

SERVICE STATION SITE LEASE

between

CITY AND COUNTY OF SAN FRANCISCO,
as Landlord

and

TWIN PEAKS PETROLEUM, INC.,
a California corporation

dba Twin Peaks Auto Care,

as Tenant

For the lease of
598 Portola Drive
San Francisco, California

June 13, 2024

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SERVICE STATION SITE LEASE

THIS SERVICE STATION SITE LEASE (this “**Lease**”), dated for reference purposes only as of May 1, 2024, is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**City**”), and TWIN PEAKS PETROLEUM, INC., a California corporation, dba Twin Peaks Auto Care (“**Tenant**”).

City and Tenant hereby covenant and agree as follows:

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the “**Basic Lease Information**”). Each item below incorporates all of the terms in this Lease related to that item. If there is any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision will control.

Lease Reference Date:	June 13, 2024
Landlord:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation
Tenant:	TWIN PEAKS PETROLEUM, INC., a California corporation, dba Twin Peaks Auto Care
Real Property (<u>Section 2.1</u>):	Portion of Lot 7, Block 2842, San Francisco, California, commonly known as 598 Portola Drive
Rentable Area (<u>Section 2.1</u>):	Approximately 14,499 square feet as depicted on attached as Exhibit A
Term (<u>Section 3.13.1</u>):	Twenty (20) years, commencing on the Commencement Date, as defined in <u>Section 3.1</u> , and ending on the date immediately preceding the twenty (20th) anniversary of the Commencement Date (the “ Expiration Date ”).
Extension Option (<u>Section 25.1</u>):	Tenant has the option to extend the term of this Lease for one ten (10) year extension period, commencing on the date immediately following the Expiration Date, on the terms and conditions set forth in <u>Section 25.1</u> , and including that Tenant <u>may sell alternative clean fuels consistent with then existing City policies.</u>
Base Rent (<u>Section 4.1</u>):	Annual Base Rent: \$156,600 (\$10.80 per sq. ft./year)

Claudia.gorham@sfgov.org

Alternate Contact for City:

Jeff Suess
Jeff.suess@sfgov.org
415.554.9850

Tenant's Notice Address (Section 26.1):

Michael Gharib
598 Portola Drive
San Francisco, California 94131
Tel No.: 415-648-4709
M.Gharib: c4gharib@yahoo.com

Key Contact for Tenant:

Michael Gharib

Telephone No.:

415-648-4709

Alternate Contact for Tenant:

Telephone No.:

Brokers (Section 26.8):

None

Other Noteworthy Provisions:
Underground Storage Tanks (Section 24.4)

Tenant must have completed the removal of the existing underground Tanks and replace with new code compliant tanks on or before December 31, 2025. Tenant's failure to have completed the removal of the underground fuel tanks on or before December 31, 2025, will cause this Lease to automatically terminate at 11:59 p.m. on December 31, 2025 (unless written approval from the applicable permitting agencies for a specific extension has been granted). Tenant must remove the Tanks (as defined in Section 24.4) from the Property at the expiration or termination of the Lease.

2. PROPERTY; AS IS CONDITION

2.1. Leased Property

City owns real property currently designated as a portion of Assessor's Parcel Number 2842-007 in San Francisco, California (the "**City Parcel**"). Subject to the provisions of this Lease, City leases to Tenant and Tenant leases from City a portion of the City Parcel commonly known as 598 Portola Drive and depicted on the attached **Exhibit A** (the "**Land**"), together with and all improvements that are not Trade Fixtures (defined below) (including without limitation all Buildings, driveways, parking areas, curbs, walks, walls, stairs, now located or later constructed

2.4. Energy Consumption Disclosure

Tenant consents to Tenant's utility service providers disclosing energy use data for the Property to City for use under California Public Resources Code Section 25402.10, as implemented under California Code of Regulations Sections 1680–1685, and San Francisco Environment Code Chapter 20, as each may be amended from time to time (“**Energy Consumption Reporting Laws**”), and for such data to be publicly disclosed under the Energy Consumption Reporting Laws.

3. TERM

3.1. Lease Term

The Property is leased for a term (the “**Term**”) commencing on the Effective Date (defined in Section 26.26 below) (the “**Commencement Date**”). The Term will end on the expiration date specified in the Basic Lease Information, unless sooner terminated or extended as provided in this Lease.

3.2. Confirmation of Commencement Date and Expiration Date

The dates that the Term commences and terminates under this Lease are, respectively, the “**Commencement Date**” and the “**Expiration Date**.” Following the Commencement Date, Tenant will deliver to City a notice substantially in the form attached as **Exhibit B**, confirming the actual Commencement Date, but Tenant's failure to do so will not affect the commencement of the Term.

3.3. Termination of 2015 Lease; Survival of Indemnities

Landlord and Tenant acknowledge that Tenant is presently in possession of the Property under the Service Station Site Lease between City and Tenant dated for reference purposes as of July 23, 2015 (the “**2015 Lease**”). Notwithstanding any provisions of the 2015 Lease to the contrary, the 2015 Lease will terminate as of the Effective Date of this Lease; provided, however, that Tenant will not be relieved on any of its obligations under the 2015 Lease accruing before that termination of the 2015 Lease, and Tenant's indemnification obligations under the 2015 Lease will survive the termination of the 2015 Lease with regard to events occurring before the termination, and the provisions of the Section 3.3 of the 2015 Lease will survive the termination of the 2015 Lease.

4. RENT

4.1. Base Rent

Throughout the Term beginning on the Commencement Date, Tenant will pay to City the annual Base Rent specified in the Basic Lease Information, which will increase three percent (3%) annually under Section 4.2 (Adjustments in Base Rent) (the “**Base Rent**”). The Base Rent will be paid to City in advance, without prior demand and without any deduction, setoff, or counterclaim whatsoever, in equal consecutive monthly payments on or before the first day of the Term and on or before the first day of each month thereafter. All sums payable by Tenant to City must be paid in cash or by good funds to the City and County of San Francisco in care of the Director of Property at the primary address for City specified in the Basic Lease Information, or such other place as City may designate in writing. If Tenant pays by personal or business check and the check is not honored, then City may require Tenant to make all future payments in cash or by cashier's check.

approved by City in writing and that are associated and related to the above stated uses. Tenant acknowledges that the prohibition on the change in use under this Section is expressly authorized by California Civil Code Section 1997.230 and is fully enforceable.

5.2. No Unlawful Uses, Nuisances or Waste

Without limiting the foregoing, Tenant may not use, occupy, or permit the use or occupancy of any of the Property in a manner that would violate any Legal Requirements or for any illegal purpose, or permit any offensive, noisy, or hazardous use or any waste on or about the Property, but the foregoing does not prohibit the Permitted Use of the Property. Tenant will take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Property.

6. TENANT IMPROVEMENTS

6.1. Tenant Improvement Work

(a) Tenant has informed City of its intention to replace the Tanks before December 31, 2025 (“**Tenant Improvement Work**” or “**Tenant Improvements**”). Before beginning construction on the Tenant Improvements, Tenant will provide the Director of Property the plans and specifications prepared by Tenant’s consultants, engineers, and architect for removal of the existing tanks, removal and appropriate disposal of any contaminated concrete, asphalt, soil, or other materials, and the construction and installation of the Tenant Improvements (the plans and specifications are referred to as the “**Plans**”) for City’s approval, which approval may not be unreasonably withheld or delayed. Tenant is responsible, at no cost to City, for (a) performing the Tenant Improvement Work in accordance with the approved Plans and the standards contained in Section 7.1 (Tenant’s Alterations) below and (b) obtaining all permits and licenses required in connection with the Tenant Improvements. No Tenant Improvement Work may commence on the Property unless after the Effective Date of this Lease. Tenant may not make any material change to the approved Plans or consent to any change order during the course of construction without first obtaining City’s written approval, which approval may not be unreasonably withheld or delayed. On completion of the Tenant Improvements, Tenant will provide City a copy of the final as-built plans and specifications. Tenant acknowledges that City’s approval under this Section 6.1 shall be in its proprietary capacity as owner of the Property and not in City’s regulatory capacity. No approval by City or any of its Agents of the Plans, any changes, or of any Alterations under this Lease will be deemed to constitute approval of any federal, state, or local regulatory authority with jurisdiction over the Property or Tenant’s use of the Property, and nothing in this Lease limits Tenant’s obligation to obtain all needed regulatory approvals at no cost to City.

