

File No. 250086

Committee Item No. 10

Board Item No. 19

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date March 5, 2025

Board of Supervisors Meeting

Date March 11, 2025

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>RED Presentation 3/5/2025</u> |
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Completed by: Brent Jalipa

Date February 27, 2025

Completed by: Brent Jalipa

Date March 6, 2025

1 [Real Property Lease - FACES SF - 1099 Sunnydale Avenue - \$48,867.12 Initial Yearly Base
2 Rent]

3 **Resolution approving and authorizing the Director of Property to enter into a real**
4 **property lease with Family & Child Empowerment Services (FACES SF), a California**
5 **nonprofit public benefit corporation for approximately 3,039 square feet of The Village**
6 **Community Facility located at 1099 Sunnydale Avenue, San Francisco, effective upon**
7 **approval of this Resolution for an initial term of five years with two five-year options to**
8 **extend, at an initial rent of \$48,867.12 per year (\$4,072.26 per month) with three percent**
9 **annual increases thereafter; the initial rent includes approximately 822 square feet of**
10 **office space in support of a temporary grant and programming collaboration with**
11 **Family Connections Centers, a California non-profit, providing services to the**
12 **community; should future grants for said collaboration not be funded after the first**
13 **year of the lease or any subsequent year thereafter, during the initial five-year term,**
14 **whereby the new adjusted rent will be \$2,970.78 per month, or \$35,649.36 per year, with**
15 **a three percent annual increase; a finding that competitive bidding procedures**
16 **required under San Francisco Administrative Code, Chapter 23, Section 23.33, are**
17 **impractical or impossible; a finding that the Lease furthers a proper public purpose**
18 **sufficient to meet Administrative Code, Section 23.30, market value requirements; and**
19 **authorizing the Director of Property to enter into any additions, amendments, or other**
20 **modifications to the Lease that do not materially increase the obligations or liabilities**
21 **of the City to effectuate the purposes of this Resolution.**

22
23 WHEREAS, The City and County of San Francisco (“City”) owns the Village
24 Community Facility located at 1099 Sunnydale Avenue, San Francisco, which is under the
25 jurisdiction of the Real Estate Division (“RED”); and

1 WHEREAS, Over the last 11 years, Family and Child Empowerment Services (FACES
2 SF) (“Tenant”), has been and currently provides workforce development services such as
3 outreach/recruitment, hiring events, assessments, referrals, case management, supportive
4 services, and job readiness training; and

5 WHEREAS, Tenant’s current lease is on holdover since 2022; and

6 WHEREAS, The City seeks to have the Tenant’s programming continue in the
7 community by entering into the proposed lease with the Tenant for the Community Facility, for
8 a five-year term (the “Term”) commencing on approval of this Resolution, a copy of which is
9 on file with the Clerk of the Board of Supervisors in File No. 250086 (the “Lease”); and

10 WHEREAS, The Lease provides for an initial monthly base rent of \$4,072.26 for a total
11 annual base rent of \$48,867.12 (\$16.08 per square foot); and

12 WHEREAS, Approximately 822 square feet of office space is in support of the
13 temporary collaboration and funding with Family Connections Center, a California non-profit,
14 providing joint services to the community; and

15 WHEREAS, Should future grants for said collaboration with Family Connections Center
16 not receive funding after the first year of the lease or any subsequent year thereafter, Tenant
17 may surrender approximately 822 square feet of office space, whereby the new adjusted rent
18 will be \$2,970.78 per month, or \$35,649.36 per year; and

19 WHEREAS, The City is responsible for monthly utilities, including custodial services in
20 the approximate amount of \$0.47 per square foot or \$1,428 monthly; and

21 WHEREAS, The initial base rent will increase annually by three percent during the
22 Term; and

23 WHEREAS, Due to the Tenant’s long-term occupancy and use of the Community
24 Facility and the public benefit it provides, competitive bidding procedures were impractical;
25 and

1 WHEREAS, The Director of Property determined the proposed rent payable under the
2 Lease to be below fair market rental value and therefore requires a Board of Supervisors
3 finding that the Lease furthers a proper public purpose sufficient to meet the requirements of
4 San Francisco Administrative Code, Section 23.30; now, therefore, be it

5 RESOLVED, That in accordance with the recommendations of the Director of Property
6 after consultation with the City Attorney, the Board of Supervisors approves the Lease in
7 substantially the form presented to the Board, and authorizes the Director of Property to take
8 all actions necessary to execute the Lease and any other documents that are necessary or
9 advisable to effectuate the purpose of this Resolution; and, be it

10 FURTHER RESOLVED, That the Lease will commence upon the approval of this
11 Resolution and continue for five years; and, be it

12 FURTHER RESOLVED, That the initial base rent rate shall be \$48,867.12 per year, or
13 \$4,072.26 per month, with an annual three percent adjustment each subsequent year of the
14 Term; and, be it

15 FURTHER RESOLVED, Tenant may surrender approximately 822 square feet of office
16 space, after the first year or any subsequent year thereafter, during the initial five-year term,
17 whereby the new adjusted rent will be \$2,970.78 per month, or \$35,649.36 per year, with a
18 3% annual increase.

19 FURTHER RESOLVED, That the Board of Supervisors confirms that the below market
20 rental rate of the Lease furthers a proper public purpose sufficient to meet the requirements of
21 San Francisco Administrative Code, Section 23.30 and 23.33; and, be it

22 FURTHER RESOLVED, That the Board of Supervisors finds that competitive bidding
23 procedures for award of the Lease were impractical or impossible due to Tenant's current
24 possession and occupancy of the space and the public benefit provided by Tenant; and, be it
25

1 FURTHER RESOLVED, That all actions taken by any City employee or official with
2 respect to entering into this Lease are hereby approved, confirmed, and ratified; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director of
4 Property to take any actions in furtherance of entering into, amending, or modifying the Lease,
5 if said action is, determined by the Director of Property, in consultation with the City Attorney,
6 are in the best interest of the City, do not materially increase the obligations or liabilities of the
7 City, do not materially decrease the benefits to the City, or are necessary or advisable to
8 effectuate the purposes of this Resolution, and are in compliance with all applicable laws; and,
9 be it

10 FURTHER RESOLVED, That within 30 days of the Lease being fully executed, the
11 Director of Property shall provide a final copy to the Clerk of the Board for inclusion in the
12 Board's file.

