

FIRST AMENDMENT TO OFFICE LEASE

This FIRST AMENDMENT TO OFFICE LEASE ("**First Amendment**") is made and entered into as of March ____, 2019 (the "**Reference Date**"), by and between PROLOGIS, L.P., A DELAWARE LIMITED PARTNERSHIP ("**Landlord**"), and CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**Tenant**").

R E C I T A L S :

A. Potrero Investor I, LLC, a Delaware limited liability company, and Potrero Investor II, LLC, a Delaware limited liability company (collectively, "**Original Landlord**"), and Tenant entered into that certain Office Lease dated as of July 5, 2013 (the "**Lease**").

B. Landlord has succeeded to the interests of Original Landlord as landlord under the Lease.

C. Pursuant to the Lease, Landlord currently leases to Tenant, and Tenant currently leases from Landlord, that certain space (the "**Premises**") containing approximately 11,000 rentable square feet located in that certain building addressed as 1740 Cesar Chavez Street, San Francisco, California 94124 (the "**Building**"), as more particularly described in the Lease. The Building is part of a multi-building project commonly known as "Potrero Business Center" (the "**Project**").

D. By letter dated September 19, 2018 (the "**Extension Notice**"), Tenant notified Landlord of Tenant's election to exercise Tenant's Extension Option to extend the Lease for the Extended Term (as such terms are defined in the Lease) pursuant to Section 3.4 of the Lease.

E. Landlord and Tenant now desire to amend the Lease to, among other things, (i) confirm the extension of the Term of the Lease for the Extended Term, (ii) memorialize certain terms of the Extended Term, and (iii) add an additional extension option, all upon the terms and conditions hereinafter set forth.

A G R E E M E N T :

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. Definitions; Effective Date. Unless otherwise defined in this First Amendment, all terms used in this First Amendment shall have the meanings assigned to such terms in the Lease. The effective date of this First Amendment (the "**Effective Date**") shall be the later of the date (i) this First Amendment is signed and executed by Landlord and Tenant, and (ii) the City's Board of Supervisors adopts a resolution approving this First Amendment, in its sole discretion. From and after the Effective Date, all references to the Lease shall mean the Lease as amended by this First Amendment.

2. Extension of Term. The Term of the Lease, which is currently scheduled to expire on March 31, 2019, is hereby extended for a period of five (5) years (the "**Extended Term**"), commencing on April 1, 2019 (the "**Extended Term Commencement Date**") and expiring on March 31, 2024, unless sooner terminated as provided in the Lease.

3. Base Rent. During the Extended Term, the Base Rent payable by Tenant to Landlord for the Premises shall be as set forth in the following schedule:

<u>Period of Extended Term</u>	<u>Annual Base Rent</u>	<u>Monthly Installment of Base Rent</u>	<u>Monthly Base Rental Rate Per Rentable Square Foot of Premises</u>
4/1/19 – 3/31/20	\$419,760.00	\$34,980.00	\$3.18
4/1/20 – 3/31/21	\$432,960.00	\$36,080.00	\$3.28
4/1/21 – 3/31/22	\$444,840.00	\$37,070.00	\$3.37
4/1/22 – 3/31/23	\$458,040.00	\$38,170.00	\$3.47
4/1/23 – 3/31/24	\$472,560.00	\$39,380.00	\$3.58

4. Base Year. Effective from and after the Extended Term Commencement Date, the Base Year for purposes of calculating City's Percentage Share of increases in Real Estate Taxes and Insurance Costs shall be revised to be the calendar year 2019.

5. Condition of Premises. Tenant is currently in possession of the Premises and shall continue its occupancy of same in its current "AS-IS" condition as of the date of execution of this First Amendment without any agreements, representations, understandings or obligations on the part of Landlord to perform or pay for any alterations, repairs or improvements to the Premises, except as otherwise expressly provided in the Lease, as hereby amended, or Section 6 below. Nothing in this Section 5 is intended to reduce or waive Landlord's repair and maintenance obligations or Landlord's obligations following any damage or destruction of the Premises.

