

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

**Jones Hall, A Professional Law Corporation
650 California Street, 18th Floor
San Francisco, California 94108**

Attention: Stephen G. Melikian, Esq.

SUBLEASE

Dated as of ____ 1, 2013

between

**U.S. BANK NATIONAL ASSOCIATION,
in its capacity as Trustee,
as Sublessor**

and

**CITY AND COUNTY OF SAN FRANCISCO,
as Sublessee**

NO DOCUMENTARY TRANSFER TAX DUE

This Sublease is exempt pursuant to
Section 27383 of the California Government Code and
Section 11928 of the California Revenue and Taxation Code.

TABLE OF CONTENTS

ARTICLE I	
DEFINITIONS; RULES OF INTERPRETATION	
Section 1.1.	Definitions.1
Section 1.2.	Interpretation.3
ARTICLE II	
SUBLEASE; TERM	
Section 2.1.	Sublease.4
Section 2.2.	Term.4
ARTICLE III	
RENTAL PAYMENTS; SUBLEASE OF PROPERTY	
Section 3.1.	Rental Payments.5
Section 3.2.	Consideration.7
Section 3.3.	Budget.8
Section 3.4.	Payment.8
Section 3.5.	Rental Abatement.8
Section 3.6.	Triple Net Sublease.9
Section 3.7.	Assignment and Sublease.9
Section 3.8.	Addition, Substitution or Release of Property.9
ARTICLE IV	
MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS	
Section 4.1.	Replacement, Maintenance and Repairs.10
Section 4.2.	Taxes, Other Governmental Charges and Utility Charges.10
Section 4.3.	Insurance.11
Section 4.4.	Liens; Permitted Encumbrances.13
Section 4.5.	Laws and Ordinances.13
Section 4.6.	Additions and Improvements; Removal.13
ARTICLE V	
USE OF NET PROCEEDS; EMINENT DOMAIN	
Section 5.1.	Application of Insurance Proceeds.14
Section 5.2.	Eminent Domain.14
ARTICLE VI	
Other Covenants	
Section 6.1.	Right of Entry.15
Section 6.2.	Quiet Enjoyment.15
Section 6.3.	Indemnification.15
Section 6.4.	Performance of Trustee's Duties and Responsibilities.15
ARTICLE VII	
DEFAULTS AND REMEDIES	
Section 7.1.	Events of Default.16
Section 7.2.	Remedies on Default.17
Section 7.3.	Rights of Bank upon Default.17
Section 7.4.	Waiver.18
ARTICLE VIII	
Representations and Warranties of the City	
Section 8.1.	Representations and Warranties of the City.19

ARTICLE IX
MISCELLANEOUS

Section 9.1.	Disclaimer of Warranties.....	21
Section 9.2.	Notices.....	21
Section 9.3.	Validity.....	21
Section 9.4.	Execution in Counterparts.....	22
Section 9.5.	Law Governing; Venue.....	22
Section 9.6.	Amendment.....	22
Section 9.7.	Excess Payments.....	22
Section 9.8.	No Merger.....	23
Section 9.9.	Further Assurances and Corrective Instruments.....	23
Section 9.10.	Refinancing of Trustee Obligations.....	23
Section 9.11.	Third Party Beneficiaries.....	23

ARTICLE X
CITY REQUIREMENTS

Section 10.1.	Local Business Enterprise Utilization; Liquidated Damages.....	24
Section 10.2.	Nondiscrimination; Penalties.....	24
Section 10.3.	MacBride Principles—Northern Ireland.....	25
Section 10.4.	Tropical Hardwood and Virgin Redwood Ban.....	25
Section 10.5.	Drug-Free Workplace Policy.....	26
Section 10.6.	Compliance with Americans with Disabilities Act.....	26
Section 10.7.	Sunshine Ordinance.....	26
Section 10.8.	Limitations on Contributions.....	26
Section 10.9.	Requiring Minimum Compensation for Covered Employees.....	27
Section 10.10.	Requiring Health Benefits for Covered Employees.....	28
Section 10.11.	Prohibition on Political Activity with City Funds.....	29
Section 10.12.	Conflict of Interest.....	30
Section 10.13.	Earned Income Credit (EIC) Forms.....	30
Section 10.14.	Preservative-treated Wood Containing Arsenic.....	30
Section 10.15.	Nondisclosure of Private Information.....	31
Section 10.16.	Proprietary or Confidential Information of City.....	31
Section 10.17.	Compliance with Laws.....	31
Section 10.18.	Works for Hire.....	31
Section 10.19.	Resource Conservation.....	31
Section 10.20.	Guaranteed Maximum Costs.....	32
Section 10.21.	Submitting False Claims; Monetary Penalties.....	32
Section 10.22.	Ownership of Results.....	32
Section 10.23.	Audit and Inspection of Records.....	32
Section 10.24.	Subcontracting.....	33
Section 10.25.	Assignment.....	33
Section 10.26.	Non-Waiver of Rights.....	33

Exhibit A	Legal Description of the Property
Exhibit B	Base Rental Payment Schedules
Exhibit C	Forms of Debt Service Certificate

SUBLEASE

This **SUBLEASE**, dated as of ____ 1, 2013 (the "**Sublease**"), is entered into between the **U.S. BANK NATIONAL ASSOCIATION** (the "**Trustee**"), a national banking association, solely in its capacity as Trustee under the Trust Agreement, dated as of ____ 1, 2013 (the "Trust Agreement") between the City and the Trustee, as sublessor, and the **CITY AND COUNTY OF SAN FRANCISCO** (the "**City**"), a charter city and county duly organized and existing under the laws and Constitution of the State of California, as sublessee.

BACKGROUND

1. The Trustee is the lessee of the Property (as hereinafter defined), pursuant to the terms and conditions set forth in the Site Lease, dated of even date herewith, between the City and the Trustee, and desires to sublease to the City the Property, and the City desires to sublease from the Trustee the Property on the terms stated herein.

2. The City is authorized to enter into this Sublease pursuant to applicable law of the State.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree and covenant as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this Section 1 will, for all purposes of this Sublease, have the meanings as set forth below. All other capitalized terms used herein without definition will have the meanings as set forth in the Trust Agreement (as hereinafter defined).

"**Additional Rental**" means the amounts specified as such in Section 3.1(h).

"**Assumed Interest Cost**" means, as of any date of calculation or for any period of time, the amount that would accrue as interest during such period on the Commercial Paper Certificates Outstanding as of the date of such calculation assuming such Commercial Paper Certificates bore interest during the entirety of such period at the Assumed Interest Rate for the Base Rental Period during which such date of calculation occurs.

"**Assumed Interest Rate**" means, (A) with respect to Tax-Exempt Commercial Paper Certificates, (i) for purposes of the Base Rental Period beginning on the first date of delivery of Tax-Exempt Commercial Paper Certificates, an interest rate equal to 0.75% per annum; and (ii) for purposes of any Base Rental Period thereafter, the lesser of (a) the Maximum Interest Rate or (b) 125% of (1) the amount of interest accrued with respect to Certificates during the 12 months ended on the April 30 preceding the commencement of such Base Rental Period, divided by (2) the average daily balance of principal amount of Certificates Outstanding during the 12 months ended on the April 30 preceding the commencement of such Base Rental Period;

(B) with respect to Taxable Commercial Paper Certificates, (i) for purposes of the Base Rental Period beginning on the first date of delivery of Taxable Commercial Paper Certificates, an interest rate equal to 1.25% per annum; and (ii) for purposes of any Base Rental Period thereafter, the lesser of (a) the Maximum Interest Rate or (b) 125% of (1) the amount of interest accrued with respect to Certificates during the 12 months ended on the April 30 preceding the commencement of such Base Rental Period, divided by (2) the average daily balance of principal amount of Certificates Outstanding during the 12 months ended on the April 30 preceding the commencement of such Base Rental Period; and

(C) means, with respect to the Revolving Bank Certificates, as of any date of calculation, 1.25 times the Default Rate (as defined in the applicable Reimbursement Agreement) in effect on such date of calculation.

"Component" means, as the context requires, any parcel or parcels constituting a discrete portion of the Property, including any Property added thereto or substituted therefor pursuant to Section 7, but does not include any property released pursuant to Section 7.

"Debt Service Certificate -- Additional Interest and/or Principal" means a certificate substantially in the form of Exhibit C-3.

"Debt Service Certificate -- Additional Commercial Paper Certificates" means a certificate substantially in the form of Exhibit C-2.

"Debt Service Certificate -- Annual" means a certificate substantially in the form of Exhibit C-1.

"Fire Station Components" means the portion of the Components designated as such in Exhibit A.

"Fiscal Year" means the fiscal year of the City, which at the date of this Sublease is the period from July 1 to and including the following June 30.

"Minimum Required Rental Payment" has the meaning set forth in the Debt Service Certificate -- Annual.

"Minimum Supplemental Rental Payment" means an amount determined pursuant to a Debt Service Certificate -- Additional Commercial Paper Certificates or a Debt Service Certificate -- Additional Interest and/or Principal.

"Property" means, collectively, each of the Components, including access to public roads therefrom and parking thereto. "Property" also includes any property, or portion thereof, that by amendment hereto becomes subject to this Sublease and any property, or portion thereof, substituted for any of the Components pursuant to Section 3.8, but "Property" excludes any Component for which new property has been substituted, and any Component or property released, pursuant to Section 3.8.