OFFICE LEASE

between

CITY AND COUNTY OF SAN FRANCISCO,
as Landlord

and

FACES SF (Family & Child Empowerment Services – San Francisco),
a California nonprofit public benefit corporation,
as Tenant

For the lease of
a portion of 1099 Sunnydale Avenue
San Francisco, California

September 4, 2024

September 2024

TABLE OF CONTENTS

	<u>Page</u>
1. BASIC LEASE INFORMATION	1
2. PREMISES; AS IS CONDITION	4
2.1. Lease Premises	4
2.2. Accessibility Disclosures	5
2.3. As Is Condition	6
2.4. Energy Consumption Disclosure	7
3. TERM	7
3.1. Lease Term.....	7
3.2. Confirmation of Commencement Date and Expiration Date.....	7
3.3. RESERVED	8
3.4. RESERVED	8
3.5. Continued Occupancy	8
4. RENT	8
4.1. Base Rent	8
4.2. Adjustments in Base Rent.....	8
4.3. Additional Charges	8
4.4. Late Charges	9
4.5. Default Interest.....	9
4.6. Costs of Collection.....	9
5. USE.....	9
5.1. Permitted Use.....	9
5.2. No Unlawful Uses, Nuisances or Waste	9
6. TENANT IMPROVEMENTS	10
6.1. RESERVED	10
6.2. Local Hiring Requirements.....	10
6.3. Prevailing Wages and Working Conditions.....	10
7. ALTERATIONS	11
7.1. Tenant’s Alterations.....	11
7.2. Title to Improvements.....	12
7.3. Tenant’s Personal Property	12
7.4. City’s Alterations of the Building and Building Systems.....	13

8.	REPAIRS AND MAINTENANCE	13
	8.1. City’s Repairs.....	13
	8.2. Tenant’s Repairs	13
9.	LIENS AND ENCUMBRANCES.....	13
	9.1. Liens.....	13
	9.2. Encumbrances	14
10.	UTILITIES AND SERVICES	14
	10.1. Utilities and Services	14
	10.2. Water and Energy Conservation; Mandatory or Voluntary Restrictions.....	14
	10.3. Excess Use	14
	10.4. Floor Load.....	15
	10.5. Interruption of Services.....	15
	10.6. Capital Improvements	15
11.	COMPLIANCE WITH LEGAL REQUIREMENTS AND RISK MANAGEMENT REQUIREMENTS.....	15
	11.1. Compliance with Legal Requirements.....	15
	11.2. Regulatory Approvals	16
	11.3. Compliance with City’s Risk Management Requirements.....	17
12.	SUBORDINATION.....	17
13.	INABILITY TO PERFORM	17
14.	DAMAGE AND DESTRUCTION.....	17
	14.1. RESERVED	18
	14.2. RESERVED	18
15.	EMINENT DOMAIN	18
16.	ASSIGNMENT AND SUBLETTING	19
	16.1. Restriction on Assignment and Subletting.....	19
	16.2. Notice of Proposed Transfer	19
	16.3. City’s Response	19
	16.4. City Sublease or Recapture Space	20
	16.5. Effect of Sublease or Assignment.....	21
	16.6. Assumption by Transferee	21
	16.7. Indemnity for Relocation Benefits.....	21
17.	DEFAULT; REMEDIES	22

17.1.	Events of Default	22
17.2.	Remedies	22
17.3.	Waiver of Redemption	24
17.4.	City’s Right to Cure Tenant’s Defaults	24
18.	WAIVER OF CLAIMS; INDEMNIFICATION	25
18.1.	Limitation on City’s Liability; Waiver of Claims.....	25
18.2.	Tenant’s Indemnity	25
19.	INSURANCE.....	26
19.1.	Tenant’s Insurance	26
19.2.	Tenant’s Personal Property	27
19.3.	City’s Self Insurance.....	27
19.4.	Waiver of Subrogation.....	28
20.	ACCESS BY CITY.....	28
21.	CERTIFICATES.....	28
21.1.	Tenant’s Estoppel Certificates	28
21.2.	City’s Certificates	28
22.	RULES AND REGULATIONS	29
23.	SECURITY DEPOSIT.....	29
24.	SURRENDER OF PREMISES	29
25.	REMOVAL OF ELECTRICAL AND TELECOMMUNICATIONS WIRES	30
25.1.	City May Elect to Remove or Retain Wires	30
25.2.	Compliance with Legal Requirements and Discontinuance of Wire Use.....	30
25.3.	Condition of Wires.....	30
25.4.	RESERVED.....	30
25.5.	RESERVED.....	30
26.	HAZARDOUS MATERIALS	30
26.1.	Definitions.....	30
26.2.	No Hazardous Materials	31
26.3.	Tenant’s Environmental Indemnity	31
26.4.	Survival of Obligation.....	32
26.5.	Hazardous Substance Disclosure	32
27.	SPECIAL PROVISIONS.....	32
27.1.	Extension Option	32

27.2.	RESERVED.....	33
27.3.	RESERVED.....	33
28.	GENERALLY APPLICABLE PROVISIONS.....	33
28.1.	Notices	33
28.2.	No Implied Waiver	33
28.3.	Amendments	34
28.4.	Authority.....	34
28.5.	Parties and Their Agents; Approvals	34
28.6.	Interpretation of Lease	34
28.7.	Successors and Assigns.....	34
28.8.	Brokers	35
28.9.	Severability	35
28.10.	Governing Law	35
28.11.	Entire Agreement.....	35
28.12.	Holding Over	36
28.13.	Time of Essence.....	36
28.14.	Cumulative Remedies	36
28.15.	Survival of Indemnities.....	36
28.16.	Signs.....	36
28.17.	Relationship of the Parties	37
28.18.	Payments to Tenant.....	37
28.19.	Light and Air.....	37
28.20.	No Recording	37
28.21.	Options Personal	37
28.22.	Non-Liability of City Officials, Employees and Agents	37
28.23.	Cooperative Drafting	37
28.24.	Counterparts	38
28.25.	Effective Date	38
28.26.	RESERVED.....	38
29.	CITY REQUIREMENTS	38
29.1.	Public Transit Information.....	38
29.2.	Taxes, Assessments, Licenses, Permit Fees and Liens	38
29.3.	Non-Discrimination in City Contracts and Benefits Ordinance	39

29.4.	No Relocation Assistance; Release of Claims	40
29.5.	MacBride Principles—Northern Ireland.....	40
29.6.	Tropical Hardwood and Virgin Redwood Ban; Preservative-Treated Wood Containing Arsenic	40
29.7.	Restrictions on the Use of Pesticides	41
29.8.	First Source Hiring Agreement.....	41
29.9.	Sunshine Ordinance	41
29.10.	Conflicts of Interest.....	42
29.11.	Charter Provisions.....	42
29.12.	Drug-Free Workplace	42
29.13.	Prohibition of Tobacco Sales and Advertising	42
29.14.	Prohibition of Alcoholic Beverage Advertising	42
29.15.	Requiring Health Benefits for Covered Employees.....	42
29.16.	Notification of Prohibition on Contributions.....	44
29.17.	Resource-Efficient City Buildings.....	44
29.18.	Food Service and Packaging Waste Reduction Ordinance.....	44
29.19.	San Francisco Packaged Water Ordinance	45
29.20.	Criminal History in Hiring and Employment Decisions.....	45
29.21.	Vending Machines; Nutritional Standards.....	46
29.22.	All-Gender Toilet Facilities	46
29.23.	RESERVED.....	46
29.24.	Tenant’s Compliance with City Business and Tax Regulations Code	46
29.25.	RESERVED	47
29.26.	Consideration of Salary History.....	47

LIST OF EXHIBITS

- EXHIBIT A – Floor Plan
- EXHIBIT B – Notice of Commencement Date
- EXHIBIT C – Utilities and Services
- EXHIBIT D – Rules and Regulations
- EXHIBIT E – First Source Hiring Agreement

OFFICE LEASE

THIS OFFICE LEASE (this “**Lease**”), dated for reference purposes only as of April 10, 2024, is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“**City**”), and FACES SF (Family & Child Empowerment Services – San Francisco), a California nonprofit public benefit corporation (“**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:	September 4, 2024
Landlord:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation
Tenant:	FACES SF (Family & Child Empowerment Services – San Francisco), a California nonprofit public benefit corporation
Building (<u>Section 2.1</u>):	Office building located at 1099 Sunnydale Avenue, San Francisco, California
Premises (<u>Section 2.1</u>):	Space on the second floor of the Building, designated as Suites 202, 205, 206 with storage closet labeled Room 208, and Room 201A and Room 201B, as shown on the floor plan attached as <u>Exhibit A</u> .
Rentable Area of Premises (<u>Section 2.1</u>):	Approximately 3,039 rentable square feet consisting of the following: Suite 202 183 rsf Suite 205 551 rsf Suite 206 including storage closet (Room 208) 932 rsf Room 201A 551 rsf Room 201B 822 rsf

Term (Section 3.1):

Estimated commencement date:
October 1, 2024

Expiration date: Five years after commencement date (Estimated date – September 30, 2029) for Suites 202, 205, 206 including storage closet (Room 208) and Room 201 A.

