Resolution retroactively authorizing the exercise of an extension option at 875 Stevenson Street for various City departments.

WHEREAS, The City and County of San Francisco ("City") entered into a lease (the "Original Lease") with the Western Mart Co., a California general partnership, dba San Francisco Mart (predecessor-in-interest to current landlord, Western Mart Co., L.P., a California limited partnership) to accommodate several different City departments, and the Original Lease, a copy of which is on file with the Clerk of the Board of Supervisors, was approved by the Board of Supervisors on March 21, 1994; and

WHEREAS, The Board of Supervisors approved the first amendment to the Original Lease (the "First Amendment," and together with the Original Lease, the "Lease") on November 4, 1996, a copy of which is on file with the Clerk of the Board of Supervisors, and the First Amendment provides, among other things, that City may extend the lease term for the entire premises for up to seven and one-half years (collectively, the "Extension Option"); and,

WHEREAS, A seven and one-half year extension of the Lease (the "Extended Lease Term") on the terms and conditions set forth below is in the interest of the City; now, therefore be it

RESOLVED, That in accordance with the recommendation of the Director of Property, the Director of Property is hereby authorized to retroactively exercise the Extension Option by executing a written lease extension notice ("Lease Extension Notice") that extends the term of the Lease with Western Mart Co., L.P., dba San Francisco Mart, as Landlord, for a term of seven and one-half years from December 1, 2002 to May 31, 2010, for the premises located
at 875 Stevenson Street, San Francisco, California, comprising an area of 158,442 square feet on the terms and conditions contained herein and on a form approved by the City Attorney; and, be it

FURTHER RESOLVED, That unless funds for rental payments are not appropriated in any subsequent City fiscal year, at which time the City may terminate the Lease with advance notice to the Landlord, the base rent for the fully serviced premises from December 1, 2002 through May 31, 2010, shall be as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>$/Square Foot</th>
<th>$/Month</th>
<th>$/Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: 12/1/02-11/30/03</td>
<td>17.00</td>
<td>224,459.50</td>
<td>2,693,514.00</td>
</tr>
<tr>
<td>2: 12/1/03-11/30/04</td>
<td>17.00</td>
<td>224,459.50</td>
<td>2,693,514.00</td>
</tr>
<tr>
<td>3: 12/1/04-11/30/05</td>
<td>22.00</td>
<td>290,477.00</td>
<td>3,485,724.00</td>
</tr>
<tr>
<td>4: 12/1/05-11/30/06</td>
<td>24.00</td>
<td>316,884.00</td>
<td>3,802,608.00</td>
</tr>
<tr>
<td>5: 12/1/06-11/30/07</td>
<td>26.00</td>
<td>343,291.00</td>
<td>4,119,492.00</td>
</tr>
<tr>
<td>6: 12/1/07-11/30/08</td>
<td>26.00</td>
<td>343,291.00</td>
<td>4,119,492.00</td>
</tr>
<tr>
<td>7: 12/1/08-11/30/09</td>
<td>26.00</td>
<td>343,291.00</td>
<td>4,119,492.00</td>
</tr>
<tr>
<td>8: 12/1/09-05/31/10</td>
<td>27.00</td>
<td>356,494.50</td>
<td>2,138,967.00</td>
</tr>
</tbody>
</table>

; and, be it

FURTHER RESOLVED, That in the first month after the adoption of this resolution, Landlord shall provide a rent credit to City for the difference between the amount of rent paid by City since December 1, 2002 at the holdover rate under the Lease of $262,304.40 per month ($19.87 per square foot), and the amount of rent payable in such first month after the adoption of this resolution at the rate of $224,459.50 per month ($17.00 per square foot); and, be it

FURTHER RESOLVED, That City shall have the right to terminate the Lease as of November 30, 2007, provided that (i) City notifies Landlord in writing by November 30, 2006.
of City’s intention to terminate the Lease and includes with such notice a copy of a resolution of the Board of Supervisors approving the termination of the Lease and confirming the appropriation of funds to pay as a condition of early termination the Deferred Rent described below, (ii) on or before November 30, 2007, City relocates from the premises to a building either purchased or constructed by or for City, and (iii) on or before November 30, 2007, City pays to Landlord a termination fee in the amount equivalent to the portion of the rent that will be deferred from the first two years of the Lease Extension Term that would have been recaptured by Landlord during the last two and one-half years of the Lease Extension Term, plus interest at 4% compounded monthly (the “Deferred Rent”). If City terminates the Lease effective November 30, 2007, as contemplated by City’s early termination right described above, the Deferred Rent will equal $850,000; and, be it

FURTHER RESOLVED, That nothing herein shall limit or modify the City’s legally mandated right already set forth in the Lease to terminate the Lease without penalty at any time in the event of a failure by the Board of Supervisors to appropriate sufficient funds for the payment of rent, provided that in the event City terminates the Lease early for any reason other than a default by Landlord, City shall pay to Landlord on or before the effective date of termination, an amount equal to the amount of the Deferred Rent outstanding at the time of such termination; and, be it

FURTHER RESOLVED, That all actions heretofore taken by the City with respect to said Extension Option are hereby approved, confirmed and ratified, and that the Director of Property is hereby authorized and directed to do any and all things to execute and deliver the

(Real Estate)
BOARD OF SUPERVISORS
Lease Extension Notice and all other documents in addendum with respect to the Lease Extension Term, which the Director of Property or the City Attorney may deem necessary or achievable to effectuate the purpose of intents of this transaction.

RECOMMENDED:

[Signature]

Director of Property
Resolution retroactively authorizing the exercise of an extension option at 875 Stevenson Street for various City departments.

March 25, 2003  Board of Supervisors — ADOPTED

Ayes: 8 - Ammiano, Dufty, Hall, Maxwell, McGoldrick, Newsom, Peskin, Sandoval
Noes: 3 - Daly, Gonzalez, Ma

I hereby certify that the foregoing Resolution was ADOPTED on March 25, 2003 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

Date Approved

Mayor Willie L. Brown Jr.