6. Refurbishment Allowance. On the Effective Date, Tenant shall receive from Landlord a one-time refurbishment allowance (the "**Refurbishment Allowance**") in the amount of up to, but not exceeding, \$55,000.00 (i.e., \$5.00 per rentable square foot of the Premises) to help reimburse Tenant for the actual out-of-pocket costs actually incurred by Tenant (collectively, the "**Refurbishment Costs**") during the period (the "**Refurbishment Period**") from the Effective Date through and including the date that is one (1) year after the Effective Date in connection with the design, construction, acquisition and installation of any tenant improvements and alterations which are made and/or installed by or for Tenant in or to the Premises and which can be capitalized by Landlord (as opposed to repairs and maintenance to the Premises, trade fixtures, furniture or equipment) (collectively, the "**Refurbishment Work**") during the Refurbishment Period; provided Landlord agrees that painting and recarpeting the Premises are examples of acceptable Refurbishment Work. Refurbishment Costs may include payments or work orders to the City's Department of Public Works or other City departments that provide Refurbishment Work. Alternatively, Tenant may request that Landlord perform the Refurbishment Work and such costs may be paid from the Refurbishment Allowance. To the extent work is performed by Landlord or

Landlord's agents, the Refurbishment Costs shall include a construction supervision and management fee payable to Landlord in an amount equal to five percent (5%) of the Refurbishment Costs. All Refurbishment Work shall be undertaken by Tenant in compliance with Article 7 of the Lease. In no event shall Landlord be obligated to make disbursements under this Section 6 in a total amount that exceeds the Refurbishment Allowance. Landlord shall pay the requested portion of the Refurbishment Allowance within thirty (30) days after Landlord has received all of the following (collectively, the "**Refurbishment Work Draw Documents**"): (i) a request for payment by Tenant describing the Refurbishment Work that has been completed; (ii) factually correct invoices or work orders for labor and materials rendered in connection with and evidencing the Refurbishment Work and the Refurbishment Costs (iii) final, unconditional executed mechanics' lien releases from all persons or entities performing the Refurbishment Work, reasonably satisfactory to Landlord and in compliance with applicable Laws, including, without limitation, California Civil Code Sections 8132 through 8138 (unless the work was performed by Landlord or its contractors); and (iv) all other information reasonably requested by Landlord. Notwithstanding the foregoing to the contrary, Landlord shall have no obligation to pay any portion of the Refurbishment Allowance (A) for work performed prior to or after the Refurbishment Period, or (B) for Refurbishment Work Draw Documents delivered by Tenant prior to the Refurbishment Period or later than one year after the Refurbishment Period. Tenant shall not be entitled to receive any portion of the Refurbishment Allowance that is not used for Refurbishment Work performed during the Refurbishment Period, and any such unused amounts shall revert to Landlord and Tenant shall have no rights with respect thereto.

7. Address of Landlord. Effective as of the Effective Date, Landlord's address for notices shall be revised to be:

Prologis, L.P.

3353 Gateway Blvd.

Fremont, CA 94538

Attention: San Francisco 7 Property Manager

with a copy to:

Prologis, L.P.

1800 Wazee St Suite 500,

Denver, CO 80202

Attention: San Francisco 7 Legal Department

In addition, effective as of the Effective Date, Landlord's address for payment of Rent shall be revised to be:

SF Industrial 1, LLC/CBRE, Inc.

PO Box 7380

San Francisco, CA 94120-7380

8. CASp. For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Premises has not undergone

inspection by a Certified Access Specialist (CASp). In addition, the following notice is hereby provided pursuant to Section 1938(e) of the California Civil Code:

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

In furtherance of and in connection with such notice, Landlord and Tenant hereby agree as follows (which constitute the mutual agreement of the parties as to the matters described in the last sentence of the foregoing notice): (i) Tenant shall have the one-time right to request for and obtain a CASp inspection of the Premises, which request must be made, if at all, in a written notice delivered by Tenant to Landlord on or before the date that is thirty (30) days after the Effective Date; (ii) any CASp inspection of the Premises timely requested by Tenant shall be conducted (A) between the hours of 9:00 a.m. and 5:00 p.m. on any business day, (B) only after ten (10) days' prior written notice to Landlord of the date of such CASp inspection, (C) in a professional manner by a CASp reasonably approved by Landlord and without any testing that would damage the Premises, the Building and/or the Project in any way, and (D) at Tenant's sole cost and expense, including, without limitation, Tenant's payment of the fee for such CASp inspection, the fee for any reports prepared by the CASp in connection with such CASp inspection (collectively, the "**CASp Reports**") and all other costs and expenses in connection therewith; (iii) Tenant shall deliver a copy of any CASp Reports to Landlord within three (3) business days after Tenant's receipt thereof; (iv) Tenant, at its sole cost and expense, shall be responsible for making any improvements, alterations, modifications and/or repairs to or within the Premises to correct violations of construction-related accessibility standards disclosed by such CASp inspection; and (v) if such CASp inspection identifies any improvements, alterations, modifications and/or repairs necessary to correct violations of construction-related accessibility standards relating to those items of the Building or the Project located outside the Premises that are Landlord's obligation to repair as set forth in the Lease, then Landlord shall perform such improvements, alterations, modifications and/or repairs as and to the extent required by applicable Laws to correct such violations, and Tenant shall reimburse Landlord for ~~Tenant's Percentage Share of~~ the cost of such improvements, alterations, modifications and/or repairs within ten (10) business days after Tenant's receipt of an invoice therefor from Landlord.