Expiration date For Room 201B: The expiration date shall be the day before the one-year anniversary of the Commencement Date, unless extended by tenant by providing a 90-day notice to the City to extend the Lease on a year-to-year bases thereafter, for up to four (4) extensions, in accordance with the provisions of this Lease.

Extension Option (Section 27.1):

Tenant shall have two (2) five-year options to renew

Base Rent (Section 4.1):

Annual Base Rent: \$48,867.12
(\$16.08 per sq. ft.)

Monthly payments: \$4,072.26
(\$1.34 per sq. ft.)

Rent Adjustment Dates (Section 4.2):

Annual three percent (3%) adjustment commencing one year from Commencement Date (Estimated – October 1st)

Permitted Use (Section 5.1):

Workforce development services such as outreach/recruitment, hiring events, orientation/assessments, referrals, case management, supportive services, and job readiness training.

Tenant Improvements (Section 6.1):

None

Utilities and Services (Section 10.1):

City will provide basic utilities and services to the Premises in accordance with Section 10.1

Security Deposit (Section 23):

None

Grants and Funds:

Tenant acknowledges it receives certain grants and funds from City Departments. Any grants or funds terminated due to an incurable Tenant default under

any City grant or other funding agreement will constitute a breach of a material term of this Lease and prompt Landlord to issue a 30-day Notice to Cure or Terminate Lease to Tenant.

A Tenant event of default under any of the grants or agreements shall constitute a Tenant default under this Lease.

City's Notice Address (Section 28.1):

Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 1099 Sunnydale - APA

and to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4682
Attn: Real Estate & Finance Group
Re: 1099 Sunnydale - APA
Fax No.: (415) 554-4757

Key Contact for City:

Elsa Lamb

Telephone No.:

415-699-2743 (cell)
Elsa.lamb@sfgov.org

Alternate Contact for City:

Matt Gagin

Telephone No.:

415-554-9822
matt.gagin@sfgov.org

Tenant's Notice Address (Section .28.1):

1101 Masonic Avenue
San Francisco, CA 94117

Key Contact for Tenant:

Melissa Bryan, Chief Operations Officer

Telephone No.:

415.567.2357 (Office)
mbryan@facessf.org

Alternate Contact for Tenant: Jonathan Skolnick, Chief Executive Officer
FACES SF
Agent for Service
1101 Masonic Avenue
San Francisco, CA 94117

Telephone No.: 415.567.2357 Ext. 140 (office)
917.699.9819 (cell)

Brokers (Section 28.8): None

2. PREMISES; AS IS CONDITION

2.1. Lease Premises

Subject to the provisions of this Lease, City leases to Tenant and Tenant leases from City those premises in the building identified in the Basic Lease Information (the “**Building**”) and shown on the floor plan(s) attached as **Exhibit A** (the “**Premises**”). The Premises are located on the floor(s) of the Building specified in the Basic Lease Information. The rentable area of the Premises specified in the Basic Lease Information will be conclusive for all purposes. The Building, the land on which the Building is located, and all other improvements on and appurtenances to the land are referred to collectively as the “**Property**.” Tenant has the non-exclusive right to use, together with other tenants in the Building, the lobbies, corridors, elevators, stairways, restrooms, and other public areas of the Building and the Property (collectively, the “**Common Areas**”), and the kitchen areas, community room, and conference room (the “**Shared Facilities**”) subject to the Building Rules and Regulations, as defined in Section 22 (Rules and Regulations) and the policies established by the Director of Property or their agents, and the non-exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

Tenant acknowledges that Tenant shall have non-exclusive use of that portion of the Premises marked on **Exhibit A** as “Passage”, which allows for a pass-through from the entrance of Room 201A to the exit near Room 212, and shall also be used by the successor tenant(s) of Room 201B together with its / their employees and invitees to travel through the portion of the Room 201A for ingress to and egress from Room 201B. Tenant must maintain at all times a clear, direct path of travel and access through the portion of the Premises marked as the “Passage” in Room 201A to enable the successor tenant(s) of Room 201B and its / their employees and invitees to travel between the lobby and Room 201B.

Tenant further acknowledges that there is no demising wall between Room 201A and Room 201B. Tenant will cooperate in good faith with City and the successor tenant(s) of Room 201B to make the boundary between Rooms 201A and 201B clear through signage and/or the arrangement of furniture, currently bookcases.

Tenant further acknowledges that a clear path of travel, including ingress and egress, should be provided to the tenant of Suite 204; storage closets labeled Room 207 and Room 213; and building equipment room labeled Room 212.

City is not responsible for monitoring or controlling the conduct of business within Rooms 201A and 201B, including, without limitation, tidiness and noise levels. Tenant agrees to use reasonable efforts to keep Room 201A in a clean, tidy condition and conduct its business in said room in a professional manner so as to enable the occupants of Room 201B to conduct their business without unreasonable disruption.

Tenant acknowledges and agrees that Tenant's lease of Room 201B of the Premises shall include Tenant's exclusive use of the personal property in the Room 201B, consisting of furniture, comprised of four (4) cubicles designated with partition walls that each include a built-in desk provided by the Landlord, as depicted in Exhibit A in red (collectively the "**Furniture**"). City makes no representations or warranties related to the Furniture. Tenant is familiar with the condition of the Furniture. Tenant agrees to use the Furniture at its own risk and accepts the Furniture as of the Commencement Date in its existing condition, "as is," without any obligation of the City to repair, remodel, improve, or alter the Furniture, or to perform any other construction or other work of improvement to the Furniture or to provide Tenant with any construction or refurbishing allowance whatsoever.

Tenant may not use furniture, equipment, personal property, or files of any successor tenant or occupant of Suite 201B at any time.

Tenant acknowledges that under Section 18.1 below, Tenant waives any claim against City related to any act or omission of persons occupying Room 201A and B, Room 207, Room 213 and Room 212, or any part of the Building adjacent to or connected with the Premises, including claims for theft. Tenant will take adequate measures at all times to safeguard Tenant's equipment and personal property stored or placed in Room 201A and the remainder of the Premises.

The Real Estate Division ("**RED**") will maintain the master calendar for the conference rooms, community room, and any other Shared Facilities of the Building that may be reserved by tenants. Tenant shall comply with RED's requirements regarding the advance reservation system (now on-line) and use of the Shared Facilities and the Common Areas. Tenant will refer any questions and concerns regarding use of the Shared Facilities or Common Areas to the Key Contact for the City specified in the Basic Lease Information. Tenant will cooperate in good faith with RED and all other tenants to resolve any disputes, including meeting and conferring with the City's Key Contact, the Director of Property and the other occupants of the Property to reach an amical solution.