(b) Upon receipt of written notice of the date of the full closure (subject to the exception in Section 6.1(c)) of business at the Property (including the convenience store, gas station (all dispensers) and any and all other revenue sources on the Property) to perform the Tenant Improvement Work (underground storage tank replacement), City will waive Tenant’s Base Rent (not Additional Charges) while the business is fully closed for the performance of the Tenant Improvement Work, not to exceed three (3) months (“**Tenant Improvement Abatement Period**”). Notwithstanding any contrary provision contained herein, under no circumstances will the Tenant Improvement Abatement Period exceed three (3) months.

(c) Notwithstanding the provisions of Section 6.1(b), Tenant may, at Tenant’s sole discretion, maintain the vehicle repair facility and convenience store in operation during the

Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Tenant's failure to comply with its obligations under this Section will constitute a material breach of this Lease. A Contractor's or Subcontractor's failure to comply with this Section will enable City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party. For the current Prevailing Rate of Wages, see www.sfgov.org/olse or call City's Office of Labor Standards Enforcement at 415-554-6235.

(c) Tenant will also pay, and will require its Contractors and Subcontractors (regardless of tier) to pay, the Prevailing Rate of Wage for the following activities on the Property as set forth in and to the extent required by San Francisco Administrative Code Chapter 21C: a Public Off-Street Parking Lot, Garage or Automobile Storage Facility (as defined in Section 21C.3), a Show (as defined in Section 21C.4), a Special Event (as defined in Section 21C.8), Broadcast Services (as defined in Section 21C.9), Commercial Vehicles, Loading and Unloading for Shows and Special Events (as defined in Section 21C.10), and Security Guard Services for Events (as defined in Section 21C.11).

7. ALTERATIONS

7.1. Tenant's Alterations

(a) **General.** Tenant will not make or permit any alterations, installations, additions, or improvements, structural or otherwise (collectively, "**Alterations**") (i) in, to or about the Property (ii) to the Buildings or (iii) to the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security, and other mechanical, electrical, or communications systems of the Buildings or at the Property ("**Systems**"), without City's prior written consent in each instance. All Alterations will be done at Tenant's expense in accordance with plans and specifications approved by City, only by duly licensed and bonded contractors or mechanics approved by City, and subject to any conditions that City may reasonably impose. With respect to any Alterations that would be visible from the exterior of any Buildings, Tenant will obtain the prior written approval of City's Arts Commission to the extent the Arts Commission has jurisdiction over the design of the proposed alterations under City's Charter Section 5.103. If the cost of any Alterations is in excess of Five Thousand Dollars (\$5,000), then Tenant will pay to City an administrative fee equal to ten percent (10%) of the total "hard" costs of the work to compensate City for its review costs. Notwithstanding anything to the contrary in this Lease, City will not require an administrative fee for the Tenant Improvements of the underground storage tanks under Section 6.1.

(b) **Asbestos.** Without limiting Section 24.2 (No Hazardous Materials) below, if it is determined that asbestos-containing materials ("**ACM**") exist in or about the Property, Tenant will ensure that all Alterations and any asbestos-related work, as defined in California Health & Safety Code Section 25914.1(b), is performed in compliance with all Legal Requirements relating to asbestos, including California Occupational Safety and Health (OSHA) regulations found in Title 8 of the California Code of Regulations, Sections 1502 and 1529. Additionally, Tenant will distribute notifications to all employees and contractors as required under California Health & Safety Code Section 25915 et seq. informing them of the existence of ACM and that moving, drilling, boring, or otherwise disturbing ACM may present a health risk and should not be attempted by an unqualified employee. No Alterations affecting ACM-containing areas or any asbestos related work may be performed without City's prior written consent in each instance.

Tenant will pay any taxes or other impositions levied or assessed on Tenant's Personal Property, at least ten (10) days before delinquency, and, on request, deliver satisfactory evidence of that payment to City.

8. TENANT'S REPAIRS AND MAINTENANCE

At no expense to City, Tenant will maintain (including replacements as necessary) the Property and all improvements, Buildings, interior and exterior plumbing, electrical wiring, fixtures, equipment, and Trade Fixtures in good repair and working order and in a clean, secure, safe, and sanitary condition. Tenant will promptly make all repairs and replacements: **(a)** at no cost to City, **(b)** by licensed contractors or qualified mechanics approved by City, **(c)** so that the repairs and replacements will be at least equal in quality, value, and utility to the original work or installation at the time of the repair or replacement, and **(d)** in accordance with all applicable Legal Requirements. Tenant hereby waives all rights to make repairs at City's expense under Sections 1941 and 1942 of the California Civil Code or under any similar Legal Requirements. Tenant will give to City at least fifteen (15) days' prior written notice of commencement of any repair, replacement, or construction on the Property. Replacements costing over \$5,000 will be considered an Alteration and Article 7 above will apply. For the avoidance of doubt, Landlord has no repair, maintenance, replacement, or rebuilding obligations for the Property; all repairs, maintenance, replacements, or rebuilding of any kind are the obligations of Tenant as provided under the terms and conditions of this Lease.

9. LIENS AND ENCUMBRANCES

9.1. Liens

Tenant will keep the Property free from any liens arising out of any work performed, material furnished, or obligations incurred by or for Tenant. If, within fifteen (15) days after the imposition of any lien, Tenant does not cause the lien to be released of record by payment or posting a bond, then, in addition to all other remedies, City may, but is not obligated to, cause the lien to be released in any way it deems proper, including payment of the claim giving rise to the lien. All sums paid by City and all expenses incurred by it in connection with releasing the lien (including reasonable attorneys' fees) will be payable by Tenant to City on demand. City may post on the Property any notices that City may deem proper for the protection of City, the Property, and the Building from mechanics' and material supplier's liens. Tenant will indemnify, defend, and hold City and its Agents harmless from and against any claims for mechanic's, material supplier's, or other liens in connection with any Alterations, repairs, or construction on the Property, or materials furnished or obligations incurred by or for Tenant.

9.2. Encumbrances

Tenant may not create, permit, or suffer any liens or encumbrances affecting any portion of the Property or City's interest in the Property or under this Lease.

10. UTILITIES AND SERVICES

10.1. Utilities and Services

At no cost to City, Tenant will be responsible for making all arrangements for and pay, as the same become due, all charges, costs, bills and expenses for water, gas, electricity, sewer, telephone, cable, internet, and all other services and utilities of whatever kind, furnished to or used

effect, collectively “**Legal Requirements**”) relating to the Property or the use or occupancy of the Property and with any and all recorded covenants, conditions, and restrictions affecting all or any portion of the Property, whether in effect at the time of the execution of this Lease or adopted or recorded at any time later and whether or not they were considered by the parties in negotiating this Lease. It is Tenant’s obligation, at no cost to City, to cause the Property and Tenant’s uses thereof to be conducted in compliance with the Americans With Disabilities Act, 42 U.S.C. Section 12101 et seq. and any other applicable disability access Legal Requirements. Any Alteration made by or on behalf of Tenant under the provisions of this Section will comply with the provisions of Section 8 (Tenant’s Repairs) above. Tenant’s obligation to comply with all Legal Requirements is a material part of the bargained-for consideration under this Lease. Tenant’s obligation under this Section includes its responsibility to make substantial or structural repairs and Alterations to the Property (including, but not limited to, Buildings, Systems, and any of the Tenant Improvements or any of Tenant’s Alterations), regardless of, among other factors, the relationship of the cost of curative action to the Rent under this Lease, the length of the then remaining Term, the relative benefit of the repairs to Tenant or City, the degree to which the curative action may interfere with Tenant’s use or enjoyment of the Property, the likelihood that the parties contemplated the particular Legal Requirements involved, and whether the Legal Requirements involved are related to Tenant’s particular use of the Property.

