

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
SUPPLEMENTAL LEASE AGREEMENT

SUPPLEMENTAL
AGREEMENT

DATE
FEB 22 2002

10

TO LEASE NO. GS-09B-94150

ADDRESS OF PREMISES 75 Hawthorne Street
 San Francisco, CA 94105

THIS AGREEMENT, made and entered into this date by and between HAWTHORNE PLAZA, LTD,

whose address is c/o ARCON, Inc.,
 95 Hawthorne Street, 4th Floor
 San Francisco, CA 94105

hereinafter called the Lessor, and the UNITED STATES OF AMERICA, hereinafter called the Government:

WHEREAS, the parties hereto desire to amend the above Lease.

NOW THEREFORE, these parties for the considerations hereinafter mentioned covenant and agree that the said Lease is amended to include Vacant Land in back of 75 Hawthorne St., , and expansion space in 95 Hawthorne Street, effective upon execution by the Government.

Now therefore Paragraph 1 of the lease is hereby amended to include the following blocks of space:

BLOCK F: A total of 5,256 rentable square feet (rsf) of vacant land directly behind 75 Hawthorne Street, San Francisco, California as further depicted on the plan attached as Exhibit "L". This space will be used as a Play Yard by the Children attending the Child Care Center located on the 1st Floor of 95 Hawthorne Street, San Francisco, CA.

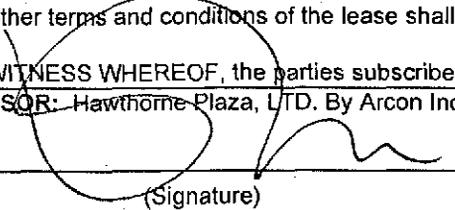
Paragraphs 2, 3, 12, and 13 are deleted in their entirety and the following is substituted therefor:
Paragraphs 21 through 26 are hereby added to the Lease.

(Continued on Sheets No. 1 thru 3 are attach hereto and made a part of this Supplemental Lease Agreement)

All other terms and conditions of the lease shall remain in force and effect.

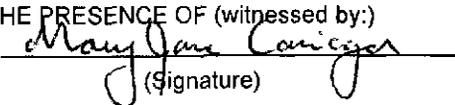
IN WITNESS WHEREOF, the parties subscribed their names as of the above date.

LESSOR: Hawthorne Plaza, LTD. By Arcon Inc., it's General Patner

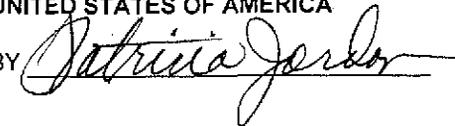
BY  _____
(Signature)

Pres.

(Title)

IN THE PRESENCE OF (witnessed by:)
 _____
(Signature)

75 Hawthorne St. SFCA 94105
(Address)

UNITED STATES OF AMERICA
BY  _____

Contracting Officer
GSA, PBS, RED

SHEET NO. 1 TO SUPPLEMENTAL LEASE AGREEMENT NO. 10 OF LEASE NO. GS-09B-94150 ATTACHED HERETO AND MADE A PART HEREOF

2. Term: TO HAVE AND TO HOLD the said premises with their appurtenances as follows:

- a. For Blocks A & B: From April 1, 1995 to September 30, 2009.
- b. For Block C: From February 26, 1998 (the "Block C Commencement Date") to September 30, 2009
- c. For Block D: From November 1, 1996 (the "Block D Commencement Date") to September 30, 2009
- d. For Block E: From August 10, 2000 (the "Block E Commencement Date") to September 30, 2009
- e. For Block F: Effective upon completion and Government acceptance, thru September 30, 2009

3. Rent: The Government shall pay the Lessor annual rent as follows:

(1) For office and related space:

Block A and Block B:

<u>Years</u>	<u>Rent/Annum/RSF</u>	<u>Rent/Annum</u>	<u>Rent/Mont</u>
1-6	\$20.79	\$4,598,758.00	\$383,230.00
7	\$24.56	\$5,433,923.43	\$452,826.95
8-15	\$25.76	\$5,698,461.00	\$474,872.00

[The annual rent for year seven (7) is reduced by \$264,537.57 and is calculated as follows:

