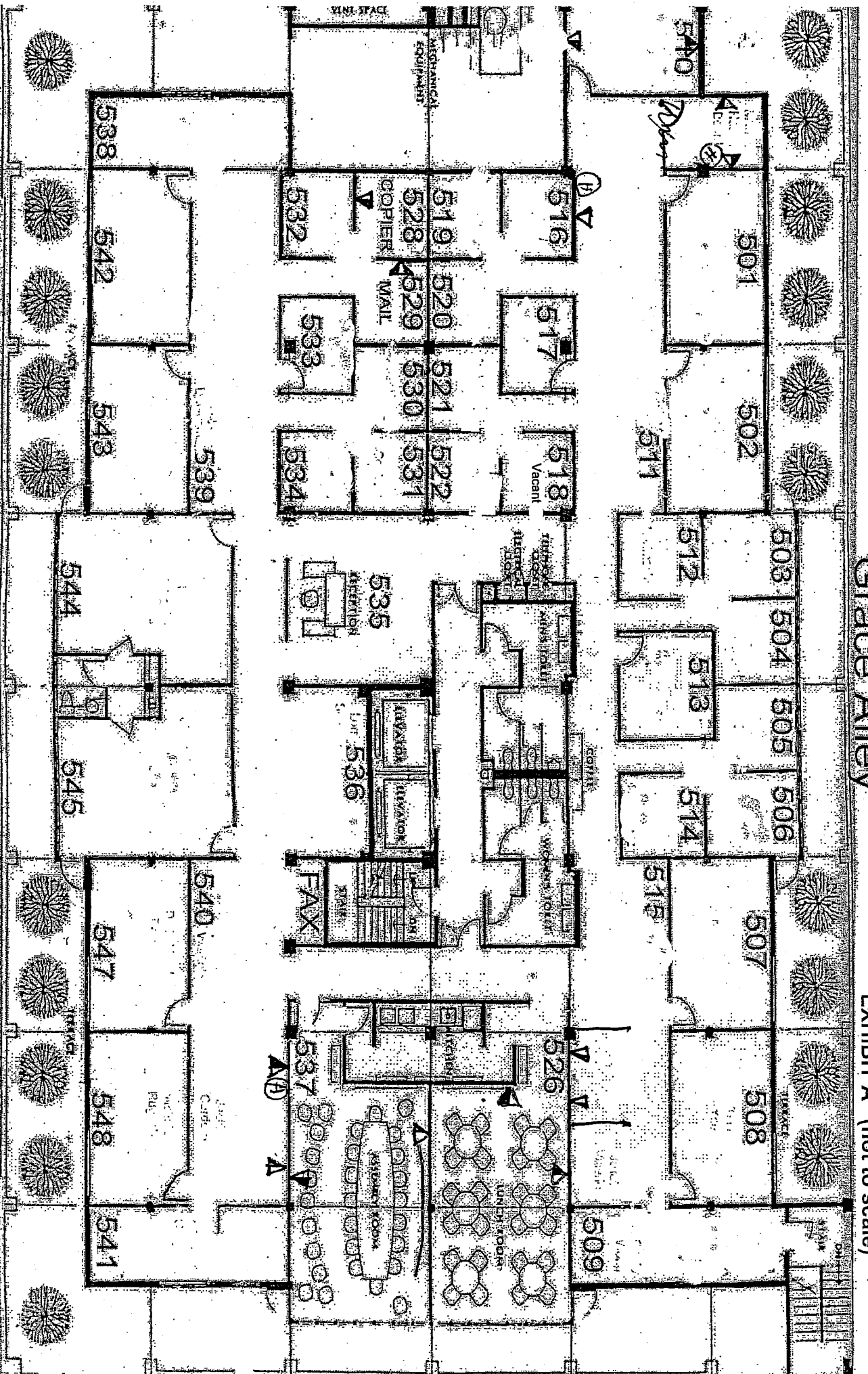


Tenth Street

Grace Alley

5<sup>th</sup> Floor

EXHIBIT A (not to scale)



Tenth Street

## **EXHIBIT B**

### **Determination of Base Rent for the Extended Terms**

At the commencement of each Extended Term, the Base Rent shall be adjusted to equal the 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/SOMA area of San Francisco ("Reference Area"); provided, however, in no event shall the Base Rent be reduced below the Base Rent for the lease year prior to commencement of such Extended Term. 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) floor 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, and (v) building standard tenant improvement allowances and other allowances given under such comparable leases.

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 appraiser to determine the prevailing market rate. Each such appraiser 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 appraisal is submitted within the requisite time period, it shall be deemed to be the prevailing market rate. If both appraisals are submitted within such time period, and if the two appraisals 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 appraisals differ by more than ten percent (10%) of the higher of the two, then the two appraisers shall immediately select a third appraiser who will within thirty (30) days of his or her selection make a determination of the prevailing market rate and submit such determination to Landlord and City. This third appraisal will then be averaged with the closer of the two previous appraisals and the result shall be the prevailing market rate.

(d) If City's Director of Property does not approve of the prevailing market rate as determined by the appraisal procedure specified above, the Director of Property shall revoke the exercise of the Extension Option by City.

(e) All appraisers specified herein shall be members of the American Institute of Real Estate Appraisers (MAI) with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises in the Civic Center/SOMA area. Landlord and City shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser plus one-half of any other costs incurred in the arbitration.

## **EXHIBIT C**

### **Existing Leasehold Improvement Work**

#### **Minimum ADA Requirements**

Landlord shall at Landlord's sole cost promptly complete the following minimum work, after hours, with necessary permits and in a professional and workmanlike manner.

1. Install contrasting compliant (2") striping on top and bottom tread of each stair run.
2. Install compliant triangle and circle door signs and tactile raised text wall signs adjacent to the doors of each toilet (5 sets).
3. Adjust entry, office and toilet room doors closer adjustment to compliant force.
4. Install a compliant (Pemco) threshold addition to correct the elevation difference inside and out, in the door from the lunch room-kitchen.
5. Replace/remodel the existing kitchen counters/sinks in Tenant spaces to be code compliant, lowering the counters to code compliance (34") and provide new sinks where necessary to meet current HC code clearance. The counters will be 36" wide (with sink and no cabinet below). Owner to install additional lower side cabinets.
6. Install compliant, wall mounted, contrasting, tactile-Braille signs "exit" (at least 8) in exit doors to stair wells.
7. Install new compliant door jamb signaling lights in the elevators (Otis Elevator).

**EXHIBIT C**  
**Existing Leasehold Improvement Work**

**Electrical**

Landlord shall at Landlord's sole cost promptly complete the following minimum work, after hours, with the necessary permits and in a professional and workmanlike manner and pursuant to plans approved by City.

**1] 3RD FLOOR COOLING DURING POWER OUTAGE**

- 1A] CREATE 1 LINE DRAWING FOR HVAC CONTROL SYSTEM
- 1B] LOCATE CONTROL POINT NOT POWERED DURING POWER OUTAGE
- 1C] FEED COMPONENT FROM EMERGENCY POWER
- 1D] SHUT DOWN BUILDING AND TEST THIRD FLOOR COOLING
- 1E] REVISE I LINE DRAWING AND SUBMIT TO BUILDING ENG.

**2] PLANNED MAINTENANCE OF ELECTRICAL INFRASTRUCTURE**

- 2A] PERFORM INFRARED SCAN OF ALL ELECTRICAL COMPONENTS
- 2B] TORQUE, CLEAN AND INSPECT ALL ELECTRICAL CONNECTIONS
- 2C] REPAIR AS REQUIRED ANY DEFICIENCIES
- 2D] PROVIDE WRITTEN REPORT TO BUILDING ENG.
- 2E] COMPLETE ABOVE FOR EACH YEAR OF NEW LEASE

**3] LIGHTING AT SECOND FLOOR ELEVATOR LOBBY**

- 3A] INSTALL 2 NEW FLORESCENT WALL SCONCES IN SECOND FLOOR LOBBY TO ALLOW CAMERA TO WORK

**4] EXISTING ELECTRICAL ISSUES**

- 4A] INSTALL NEW POWER TO ROOMS 230, 231 & 232, INSTALL 3 NEW 20 AMP 120 VOLT CIRCUITS
- 4B] INSTALL NEW CIRCUIT TO AVOID TRIPPING OF CIRCUIT 17 ON SECOND FLOOR
- 4C] LABEL ALL CIRCUITS THROUGHOUT BUILDING AND UPDATE PANEL SCHEDULES

**5] FUTURE POWER**

- 5A] INSTALL 1 NEW 30KVA TRANSFORMER AND 1 NEW 100 AMP PANEL ON FIRST FLOOR LOCATION TO BE DETERMINED BY MR. MARANON
- 5B] INSTALL 1 NEW 30KVA TRANSFORMER AND 1 NEW 100 AMP PANEL ON FOURTH FLOOR LOCATION TO BE DETERMINED BY MR. MARANON
- 5C] INSTALL 1 NEW 30KV A TRANSFORMER AND 1 NEW 100 AMP PANEL ON FIFTH FLOOR LOCATION TO BE DETERMINED BY MR. MARANON
- 5D] INSTALL NEW CIRCUITS THROUGHOUT THE BUILDING IN LOCATIONS DETERMINED BY ITEM #2 TO BE DEFICIENT

**6] LIGHTING AND MOTION SENSOR UPGRADE**

- 6A] INSTALL NEW T-8 LAMPS AND BALLASTS IN ALL FIXTURES
- 6B] INSTALL NEW WALL MOUNT MOTION SENSORS IN ALL PRIVATE OFFICES, SET NEW MOTION SENSORS FOR 1 HOUR
- 6C] INSTALL NEW CEILING MOUNT MOTION SENSORS IN ALL OPEN AREAS
- 6D] INSTALL NEW LED EMERGENCY EXIT SIGNS THROUGHOUT BUILDING
- 6E] INSTALL NEW MOTION SENSOR MODULES ON ALL TASK LIGHTING IN MODULAR FURNITURE TO ACHIEVE OFF HOURS LIGHTING MEASURES
- 6F] INSTALL NEW SWITCHING FOR OPEN OFFICE AREAS IN DAYLIGHT AREAS {ALL LIGHTING WITHIN 12' OF WINDOWS}
- 6G] PROVIDE T-24 REPORT BEFORE AND AFTER THE ABOVE UP-GRADES TO INSURE COMPLIANCE WITH CURRENT MEASURES



## **EXHIBIT C**

### **Existing Leasehold Improvement Work**

#### **Mechanical/HVAC**

Landlord shall at Landlord's sole cost promptly complete the following minimum work, after hours, with the necessary permits and in a professional and workmanlike manner and pursuant to plans approved by City.

#### **SECOND FLOOR**

**1. Compliance/Quality Management Areas**

Remove existing 5 ton capacity water cooled heat pump, add two 3 ton capacity heat pumps, add 1 and relocate 1 thermostat, add supply diffusers and ductwork to eliminate drafts. This work will give areas 238 & 239 separate controls.

**2. Community Programs**

Remove 1 large VAV, add 2 smaller VAV with heating coils, revise and add to the rectangular ductwork, relocate 1 and add 1 thermostat. This work will give more control to the tenants.

**3. Pharmacy/Supply Room**

Remove ducts and diffusers in rooms 225, 223 and the supply room, add 1 VAV zone with a heating coil for the supply room, relocate 1 and add 1 thermostat, add diffusers in rooms 225 & 223. This work will give the supply and pharmacy areas separate controls.

**4. Quality Management/Claims Area along Grace Alley**

Remove 1 large VAV, add 2 VAV zones with heating coils, one VAV for areas 211, 212 & 221, the other VAV for areas 204, 205 & 206, add 2 and relocate 1 thermostat.

#### **THIRD FLOOR**

**5. Areas D317, D331 & D334**

Remove 1 large VAV; add 2 VAV zones with heating coils, one VAV for areas 331 & 332, the other VAV for areas 333, 334 & 335. Add 1 VAV zone for area 317, revise ducts and diffusers in 308, 314 & 317, relocate 2 and add 2 thermostats.

## **FOURTH FLOOR**

**6. Fiscal Room 425**

Relocate supply ducts from VAV 22 to VAV 28 and relocate thermostat.

**7. Research/Operations along Grace Alley**

Revise ductwork off of VAV 26 to supply only areas 402 through 406, add 1 VAV with heating coil for areas 407, 408, 409, 410, 414, 415, 416 & 417. Relocate 1 and add 1 VAV thermostat.

**8. Contracts/Fiscal**

Revise ductwork and diffusers so VAV 19 only supplies area 443 (not 447, 449 & 450) add 1 VAV to feed 447, 449 & 450, add 2 VAVs, 1 for area 433 & 434, the other VAV for 438, 439 440, 441 & 448, revise ductwork and diffusers as needed, add 3 thermostats.

**EXHIBIT C**

**Existing Leasehold Improvement Work**

**Building Exterior**

Landlord shall at Landlord's sole cost paint building the building exterior with color and paint quality mutually acceptable to Landlord and City.

## EXHIBIT C

### **Leasehold Improvements at Tenant's Cost**

In addition to the foregoing, Landlord shall also promptly cause to be completed, at Tenant's sole cost, the following work, after-hours and in compliance with all laws and necessary permits, in a professional manner, and otherwise pursuant to plans approved by Tenant. Tenant shall reimburse Landlord for its third-party contractor costs in performing all of the following work upon presentation of invoices in a form reasonably approved by Tenant; provided: (i) Tenant may pay for the work in advance, provided, Landlord will still provide copies of all invoices and reimburse Tenant for any amounts not expended by Landlord on the approved work; (ii) Landlord shall contract for the work under a guaranteed not-to-exceed price contract, which price will not exceed \$30,000; and (iii) Landlord shall not be required to perform any work, and Tenant shall not be required to reimburse Landlord for any work, costing in excess of \$30,000. Landlord understands and agrees that Tenant is paying for such work with \$30,000 in grant funds. If and to the extent any work costs in excess of \$30,000, Landlord will not be required to perform such work unless Tenant agrees to pay for the overage.

The work to be paid for by Tenant is the following:

- Install electrical, digital, analog, and data lines in Rooms 429, 451, and 537.
- Install wiring and ceiling mounts for two (2) SXGA (1280x1024) DLP Projectors.
- Install two (2) motorized drop-down projection screens, which will be controlled by a remote RS-232 switch.
- Install wiring for two (2) audio systems connected to the AV Switcher which shall include an amplifier and ceiling-mounted speakers.
- Install wiring for two (2) video monitoring/recording workstations including a DVD/RAM Recorder, and a VHS/DVD Player Recorder. These shall be connected to the AV Switching System.

The contractor shall provide all labor, materials and equipment necessary to design, engineer, and install all necessary components of the foregoing work. The contractor shall also:

1. Provide an on-site survey to assist in formulating the DOC floor plan including logical connectivity.
2. Meet with DPH and Audio Video Integration contractors to participate in the concept development process to become familiar with the rationale of emergency management and how technology will assist the staff in meeting operational objectives.
3. At the conclusion of the design process, provide AutoCAD drawings including placement of equipment and all required data, telecom, audio, video and electrical wiring including locations of uninterruptible power supplies (UPS).
4. Provide a period for acceptance and modification of design including a minimum 2 on-site meetings with DPH, Audio Video Integration contractors.

5. Provide connectivity between Audio/Video equipment, Switchers/Scalers, and Display Devices, which DPH and/or their approved contractor specifies and provides.

The work shall be performed generally in accordance with the budget attached hereto as Exhibit C-1, subject to any changes approved by Tenant in writing.

## Exhibit C- 1

### **Leasehold Improvement Budget**

#### Installation:

Electrical, digital, analog, and datalines

2 recessed electrical ceiling screens

2 ceiling dlp projector mounts

2 manual switches for projector screens

2 red duplex outlets for DLP projector at ceiling

3 red clock for outlet for plasma screen

2 red fourplex outlets at millwork

2 red fourplex outlets at millwork comp.

8 RG6 Coaxial cables to Comcast entry point

2 Cat 5 to MPOE for analog phones

8 Cat 5 to 3<sup>rd</sup> floor server room

2 Cat 5 from A/V to power pole

2 Cat 5 from A/V to plasma

2 Coaxial A/V to plasma

2 New rings with pull string at plasma

2 New data patch panel at millwork

1 New data patch panel at 3<sup>rd</sup> floor

New 20 amp circuits for normal power

6 power

2 New 8x8 wall boxes

Comcast fee allowance

Total    \$30, 000.