2.2. Accessibility Disclosures

(a) California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist ("**CASp**") to determine whether the property meets all applicable construction-related accessibility requirements.

Landlord discloses (i) Landlord has not been issued a disability access inspection certificate as described in California Civil Code ("**CC**") Section 55.53(e), (ii) pursuant to CC Section 1938, that Landlord has not ordered, performed, or caused to be performed, a Certified Access Specialist ("**CASp**") inspection of the Premises (sometimes referred to as "premises" or "subject premises")

for the herein disclosures), and (iii) Landlord makes the following statutory disclosure per CC Section 1938 (the required “**CASp Disclosure**”):

“A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.”

Landlord and Tenant agree that if Tenant desires to have the Premises inspected by a CASp, then (1) Tenant will cause the inspection to occur within thirty (30) days after the Effective Date; (2) the inspection will occur during business hours on a business day; (3) Tenant will give Landlord five (5) business days prior written notice of the inspection time and date; (4) Landlord may attend the inspection; (5) the inspection may not include any destructive testing or damage to the Premises or the Building; (6) Tenant will pay for all inspection costs (including fees for any reports prepared by the CASp (collectively, the “**CASp Reports**”). Tenant will deliver any CASp Reports to Landlord within three (3) business days after Tenant's receipt. Tenant, will be solely responsible at Tenant’s cost for making improvements, alterations, modifications, and/or repairs to or within the Premises to correct violations of construction-related accessibility standards disclosed by the CASp inspection. If the CASp inspection identifies any improvements, alterations, modifications, and/or repairs necessary to correct violations of construction-related accessibility standards relating to items of the Building or the Project located outside the Premises that are Landlord's obligation to repair under this Lease, then Landlord will perform the improvements, alterations, modifications, and/or repairs as and to the extent required by applicable Laws, and Tenant will reimburse Landlord the cost of the improvements, alterations, modifications, and/or repairs within ten (10) business days after Tenant's receipt of an invoice from Landlord.

(b) Tenant acknowledges that before the execution of this Lease, City provided Tenant with, and Tenant signed, the Disability Access Obligations Notice described in Section 38.3 of the San Francisco Administrative Code. Tenant and City each agree to use reasonable efforts to notify the other party if making any Alterations (as defined in Section 7.1 (Tenant’s Alterations)) that might impact accessibility to the Premises under any disability access Legal Requirements (as defined in Section 11.1 (Compliance with Laws)).

2.3. As Is Condition

TENANT ACKNOWLEDGES AND AGREES THAT THE PREMISES ARE BEING LEASED AND ACCEPTED IN THEIR “AS IS” CONDITION, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, AND SUBJECT TO ALL APPLICABLE LEGAL REQUIREMENTS (AS DEFINED IN SECTION 11.1 (COMPLIANCE WITH LAWS) BELOW) GOVERNING THEIR USE, OCCUPANCY, AND POSSESSION. TENANT REPRESENTS AND WARRANTS TO CITY THAT TENANT HAS INVESTIGATED AND INSPECTED, EITHER INDEPENDENTLY OR THROUGH AGENTS OF TENANT’S OWN CHOOSING, THE CONDITION OF THE PREMISES AND THE SUITABILITY OF THE PREMISES FOR TENANT’S INTENDED USE. BASED SOLELY ON ITS OWN INVESTIGATION, TENANT HAS DETERMINED THAT THE PREMISES ARE SUITABLE

FOR TENANT’S BUSINESS AND INTENDED USE. TENANT ACKNOWLEDGES AND AGREES THAT NEITHER CITY NOR ANY OF ITS AGENTS (AS DEFINED IN SECTION 28.5 (PARTIES AND THEIR AGENTS, APPROVALS) BELOW) HAVE MADE, AND CITY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE RENTABLE AREA OF THE PREMISES, THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PREMISES OR THE PROPERTY, THE PRESENT OR FUTURE SUITABILITY OF THE PREMISES FOR TENANT’S BUSINESS, OR ANY OTHER MATTER WHATSOEVER RELATING TO THE PREMISES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

2.4. Energy Consumption Disclosure

Tenant consents to Tenant’s utility service providers disclosing energy use data for the Premises to City for use under California Public Resources Code Section 25402.10, as implemented under California Code of Regulations Title 20, 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 Premises are leased for a term (the “**Term**”) commencing on the later of (a) the date specified in the Basic Lease Information as the estimated commencement date (the “**Estimated Commencement Date**”) or (b) approval by the Board of Supervisors and the Mayor in their sole discretion. The Term will end on the expiration date specified in the Basic Lease Information, unless sooner terminated as provided in this Lease. The Term may be extended as provided in Section 27.1 (Extension Option). Tenant is in possession of the Premises under the Lease with the City dated as of September 1, 2018 (the “**Prior Lease**”), which will automatically terminate upon the commencement of this Lease; provided, that any obligation of Tenant intended or expressly stated to survive shall continue to survive. If the Term commences later or earlier than the Estimated Commencement Date, this Lease will nevertheless expire on the Expiration Date, unless sooner terminated under this Lease. In addition, (i) City will have the right to terminate the Lease without penalty at any time upon delivery of one hundred twenty (120) days’ prior written notice to Tenant, and (ii) Tenant shall have the right to terminate this Lease without penalty upon delivery of ninety (90) days’ prior written notice to City if Tenant experiences or reasonably anticipates experiencing a substantial reduction in operational funding.

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.**” If the Commencement Date occurs on a date other than the Estimated Commencement Date, then promptly 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. RESERVED

3.4. RESERVED

3.5. Continued Occupancy

Tenant acknowledges and agrees that its possession of the Premises commencing on the Commencement Date is a continuation of Tenant's possession of the Premises under the Prior Lease. Tenant is familiar with the condition of the Premises, and Tenant agrees to accept the Premises as of the Commencement Date in its existing condition, "as is," without any obligation of the City to repair, remodel, improve, or alter the Premises, to perform any other construction or other work of improvement upon the Premises or to provide Tenant with any construction or refurbishing allowance whatsoever. As of the date of this Lease, Tenant represents and warrants to City that Tenant is not aware of any dangerous conditions or other defects existing in or about the Premises and that unless Tenant provides City with written notice to the contract before the Commencement Date, such representation and warranty shall be true on and as of the Commencement Date as if the same were made on and as of such date.

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 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. If the Commencement Date occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the Base Rent for the partial month will be prorated based on a thirty (30) day month. Within five (5) days after the parties execute this Lease, Tenant will pay to City the Base Rent for the first full month.

4.2. Adjustments in Base Rent

On each date specified in the Basic Lease Information for adjustment of the Base Rent (an "**Adjustment Date**"), the Base Rent will be adjusted upward by three percent (3%).

4.3. Additional Charges

Tenant will pay to City all charges and other amounts required under this Lease as additional rent, whether or not those amounts are specifically characterized as rent (collectively, "**Additional Charges**"). All Additional Charges will be payable to City at the same place and the same manner as the Base Rent. City will have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent. The term "**Rent**" means Base Rent and Additional Charges.

