

## SECOND AMENDMENT TO LEASE

THIS SECOND AMENDMENT TO LEASE ("**Second Amendment**"), dated for reference purposes as of 7/23, 2013, is made and entered into by and between Ridgeway Apartments Inc., a Texas Corporation ("**Landlord**"), and City and County of San Francisco, a municipal corporation ("**City**").

### RECITALS:

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

A. Landlord's predecessor-in-interest, KHC Investment Company, a California general partnership, and City entered into that certain Office Lease dated December 1, 1996 (the "**Original Lease**") for premises located at 720 Sacramento Street, San Francisco, California, comprising approximately 9,250 square feet, as more particularly described in the Original Lease (the "**Premises**"). Landlord acquired the property on June 23, 2006, and assumed all rights, privileges and obligations under the Lease as landlord and owner of the Premises. Landlord and City amended the Original Lease in a first Amendment to Lease dated June 29, 2012 ("**First Amendment**"). The Original Lease, as amended by the First Amendment, is referred to herein as the "**Lease.**"

B. The Term of the Lease as extended in the First Amendment is currently scheduled to expire, unless sooner terminated, on June 30, 2013.

C. Landlord and City desire to further extend the Term of the Lease with respect to the Premises, and amend the Lease upon the terms and conditions as hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**1. Extension of the Term.** Landlord and City hereby agree to extend the Term of the Lease for an additional five (5) years so that the Expiration Date of the Lease shall be June 30, 2018, unless sooner terminated pursuant to the terms of the Lease. From and after the date hereof, all references in the Lease and this Second Amendment to the "Term" or "term" shall refer to the Term as extended hereby.

**2. Rent.** Commencing on July 1, 2013, and continuing until the expiration or sooner termination of the Term, City shall pay as Base Rent for the Premises the rental rate of twenty six thousand nine hundred eighty dollars (\$26,980) per month.

**3. Condition of Premises.** City shall accept the Premises pursuant to the terms of this Second Amendment in their "AS-IS" condition without any obligation of Landlord to remodel, repair, improve or alter the Premises in any manner. This includes no further obligation for the Landlord to paint or install carpet at Landlord's cost per Section 22.1 of the Lease.

4. **No Options.** The option term(s) of the Lease are hereby declared null and void. This Second Amendment shall not confer upon the City any option rights to extend the Term past June 30, 2018.

5. **No Further Modification.** Except as set forth in this Second Amendment, all of the terms, covenants and conditions of the Lease shall remain unmodified and in full force and effect. The Lease as amended by this Second 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 Second Amendment shall not constitute a waiver or relinquishment of any rights that 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 Second Amendment.

6. **Attorneys Fees.** In the event a dispute arises concerning this Second 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 Second 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.

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

8. **Effective Date.** The date on which this Second Amendment shall become effective is the date upon which (a) City's Mayor and Board of Supervisors, in their sole and absolute discretion, adopt a resolution approving this Second Amendment in accordance with all applicable laws, and (b) this Second Amendment is duly executed and exchanged by the parties hereto for a 5-year term to commence retroactively on July 1, 2013.

9. **Additional Expenses.** City shall not be required to pay any additional charges for the use of the Premises or for the services provided by Landlord under this Lease except as expressly set forth herein or in the Lease to the contrary. Notwithstanding the foregoing, City (acting through the Director of Property) reserves the right to request that Landlord perform, at City's cost, minor lease-related services or incur additional expenses not covered under this Lease. If City requests any such additional services, Landlord and City shall agree, in writing and in advance of any work, on the charges or amounts City shall reimburse Landlord for Landlord's performance of such work. If the parties do not agree upon such amount, then Landlord shall not be required to perform the requested work. If the parties do agree on the amount, then Landlord shall perform the requested work and City shall reimburse Landlord upon completion at the agreed-upon cost.

10. **Notification of Limitations on Contributions.** Through its execution of this Amendment, Landlord acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, as recently amended, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City

whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Landlord acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Landlord further acknowledges that the prohibition on contributions applies to each Landlord; each member of Landlord's board of directors, and Landlord's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Landlord; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Landlord. Additionally, Landlord acknowledges that Landlord must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Landlord further agrees to provide to City the name of each person, entity or committee described above.

**11. Defined Terms.** Capitalized terms used herein but not defined shall have the meaning ascribed to them in the Lease.

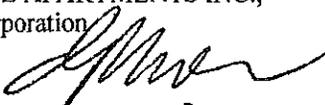
**12. Counterparts.** This Second Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

*[SIGNATURES ON FOLLOWING PAGE]*

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

"LANDLORD"

RIDGEGATE APARTMENTS INC.,  
a Texas Corporation

By: 

Its: Authorized agent

By: 

Name: María Divina Jennifer Gellidon

Title: Authorized Agent

"CITY"

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

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

JOHN UPDIKE  
Acting Director of Property

**APPROVED AS TO FORM:**

DENNIS J. HERRERA  
City Attorney

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

Carolyn J. Stein  
Deputy City Attorney

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the day and year first above written.

