THE AIDS HEALTH PROJECT

Administrative Offices:

333 Valencia Street
San Francisco, CA 94103
(415) 626-6637

- AIDS Mental Health Program
- AIDS Prevention Program
- Youth & AIDS Prevention Program
- AIDS Health Professional Training Program
- AIDS & Substance Abuse Program
- HTLV-III Counseling Program

A project concerned with AIDS Prevention and Health Promotion University of California S.F. and Department of Public Health

April 1, 1985

Mary Evelyn Altman
Contract Coordinator
University of California, San Francisco
145 Irving Street
San Francisco, CA 94143

Dear Ms. Altman:

This letter outlines the terms and conditions of a Rental Agreement between the San Francisco AIDS Foundation ("Lessor") and the University of California, San Francisco AIDS Health Project ("Lessee").

Both parties agree that there shall be 1,500 sq. ft. allotted on the fourth floor of the Fog Bldg., located at 333 Valencia Street, for the administrative and educational support group activities of the U.C.S.F. AIDS Health Project. There will be shared common space (bathrooms, hallways, reception area, kitchen that will be accessible and usable by the Project staff for which the Project will also pay rent. Since the Lessee will occupy approximately 20% of total space available to the Lessor, the Lessee will pay for approximately 20% of the estimated 1,000 sq. ft. of common space (200 sq. ft.). Exact location of the 1,500 sq. ft. of space to be occupied by the Project has yet to be determined by the space planner at the time of this Agreement. Total amount of space for which the U.C.S.F. AIDS Health Project will be financially responsible is 1,700 sq. ft.

However, due to the fact that the Lessee will not initially occupy the full amount of space allocated to it, it is agreed that the Lesee shall be financially responsible for only 1,600 square feet of occupied and common space during the course of this Agreement (April 1, 1985 up to and including June 30, 1985).

The use of the abovementioned spaces will include the following activities:

a) Administrative functions of the Lessee.

b) Consultation meetings with staff, consultants, researchers, and other related and interested persons.

c) Educational support group meetings for mental health workers, allied health workers, and registered support group participants.

d) Other related meetings and activities.

The Lessee will have access to the abovementioned building and use of its space 24 hours per day, 7 days per week.

Lessee agrees to pay the Lessor at the rate of $1.00 per sq. ft. per month for Lessee's share of occupied and common space. No security deposit is required to be paid by the Lessee. Payments for rent are due and payable on the first day of the month for which that rent applies.

The above represents a base rate which includes "buildout." "Buildout" is understood to mean all improvements (walls, ceilings, carpeting, doors, windows, painting, electrical, and other related work or construction) mutually agreed upon as necessary by the Lessee and Lessor to provide for the secure and efficient operation of its activities.

In order to cover the cost of utilities (gas and electric) and building maintenance (office cleaning, repairs), the Lessee agrees to be billed on a monthly basis by the Lessor for 20% of such costs. This percentage was arrived at based on Lessee's share of occupied and common space. It is acknowledged that the Lessee's use of utilities is proportionately less than this percentage (due to Lessor's extended hours of operation), but that this inequity is approximately offset by and will be paid in consideration of, some services freely offered by the Lessor which benefit the Lessee (e.g., receptionist).

The period of this Rental Agreement shall be from April 1, 1985 up to and including June 30, 1985. Signatures below indicate concurrence with the above terms and conditions, as well as the attached University of California Standard Terms and Conditons which become part of the Agreement as if fully set forth therein.

(For the Lessee)

Timothy J. Sally

Timothy J. Sally
Administrative Assistant
UCSF AIDS Health Project

James Dilley MD

James W. Dilley, M.D.
Project Administrator
UCSF AIDS Health Project

John Hopkin MD.

John Hopkin, M.D.
Vice Chairman
UCSF Dept. of Psychiatry

Mary Evelyn Altman

Mary Evelyn Altman
Contracts Coordinator
UCSF Office of the Chancellor

(For the Lessor)

Deputy Director

FOR James M. Ferels
Executive Director
San Francisco AIDS Foundation

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April 28, 1986

Mr. Timothy Wolfred
Executive Director
San Francisco AIDS Foundation
333 Valencia Street, 4th Floor
San Francisco, CA 94103

Dear Tim:

I'm writing to review the results of my meeting with you on April 25, 1986 concerning office rent negotiations. I also want to take this opportunity to formally respond to your letter of January 28, 1986.