## **EXHIBIT D**

### **Tenant Improvement Plans for Expanded Premises**

#### **OWNER/TENANT SCOPE OF WORK - Ground Floor 1380 Howard Street**

##### **OWNER SCOPE OF TENANT IMPROVEMENTS: (See Attached Plan – Lease Exhibit 'D')**

1. Demolition as required.
2. New Partition Walls, Doors and Hardware, locks as required.
3. General Lighting and 4 plex Electrical as required and subject to City approval.
4. HVAC (Heating and Air Conditioning) distribution as required, which meets ASHRAE Standards and subject to City approval.
5. Dropped Ceiling/Grid Ceiling Panels. 2 X 4 suspended acoustic ceiling with 2 X 4 recessed parabolic lights to match existing.
6. Plumbing as shown. Includes (1) H.C. Bathroom, (2) H.C. Accessible Sinks and counters.
7. Carpeting or floor tiles up to \$4.00 per square foot installed.
8. Painting (two coats over primer) and absent anything to the contrary, the leasehold improvements shall be at least the same quality and quantity as the original Premises.

##### **TENANT SCOPE OF TENANT IMPROVEMENTS: (See Attached Plan – Lease Exhibit 'D')**

1. All Security requirements.
2. All Data and Phone service requirements.
3. All Millwork.
4. All Furniture including moveable workstation partitions/dividers.
5. All storage shelving.
6. Any and all specific equipment (such as copiers, faxes etc.) required for Tenants' operation.



EXISTING WALLS TO REMAIN =  
NEW WALLS =

10TH STREET

San Francisco, CA.

[illegible][illegible]

DATE	10-2-1987
DESIGNED BY	CHICKELAT
DRAWN BY	AYOONLO
CHECKED BY	
DATE	

DESCRIPTION

GROUND FLOOR PLAN

GROUND FLOOR PLAN

A1.1 



RESOLUTION NO.

**332-06**

FILE NO. 060574

1 [Lease of Real Property]

2  
3 Resolution authorizing the renewal and expansion of a lease of 79,950 sq. ft. of space  
4 at 1380 Howard Street for the Department of Public Health.

5 WHEREAS, The City has occupied 1380 Howard Street since October 1988 for the  
6 Community Behavioral Health Services Division of the Department of Public Health; and,

7 WHEREAS, The Department of Parking and Traffic is moving to One South Van Ness  
8 Avenue shortly after it's ground floor lease at 1380 Howard Street expires on June 30,2006;  
9 and,

10 BE IT RESOLVED, That in accordance with the recommendation of the Director of the  
11 Department of Public Health and the Director of Property, the Director of Property is hereby  
12 authorized to take all actions, on behalf of the City and County of San Francisco, as Tenant,  
13 to execute a written Lease Amendment (a copy of which is on file with the Clerk of the Board,  
14 the "Lease Amendment") and other related documents with the Cort Family Trust ("Landlord"),  
15 for the building commonly known as 1380 Howard Street, San Francisco, California, which  
16 comprises an area of approximately 79,950 square feet on the terms and conditions herein  
17 and on a form approved by the City Attorney; and, be it

18 FURTHER RESOLVED, That the lease for 70,300 square feet on a portion of the  
19 ground floor and floors two through five shall commence on the mutual execution and  
20 exchange of the Lease Amendment or July 1, 2006, whichever occurs later. The additional  
21 premises of 9,650 square feet on the ground floor shall commence upon substantial  
22 completion of improvements therein. The lease for the entire area (79,950 square feet) shall  
23 terminate on December 31, 2012; and, be it

24 FURTHER RESOLVED, That the City shall also have the option to terminate the lease  
25 after December 31, 2011 with one hundred and eighty (180) days advance written notice; and,

1 be it

2 FURTHER RESOLVED, That the monthly base rent shall be \$116,593.75 upon  
3 occupancy of the additional 9,650 square feet (\$17.50 per square foot per year). The base  
4 rent shall be flat for the six year term. City shall continue to pay for its utilities, janitorial, water  
5 and sewer, security guards, refuse and recycling; and, be it

6 FURTHER RESOLVED, That the City shall have two (2) options to renew for five (5)  
7 years each. In each case, the rent for the option period shall be based on 95% of the then fair  
8 market value. Exercise of said options shall require approval by the Board of Supervisors;  
9 and, be it

10 FURTHER RESOLVED, That the lease shall include a clause approved by the City  
11 Attorney, indemnifying and holding harmless the Landlord, from and agreeing to defend the  
12 Landlord against any and all claims, costs and expenses, including, without limitation,  
13 reasonable attorney's fees, incurred as a result of City's use of the premises, any default by  
14 the City in the performance of any of its obligations under the lease, or any acts or omissions  
15 of City or its agents, in, on or about the premises or the property on which the premises are  
16 located, excluding those claims, costs and expenses incurred as a result of the active gross  
17 negligence or willful misconduct of Landlord or its agents; and, be it

18 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City  
19 with respect to such lease are hereby approved, confirmed and ratified; and, be it

20 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
21 Property to enter into any amendments or modifications to the Lease (including without  
22 limitation, the exhibits) that the Director of Property determines, in consultation with the City  
23 Attorney, are in the best interest of the City, do not increase the rent or otherwise materially  
24 increase the obligations or liabilities of the City, are necessary or advisable to effectuate the  
25

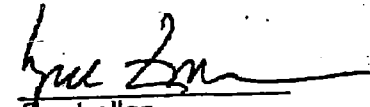
1 purposes of the Lease or this resolution, and are in compliance with all applicable laws,  
2 including City's Charter; and, be it

3 FURTHER RESOLVED, That the City shall occupy the entire Premises for the full term  
4 of the lease unless funds for the Department of Public Health rental payments are not  
5 appropriated in any subsequent fiscal year at which time City may terminate the lease with  
6 reasonable advance written notice to Landlord. Said Lease shall be subject to certification as  
7 to funds by the Controller, pursuant to Section 3.105 of the Charter.

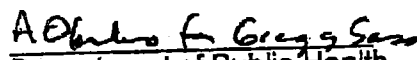
8 \$1,399,125 Available


9 Index No. HMHMCC730515

10 Sub Object 03000

11   
12 Controller

13 RECOMMENDED:

14  
15   
16 Department of Public Health

17   
18 Director of Property  
19 Real Estate Division



**City and County of San Francisco**

**Tails  
Resolution**

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

**File Number:** 060574

**Date Passed:**

Resolution authorizing the renewal and expansion of a lease of 79,950 sq. ft. of space at 1380 Howard Street for the Department of Public Health.

June 6, 2006 Board of Supervisors — ADOPTED

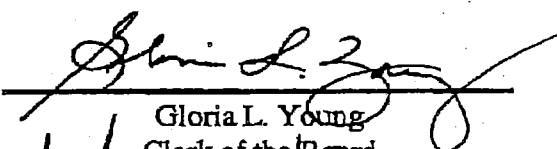
Ayes: 11 - Alioto-Pier, Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell,  
McGoldrick, Mirkarimi, Peskin, Sandoval

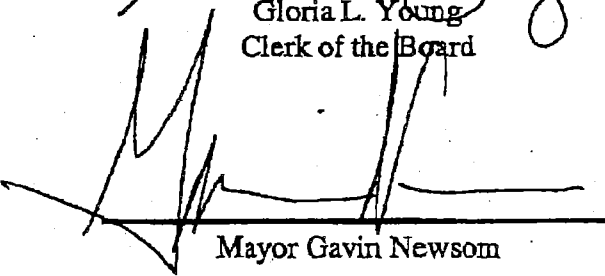
File No. 060574

I hereby certify that the foregoing Resolution  
was ADOPTED on June 6, 2006 by the Board  
of Supervisors of the City and County of San  
Francisco.

JUN 14 2006

**Date Approved**

  
Gloria L. Young  
Clerk of the Board

  
Mayor Gavin Newsom

**OFFICE LEASE**

between

**THE CORT FAMILY LIVING TRUST**  
Robert J. Cort, Trustee  
Vera Cort, Trustee  
as Landlord

and

**CITY AND COUNTY OF SAN FRANCISCO,**  
as Tenant

For the lease of  
A Portion Of  
**1380 HOWARD STREET**  
San Francisco, California

June 1, 2001

# OFFICE LEASE

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- EXHIBIT A -- Floor Plans of Premises
- EXHIBIT B -- Notice of Commencement Date
- EXHIBIT C -- Copies of Elevator and HVAC Maintenance Contracts
- EXHIBIT D -- Rules and Regulations
- EXHIBIT E -- Portion of Building Excluded from Premises
- EXHIBIT F -- Sample Appraisal Panel
- EXHIBIT H -- Not Used



## OFFICE LEASE

THIS OFFICE LEASE (this "Lease"), dated for reference purposes only as of June 1, 2001 is by and between THE CORT FAMILY LIVING TRUST ("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:	June 1, 2001
Landlord:	THE CORT FAMILY LIVING TRUST Robert J. Cort, Trustee Vera Cort, Trustee
Tenant:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation
Building (Section 2.1):	San Francisco Assessor's Block 3509, Lot 11, together with the improvements thereon, and commonly known as 1380 Howard Street, San Francisco, California.
Premises (Section 2.1):	That portion of the Building, comprised of the basement, a portion of the ground floor and all of the second, third, fourth and fifth floors as shown in the attached Exhibit A, and further described as the Building, including the basement parking and storage, together with the non-exclusive use of the Common Areas of the Building, but excepting therefrom that portion of the Building which is leased by Landlord to the City and County of San Francisco pursuant to that certain lease dated November 1, 1995 as authorized by Resolution 782-95, consisting of approximately 9,650 rentable square feet on the ground floor, which excluded portion is shown in the attached Exhibit E. The use of the loading dock area shall be apportioned as shown in Exhibit E. Landlord reserves the exclusive right to the use of the roof of the Building for the purpose of installing any antennae, cell site equipment or similar purpose. Landlord reserves all sign rights to the exterior of the Building, except for the City's right to display the signs ordinarily required to identify City's use of the Building.

Rentable Area of Premises (Section 2.1):	Approximately 70,300 square feet.
Term (Article 3):	Estimated commencement date: May 1, 2001, or upon delivery to all parties of a fully executed Lease.  Expiration date: June 30, 2006.
Extension Options (Section 3.3):	None.
Base Rent (Section 4.1):	Annual Base Rent: \$1,200,000 (\$18.26 per square foot)  Monthly payments: \$100,000.00 (\$1.42 per rentable square foot.)
Adjustment Date (Section 4.2)	The Base Rent shall be adjusted commencing effective July 1, 2003 (the "Adjustment Date") to an amount equal to 95% of the prevailing market rate, provided that in no event will the monthly Base Rent exceed \$211,000.00
Additional Charges (Section 4.3) :	As set forth is Section 4.3, City shall pay City's Percentage Share of Increases in Real Estate Taxes above those of the Base Year.
Base Year (Section 4.4):	1997.
City's Percentage Share (Section 4.4):	87.93%
Use (Section 5.1):	General and administrative offices, including local and centralized computer facilities, parking and storage ancillary to typical office functions, and such other uses as are consistent with the administration of programs for the Department of Public Health.
Leasehold Improvements (Section 6)	Landlord shall replace all carpet throughout the Premises and paint the interior of the Premises. Landlord shall provide, at its sole cost and expense, the new carpet, together with an allowance of \$38,000 (the "Allowance") for carpet installation, painting, and related furniture moving. All such work (the "Leasehold Improvements") shall be completed by Contractor as set forth in Section 6. City shall reimburse Landlord, as Additional Rent, for any cost and expense in excess of the Allowance and the cost of the uninstalled carpet.
Utilities (Section 9.1):	City shall pay the cost of separately metered electric, natural gas and domestic water/sewer service, together with the cost to maintain any halon fire suppression system now or hereafter installed in the premises. Subject to the

limitations set forth in Section 8 [Repair and Maintenance], Landlord shall pay the cost of providing and maintaining elevator service and systems for heating, ventilation and air conditioning to the Premises, and for the fire sprinkler system.

**Services (Section 9.2):**

Landlord shall, at its sole cost and expense, provide ordinary daily disposal services on a five-days-per-week basis. City shall, at its sole cost and expense, provide janitorial services and supplies and all required telecommunication services to the premises as set forth in Section 6.3 [Installation of Telecommunications and Other Equipment]. Subject to the limitations set forth in Section 8 [Repair and Maintenance], City shall, upon receipt of a bonafide invoice for services provided, pay the cost of emergency or special services to the elevator or heating, ventilation and air-conditioning system. As set forth in Section 9.3 [Other Services], City shall pay the cost of extra or special disposal required for the Premises.

**Notice Address of Landlord (Section 23.1):**

757 Third Avenue  
San Francisco, CA 94118

Fax No.: (415) 933-9510

**Key Contact for Landlord:**

Robert, Vera or Debra Cort

**Landlord Contact Telephone No.:**

(415) 751-1505

**Notice Address for Tenant (Section 23.1):**

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

**with a copy to:**

Department of Public Health  
101 Grove Street  
San Francisco, CA 94102  
Attn: Chief Financial Officer  
Fax No.: (415) 554-2811

**and to:**

Office of the City Attorney  
1 Dr. Carlton B. Goodlett Place, #234  
San Francisco, CA 94102  
Attn: Donnell Choy  
Deputy City Attorney  
Fax No.: (415) 554-4755

Key Contact for Tenant:

Judy Schutzman  
Operations Manager  
1380 Howard Street  
San Francisco, CA 94103

Tenant Contact Telephone No.:

(415) 255-3405  
Fax No.: (415) 252-3015

Brokers (Section 23.7):

None

Other Noteworthy Provisions (Section 22):

None

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## 2. PREMISES

**2.1. Lease Premises.** Landlord leases to City and City leases from Landlord, subject to the provisions of this Lease, those premises in the building identified in the Basic Lease Information (the "Building") and shown on the floor plans attached hereto as Exhibit A (the "Premises"). The Premises contain the rentable area specified in the Basic Lease Information. As used herein, 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" (ANSI Z65.1 1980, reaffirmed 1989), 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."

**2.2. Common Areas.** City shall have the non-exclusive right to use, together with other tenants in the Building, the lobbies, corridors, elevators, stairways and other public areas of the Building and the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

**2.3. Parking and Storage.** Without payment of additional rent, City shall have the exclusive use of the basement parking and storage areas of the building.

## 3. TERM

**3.1. Term of Lease.** The Premises are leased for a term (the "Term") commencing on the date specified in the Basic Lease Information as the estimated commencement date (the "Estimated Commencement Date"), provided City's Mayor and Board of Supervisors shall have approved the transaction contemplated by this Lease, in their respective sole and absolute discretion, as further provided herein. 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.

**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. 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 hereof.

**3.3. Extension Options.** None

## 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 expressly 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.

**4.2. Adjustments in Base Rent.** On each date specified in the Basic Lease Information for the adjustment of Base Rent (an "Adjustment Date"), the Base Rent payable under Section 4.1 shall be adjusted as follows:

At the Adjustment Date, the Base Rent shall be adjusted to an amount equal to 95% of the 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, provided that in no event shall the monthly Base Rent exceed \$211,000.00. 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) floor 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, and (v) building standard tenant improvement allowances and other allowances given under such comparable leases.

Within thirty (30) days following the Adjustment Date, Landlord shall notify City in writing of Landlord's determination of prevailing market rate. 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 Landlord's determination 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 select one appraiser from the then active version of City's authorized Appraisal Panel (the "Appraisal Panel"), a sample of which is attached hereto as Exhibit F, which appraiser shall determine the prevailing market rate. If Landlord and City are not able to agree on the selection of an appraiser from the Appraisal Panel, Landlord and City shall alternately strike one appraiser from the Appraisal Panel (Landlord shall strike the first appraiser) until only one appraiser remains, which appraiser shall be selected. If any appraiser selected is unwilling or unable to accept the assignment, the appraiser last eliminated shall be selected. Such appraiser 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, and the result shall be deemed to be the prevailing market rate.