4.4. Late Charges

Each time Tenant fails to pay any Rent or any portion of Rent within five (5) days following the due date, the unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount. City and Tenant have agreed on the late payment charge, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur resulting from Tenant's failure to timely pay Rent, the actual costs being extremely difficult if not impossible to determine. Tenant will pay the late charge to City together with the unpaid amount.

4.5. Default Interest

Any Rent, if not paid within five (5) days after the due date, will bear interest from the due date until paid the Prime Rate most recently announced by JP Morgan, for the immediately preceding month, plus five percent (5%), which rate will automatically be reduced if it is higher than the rate an individual is permitted to legally charge (the "**Interest Rate**"). Interest will not be payable on late charges or on any amounts on which Tenant paid late charges to the extent this interest would cause the total interest to be more than lawfully permitted. Payment of interest will not excuse or cure any default by Tenant.

4.6. Costs of Collection

In addition to any interest or late charges under Section 4.4 and Section 4.5 above, if Tenant fails to pay Rent in immediately available funds or by good check (if Tenant is permitted to pay by personal or business check), to the extent that the costs incurred by City because of Tenant's failure exceed the late charges applicable to that failure, then Tenant will pay to City immediately upon demand as Additional Charges the amount of any fees, charges, or other costs incurred by City, including dishonored check fees, increased staff time, and any costs of collection.

5. USE

5.1. Permitted Use

Tenant will use and continuously occupy the Premises during the Term solely for general office use and for the uses, if any, as specified in the Basic Lease Information (the "**Permitted Use**"), and for no other purpose. Tenant acknowledges that this prohibition on the change in use 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 Premises 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 Premises. Tenant will take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Tenant may not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises, Building, or on or about the Property except identification signs in a location and size and design approved by City in its sole discretion.

6. TENANT IMPROVEMENTS

6.1. RESERVED

6.2. Local Hiring Requirements

(a) Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.62 (the “**Local Hiring Requirements**”). Alterations (as defined in Section 7.1 (Tenant’s Alterations)) are subject to the Local Hiring Requirements unless the cost for the work is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Requirements. Tenant will comply with the Local Hiring Requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant will contact City’s Office of Economic Workforce and Development (“**OEWD**”) to verify if the Local Hiring Requirements apply to the work (i.e., whether the work is a “**Covered Project**”).

(b) In any contract for a Covered Project, Tenant will include, and will require its subtenants to include, a requirement to comply with the Local Hiring Requirements with specific reference to San Francisco Administrative Code Section 23.62. Each contract will name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Tenant will cooperate, and require its subtenants to cooperate, with City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. 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 23.62 against the breaching party.

6.3. Prevailing Wages and Working Conditions

(a) Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.61. Tenant will require its Contractors and Subcontractors performing (i) labor in connection with a “public work” as defined under California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) or (ii) Covered Construction, at the Premises to (A) pay workers performing that work not less than the Prevailing Rate of Wages, (B) provide the same hours, working conditions, and benefits as in each case are provided for similar work performed in San Francisco County, and (C) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, “**Prevailing Wage Requirements**”). Tenant will cooperate with City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

(b) Tenant will include, and will require its subtenants, and Contractors and Subcontractors (regardless of tier), to include in any Construction Contract the Prevailing Wage Requirements, with specific reference to San Francisco Administrative Code Section 23.61, and the agreement to cooperate in City enforcement actions. Each Construction Contract will name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third-party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any

Contractor or 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 subtenants, and Contractors and Subcontractors (regardless of tier) to pay, the Prevailing Rate of Wage for the following activities on the Premises 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 Premises (ii) to the Building or (iii) to the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security, and other mechanical, electrical, or communications systems of the Building ("**Building Systems**"), without City's prior written consent in each instance, which approval or rejection shall not be unreasonably withheld, conditioned, or delayed. 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 the Building, 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.

(b) **Asbestos.** Without limiting Section 26.2 (No Hazardous Materials) below, if it is determined that asbestos-containing materials ("**ACM**") exist in or about the Premises, 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.

(c) **Prevailing Wage and Local Hiring Requirements.** Tenant and its subtenants will comply with the applicable requirements of Section 6.2 (Local Hiring Requirements) and Section 6.3 (Prevailing Wages and Working Conditions) above in the performance of any Alterations.

(d) **Tenant's Improvements or Alterations that Disturb or Remove Lead-Based Paint.** Tenant, on behalf of itself and its Agents or Invitees, will comply with all requirements of the San Francisco Building Code, Section 3407, and all other Legal Requirements, including the California and United States Occupational Health and Safety Acts and their implementing regulations, when the work of improvement or alteration disturbs or removes exterior lead-based or "presumed" lead-based paint (as defined below). Tenant and its Agents or Invitees (defined in Section 28.5 (Parties and Their Agents; Approvals) below) will give to City three (3) business days' prior written notice of any disturbance or removal of exterior lead-based or presumed lead-based paint. Further, Tenant and its Agents or Invitees, when disturbing or removing exterior lead-based or presumed lead-based paint, may not use or cause to be used any of the following methods: (i) acetylene or propane burning and torching; (ii) scraping, sanding or grinding without containment barriers or a High Efficiency Particulate Air filter ("HEPA") local vacuum exhaust tool; (iii) hydroblasting or high-pressure wash without containment barriers; (iv) abrasive blasting or sandblasting without containment barriers or a HEPA vacuum exhaust tool; and (v) heat guns operating above 1,100 degrees Fahrenheit. Paint on the exterior of buildings built before December 31, 1978, is presumed to be lead-based paint unless lead-based paint testing, as defined in Section 3407 of the San Francisco Building Code, demonstrates an absence of lead-based paint on the exterior surfaces of the buildings. Under this Section, lead-based paint is "disturbed or removed" if the work of improvement or alteration involves any action that creates friction, pressure, heat, or a chemical reaction on any lead-based or presumed lead-based paint on an exterior surface so as to abrade, loosen, penetrate, cut through, or eliminate paint from that surface. Notice to City under this Lease will not constitute notice to City's Department of Building Inspection required under San Francisco Building Code Section 3407.

7.2. Title to Improvements

Except for Tenant's Personal Property (as described in the next section), or as may be specifically provided to the contrary in the approved Plans, all appurtenances, fixtures, improvements, equipment, additions, and other property attached or affixed to or installed in the Premises at the Commencement Date or during the Term, including the Tenant Improvements and any Alterations, will be and remain, City's property. Tenant may not remove any City property at any time during or after the Term unless City so requests as further provided in Section 24 (Surrender of Premises) below.

7.3. Tenant's Personal Property

All furniture, trade fixtures, office equipment, and articles of movable personal property installed in the Premises by or for the account of Tenant, without expense to City, and that can be removed without structural or other damage to the Premises (collectively, "**Tenant's Personal Property**") will be and remain, Tenant's property. Tenant may remove its Personal Property at any time during the Term, subject to the provisions of Section 24 (Surrender of Premises) below. 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.

7.4. City's Alterations of the Building and Building Systems

City reserves the right at any time to make alterations, additions, repairs, deletions, or improvements to the Common Areas or any other part of the Building or the Building Systems, provided that the alterations or additions do not materially adversely affect the functional utilization of the Premises for the Permitted Use.