First, I'd like to acknowledge your stated error in our original agreement with you dated June 5, 1986. That is, for the period July 1, 1985 through December 31, 1985 the San Francisco AIDS Foundation leased 10,000 sq. ft. of space from Mr. John Foggy (not the 8,500 sq. ft. as stated in our signed agreement with you dated June 5, 1986). Please compare Sections A and B of our Table 1 attached to this letter.

Second, I acknowledge your verbal statement to me in our meeting that the Foundation officially began paying in January 1986 for 12,000 sq. ft. of leased space.

I acknowledge that your billing for the period July 1, 1985 to the present has been incorrect, but reject that the correct formula is that which is outlined in Table 1 of your letter of January 28, 1986. Although in Table 4 of that same letter you proposed an entirely new space rental formula for the period January 1, 1986 through June 30, 1986, I cannot accept your proposal for the reasons outlined below and am offering herein a counter-proposal (Table 1, Sections C through F).

In any discussion of settlement to our claim for redress of overpayment on office rent and utilities, two issues are critical. The first is the amount of office space actually occupied by the AIDS Health Project since July 1, 1985 (and its proportion to total space leased by the Foundation, which determines our share of utilities). The other is the definition of "shared" space (separate from the definition of "exclusive" or "common" space). Let me address the former issue first.

Despite our agreement of June 5, 1985 to rent 1,500 sq. ft. of office space for our "exclusive" use (see Table 1, Section A), there has never been a time when the Project occupied more than 1,000 sq. ft. for its "exclusive" use (due to delays in buildout plans). I reiterate that the Foundation Food Bank and Computer Room have occupied 500 sq. ft. (at least since July 1, 1985) that was originally scheduled for use by the Project.

Table 1 of your January 28, 1986 letter claims that the Project has had 1,956 sq. ft. of "exclusive" use space since July 1, 1985. I strongly disagree. It appears this figure was based on the fact that in approximately July of 1985 the Foundation verbally offered, and the Project accepted, an interim arrangement for "administrative control" over the approximately 1,200 sq. ft. of conference and lounge areas to compensate for our loss of this 500 sq. ft. occupied by the Foundation Food Bank and Computer Room. This interim arrangement persisted until approximately March 31, 1986 when the conference and lounge areas were no longer available due to the commencement of construction.

I don't agree that this "administrative control" through the use of a reservation book constitutes "exclusive" use, especially when we both agreed in our April 25th meeting that the Foundation by and large used these areas the bulk of the time. We see these areas as neither "exclusive" nor "common," but rather as "shared" space. Of the total hours these areas were used, we estimate that Foundation usage was approximately 75%, with the balance of the usage attributable to the Project. Hence, our formula for "shared" space usage in Table 1, Sections C and D for the period July 1, 1985 through March 31, 1986.

I'd like to therefore propose an entirely new rental formula (based on actual Project usage in relation to total space leased by the Foundation) for the period July 1, 1985 through June 30, 1986 (outlined in Table 1, Sections C through F). The net dollar effect of these new formulas is outlined in Table 2 attached.

Table 2 does not address the office rent for the months of May and June 1986, nor utilities and maintenance for April, May and June 1986, and can be addressed as follows.

Rent: We anticipate that for at least half of the month of May1986 we will be housed in a temporary area (the new Foundation Conference Room) but should be able to fully occupy our designated office space after that time. I propose then that we pay for a full 1,640 sq. ft. of office space for the months of May and June (per Table 1, Section F).

Utilities and Maintenance: Since we have not yet received these bills from you for April 1986, I propose we pay on the basis of 9% of the total bill you receive (per Table 1, Section E). Consistent with our rent offer for May and June, we would pay our full 14% of utilities and maintenance bills (per Table 1, Section F).

If you find this counter-proposal acceptable, may I suggest the following as a means for redress of our past overpayments.

Rent: Since we have not yet approved the current $1,700 May 1986 rent bill for payment, perhaps your Accounting Office could reissue the May bill based on $1,640 as well as the June bill (per Table 1, Section F), then rectify our $3,130 overpayment by a corresponding decrease split between the two bills (i.e., May/June bills totaling $3,280, less $3,130 redress, for a total May/June rent bill in the amount of $150, or $75 each month).

Utilities and Maintenance: Since we have not yet received an April utilities/ maintenance bill, I propose you bill us at the 9% rate (per Table 1, Section E) and deduct the $1,583.61 in utilities/maintenance overpayment from that bill. May and June bills would then be billed at the 14% rate (per Table 1, Section F), and any overpayment not fully rectified in the April bill could be applied toward these May and June bills.