\$140,123.60	Green Light funds accumulated to 9-30-99
\$ -85,485.40	minus cost for scope of work changes (change orders) requested by agency
\$ 54,638.20	Subtotal of Green Light funds accumulated 9-30-99
\$190,304.00	plus unused tenant improvement allowance
\$244,942.20	subtotal of year 7 rent reduction
\$+19,595.38	plus 8% interest
\$264,537.57	Total rent reduction in Year 7]

Block C:

<u>Years</u>	<u>Rent/Annum RSF</u>	<u>Rent/Annum</u>	<u>Rent/Month</u>
4-9	\$23.75	\$ 23,274.96	\$ 1,939.58
10-14	\$26.75	\$ 26,214.96	\$ 2,184.58
15	\$29.75	\$ 29,155.00	\$ 2,429.58

(Year 4 for Block C begins on the Block C Commencement Date and ends on March 31, 1999. The inclusive dates for years 5 through 15 are the same as for Blocks A & B.)

Block D:

<u>Years</u>	<u>Rent/Annum RSF</u>	<u>Rent/Annum</u>	<u>Rent/Month</u>
2-15	\$12.13	\$ 48,992.40	\$ 4,082.00

Year 2 for Block D begins on the Block D Commencement Date and ends on March 31, 1997. The inclusive dates for years 3 through 15 are the same as for Blocks A & B.)

Block E:

<u>Years</u>	<u>Rent/Annum/RSF</u>	<u>Rent/Annum</u>	<u>Rent/Month</u>
5-15	\$36.00	\$621,648.00	\$ 51,804.00

(Year 5 for Block E begins on the Block E Commencement Date and ends on March 31, 2000. The inclusive dates for years 6 through 15 are the same as for Blocks A & B.)

Block F:

<u>Years</u>	<u>Rent/Annum/RSF</u>	<u>Rent/Annum</u>	<u>Rent/Month</u>
6-15	\$12.33	\$ 64,800.00	\$ 5,400.00

(Year 6 for Block F begins on the Block F Commencement Date and ends on March 31, 2001. The inclusive dates for years 7 thru 15 are the same as for Blocks A & B.)

INITIALS: &
 LESSOR GOVERNMENT

12. Base Year For Taxes. Pursuant to Paragraph 10.0 of the SFO - Tax Adjustment GSAR 552.270.24 (Deviation 1/91), the Base Years for taxes for blocks of space under the Lease are as follows:

Block A, B, and D:	Calendar Year 1995
Block C:	Calendar Year 1998
Block E:	Calendar Year 1999
Block F:	Calendar Year 2000

13. Operating Costs Base. Pursuant to Paragraph 3.6 of the SFO - Operating Costs Base; the base for operating costs adjustment, for Blocks A, B, C, and D is \$5.8663 per rentable square foot per year, and for Block E, it is \$7.84 per rentable square foot per year.

The base for operating costs adjustments for **Block F** is \$3.20 per rentable square foot per year. The base year for operating costs adjustment shall be in accordance with Paragraph 3.5 of the SFO - Operating Costs, GSAR 552.270-23. The Base year for adjustment of Block F will be 4/01/2001 to 3/31/2002.