(c) All appraisers specified herein shall be members of the American Institute of Real Estate Appraisers (MAI) with not less than five (5) years' experience appraising leases of commercial properties similar to the Premises in San Francisco. Landlord and City shall each pay one-half of the cost of the appraisal.

**4.3. Additional Charges.** City shall pay to Landlord any charges or other amounts required under this Lease as additional rent ("Additional Charges"), including the charges for Real Estate Taxes and Operating Costs provided for hereinbelow. 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."

**4.4. Definitions.** For purposes hereof, the following terms shall have the meanings hereinafter set forth:

- a) "Base Year" means the year specified in the Basic Lease Information.
- b) "City's Percentage Share" means the percentage specified in the Basic Lease Information.
- c) "Real Estate Taxes" means all taxes, assessments and charges levied upon or with respect to the portion of the Building owned by Landlord or any personal property of Landlord used in the operation thereof, or Landlord's interest in the Building or such personal property. Real Estate Taxes shall include, without limitation, all general real property taxes and general and special assessments, charges, fees, or assessments for transit, housing, police, fire, or other governmental occupants thereof,

service payments in lieu of taxes, and any tax, fee, or excise on the act of entering into this Lease or any other lease of space in the Building or any part thereof, or on the rent payable under any lease or in connection with the business of renting space in the Building, that are now or hereafter levied or assessed against Landlord by the United States of America, the State of California or any political subdivision thereof, public corporation, district, or any other political or public entity, and shall also include any other tax, fee or other excise, however described, that may be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Real Estate Taxes, whether or not now customary or in the contemplation of the parties on the date of this Lease.

Notwithstanding the foregoing, Real Estate Taxes shall exclude (1) franchise, transfer, inheritance, or capital stock taxes or income taxes measured by the net income of Landlord from all sources unless, due to a change in the method of taxation, any of such taxes is levied or assessed against Landlord as a substitute for, or as an addition to, in whole or in part, any other tax that would otherwise constitute a Real Estate Tax, (2) any penalties, fines, interest or charges attributable to the late payment of any taxes, except to the extent attributable to City's failure to pay its portion of Real Estate Taxes hereunder, (3) any personal property taxes payable by City hereunder or by any other tenant or occupant of the Building, (4) any increase in Real Estate Taxes due to reassessment attributable to improvement, at any time, of any portion of the property which is not a part of the Premises, or (5) any increase in Real Estate Taxes due to any reassessment upon a transfer of any of Landlord's interest in the Building or the real property on which the Building is located.

d) "Tax Year" means each calendar year during the Term, including any partial year during which the Lease may commence; provided that Landlord, upon notice to City, may change the Tax Year from time to time to any other twelve (12) consecutive month period and, in the event of any such change, City's Percentage Share of Real Estate Taxes shall be equitably adjusted for the Tax Year involved in any such change. Tax Year shall not include the Base Year.

4.5. Payment of Percentage Share of Real Estate Taxes. During the Term, commencing after the end of the Base Year, City shall pay to Landlord each month, as Additional Charges, one twelfth (1/12) of City's Percentage Share of the amount, if any, by which Real Estate Taxes for each Tax Year exceed Real Estate Taxes for the Base Year. City shall make such payments, in advance, in an amount estimated by Landlord in reasonable detail in a writing delivered to City. With reasonable promptness not to exceed thirty (30) days after Landlord has received the tax bills for any Tax Year, Landlord shall furnish City with a statement ("Landlord's Tax Statement") setting forth the amount of Real Property Taxes for such Tax Year and City's Percentage Share thereof. If City's Percentage Share of the actual Real Estate Taxes for such Tax Year exceeds the estimated Real Estate Taxes paid by City for such Tax Year, City shall pay to Landlord (whether or not this Lease has terminated) City's Percentage Share of the actual Real Estate Taxes within thirty (30) days after the receipt of Landlord's Tax Statement. If the total amount of estimated Real Estate Taxes paid by City for such Tax Year exceeds City's Percentage Share of the actual Real Estate Taxes for such Tax Year, such excess shall be credited against the next installments of Real Estate Taxes due from City hereunder, or at City's option, such excess shall be refunded to City.

a) Proration. If the Commencement Date or Expiration Date shall occur on a date other than the first or last day of a Tax Year, City's Percentage Share of Real Estate Taxes for the Tax Year in which the Commencement Date or Expiration Date occurs, shall be prorated based on a 365-day year.

b) Records. Landlord shall maintain at its offices in San Francisco in a safe and orderly manner all of its records pertaining to this Lease and Real Estate Taxes, 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.

## 5. USE

**5.1. Permitted Use.** City may use the Premises for 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. Observance of Rules and Regulations.** City shall observe Landlord's reasonable rules and regulations for the Building subject to the provisions hereof. City acknowledges and agrees to the current Building rules and regulations attached hereto as Exhibit D (the "Rules and Regulations"). Landlord may make reasonable additions or modifications thereto, which shall be binding upon City upon Landlord's delivery to City of a copy thereof, provided that such additions or modifications shall not reduce Landlord's obligations hereunder nor interfere with City's business in the Premises, and such additions or modifications must be applicable to the other Building tenants. Landlord shall administer the Rules and Regulations in a fair and nondiscriminatory manner and use reasonable efforts to cause other Building tenants to comply with them. City shall be entitled upon request to any waiver or special dispensation granted by Landlord to any other tenant in the Building with respect to the Rules and Regulations.

**5.3. Interference with Access.** If City's use of any of the Premises or access thereto is interrupted as a result of the Premises, the Common Areas 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) 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 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 Complete Improvements.** Landlord, through its contractors approved in advance in writing by City ("Contractor"), shall replace all carpets in the Premises that have not been replaced since July 1, 1998 with carpet that matches the carpet that has been installed in the Premises since that date. In addition, as the new carpets are installed, the interior walls, doors and frames of the Premises shall be painted by Contractor in colors selected and to specifications set by City. Such work and installations are referred to as "the Leasehold Improvement Work" and "Leasehold Improvements". Landlord shall, at its cost and expense, provide the carpet (materials only), together with an allowance of \$38,000 for carpet installation, base, painting and related moving services. Upon completion of the Leasehold Improvements, City shall reimburse Landlord, as Additional Rent, for any cost and expense in excess of the Allowance and the cost of the uninstalled carpet. City shall continuously occupy the Premises during performance of the Leasehold Improvement Work without reduction or offset in Rent. All Leasehold Improvement Work shall be performed at times and on a schedule approved in advance by City.

**6.2. Installation of Telecommunications and Other Equipment.** City shall be responsible for installing telecommunications, data and computer cabling facilities and equipment, provided that Landlord shall furnish access to City and its consultants and contractors to the main telephone service serving the floors 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. City shall have the right to enter the Premises and such other portions of the Building at reasonable times during the Term 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 telecommunications, data and computer cabling facilities and equipment to be completed in a timely and cost-effective manner.

## **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 or structural integrity of the Building, and the 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.

**7.2. Title to Improvements.** Except for City's Personal Property (as defined in the next Section), 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 20.1 [Surrender of Premises], below. Landlord acknowledges that some of City's Personal Property may be financed by third party lenders or 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, 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 a 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.

## **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 Building, including, without limitation, the roof, foundation, bearing and exterior walls, exterior windows (excluding glazing), and subflooring, and the heating, ventilating, air conditioning ("HVAC"), plumbing, electrical, elevator, fire protection (excluding Halon fire suppression system installed and maintained by City), life safety, security and other mechanical, electrical and communications systems (excluding Tenant's communications systems) of the Building and the Common Areas (collectively, the "Building Systems"). Landlord's responsibility to repair and maintain the HVAC system and the elevator shall be limited to Landlord's obligation to enter into and enforce maintenance contracts with qualified contractors, which contracts shall be on substantially the

same terms as those attached hereto as Exhibit C, and to replace any equipment that can no longer be kept in service through ordinary repair and maintenance efforts. For the purposes of this Section, HVAC and elevator equipment shall be replaced by Landlord, at its sole cost and expense, if the cost to repair or otherwise keep in service a heat pump, chiller, evaporative cooler, motor, fan, controller, elevator cable or similar major component exceeds 15% of the installed replacement cost in any given year, or 20% of the installed replacement cost within a 24 month period. Notwithstanding the foregoing, Landlord shall have no duty to modify the design of the HVAC system within the Premises, and City acknowledges that the HVAC system is adequate in design as of the Commencement Date. Landlord shall be responsible, at its sole cost and expense, for the maintenance of electric switch gear, transformers (including breakers), electric sub-panels and all wiring that serves the Building that is on the supply side of the sub-panels, as well as all utility metering. City acknowledges that the electric distribution system is adequate in design and capacity as of the Commencement Date. Landlord shall have no duty to modify the design of the electrical distribution within the Premises. Any such modification to the design desired by City after the Commencement Date shall be at City's sole cost and expense.

**8.2. City's Repairs.** Subject to Landlord's warranty under Section 10.1 [Premises Compliance], any construction warranties or guaranties received in connection with improvements by Landlord, and Landlord's repair and maintenance obligations hereunder, City shall repair and maintain at its cost the interior portions of the Premises, which for purposes of this Section shall include the garage and loading dock doors, 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 City's Charter and Administrative Code.

Subject to the provisions of Section 8.1 [Landlord's Repairs], City shall be responsible for the cost of any emergency elevator service or emergency HVAC repairs. At all times during the Term of the 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 halon fire suppression system, telecommunications, data and computer cabling facilities and equipment installed by City. City shall be responsible, at its sole cost and expense, for supplying and maintaining all fire extinguishers in the Premises that are necessary to meet Fire and other applicable codes.

**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, the Premises, or the Building, 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 furnish the following utilities and services to the Premises: (a) heating, air conditioning and ventilation in amounts required for City's comfortable use and occupancy of the Premises, during the period from 8:00 a.m. to 6:00 p.m., Monday through Friday, except holidays generally recognized in San Francisco; (b) electric current in amounts required for normal lighting and for the operation of personal computers and other normal office machines and equipment, on a twenty-four (24) hours-a-day, seven days a week basis ("Daily Basis"); (c) elevator service on a Daily Basis; and (d) water for lavatory, kitchen and drinking purposes on a Daily Basis. During the Term, Landlord shall provide use of the passenger elevators for freight elevator service upon City's reasonable request. 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 San Francisco.

**9.2. Electric, Water and Sewer Services.** City shall establish and maintain the existing electric, natural gas, domestic water and sewer services to the Premises in its name with the provider, and shall pay the cost thereof.

**9.3. Other Services.**

a) **Janitorial Service.** City shall provide, at its sole cost and expense, janitorial service and supplies to the Premises and the Common Areas, including all cleaning and restroom supplies, lamps and lamp replacement.

b) **Disposal Service.** Landlord shall provide, at its cost, daily (five days per week) disposal service in a manner consistent with such services normally provided in other buildings similar to the Building in San Francisco. City shall reimburse Landlord for any extra charges for disposal service that result from extraordinary requirements. Reimbursement for such extra charges shall be made by City to Landlord together with the first payment of rent that is due subsequent to receipt by City of a written request from Landlord, including a copy of the vendor's invoice clearly showing such charges.

**9.4. Conservation.** Landlord or Tenant may establish reasonable measures to conserve energy and water, including automatic light shut off after hours and efficient lighting forms, so long as these measures do not unreasonably interfere with City's use of the Premises.

**9.5. 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 ("Disruption"), which Disruption affects only the Building or the Premises (and is not a disruption of such utilities and services throughout the City and County of San Francisco, such as intentional rolling utility blackouts), Landlord shall 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, 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 two (2) or more consecutive 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 Disruption 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 Disruption of Essential Services continues for any reason for sixty (60) days and such Disruption 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. 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 to the acts, omissions or negligence of Tenant or 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, the 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, Common Areas, restrooms, elevators, lobbies, telephone banks and drinking fountains) are now, and as of the Commencement Date will be, in full 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 full 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 Building, the Common Areas and Building Systems serving the Premises are now, and 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 Building, the Common Areas and Building Systems serving the Premises are now, and as of the Commencement Date will be, in full 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 Premises, Building 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, Common Areas 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 Losses arising out of any failure of the Property, Building, Common Areas, 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 Article 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**

This Lease is and shall be subject and subordinate to the following (each an "Encumbrance"): (a) any reciprocal easement agreements and ground leases or other underlying leases that may now exist or hereafter be executed affecting the Property, or any portion thereof, and (b) the lien of any mortgage or deed of trust that may now exist or hereafter be executed 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 Article shall be self-operative and no further instrument shall be required other than as provided herein. 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 (and if Landlord is then carrying insurance on the Leasehold Improvements or if City at its sole option makes funds available to Landlord, Landlord shall also repair the Leasehold Improvements), 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, Servants, Employees or Invitees.

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. If Landlord does not elect to terminate this Lease as provided above, the 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, and Section 1933, subdivision 4, 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 1265.120 and 1265.130 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: (A) 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 affect City's normal operations in the Premises, (B) 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 (C) City elects to terminate.

b) In the case of a partial taking of a substantial portion of the Building, 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 Building 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 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: (i) 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 (ii) 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**

City shall not directly or indirectly sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder or permit all or any portion of the Premises to be occupied by anyone other than itself or sublet all or any portion of the Premises, without Landlord's prior written consent in each instance, which shall not be unreasonably withheld or delayed. In the event of any such transfer, City shall continue to be primarily liable for all obligations set forth in 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 abandonment of the Premises for in excess of twenty (20) consecutive days; 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 thirty (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 City may cure such default at Landlord's expense if such default continues after ten (10) days from the date City gives notice to Landlord of City's intention to perform such cure. 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 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 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 5.3 [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.

## **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 obligations under this Lease, or (c) any negligent acts or omissions of City or its Agents, Servants, Employees or Invitees of whatever character, 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 active 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 hereunder, 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 active 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 the 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 third-party comprehensive general liability insurance or other insurance with respect to this Lease. City assumes the risk of damage to any of City's Personal Property, except for damage caused by the negligence or willful misconduct of Landlord or its Agents.

**17.2. Landlord's Insurance.** At all times during the Term, Landlord shall keep the Building (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 an all risk insurance policy in an amount equal to one hundred percent of the full insurance replacement value (replacement cost new, including, debris removal and demolition) thereof. Landlord shall, prior to the Commencement Date and thereafter within thirty (30) days prior to the expiration of such policy, provide to City an original 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 be 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.

**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 Building 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 (i) such loss or damage is actually recovered from valid and collectible insurance covering the Landlord, and (ii) the Landlord's insurance carrier agrees to its written waiver of right to recover such loss or damage.

## **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 (i) inspecting the Premises, (ii) supplying any service to be provided by Landlord hereunder, (iii) showing the Premises to any prospective purchasers, mortgagees or, during the last six (6) months of the Term of this Lease, tenants, (iv) posting notices of non-responsibility, and (v) altering, improving or repairing the Premises and any portion of the Building, 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 City's use shall not be 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, shall execute, acknowledge and deliver to the other party, or 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, that 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. Within ten (10) days after the Expiration Date, City shall remove from the Premises all of City's Personal Property, City's telecommunications, data and computer facilities 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 Building resulting from such removal. Notwithstanding anything to the contrary herein, 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 herein, 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; (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, 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. SPECIAL PROVISIONS**

NONE

## **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 term 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. 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 Landlord and City and may be made upon the sole approval of the Director of Property, or his or her designee, provided however, that material amendments or modifications to this Lease (i) changing the legal description of the Premises, (ii) increasing the Term, (iii) increasing the Rent, (iv) changing the general use of the Premises from the use authorized under Section 5 [Use] of this Lease, and (vi) any other amendment or modification which materially increases the City's liabilities or financial obligations under this Lease shall additionally require the approval of the City's Board of Supervisors.

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

**23.5. Parties and Their Agents; Approvals.** If applicable, the word "Landlord" as used herein shall include the plural as well as the singular. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers and contractors of such party. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through City's Director of Property unless otherwise provided in this Lease, subject to 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 intents 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 therefor. 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.

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 party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Agreement, 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.