I appreciate your consideration of this matter Tim, and I look forward to our next meeting with hopes of reaching a mutually agreeable solution.

Very truly yours,

James W. Dilley MD

James W. Dilley, M.D.
Project Director

JWD:tjs

Attachments

cc: Joseph Cowan, Attorney - UCSF Office of Legal Coordination
Mary Evelyn Altman - UCSF Business and Fiscal Services

TABLE 1
SPACE USAGE FORMULAS OF THE
AIDS HEALTH PROJECT

A. SPACE DISTRIBUTION PER AGREEMENT OF JUNE 5, 1985(DOES NOT INCLUDE SHARED SPACE)

	Exclusive	% of Ttl. Space	Common	% of Ttl. Space	Total	% of Ttl. Space
SF AIDS Fndtn.	6,000	80	800	80	6,800	80
AIDS Health Pr.	1,500	20	200	20	1,700	20
Total	7,500	100	1,000	100	8,500	100

B. SPACE DISTRIBUTION AS LEASED BY THE SF AIDS FOUNDATION FOR THE PERIOD OF JULY 1, 1985 THROUGH DECEMBER 31, 1985 (DOES NOT INCLUDE SHARED SPACE)

	Exclusive	% of Ttl. Space	Common	% of Ttl. Space	Total	% of Ttl. Space
SF AIDS Fndtn.	7,500	83	830	83	8,330	83
AIDS Health	1,500	17	170	17	1,670	17
Total	9,000	100	1,000	100	10,000	100

C. PROPOSED RENTAL FORMULA BASED ON 10,000 SQ. FT. LEASED BY THE SF AIDS FOUNDATION AS WELL ACTUAL AIDS HEALTH PROJECT USAGE FOR INTERIM PERIOD OF JULY 1, 1985 TO DECEMBER 31, 1985 (INCLUDES 1,200 SQ. FT. OF SHARED SPACE)

	Exclusive	% to Total	Common	% to Total	Shared	% to Total	Total	% to Total
SF AIDS Fndtn.	6,800	87	870	87	900	75	8,570	86
AIDS Health	1,000	13	130	13	300	25	1,430	14
Total	7,800	100	1,000	100	1,200	100	10,000	100

D. PROPOSED RENTAL FORMULA BASED ON 12,000 SQ. FT. LEASED BY THE SF AIDS FOUNDATION AS WELL AS ACTUAL AIDS HEALTH PROJECT USAGE FOR INTERIM PERIOD OF JANUARY 1, 1986 TO MARCH 31, 1986 (INCLUDES 1,200 SQ. FT. OF SHARED SPACE)

	Exclusive	% to Total	Common	% to Total	Shared	% to Total	Total	% to Total
SF AIDS Fndtn.	8,800	90	900	90	900	75	10,600	88
AIDS Health	1,000	10	100	10	300	25	1,400	12
Total	9,800	100	1,000	100	1,200	100	12,000	100

TABLE 1
SPACE USAGE FORMULAS OF THE
AIDS HEALTH PROJECT

E. PROPOSED RENTAL FORMULA BASED ON 12,000 SQ. FT. LEASED BY THE SF AIDS FOUNDATION AS WELL AS ACTUAL AIDS HEALTH PROJECT USAGE FOR THE PERIOD APRIL, 1986 (DOES NOT INCLUDE SHARED SPACE)

	Exclusive	% of Ttl. Space	Common	% of Ttl. Space	Total	% of Ttl. Space
SF AIDS Fndtn.	10,000	91	910	91	10,910	91
AIDS Health	1,000	9	90	9	1,090	9
Total	11,000	100	1,000	100	12,000	100

F. PROPOSED RENTAL FORMULA BASED ON 12,000 SQ. FT. LEASED BY THE SF AIDS FOUNDATION AS WELL AS ACTUAL AIDS HEALTH PROJECT USAGE FOR THE PERIOD MAY 1, 1986 THROUGH JUNE 30, 1986 (DOES NOT INCLUDE SHARED SPACE)

	Exclusive	% of Ttl. Space	Common	% of Ttl. Space	Total	% of Ttl. Space
SF AIDS Fndtn.	9,500	86	860	86	10,360	86
AIDS Health	1,500	14	140	14	1,640	14
Total	11,000	100	1,000	100	12,000	100