8. REPAIRS AND MAINTENANCE

8.1. City's Repairs

City will repair and maintain the structural portions of the Building, including the Building Systems, the elevators, and the Common Areas; provided, however, Tenant will reimburse City for any damage, excluding normal wear and tear, caused by any act or omission of Tenant, its Agents, or its Invitees, excepting conditions caused by City. In making those repairs, City may use structures in the Premises where reasonably required, provided that the work may not block the main entrance to the Premises or unreasonably interfere with Tenant's business. Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned thereby.

8.2. Tenant's Repairs

At no expense to City, Tenant will maintain (and replace, if necessary) the Premises (including the floors, interior plumbing, electrical wiring, fixtures, and equipment) 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, **(d)** in a manner and using equipment and materials that will not interfere with or impair the operations, use, or occupation of the Building or the Building Systems, and **(e)** in accordance with any applicable Building Rules and Regulations (as defined in Section 22 (Rules and Regulations)) and all applicable Legal Requirements. If the cost of any those repairs or replacements is in excess of Five Thousand Dollars (\$5,000) in any instance and results from the acts or omissions of Tenant, its Agents, or Invitees, then Tenant will pay to City an administrative fee equal to ten percent (10%) of the total "hard" costs of the work. 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 Premises. Replacements costing over \$5,000 will be considered an Alteration and Article 7 above will apply.

9. LIENS AND ENCUMBRANCES

9.1. Liens

Tenant will keep the Premises and the rest of the Property free from any liens arising out of any work performed, material furnished, or obligations incurred by or for Tenant. If, within five (5) 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, and upon advance written notice to Tenant, 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 Premises any notices that City

may deem proper for the protection of City, the Premises, 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 Premises, 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 Premises, the Property, or City's interest in the Property or under this Lease.

10. UTILITIES AND SERVICES

10.1. Utilities and Services

City will provide the basic Building utilities and services described in the attached **Exhibit C** (the "**Standard Utilities and Services**") to the Premises, subject to the terms and conditions stated in **Exhibit C**. At no cost to City, Tenant will be responsible for furnishing any utilities or services that Tenant may need for its use of the Premises other than or in excess of the Standard Utilities and Services. Tenant acknowledges that natural gas or propane service and plumbing may not be installed in the Building, except as specifically provided in San Francisco Environment Codes Section 706.

10.2. Water and Energy Conservation; Mandatory or Voluntary Restrictions

If any Legal Requirements impose mandatory or voluntary controls on City or any part of the Property relating to the use or conservation of energy, water, gas, light, or electricity or the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this Lease, or if City is required or elects to make alterations to any part of the Building to comply with mandatory or voluntary controls or guidelines, then that compliance and making of any related alterations will not entitle Tenant to any damages, relieve Tenant of the obligation to pay the full Rent or to perform each of its other covenants under the Lease, or constitute or be construed as a constructive or other eviction of Tenant. At any time, City may install a water meter in the Premises or to otherwise measure the amount of water consumed on the Premises, and Tenant will pay for the cost of the meter or other means of measurement and its installation and maintenance.

10.3. Excess Use

If Tenant requires any utilities or services to be provided by City in excess of the Standard Utilities and Services for the Premises, Tenant will first procure City's written consent, which City may give, condition, or withhold in its sole discretion. If City consents, then Tenant will pay to City, as Additional Charges, the cost of the excess usage. City's failure to bill Tenant for excess utilities or services will not impair City's right to bill Tenant for the costs at a later date. Without limiting the foregoing, Tenant will not: **(a)** connect or use any apparatus, device, or equipment that will require a dedicated circuit or that will impair the proper functioning or capacity of the Building Systems; or **(b)** connect any apparatus, device, or equipment through electrical outlets except in the manner the outlets are designed and without the use of any device intended to increase the plug capacity of any electrical outlet (such as power strips); or **(c)** maintain at any time an electrical demand load over any amount specified in the Rules and Regulations. If, at any time, City has reason to believe that Tenant may be using any utility or service in excess of the amount allowed to the Premises under the Standard Building Utilities or Services, City may install a separate meter

in the Premises or to take other appropriate steps to measure the amount of utility or service used in the Premises, and Tenant will pay for the cost of the meter or other means of measurements, and its installation and maintenance.

10.4. Floor Load

Tenant will not place or install in the Premises any equipment that weighs more than the normal load-bearing capacity of the floors of the Building without City's prior written consent, which City may give, condition, or refuse in its sole discretion. If City consents to the placement or installation of any overweight equipment in the Premises, Tenant will reinforce the floor of the Premises, at no cost to City, under plans and specifications approved by City and otherwise in compliance with Section 7.1 (Tenant's Alterations), to the extent necessary to assure that no damage to the Premises or the Building or weakening of any structural supports will occur because of Tenant's overweight equipment.

10.5. Interruption of Services

City's obligation to provide utilities and services for the Premises are subject to the Rules and Regulations of the Building, applicable Legal Requirements (including the rules or actions of the public utility company furnishing the utility or service), and shutdowns for maintenance and repairs, for security purposes, or because of acts of nature, accidents, epidemics and related governmental orders and requirements, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials, or other causes beyond City's control. In the event of an interruption in, or failure or inability to provide any service or utility for the Premises for any reason, then the interruption, failure, or inability will not constitute an eviction of Tenant, constructive or otherwise, or impose on City any liability whatsoever, including liability for consequential damages or loss of business by Tenant; but if the interruption, failure, or inability impairs Tenant's ability to carry on its business in the Premises for five (5) or more consecutive business days, then Tenant will have the right, as Tenant's sole remedy, to abate the Rent in an amount calculated by City based on the extent the interruption, failure, or inability impairs Tenant's ability to carry on its business in the Premises. Tenant hereby waives the provisions of California Civil Code Section 1932(1) or any other applicable Legal Requirements permitting the termination of this Lease due to the interruption, failure, or inability.

10.6. Capital Improvements

City may charge Tenant for its pro rata share of the reasonable cost of any capital improvements made to the Building as a labor-saving or energy saving device or to effect other economies in the operation or maintenance of the Building, or made to the Building after the date of this Lease that are required under any Legal Requirement that was not applicable to the Building at the time that permits for the construction were obtained. The cost will be amortized over a reasonable period as determine by City, together with interest on the unamortized balance at the rate of ten percent (10%) per annum.

11. COMPLIANCE WITH LEGAL REQUIREMENTS AND RISK MANAGEMENT REQUIREMENTS

11.1. Compliance with Legal Requirements

At no cost to City, Tenant will promptly comply with all present or future federal, state, local, and administrative laws, ordinance, resolution, regulation, requirement, proclamation, order, or decree of any municipal, county, state, or federal government or other governmental or

regulatory authority, board of fire underwriters, or any directive or occupancy certificate issued under any law by any public officer or officers acting in their regulatory capacity (now or later in effect, collectively “**Legal Requirements**”) relating to the Premises or the Property or the use or occupancy of the Premises 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 Premises 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. Tenant will not be required to make any structural Alterations in order to comply with disability access Legal Requirements unless the Alterations are required, in whole or in part, directly or indirectly, by the Tenant Improvements or any other Alterations, Tenant’s use of the Premises, or any act or omission of Tenant, its Agents, or Invitees.

Any Alteration made by or on behalf of Tenant under the provisions of this Section will comply with the provisions of Section 8.2 (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 Premises (including 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 Premises, 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 Premises.