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 the 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 ten percent (110%) 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 as provided below. 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 [Indemnities], 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 Building 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 (i) contract directly with any third-party provider of such services, facilities or amenities to obtain the same, and (ii) 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 Real 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 Agreement, 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 budget and fiscal provisions of the Charter of the City and County of San Francisco. 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 Agreement unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the Charter of the City and County of

San Francisco, 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 for any reason, 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. City agrees that it will not fail to appropriate sufficient funds for the payment of Rent and any other payments required hereunder for the purpose of appropriating funds for the rental of similar space in another non-City building in which the City will conduct the operations then being conducted by City in the Premises.

**23.24. Prevailing Wages for Construction Work.** Landlord agrees that any person performing labor in the construction of improvements to the Premises which Landlord provides under this Lease shall be paid not less than the highest prevailing rate of wages and that Landlord shall include, in any contract for construction of such improvements, 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 further agrees that, as to the construction of such improvements under this Lease, Landlord shall comply with all the provisions of subsection (b) of San Francisco Charter Section A7.204 and Sections 6.33 through 6.45 of the San Francisco Administrative Code that relate to payment of prevailing wages. Landlord shall require any contractor to provide, and shall, upon receipt of written request from City, deliver to City every two weeks during any construction period, certified payroll reports with respect to all persons performing labor in the construction of any Leasehold Improvements 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 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 or 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) **Condition to Lease.** 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: (i) Landlord executed and submitted to the HRC Form HRC-12B-101 with supporting documentation, and (ii) 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 Agreement 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 \$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 12I.3.b and 12I.4.b of the San Francisco Administrative Code, neither Landlord nor any of its contractors shall provide any items to City in the construction of the Leasehold Improvements or otherwise in the performance of this Lease which are tropical hardwoods, 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 or tropical hardwood product. (c) In the event Landlord fails to comply in good faith with any of the provisions of Section 12I of the San Francisco Administrative Code, Landlord shall be liable for liquidated damages for each violation in any 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 Article 1.5 of the San Francisco Planning Code ("Code") requires the provision of bicycle storage at City leased buildings at no cost to Landlord and if funds are available. City hereby acknowledges that bicycle storage in compliance with the Code is available at the Date of Commencement. In the event, during the term of this Lease, any modification to bicycle storage is necessary in order to maintain Code compliance, Landlord, at no cost to Landlord, shall reasonably cooperate with City regarding such modifications.

23.28. Resource-Efficient City Buildings and Pilot Projects. Landlord acknowledges that the City and County of San Francisco has enacted San Francisco Administrative Code Sections 82.1 to 82.8 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.

In the event that compliance with such Administrative Code Sections requires capital costs, increases Landlord's cost over Landlord's current operating expenses or results in a loss of revenue, City agrees to pay such cost, increased cost or lost revenue.

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 (i) City's Mayor and Board of Supervisors adopt a resolution approving this Lease in accordance with all applicable laws and (ii) this Lease is duly executed by the parties hereto.

23.31. Acceptance of Lease by Landlord. This Lease shall be null and void unless Landlord accepts it and returns to City three (3) fully executed counterparts hereof on or before 5:00 p.m. San Francisco Time on April 6, 2001.

**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 A RESOLUTION OF CITY'S BOARD OF SUPERVISORS HAS BEEN DULY ADOPTED APPROVING THIS LEASE AND AUTHORIZING CONSUMMATION OF THE TRANSACTIONS 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 MAYOR AND BOARD OF SUPERVISORS APPROVE THIS LEASE, IN THEIR RESPECTIVE SOLE AND ABSOLUTE DISCRETION, AND IN ACCORDANCE WITH ALL APPLICABLE LAWS. APPROVAL OF THIS LEASE BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ADOPTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

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

Signature page follows. Balance of this page intentionally blank.

**LANDLORD:**

THE CORT FAMILY LIVING TRUST

BY: 

Robert J. Cort, Sr.

ITS: Trustee

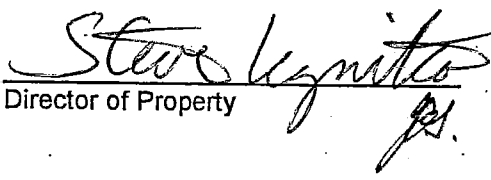
BY: 

Vera Cort

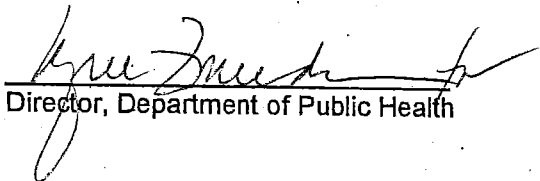
ITS: Trustee

**CITY:**

CITY AND COUNTY OF SAN FRANCISCO  
a municipal corporation

  
Director of Property

**RECOMMENDED:**

  
Director, Department of Public Health

**APPROVED AS TO FORM:**

LOUISE H. RENNE, City Attorney

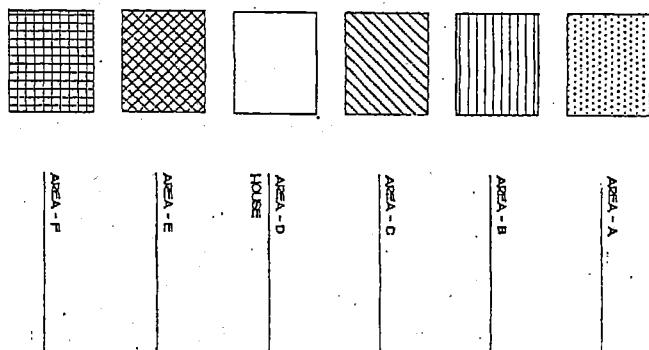
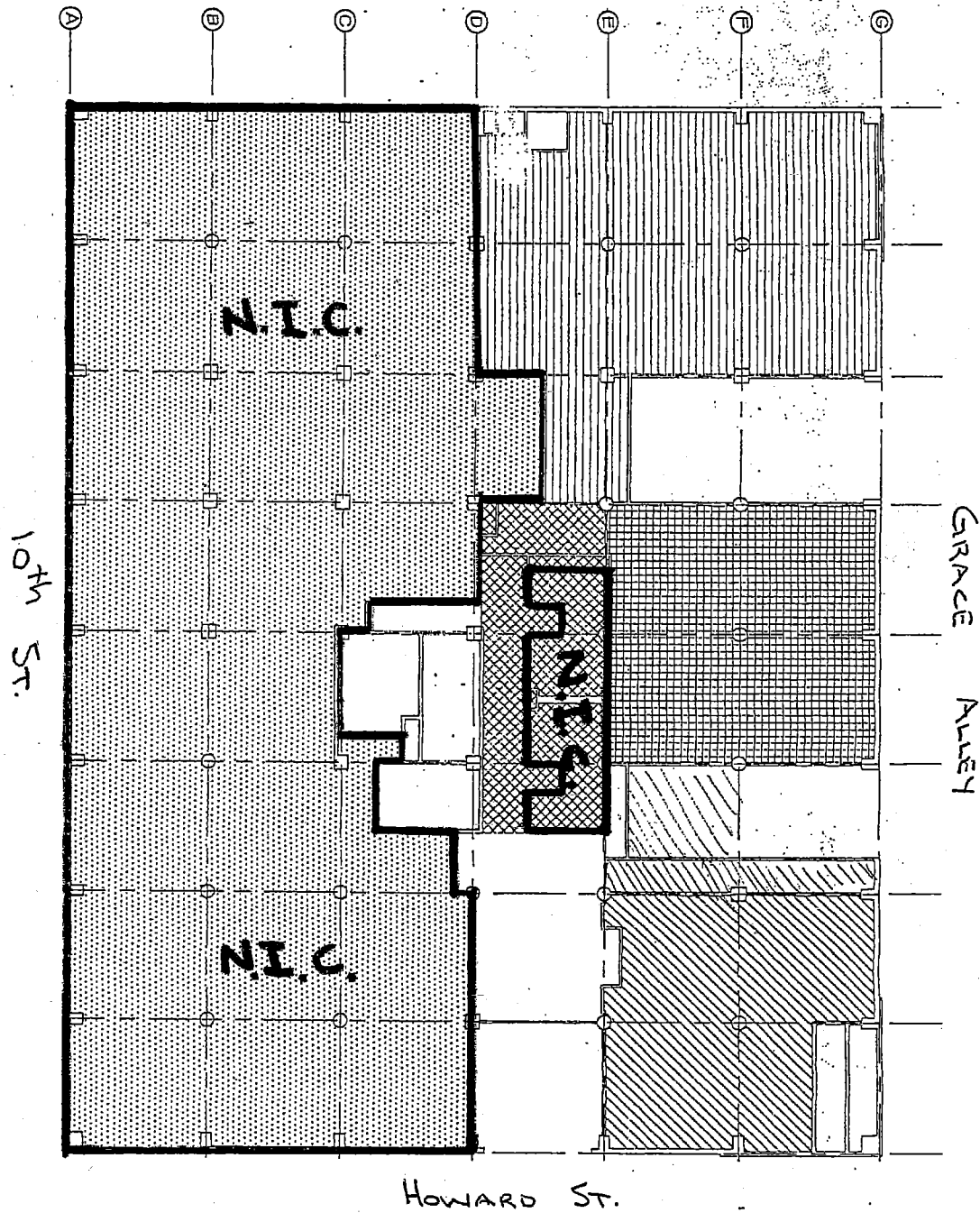
By 