TABLE 2
CALCULATION OF OVERPAYMENT BY
AIDS HEALTH PROJECT ON
RENT, UTILITIES AND MAINTENANCE
7/01/85 through 4/30/86

RENT

Month	Rent based on 1700 Sq Ft*	Rent based on 1430 Sq Ft**	Rent based on 1400 Sq Ft***	Amount of Rent Overpayment
JUL '85	$ 1700	$ 1430	$ -	$ 270
AUG '85	1700	1430	-	270
SEP '85	1700	1430	-	270
OCT '85	1700	1430	-	270
NOV '85	1700	1430	-	270
DEC '85	1700	1430	-	270
JAN '86	1700	-	1400	300
FEB '86	1700	-	1400	300
MAR '86	1700	-	1400	300
APR '86	1700	-	1090****	610
TOTAL				$3,130

* Based on rental agreement dated June 5, 1985
** Based on Table 1, Section C for period July 1, 1985 through December 31, 1985
*** Based on Table 1, Section D for period January 1, 1986 through March 31, 1986
**** April 1986 rent is based on Table 1, Section E since no shared space was available in that month due to construction

UTILITIES & MAINTENANCE

Month	U & M based on 20% share*	U & M based on 14% share**	U & M based on 12% share***	Amount of U & M Overpayment
JUL '85	$ 438.60	$ 307.02	$ -	$ 131.58
AUG '85	456.88	319.81	-	137.07
SEP '85	448.47	313.86	-	134.61
OCT '85	282.18	197.53	-	84.65
NOV '85	444.34	311.02	-	133.32
DEC '85	454.13	317.90	-	136.23
JAN '86	505.12	-	303.07	202.05
FEB '86	996.78	-	598.07	398.71
MAR '86	563.47	-	338.08	225.39
TOTAL				$1,583.61

* Based on rental agreement dated June 5, 1985
** Based on Table 1, Section C for period July 1, 1985 through December 31, 1985
*** Based on Table 1, Section D for period January 1, 1986 through March 31, 1986

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June 5, 1985

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Contract Coordinator
University of California, San Francisco
145 Irving Street
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A project concerned with AIDS Prevention and Health Promotion University of California S.F. and Department of Public Health

The use of the abovementioned spaces will include the following activities:

a) Administrative functions of the Lessee.

b) Consultation meetings with staff, consultants, researchers, and other related and interested persons.

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The above represents a base rate which includes "buildout." "Buildout" is understood to mean all improvements (walls, ceilings, carpeting, doors, windows, painting, electrical, and other related work or construction) mutually agreed upon as necessary by the Lessee and Lessor to provide for the secure and efficient operation of its activities.

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The period of this Rental Agreement shall be from July 1, 1985 up to and including June 30, 1986. Signatures below indicate concurrence with the above terms and conditions, as well as the attached University of California Standard Terms and Conditons which become part of the Agreement as if fully set forth therein.

(For the Lessee)

Timothy J. Sally
Timothy J. Sally
Administrative Assistant
UCSF AIDS Health Project

James Dilley, MD
James W. Dilley, M.D.
Project Administrator
UCSF AIDS Health Project

John D. Hopkin MD
John Hopkin, M.D.
Vice Chairman
UCSF Dept. of Psychiatry

Mary Evelyn Altman
Mary Evelyn Altman
Contracts Coordinator
UCSF Office of the Chancellor

(For the Lessor)

Mitchell Bart
Acting Executive Director
San Francisco AIDS Foundation

STANDARD LEASE PROVISIONS WITH THE REGENTS OF THE UNIVERSITY OF CALIFORNIA AS LESSEE

1. DELAY IN DELIVERY OF POSSESSION. If Lessor, for any reason whatever, cannot deliver possession of the premises to University at the commencement of the term of this lease, University may terminate this lease at any time prior to delivery of possession by written notice to Lessor and shall in no case be liable for rent prior to Lessor's delivery of the premises.

2. USE OF PREMISES. University shall use the premises only for University business.

3. HOLDING OVER. University's holding over with the consent of Lessor after expiration of the term shall create only a tenancy from month to month upon the terms and conditions specified in this lease.

4. ALTERATIONS. University may make any alterations, improvements, or additions on the premises. They shall remain the property of University and may be removed by University prior to the termination of this lease or at the end of any renewal or extension of this lease, or within a reasonable time. University shall have no duty to restore any part of the premises it alters, but shall repair any damage caused by its election to remove any of its improvements.