21. Additional Requirements:

- a). The vacant land is being accepted As Is, and the Government will hire its own licensed qualified Contractors to build the Play Yard.
- b). The Government's Contractor shall be responsible for acquiring all City Permits required for the build out.
- c). The Government's Contractor shall provide a Certificate of Insurance in the amount of \$1,000,000.00, naming the Lessor as additional insured.
- d). A one time payment of [REDACTED] will be paid to the Lessor for reimbursement for services rendered during the design and development stage of the Play Yard. If additional services are required from the Lessor, the Government and the Lessor will negotiate and agree on a cost for these services before the work is allowed to begin. Payment will be made upon completion of the Play Yard.
- e). The Government's Contractor shall provide the Lessor with a schedule and a list of contractors.
- f). The Government's Contractors shall keep the Easement free and clear of any objects, as specified in the current Fire and Building Codes.
- g). The Government's Contractor and his representatives shall take due diligence and care in the performance of their job to build the Play Yard, making certain not to cause any damages to the Landlord's property or adjoining properties.
- h). The Government's Contractors shall keep the Premises, and the Building free and clear of liens of any kind.
- i). The Government's Contractor will install water and power meters at the beginning of construction, to measure the amount of water and power used during construction of the Play Yard. The Lessor should provide the Government with invoices on a monthly basis, indicating the exact amount of power and water used during the month. The Landlord will be reimbursed for the water and power usage in a one time lump sum payment upon completion of the construction of the play yard.
- j). The Electrical and Plumbing connections to the building will be done by the Government's Contractor.
- k). The Government's Contractors shall be prohibited from using the restroom facilities in the building at 75 Hawthorne Street, San Francisco, CA.
- l). All deliveries shall be made through the 2nd Street entrance. Deliveries through 75 Hawthorne Street, are strictly prohibited.
- m). The Government and its Contractors shall be responsible for security of said premises inclusive of all equipment, materials, etc., during construction.
- n). Hazardous materials brought onsite must comply with regulations of the Public Health Department, OSHA and EPA.
- o). Final Drawings and specifications must be approved by the City Planning Dept., of San Francisco, the S.F. Redevelopment Agency and the Lessor.
- p). The construction of this project shall be governed by the existing Lease between GSA and Hawthorne Plaza Ltd..
- q). The Government's Contractors should use the Pedestrian Easement at 246 Second Street, San Francisco for access to the location for the Play Yard. The Government's Contractors should avoid trespassing on the adjoining properties, without gaining written permission from the property owners.
- r). The GSA Field Office will be responsible for the day to day management of the construction of the Play Yard and will be on-site periodically from beginning to the end of construction of the Play Yard.

INITIALS: &
LESSOR GOVERNMENT

SHEET NO. 3 TO SUPPLEMENTAL LEASE AGREEMENT NO. 10 OF LEASE NO. GS-09B-94150 ATTACHED HERETO AND MADE A PART HEREOF.

22. Maintenance and Janitorial: Day to Day Maintenance and Janitorial Service of the Play Yard area will be provided by the Lessor. The Lessor will be given a Specification package outlining the duties and responsibilities required in the day to day maintenance and upkeep of the Play Yard area. The cost for maintenance and janitorial services is to be reviewed by the Lessor upon receipt of the Specifications package. Any costs for additional services required as a result of the Specifications package will be negotiated and agreed on between GSA and the Lessor. A Gardener is also include in the Maintenance and Janitorial services. The Gardener will provide weekly maintenance for shrubs, trees, plants, flowers and any other vegetation that requires gardening services. A Supplemental Lease Agreement memorializing any changes and agreements resulting from review of the Specifications will be executed.

The Play Ground Equipment will be serviced and maintained by the Government.

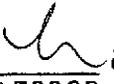
23. Utilities After The Play Yard is Built: Although the Play Yard will be metered, the Lessor will use the meters only to determine an average per square foot rate to charge for the utilities. The Lessor will make this determination after the Play Yard has been in operation for 60 days. Starting with the 61st day, the charge for the Utilities will be added into the monthly rent for the remainder of the term of the lease.

24. It is agreed and understood that title to the Play Ground Equipment will vest in the Child Care Association, and these items can be removed by the Child Care Association or the Government at any time during the term of the lease or any extension thereof and that the Government shall, at Lessor's request, remove the Play Ground Equipment upon termination of the Lease. If after the lease term and any extension, renewal or succeeding lease term, the Government or the Child Care Association elects to abandon any items in place, title shall pass to the Lessor.

25. Except as set forth in Paragraph 22, above, it is understood and agreed that the Lessor shall have no liability for activity on, and, operation of, the Play Yard, including by reason of any construction thereon and by reason of the operations conducted therein and any harm or injuries caused to occupants or visitors of the Play Yard. The Child Care Center maintains \$1,000,000.00 of general liability insurance.

26. It is agreed that during normal business hours, the Child Care Center, will monitor and provide adequate supervision of the Play Yard. The Lessor shall pursuant to the Lease Agreement, provide security for the Premises and shall also provide periodic Foot Patrol Security of the Pedestrian area outside the gate at 2nd Street, provided however, that the Lessor shall have no liability for the Premises or activity thereon, in excess of that provided in the original Lease Agreement. Any additional Security required by the Government or pursuant to any building permit or governmental approval for the Play Yard, shall be negotiated between the Lessor and GSA as set forth in Paragraph 22 above.

INITIALS:

 & 
LESSOR GOVERNMENT