11.2. Regulatory Approvals

(a) **Responsible Party.** Tenant’s use of the Premises may require authorizations, approvals, or permits from governmental regulatory agencies with jurisdiction over the Premises. Tenant is solely responsible for obtaining all regulatory approvals. Tenant may not seek any regulatory approval without first obtaining City’s written consent. 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 Premises 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 Premises. By entering into this Lease, City is not

modifying or limiting Tenant's obligation to cause the Premises 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 Premises that would be prohibited by or increase rates under a standard form fire insurance policy or subject City to potential premises liability. At no cost to City, Tenant will faithfully observe any and all requirements of City's Risk Manager with respect to Tenant's use and occupancy of the Premises.

12. SUBORDINATION

This Lease is and will be subordinate to any reciprocal easement agreement, ground lease, facilities lease, or other underlying lease and the lien of any mortgage or deed of trust and all renewals, modifications, consolidations, replacements, and extensions of any of the foregoing, that may now exist or later be executed by City affecting the Property or City's interest in the Property, without the necessity of executing any instrument to effectuate the subordination. Notwithstanding the foregoing, City or the holder will, in its respective discretion, may elect not to subordinate those interests to this Lease. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant will attorn to City's successor-in-interest, if desired by the successor-in-interest. The provisions of this Section are self-operative and no further instrument will be required. On City's demand, however, Tenant will execute and deliver any additional documents in the form requested by City evidencing the priority or subordination of this Lease.

13. INABILITY TO PERFORM

No actual or constructive eviction, in whole or in part, will entitle Tenant to any abatement or reduction of Rent or relieve Tenant from any of its obligations under this Lease. If City is unable to perform or is delayed in performing any of City's obligations under this Lease by reason of acts of nature, accidents, epidemics and related governmental orders and requirements, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials, or by any other reason beyond City's reasonable control, then that inability or delay will not constitute an eviction under this Lease, or impose any liability on City or its Agents because of the inconvenience, annoyance, interruption, injury, or loss to or interference with Tenant's business or use and occupancy or quiet enjoyment of the Premises or any other loss or damage due to City's inability or delay. Tenant waives and releases any right to terminate this Lease under Section 1932, subdivision 1 of the California Civil Code or any similar Legal Requirements.

14. DAMAGE AND DESTRUCTION

If all or any portion of the Premises are damaged by casualty but the Premises remain tenantable for the Permitted Use, then the damage will be repaired in accordance with Section 8 (Repairs and Maintenance) above. If the Premises or any portion of it or the Building are completely destroyed by any cause, or are so damaged that the Premises are untenable, then, within forty-five (45) days after the date the destruction or damage, City will give Tenant written notice whether or not City will repair the Premises or Building so that the Premises are in a tenantable condition for Tenant's Permitted Use (the "**Repairs**") within one hundred eighty (180) days after the date of the destruction or damage. If City's notice states that the Repairs will not be made within one hundred eighty (180) days after the date of the damage or destruction, then either City or Tenant may terminate this Lease by written notice given to the other within thirty (30) days

after receipt of City's Repair notice. If neither party terminates this Lease, then, with due diligence, City will repair the Premises for the Permitted Use, and City will proportionally reduce the Base Rent (based upon the extent that the damage and the Repairs materially interferes with Tenant's Permitted Use of the Premises) that would be payable between the date of the damage and the date the repairs are substantially completed.

In addition, if more than twenty-five percent (25%) of the replacement value of the Building is destroyed, then City may terminate this Lease by written notice to Tenant given within ninety (90) days after the damage or destruction, which termination will be effective as of the date of the notice.

Notwithstanding anything to the contrary in this Lease, if the Building or the Premises are damaged or destroyed in the last twelve (12) months of the Term, then either party may terminate this Lease upon written notice to the other party given within thirty (30) days after the damage or destruction occurs.

City and Tenant intend that in the event of any damage or destruction to the Premises or the Building that this Section 14 will govern the rights and obligation of the parties; accordingly, Tenant waives the provisions of Subdivision 2 of Section 1932 of the California Civil Code and the provisions of Subdivision 4 of Section 1933 of the California Civil Code, and all similar Legal Requirements.

14.1. RESERVED

14.2. RESERVED

15. EMINENT DOMAIN

If the Premises or any portion of it is taken under the power of eminent domain or sold under threat of exercise of eminent domain (collectively, "**Condemnation**") this Lease will terminate as to the part taken as of the date the condemning authority takes title or possession, whichever occurs first. Each party will promptly notify the other of any pending or threatened Condemnation. If more than 10% of the Premises or convenient access to the Premises is taken by Condemnation, then either party may, at its option, terminate this Lease by giving written notice to the other party within ten (10) days after receiving any resolution of necessity (or notice of any similar action by the condemning authority) ("**Condemnation Notice**") regarding a pending or threatened Condemnation. If all or any portion of the Building is taken by Condemnation, then, at its option, City may terminate this Lease by giving written notice to Tenant within thirty (30) days after receiving Condemnation Notice. Any termination will be effective the earlier of thirty (30) days after the termination notice and the date the condemning authority takes title or possession, whichever occurs first. If neither party terminates this Lease, then this Lease will remain in full force and effect as to the portion of the Premises remaining, and City will proportionally reduce Base Rent. Condemnation awards will be City's property, whether the award is made as compensation for the reduction in value of the leasehold, the value of the part taken, or for severance damages, but Tenant may petition for a separate award for Tenant's relocation expenses or Tenant's Personal Property. All Alterations or improvements made to the Premises will be considered City's property for the purposes of any Condemnation and City will be entitled to the Condemnation award. If this Lease is not terminated under this paragraph, then City will repair any damage to the Premises caused by the Condemnation.

City and Tenant intend that the provisions of this Section 15 govern fully in the event of a Condemnation and accordingly, the parties each waive any right to terminate this Lease in whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar Legal Requirements.

16. ASSIGNMENT AND SUBLETTING

16.1. Restriction on Assignment and Subletting

Tenant may not directly or indirectly (including by merger, acquisition, or other transfer of any controlling interest in Tenant), voluntarily or by operation of law, sell, assign, encumber, pledge, or otherwise transfer any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder (collectively, an “**Assignment**”), or permit or license any portion of the Premises to be used or occupied by anyone other than itself, or sublet any portion of the Premises (collectively, “**Sublease**”), without City’s prior written consent in each instance, as provided below. Notwithstanding the foregoing, Tenant may Assign this Lease or Sublet any or all portions of the Premises to any Tenant’s Affiliate (as defined below) without obtaining City’s consent by giving City written notice of its intent thereof at least fifteen (15) business days before the proposed effective date of the transfer. As used in this Section, the term “**Tenant’s Affiliate**” means any of the following: (a) any person or entity owning, directly or indirectly, fifty percent (50%) or more of the ownership interests of Tenant (an “**Owning Person**”), (b) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by any Owning Person, (c) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by Tenant. Tenant will provide any Assignment and Sublease documents (whether City’s consent is required or not) to the City Assessor-Recorder within sixty (60) days of execution of such document, as provided in Section 29.2 below.

16.2. Notice of Proposed Transfer

If Tenant desires to enter into an Assignment or a Sublease, it will give written notice (a “**Notice of Proposed Transfer**”) to City of its intention to do so. The Notice of Proposed Transfer will identify the proposed transferee and state the terms and conditions of the proposed Assignment or Sublease. Tenant will deliver to City with its request for City’s consent, the proposed Assignment or Sublease and current financial statements of the proposed Transferee, prepared by an independent certified public accountant, and promptly on City’s request, any additional documents or information reasonably related to the proposed transaction or Transferee.