Deputy City Attorney

**OFFICE LEASE**

**EXHIBIT A**

**FLOOR PLANS  
CONSISTING OF 5 PAGES  
(Basement Not Shown)**



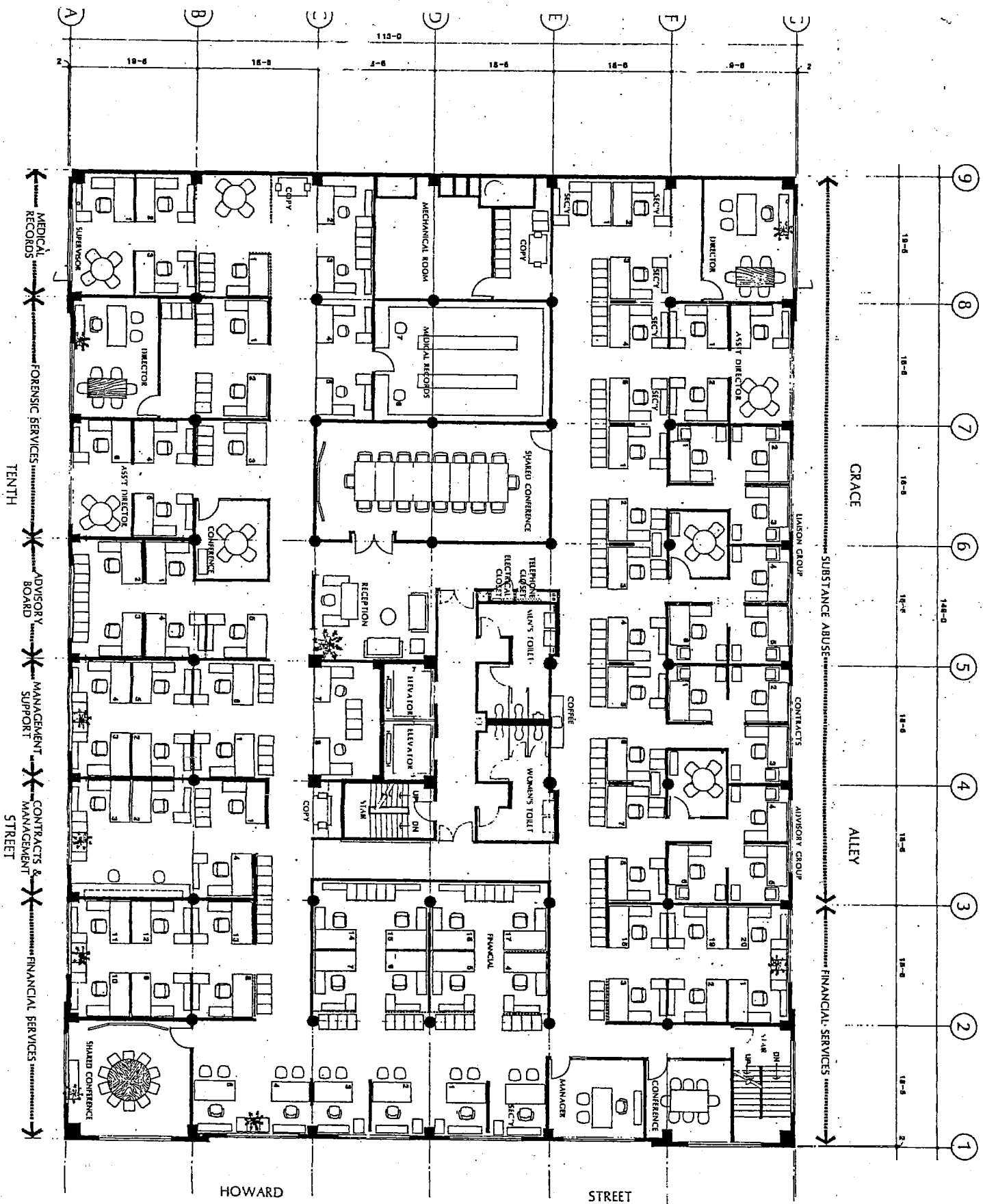
NOT TO SCALE

LEASING PLAN

1380 HOWARD STREET  
SAN FRANCISCO, CALIFORNIA

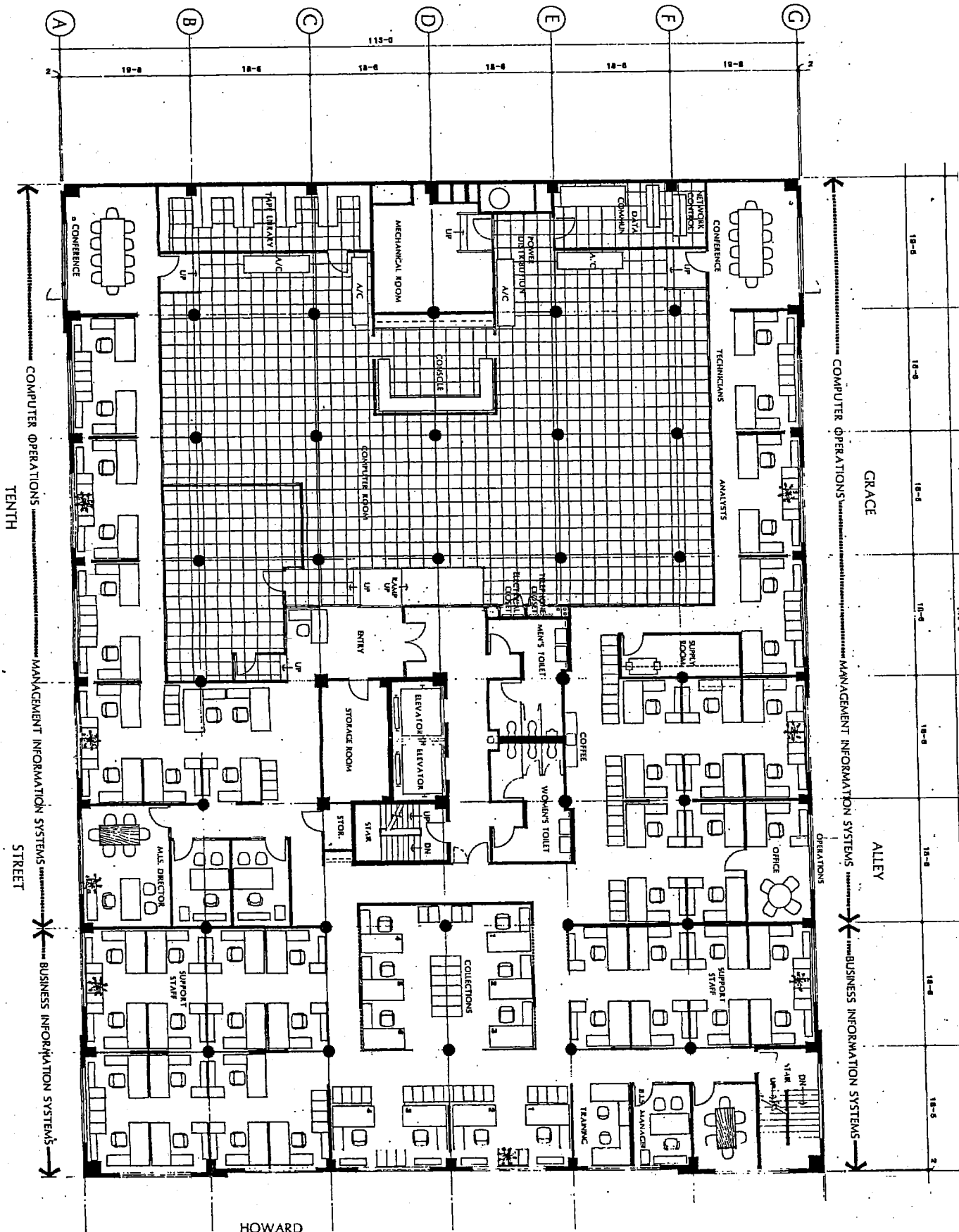
EXHIBIT A  
GROUND FLOOR





NOT AS BUILT  
NOT TO SCALE

EXHIBIT A  
3rd FLOOR



NOT AS BUILT  
NOT TO SCALE

EXHIBIT A  
4th Floor

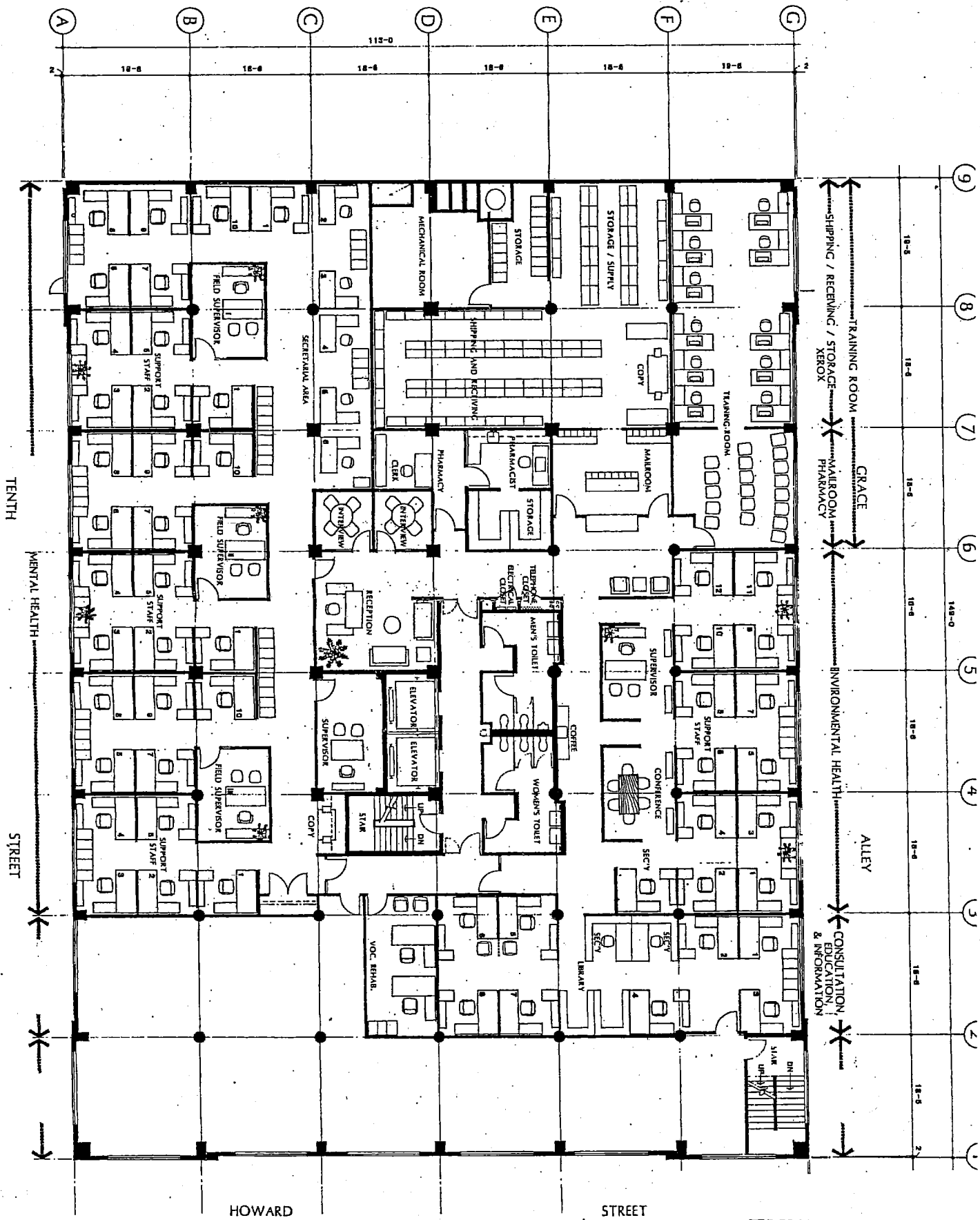




EXHIBIT B

June 27, 2001

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

RE: Acknowledgment of Commencement Date, Lease Between THE CORT FAMILY LIVING TRUST (Landlord), and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises located at 1380 Howard Street, San Francisco, California.

Dear Mr. Legnitto:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is June 1, 2001.

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

Very truly yours,

By [Signature]  
Title OWNER  
By [Signature]  
Title OWNER

Accepted and Agreed:

By [Signature]  
Acting Director of Property

Dated 6/28/01

**EXHIBIT B**

[Date]

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

RE: Acknowledgment of Commencement Date, Lease Between THE CORT FAMILY LIVING TRUST (Landlord), and the CITY AND COUNTY OF SAN FRANCISCO (Tenant), for premises located at 1380 Howard Street, San Francisco, California.

Dear Mr. \_\_\_\_\_:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is ~~May~~ <sup>JUNE</sup> 1, 2001.

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 \_\_\_\_\_

**OFFICE LEASE**

**EXHIBIT C**

**Copy of Elevator Maintenance Contract  
Copy of HVAC Maintenance Contract**

# HAWK MECHANICAL, INC.

1791 Tennessee Street San Francisco Ca 94124  
California License # 782401 (415) 641-4525

## AIR CONDITIONING EQUIPMENT MAINTENANCE AND SERVICE AGREEMENT

HAWK MECHANICAL, INC. (H.M.I.) PROPOSES TO FURNISH INSPECTION SERVICES  
ON THE AIR CONDITIONING EQUIPMENT FOR:

MR. & MRS. ROBERT CORT

hereinafter referred to as

Customer, located at

1380 HOWARD STREET

SAN FRANCISCO, CA, 94107

<u>EQUIP./ TYPE</u>	<u>MANUFACTURE</u>	<u>FILTER</u>	<u>LOCATION</u>
AHU-1	TRANE MDL# SWUA-C65		ROOF
AHU-2	TRANE MDL# SWUA-50		2ND FLR.
COOLING TOWER	EVAPCO MDL# AT8-62		ROOF
HEAT PUMP-1	TRANE MDL# BWC-36C400C		1ST FLR.
HEAT PUMP-2	CARRIER MDL# 50QEH-072		3RD FLR
CIRC PUMP-1	TACO MDL# CM 2508		ROOF
CIRC PUMP-2	TACO MDL# CM 2508		ROOF
UNIT HEATER-1	TRANE MDL# 3202		1ST FLR.
UNIT HEATER-2	TRANE MDL# 3202		1ST FLR.
FAN COIL -1	TRANE MDL# D 34A0-18		1ST FLR.
FAN COIL -2	TRANE MDL# D34A0-13		1ST FLR.
BOILER-1	RAYPAK MDL# H1758		ROOF

### SERVICES PROVIDED BY HAWK MECHANICAL, INC.

1. Regularly inspect the equipment at least 4 times a year and perform all services per inspection check list on page two.
2. Furnish customer with a completed copy of the service mechanic's report indicating what repairs, if any, are necessary resulting from each inspection.
3. Improve or repair the equipment upon proper authorization from the customer at a labor rate, per man, not exceeding the current rate per hour during regular working hours.
4. Provide emergency service at an additional overtime cost per hour.
5. Instruct customer in the operation of equipment to provide for greatest operating efficiency.
6. Give Hawk Mechanical Inc. contract holders preferential service.
7. Filter for above air handlers are included in price.

## SERVICE AND INSPECTION REPORT

### COMPRESSORS

Lube Motor Bearings  
Check and Adjust Drive Belts  
Check Rotation  
Check Shaft Seal Tightness  
Check for Unusual Noise, etc.  
Check Safety Controls  
Check Back Pressure  
Check Head Pressure  
Check Oil Pressure

N/A  
N/A  
N/A  
N/A  
N/A  
N/A  
N/A  
N/A  
N/A

### SHELL AND TUBE CONDENSER

Check Water Valve Setting  
Check Performance  
Check Circulating Pump  
Check Water Safety Pressure  
Controls

X  
X  
X  
X  
X

### EVAPORATIVE CONDENSER or COOLING TOWER

Lube Motor Bearings  
Lube Fan Bearings  
Lube Pump Bearings  
Check & Adjust Drive Belts  
Check Fan Rotation  
Check Coils for Scale  
Clean Drip Pan  
Clean Water Strainer  
Clean Pump Strainer  
Clean Air Intake Screen  
Check Float Control  
Check Eliminator Plates  
Check Fan Alignment  
Check Water Treating Equip.  
Check Spray Nozzles

X  
X  
X  
X  
X  
X  
X  
X  
X  
X  
X  
X  
X  
X  
X

### MISCELLANEOUS

Pump Down System  
Start Up System  
Check Refrigerant Charge  
Check Refrigerant Strainers  
Check Expansion Valves

X  
N/A  
X  
N/A  
X

### AIR HANDLING EQUIPMENT

Lube Motor Bearings  
Lube Fan Bearings  
Lube Pump Bearings  
Check & Adjust Drive Belts  
Check Fan Rotation  
Check & Clean Filters  
Change Filters  
Check Condensate Pan  
Drain

X  
X  
X  
X  
X  
X  
X  
X

### CONTROLS-ELECTRIC & PNEUMATIC

Check Thermostat Contacts  
Check Starter Contacts  
Check Water Cooler Cntrls  
Air Controls-Drain Water  
Check Air Compr. Intake  
Check Air Compr. Oil  
Check Air Compr. Motor  
Check Air Comp. Belt

N/A  
X  
N/A  
N/A  
N/A  
N/A  
N/A  
N/A

### BOILER X FURNACE

Check Combustion  
Check & Clean Pilot  
Check Fan Limit Control  
Check Pilot Safety Device  
Check Low-Water Cut-Off  
Check Auto. Water Feeder  
Check Water Strainer  
Check Water Press. Reg.  
Check relief Valve  
Drain & Recharge Ex. Tank  
Blow Down Boiler & Contr.  
Check Auto. Gas Valves  
Check Boiler Control Setting  
Check Steam Valves & Traps

N/A  
X  
X  
X  
X  
X  
X  
X  
X  
X  
X  
X  
X  
X

Inspect economizer  
Check Refrigerant Leaks  
Check Sump Pump Operation  
Reprogram Time Clocks

X  
N/A  
X

**SPECIAL NOTES:**

Replacement parts, as needed, will be billed extra.

Service calls billed at \$ 85.00 per hour for regular time, \$ 140.00 for overtime.

**LIMITATIONS:**

This agreement does not include service or maintenance on: enclosures and ductwork; water supply and drainage beyond the subject equipment, electrical service beyond the subject equipment disconnect switch (except low voltage control wiring), moving or relocating the subject equipment; repair due to unexpected freezing or hot weather, work made necessary by the enforcement of government codes or building regulations. Hawk Mechanical, Inc., shall not be liable for damages resulting from major acts of God, damages resulting from external causes, or damages resulting from the use and/or service of equipment unless caused by the fault or neglect of H.M.I. personnel, nor loss or inconvenience due to equipment's non-operation during repair or maintenance.

**CUSTOMER RESPONSIBILITIES:**

Customer shall operate the subject equipment per manufacturer's instructions. Promptly notify H.M.I. of any unusual operating conditions by the subject equipment; permit only our personnel to work on the subject equipment.

**GENERAL:**

H.M.I. shall at all time have the right to subcontract any part or portion of the services to be rendered under this agreement.

H.M.I. shall maintain in full force and effect a worker's compensation insurance policy on its employees and a comprehensive liability insurance policy as protection to the parties to this agreement.

H.M.I. agrees to save and hold the customer harmless from claims, expense or liability caused by negligence or fault of H.M.I. personnel, subcontractors or agents in performance of this service agreement.

It is understood that this proposal sets forth the entire agreement of the parties.

this proposal will become a contract when accepted by customer and approved in writing by authorized representative. Any rights which customer has will be only against H.M.I. There are no other parties to this agreement.

**TERM:** quarterly service shall commence upon acceptance

and continue in full force and effect thereafter with the right of either H.M.I. or customer to revise or terminate on thirty (30) days written notice.

**PAYMENT:**

H.M.I. service will be furnished for the net sum of

\$1,625 every 90 days

Payments are due upon receipt of invoice, net 10 days.

**OUR APPROVAL:**

BY: William H. Hovey

TITLE: Service Manager

DATE: 10-2-00

**YOUR ACCEPTANCE:**

BY: \_\_\_\_\_

PRINT: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**OTIS**

Extended Coverage Maintenance

**MAINTENANCE CONTRACT**

To Robert Cort and Vera Cort  
757 Third Street  
San Francisco, CA 94118

OWNERS  
 Owner Representative

For 1380 Howard Street  
San Francisco, CA

Norma Hadnutt  
 Otis Representative

September 20, 1994  
 Date

OTIS Elevator Company proposes to furnish Otis Extended Coverage Maintenance on the following equipment ("Units").  
**TYPE OF UNITS**

**MACHINE NOS.**

Two (2) MRVF 3535 Geared Traction Elevators

815413-8 14

**Maintenance Contract**

**THIS PROPOSAL**, including the provisions contained on the pages following, when accepted by you below and approved by our authorized representative, shall constitute the exclusive contract between us for the services to be provided hereunder, and all prior representations or agreements not incorporated herein shall be superseded. Any purchase order issued by you in connection with the services to be provided hereunder shall be deemed to be issued for your administrative or billing identification purposes only, and the parties hereto intend that the terms and conditions contained herein shall exclusively govern the services to be provided hereunder. This Contract may not be changed, modified, revised or amended unless in writing signed by you and an authorized representative of Otis.

**THIS QUOTATION** is valid for ninety (90) days from the date of this proposal.

**CUSTOMER** Accepted in duplicate on

Name

Robert Cort

Vera Cort

By:

Title: Owners

- ☒ Principal or Owner,  
☐ Agent for Principal or Owner

(Name of Principal or Owner)

Greg B. Howie

(Authorized Representative)

APPROVED FOR OTIS ELEVATOR COMPANY

Greg B. Howie  
 Regional General Manager

Title

Date

10/25/94

**OTIS****Extended Coverage Maintenance**

**RELIABILITY** We will correct any failures which take any Unit out of service within two (2) regular Otis workdays from the day we receive notification of the failure. If the Unit is not back in service by such time, as your exclusive remedy you may request that we credit you in the following month the amount of the monthly maintenance payment allocable to the Unit, prorated for the percentage the Unit was out of service beyond such time. This provision shall not apply to pre-scheduled repairs, repairs delayed for any cause excused elsewhere in this Contract, and repairs to any item or resulting from any cause excluded elsewhere in this Contract.

**24-HOUR OTISLINE® SERVICE** We will provide you with our OTISLINE, 24-hour, year round dispatching service manner. In the event a Unit malfunction occurs between regular examinations, our OTISLINE customer service representative will, at your request, dispatch an examiner to perform emergency minor adjustment callback service.

**RESPONSE** We will, after a call for service is received by our OTISLINE dispatching center, have an examiner on your premises on the average within the times set forth below for calls received during regular business hours and for calls received outside our regular business hours. For the purposes of this provision, such averages will be calculated annually on an aggregate basis for all Units for all such calls received during the 12-month period between any two consecutive anniversary dates of the contract.

If during any such 12-month period the average response time exceeds that set forth below, as your exclusive remedy you may request that we credit you in the month following such 12-month period an amount of \$450 per gearless elevator Unit, \$200 per escalator Unit and geared elevator Unit and \$150 per hydraulic elevator Unit.