11.2. Regulatory Approvals

(a) **Responsible Party.** Tenant’s use of the Property and construction of the Tenant Improvements permitted hereunder may require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Property and/or use. Tenant is solely responsible for obtaining all regulatory approvals. Tenant may not seek any regulatory approval without first obtaining City’s written consent which may not be unreasonably withheld. Tenant will bear all costs associated with applying for and obtaining any regulatory approval and is solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any condition that could affect use or occupancy of the Property or City’s interest in the Property will first be approved by City in its sole discretion. Tenant will immediately pay and discharge any fines or penalties levied as a result of Tenant’s failure to comply with the terms and conditions of any regulatory approval, and City will have no liability, monetary or otherwise, for any fines or penalties. Tenant will Indemnify City and the other Indemnified Parties (defined in Section 18.2 (Tenant’s Indemnity) below) against all Claims arising in connection with Tenant’s failure to obtain or failure by Tenant, its Agents, or its Invitees to comply with the terms and conditions of any regulatory approval.

(b) **City Acting as Owner of Real Property.** City is entering into this Lease in its capacity as a property owner with a proprietary interest in the Property and not as a regulatory agency with police powers. Nothing in this Lease will limit in any way Tenant’s obligation to obtain any required approvals from City officials, departments, boards, agencies, commissions, or other body having jurisdiction over the Property or use. By entering into this Lease, City is not modifying or limiting Tenant’s obligation to cause the Property to be used and occupied in accordance with all applicable Legal Requirements.

11.3. Compliance with City’s Risk Management Requirements

Tenant will not do anything, or permit anything to be done, in or about the Property that would be prohibited by or increase rates under a standard form fire insurance policy for the

causing the damage or destruction to the extent attributable to the Rent payable to City under this Lease for the duration of the damage or destruction.

(d) If Tenant elects to restore the improvements, all of the provisions of Sections 6 and 7 apply.

(e) Notwithstanding anything to the contrary in this Lease, City will have no obligation to repair the Property, or any portion of it, including, but not limited to any Buildings or improvements at any time. City will never be required to repair any damage to Tenant's Personal Property, Trade Fixtures, or any Tenant Improvements or Alterations installed or made on the Property.

14.2. Obligations Upon Election to Terminate

If Tenant elects to terminate this Lease pursuant to Section 14.1 above, Tenant will raze the remainder of the improvements on the Property, remove all Buildings and all Trade Fixtures, including, but not limited to, underground and above ground tanks, Tanks, dispensers, canopies, underground gas lines, and fixtures, and surrender the Property to the City vacant of all improvements, fixtures, and Personal Property and otherwise in the condition required by this Lease.

14.3. Use of Insurance Proceeds

(a) Restoration of Demolition and Removal. All Property related insurance proceeds paid to Tenant by reason of damage to or destruction of any improvements on the Property, if any, must be used by Tenant for the repair or rebuilding of such improvements or for demolition and removal of such improvements, except otherwise approved and agreed to in writing by the City.

(b) Payment to Trustee. At City's election, any insurer paying compensation under any Property related insurance carried in connection with the Property will pay the proceeds to a trustee (which will be a bank or trust company having an office in San Francisco, designated by City within thirty (30) days after receipt of the Casualty Notice by City). However, the trustee will pay to Tenant, from time to time as the work of restoration or demolition and removal progresses, in amounts designated by certification by architects licensed to do business in the State, showing the application for those amounts as payment for the restoration or, in the case of demolition and removal, by certification of a licensed, bonded general contractor approved or certified by the applicable regulating agencies.

(c) Excess to Be Paid to Tenant. Provided that no Event of Default then exists, any proceeds in excess of the amount needed to complete the restoration or demolition received from insurance remaining with the trustee after the completion of such restoration or completion of the demolition and removal as required by this Article will be paid to Tenant.

14.4. No Release of Tenant's Obligations

No damage to or destruction of the Property or improvements or any part thereof by fire or any other cause shall permit Tenant to surrender this Lease or relieve Tenant from any obligations, including but not limited to, the obligation to pay Rent, except as otherwise expressly provided in this Lease.

if Tenant agrees to, and does, pay full Rent, without abatement, and otherwise agrees to, and does, fully perform all of its obligations under this Lease.

(b) Either party electing to terminate under the provisions of this Section 15 will do so by giving written notice to the other party before or within thirty (30) days after the Date of Taking, and this Lease will terminate on the later of the thirtieth (30th) day after the written notice is given or the Date of Taking.

15.5. Termination of Lease; Rent and Award

On termination of this Lease in its entirety under Section 15.3 (Total Taking; Automatic Termination), or under an election under Section 15.4 (Partial Taking, Election to Terminate) above, then: (a) Tenant's obligation to pay Rent will continue only up to date of termination, and (b) City will be entitled to the entire Award (including any portion of the Award made for the value of the leasehold estate created by this Lease) except for that portion of the Award specifically allocated to any Improvements Pertaining to the Realty. Tenant will have no claim against City for the value of any unexpired Term, but Tenant may make a separate claim with the condemnor for Tenant's relocation expenses, the interruption of or damage to Tenant's business, and damage to movable Tenant's Personal Property, and Tenant will be entitled to that separate Award.

15.6. Partial Taking; Continuation of Lease

If there is a partial Taking of the Property and this Lease is not terminated in its entirety under Section 15.4 (Partial Taking; Election to Terminate), then this Lease will terminate as to the portion of the Property taken, but will remain in full force and effect as to the portion not taken, and the rights and obligations of the parties will be as follows: (a) Base Rent will be reduced by an amount that is in the same ratio to the Base Rent as the area of the Property taken bears to the area of the Property before the Date of Taking; provided, that in no event will the monthly Base Rent be reduced to less than seventy-five percent (75%) of the monthly Base Rent immediately before the Date of Taking, and (b) City will be entitled to the entire Award (including any portion of the Award made for the value of the leasehold estate created by this Lease) except for that portion of the Award specifically allocated to any Improvements Pertaining to the Realty or Tenant's Trade Fixtures. Tenant will have no claim against City for the value of any unexpired Term, but Tenant may make a separate claim with the condemnor for Tenant's relocation expenses, the interruption of or damage to Tenant's business, and damage to movable Tenant's Personal Property damaged or taken within that portion of the Property taken, and Tenant will be entitled to that separate Award.

15.7. Temporary Takings

Notwithstanding anything to contrary in this Section, if there is a Taking of all or any part of the Property for less than sixty (60) consecutive days, then (a) this Lease will not be affected by the temporary Taking; (b) Tenant will continue to pay Rent and perform all of the terms, conditions, and covenants of this Lease; (c) Tenant will be entitled to receive that portion of any Award for the use or occupancy of the Property up to the total Rent owing by Tenant for the period of the Taking; and (d) City will be entitled to receive the balance, if any, of the Award.

amount proportionate to the portion of the Property subject to a Sublease) will be paid to City, after Tenant has recovered any reasonable brokers' commissions, the reasonable cost of any leasehold improvements that Tenant has incurred in connection with the Sublease or Assignment, and additional expenses borne by Tenant arising directly from the Sublease or Assignment (including but not limited to, additional permits or governmental, utility, or other transfer fees), if any. Tenant will provide City with any information regarding the proposed Transferee and the Assignment or Sublease as City may reasonably request. City will not unreasonably withhold its approval of any proposed Transferee. If Tenant does not enter into the Assignment or Sublease within ninety (90) days, then Tenant will submit a new Notice of Proposed Transfer for any Assignment or Sublease.

