EXHIBIT B

Term Sheet for Lease
between Third and Mission Associates, LLC (“Owner”) and City and County of San Francisco acting by and through the Department of Real Estate (“DRE”) for premises (“Premises”) in the building located at 680 Mission Street, San Francisco, California commonly known as The Paramount (the “Building”)

1. **Landlord:** Third and Mission Associates, LLC, a California limited liability company.

2. **Tenant:** City and County of San Francisco acting by and through the Department of Real Estate.

3. **Leased Premises:** A total of approximately 4,124 net leasable square feet (not including the elevator vestibule) located on the Third and Fourth Floors of the Jessie Hotel portion of the Building, as shown on floor plans attached hereto as **Schedule 1**.

4. **Rent:** $1.00 per year, payable on the Commencement Date and on the Anniversary Date of the lease each year thereafter.

5. **Additional Rent:** During any period of time when a subtenant is leasing all or a portion of the Premises, Tenant will be responsible for payment of its share of any utilities (other than those separately metered to Tenant), maintenance, repair and upkeep of the common areas applicable to the portion of the Premises being subleased, all in accordance with customary real estate lease practice; provided that Tenant will not be required to share in the costs of common areas not utilized by or for the benefit of Tenant, such as the residential lobby (“CAM Charges”). The CAM Charges shall be based upon actual CAM Charges incurred by Landlord based upon City’s pro-rata share of its occupancy and are estimated to be $6 per square foot per year. Tenant will also be responsible for costs and expenses related directly to its space, including utilities and Tenant shall be responsible for directly metering all utilities serving the Premises. Tenant will also be responsible for its share of property taxes applicable to the Premises irrespective of whether all or any portion of the Premises is subleased, provided that Tenant will have the right to seek an exemption for the property taxes attributable to the Premises; to the extent that property taxes attributable to the Premises are waived due to DRE’s tax-exempt status, the property taxes payable by DRE shall be reduced accordingly.

6. **Commencement Date:** Upon delivery of possession by Landlord, which shall be upon the later to occur of (a) a final executed lease for the space; and (b) Successor Agency’s written approval of the proposed transaction with the California Historical Society (“CHS”) and execution by all parties of the documents necessary to implement the CHS transaction.

7. **Term:** The term of the lease will be approximately 87 years expiring December 31, 2101, unless sooner terminated in accordance with its terms.

8. **Permitted Uses:** Non-profit office space uses that do not compete with a use elsewhere in the Building and are not incompatible with a first class, urban residential development.
9. **Condition of Premises.** Premises will be delivered in their as-is existing condition. Tenant acknowledges that the space is raw shell space and Tenant will have the responsibility for all tenant improvements, including, without limitation, any and all bathrooms for the space and all plumbing required for such bathrooms. Landlord will be responsible for constructing one demising wall on the third floor to separate the Jessie Hotel from the space presently subject to the CHS Lease.

10. **Tenant Improvements:** Landlord shall have reasonable review and approval rights of DRE’s tenant improvement plans. All costs associated with any tenant improvements to be made by or for DRE shall be paid for solely by DRE; provided that Landlord will, at no cost to it, cooperate with DRE and its architects, designers and contractors to facilitate the planning for and construction of such tenant improvements.

11. **Access to Premises:** Solely from Jessie Street through shared lobby and shared use of elevator for access from ground floor. Landlord will have no obligation to provide security.

12. **Elevator:** Tenant will be responsible for both the initial start-up and all operating expenses related to the existing elevator that services the Premises. Landlord will have access to the elevator if needed.

13. **Shared common elements of Building:** Access to and use of Emergency Exits, to be specified in Lease. Entrance lobby, elevator vestibule on second and third floors; elevator from ground floor Jessie Street lobby to Premises, subject to Tenant’s obligations under Paragraph 12.

14. **Option to Renew:** None

15. **City’s Termination Option:** City shall have the right to terminate the Lease at any time throughout the term with not less than 365 days’ written notice to Landlord.

16. **Subleases by DRE and Permitted Users:** DRE will have the sole and total obligation to sublease or enter into occupancy agreements for the Premises (collectively, a “sublease”) and the payment of related costs, including any broker commissions due on subleases and cost of tenant improvements. All space must be leased for non-profit uses. DRE may sublet or assign its interest in the lease with the prior written approval of Landlord, not to be unreasonably withheld provided (a) that any such subtenant or assignee complies with the permitted uses and (b) the identity of the tenant or the proposed use is not incompatible with a first class urban residential development.

17. **Repair and Maintenance obligations.** DRE shall be obligated to repair and maintain the interior of the Premises in good repair and order. Landlord shall be responsible for the replacement of capital equipment and building systems, all maintenance and repair to the exterior of the Building, and the maintenance, repair and replacement of all structural, fire and life safety systems.
18. **Signage:** Landlord shall include Tenant (and any subtenants) in any directory located in the lobby of Jessie Street entrance. With the prior, written approval of Landlord, Tenant (and any subtenants) may place or maintain signage on Jessie Street, provided such signage is compatible with a first class, urban residential development.

19. **Form of Lease:** Landlord will cause its attorneys to prepare the form of lease, which shall be consistent with this Term Sheet and otherwise on terms and conditions consistent with office leases in downtown San Francisco. The final lease agreement shall contain all required provisions of the City and County of San Francisco’s Administrative Code and Charter required for City’s lawful occupancy as Tenant.
EXHIBIT B

SCHEDULE 1

FLOOR PLANS