"Related Documents" means the Trust Agreement, the Delivery and Paying Agent Agreement, the Site Lease, the Dealer Agreement, the Credit Facilities and the Reimbursement Agreements.

"Risk Manager" means the Director of Public Finance of the City or, if the Director of Public Finance of the City is no longer performing the function of risk manager for the City such other person or firm of favorable reputation, qualified and experienced in the field of insurance and risk management consultation as may from time to time be designated by the City, and who may be employed by the City.

"Sublease" means this Sublease, including any amendments or supplements hereto made or entered into in accordance with the terms hereof and Section 7.02 of the Trust Agreement.

"Sublease Term" means the term of this Sublease, as provided in Section 2.2.

Section 1.2. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Sublease; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Sublease as a whole and not to any particular Article, Section or subdivision hereof.

(d) All references herein to a party that "will" take an action is deemed to be a directive to such party to take such action and an agreement by such party to take such action. All references herein to a party that "will not" take an action is deemed to be a directive to such party not to take such action and an agreement by such party not to take such action.

ARTICLE II

SUBLEASE; TERM

Section 2.1. Sublease. The Trustee hereby subleases the Property to the City. During the term hereof, except as hereinafter provided, the City will use the Property for public purposes so as to afford the public the benefits contemplated hereby and so as to permit the Trustee to carry out its agreements and covenants contained herein and in the Trust Agreement, and the City will not abandon or vacate the Property during the term hereof.

Section 2.2. Term. Subject to the next succeeding paragraph of this Section 2.2, with respect to each Component, the term of this Sublease with respect to such Component will begin on the Closing Date and end on the earliest of: (a) the date set forth with respect to such Component in Exhibit B (and in the case of any Property which is substituted for a Component pursuant to Section 7.2 and Section 7.02 of the Trust Agreement, the date set forth in Exhibit B with respect to such substituted Component), (b) the date all Base Rental related to such Component is paid in full, (c) the date of termination of this Sublease with respect to such Component due to casualty or condemnation in accordance with the terms of Section 5.1 or 5.2, or (d) the date of release of such Component in accordance with the terms of Section 3.8 hereof and Section 7.02 of the Trust Agreement.

Notwithstanding anything to the contrary contained herein, including without limitation the provisions of Section 3.1, if, at any time there remains outstanding any obligations payable to the Banks under the Reimbursement Agreements, the term of this Sublease with respect to each Component subject to this Sublease at such time will be extended until such date as all such obligations payable to the Banks under the Reimbursement Agreements have been satisfied; provided, however, in no event will the term of this Sublease with respect to any Component exceed the maximum useful life of such Component or ____ 1, 203__, whichever is earlier. During such extension of the term of this Sublease the City will pay Base Rental (including any Maximum Base Rental which accrued during any prior Base Rental Period but was not paid during such prior Base Rental Period) in an amount sufficient to satisfy such obligations to the Banks in full; provided, however, that the Base Rental with respect to any Component during any Base Rental Period will not exceed the then fair rental value with respect to such Component during such Base Rental Period.

Upon the making of any term loan or any default advance under the Reimbursement Agreements and for so long as any reimbursement obligation remains unpaid thereunder, the City and the Trustee will cause the Maximum Base Rental for each Component to be increased so that the annual aggregate rental payments payable with respect to such Component equal the maximum fair market rental for such Component. The City and the Trustee will, solely at the Banks' request, redetermine or cause to be redetermined the maximum fair market rental for such Component as of the date of any such event at the sole expense of the City.

ARTICLE III

RENTAL PAYMENTS; SUBLEASE OF PROPERTY

Section 3.1. Rental Payments. The City will pay to the Trustee Base Rental in an amount up to the Maximum Base Rental, and the Additional Rental, with respect to each Component, as provided herein, for the use, occupancy and possession of the Property for which such Maximum Base Rental is payable, all on the terms and conditions set forth herein. The City will be obligated to pay the Minimum Required Rental Payment for each Base Rental Period, with the interest portion thereof being paid at the applicable Assumed Interest Rate in equal quarterly installments on each February 1, May 1, August 1 and November 1, with an amount equal to the Required Principal Reduction Amount being paid not later than the first day of the calendar quarter during which such amount will be used to reimburse the Banks for any Advances used to retire Commercial Paper Certificates that will not be refunded, renewed or refinanced, and with any principal due under the Revolving Bank Certificates during such Base Rental Period being paid on or prior to the date that is ten days prior to the date such amount is due under the Revolving Bank Certificates. Any Minimum Supplemental Rental Payment and Additional Rental will be paid on the terms, in the amounts, at the times and in the manner hereinafter set forth. The City will make payments of Base Rental directly to the Delivery and Paying Agent, as agent for the Trustee, for deposit into the Base Rental Account of the Delivery and Paying Agent Fund and, to the extent not otherwise paid to the Person to whom any amount constituting Additional Rental is owing, will make payment of Additional Rental to the Delivery and Paying Agent for deposit into the Administrative Expense Account of the Delivery and Paying Agent Fund.

(a) Maximum Base Rental. Subject to Section 2.2 above, the Maximum Base Rental for each Component for each Base Rental Period will be the amount set forth in Exhibit B, as such amount may be adjusted from time to time, and, except as otherwise provided in this Section 3.1, will become due and payable annually in advance on each Base Rental Payment Date during the Sublease Term. The City will pay, from legally available funds, to the extent required hereunder, the aggregate Maximum Base Rental for each Component for each Base Rental Period on the respective Base Rental Payment Date.

(b) Minimum Required Rental Payment. Subject to Section 3.1(g) below, not later than the first day of the commencement of each Base Rental Period, the City will issue to the Trustee a Debt Service Certificate -- Annual. If the Minimum Required Rental Payment set forth on the Debt Service Certificate -- Annual for a Base Rental Period is less than the aggregate Maximum Base Rental for all Components for such Base Rental Period, the City may deposit with the Delivery and Paying Agent such Minimum Required Rental Payment as set forth above. The amount by which the aggregate Maximum Base Rental for said Base Rental Period exceeds the amount so deposited will continue to be an obligation of the City for such Base Rental Period and will be payable by the City if and to the extent that payment is required pursuant to Section 3.1(c) or 3.1(d).

(c) Additional Deposit if Certificates Increase. If the Debt Service Certificate -
- Additional Commercial Paper Certificates issued by the City to the Trustee pursuant to Section 3.01(e)(i)(F) of the Trust Agreement indicates that a Minimum Supplemental Rental Payment is required, the City will promptly pay to the Delivery and Paying Agent such Minimum Supplemental Rental Payment, except as provided in Section 3.1(e)

hereof. The City will not be required to issue the Debt Service Certificate - Additional Commercial Paper Certificates if the delivery of such Additional Certificates was taken into account in completing the Debt Service Certificate - Annual for the current Base Rental Period.

(d) Additional Deposit for Interest and/or Principal. If the Debt Service Certificate -- Additional Interest and/or Principal filed by the City with the Trustee pursuant to Section 6.16 of the Trust Agreement indicates that a Minimum Supplemental Rental Payment is required, the City will promptly pay to the Delivery and Paying Agent such Minimum Supplemental Rental Payment, except as provided in Section 3.1(e).

(e) Alternative to Payment of Minimum Supplemental Rental Payment. The City will not be required to pay any Minimum Supplemental Rental Payment if it has delivered its Commercial Paper Certificates to provide funds in an amount equal to or in excess of the amount of the Minimum Supplemental Rental Payment and the proceeds of the Commercial Paper Certificates have been deposited into the Bank Reimbursement Account within the Delivery and Paying Agent Fund. Additionally, if the City has delivered its Commercial Paper Certificates to provide funds to pay a portion of the amount of any Minimum Supplemental Rental Payment and the proceeds of the Commercial Paper Certificates have been deposited into the Bank Reimbursement Account within the Delivery and Paying Agent Fund, the amount of the Minimum Supplemental Rental Payment may be reduced by the amount of proceeds so deposited.

(f) No Payments in Excess of Aggregate Maximum Base Rental. Notwithstanding any provisions of this or any other document to the contrary, under no circumstances will the City be required to pay during any Base Rental Period amounts (exclusive of Additional Rental) in excess of aggregate Maximum Base Rental, as such amount may be adjusted in accordance with the terms hereof, provided that the City has the right at any time to pay Base Rental in excess of that required hereunder in order to provide for the retirement of Commercial Paper Certificates or amounts payable under the Revolving Bank Certificates.

(g) Delivery of Debt Service Certificate - Annual. Notwithstanding anything herein to the contrary, the City will not be required to deliver a Debt Service Certificate - Annual for the Base Rental Periods ending April 30, 2014 or April 30, 2015 unless the City determines not to fund all of the capitalized interest with respect to the Commercial Paper Certificates from the proceeds of Commercial Paper Certificates for those Base Rental Periods or unless amounts are due and owing on the Revolving Bank Certificates. If the City determines not to fully all of the fund capitalized interest with respect to the Commercial Paper Certificates through April 30, 2015, or if amounts are due and owing on the Revolving Bank Certificates, the City will be obligated to deliver the Debt Service Certificate - Annual, as required by paragraph (b) above, for each Base Rental Period for which capitalized interest is not being fully funded or for which as of the date of delivery of the Debt Service Certificate - Annual there is an amount owing on the Revolving Bank Certificates, and the City will be obligated to budget and appropriate the necessary Base Rental for those Base Rental Periods.