5. RENT PRORATION. Rent for any period of time other than the period specified in this lease shall be determined by prorating the rent over the period of time in question.

6. TAXES. Lessor alone shall pay any taxes, use fees, or assessments levied against the premises by any governmental entity.

7. PROPERTY TAX EXEMPTION. Lessor agrees to cooperate with University and do all acts reasonably necessary and appropriate to secure and maintain tax exemption of the property leased hereunder pursuant to Article XIII, Section 3 of the California Constitution. Lessor agrees to pay the amount of any reduction of tax resulting from such exemption either in the form of a cash payment or of rental credit as soon as possible after Lessor receives the benefit of tax exemption.

If such exemption is granted for a fiscal year which is, in whole or in part, after date of expiration or earlier termination date of this lease, then, with respect to that

Issued by the Office of the Vice President--Financial and Business Management, Systemwide Administration, University of California, Berkeley,CA 94720. November, 1982.

portion of such fiscal year which is after the expiration of the term of this lease, Lessor shall pay University the amount of such reduction of tax in cash.

8. NONLIABILITY AND INDEMNIFICATION OF LESSOR. University agrees to indemnify Lessor for liability or claim for damage for personal injury, death, or property damage resulting from University's own acts or omissions on the premises during the term of this lease.

9. LIABILITY INSURANCE. University shall maintain public liability insurance to cover the acts or omissions of University on the premises during the term of this lease. The liability coverage shall be at least $100,000 for any one person injured, $300,000 for any one accident, and $100,000 for property damage. At Lessor's written request, University shall furnish Lessor with certificates evidencing such coverage.

10. ATTORNEY'S FEES. In the event University or Lessor brings suit against the other to enforce rights under this lease, the prevailing party shall recover from the other reasonable attorney's fees to be fixed by the court.

11. DESTRUCTION.

A. If the leased premises are totally destroyed by fire or other casualty, this lease shall terminate.

B. If a casualty renders ten percent or less of the floor space of the leased premises unusable for the purpose intended, Lessor shall promptly repair the premises, but in any event within thirty days of the casualty, or University may terminate this lease by written notice to Lessor.

C. If a casualty renders more than ten percent of the floor space of the leased premises unusable, Lessor shall promptly repair the premises, but in any event within ninety days of the casualty, or University may terminate this lease by written notice to Lessor.

D. If University chooses to remain in possession of the premises despite partial destruction, the rent provided in this lease shall be reduced by the same percentage that usable floor space has been reduced.

12. ENTRY OF PREMISES BY LESSOR. Lessor may enter at reasonable times to inspect the premises and to make necessary repairs.

13. REPAIR AND MAINTENANCE. Lessor shall keep the premises in good repair, including repainting the premises once in every three-year period, maintain the plumbing, heating, electrical, ventilating, air conditioning, and elevator equipment. Lessor, at its sole cost and expense,

shall promptly comply with all laws, statutes, ordinances, and governmental rules, regulations, or requirements now in effect or which may hereafter be in effect. If after written notice from University requiring Lessor to comply with the requirements of this paragraph as to a specified problem, Lessor fails to perform its duties under this paragraph within a reasonable time, or should an emergency arise constituting a hazard to the health or safety of University's employees, invitees, or property, University at its option may terminate this lease upon the giving of written notice to Lessor or, in addition to any other remedy it has, may elect to make such repairs at its own cost and deduct the amount from the rent.

14. ASSIGNMENT AND SUBLETTING. University shall not assign this lease or sublet the premises without the written consent of Lessor. Lessor shall not unreasonably withhold consent.

15. LESSOR'S INSURANCE - SUBROGATION WAIVERS. Lessor agrees to maintain fire and extended coverage insurance sufficient to reimburse itself completely for any casualty to the property. Lessor further agrees to obtain from its insurers, immediately upon execution of this lease, written waivers of their subrogation rights against University. Lessor agrees to furnish University, within thirty days from the execution of this lease, evidence of such insurance coverage and waivers of subrogation rights.

16. UNIVERSITY'S RIGHT TO TERMINATE LEASE AGREEMENT - The continued use of the premises by the University is conditioned upon available funds in the University's account entitled Dept. of Psychiatry AIDS Health Project and said account is subject to cancellation or reduced levels of funding. It is agreed that if said account is cancelled or is insufficient to cover all rental costs during the leased term, the University may terminate this lease at any time by giving Lessor ninety (90) days written notice of the University's intent to cancel the lease.