(c) Notwithstanding the foregoing, if any Event of Default by Tenant has occurred and is continuing at the time of Tenant's Notice of Proposed Transfer (or if any event occurs that, with the giving of notice or the passage of time or both, would constitute an Event of Default), then City may elect by notice to Tenant to refuse to consent to Tenant's proposed Transfer and pursue any of its right or remedies or at law or in equity.

16.4. Intentionally Omitted.

16.5. Effect of Sublease or Assignment

No Sublease or Assignment by Tenant or any consent by City will relieve Tenant, or any guarantor, of any obligation to be performed by Tenant under this Lease. Any Sublease or Assignment not in compliance with this Section will be void and, at City's option, will constitute a material default by Tenant under this Lease. City's acceptance of any Base Rent or other payments from a proposed Transferee will not constitute City's consent to any Sublease or Assignment or a recognition of any Transferee, or City's waiver of any failure of Tenant or other transferor to comply with this Section. If there is an Assignment or Sublease, whether in violation of or in compliance with this Section, and a Transferee or any successor of Tenant defaults in the performance or observance of any of the terms of this Lease or any Sublease or Assignment agreement, City may proceed directly against Tenant without the necessity of exhausting remedies against the Transferee or successor.

16.6. Assumption by Transferee

Each Transferee (other than City) will assume all obligations of Tenant under this Lease and will be liable jointly and severally with Tenant for the payment of the Rent, and for the performance of all of Tenant's obligations under this Lease. No Assignment will be binding on City unless Tenant or Transferee has delivered to City a counterpart of the Assignment and an instrument in recordable form that contains a covenant of assumption by the Transferee satisfactory in form and substance to City. Transferee's failure or refusal under an Assignment to execute the instrument of assumption, however, will not release the Transferee from its liability under this Lease, as set forth above. Tenant will reimburse City on demand for any reasonable costs that may be incurred by City in connection with any proposed Sublease or Assignment, including the costs of making investigations as to the acceptability of the proposed Transferee and legal costs incurred in connection with the granting of any requested consent, which amount shall be up to \$3,000.00 and supported by documentation.

(a) City may terminate Tenant's right to possession of the Property at any time by written notice to Tenant. Tenant expressly acknowledges that in the absence of a written notice from City, no other act of City, including its re-entry into the Property, its efforts to relet the Property, its reletting of the Property for Tenant's account, its storage of Tenant's Personal Property and trade fixtures, its acceptance of keys to the Property from Tenant, its appointment of a receiver, or its exercise of any other rights and remedies under this Section or otherwise under Legal Requirements, will constitute an acceptance of Tenant's surrender of the Property or constitute a termination of this Lease or of Tenant's right to possession of the Property.

(b) On a written termination of Tenant's right to possession of the Property, this Lease will terminate and City will be entitled to recover damages from Tenant as provided in California Civil Code Section 1951.2 or any other applicable existing or future Legal Requirement providing for recovery of damages for a breach, including the following:

(i) The reasonable cost of recovering the Property; plus

(ii) The reasonable cost of removing Tenant's Alterations, trade fixtures, and improvements; plus

(iii) All unpaid Rent due or earned under this Lease before the date of termination, less the proceeds of any reletting or any rental received from subtenants before the date of termination, together with interest at the Interest Rate, on those amounts from the date the Rent is due and payable until the date of the award of damages; plus

(iv) The amount by which the Rent which would be payable by Tenant under this Lease, as reasonably estimated by City, from the date of termination until the date of the award of damages, exceeds the amount of the rental loss that Tenant proves could have been reasonably avoided, together with interest at the Interest Rate on those amounts from the date the Rent is due and payable until the date of the award of damages; plus

(v) The amount by which the Rent which would be payable by Tenant under this Lease, as reasonably estimated by City, for the remainder of the Term, after the date of the award of damages exceeds the amount the rental loss that Tenant proves could have been reasonably avoided, discounted at the discount rate published by the Federal Reserve bank of San Francisco for member banks at the time of the award plus one percent (1%); plus

(vi) Other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Legal Requirements, including any other amount necessary to compensate City for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease that, in the ordinary course of things, would be likely to result therefrom.

(c) City has the remedy described in California Civil Code Section 1951.4 (a landlord may continue the lease in effect after the tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations), and may continue this Lease in full force and effect and may enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due. After the occurrence of an Event of Default, City may enter the Property without terminating this Lease and sublet all or any part of the Property for Tenant's account to any person, for a term (which may be a period beyond the remaining Term), at rents, and on other terms and conditions that City deems advisable. If City sublets, rents received by City from the subletting will be applied (i) first, to the

17.4. City's Right to Cure Tenant's Defaults

If Tenant defaults in the performance of any of its obligations under this Lease, then, at City's sole option, City may (but shall not have the obligation to) remedy the default for Tenant's account and at Tenant's expense by providing Tenant with three (3) business days' prior written or oral notice of City's intention to cure the default (except that no prior notice will be required in the event of an emergency as determined by City). No City action to cure Tenant's default will be construed as a waiver of Tenant's default or any of City's rights or remedies, and nothing in this Section implies any duty on City to do any act that Tenant is obligated to perform. Tenant will pay to City on thirty (30) days' written demand, as Additional Charges, all costs, damages, expenses, or liabilities incurred by City, including reasonable attorneys' fees, in remedying or attempting to remedy the default so long as the City provides documents reasonably supporting such Additional Charges. Tenant's obligations under this Section will survive the expiration or termination of this Lease.

18. WAIVER OF CLAIMS; INDEMNIFICATION

18.1. Limitation on City's Liability; Waiver of Claims

City will not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases City and its Agents from all Claims for any injury, loss, or damage to any person or property in or on the Property by or from any cause whatsoever including: **(a)** any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Property; **(b)** theft; **(c)** explosion, fire, steam, oil, electricity, water, gas, rain, pollution, or contamination; **(d)** stopped, leaking, or defective Systems; **(e)** Building defects; and **(f)** any other acts, omissions, or causes. Nothing in this Section will relieve City from liability caused solely and directly by the active gross negligence or willful misconduct of City or its Agents, but City will not be liable under any circumstances for any consequential, incidental, or punitive damages.

18.2. Tenant's Indemnity

Tenant, on behalf of itself and its successors and assigns, will indemnify, defend, and hold harmless ("**Indemnify**") City, including all of its boards, commissions, departments, agencies, and other subdivisions, and all of its and their Agents, and their respective heirs, legal representatives, successors, and assigns (individually and collectively, the "**Indemnified Parties**"), and each of them, from and against all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties, and expenses, including direct and vicarious liability of every kind (collectively, "**Claims**"), incurred in connection with or arising in whole or in part from: **(a)** any accident, injury to or death of a person (including Tenant's employees), or loss of or damage to property, howsoever or by whomsoever caused, occurring in or on the Property; **(b)** any default by Tenant in the observation or performance of any of the terms, covenants, or conditions of this Lease to be observed or performed on Tenant's part; **(c)** the use or occupancy or manner of use or occupancy of the Property by Tenant, its Agents, its Invitees, or any person or entity claiming through or under any of them; **(d)** the condition of the Property; **(e)** any construction or other work undertaken by Tenant on the Property whether before or during the Term; or **(f)** any acts, omissions, or negligence of Tenant, its Agents, or its Invitees, in, on, or on the Property, all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that the Indemnity is void or otherwise unenforceable under applicable Legal Requirements and further except only those

(vii) Business interruption insurance insuring that the Rent will be paid to City for a period of at least one (1) year if Tenant is unable to operate its business at the Property. Business Interruption Insurance will also cover business interruptions due to failures or interruptions in telecommunications services, strikes, employee lockouts, riots, or other civil commotion. To calculate Rent during any interruption of business, the Rent for the twelve (12)-month period immediately preceding the incident causing the business interruption will be used.

(viii) Other insurance as is generally required by commercial owners of similar businesses and Property similar in size and location and uses, as may change from time to time.