Additionally, the City will take into consideration any amounts on deposit in the Capitalized Interest Account and any capitalized interest it intends to fund for the Base Rental Period ending April 30, 2014 and the Base Rental Period ending April 30, 2015 in

completing the Debt Service Certificate - Annual, for the Base Rental Period ending April 30, 2014 and the Base Rental Period ending April 30, 2015.

(h) Additional Rental. In addition to the Minimum Required Rental Payments and any Minimum Supplemental Rental Payments set forth herein, the City will pay as Additional Rental all of the following:

(i) All taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon any Component or upon any interest of the Trustee, the Banks or the Holders therein or in this Sublease, including taxes and charges contemplated by Section 4.2;

(ii) All costs of maintenance, operation, repair and replacement of the Property as required under Section 4.1;

(iii) Insurance premiums, if any, on all insurance required under the provisions of Section 4.3;

(iv) All fees, costs and expenses (not otherwise paid or provided for out of the proceeds of the sale of the Commercial Paper Certificates) of the Trustee, the Delivery and Paying Agent and the Dealer in connection with the Trust Agreement;

(v) All fees, costs, expenses and other amounts payable to the Banks under the Reimbursement Agreements; and

(vi) Any other fees, costs or expenses incurred by the Trustee and the Delivery and Paying Agent in connection with the execution, performance or enforcement of this Sublease or any assignment hereof or of the Trust Agreement or any of the transactions contemplated hereby or thereby or related to the Property.

Amounts constituting Additional Rental payable hereunder will be paid by the City directly to the person or persons to whom such amounts are payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee or the Banks to the City stating the amount of Additional Rental then due and payable and the purpose thereof.

Section 3.2. Consideration. The Base Rental for each Fiscal Year or portion thereof during the Sublease Term will constitute the total rental for such Fiscal Year or portion thereof and will be payable by the City for and in consideration for the use and possession, and the continued quiet use and enjoyment, of the Property by the City for and during such Fiscal Year or portion thereof. The parties hereto have agreed and determined that the Maximum Base Rental payable in respect of any Component is not in excess of the total fair rental value of such Component. In making such determination, consideration has been given to the uses and purposes served by each such Component and the benefits therefrom that will accrue to the parties by reason of this Sublease and to the general public by reason of the City's use of each such Component.

Section 3.3. Budget. Subject to Section 3.1(g) above, the City hereby covenants to include all Minimum Required Rental Payments and Additional Rental due hereunder in each Fiscal Year in its annual budget and to make the necessary annual appropriations for all such Minimum Required Rental Payments and Additional Rental, and for all Minimum Supplemental Rental Payments, subject to Section 3.5. The covenants on the part of the City herein contained are deemed to be and construed to be ministerial duties imposed by law and by the Charter of the City and it is the ministerial duty of each and every public official of the City who bears direct or indirect responsibility for administering this Sublease to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the City to carry out and perform the covenants and agreements on the part of the City contained in this Sublease. The obligation of the City to pay Base Rental and Additional Rental does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. Notwithstanding anything to the contrary contained herein, neither the Commercial Paper Certificates nor the obligation of the City to pay Base Rental or Additional Rental constitutes an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restriction.

Section 3.4. Payment. The City will pay amounts necessary to pay Base Rental and Additional Rental on the dates set forth in Section 3.1 in lawful money of the United States of America, to the Delivery and Paying Agent, care of the Principal Office of the Trustee, or at such other place or places as may be established in accordance herewith or with the Trust Agreement. Except as provided in Section 3.1(g) or 3.5, any amount necessary to pay any Base Rental and Additional Rental which is not so deposited will remain due and payable until received by the Trustee. Notwithstanding any dispute between the City and the Trustee hereunder, the City will make all Rental Payments when due and may not withhold any payments of Base Rental and Additional Rental pending the final resolution of such dispute or for any other reason whatsoever. The City's obligation to pay Base Rental and Additional Rental in the amounts and on the terms and conditions specified hereunder will be absolute and unconditional without any right of set-off or counterclaim, and without abatement, subject only to the provisions of Section 3.5.

Section 3.5. Rental Abatement. Except to the extent of (a) available amounts held by the Delivery and Paying Agent in the Base Rental Account, the Payment Account or the Bank Reimbursement Account of the Delivery and Paying Agent Fund, (b) amounts, if any, received in respect of rental interruption insurance with respect to any Component, and (c) amounts, if any, otherwise legally available to the City for payments in respect of this Sublease or to the Delivery and Paying Agent for payments in respect of the Certificates, Base Rental due hereunder will be subject to abatement in accordance with this Section 3.5 during any period in which, by reason of material damage, destruction or condemnation of any Component, or defects in title to any Component, there is substantial interference with the use, occupancy or possession of any Component by the City. The amount of annual rental abatement will be such that the resulting Base Rental in respect of the Property in any Fiscal Year during which such interference continues, excluding any amounts described in clauses (a), (b) or (c) above, do not exceed the annual fair rental value of the Property with respect to which there has not been substantial interference, as evidenced by a certificate of a Authorized Representative. Such abatement will continue for the period commencing with the date of such damage, destruction, condemnation or discovery of such title defect and ending with the restoration of the affected Component to tenantable condition or correction of the title defect. In the event of any such damage, destruction, condemnation or title defect, this Sublease will continue in full force and effect, except as set forth in Sections 5.1 and 5.2.

Section 3.6. Triple Net Sublease. This Sublease is intended to be a triple net lease. The City agrees that the rentals provided for herein will be an absolute net return to the Trustee free and clear of any expenses, charges or set-offs whatsoever.

Section 3.7. Assignment and Sublease. Except as permitted by Section 3.8, the City will not, after the Closing Date, mortgage, pledge, assign or transfer any interest of the City in this Sublease by voluntary act or by operation of law, or otherwise. However, the City may, with the prior written consent of the Banks, which consent will not be unreasonably withheld, sublease all Property or any Component thereof, or may grant concessions to others involving the use of the Property or any Component, whether such concessions purport to convey a leasehold interest or a license to use such Property or Component, but only if such sublease or grant will be subject to the terms hereof and of the Trust Agreement. Subject to the limitations set forth herein, the City will at all times remain liable for the performance of the covenants and conditions on its part to be performed under this Sublease, notwithstanding any subletting or granting of concessions which may be made. Nothing herein contained will be construed to relieve the City of its obligation to pay Base Rental and Additional Rental with respect to each Component as provided in this Sublease or to relieve the City of any other obligations contained herein. In no event will the City sublease to or permit the use of all or any part of any Component by any person so as to cause interest with respect to the Tax-Exempt Commercial Paper Certificates to be includable in gross income for federal income tax purposes or to be subject to State personal income tax.

Section 3.8. Addition, Substitution or Release of Property. Notwithstanding Section 3.7, if no default or event of default has occurred and is continuing hereunder or under the Reimbursement Agreements, the City may acquire from the Trustee, free and clear of the Trustee's rights under this Sublease and the Site Lease, the release or substitution of any Component, subject to the requirements set forth in Section 7.02 of the Trust Agreement, or the City may add a component or other property to this Sublease and the Site Lease, subject to the requirements set forth in Section 7.02 of the Trust Agreement.

ARTICLE IV

MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 4.1. Replacement, Maintenance and Repairs. The City will, at its own expense, during the Sublease Term, maintain each Component or cause the same to be maintained, in good order, condition and repair and will repair or replace any Component which is destroyed or damaged to such an extent that there is substantial interference with the use and possession of such Component by the City which would result in an abatement of Base Rental or any portion thereof pursuant to Section 3.5, subject to the availability of sufficient insurance proceeds to pay for such repair or replacement. But, the City will not be required to repair or replace any Component pursuant to this Section 4.1 if insurance proceeds or other legally available funds are applied in an amount sufficient to pay and retire (i) all of the Certificates Outstanding and to pay amounts owing to the Banks under the Reimbursement Agreements, or (ii) any portion thereof such that the resulting Base Rental payable pursuant to Section 3.1 in any Fiscal Year following such partial repayment are sufficient to pay in such Fiscal Year the principal of and interest with respect to all Certificates to remain Outstanding and all obligations under the Reimbursement Agreements, to the extent it is due and payable in such Fiscal Year, immediately after such partial repayment.

The City will provide or cause to be provided all security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of each Component. It is understood and agreed that in consideration of the payment by the City of the Base Rental herein provided for, the City is entitled to possession of each Component and the Trustee will have no obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of such Component during the Sublease Term with respect to such Component. The Trustee will not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever in or to any Component. The City hereby expressly waives the right to make repairs or to perform maintenance of any Component at the expense of the Trustee and (to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the California Civil Code relating thereto. The City will keep each Component free and clear of all liens, charges and encumbrances other than those existing on or prior to the Closing Date or on or prior to the date any property is substituted for any Component pursuant to Section 3.8 and included in the exceptions and exclusions set forth in the title policies delivered pursuant to Section 4.3 and Permitted Encumbrances, and any liens of mechanics, materialmen, suppliers, vendors or other persons or entities for work or services performed or materials furnished in connection with such Component which are not due and payable or the amount, validity or application of which is being contested in accordance with Section 4.4, subject only to the provisions of Section 4.2.