**QUALITY CONTROL** We will have an Otis maintenance supervisor perform an annual survey of the Units to verify that the Units conform to Otis requirements for maintenance quality and safety. In addition, during the term of this Contract we will maintain callback and repair data on each Unit, a record of routine maintenance examinations, and periodically conduct field audits of our personnel to maintain high Otis quality standards.

Our field engineers will provide technical assistance, new technical information, and code consultation to support our maintenance organization.

**CUSTOMER SERVICE** We will assign a representative to your account, who will periodically visit your building and will be available for consultation in any matter relating to the maintenance of the Units. Our Service Representative will be available to discuss with you your elevator needs in the areas of modernization, traffic handling ability, recommendations and requirements of code authorities, and proper use and care of the Units.

**REPORTS** We will, at your request, provide you with a copy of our standard monthly Customer OTISLINE report of service calls for the Units, listed per Unit, which were received by our OTISLINE dispatching center.

We will, at your request and at mutually agreed times, provide you with an evaluation of your elevator system's response to traffic for Units which are controlled by a group dispatching system using our OTISCHEK® system and/or OTISPLAN® services. These reports will provide statistical data on average waiting times per elevator bank and per floor during the course of a normal workday in your building.

**CLARIFICATIONS** It is agreed that we do not assume possession or control of any part of the Units, that such remains your property as owner, lessee, or agent of the owner or lessee, and that you are solely responsible for all requirements imposed by any federal, state or local law, ordinance or regulation.

You agree to provide us unrestricted ready access to all areas of the building in which any part of the Units are located and to all



**OTIS****Extended Coverage Maintenance**

**RESPONSE TIMES** The average response time during our regular business hours shall be one (1) hour and the average response time outside our regular business hours shall be two (2) hours.

**CONTRACT PRICE** The Contract Price shall be One Thousand Two Hundred Dollars (\$ 1,200.00 ) per month. Payments shall be made on a monthly basis, due on the first of each such billing period, beginning on the Commencement Date.

The Commencement Date shall be October 1, 1994

You will also pay, in addition to the Contract Price, any tax (including but not limited to sales, use or excise tax) imposed upon us, our suppliers or you by any existing or future law, statute, court decision, rule or regulation in connection with the services to be provided hereunder or the installation or replacement of any parts or materials by us hereunder.

You further agree to pay a charge calculated from the date of invoice at the rate of 1 1/2 % per month, or the highest legally permitted rate, whichever is less, on any balance past due for more than 30 days, and for all legal costs (including but not limited to attorney's fees) incurred by us to collect overdue amounts.

**PRICE ADJUSTMENT** The Contract Price shall be adjusted as provided below to reflect increases or decreases in material and labor costs. Each price adjustment shall be effective as soon as practicable after a change in the applicable straight time hourly labor cost. \* See Addendum A

A. Fifteen percent ( 15% ) of the original Contract Price shall be increased or decreased by the percentage of increase or decrease shown by the index of "Producer Commodity Prices for Metals and Metal Products" published by the U.S. Department of Labor, Bureau of Statistics during the month within which such adjustment occurs compared with the index for Sept 1, 1999 which was as of September 1, 2000

B. Eighty-Five percent ( 85% ) of the original Contract Price shall be increased or decreased by the percentage of increase or decrease in the straight time hourly labor cost for the month within which such adjustment occurs as compared with such straight time hourly labor cost on September 1, 1999 which was as of September 1, 2000

\$                      is the cost of fringe benefits.

The phrase "straight time hourly labor cost" means the sum of the straight time hourly labor rate paid to elevator examiners in the locality where the equipment is to be maintained, and the hourly cost of fringe benefits provided for in the labor bargaining agreement covering the examiners who perform the service. These include, but are not limited to, the industry Pension and Welfare Plan, group Life Insurance, Sickness and Accident and Hospitalization Insurance and Vacation and Holiday pay.

No adjustment shall be made within the first six months after the commencement date and no more than one adjustment shall be made in any calendar year; or, if the commencement date is the first day following expiration of new or modernization installation service, this contract shall be adjusted as of the commencement date and only one adjustment shall be made in any calendar year thereafter.

## SETTLEMENT AGREEMENT, MUTUAL RELEASES, AND COVENANT NOT TO SUE

This Settlement Agreement, Mutual Releases, and Covenant Not to Sue (the "Agreement") is made, and entered into effective as of September 20, 1994 (the "Effective Date") by and between Robert J. Cort and Vera Cort (hereinafter "Cort"), on the one hand, and Otis Elevator Company, a New Jersey corporation, on the other hand, according to the following terms and conditions.

### RECITALS

This Agreement is based upon the following facts, representations and warranties, each of which is agreed to be true and integral part of the Agreement:

A. Disputes have arisen between and among Otis and Cort arising out of and/or relating to (a) representations allegedly made to Cort in connection with two elevators (the "Elevators") purchased by Cort from Otis for installation at 1380 Howard Street, San Francisco; (b) amounts allegedly due from Cort to Otis arising out of the purchase of the Elevators, and (c) the operation, suitability and functionability of the Elevators. As used in this Agreement, the term "Disputes" shall encompass and include each and every alleged or actual claim, demand, conflict, dispute, cause of action, liability, obligation or right of any kind whatsoever that exists, whether asserted or unasserted, between Otis and Cort as of the Effective Date (with the exception of any outstanding obligations due from Cort to Otis for maintenance services), and including but not limited to any that relate to, arise out of and/or which is a consequence of (1) representations made to Cort in connection with the Elevators, or (2) the operation, suitability and functionability of the Elevators or (3) amounts allegedly due from Cort to Otis in connection with the purchase of the Elevators.

B. In connection with the Disputes, Cort caused a Complaint and Amended Complaint to be filed in the Superior Court of the State of California, in and for the County of San Francisco, Action No. 917904. Otis and other defendants named in the Cort Complaint filed an Answer to the Amended Complaint denying the allegations of wrongdoing contained therein, and Otis also filed a Cross-Complaint against Cort. The Complaint, Amended Complaint and Cross-Complaint shall hereinafter be referred to collectively as "the Action."

C. Each of the parties to this Agreement represents and warrants that it is authorized to enter into this Agreement, and to provide the releases and make the agreements contained herein.

D. The parties to this Agreement desire to completely resolve, settle, and terminate all of their disputes against one another, each and every one, known or unknown, that relate to or in any way arise out of the matters involved in the Disputes or the Action, and further desire to terminate the Action as between each other and to assure that the Action will not be further prosecuted.

E. The parties hereto represent and warrant that they are the owners of all claims asserted, released, or in any other way affected by this Agreement, and no other person or entity has any interest therein; nor has any party sold, assigned, transferred, conveyed, or otherwise disposed of any claim or demand involving the matters in any way related to the Disputes or the Action.

## AGREEMENT

NOW, THEREFORE, for good and valuable consideration, including the mutual covenants contained herein, it is hereby agreed as follows:

1. Maintenance Contract. Immediately following execution of the Agreement by all parties, Cort and Otis will enter into a maintenance agreement (the "Maintenance Contract") relating to the Elevators, in the form attached hereto as Exhibit A. The term of the Maintenance Contract shall be twenty (20) years from the date of execution, provided, however, that Cort may cancel the Maintenance Contract for any reason at each annual anniversary of the Maintenance Contract upon providing Otis with written notice of their election to cancel at least ninety (90) days prior to the annual anniversary date.
2. Cost of Maintenance. Otis agrees that the initial basic monthly cost of the maintenance services required to be provided under the Maintenance Contract shall be one thousand two hundred dollars (\$1,200) per month, due and payable in accordance with the terms of the Maintenance Contract. Otis further agrees that there will be no increase in the initial basic monthly cost for a period of three (3) years from ~~October 1, 1994~~, i.e., until ~~October 1, 1997~~. For a period of three (3) years following ~~October 1, 1997~~, increases in the basic monthly cost of maintenance services required to be provided under the Maintenance Contract, shall be no more than one and one-half per cent (1 1/2 %) per year, even if Otis' standard formula for price adjustments would have resulted in a greater increase. Beginning October 1, 2000, the basic monthly cost of maintenance services shall be adjusted as provided in the Maintenance Contract.
3. Performance of Elevators. Otis will maintain the Elevators in accordance with the terms and conditions set forth in the Maintenance Contract. In addition, and without conceding any need to do so, Otis will replace, at its own expense, all of the batteries for the Elevators at least every five (5) years, or more often as necessary; provided, however, that if new technology is developed which increases normal battery life, Otis shall have the option of installing the new technology batteries without any requirement to replace them every five (5) years. Furthermore, and without conceding any need to do so, Otis agrees to install, at its own expense, battery sensors for the purpose of monitoring the batteries.
4. Dismissal of Action. Immediately following execution of the Agreement by all parties, the parties shall cause the Action to be dismissed, with prejudice and in its entirety. Each party shall bear its own costs and attorneys' fees incurred in connection with the Action.
5. Releases. In consideration of the covenants, promises and agreements contained herein, Cort, on the one hand, and Otis, on the other hand, on behalf of themselves and any of their agents, servants, employees, managers, representatives, directors, officers, assignors, assignees, descendants, ancestors, dependents, heirs, spouses, executors, administrators, parents, subsidiaries, divisions, affiliates, predecessors, successors, and attorneys hereby fully release and discharge the other and their past, present or future agents, servants, employees (including but not limited to those named in the Cort Complaint), managers, representatives, directors, officers, assigns, descendants, ancestors, dependents, heirs, spouses, executors, administrators, parents (including but not limited to United Technologies Corporation), subsidiaries, divisions, affiliates, predecessors, successors, insurers and attorneys from all rights, claims, demands, liabilities, conflicts, obligations, and actions

of any kind whatsoever which each party has or may have against the other as of the Effective Date, whether known or unknown, asserted or unasserted, including any that arise from, are based upon, have their foundation in, are a consequence of and/or in any way relate to the matters alleged in or events connected with the Action.

6. Waiver of Civil Code Section 1542. This Agreement shall act as a release of all claims described in the preceding paragraph, whether such claims are currently known, unknown, foreseen, unforeseen, suspected or unsuspected, and the parties expressly waive the benefit of Section 1542 of the California Civil Code, and any statute or common law principle of similar effect, to the extent such provisions may be applicable. The parties understand and acknowledge the significance and consequences of such specific waiver of Section 1542 of the California Civil Code which reads as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing release, which if known by him must have materially affected his settlement with the debtor.

7. Covenant Not to Sue. Cort, on the one hand, and Otis, on the other hand, further covenant and agree that they will not bring, commence, institute, maintain, or prosecute any action at law, proceeding in equity, administrative proceeding or other action or proceeding against the other, or any of their past, present or future agents, servants, employees (including but not limited to those named in the Cort Complaint), representatives, directors, officers, assignors, assignees, parents (including but not limited to United Technologies Corporation), subsidiaries, affiliates, predecessors, successors, heirs, spouses, assigns, descendants and attorneys, either affirmatively or by way of cross-complaint, defense, or counterclaim, or by any other means, insofar as relates to any alleged right, claim, demand, liability, conflict, obligation or cause of action which arises out of or relates to the claims being released above. This Covenant Not to Sue shall be effective regardless of whether or not the party knows of such claims, demands, liabilities, or causes of action as of the date this Agreement is executed.

8. Confidentiality. The parties acknowledge that this Agreement, being a compromise of disputes, should and will remain confidential. Accordingly, it is agreed by the parties hereto that they will not disclose any of the terms or conditions of this Agreement to any third party.

9. Entire Agreement. It is hereby understood and agreed by the parties that all understandings and agreements heretofore reached by them with respect to the Disputes are merged into this Agreement which, together with the Maintenance Contract to be entered into, alone fully and completely expresses their agreement, and there are no other representations, understandings, agreements and/or warranties. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement. This Agreement shall constitute the entire contract between the parties with respect to the Disputes and/or the Action, and it may not be modified except by an instrument in writing signed by the parties affected thereby.

10. No Admission of Liability. This Agreement is a compromise of the disputes referred to herein, including the Action, is entered into to avoid the costs of litigation and to resolve conflict between the parties as to the matters released hereby, and is not, and shall never be treated as, an admission of liability for any purpose whatsoever.

11. Attorneys' Fees. In the event that it becomes necessary to retain the services of legal counsel to enforce the terms of this Agreement, the prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred in enforcing the terms of this Agreement.

12. Governing Law. This Agreement shall be construed in accordance with the laws of the State of California, and the parties agree that any action to enforce the terms of this Agreement or for damages for the breach thereof shall be filed and adjudicated in the Superior Court of California, in and for the County of San Francisco.

13. Authority to Execute. Each of the individuals executing this Agreement on behalf of a corporate party acknowledges, represents and warrants that he or she is authorized to do so.

14. Counterparts/Facsimile Signatures. This Agreement may be executed in separate counterparts, which when taken together shall constitute the entire agreement. A copy or telefax of a signature shall be effective the same as an original ink signature.

15. Further Actions. The parties hereto will promptly do all acts and execute and deliver whatever documents are reasonably necessary to implement the terms and provisions of this Agreement.

16. Binding Effect. It is expressly agreed that this Agreement shall be binding upon each of the parties to this Agreement, and each of their heirs, legal representatives (but not attorneys), executors, administrators, agents, successors and assigns.

17. Construction of Agreement. The headings in this Agreement are inserted only for convenience and shall not be construed as limiting or broadening the scope of the Agreement or any of its provisions. The Agreement shall be construed as if each of the parties was the author, and any ambiguities in this Agreement shall not be construed against the original drafter of the Agreement.

18. **Impairment.** Should any provision of this Agreement be held illegal or unenforceable, then such provision shall be deemed severed from this Agreement and the remainder of this Agreement shall continue to be of full force and effect.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND IT AND DID NOT FREELY AND VOLUNTARILY, WITHOUT DURESS, AGREE TO BE BOUND BY ITS TERMS.

*C. Cort*  
Dated: ~~September~~ October 13, 1994

*Robert J. Cort*  
Robert J. Cort, Esq.

*C. Cort*  
Dated: ~~September~~ October 13, 1994

*Vera Cort*  
Vera Cort

October 24, 1994  
Dated: ~~September~~ October \_\_, 1994

OTIS ELEVATOR COMPANY,  
a New Jersey Corporation

By: *Greg B. Havia*  
Its: *Regional General Manager*

APPROVED AS TO FORM:

*October 17*  
Dated: ~~September~~ October \_\_, 1994

WELD, FREELAND, COOPER &  
LeHOCKY

By: *Ben I. Hamburg*  
Ben I. Hamburg, Esq.  
Attorneys for Otis Elevator Company

Dated: September \_\_, 1994

By: *Robert J. Cort*  
Robert J. Cort, Esq.  
Attorneys for Robert J. Cort  
and Vera Cort.

**OTIS****Extended Coverage Maintenance**

with the sole cost to customer for the matters for which we are responsible hereunder being the maintenance charges and costs provided for hereunder

*Under this Contract we will maintain the Units on the following terms and conditions:*

**MAINTENANCE** We will periodically and systematically examine the Units using trained personnel directly employed and supervised by us. The examinations will include inspection, lubrication, adjustment, cleaning, and, if conditions warrant, repair or replacement of the following parts:

- Machines, worms, gears, thrust bearings, drive sheaves, drive sheave shaft bearings, brake pulleys, brake coils, contacts, linings and component parts.
- Motors and motor generators, motor windings, rotating elements, commutators, brushes, brush holders and bearings.
- Pumps, pump motors, operating valves, valve motors, levelling valves, plunger packings, exposed piping, hydraulic fluid tanks.
- Controllers, selectors and dispatching equipment, relays, solid state components, transducers, resistors, condensers, power amplifiers, transformers, contacts, leads, dashpots, timing devices, computer and microcomputer devices, steel selector tapes, and mechanical and electrical driving equipment, lamps, signals, and position indicating equipment.
- Governors, governor sheaves and shaft assemblies, bearings, contacts and governor jaws, deflectors or secondary sheaves, bearings, car and counterweight buffers, car and counterweight guide rails, top and bottom limit switches, governor tension sheave assemblies, compensating sheave assemblies, counterweight and counterweight guide shoes including rollers or gibs.
- Hoistway door interlocks and hangers, bottom door guides and auxiliary door closing devices.
- Door operators, car door hangers, car door contacts, door protective devices, load weighing equipment, carframes, car safety mechanisms, platforms, wood platform floorings, car guide shoes, including gibs or rollers.