(ix) Licensed professionals (i.e., architects, engineers, certified public accountants, etc.) will provide professional liability insurance with limits not less than \$1,000,000 each claim with respect to negligent acts, errors, or omissions in connection with professional services to be provided under this Lease or to the Premises, provided the requirements of Section 19.1(d) will not apply to such insurance.

(b) If any of the required insurance is provided under a claims-made form, Tenant will maintain the coverage continuously throughout the Term and, without lapse, for a period of three (3) years beyond the expiration or termination of this Lease, to the effect that, if occurrences during the Term give rise to claims made after expiration or termination of this Lease, those claims will be covered by the claims-made policies. Tenant's obligations under this Section will survive the expiration or termination of this Lease.

(c) If any of the required insurance is provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in the general annual aggregate limit, the general aggregate limit will be double the occurrence or claims limits specified above.

(d) All liability insurance policies will be endorsed to provide the following:

(i) Name as additional insured the City and County of San Francisco, its officers, agents, and employees.

(ii) That the policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Lease, and that insurance applies separately to each insured against whom claim is made or suit is brought.

(e) Each insurance policy required under Section 19.1 (a) above will be issued by an insurance company licensed in the State of California and with a general policyholders' rating of "A-" or better and a financial size ranking of "Class VIII" or higher in the most recent edition of Best's Insurance Guide.

(f) All insurance policies required to be maintained by Tenant will be endorsed to provide thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to both Tenant and City. If Tenant's insurer refuses to offer this endorsement, Tenant will promptly provide the thirty (30) day's prior written notice of cancellation, intended non-renewal, or reduction in coverage to City. Notice to City will be mailed to the addresses for City set forth in the Basic Lease Information.

endorsements from applicable insurance carriers issuing policies relating to the Building or the Property; provided, the failure to obtain the endorsement will not affect the above waiver.

20. ACCESS BY CITY

City reserves for itself and any of its designated Agents the right to enter the Property as follows: **(a)** on a regular basis without advance notice to supply any necessary or agreed-upon service provided by City under this Lease; **(b)** on an occasional basis, at all reasonable times after giving Tenant reasonable 24 hours' advance written or oral notice, to show the Premises to prospective tenants or other interested parties; to post notices of non-responsibility; to conduct any environmental audit of Tenant's use of the Property; to repair, alter, or improve any of the Property; and for any other lawful purpose; and **(c)** on an emergency basis without notice whenever City believes that emergency access is required. City will have the right to use any means that it deems proper to open doors in an emergency to obtain access to any part of any improvement or Structure on the Property, and that entry will not be construed or deemed to be a forcible or unlawful entry into or a detainer of the Property, or an eviction, actual or constructive, of Tenant from the Property or any portion of the Property. Tenant will not alter any lock or install any new or additional locking devices without City's prior written consent. All locks installed in the Property will be keyed to the Building master key system, and City will at all times have a key with which to unlock all doors in the Property (excluding Tenant's vaults, safes, or special security areas, if any, designated by Tenant in writing to City).

21. CERTIFICATES

21.1. Tenant's Estoppel Certificates

At any time and from time to time on not less than ten (10) days' prior notice from City, Tenant will execute and deliver to City or to any party designated by City a certificate stating: **(a)** that Tenant has accepted the Property, **(b)** the Commencement Date and Expiration Date of this Lease, **(c)** that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), **(d)** whether or not there are then existing any defenses against the enforcement of any of Tenant's obligations under this Lease (and if so, specifying the same), **(e)** whether or not there are any defaults then existing under this Lease (and if so specifying the same), **(f)** the dates, if any, to which the Base Rent and Additional Charges have been paid, and **(g)** any other information that may be required.

21.2. City's Certificates

At any time and from time to time on not less than ten (10) days' prior notice from Tenant, City will execute and deliver to Tenant or to any party designated by Tenant a certificate stating: **(a)** the Commencement Date and Expiration Date of this Lease, **(b)** that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), **(c)** whether or not there are any known defaults then existing under this Lease (and if so specifying the same), and **(d)** the dates, if any, to which the Base Rent and Additional Charges have been paid.

23.2. Personal Property

At City's option, any items of Tenant's Personal Property remaining in the Property after the Expiration Date or sooner termination of this Lease may be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Legal Requirements.

23.3. Survival of Tenant's Obligations

Tenant's obligations under this Section shall survive the Expiration Date or other termination of this Lease.

23.4. Quitclaim Deed

Concurrently with the surrender of the Property, Tenant will, if requested by City, execute, acknowledge and deliver to City a quitclaim deed to the Property and any other instrument reasonably requested by City to evidence or otherwise effect the termination of Tenant's leasehold estate and to effect such transfer or vesting of title to any improvements or equipment that remain part of the Property. The terms of this Section shall survive the expiration or sooner termination of this Lease.

24. HAZARDOUS MATERIALS

24.1. Definitions

As used in this Lease:

(a) **"Environmental Laws"** means all present or future Legal Requirements relating to Hazardous Material (including its use, handling, transportation, production, disposal, sampling, testing, underground storage tank removal, discharge, or storage), or to health and safety, industrial hygiene, or the environment, including soil, air, and groundwater conditions.

(b) **"Hazardous Material"** means any material that, because of its quantity, concentration, or physical or chemical characteristics, is at any time, now or later, deemed by any federal, state, or local governmental authority to pose a present or potential hazard to human health, welfare, or safety or to the environment. Hazardous Material includes any material or substance defined as a "hazardous substance," "pollutant," or "contaminant" under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("**CERCLA**"), also commonly known as the "**Superfund**" law), as amended, (42 U.S.C. Section 9601 et seq.) or under Section 25316 of the California Health & Safety Code; any "hazardous waste" listed under Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas, or natural gas liquids.

(c) **"Investigate"** and **"Investigation"** means undertaking any activities to determine the nature and extent of Hazardous Material that may be located in, on, under, or about the Property or that has been, are being or threaten to be Released into the environment; **"Remediate"** and **"Remediation"** means to clean up, remove, contain, treat, stabilize, monitor, or otherwise control the Hazardous Material.

(d) **"Release"** when used with respect to Hazardous Material includes any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting,

this obligation arises at the time the claim is tendered to Tenant by City and continues at all times thereafter. Tenant will afford City a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, or other compromise or proceeding involving Hazardous Material.

24.4. Underground Storage Tanks

(a) Ownership of Tanks. Tenant acknowledges and agrees that, notwithstanding any other provision in this Lease to the contrary, all underground gasoline storage tanks, underground gas lines to the gasoline dispensers, and gasoline dispensers located within the Property (collectively the “**Tanks**”) are the property of Tenant, are considered trade fixtures under this Lease, and that City has no ownership or operational interest in them. Tenant acknowledges and agrees that Tenant is the “owner and operator” of the Tanks for the purpose of applicable Legal Requirements. Tenant must maintain and operate the Tanks in accordance with all applicable Environmental Laws. On request by City, Tenant will provide City with a copy of the evidence maintained by Tenant to obtain certification of financial responsibility as required by any local or state agency or governmental authority having jurisdiction over the Tanks, and upon request, Tenant will provide City with any required updates to such evidence and certification of financial responsibility upon any change in the mechanism used to obtain such certification. Tenant shall forward to City any and all notices of violation regarding or relating to the operation and maintenance of the Tanks, related infrastructure, and gas station.

(b) Replacement of Tanks. Tenant shall have completed the replacement of any and all Tanks, and associated infrastructure, as required, from the Property in accordance with all applicable Federal, State and local laws, codes and guidelines including any Environmental Laws on or before December 31, 2025, and Remediate any Releases of Hazardous Materials relating to the use of the Tanks, in accordance with all Environmental Laws. Upon the replacement of the Tanks, Tenant is required to repave over the areas where the replacement occurred with similar ground cover/paving as was removed and that meets any and all regulatory requirements from City, State, Federal as applicable; provided that Tenant complies with all procedures required by the agencies monitoring the replacement including any and all mitigation requirements. Any and all post replacement testing and sampling, if any, shall be conducted in compliance with applicable laws.