Section 4.2. Taxes, Other Governmental Charges and Utility Charges. The City contemplates that the Property will be used for a governmental purpose of the City and, therefore, that the Property will be exempt from all taxes presently assessed and levied with respect to the Property. The City will pay during the Sublease Term with respect to each Component as the same respectively become due, all taxes (except for income or franchise taxes, if any, of the Trustee), utility charges and governmental charges of any kind whatsoever, if any, that may at any time be lawfully assessed or levied against or with respect to each such Component. Notwithstanding the foregoing, with respect to any governmental charges that may lawfully be paid in installments over a period of years, (a) the City will be obligated to pay only

such installments as are accrued during such time as this Sublease is in effect with respect to such Component, and (b) the City may contest in good faith the validity or application of any tax, utility charge or governmental charge in any reasonable manner which does not adversely affect the right, title and interest of the Trustee in and to any Component or its rights or interests under this Sublease or subject any portion of any Component to loss or forfeiture. Any such taxes or charges will constitute Additional Rental under Section 3.1(h) and will be payable directly to the entity assessing such taxes or charges.

Section 4.3. Insurance.

(a) The City will maintain or cause to be maintained at all times throughout the Sublease Term:

(1) Comprehensive general liability insurance against damages occasioned by reason of the construction of improvements to, or operation of, the Property. The policy or policies will provide coverage in the following minimum amount: \$5,000,000 combined single limit for bodily and personal injury, death and property damage per occurrence. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the City. Such policies will name the City as an insured party, and will name the Trustee and the Banks and their officers, agents and employees as additional insured parties.

(2) All risk property insurance on all structures, facilities and improvements constituting any part of the Property in an amount at least equal to the aggregate Outstanding principal amount of Certificates and all obligations outstanding under the Reimbursement Agreements, but in no event less than the replacement cost of such structures, facilities and improvements. The insurance will, as nearly as practicable, cover loss or damage by fire, lightning, explosion, windstorm, hail, riot, civil commotion, vandalism, malicious mischief, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance.

(3) To the extent commercially available, earthquake insurance in an amount equal to the lesser of (i) the aggregate Outstanding principal amount of the Certificates or (ii) the replacement cost of the Property; provided that no such earthquake insurance will be required if the Risk Manager files a written recommendation annually with the Trustee that such insurance is not obtainable in reasonable amounts at reasonable costs on the open market from reputable insurance companies.

(4) Rental interruption insurance with the Trustee and the Banks as named additional insureds, as their interests may appear, in an amount not less than the aggregate amount payable by the City pursuant to this Sublease for a period of at least 24 months (such amount to be determined based on the Maximum Principal Amount of Certificates available as of the Closing Date plus interest at the Maximum Interest Rate), to insure against loss of rental income from the Property caused by perils covered by the insurance required by clauses (2) and (3) above.

(5) Boiler and machinery insurance, comprehensive form, insuring against accidents to pressure vessels and mechanical and electrical equipment, with a property damage limit not less than \$5,000,000 per accident.

All policies of insurance required under clauses (2), (3), (4) and (5) above will name the City as the insured party, and the Trustee and the Banks as additional insured parties and will provide that all proceeds thereunder will be payable to the Trustee pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Risk Manager, and all amounts so paid to the Trustee will be applied as provided in the Trust Agreement. All policies of insurance required in this Section 4.3 may provide for a deductible amount which is commercially reasonable (as determined by the Risk Manager).

(b) All policies of insurance required by this Sublease will be in a form or forms certified by the Risk Manager (as provided below) to be in compliance with the requirements of this Sublease. The City will pay when due the premiums for all insurance policies required by this Sublease. All insurance under this Sublease is primary to any other insurance available to the City, and applies separately to each insured against whom claim is made or suit is brought and must provide that the Trustee and the Banks will be given 30 days' notice of cancellation (10 days if for nonpayment of premium) or intended non-renewal. All insurance required to be maintained pursuant to this Sublease may be maintained either separately or as a part of any insurance carried by the City, but if maintained as part of other insurance carried by the City, must specifically identify the Property as being covered by such insurance, the amount of coverage applicable to the Property, and the amount of the deductible applicable to the Property. All insurance must be provided by a commercial insurer rated "A-, VIII" or higher by A.M. Best Company.

The City will certify in writing to the Trustee and the Banks by no later than May 15 of each year commencing May 15, 2014, that there is in effect the insurance or self-insurance required by this Section 4.3. The Risk Manager will also, at that time, file the written recommendation required by Section 4.3(a)(3) if no earthquake insurance has been obtained by the City, and will also certify that the insurance the City has obtained pursuant to this Sublease is in a form or forms which are in compliance with the requirements of this Sublease.

(c) Notwithstanding anything herein to the contrary, the City has the right to adopt alternative risk management programs to insure against any of the risks required to be insured against under this Sublease, including a program of self-insurance (other than rental interruption insurance pursuant to clause (4) of subsection (a) and title insurance pursuant to subsection (d)), in whole or in part; provided that (i) any such alternative risk management program has been approved as reasonable and appropriate risk management by the Risk Manager, and (ii) any reserves set aside for such program will be certified at least annually on each May 15, commencing May 15, 2014, as to their adequacy by the Risk Manager in a certificate delivered to the Trustee and the Banks. In addition, any of the Mayor, Controller, Director of Property or Director of Public Finance of the City may, if in the best interests of the City, approve such other types of insurance, including any increases in the insurance coverage required by this Sublease, upon the recommendation of the Risk Manager, or in connection with obtaining or maintaining any rating on the Certificates. The Trustee will not be responsible for the adequacy, sufficiency or coverage of the insurance or self-insurance required or allowed by this Section 4.3.

(d) The City will deliver to the Trustee, on the date of execution and delivery of the Certificates, evidence of the commitment of a title insurance company to issue a CLTA or ALTA

policy of title insurance, in an amount at least equal to the amount available to be drawn under the Credit Facilities under the Reimbursement Agreements, showing fee title of the Property in the name of the City and a leasehold interest in the Property in the name of the Trustee, and naming the insured parties as the City, the Banks and the Trustee, for the benefit of the Holders of the Certificates and the Banks.

Section 4.4. Liens; Permitted Encumbrances. The City will promptly pay or cause to be paid all sums of money that may become due for any labor, services, materials, supplies or equipment alleged to have been furnished or to be furnished to or for, in, upon or about any Component and which may be secured by any mechanic's, materialman's or other lien against such Component, or the interest of the Trustee therein, and will cause each such lien to be fully discharged and released; except, that the City or the Trustee (a) may contest any such claim or lien without payment thereof so long as such non-payment and contest stays execution or enforcement of the lien, but if such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the City will forthwith pay and discharge such judgment or lien, or (b) delay payment without contest so long as and to the extent that such delay will not result in the imposition of any penalty or forfeiture. Additionally, the Trustee and the City will not create or suffer to be created any lien, charge or encumbrance upon the Property, or upon any real or personal property essential to the operation of the Property, except Permitted Encumbrances. The Trustee and the City will not sell or otherwise dispose of the Property or any other property essential to the proper operation of the Property.

Section 4.5. Laws and Ordinances. The City will observe and comply with all rules, regulations and laws applicable to the City with respect to the Property and the operation thereof. The cost, if any, of such observance and compliance will be borne by the City, and the Trustee will not be liable therefor. The City agrees further to place, keep, use, maintain and operate all Property in such a manner and condition as will provide for the safety of its agents, employees, invitees, subtenants, licensees and the public.

Section 4.6. Additions and Improvements; Removal. The City has the right during the Sublease Term to make any additions or improvements to any Component, to attach fixtures, structures or signs, and to affix any personal property to any Component, so long as the fair rental value of the Component is not thereby reduced. Title to all fixtures, equipment or personal property affixed by the City on any Component will remain in the City. Title to any personal property, improvements or fixtures affixed on any Component by any sublessee or licensee of the City will be controlled by the sublease or license agreement between such sublessee or licensee and the City, which sublease or license agreement will not be inconsistent with this Sublease.

ARTICLE V

USE OF NET PROCEEDS; EMINENT DOMAIN

Section 5.1. Application of Insurance Proceeds.

(a) **General.** The City will transfer proceeds of insurance received in respect of destruction of or damage to any portion of any Component by fire, earthquake or other casualty or event to the Trustee for application in accordance with the provisions of Section 3.10 of the Trust Agreement. If there is an abatement of Base Rental due pursuant to Section 3.5 as a result of such casualty or event, and the City elects pursuant to Section 3.10 of the Trust Agreement to apply such insurance to the payment and retirement of Certificates rather than to the replacement or repair of the destroyed or damaged Component, then this Sublease will terminate with respect to the destroyed or damaged Component as of the later of the date of such election by the City or the date the amount required by Section 3.10 of the Trust Agreement is received by the Trustee. If the City elects, pursuant to Section 3.10 of the Trust Agreement to apply such proceeds to the repair or replacement of the portion of any Component which has been damaged or destroyed, in the event there has been an abatement of Base Rental pursuant to Section 3.5, then Base Rental without any abatement will again begin to accrue with respect thereto upon repair or replacement of such portion of such Component.