17. SURRENDER OF POSSESSION. Upon termination of this lease, University will surrender the premises in the same condition as received, except for reasonable wear and except for damage by civil disorder, the elements, acts of God, or by any circumstances over which University has no control.

18. TIME OF THE ESSENCE - BINDING ON ASSIGNS. All time limits mentioned in this lease are strictly observed. The provisions of this lease shall bind or benefit the heirs, executors, administrators, successors, and assigns of the original parties.

19. <u>EQUAL OPPORTUNITY - APPLICABLE ONLY TO LESSORS WITH TWENTY-FIVE OR MORE EMPLOYEES</u>.

A. During the term of this lease:

(1) Lessor shall not discriminate against any person employed or seeking employment, explicitly or implicitly, because of race, color, religion, sex, or national origin.

(2) Lessor shall take affirmative action to ensure that all persons employed or seeking employment are treated without regard to race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: hiring, upgrading, transfer or demotion, testing or placement, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, overtime or shift assignments, and selection for training, including apprenticeship.

(3) Lessor shall post notices to be provided by University setting forth the provisions of paragraph 19, said notices to be posted in conspicuous places for the benefit of all persons employed or seeking employment.

(4) Lessor shall permit access by University to Lessor's records of employment, employment advertisements, application forms, and other pertinent data and records as necessary to ascertain compliance with paragraph 19.

B. In executing this lease, Lessor certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that Lessor does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The term "segregated facilities" means any waiting rooms, work areas, rest rooms, washrooms, restaurants and any other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, and transportation and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin.

C. In the event of Lessor's noncompliance with paragraph 19 of these provisions and Lessor's failure to cure such noncompliance within thirty days following written notification by University of such noncompliance, University shall have the right to terminate this lease and any necessary additional expense incurred by University in securing space equivalent to the leased premises, including the additional rental, if any, shall be borne by Lessor.

AGREEMENT

This AGREEMENT is entered into between JOHN S. FOGGY as "LESSOR" and SAN FRANCISCO AIDS FOUNDATION as "LESSEE", and is in conjunction with Paragraph 5; "Alterations, Liens, Build-Out Costs" of that certain lease of TEN THOUSAND (10,000) SQUARE FEET on the 4th Floor of 333 Valencia Street, San Francisco, California Dated April 1, 1985.

It is understood and agreed that LESSOR shall make available to LESSEE the sum of up to ONE HUNDRED THOUSAND DOLLARS ($100,000.00) for the following type of build out costs:

- Architectural and design services including a survey of existing conditions, program development, schematic design, preparation of construction documents, contractor bids and negotiations, and construction administration.
- All building contractor services, including appropriate sub-contractors.
- All building materials needed to complete the work (i.e. lumber, equipment, plumbing, electrical, carpets etc).
- All necessary and required permits, i.e. building, electrical and plumbing.
- Cost of any intercom system above $1,000.00.
- Lessee agrees to be responsible for and any liability which may arise as part of the construction effort.
- Lessor shall approve all plans and contracts let out to do the work.

PROGRESS PAYMENTS AND METHOD OF PAYMENT

Upon completion of this AGREEMENT, LESSOR shall open a special checking account with an initial balance of FIVE THOUSAND DOLLARS ($5,000.00). These funds are "Seed Money" to be used for miscellaneous items on an emergency basis.

Then, LESSEE, or LESSEE's representative architect, shall prepare and submit to LESSOR a scheduling document (similar in nature to AIA Document G703) for the initial monthly period, and every month thereafter, five days prior to the beginning of each month. This schedule shall depict by description of work, all actual costs incurred along with a monthly estimate to completion.

In addition, LESSEE shall present to LESSOR all vendor invoices that require payment for the month. All invoices shall indicate the job location (333 Valencia Street) or the building (THE FOG BUILDING). In addition each invoice shall be accompanied by a request for Contract Payment Form. Upon review and approval of LESSOR, LESSOR shall pay each vendor invoice.

This AGREEMENT is entered into this ______________ Day of _____________, 1985.

FOR LESSOR:

____

JOHN S. FOGGY
LESSOR

FOR LESSEE:

____

SAN FRANCISCO AIDS FOUNDATION
LESSEE

In addition to the above, the individual signing below will act as a GUARANTOR for SAN FRANCISCO AIDS FOUNDATION. GUARANTOR agrees to be responsible for all uncollected remodeling costs not paid over to LESSOR.

____

GUARANTOR FOR
SAN FRANCISCO AIDS FOUNDATION