9. Second Extension Option. Notwithstanding Tenant's exercise of the Extension Option pursuant to this First Amendment, during the Extended Term, Tenant shall continue to have the Extension Option set forth in Section 3.4 of the Lease with respect to the Premises; provided, however, that (i) the Extension Option shall be for a period (the "**Second Extended Term**") of five (5) years immediately following the expiration of the Extended Term (i.e., April 1, 2024 through and including March 31, 2029), (ii) the references to the "Term", "Term of this

Lease" and "Initial Term" set forth in Sections 1 and 3.4 of the Lease shall mean and refer to the Extended Term, (iii) the text "by providing not less than one hundred eighty (180) days' prior written notice of exercise to Landlord" set forth in Section 1 of the Lease, and the text "by giving written notice to Landlord no later than one hundred eighty (180) days prior to the expiration of the Initial Term" set forth in Section 3.4 of the Lease shall each be deleted and each replaced with the text "by giving written notice thereof to Landlord no earlier than twelve (12) months prior to the expiration of the Extended Term and no later than six (6) months prior to the expiration of the Extended Term".

10. Miscellaneous Modification. During the Second Extended Term (i.e., from and after April 1, 2024), clause (4) in Section 4.4(e) of the Lease shall be deleted and of no further force or effect. As a result, commencing April 1, 2024 and continuing thereafter, Real Estate Taxes shall include one hundred percent (100%) of all increases in Real Estate Taxes (above the applicable Base Year) 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 that occurs from and after the applicable Base Year (whether occurring prior to April 1, 2024 or afterwards).

11. Brokers. Landlord and Tenant each hereby represents and warrants to the other party that it has had no dealings with any real estate broker or agent in connection with the negotiation of this First Amendment, and that it knows of no real estate broker or agent who is entitled to a commission in connection with this First Amendment. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, and costs and expenses (including, without limitation, reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing in connection with this First Amendment on account of the indemnifying party's contractual obligations to any real estate broker or agent.

12. Effect of Amendment. Except as modified in this First Amendment, all of 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 First Amendment, the terms and conditions of this First Amendment shall prevail.

13. Authority. Subject to the assignment and subletting provisions of the Lease, this First 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 the respective person signing below on such party's behalf is authorized to do so and to bind such party to the terms of this First Amendment (subject to Section 14 below).

14. Board of Supervisors Approval. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS FIRST AMENDMENT, LANDLORD ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF TENANT HAS AUTHORITY TO COMMIT TENANT TO THIS FIRST AMENDMENT UNLESS AND UNTIL TENANT'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THIS FIRST AMENDMENT. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF TENANT HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS FIRST AMENDMENT SHALL BE NULL AND VOID IF TENANT'S MAYOR AND THE BOARD OF SUPERVISORS DO NOT APPROVE THIS

FIRST AMENDMENT, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS FIRST AMENDMENT BY ANY OTHER DEPARTMENT, COMMISSION OR AGENCY OF TENANT SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON TENANT.

15. Counterparts. This First Amendment may be executed in multiple counterparts, each of which is to be deemed original for all purposes, but all of which together shall constitute one and the same instrument.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, this First Amendment has been executed as of the day and year first above written.

"LANDLORD"

PROLOGIS, L.P.
a Delaware limited partnership

By: Prologis, Inc., a Maryland corporation,
its general partner

By: _____
Name: _____
Its: _____

"TENANT"

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

Date: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Charles Sullivan, Deputy City Attorney