(b) **Title Insurance.** The City will transfer proceeds of title insurance received with respect to any Component to the Trustee for application in accordance with the provisions of Section 3.11 of the Trust Agreement.

Section 5.2. Eminent Domain.

(a) **Total Condemnation.** If any Component, or so much thereof as to render the remainder of such Component unusable for the City's purposes under this Sublease, is taken under the power of eminent domain, then this Sublease will terminate with respect to such Component as of the day possession is so taken or as of the date of entry of the interlocutory judgment.

(b) **Partial Condemnation.** If less than a substantial portion of any Component is taken under the power of eminent domain, and the remainder is useable for the City's purposes, then this Sublease will continue in full force and effect as to the remaining portions of such Component, subject only to such rental abatement as is required by Section 3.5. The City and the Trustee hereby waive the benefit of any law to the contrary. The City will transfer any award made in eminent domain proceedings for the taking to the Trustee for application in accordance with the provisions of Section 3.10 of the Trust Agreement. If the City elects, pursuant to Section 3.10 of the Trust Agreement, to apply such proceeds to the replacement of the condemned portion of any Component, in the event there has been an abatement of Base Rental pursuant to Section 3.5, then Base Rental without any abatement will again begin to accrue with respect thereto upon replacement of the Component.

ARTICLE VI

OTHER COVENANTS

Section 6.1. Right of Entry. Representatives of the Trustee and the Banks will, subject to reasonable security precautions, have the right to enter upon any Component during reasonable business hours (and in emergencies and upon the occurrence and continuance of any Event of Default at all times) (a) to inspect the same, (b) for any purpose connected with the rights or obligations of the Trustee under this Sublease or under the Trust Agreement or the Banks under the Reimbursement Agreements, or (c) for all other lawful purposes.

Section 6.2. Quiet Enjoyment. The Trustee covenants and agrees that the City, upon keeping and performing the covenants and agreements herein contained, will, at all times during the Sublease Term, peaceably and quietly have, hold, and enjoy the Property.

Section 6.3. Indemnification. To the extent permitted by law, the City will indemnify the Trustee and its officers and directors from and against any and all costs, claims, expenses or liabilities which might arise out of or are related to this Sublease, the Site Lease, the Property and the Certificates, including without limitation obligations to the Banks, and the City will further defend the Trustee and its directors in any action arising out of or related to the Property and the Certificates.

Section 6.4. Performance of Trustee's Duties and Responsibilities. The City and the Trustee agree that any and all administrative or ministerial actions or determinations that the Trustee is required to do or make pursuant to this Sublease, the Trust Agreement, the Site Lease, the Dealer Agreement, the Reimbursement Agreements, the Credit Facilities or any other related agreement may be performed by the City on behalf of the Trustee, provided the Trustee shall not be liable for any actions performed or not performed by the City on behalf of the Trustee.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.1. Events of Default. The following are "Events of Default" under this Sublease and the terms "Events of Default" and "default" mean, whenever they are used in this Sublease, any one or more of the following events:

(a) Failure by the City to pay to the Trustee any Base Rental payment with respect to any Component as and when the same becomes due and payable

(b) Failure by the City to pay any Additional Rental payment under Section 3.1(h) for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Trustee or to the City and the Trustee by the Holders of not less than a majority in aggregate principal amount of Commercial Paper Certificates then Outstanding or if the failure stated in the notice cannot be corrected within such 30-day period, then the City fails to institute corrective action within such 30-day period and diligently pursue the same to completion.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Sublease, the Trust Agreement, or the Site Lease, other than such failure as may constitute an Event of Default under clause (a) or (b) of this Section 7.1, for a period of 60 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Trustee or to the City and the Trustee by the Holders of not less than a majority in aggregate principal amount of Commercial Paper Certificates then Outstanding or if the failure stated in the notice cannot be corrected within such 60-day period, then the City fails to institute corrective action within such 60-day period and diligently pursue the same to completion.

(d) The City (i) voluntarily commences any proceeding or file any petition seeking relief under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law, (ii) consents to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) applies for or consent to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property, (iv) files an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) makes a general assignment for the benefit of creditors, (vi) admits in writing its inability generally to pay its debts as they become due or (vii) takes action for the purpose of effecting any of the foregoing.

(e) An involuntary proceeding is commenced or an involuntary petition is filed in a court of competent jurisdiction seeking (i) relief in respect of the City, or of a substantial part of its property, under the United States Bankruptcy Code or any other Federal, state or foreign bankruptcy, insolvency or similar law or (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for the City or for a substantial part of its property, and such proceeding or petition continues undismissed for 60 days or an order or decree approving or ordering any of the foregoing continues unstayed and in effect for 30 days.

(f) The Trustee receives written notice from either Bank of the occurrence of an event of default under a Reimbursement Agreement.

Section 7.2. Remedies on Default. Subject to Section 7.3, the Trustee has the right, at its option, without any further demand or notice, to pursue the following rights and remedies:

(a) Except as set forth in subsection (c) below, the Trustee may reenter any Component and eject all parties in possession therefrom and, without terminating this Sublease, relet the Component as the agent and for the account of the City upon such terms and conditions as the Trustee may deem advisable, in which event the rents received on such reletting will be applied first to the expenses of reletting and collection, including expenses for repair or restoration of the Component to its original condition (taking into account normal wear and tear), reasonable attorneys' fees and any real estate commissions actually paid, and second to Base Rental with respect to such Component in accordance with this Sublease and the Trust Agreement and third to Additional Rental with respect to such Component in accordance with this Sublease. If a sufficient amount is not realized to pay such sums and other charges then the City will pay to the Trustee any net deficiency existing on the date when the Base Rental or Additional Rental with respect to such Component is due hereunder. Any such reentry and reletting may be done only with the consent of the City, which consent is hereby irrevocably given.

(b) In lieu of the above, so long as the Trustee does not terminate this Sublease or the City's possession of any Component, the Trustee may enforce all of its rights and remedies under this Sublease, including the right to recover Base Rental payments as they become due under this Sublease pursuant to section 1951.4 of the California Civil Code and to otherwise enforce performance by the City, and to pursue any remedy available in law or in equity, except as expressly provided herein.

Any reentry under this Section 7.2 will be allowed by the City without hindrance, and the Trustee will not be liable in damages for any reentry or be guilty of trespass. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBLEASE OR THE TRUST AGREEMENT, IN NO EVENT WILL THE TRUSTEE HAVE THE RIGHT TO ACCELERATE THE PAYMENT OF ANY BASE RENTAL WITH RESPECT TO THE PROPERTY HEREUNDER.

Each and every remedy of the Trustee hereunder is cumulative and the exercise of one remedy will not impair the right of the Trustee to any or all other remedies. If any statute or rule validly limits the remedies given to the Trustee hereunder, the Trustee nevertheless will be entitled to whatever remedies are allowable under any statute or rule of law.

The Trustee will apply all damages and other payments received by the Trustee pursuant to this Section 7.2 in the manner set forth in Section 3.12 of the Trust Agreement.

(c) With respect to the Fire Station Components, the remedies set forth in subparagraph (a) above are not applicable, and the Trustee may proceed solely under subparagraph (b).

Section 7.3. Rights of Banks upon Default. In furtherance of the foregoing, the City and the Trustee agree that: (i) the City will simultaneously mail to each Bank a copy of any notice given by the City to the Trustee; (ii) prior to taking any action by the Trustee or its assignee upon a default by the City in the performance of any obligation under the terms of this

Sublease, the Trustee will provide written notice thereof to each Bank and thereupon the Banks will have the right, but not the obligation, to cure any such default. In that connection, the Trustee will not take action to effect a termination of this Sublease or to re-enter or take possession of the Property or any Component as a consequence of such default except upon the prior written direction of the Banks. Furthermore, if this Sublease is rejected or disaffirmed pursuant to any bankruptcy law or other law affecting creditors' rights or if this Sublease is terminated for any other reason whatsoever, the City will use its best efforts to enter into a new lease of the Property at the request of the Banks for the remainder of the term of this Sublease, effective as of the date of such rejection or disaffirmance or termination. So long as the Credit Facilities are in effect or any obligations payable by the City to the Banks under the Reimbursement Agreements remain unsatisfied, (i) neither the City nor the Trustee will accept a voluntary surrender of this Sublease and (ii) this Sublease will not be amended, supplemented or modified in any material respect without, in each case, the prior written consent of the Banks. Anything herein to the contrary notwithstanding, in the event a Bank has failed to honor a properly presented and conforming drawing under its Credit Facility, such Bank will be excluded from the term "Banks" for purposes of determining any required consent or written direction of the Banks as provided for in this Section 7.3.

Section 7.4. Waiver. The waiver by the Trustee of any breach by the City, and the waiver by the City of any breach by the Trustee of any term, covenant or condition hereof will not operate as a waiver of any subsequent breach of the same or any other term, covenant or condition hereof.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES OF THE CITY

Section 8.1. Representations and Warranties of the City. The City represents and warrants that, as of the Closing Date:

(a) Existence. The City is validly existing as a charter city and county, duly organized and created and validly existing under the Constitution of the State, with full right and power to execute, deliver and perform its obligations hereunder and under the Related Documents (as defined in the Reimbursement Agreements) to which it is a party.