(c) Removal of Tanks. Unless waived in writing by City, on the expiration or earlier termination of this Lease, or, if City has approved a written request for additional time for performance of Tenant’s obligations as set forth in Section 23.1, by the end of such approved additional period, or other date mutually agreed upon in writing by City and Tenant, Tenant will remove the Tanks and associated infrastructure, as required, from the Property in accordance with all Environmental Laws, and Remediate any Releases of Hazardous Materials relating to the use of the Tanks, in accordance with all Environmental Laws. Upon the removal of the Tanks under this Section 24.4 (c), Tenant will not be required to repave over the areas where the removal occurred, provided, that Tenant complies with all procedures required by the agencies monitoring the removal including any and all mitigation requirements, and repaving is not a required mitigation measure. If Tenant’s removal of the Tanks be delayed due to circumstances beyond Tenant’s control, or should Investigation or Remediation be mandated after or during removal of

outstanding either at the time Tenant exercises the Extension Option or at any time before the first day of the Extension Term (or if any event has occurred that, with the giving of notice or the passage of time or both, would constitute an Event of Default), then City may elect by notice to Tenant to reject Tenant's exercise of the Extension Option, in which case, the Extension Option will be null and void. City may also void Tenant's Extension Option if Tenant has assigned its interest under this Lease without City's prior written approval or sublets more than fifty percent (50%) of the Property.

(b) **Base Rent and Other Terms.** If Tenant elects to exercise the Extension Option, then the lease for the Extension Term will cover the entire Property and be on all of the terms, covenants, and conditions of this Lease, except that Base Rent will be adjusted to the then Market Rent (as defined in Section 23.2 of the San Francisco Administrative Code ("Code"): "the most probable rent that a Real Property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement") as determined by an independent Appraisal, as set forth in Section 23.30 of the Code, with a date of valuation that is not earlier than nine (9) months before the date legislation for the proposed Extension is submitted to the Board of Supervisors. On Tenant's timely and proper exercise of the Extension Option, and City does not reject Tenant's exercise, then all references in this Lease to the Term will mean and include the Extension Term and all references to Base Rent mean and refer to the Base Rent as determined under this Section.

25.2. Tenant Pays All Expenses

Except as expressly stated to the contrary in this Lease, the parties intend that and Tenant will pay all costs and expenses of every kind related to the Property during the Term, including, but not limited to those relating to Tenant's operation, maintenance, repair, use, and occupancy of the Property, including all improvements, Buildings, equipment, fixtures, on, in, under and within the Property during the Term. For the sake of illustration only and without limitation, the costs and expenses include the total cost and expenses in connection with managing, operating, maintaining, and repairing the Property, including: (a) the cost of all utilities, (b) the cost of repairs and all related labor and material costs, and the cost of general maintenance, cleaning, and service contracts and the cost of all supplies, tools, and equipment in connection with those contracts, (c) insurance premiums and deductibles for all insurance policies carried on the Property or in connection with the use or occupancy of the Property, (d) wages, salaries, payroll taxes, and other labor costs and employee benefits, (e) management fees, if any, (f) cost of personal property, (g) fees, charges, and other costs of all independent contractors engaged by Tenant, (h) accounting, consulting, and legal expenses, (i) permits, certificates, and licenses required in connection with the Property, (j) any and all assessments levied against or charged to the Property under any covenants, conditions, and restrictions, easements, or access and maintenance agreements, (k) all taxes and assessments of every kind an nature, and (l) any other expenses of any kind whatsoever incurred in connection with managing, operating, maintaining, or repairing the Property.

26. GENERALLY APPLICABLE PROVISIONS

26.1. Notices

Any notice given under this Lease will be effective only if in writing and delivered in person or by sending it first-class mail or certified mail with a return receipt requested or by overnight courier, with postage prepaid, to: (a) Tenant, (i) at Tenant's address set forth in the Basic

26.4. Authority

If Tenant signs as a corporation, a limited liability company, or a partnership, then each of the persons executing this Lease on behalf of Tenant covenants and warrants that Tenant is a duly authorized and existing entity, Tenant has and is qualified to do business in California, Tenant has full right and authority to enter into this Lease, and each and all of the persons signing on behalf of Tenant are authorized to do so. On City's request, Tenant will provide City with evidence reasonably satisfactory to City confirming these representations and warranties.

26.5. Parties and Their Agents; Approvals

The words "City" and "Tenant" include the plural as well as the singular. If there is more than one entity that comprises Tenant, Tenant's obligations and liabilities under this Lease are joint and several. The term "Agents" when used with respect to either party includes the agents, employees, officers, contractors, and representatives of the party, and the term "Invitees" when used with respect to Tenant includes the clients, customers, invitees, guests, licensees, assignees, or subtenants of Tenant. All approvals, consents, or other determinations permitted or required by City will be made by or through City's Director of Property unless otherwise provided in this Lease, subject to applicable Legal Requirements.

26.6. Interpretation of Lease

The captions preceding the articles and sections of this Lease and in the table of contents have been inserted for convenience of reference only and in no way define or limit the scope or intent of any provision of this Lease. Provisions in this Lease relating to number of days are calendar days, unless otherwise specified, but if the last day of any period to give notice, reply to a notice, or to undertake any other action occurs on a Saturday, Sunday, or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice will be the next succeeding business day. Use of the word "including" or similar words will not be construed to limit any general term, statement, or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

26.7. Successors and Assigns

Subject to the provisions of this Lease relating to Assignment and Subletting, the terms, covenants, and conditions contained in this Lease will bind and benefit City and Tenant and their successors and assigns; provided, however, that on any sale, assignment, or transfer by City (or by any subsequent landlord) of its interest in the Property as owner or lessee, including any transfer by operation of law, City (or any subsequent landlord) will be relieved from all obligations and liabilities arising under this Lease after the sale, assignment, or transfer.

26.8. Brokers

Neither party has had any contact or dealings regarding leasing the Property to Tenant, or any communication in connection that leasing, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated in this Lease except as identified in the Basic Lease Information, whose commission, if any is due, will be paid under a separate written agreement between the broker and the party through which the broker contracted. If any broker or finder perfects a claim for a commission or finder's fee based on a contact, dealings, or communication, then the party through whom the broker or finder makes a claim will be responsible for the commission or fee and will Indemnify

librarians, and others not admitted to the bar but performing services under the supervision of an attorney. The term “court costs and attorneys’ fees” also includes all fees and expenses incurred with respect to appeals, mediation, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which the fees and costs were incurred. For the purposes of this Lease, reasonable fees of attorneys of City’s Office of the City Attorney will be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney’s services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

26.13. Holding Over

(a) Except as set forth in Section 23.1, if Tenant retains possession of any portion of the Property after the expiration or the earlier termination of this Lease, then unless City expressly agrees to the holdover in writing, Tenant will pay City, on a month-to-month basis, Base Rent equal to two hundred percent (200%) of the latest Base Rent payable by Tenant before the expiration or termination of the Lease, together with an amount estimated by City for the monthly Additional Charges, and will otherwise be on the terms and conditions specified in this Lease so far as applicable (except for those pertaining to the Term and the Extension Option). Any failure by Tenant to surrender, discontinue using, or, if required by City, any failure to remove any property or equipment following written demand by City, will constitute continuing possession for purposes of this Section. Tenant acknowledges that the foregoing provisions do not serve as permission for the Tenant to hold over, or serve to extend the Term. Any holding over without City’s consent will constitute a default by Tenant and entitle City to exercise any or all of its remedies, notwithstanding that City may elect to accept one or more payments of Rent, and whether or not the amounts are at the holdover rate specified above or the rate in effect at the end of the Term.