In addition, we will replace all wire ropes as often as necessary to maintain a sufficient factor of safety. As conditions warrant, we will equalize the tension on all hoisting ropes, resocket ropes for drum machines, and repair or replace conductor cables and hoistway and machine room elevator wiring.

**PERFORMANCE** We will make adjustments to the Units in accordance with original Otis specifications to maintain the original contract speed, the original performance time, including acceleration and retardation as designed and installed by Otis, and perform the necessary adjustments required to maintain the original door opening and closing time, or as otherwise mutually agreed within limits of applicable codes.

We will check the group dispatching systems and make necessary tests to determine if all circuits and time settings are properly adjusted, and make adjustments necessary for the system to perform as designed and installed by Otis, or as otherwise mutually agreed within limits of applicable codes.

**SAFETY AND TESTS** We will periodically examine all safety devices and governors of the Units. We will, for elevator Units conduct our customary annual no load test, and, for traction elevator units, perform at each fifth year a full load, full speed test of safety mechanisms, overspeed governors, car and counterweight buffers. If required, the governor will be recalibrated and sealed for proper tripping speed, and elevator car balances will be checked. For Units provided with firefighter's service, we will perform and keep a record of the periodic test that is required by applicable code as of the date of this Contract.

**PARTS INVENTORY AND WIRING DIAGRAMS** We will during the term of this Contract maintain for the performance of routine preventive maintenance, either in each elevator machine room or as part of our examiner's mobile van inventory, a supply of frequently used replacement parts and lubricants selected by Otis to meet the specific requirements of the Units. Any parts replaced under this Contract will be with new parts manufactured or selected by Otis or with parts refurbished to Otis standards. All replacement parts will be furnished by us in exchange for the parts replaced. We further agree to maintain a supply of replacement parts in our local parts warehouse inventory and the Otis Service Center, available for express delivery in case of emergencies.

We will also during the term of this Contract maintain original Otis wiring diagrams for the Units.

**OTIS****Extended Coverage Maintenance**

machine rooms and pit areas free from water, stored materials and excessive debris. You agree to provide a safe workplace for our personnel, and to remove any hazardous materials in accordance with applicable laws and regulations.

If any Unit is malfunctioning or in a dangerous condition, you should immediately notify us using the 24-hour OTISLINE service. Until we correct the problem, you agree to remove the Unit from service and take all necessary precautions to prevent access or use.

You agree to maintain any and all instructions or warnings to passengers in connection with the use of any Units.

If any part delivered hereunder incorporates computer software, you agree that the transaction is not a sale of such software but merely a license to use such software solely for operating the Unit(s) for which such part was provided. By accepting delivery of such part you agree not to copy or let others copy such software for any purpose whatsoever, to keep such software in confidence as a trade secret, and not to transfer possession of such part to others except as a part of a transfer of ownership of the Unit(s) in which such part is installed, provided that you inform Otis in writing of such transfer and the transferee agrees to abide by the above license terms.

We will not be responsible for car enclosures (including but not limited to wall panels, door panels, car gates, plenum chambers, hung ceilings, lighting, light diffusers, light tubes and bulbs, handrails, mirrors and floor coverings), rail alignment when affected by building compression or shifting, hoistway enclosures, hoistway gates, hoistway inserts and brackets, main line disconnect switches, doors, door frames, sills, swing door hinges and closing devices, hydraulic cylinders, plungers and buried piping. We will also not be responsible for computer and microcomputer devices, such as terminal keyboards and display units, that are not exclusively dedicated to the elevator system, telephones, intercoms, heat or smoke sensors or communications or safety signalling equipment not installed by Otis, or instruction or warnings in connection with use by passengers.

We will not be required: (i) to make any tests other than as specifically set forth herein, (ii) to make any replacements with parts of a different design or type, (iii) to make any changes in the existing design of the Units, or (iv) to alter, update, modernize or install new attachments to any Units, whether or not recommended or directed by insurance companies or by governmental authorities. We will not be required to make any replacements, renewals, or repairs necessitated by reason of any cause beyond our control except ordinary wear and tear, including but not limited to fire, explosion, theft, floods, water, weather, earthquake, vandalism, misuse, abuse, malicious mischief, or repairs by others.

twenty (20)

**TERMS** The Term of this Contract will be for ~~five (5)~~ <sup>twenty (20)</sup> years beginning on the Commencement Date. The Contract will automatically be extended ~~at the end of the term~~ for an additional five (5) year term unless terminated by either party by giving written notice to the other party at least ninety (90) days prior to the end of the then current ~~five (5)~~ <sup>twenty (20)</sup> year term. \*

All examinations and repairs will be performed only during our regular working hours of our regular working days, unless indicated otherwise in the Special Provisions. All lamp and signal replacements or repairs will be performed during regular examinations.

This Contract includes emergency minor adjustment callback service during our regular working hours, unless indicated otherwise in the Special Provisions.

If overtime examinations, repairs or emergency minor adjustment callback services are later requested by you, you will be charged extra only for the overtime bonus hours at our regular hourly billing rates.

We shall not be liable for any loss, damage or delay due to any cause beyond our reasonable control including, but not limited to, acts of government, labor disputes, fire, explosion, theft, floods, water, weather, earthquake, riot, civil commotion, war, vandalism, misuse, abuse, malicious mischief or acts of God.

Under no circumstances shall we be liable for any indirect, special or consequential damages of any kind including, but not limited to, fines or penalties, loss of profits, loss of rents, loss of good will, loss of business opportunity, additional financing costs, or loss of use of any equipment or property, whether in contract, tort, including negligence, warranty or otherwise.

- \* provided, however, that Customer may cancel this Contract for any reason at each annual anniversary of Commencement Date upon providing Otis with written notice of its election to cancel at least ninety (90) days prior to the annual anniversary date.



**OTIS****Extended Coverage Maintenance****SPECIAL PROVISIONS**

Indicate the supplements to the Contract by checking the appropriate boxes.

- ☐ ESCALATOR SUPPLEMENT (ATTACH FORM 3200-S1)
- ☐ TRAV-O-LATOR® SUPPLEMENT (ATTACH FORM 3200-S2)
- ☐ REM® SERVICE SUPPLEMENT (ATTACH FORM 3200-S3)
- ☐ EXTENDED TERM SUPPLEMENT (ATTACH FORM 3200-S4)
- ☐ SPECIAL EMERGENCY SERVICE SUPPLEMENT (ATTACH FORM 3200-S5)
- ☐ ADVANCE PAYMENT DISCOUNT SUPPLEMENT (ATTACH FORM 3200-S6)

**ADDENDUM A****Price Adjustment**

Otis agrees that the initial basic monthly cost of the maintenance services required to be provided under the Maintenance Contract shall be one thousand two hundred dollars (\$1,200) per month, due and payable in accordance with the terms of the Maintenance Contract. Otis further agrees that there will be no increase in the initial basic monthly cost for a period of three (3) years from ~~October 1, 1994~~ <sup>November 1, 1994</sup>, i.e., until ~~October 1, 1997~~ <sup>November 1, 1997</sup>. For a period of three (3) years following ~~October 1, 1997~~ <sup>November 1, 1997</sup>, increases in the basic monthly cost of maintenance services required to be provided under the Maintenance Contract shall be no more than one and one half percent (1-1/2%) per year, even if Otis' standard formula for price adjustments would have resulted in a greater increase. Beginning October 1, 2000, the basic monthly cost of maintenance services shall be adjusted as provided in the Maintenance Contract.

**Settlement Agreement**

This Contract is entered into as part of a settlement entered into between Customer and Otis as of September 20, 1994 and the terms and conditions of that Settlement Agreement, Mutual Releases and Covenant Not to Sue ("Settlement Agreement") shall not be superseded hereby and shall remain binding on the parties. To the extent of any inconsistency between the terms of this Maintenance Contract and the Settlement Agreement, the terms of the Settlement Agreement shall prevail.

## OFFICE LEASE

### EXHIBIT D RULES AND REGULATIONS

#### ATTACHED TO AND MADE A PART OF THE LEASE

The following Rules and Regulations shall be in effect at the Building. Landlord reserves the right to adopt reasonable modifications and additions hereto. In the case of any conflict between these regulations and the Lease, the Lease shall be controlling.

1. Except with the prior written consent of Landlord, no tenant shall conduct any retail sales in or from the Premises, or any business other than that specifically provided for in the Lease. There shall be no solicitation by Tenant of other tenants or occupants of the Building.
2. Landlord reserves the right to prohibit personal goods and services vendors from access to the Building except upon such reasonable terms and conditions, including but not limited to a provision for insurance coverage, as are related to the safety, care and cleanliness of the Building, the preservation of good order thereon, and the relief of any financial or other burden on Landlord occasioned by the presence of such vendors or the sale by them of personal goods or services to a tenant or its employees. If reasonably necessary for the accomplishment of these purposes, Landlord may exclude a particular vendor entirely or limit the number of vendors who may be present at any one time in the Building. The term "personal goods or services vendors" means persons who periodically enter the Building of which the Premises are a part for the purpose of selling goods or services to a tenant, other than goods or services that are used by a tenant only for the purpose of conducting its business on the Premises. "Personal goods or services" include, but are not limited to, drinking water and other beverages, food, barbering services, and shoe shining services.
3. The sidewalks, halls, passages, elevators and stairways shall not be obstructed by any tenant or used by it for any purpose other than for ingress to and egress from their respective Premises. The halls, passages, entrances, elevators, stairways, balconies, janitorial closets, and roof are not for the use of the general public, and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord shall be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals only for the purpose of conducting its business on the Premises (such as clients, customers, office suppliers and equipment vendors, and the like) unless such persons are engaged in illegal activities. No tenant and no employees of any tenant shall go upon the roof of the Building without the written consent of Landlord.
4. The sashes, sash doors, windows, glass lights, and any lights or skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed. The toilet rooms, water and wash closets and other water apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage, resulting from the violation of this rule shall be borne by the tenant who, or whose clerks, agents, employees, or visitors, shall have caused it.
5. No sign, advertisement or notice visible from the exterior of the Premises or Building shall be inscribed, painted or affixed by Tenant on any part of the Building or the Premises without the prior written consent of Landlord. If Landlord shall have given such consent at any time, whether before or after the execution of this Lease, such consent shall in no way operate as a waiver or release of any of the provisions hereof or of this Lease, and shall be deemed to relate only to the particular sign, advertisement or notice so consented to by Landlord and shall not be construed

as dispensing with the necessity of obtaining the specific written consent of Landlord with respect to each and every such sign, advertisement or notice other than the particular sign, advertisement or notice, as the case may be, so consented to by Landlord.

6. In order to maintain the outward professional appearance of the Building, all window coverings to be installed at the Premises shall be subject to Landlord's prior reasonable approval. If Landlord, by a notice in writing to Tenant, shall object to any curtain, blind, shade or screen attached to, or hung in, or used in connection with, any window or door of the Premises, such use of such curtain, blind, shade or screen shall be forthwith discontinued by Tenant. No awnings shall be permitted on any part of the Premises.
7. Tenant shall not do or permit anything to be done in the Premises, or bring or keep anything therein, which shall in any way increase the rate of fire insurance on the Building, or on the property kept therein, or obstruct or interfere with the rights of other tenants, or in any way injure or annoy them; or conflict with the regulations of the Fire Department or the fire laws, or with any insurance policy upon the Building, or any part thereof, or with any rules and ordinances established by the Board of Health or other governmental authority. Tenant shall not bring into, or permit or suffer in, the Building or the Project, any weapons or firearms of any kind.
8. No safes or other objects larger or heavier than the freight elevators of the Building are limited to carry shall be brought into or installed in the Premises. Landlord shall have the power to prescribe the weight, method of installation and position of such safes or other objects. The moving of safes shall occur only between such hours as may be designated by, and only upon previous notice to, the manager of the Building, and the persons employed to move safes in or out of the Building must be acceptable to Landlord. No freight, furniture or bulky matter of any description shall be received into the Building or carried into the elevators except during hours and in a manner approved by Landlord.
- ~~9. Landlord shall clean the Premises as provided in the Lease, and except with the written consent of Landlord, no person or persons other than those approved by Landlord will be permitted to enter the Building for such purpose, but Tenant shall not cause unnecessary labor by reason of Tenant's carelessness and indifference in the preservation of good order and cleanliness.~~
10. No tenant shall sweep or throw or permit to be swept or thrown from the Premises any dirt or other substance into any of the corridors or halls or elevators, or out of the doors or windows or stairways of the Building, and Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be kept in or about the Building. Smoking or carrying lighted cigars or cigarettes in the elevators of the Building is prohibited.
11. Except for the use of microwave ovens and coffee makers for Tenant's personal use, which may be kept only in areas specifically designated for such purpose by Landlord, no cooking shall be done or permitted by Tenant on the Premises, nor shall the Building be used for lodging.
12. Tenant shall not use or keep in the Building any kerosene, gasoline, or inflammable fluid or any other illuminating material, or use any method of heating other than that supplied by Landlord.
13. If Tenant desires telephone or data connections, Landlord will direct contractors as to where and how the wires are to be introduced. No boring or cutting for wires or other otherwise shall be made without directions from Landlord.
14. Each tenant, upon the termination of its tenancy, shall deliver to Landlord all the keys of offices, rooms and toilet rooms, and security access card/keys which shall have been furnished such tenant or which such tenant shall have had made.
- ~~15. No Tenant shall lay linoleum or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except by a paste, or other material which may easily be removed with water, the use of cement or other similar adhesive materials being expressly prohibited. The method of affixing any such linoleum or other similar floor covering to the floor,~~

~~as well as the method of affixing carpets or rugs to the Premises shall be subject to reasonable approval by Landlord. The expense of repairing any damage resulting from a violation of this rule shall be borne by Tenant by whom, or by those agents, clerks, employees or visitors, the damage shall have been caused.~~