(b) Authorization; Contravention. The execution, delivery and performance by the City of this Sublease and the Related Documents to which it is a party are within the City's powers, have been duly authorized by all necessary action, require no action by or in respect of, or filing with, any governmental body, agency or official applicable to the City and do not violate or contravene, or constitute a default under, any provision of applicable law, charter, ordinance or regulation or of any material agreement, judgment, injunction, order, decree or material instrument binding upon the City or result in the creation or imposition of any lien or encumbrance on any asset of the City (other than pursuant to such enumerated documents).

(c) Binding Effect. Assuming due authorization, execution and delivery by each of the other parties hereto and thereto, this Sublease and each Related Document to which the City is a party, constitutes the legal, valid and binding obligation of the City enforceable against the City in accordance with its respective terms, subject, as to enforceability, to applicable bankruptcy, moratorium, insolvency or similar laws affecting the rights of creditors generally and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) No Default. The City is not, in any material respect, in violation of any applicable law or administrative regulation of the State or of the United States, relating, in each case, to the issuance or delivery of debt securities by it, or any applicable judgment, decree, loan agreement, note, resolution, ordinance or other material agreement to which it is a party or is otherwise subject, which violation would materially adversely affect the City's ability to perform its obligations under this Sublease. Late delivery of financial statements or other reporting documentation will not be deemed material for purposes of this subsection.

(e) Litigation. Except as previously disclosed in writing to the Banks, there is no action, suit or proceeding pending with service of process accomplished, against, or to the knowledge of the City threatened against or affecting, the City before any court or arbitrator or any governmental body, agency or official in which there is a reasonable possibility of an adverse decision which could materially adversely affect the City's ability to perform its obligations under this Sublease or which in any manner draws into question the validity or enforceability of this Sublease or any Related Document to which the City is a party.

(f) No Sovereign Immunity. The City is subject to civil and commercial law in respect of its obligations under this Sublease, and the Related Documents to which it is a party, and the execution, delivery and performance of such instruments and agreements constitute commercial acts rather than public or governmental acts; however, (i) the substantive provisions and procedural requirements of California civil law and commercial law which apply to the City are, in many respects, different from the substantive provisions and procedural requirements

which would apply to other Persons under similar circumstances; (ii) California law limits the exercise of prejudgment and postjudgment remedies against public entities, including the City; and (iii) a court may not strictly enforce certain covenants if it concludes that enforcement would be unreasonable under the circumstances. To the extent that the City is entitled to any immunity from suit, it hereby waives such immunity to the fullest extent permitted by law.

(g) Incorporation of Representations and Warranties by Reference. The City hereby makes to the Banks the same representations and warranties made by the City as are set forth in the Related Documents, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated by reference with the same effect as if fully set forth herein.

(h) Legislation. To the best knowledge of the City, no legislation has been enacted which would materially adversely affect or prohibit (i) the execution and delivery of this Sublease or the Related Documents to which the City is a party, or (ii) the performance by the City of its obligations under this Sublease or the Related Documents to which the City is a party.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Disclaimer of Warranties. NEITHER THE TRUSTEE NOR ANY PERSON ACTING ON ITS BEHALF HAS MADE OR MAKES ANY WARRANTY OR REPRESENTATION AS TO THE PAST, PRESENT OR FUTURE CONDITION OF THE PROPERTY NOT HEREIN EXPRESSED, AND THE CITY HAS ENTERED INTO THIS SUBLEASE WITHOUT REPRESENTATIONS OR WARRANTIES WITH RESPECT THERETO ON THE PART OF THE TRUSTEE, ITS AGENTS, REPRESENTATIVES OR EMPLOYEES.

Section 9.2. Notices. Except as otherwise specifically provided in this Sublease, all notices, requests, demands and other communications under this Sublease will be in writing (unless otherwise specified herein) and will be sufficiently given on the date of service if served personally upon the person to whom notice is to be given or on receipt if sent by telex or other telecommunication facility or courier or if mailed by registered or certified mail, return receipt requested, postage prepaid, and properly addressed as follows:

If to the City: City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place,
Room 316
San Francisco, California 94102
Attention: City Controller

If to the Trustee: U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111
Attention: Corporate Trust Services
Facsimile: (415) 273-4591

If to the Delivery and Paying Agent:

U.S. Bank National Association
Corporate Trust Services
100 Wall Street, Suite 1600
New York, New York 10005
Facsimile: (212) 514-6841

If to the Bank: State Street Bank and Trust Company
[to come]

or to such other address or addresses as any such person has designated to the others by notice given in accordance with the provisions of this Section 9.2.

Section 9.3. Validity. If any one or more of the terms, provisions, promises, covenants or conditions of this Sublease will to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Sublease will not be affected thereby and will be valid and enforceable to the fullest extent permitted by law.

If for any reason this Sublease will be held by a court of competent jurisdiction to be void, voidable or unenforceable by the Trustee or by the City, or if for any reason it is held by such a court that any of the covenants and agreements of the City hereunder, including the covenant to pay Base Rental and Additional Rental hereunder, is unenforceable for the full term hereof, then and in such event for and in consideration of the right of the City to possess, occupy and use the Property, which right in such event is hereby granted, this Sublease will thereupon become and will be deemed to be a sublease from year to year under which the annual Base Rental payments and Additional Rental payments herein specified will be paid by the City.

Section 9.4. Execution in Counterparts. This Sublease may be executed in several counterparts, each of which is deemed to be an original, and all of which together constitute but one and the same agreement.

Section 9.5. Law Governing; Venue. The formation, interpretation and performance of this Sublease is governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Sublease is in San Francisco.

Section 9.6. Amendment. This Sublease may be amended only in accordance with and as permitted by the terms of Section 7.02 of the Trust Agreement.

Section 9.7. Excess Payments. Notwithstanding anything contained herein or in the Trust Agreement to the contrary, if for any reason, including but not limited to damage, destruction, condemnation, transfer, sale or disposition, the City or the Trustee receive payments, proceeds or awards with respect to any Component in excess of the amount necessary to pay or prepay or provide in accordance with the Trust Agreement for the payment or redemption of all of the Outstanding Certificates and all amounts payable to the Banks under the Reimbursement Agreements, such excess will represent the City's equity interest in such Component and will all be paid to the City.

Section 9.8. No Merger. If both the Trustee's and the City's estate under this Sublease or the Site Lease or any other lease relating to any Component at any time by any time by any reason become vested in one owner, this Component and the estate created hereby will not be destroyed or terminated by the doctrine of merger unless the City so elects as evidenced by recording a written declaration so stating, and, unless and until the City so elects, the City will continue to have and enjoy all of its rights and privileges as to the separate estates.

Section 9.9. Further Assurances and Corrective Instruments. The City and the Trustee agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property or any Component leased hereby or intended to be so leased or for carrying out the express intention of the Sublease.

Section 9.10. Refinancing of Trustee Obligations. In the event that any Advance or any other amount under the Revolving Bank Certificates is not paid by the Trustee when due under the Reimbursement Agreements, the City will use its best efforts to issue long-term bonds or certificates of participation or other obligations in an aggregate principal amount, or to substitute the applicable Credit Facility or Facilities with credit facilities of one or more Alternate Banks, in each case so as to obtain funds sufficient in amount to pay the same in full.

Section 9.11. Third Party Beneficiaries. Each Bank is a third party beneficiary of this Sublease with the power to enforce the same until the later of (i) the date the applicable Credit Facility has terminated and been surrendered to the applicable Bank for cancellation and (ii) the date all amounts payable under the applicable Reimbursement Agreement and Revolving Bank Certificate have been satisfied in full.

Section 9.12. Limited Liability of Trustee. The Trustee is executing this Sublease solely in its capacity as Trustee under the Trust Agreement, subject to the protections, indemnities and limitations from liability afforded to the Trustee under the Trust Agreement, (ii) nothing contained herein will be construed as creating any liability on U.S. Bank National Association ("U.S. Bank") individually or personally, to perform any covenant, duty or obligation of any kind contained in this Sublease, and (iii) under no circumstances will U.S. Bank be liable for the payment of any fees, costs, indebtedness or expenses related to or arising from the Sublease or any documents related hereto.

ARTICLE X

CITY REQUIREMENTS

Section 10.1. Local Business Enterprise Utilization; Liquidated Damages.

(a) **The LBE Ordinance.** The Trustee will comply with all the requirements of the Disadvantaged Business Enterprise Ordinance set forth in Chapter 14B of the San Francisco Administrative Code as it now exists or as it may be amended in the future (collectively the “**LBE Ordinance**”), provided such amendments do not materially increase the Trustee's obligations or liabilities, or materially diminish the Trustee's rights, under this Sublease. Such provisions of the LBE Ordinance are incorporated by reference and made a part of this Sublease as though fully set forth in this section. The Trustee's willful failure to comply with any applicable provision of the LBE Ordinance is a material breach of the Trustee's obligations under this Sublease and will entitle City, subject to any applicable notice and cure provisions set forth in this Sublease, to exercise any of the remedies provided for under this Sublease, under the LBE Ordinance or otherwise available at law or in equity, which remedies will be cumulative unless this Sublease expressly provides that any remedy is exclusive. In addition, the Trustee will comply fully with all other applicable local, state and federal laws prohibiting discrimination and requiring equal opportunity in contracting, including subcontracting.

