

### Third Amendment to Office Lease

This Third Amendment to Office Lease (the "**Third Amendment**") is made and entered into as of \_\_\_\_\_, 2017 (the "**Effective Date**"), by and between SFOC LLC, a California limited liability company ("**Landlord**"), and the City and County of San Francisco, a municipal corporation ("**Tenant**" or "**City**").

#### RECITALS

A. SFOC, LLC, a California limited liability company ("**Original Owner**") and Tenant entered into that certain Office Lease dated July 27, 2012 (the "**Original Lease**") that certain First Amendment to Office Lease dated as of July 17, 2013 (the "**First Amendment**") and that certain Second Amendment to Office Lease dated as of February 20, 2015 (the "**Second Amendment**") with respect to certain premises comprised of 9,800 rentable square feet on the fourth floor ("**Premises**") and located in the building (the "**Building**") located at 711 Van Ness Avenue, San Francisco, California. The Original Lease, as modified by the First Amendment and this Second Amendment, shall be referred to in this Second Amendment as the "**Lease**".

B. The expiration date of the Lease under the Second Amendment is January 31, 2018, however, the Landlord and Tenant wish to amend the Lease such that the Lease shall expire three (3) years from the expiration date under the Second Amendment. The Third Amendment shall be effective on the date that the Third Amendment is duly executed by all parties ("**Effective Date**"), which may occur only after the City's Board of Supervisors and Mayor have enacted legislation authorizing the City's Director of Property to execute this Third Amendment.

C. Landlord and Tenant wish to amend the Lease to (1) adjust the Base Rent; (2) provide that the Landlord, not Tenant, pay costs associated with utilities and janitorial services with such costs to be included in Base Year Operating Costs; and (3) provide that the Tenant pay increases in Operating Costs and taxes over the Base Year 2018.

#### AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Landlord and Tenant agree to amend the Lease as follows:

#### **BASIC LEASE INFORMATION**

Section 1 of the Lease is amended to restate the following provisions and definitions:

Term ( <u>Section 3</u> ):	Expiration Date: January 31, 2021.
Base Rent ( <u>Section 4.1</u> ):	Annual Base Rent: \$482,160 (or \$49.20 per sq. ft.) Monthly payments: \$40,180 (or \$4.10 per sq. ft.)
Leasehold Improvements:	None, except Landlord shall provide a carpet cleaning one-time during the Term at the request of the Tenant at the expense of the Landlord and such one-time work shall not be included in Base Year Operating Costs
Base Year ( <u>Section 4.6</u> ):	2018
Utilities ( <u>Section 9.1</u> ):	Landlord shall furnish heating, air conditioning, ventilation, elevator service, electricity, and water services to the Premises in accordance

with Section 9.1 of the Lease, which costs shall be included in the Base Year Operating Costs.

Services (Section 9.2):

Landlord shall provide janitorial services to the Premises in accordance with Section 9.2 of the Lease, which costs shall be included in the Base Year Operating Costs.

## **PREMISES**

The first three sentences of Section 2.3 of the Lease, as previously amended, shall be deleted and replaced with the following language:

“For so long as Landlord operates a self-parking system at the Building, Landlord hereby grants to City the right to lease five (5) unreserved and undesignated parking spaces (collectively, the “**Parking Spaces**”) in the parking garage located in the Building (the “**Garage**”) for the current market value for such space (the “**Parking Fees**”). If Landlord modifies the Building’s parking operations such that self-parking is no longer available (for example, if Landlord moves to a valet operation), Tenant shall no longer have the right to lease the Parking Spaces. Landlord shall use reasonable efforts to notify Tenant in advance of any changes to the parking operations.”

## **RENT**

Section 4.2 of the Lease is deleted in its entirety and is replaced with the following language:

“Base Rent under the Lease shall be increased annually by three percent (3%) per annum, beginning on February 1, 2019 and every February 1 thereafter.”

## **UTILITIES AND SERVICES**

Section 9.1 of the Lease is deleted in its entirety and is replaced with the following language:

“Landlord shall furnish the following utilities and services to the Premises: (a) heating, air conditioning and ventilation in amounts reasonably 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, three hundred sixty-five (365) days-a-year basis (“Daily Basis”); (c) non-exclusive 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 freight elevator service to the extent freight service is available in the Building 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 the San Francisco Civic Center District. Costs described in this Section 9.1 shall be included in Operating Costs for the Base Year.”

Section 9.2 of the Lease is deleted in its entirety and is replaced with the following language:

“Landlord shall provide janitorial service during the times and in the manner that such services are customarily furnished in comparable office building in the immediate market area, which costs shall be included in Operating Costs for the Base Year. Landlord shall not be obligated to provide security services or alarm system service to the Premises.”

## **GENERAL PROVISIONS**

1. Effect of Amendment. Except as modified herein, the terms and conditions of the Lease shall remain unmodified and continue in full force and effect. In the event of any conflict between the terms and conditions of the Lease and this Third Amendment, the terms and conditions of this Third Amendment shall prevail.
2. Definitions. Unless otherwise defined in this Third Amendment, all terms not defined in this Third Amendment shall have the meanings assigned to such terms in the Lease as amended by the First Amendment and Second Amendment.
3. Authority. Subject to the assignment and subletting provisions of the Lease, this Third Amendment shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns. Each party hereto and the persons signing below warrant that the person signing below on such party's behalf is authorized to do so and to bind such party to the terms of this Third Amendment.
4. Incorporation. The terms and provisions of the Lease are hereby incorporated in this Third Amendment.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the parties have executed this Third Amendment as of  
\_\_\_\_\_ 2017.

**LANDLORD:**

SFOC LLC, a California limited liability company

By: Michael P. Mahoney  
Name: Michael P. Mahoney  
Its: Chief Executive Officer  
4/11/2017

**TENANT:**

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_  
John Updike  
Director of Property

**APPROVED AS TO FORM:**

DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
Heidi J. Gewertz, Deputy City Attorney