**"LANDLORD"**

**RIDGEGATE APARTMENTS INC.,**  
a Texas Corporation

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

Name: \_\_\_\_\_

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

Recommended:

  
\_\_\_\_\_  
Director, Department  
of Public Health

**"CITY"**

**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:   
\_\_\_\_\_  
Carolyn Johnson Stein  
Deputy City Attorney

AMENDED IN COMMITTEE

7/17/13

FILE NO. 130645

RESOLUTION NO. 271-13

1 [Lease Amendment - Real Property at 720 Sacramento Street - Ridgeway Apartments, Inc.-  
2 \$26,980 Monthly]

3 **Resolution retroactively authorizing the second lease amendment for approximately**  
4 **9,250 square feet of space at 720 Sacramento Street, San Francisco, with Ridgeway**  
5 **Apartments, Inc., as Landlord, for use by the Department of Public Health at the**  
6 **monthly cost of \$26,980 for the period of July 1, 2013, through June 30, 2018.**

7  
8 WHEREAS, The City is the Tenant under the original lease dated December 1, 1996,  
9 and executed on March 24, 1997, with Landlord's predecessor-in-interest, KHC Investment  
10 Company, authorized under Resolution 331-96, for the premises located at 720 Sacramento  
11 Street comprising 9,250 square feet for use by the Department of Public Health; and

12 WHEREAS, The Landlord and City amended the original Lease in an Amendment to  
13 Lease dated June 29, 2012, as authorized under Resolution No. 252-12; and

14 WHEREAS, The City currently pays a base rent of \$18,645 per month (approximately  
15 \$2.02 per square foot) for the Premises; and

16 WHEREAS, The Lease is scheduled to expire on June 30, 2013; and

17 WHEREAS, The City and Landlord wish to extend the term of the Lease for an  
18 additional five (5) years from July 1, 2013, through June 30, 2018, under a Second  
19 Amendment to the Lease substantially in the form on file with the Clerk of the Board of  
20 Supervisors in File No. 130645 at a monthly rental rate of \$26,980 (approximately \$2.92 per  
21 square foot); and

22 WHEREAS, The Lease shall continue to include the clause indemnifying, holding  
23 harmless, and defending Landlord and its agents from and against any and all claims, costs  
24 and expenses, including without limitation, reasonable attorneys' fees, incurred as a result of  
25 any default by the City in the performance of any of its material obligations under the Lease,

1 or any negligent acts or omissions of the City or its agents, in, on, or about the Premises or  
2 the Property on which the Premises are located, excluding those claims, costs and expenses  
3 incurred as a result of the negligence or willful misconduct of the Landlord or its agents; and

4 WHEREAS, The Second Amendment to Lease is subject to enactment of a resolution  
5 by the Board of Supervisors and the Mayor, in their respective sole and absolute discretion,  
6 approving and authorizing such amendment; now, therefore, be it

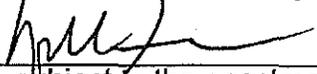
7 RESOLVED, That in accordance with the recommendation of the Director of the  
8 Department of Public Health and the Director of Property, the Director of Property is hereby  
9 authorized to execute the Second Amendment to Lease; and, be it

10 FURTHER RESOLVED, That all actions heretofore taken by any City employee or  
11 official with respect to the Second Amendment to Lease are hereby approved, confirmed and  
12 ratified; and, be it

13 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of  
14 Property to enter into any amendments or modifications to the Second Amendment to Lease  
15 that the Director of Property determines, in consultation with the City Attorney, are in the best  
16 interest of the City, do not materially increase the rent or otherwise materially increase the  
17 obligations or liabilities of the City, are necessary or advisable to effectuate the purposes of  
18 the Second Amendment to Lease, and are in compliance with all applicable laws, including  
19 the City Charter; and, be it

20 FURTHER RESOLVED, That the City shall continue to occupy the Premises for the  
21 extended term unless funds for the Department's rental payment are not appropriated at  
22 which time the City may terminate the Lease with advance notice to Landlord. Said Lease  
23 shall continue to be subject to certification as to funds by the Controller, pursuant to  
24 Section 6.302 of the City Charter.

1 \$323,760 Available for FY 2013-2014  
2 Appropriation No. HMHMCB731943

3   
Controller, subject to the enactment of the FY 2013-2014 annual appropriation ordinance.

4 AVAILABILITY OF FUNDS

5 RECOMMENDED:

6  for  
7 Director, Department of Public Health

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9 Director of Property  
10 Real Estate Division

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**City and County of San Francisco**  
**Tails**  
**Resolution**

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

**File Number:** 130645

**Date Passed:** July 23, 2013

Resolution retroactively authorizing the second lease amendment for approximately 9,250 square feet of space at 720 Sacramento Street, San Francisco, with Ridgeway Apartments, Inc., as Landlord, for use by the Department of Public Health at the monthly cost of \$26,980 for the period of July 1, 2013, through June 30, 2018.

July 17, 2013 Budget and Finance Sub-Committee - AMENDED

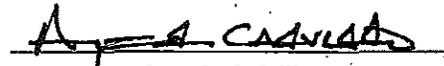
July 17, 2013 Budget and Finance Sub-Committee - RECOMMENDED AS AMENDED

July 23, 2013 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Chiu, Cohen, Farrell, Kim, Mar, Tang, Wiener, and Yee

File No. 130645

I hereby certify that the foregoing Resolution was ADOPTED on 7/23/2013 by the Board of Supervisors of the City and County of San Francisco.

  
Angela Calvillo  
Clerk of the Board

  
Mayor

8/2/2013  
Date Approved