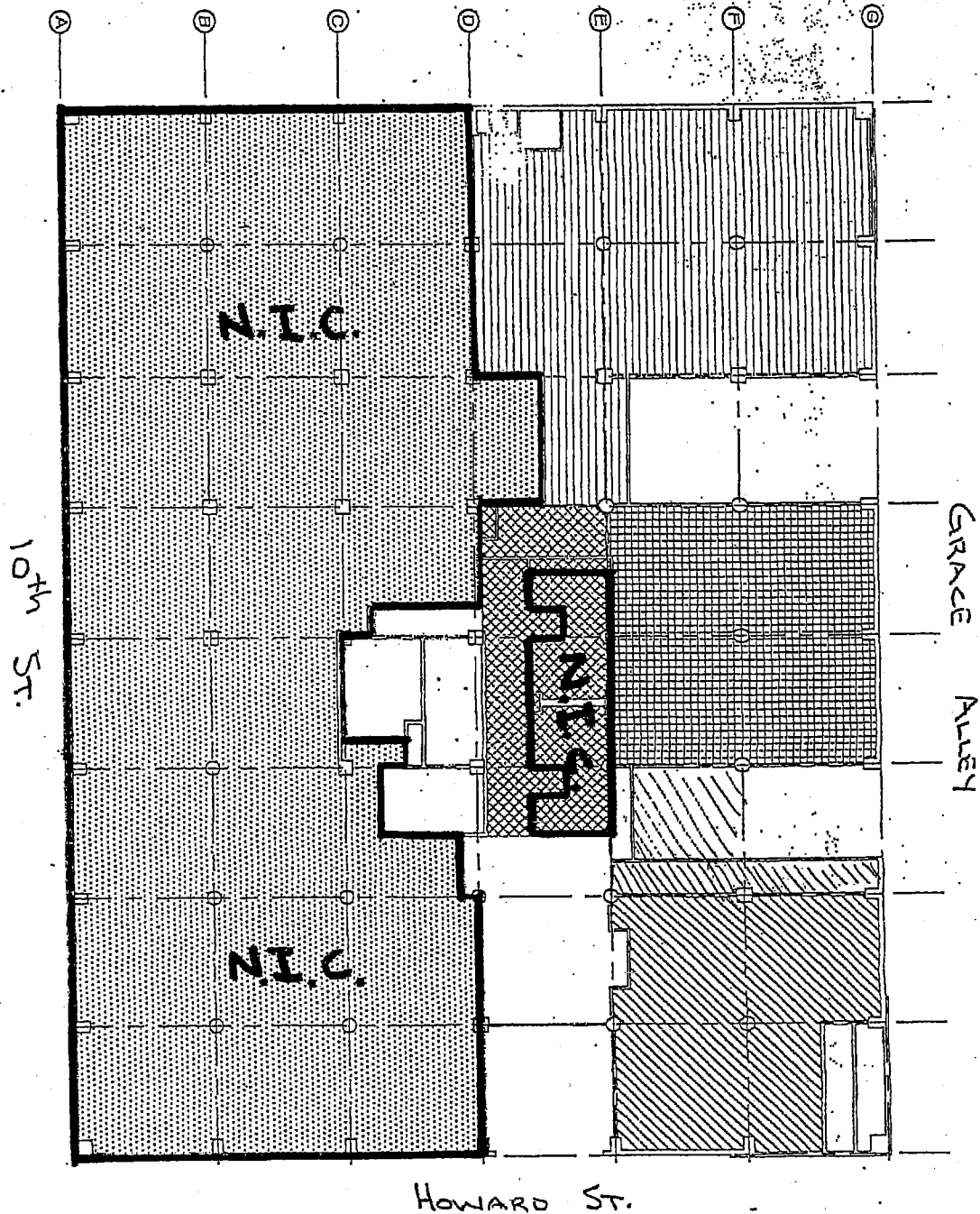
- ~~16. No furniture, packages or merchandise will be received in the Building or carried up or down in the elevators, except between such hours and in such elevators as shall be designated by Landlord.~~
17. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 p.m. and 7:00 a.m. access to the Building or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the building watchman, if any, in charge and has a pass or is properly identified. Landlord shall in no case be liable for damages for the admission to or exclusion from the Building of any person whom Landlord has the right to exclude under Rule 3 above. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right but shall not be obligated to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants and protection of property in the Building.
18. Tenant shall see that the windows and doors of the Premises are closed and securely locked before leaving the Building and Tenant shall exercise extraordinary care and caution that all water faucets or water apparatus are entirely shut off before Tenant or Tenant's employees leave the Building, and that all electricity, gas or air shall likewise be carefully shut off, so as to prevent waste or damage, and for any default or carelessness Tenant shall make good all injuries sustained by other tenants or occupants of the Building or Landlord.
- ~~19. Tenant shall not alter any lock or install a new or additional lock or any bolt on any door of the Premises without prior written consent of Landlord. If Landlord shall give its consent, Tenant shall in each case furnish Landlord with a key for any such lock. Landlord shall have the right to impose a charge for each key issued and for rekeying any lock or bolt on any door of the Premises.~~
20. Tenant shall not install equipment, such as but not limited to electronic tabulating or computer equipment, requiring electrical or air conditioning service in excess of those to be provided by Landlord under the Lease.
21. No bicycle, or shopping cart, or other vehicle or any animal shall be brought into the Premises or the halls, corridors, elevators or any part of the Building by Tenant.
22. Landlord shall have the right to prohibit the use of the name of the Building or Project or any other publicity by Tenant which in Landlord's opinion tends to impair the reputation of the Building or Project or their desirability for other tenants, and upon written notice from Landlord, Tenant will refrain from or discontinue such publicity.
23. Tenant shall not erect any aerial or antenna on the roof or exterior walls of the Premises, Building, or Project without the prior written consent of Landlord.

**OFFICE LEASE**

**EXHIBIT E**

**Floor Plan**

**Portion of Building Excluded From Premises**



N.I.C. = NOT IN CONTRACT

PORTION OF BUILDING EXCLUDED FROM PREMISES

EXHIBIT E

**OFFICE LEASE**

**EXHIBIT F**

**Sample Appraisal Panel**

# APPRAISER PANEL

Name and Address Phone and Fax Numbers	MAI	Previous Gov't Experience	MBE, WBE LBE
Charles D. Bailey Associates Charles D. Bailey, MAI 115 Sansome St., #1005 SF 94104 Phone: 362-2464 Fax: 362-2463	Yes	Yes	None
Carneghi-Bautovich & Partners, Inc. Chris Carneghi, MAI 250 Montgomery, #210 SF 94104 Phone: 398-2666 Fax: 399-8910	Yes	Yes	None
Clifford Associates John C. Clifford, MAI 152 Lombard St., #108 SF 94111 Phone: 397-1308 Fax: 380-8116	Yes	Yes	None
Robin Erdmann Group Robin J. Erdmann 8 Harbor Point Dr., #111 Mill Valley 94941 Phone: 381-6916 Fax: 381-6917	No	Yes	None
Flack & Flack James M. Flack, MAI 212 Sutter St. SF 94108 Phone: 398-1211	Yes	Yes	None



Name and Address Phone and Fax Numbers	MAI	Previous Gov't Experience	MBE, WBE LBE
Haley Appraisal Company, Inc. Joseph L. Napoliello, Pres. 115 Sansome St., #1005 SF 94104 Phone: 986-3454	No	Yes	None
Hamilton, Ricci, & Assocs. Walter L. Ricci, MAI 930 Montgomery St., #300 SF 94133 Phone: 788-7722 Fax: 394-7778	Yes	Yes	LBE
HVS International Suzanne R. Mellen, MAI 116 New Montgomery St., #620 SF 94105 Phone: 896-0868 Fax: 896-0516	Yes	Yes	12B Declaration pending
Mansbach Associates, Inc. Lawrence L. Mansbach, MAI 44 Montgomery St., #2020 SF 94104 Phone: 288-4104 Fax: 288-4116	Yes	Yes	LBE Expired
Martorana Bohejian & Co. David K. Bohejian, MAI 110 Sutter St. SF 94104 Phone: 982-4733	Yes	Yes	None
Karen Ann Simons & Associates Karen Ann Simons, MAI 153 Kearny St., #153 SF 94108 Phone: 788-6100 Fax: 788-2226	Yes	Yes	WBE

Name and Address Phone and Fax Numbers	MAI	Previous Gov't Experience	MBE, WBE LBE
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David Tattersall & Co. David Tattersall, MAI 1299 Fourth St., #308 San Rafael 94901 Phone: 453-4195 Fax: 453-4795	Yes	Yes	None
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J. W. Tom and Associates J. W. Tom, MAI 180 Grand Ave., #350 Oakland 94612 Phone: 286-0112 Fax: 286-0114	Yes	Yes	MBE closed
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FILE NO. 010835

RESOLUTION NO. 459-01  
RO#00084

1 [Lease of Real Property.]  
2

3 Resolution authorizing a new lease of real property currently occupied by the City  
4 under the terms of an earlier lease at 1380 Howard Street, San Francisco, for a term of  
5 five years and one month, commencing June 1, 2001 at an initial monthly rent of  
6 \$100,000 per month for the Mental Health Division of the Department of Public Health.  
7

8 WHEREAS, Board of Supervisors Resolution No. 421-98 authorized, for a term of ten  
9 years commencing June 1, 1998, a new lease extending the occupancy of a portion of the  
10 building at 1380 Howard Street comprised of approximately 70,300 rentable square feet (the  
11 "Premises") which was, on the date of approval of such Resolution, occupied by the Mental  
12 Health Division of the Department of Public Health; and

13 WHEREAS, subsequent to the granting of such authorization, Landlord, Cort Family  
14 Living Trust, was unwilling to execute a lease on essentially the same terms as set forth in  
15 the draft lease authorized by Board of Supervisors Resolution No. 421-98; and

16 WHEREAS, In order to avoid eviction and/or substantial disruption of the operations of  
17 the Mental Health Division of the Department of Public Health, the City has paid to Landlord,  
18 under the authority granted by Board of Supervisors Resolution No. 421-98, the rent so  
19 authorized, while the Real Estate Division and the Office of the City Attorney worked to  
20 resolve any differences between Landlord and City, and to negotiate a lease document on  
21 terms and conditions acceptable to Landlord and City; and

22 WHEREAS, The Real Estate Division has negotiated a lease on terms and conditions  
23 that meet the needs of the Department of Public Health as well as those of the Landlord, but  
24 which are not authorized by Board of Supervisors Resolution No. 421-98; and  
25

1 WHEREAS, Landlord has executed a lease in a form approved by the Office of the  
2 City Attorney, and on terms and conditions that meet the requirements of the Department of  
3 Public Health, which lease is on file with the Clerk of the Board of Supervisors in File No. --  
4 010835; now, therefore, be it

5 RESOLVED, That in accordance with the recommendation of the Director of the  
6 Department of Public Health, that the Director of Property, on behalf of the City and County of  
7 San Francisco, as Tenant, be and is hereby authorized to execute a lease with The Cort  
8 Family Living Trust, as Landlord, for a portion of the office building at 1380 Howard Street,  
9 San Francisco, comprising a rentable area of approximately 70,300 square feet, for the  
10 Mental Health Division of the Department of Public Health; and, be it

11 FURTHER RESOLVED, That upon approval of this Resolution by City's Mayor and  
12 Board of Supervisors, the lease will commence June 1, 2001, and end June 30, 2006; and,  
13 be it

14 FURTHER RESOLVED, The initial base monthly rent will be \$100,000. In addition,  
15 City shall pay the cost of utilities, janitorial services and janitorial supplies provided to the  
16 premises, as well as City's prorata share of increases in Real Property Taxes above those of  
17 calendar year 1997. The base rent will be adjusted commencing effective July 1, 2003 to an  
18 amount equal to 95% of the then prevailing market rate, provided that in no event will the  
19 monthly Base rent exceed \$211,000; and, be it,

20 FURTHER RESOLVED, The landlord will replace all carpet throughout the premises  
21 and paint the interior of the premises. Landlord will provide the new carpet at its sole cost  
22 and expense, and will provide to City an allowance of \$38,000 (the "Allowance") toward the  
23 cost of carpet installation, painting, and related furniture moving. Upon completion of these  
24 improvements, City will reimburse Landlord as additional rent for any related cost in excess  
25 of the Allowance; and, be it,

1 FURTHER RESOLVED, That the lease may include an appropriate clause in a form  
2 approved by the Director of Property and the City Attorney, indemnifying and holding  
3 harmless the Landlord, from and agreeing to defend the Landlord against any and all claims,  
4 costs and expenses, including, without limitation, reasonable attorney's fees, incurred as a  
5 result of City's use of the premises, any default by the City in the performance of any of its  
6 obligations under the lease, or any acts or omissions of City or its agents, in, on or about the  
7 premises or the property on which the premises are located, excluding those claims, costs  
8 and expenses incurred as a result of the gross negligence or willful misconduct of Landlord  
9 or its agents; and, be it

10 FURTHER RESOLVED, That the lease shall be subject to and conditioned upon, the  
11 Human Rights Commission's approval of Landlord's compliance with City's Non-  
12 Discrimination and Equal Benefits in Employment Ordinance; and, be it

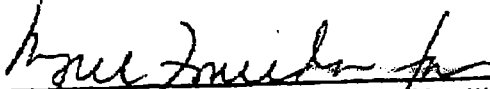
13 FURTHER RESOLVED, That all actions heretofore taken by the officers of the City  
14 with respect to such lease are hereby approved, confirmed and ratified; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
16 Property to enter into any amendments or modifications to the Lease (including without  
17 limitation, the exhibits) that the Director of Property determines, in consultation with the City  
18 Attorney, are in the best interest of the City, do not increase the rent or otherwise materially  
19 increase the obligations or liabilities of the City, are necessary or advisable to effectuate the  
20 purposes of the Lease or this resolution, and are in compliance with all applicable laws,  
21 including City's Charter; and, be it

22 FURTHER RESOLVED, That said Lease shall be subject to certification of funds by  
23 the Controller pursuant to Section 6.302 of the Charter; and, be it

24 FURTHER RESOLVED, That the City Attorney shall approve the form of the Lease  
25 and any related documents.

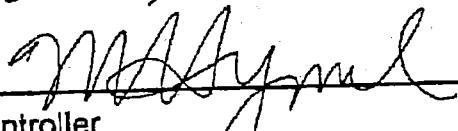
RECOMMENDED:

  
Director, Department of Public Health

  
Director of Property

CERTIFICATION OF FUNDS

\$ 100,000 Available from 1G-AGF-AAA  
(1 month) HMMCC730515 03011

  
Controller



## City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

### Tails

### Resolution

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File Number: 010835

Date Passed:

Resolution authorizing a new lease of real property currently occupied by the City under the terms of an earlier lease at 1380 Howard Street, San Francisco, for a term of five years and one month, commencing June 1, 2001 at an initial monthly rent of \$100,000 per month for the Mental Health Division of the Department of Public Health.

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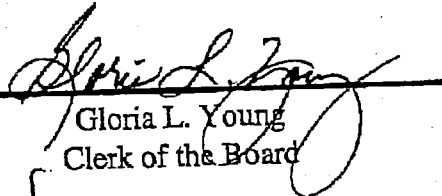
June 4, 2001 Board of Supervisors — ADOPTED

Ayes: 10 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, Newsom, Peskin,  
Sandoval, Yee

Absent: 1 - McGoldrick

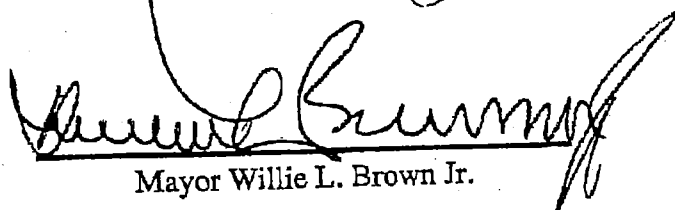
File No. 010835

I hereby certify that the foregoing Resolution  
was ADOPTED on June 4, 2001 by the Board  
of Supervisors of the City and County of San  
Francisco.

  
Gloria L. Young  
Clerk of the Board

JUN 15 2001

Date Approved

  
Mayor Willie L. Brown Jr.



**FORM SFEC-126:**  
**NOTIFICATION OF CONTRACT APPROVAL**  
(S.F. Campaign and Governmental Conduct Code § 1.126)

<b>City Elective Officer Information</b> (Please print clearly.)	
Name of City elective officer(s): Members, Board of Supervisors	City elective office(s) held: Members, Board of Supervisors

<b>Contractor Information</b> (Please print clearly.)
Name of contractor: Cort Family Trust
Please list the names of (1) members of the contractor's board of directors; (2) the contractor's chief executive officer, chief financial officer and chief operating officer; (3) any person who has an ownership of 20 percent or more in the contractor; (4) any subcontractor listed in the bid or contract; and (5) any political committee sponsored or controlled by the contractor. Use additional pages as necessary. 1. Robert J. Cort Martial Trust 2. Vera Cort, Sole Trustee 3. NA 4. NA 5. NA
Contractor address: 757 - 3 <sup>rd</sup> Avenue, San Francisco CA 94118
Date that contract was approved: (By the SF Board of Supervisors)
Amount of contracts: \$ \$131,584.38 per month for 60 months
Describe the nature of the contract that was approved: Renewal of an existing Lease at 1380 Howard St. for the Department of Public Health
Comments:

This contract was approved by (check applicable):

☐ the City elective officer(s) identified on this form

☒ a board on which the City elective officer(s) serves: San Francisco Board of Supervisors  
Print Name of Board

☐ the board of a state agency (Health Authority, Housing Authority Commission, Industrial Development Authority Board, Parking Authority, Redevelopment Agency Commission, Relocation Appeals Board, Treasure Island Development Authority) on which an appointee of the City elective officer(s) identified on this form sits

Print Name of Board

<b>Filer Information</b> (Please print clearly.)	
Name of filer: Angela Calvillo, Clerk of the Board	Contact telephone number: (415) 554-5184
Address: City Hall, Room 244, 1 Dr. Carlton B. Goodlett Pl., San Francisco, CA 94102	E-mail: Board.of.Supervisors@sfgov.org

Signature of City Elective Officer (if submitted by City elective officer)

Date Signed

Signature of Board Secretary or Clerk (if submitted by Board Secretary or Clerk)

Date Signed