(b) Any holding over after the expiration of the Term with City’s express written consent will be construed to automatically extend the Term on a month-to-month basis at a Base Rent equal to one hundred fifty percent (150%) of the latest Base Rent payable by Tenant before the expiration, together with an amount estimated by City for the monthly Additional Charges, and will otherwise be on the terms and conditions specified in this Lease so far as applicable (except for those pertaining to the Term and any Extension Options).

(c) Tenant’s obligations under this Section will survive the expiration or termination of this Lease.

26.14. Time of Essence

Time is of the essence with respect to all provisions of this Lease in which a definite time for performance is specified.

26.15. Cumulative Remedies

All rights and remedies set forth in this Lease of either party to this Lease will be cumulative, except as may otherwise be provided in this Lease.

26.23. Non-Liability of City Officials, Employees, and Agents

No elected or appointed board, commission, member, officer, employee, or other Agent of City will be personally liable to Tenant or its successors and assigns for any City default or breach or for any amount that may become due to Tenant or its successors and assigns, or for any City obligation under this Lease.

26.24. Cooperative Drafting

This Lease has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Lease reviewed and revised by legal counsel. No party will be considered the drafter of this Lease, and no presumption or rule that an ambiguity will be construed against the party drafting the clause will apply to the interpretation or enforcement of this Lease.

26.25. Counterparts

This Lease may be executed in two or more counterparts, each of which will be deemed an original, but all of which taken together will constitute one and the same instrument.

26.26. Effective Date

This Lease will be effective on the date on that date the (a) City's Board of Supervisors and the Mayor, in their sole and absolute discretion, adopt a resolution approving this Lease in accordance with all applicable Legal Requirements and (b) this Lease is duly executed and delivered by the parties (the "Effective Date").

27. CITY REQUIREMENTS

27.1. Public Transit Information

At its sole expense, Tenant will establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Property, including the distribution of written materials to personnel explaining the convenience and availability of public transportation facilities adjacent or near the Property and encouraging use of them.

27.2. Taxes, Assessments, Licenses, Permit Fees, and Liens

(a) Tenant recognizes and understands that this Lease may create a possessory interest subject to property taxation and Tenant may be subject to the payment of property taxes levied on its possessory interest.

(b) Tenant will pay to the proper authority on or before when due all taxes of any kind, including special assessments, if any, and possessory interest taxes, lawfully assessed on the leasehold interest created by this Lease and to pay all other taxes, excises, licenses, permit charges, and assessments based on Tenant's use of the Property and imposed on Tenant by Legal Requirements, all of which will be paid when they become due and payable and before delinquency.

(c) Tenant will not allow or suffer a lien for any taxes, assessments or other charges to be imposed on the Property or on any equipment or property located in the Property without promptly discharging the lien, provided that Tenant, if it desires, may have reasonable

(d) **CMD Form.** As a condition to this Lease, Tenant will execute the City's Declaration: Nondiscrimination in Contracts and Benefits form with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division ("CMD"). Tenant represents that before execution of this Lease, (i) Tenant executed and submitted to the CMD required form with supporting documentation, and (ii) the CMD approved the form.

(e) **Incorporation of Labor and Employment Code Provisions by Reference.** The provisions of Articles 131 and 132 of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Lease as though fully set forth in this Lease. Tenant will comply fully with and be bound by all of the provisions that apply to this Lease under those Articles of the Labor and Employment Code, including the remedies provided in those Chapters. Without limiting the foregoing, Tenant understands that under Section 131.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which the person was discriminated against in violation of the provisions of this Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

27.4. No Relocation Assistance; Waiver of Claims

Tenant acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Tenant fully RELEASES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors, and employees, and all persons acting by, through or under each of them, under any Legal Requirements, including any and all claims for relocation benefits or assistance from City under federal and state relocation assistance Legal Requirements (including California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking.

27.5. MacBride Principles—Northern Ireland

The provisions of San Francisco Administrative Code Section 12F are incorporated by this reference and made part of this Lease. By signing this Lease, Tenant confirms that Tenant has read and understood that City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

27.6. Tropical Hardwood and Virgin Redwood Ban; Preservative-Treated Wood Containing Arsenic

City urges companies not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant will not provide any items to the construction of Tenant Improvements or the Alterations, or otherwise in the performance of this Lease, that are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. If Tenant fails to comply with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant will be liable for liquidated damages for each violation in any amount equal to Tenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater. Tenant may not purchase preservative-treated wood products containing

organization is awarded the contract, lease, agreement, or benefit. Information provided that is covered by this Section will be made available to the public on request.

27.10. Conflicts of Interest

Through its execution of this Lease, Tenant acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and California Government Code Section 87100 et seq. and Section 1090 et seq., and certifies that it does not know of any facts that would constitute a violation of those provisions, and agrees that if Tenant becomes aware of any violation during the Term, Tenant will immediately notify City.

27.11. Charter Provisions

This Lease is governed by and subject to the provisions of City's Charter.

27.12. Drug-Free Workplace

Tenant acknowledges that under the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession, or use of a controlled substance under federal Legal Requirements is prohibited on City premises. Any violation of this prohibition by Tenant, its Agents, or assigns will be a material breach of this Lease.

27.13. Prohibition of Tobacco, Electronic Cigarettes, and E-Cigarettes Sales and Advertising

No advertising or sale of cigarettes or tobacco products is allowed on the Property. This advertising prohibition includes the placement of the name of a company producing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. In addition, Tenant acknowledges and agrees that no Sales, Manufacture, or Distribution of Tobacco Products (as each capitalized term is defined in San Francisco Health Code Section 19K.1), Electronic Cigarettes (as defined in San Francisco Health Code Section 19N.2) or E-Cigarettes (as defined in San Francisco Health Code Section 19N.2) is allowed on the Property and this prohibition must be included in all subleases or other agreements allowing any use of the Property. The prohibition against Sales, Manufacture, and Distribution of Tobacco Products does not apply to persons who are affiliated with an accredited academic institution where the Sales, Manufacture, or Distribution of Tobacco Products is conducted as part of academic research.

27.14. Prohibition of Alcoholic Beverage Advertising

No advertising of alcoholic beverages is allowed on the Property. For purposes of this section, "alcoholic beverage" is defined as set forth in California Business and Professions Code Section 23004, and does not include cleaning solutions, medical supplies, and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product.

27.15. Requiring Health Benefits for Covered Employees

(a) Unless exempt, Tenant 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 Labor and Employment Code Article 121, including the remedies provided, and implementing regulations, as they may be amended from time to time. The provisions of Article 121 are

(k) City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant will cooperate with City when it conducts the audits.

(l) If Tenant is exempt from the HCAO when this Lease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000), but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with City to reach Seventy-Five Thousand Dollars (\$75,000), then 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 Tenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

27.16. Notification of Prohibition on Contributions

By executing this Lease, Tenant acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who leases, or seeks to lease, to or from any department of the City any land or building from making any campaign contribution to (a) a City elected official if the lease must be approved by that official, (b) a candidate for that City elective office, or (c) a committee controlled by that elected official or a candidate for that office, at any time from the submission of a proposal for the lease until the later of either the termination of negotiations for the lease or twelve (12) months after the date the City approves the lease. Tenant acknowledges that the foregoing restriction applies only if the lease or a combination or series of leases or other contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one hundred thousand dollars (\$100,000) or more. Tenant further acknowledges that (i) the prohibition on contributions applies to each prospective party to the lease; any person with an ownership interest of more than ten percent (10%) in Tenant; any subtenant listed in the lease; and any committee that is sponsored or controlled by Tenant; and (ii) within thirty (30) days of the submission of a proposal for the Lease, the City department with whom Tenant is leasing is obligated to submit to the Ethics Commission the parties to the lease and any subtenant. Additionally, Tenant certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the lease, and has provided the names of the persons required to be informed to the City department with whom it is leasing.