(b) **Compliance and Enforcement.** If the Trustee willfully fails to comply with any of the provisions of the LBE Ordinance, the rules and regulations implementing the LBE Ordinance, or the provisions of this Sublease pertaining to LBE participation, The Trustee will be liable for liquidated damages in an amount equal to The Trustee's net profit on this Sublease, or 10% of the total amount of this Sublease, or \$1,000, whichever is greatest. The Director of the City's Human Rights Commission or any other public official authorized to enforce the LBE Ordinance (separately and collectively, the “**Director of HRC**”) may also impose other sanctions against the Trustee authorized in the LBE Ordinance, including declaring the Trustee to be irresponsible and ineligible to contract with the City for a period of up to five years or revocation of the Trustee's DBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to Administrative Code §14B.17.

By entering into this Sublease, the Trustee acknowledges and agrees that any liquidated damages assessed by the Director of the HRC will be payable to City upon demand. The Trustee further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to the Trustee on any contract with City.

The Trustee will maintain records necessary for monitoring its compliance with the LBE Ordinance for a period of three years following termination or expiration of this Sublease, and will make such records available for audit and inspection by the Director of HRC or the Controller upon request.

Section 10.2. Nondiscrimination; Penalties.

(a) **Trustee Will Not Discriminate.** In the performance of this Sublease, the Trustee agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or

organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

(b) Subcontracts. The Trustee will incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and will require all subcontractors to comply with such provisions. The Trustee's failure to comply with the obligations in this subsection will constitute a material breach of this Sublease.

(c) Nondiscrimination in Benefits. The Trustee does not as of the date of this Sublease and will not during the term of this Sublease, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

(d) Condition to Contract. As a condition to this Sublease, the Trustee will execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Sublease as though fully set forth herein. The Trustee will comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, the Trustee understands that pursuant to §12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against the Trustee and/or deducted from any payments due the Trustee.

Section 10.3. MacBride Principles—Northern Ireland. Pursuant to San Francisco Administrative Code §12F.5, the City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this Sublease on behalf of the Trustee acknowledges and agrees that he or she has read and understood this section.

Section 10.4. Tropical Hardwood and Virgin Redwood Ban. Pursuant to §804(b) of the San Francisco Environment Code, the City urges contractors not to import, purchase,

obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

Section 10.5. Drug-Free Workplace Policy. The Trustee acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. The Trustee agrees that any violation of this prohibition by the Trustee, its employees, agents or assigns will be deemed a material breach of this Sublease.

Section 10.6. Compliance with Americans with Disabilities Act. The Trustee acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. The Trustee will provide the services specified in this Sublease in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. The Trustee agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Sublease and further agrees that any violation of this prohibition on the part of the Trustee, its employees, agents or assigns will constitute a material breach of this Sublease.

Section 10.7. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between the City and persons or firms seeking contracts, will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

Section 10.8. Limitations on Contributions. Through execution of this Sublease, the Trustee acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The Trustee acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. The Trustee further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of the Trustee's board of directors; the Trustee's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in the Trustee; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by the Trustee. Additionally, the Trustee acknowledges that the Trustee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

Section 10.9. Requiring Minimum Compensation for Covered Employees.

(a) The Trustee will comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the MCO is available on the web at <http://www.sfgov.org/olse/mco>. A partial listing of some of the Trustee's obligations under the MCO is set forth in this Section. The Trustee is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

(b) The MCO requires the Trustee to pay the Trustee's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and the Trustee is obligated to keep informed of the then-current requirements. Any subcontract entered into by the Trustee will require the subcontractor to comply with the requirements of the MCO and will contain contractual obligations substantially the same as those set forth in this Section. It is the Trustee's obligation to ensure that any subcontractors of any tier under this Sublease comply with the requirements of the MCO. If any subcontractor under this Sublease fails to comply, City may pursue any of the remedies set forth in this Section against the Trustee.

(c) The Trustee will not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

(d) The Trustee will maintain employee and payroll records as required by the MCO. If the Trustee fails to do so, it will be presumed that the Trustee paid no more than the minimum wage required under State law.

(e) The City is authorized to inspect the Trustee's job sites and conduct interviews with employees and conduct audits of the Trustee.

(f) The Trustee's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Sublease. The City in its sole discretion will determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Trustee fails to comply with these requirements. The Trustee agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for the Trustee's noncompliance. The procedures governing the assessment of liquidated damages will be those set forth in Section 12P.6.2 of Chapter 12P.

(g) The Trustee understands and agrees that if it fails to comply with the requirements of the MCO, the City will have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Sublease for violating the MCO, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City will have the right to pursue any rights or remedies available under applicable law, including those set forth in

Section 12P.6(c) of Chapter 12P. Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to the City.

(h) The Trustee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(i) The City may conduct random audits of the Trustee. Random audits will be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of the Trustee every two years for the duration of this Sublease. Nothing in this Sublease is intended to preclude the City from investigating any report of an alleged violation of the MCO.

Section 10.10. Requiring Health Benefits for Covered Employees. Unless exempt, the Trustee will comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/oca/lwlh.htm>. Capitalized terms used in this Section and not defined in this Sublease will have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, the Trustee will provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If the Trustee chooses to offer the health plan option, such health plan will meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Trustee is a small business as defined in Section 12Q.3(d) of the HCAO, it will have no obligation to comply with part (a) above.

(c) The Trustee's failure to comply with the HCAO will constitute a material breach of this Sublease. City will notify the Trustee if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Sublease for violating the HCAO, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, the Trustee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City will have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to City.

(d) Any Subcontract entered into by the Trustee will require the Subcontractor to comply with the requirements of the HCAO and will contain contractual obligations substantially the same as those set forth in this Section. The Trustee will notify City's Office of Contract Administration when it enters into such a Subcontract and will certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. The Trustee will be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against the Trustee based on the

Subcontractor's failure to comply, provided that City has first provided the Trustee with notice and an opportunity to obtain a cure of the violation.

(e) The Trustee will not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to the Trustee's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) The Trustee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) The Trustee will maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

(h) The Trustee will keep itself informed of the current requirements of the HCAO.

(i) The Trustee will provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(j) The Trustee will provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

(k) The Trustee will allow City to inspect the Trustee's job sites and have access to the Trustee's employees in order to monitor and determine compliance with HCAO.

(l) The City may conduct random audits of the Trustee to ascertain its compliance with HCAO. The Trustee will cooperate with City when it conducts such audits.

(m) If the Trustee is exempt from the HCAO when this Sublease is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but the Trustee later enters into an agreement or agreements that cause the Trustee's aggregate amount of all agreements with City to reach \$75,000, all the agreements will be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Trustee and the City to be equal to or greater than \$75,000 in the fiscal year.

Section 10.11. Prohibition on Political Activity with City Funds. In accordance with San Francisco Administrative Code Chapter 12.G, the Trustee may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "**Political Activity**") in the performance of the services provided under this Sublease. The Trustee will comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event the Trustee

violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Sublease, and (ii) prohibit the Trustee from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider the Trustee's use of profit as a violation of this section.

Section 10.12. Conflict of Interest. Through its execution of this Sublease, the Trustee acknowledges that it is familiar with the provisions of section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provision and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Sublease.

Section 10.13. Earned Income Credit (EIC) Forms. Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

(a) The Trustee will provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Sublease becomes effective (unless the Trustee has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by the Trustee; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Sublease.

(b) Failure to comply with any requirement contained in subparagraph (a) of this Section will constitute a material breach by the Trustee of the terms of this Sublease. If, within thirty days after the Trustee receives written notice of such a breach, the Trustee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, the Trustee fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Sublease or under applicable law.

(c) Any Subcontract entered into by the Trustee will require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

(d) Capitalized terms used in this Section and not defined in this Sublease will have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

Section 10.14. Preservative-treated Wood Containing Arsenic. The Trustee may not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" will mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. The Trustee may purchase preservative-treated wood products on the list of environmentally preferable alternatives

prepared and adopted by the Department of the Environment. This provision does not preclude the Trustee from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" will mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

Section 10.15. Nondisclosure of Private Information. The Trustee has read and will the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. The Trustee agrees that any failure of the Trustee to comply with the requirements of Section 12M.2 of this Chapter will be a material breach of this Sublease. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate this Sublease, bring a false claim action against the Trustee pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Trustee.

Section 10.16. Proprietary or Confidential Information of City. The Trustee understands and agrees that, in the performance of the work or services under this Sublease or in contemplation thereof, the Trustee may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. The Trustee agrees that all information disclosed by City to the Trustee will be held in confidence and used only in performance of the Sublease. The Trustee will exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

Section 10.17. Compliance with Laws. The Trustee will keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Sublease, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

Section 10.18. Works for Hire. If, in connection with services performed under this Sublease, the Trustee or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship will be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by the Trustee or its subcontractors under this Sublease are not works for hire under U.S. law, the Trustee hereby assigns all copyrights to such works to the City, and will provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, the Trustee may retain and use copies of such works for reference and as documentation of its experience and capabilities.