27.17. Resource-Efficient City Buildings

Tenant acknowledges that City has enacted San Francisco Environment Code Sections 700 to 713 relating to green building requirements for the design, construction, and operation of buildings owned or leased by City. Tenant will comply with all applicable provisions of those code sections.

27.18. Food Service and Packaging Waste Reduction Ordinance

Tenant will comply with and is bound by all of the applicable provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated into this Lease by reference and made a part of this Lease as though fully set forth. Accordingly, Tenant acknowledges that City contractors and lessees may not use Food Service Ware for Prepared Food in City Facilities and while performing under a City contract or lease (1) where the Food Service Ware is made, in whole or in part, from Polystyrene Foam, (2) where the Food Service Ware is not Compostable

the Property occur. The notice will be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Property or other workplace at which it is posted.

(g) Tenant and subtenants understand and agree that on any failure to comply with the requirements of Article 142, City will have the right to pursue any rights or remedies available under Article 142 or this Lease, including a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant, or other person as to whom a violation occurred or continued, or termination of this Lease in whole or in part.

(h) If Tenant has any questions about the applicability of Article 142, it may contact City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of City's Office of Contract Administration who may also grant a waiver, as set forth in Article 142.

27.21. Vending Machines; Nutritional Standards

Tenant may not install or permit any vending machine on the Property without the prior written consent of the Director of Property. Any permitted vending machine will comply with the food and beverage nutritional standards and calorie labeling requirements set forth in San Francisco Administrative Code Section 4.9-1(c), as may be amended from time to time (the "**Nutritional Standards Requirements**"). Tenant will incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Property or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 27.21 will be a material breach of this Lease. Without limiting Landlord's other rights and remedies under this Lease, Landlord will have the right to require the immediate removal of any vending machine on the Property that is not permitted or that violates the Nutritional Standards Requirements.

27.22. All-Gender Toilet Facilities

If applicable, Tenant will comply with San Francisco Administrative Code Section 4.1-3 requiring at least one all-gender toilet facility on each floor of a Building where extensive renovations are made. An "all-gender toilet facility" means a toilet that is not restricted to use by persons of a specific sex or gender identity by means of signage, design, or the installation of fixtures, and "extensive renovations" means any renovation where the construction cost exceeds 50% of the cost of providing the toilet facilities required by Administrative Code Section 4.1-3. If Tenant has any question about applicability or compliance, Tenant should contact the Director of Property for guidance.

27.23. Tenant's Compliance with City Business and Tax Regulations Code

Tenant acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Tenant under this Lease is withheld, then City will not be in breach or default under this Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Tenant, without interest, late fees, penalties, or other charges, upon Tenant coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

City and Tenant have executed this Lease as of the date first written above.

TENANT:

TWIN PEAKS PETROLEUM, INC.,
a California corporation, dba Twin Peaks Auto Care

By: M. GHARIB
Michael Gharib
Its: President and Chief Financial Officer

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

APPROVED AS TO FORM:

DAVID CHIU,
City Attorney

By: _____
Vincent Brown
Deputy City Attorney

City and Tenant have executed this Lease as of the date first written above.

TENANT:

TWIN PEAKS PETROLEUM, INC.,
a California corporation, dba Twin Peaks Auto Care

By: _____
Michael Gharib
Its: President and Chief Financial Officer

CITY:

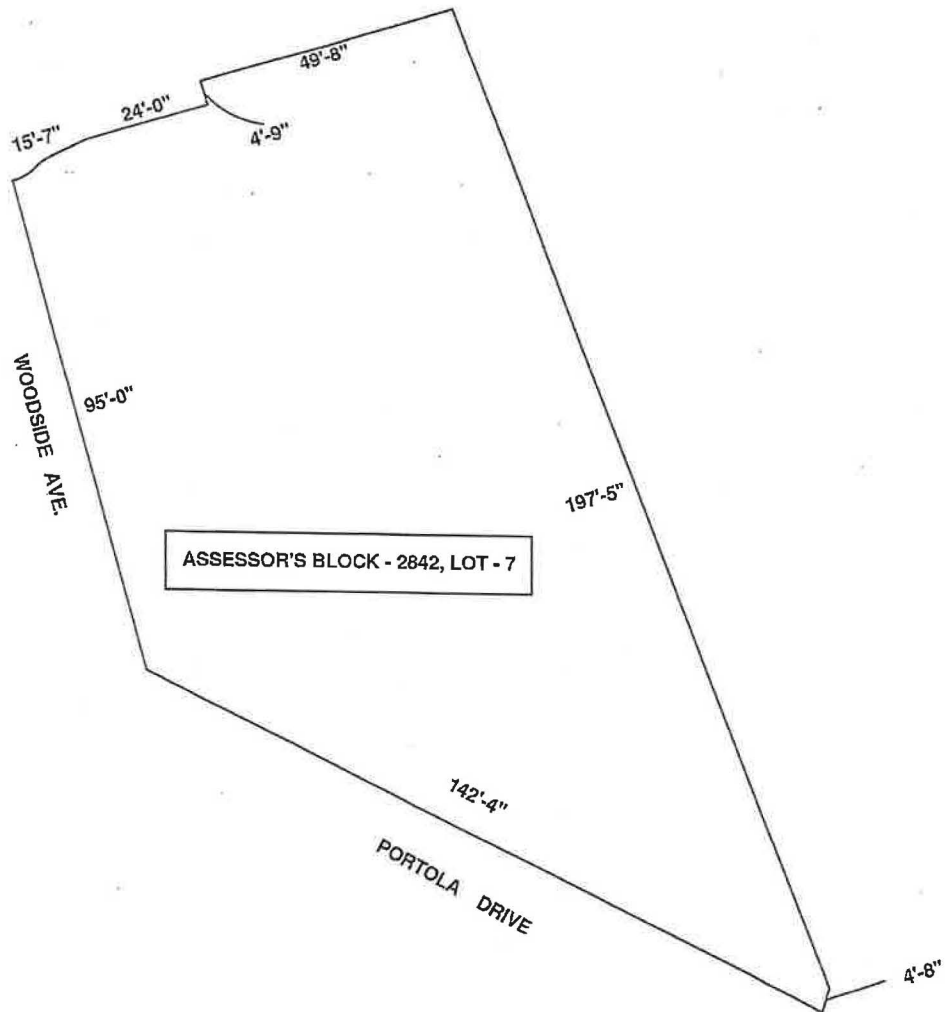
CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

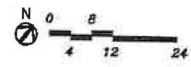
APPROVED AS TO FORM:

DAVID CHIU,
City Attorney

By: _____
Vincent Brown
Deputy City Attorney



TOTAL - 14,499 s.f.



City and County of San Francisco
REAL ESTATE DIVISION
 25 VANNESS AVENUE, SUITE 400
 SAN FRANCISCO, CA 94102
 PHONE: 415.554.8450
 FAX: 415.553.9210
 Email: RealEstate@CA.gov

**GAS STATION
 SITE**
 598 PORTOLA DR.
 SAN FRANCISCO, CA

REVISION			
NO.	DATE	BY	DESCRIPTION



ISSUE NO. _____
 DATE: 05/05/2015
 SCALE: 1/8"=1'-0"
 DRAWN BY: J.GELMAN
 CHECKED BY: C.VENEGAS
 PROJECT NUMBER: 0415

**SITE
 PLAN**

TITLE:
S-1

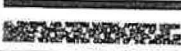


EXHIBIT B

NOTICE OF COMMENCEMENT DATE

[Date]

Mr. Andrico Q. Penick
Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

RE: Acknowledgement of Commencement Date, Lease Between Twin Peaks Petroleum, Inc., (Tenant), and the City and County of San Francisco (Landlord), for the Property located at 598 Portola Drive, San Francisco

Dear Mr. Penick:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is _____, 202 .

Please acknowledge your acceptance of this letter by signing and returning a copy of this letter.

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____
Andrico Q. Penick
Director of Property

Dated: _____