Section 10.19. Resource Conservation. Chapter 5 of the San Francisco Environment Code ("**Resource Conservation**") is incorporated herein by reference. Failure by the Trustee to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

Section 10.20. Guaranteed Maximum Costs.

(a) The City's obligation hereunder will not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

(b) Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Trustee for, commodities or services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

(c) Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

(d) The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

Section 10.21. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim will be liable to the City for three times the amount of damages which the City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim will also be liable to the City for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the City for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

Section 10.22. Ownership of Results. Any interest of the Trustee or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by the Trustee or its subcontractors in connection with services to be performed under this Sublease, shall become the property of and will be transmitted to City. However, the Trustee may retain and use copies for reference and as documentation of its experience and capabilities.

Section 10.23. Audit and Inspection of Records. The Trustee will maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Sublease. The Trustee will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Sublease, whether funded in whole or in part under this Sublease. The Trustee shall maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Sublease or until after final audit has been

resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Sublease shall have the same rights conferred upon City by this Section.

Section 10.24. Subcontracting. The Trustee is prohibited from subcontracting this Sublease or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Sublease, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

Section 10.25. Assignment. The services to be performed by Trustee are personal in character and neither this Sublease nor any duties or obligations hereunder may be assigned or delegated by the Trustee unless first approved by City by written instrument executed and approved in the same manner as this Sublease.

Section 10.26. Non-Waiver of Rights. The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

IN WITNESS WHEREOF, the parties hereto have executed this Sublease as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION, as
Sublessor

By: _____
Authorized Officer

**CITY AND COUNTY OF SAN
FRANCISCO**, as Sublessee

By: _____
Mayor

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

First Component (_____):

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SAN FRANCISCO, COUNTY OF SAN FRANCISCO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

EXHIBIT B
BASE RENTAL PAYMENT SCHEDULE

EXHIBIT C-1

FORM OF DEBT SERVICE CERTIFICATE -- ANNUAL

City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place,
Room 316
San Francisco, California 94102

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111

State Street Bank and Trust Company
[Address]

Pursuant to Section 3.1(b) of the Sublease (the "Sublease"), dated as of ____ 1, 2013, between the **U.S. Bank National Association** (the "**Trustee**") as Sublessor, and the **City and County of San Francisco** (the "**City**"), as Sublessee, the undersigned, based on information available as of _____, 20__ [no earlier than April 1 of such year] hereby certifies that for the Base Rental Period commencing May 1, 20__:

- (a) the average principal amount of Commercial Paper Certificates Outstanding during the current Base Rental Period commencing May 1, 20__, is expected to be \$_____;
- (b) the Assumed Interest Rate for the Base Rental Period commencing on May 1, 20__ is, with respect to the Tax-Exempt Commercial Paper Certificates, __% per annum, with respect to the Taxable Commercial Paper Certificates, __% per annum, and, with respect to the Revolving Bank Certificates, __% per annum, as calculated pursuant to the Trust Agreement;
- (c) based upon the expected average principal amount of Commercial Paper Certificates Outstanding during the current Base Rental Period and the applicable Assumed Interest Rate, the Assumed Interest Cost required during the Base Rental Period commencing May 1, 20__, will be \$_____, with \$_____ of such amount expected to be paid from capitalized interest pursuant to Section 3.2(g) of the Sublease;
- (d) the Required Principal Reduction Amount for the Base Rental Period commencing May 1, 20__, is \$_____;
- (e) the amount of interest coming due on the Revolving Bank Certificates at the Assumed Interest Rate during the Base Rental Period commencing May 1, 20__ is \$_____;
- (f) the amount of principal coming due on the Revolving Bank Certificates during the Base Rental Period commencing May 1, 20__ is \$_____;
- (g) the Minimum Required Rental Payment is \$_____, which represents the sum of the amounts set forth in paragraphs (c) (excluding the amount of capitalized interest set forth in (c) above), (d), (e) and (f); and
- (h) the City agrees that it is obligated to pay the Minimum Required Rental Payment as provided in Section 3.1 of the Sublease.

Dated:_____

CITY AND COUNTY OF SAN FRANCISCO

BY: _____
Authorized Representative

EXHIBIT C-2

**FORM OF DEBT SERVICE CERTIFICATE -- ADDITIONAL
COMMERCIAL PAPER CERTIFICATES**

City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place,
Room 316
San Francisco, California 94102

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111

State Street Bank and Trust Company
[to come]

Pursuant to Section 3.1(c) of the Sublease (the "Sublease"), dated as of ____ 1, 2013, between the **U.S. Bank National Association** (the "**Trustee**") as Sublessor, and the **City and County of San Francisco** (the "**City**"), as Sublessee, the undersigned hereby certifies that as of the date of delivery (the "Date of Calculation") of Commercial Paper Certificates referred to in Section 3.01.e(i)(F) of the Trust Agreement dated as of ____ 1, 2013, between the City and the Trustee (the "Trust Agreement"):

- (a) the expected average principal amount of Commercial Paper Certificates Outstanding during the current Base Rental Period after such delivery is expected to be \$_____;
- (b) the Assumed Interest Rate for the Base Rental Period during which the Date of Calculation occurs, as calculated pursuant to the Trust Agreement and as evidenced by the Debt Service Certificate--Annual filed by the Trustee in respect of that Base Rental Period during which the Date of Calculation occurs is ____% per annum;
- (c) based upon the expected average principal amount of Commercial Paper Certificates Outstanding during the current Base Rental Period after such delivery and the Assumed Interest Rate for the Base Rental Period during which the Date of Calculation occurs, the Assumed Interest Cost with respect to the Commercial Paper Certificates during the portion of the Base Rental Period from and after the Date of Calculation, will be \$_____, with \$_____ of such amount expected to be paid from capitalized interest pursuant to Section 3.2(g) of the Sublease;
- (d) the interest accrued with respect to Commercial Paper Certificates during the Base Rental Period prior to the Date of Calculation is \$_____;
- (e) the Required Principal Reduction Amount for the Base Rental Period during which the Date of Calculation occurs which remains unpaid is \$_____;
- (f) the amount of Minimum Required Rental Payment and Minimum Supplemental Rental Payment relating to the Commercial Paper Certificates previously paid by

the City for the Base Rental Period during which the Date of Calculation occurs is \$_____;

- (g) the Minimum Supplemental Rental Payment is the sum of the amounts set forth in paragraphs (c) (excluding the amount of capitalized interest set forth in (c) above), (d) and (e), less the amount set forth in paragraph (f), which is \$_____; and
- (h) if the amount set forth in paragraph (g) is greater than zero, demand is hereby made that the City pay the Minimum Supplemental Rental Payment.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

BY: _____
Authorized Representative

EXHIBIT C-3

FORM OF DEBT SERVICE CERTIFICATE - - ADDITIONAL INTEREST AND/OR PRINCIPAL

City and County of San Francisco
City Hall, 1 Dr. Carlton B. Goodlett Place,
Room 316
San Francisco, California 94102

U.S. Bank National Association
One California Street, Suite 1000
San Francisco, California 94111

State Street Bank and Trust Company
[to come]

Pursuant to Section 3.1(d) of the Sublease (the "Sublease"), dated as of ____ 1, 2013, between the **U.S. Bank National Association** (the "**Trustee**") as Sublessor, and the **City and County of San Francisco** (the "**City**"), as Sublessee, the undersigned hereby certifies that as of the date hereof (the "Date of Calculation"):

- (a) the amount of interest required to be paid with respect to Commercial Paper Certificates scheduled to mature during the portion of the Base Rental Period after the Date of Calculation is \$_____, with \$_____ of such amount expected to be paid from capitalized interest pursuant to Section 3.2(g) of the Sublease;
- (b) the amount of interest required to be paid with respect to the Revolving Bank Certificates (based on the Assumed Interest Rate as of the Date of Calculation) during the portion of the Base Rental Period after the Date of Calculation is \$_____;
- (c) the interest actually paid with respect to Commercial Paper Certificates during the Base Rental Period prior to the Date of Calculation is \$_____, with \$_____ of such amount having been paid from capitalized interest pursuant to Section 3.2(g) of the Sublease;
- (d) the interest actually paid with respect to the Revolving Bank Certificates during the Base Rental Period prior to the Date of Calculation is \$_____;
- (e) the Required Principal Reduction Amount for the Base Rental Period during which the Date of Calculation occurs which remains unpaid is \$_____;
- (f) the amount of principal due with respect to the Revolving Bank Certificates for the Base Rental Period during which the Date of Calculation occurs which remains unpaid is \$_____;
- (g) the amount of Minimum Required Rental Payment and Minimum Supplemental Rental Payment previously paid by the City for the Base Rental Period during which the Date of Calculation occurs is \$_____;

- (h) the Minimum Supplemental Rental Payment is the sum of the amounts set forth in paragraphs (a), (b), (c), (d), (e) and (f), less the amount set forth in paragraph (g), which is \$_____, and taking into account both the capitalized interest paid and expected to be paid pursuant to Section 3.2(g) of the Sublease; and
- (i) if the amount set forth in paragraph (h) is greater than zero, demand is hereby made that the City pay the Minimum Supplemental Rental Payment.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

BY: _____
Authorized Representative