16.3. City’s Response

(a) Within twenty (20) business days after City’s receipt of the Notice of Proposed Transfer (the “**Response Period**”), by written notice to Tenant, City may elect to: (i) sublease the portion of the Premises specified in the Notice of Proposed Transfer on the terms and conditions set forth in the notice, except as otherwise provided in Section 16.4 (City Sublease or Recapture Space) (a “**City Sublease**”), or (ii) terminate this Lease as to the portion of the Premises that is specified in the Notice of Proposed Transfer, with a proportionate reduction in Base Rent (a “**Recapture**”).

(b) If City declines to exercise either of its options under subsection (a) above, then Tenant will have ninety (90) days following the earlier of (i) City’s notice that it will not elect

either option or **(ii)** the expiration of the Response Period, to enter into the Assignment or Sublease, subject to City’s prior written approval of the proposed assignee or subtenant (in either case, a “**Transferee**”) and the terms and conditions of the proposed Sublease or Assignment. Fifty percent (50%) of any rent or other consideration realized by Tenant under any Assignment or Sublease in excess of the Base Rent and Additional Charges (or the amount proportionate to the portion of the Premises subject to a Sublease) will be paid to City, after Tenant has recovered any reasonable brokers’ commissions and the reasonable cost of any leasehold improvements that Tenant has incurred in connection with the Sublease or Assignment. 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 after the earlier of the events described in clauses (i) or (ii) above, then Tenant will submit a new Notice of Proposed Transfer for any Assignment or Sublease.

(c) If, after City declines to exercise any of the options under subsection (a) above, Tenant desires to enter into an Assignment or a Sublease **(i)** on terms and conditions materially more favorable to Tenant than those contained in the Notice of Proposed Transfer or **(ii)** with a Transferee that is currently a tenant or other occupant of the Building, then Tenant will give City a new Notice of Proposed Transfer, which notice will state the terms and conditions of the Assignment or Sublease and identify the proposed Transferee, and City will again be entitled to elect one of the options provided in subsection (a) at any time within twenty (20) business days after City’s receipt of the new Notice of Proposed Transfer.

(d) If City elects either of the options provided in subsection (a), City may enter into a lease, sublease, or assignment agreement for the Premises (or portion specified in the Notice of Proposed Transfer) with any party, including the proposed Transferee identified in Tenant’s notice.

(e) 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. City Sublease or Recapture Space

If City elects to Sublease or Recapture from Tenant as described in Section 16.3 (City’s Response), then the following apply:

(a) In the case of a City Sublease, **(i)** City may use the portion of the Premises covered by the Notice of Proposed Transfer (the “**City Sublease Space**”) for any legal purpose, **(ii)** the rent payable by City to Tenant will be the lesser of **(A)** the amount in the Notice of Proposed Transfer or **(B)** the Base Rent payable by Tenant under this Lease at the time of the City Sublease (or, if the City Sublease is for less than the entire Premises, the amount proportionate to the City Sublease Space), **(iii)** City may make alterations and improvements to the City Sublease Space and may remove any alterations or improvements, in whole or in part, before or on the expiration of the City Sublease, provided that City will repair any damage or injury to the City Sublease Space caused by that removal, **(iv)** City will have the right to further sublease or assign the City Sublease Space to any party, without Tenant’s consent, and **(v)** Tenant will pay to City on demand any costs incurred by City in physically separating the City Sublease Space (if less than the entire Premises)

from the balance of the Premises and in complying with any applicable Legal Requirements or regulations relating to the separation.

(b) In the case of Recapture, (i) the portion of the Premises subject to the Recapture (the “**Recapture Space**”) will be deleted from the Premises for all purposes under this Lease, and Tenant and City will be relieved of all their rights and obligations under this Lease with respect to the Recapture Space, unless those rights and obligations expressly survive the Expiration Date or other termination of this Lease, and (ii) City will pay any cost incurred in physically separating the Recapture Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable Legal Requirements relating to the separation.

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.

16.7. Indemnity for Relocation Benefits

Without limiting Section 16.6 (Assumption by Transferee) above, Tenant will cause any Transferee to expressly waive entitlement to any and all relocation assistance and benefits in connection with this Lease. Tenant will Indemnify City for any and all Claims (as defined in Section 18.2 (Tenant’s Indemnity)) arising out of any relocation assistance or benefits payable to any Transferee. Tenant’s obligation to Indemnify City will survive the expiration or termination of this Lease and any Assignment or Sublease.

17. DEFAULT; REMEDIES

17.1. Events of Default

Any of the following will constitute an event of default (the “**Event of Default**”) by Tenant under this Lease:

(a) a failure to pay Base Rent or Additional Charges when due that continues for three (3) days after the date of City’s written notice, but City will not be required to provide notice more than twice during any twelve (12)-month period, and any failure by Tenant after Tenant has received two (2) notices in a twelve (12)-month period will constitute an Event of Default by Tenant under this Lease without any further notice from City or opportunity for Tenant to cure except as may be required by Section 1161 of the California Code of Civil Procedure;

(b) a failure to comply with any other covenant, condition, representation, or warranty made under this Lease that continues for fifteen (15) days after the date of written notice by City, provided that if the default is not capable of cure within the fifteen (15)-day period, Tenant will have a reasonable period to complete the cure if Tenant promptly undertakes action to cure the default within the fifteen (15)-day period and thereafter diligently prosecutes the same to completion within sixty (60) days after the receipt of City’s notice of default; provided, that an uncured default by Tenant under any grant or funding agreement with a City Department shall be a breach of a material term of this Lease and constitute an Event of Default hereunder, causing City to issue a thirty (30) day notice to cure or terminate Lease. City will not be required to provide a written notice of default more than twice in any twelve (12)-month period for any material non-monetary defaults and after the second notice in any twelve (12)-month period, any subsequent failure by Tenant during that twelve (12)-month period will constitute an Event of Default;

(c) a vacation or abandonment of the Premises for a continuous period in excess of five (5) business days; or

(d) an appointment of a receiver to take possession of all or substantially all of Tenant’s assets, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium, or other debtor relief act or statute, whether now existing or hereafter amended or enacted, if the receiver, assignment, or action is not released, discharged, dismissed, or vacated within sixty (60) days.

17.2. Remedies

On the occurrence of an Event of Default City will have the following remedies, which are not exclusive but are cumulative and in addition to any other remedies now or later allowed by law or in equity:

(a) City may terminate Tenant’s right to possession of the Premises 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 Premises, its efforts to relet the Premises, its reletting of the Premises for Tenant’s account, its storage of Tenant’s Personal Property and trade fixtures, its acceptance of keys to the Premises from Tenant, its appointment of a receiver, or its exercise of any other rights and remedies under this Section 17.2 or otherwise under Legal Requirements, will constitute an acceptance of Tenant’s surrender of the Premises or constitute a termination of this Lease or of Tenant’s right to possession of the Premises.

(b) On a written termination of Tenant's right to possession of the Premises, 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 Premises; 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 Premises without terminating this Lease and sublet all or any part of the Premises 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 payment of the costs of maintaining, preserving, altering, and preparing the Premises for subletting, the other costs of subletting, including brokers' commissions, attorneys' fees, and expenses of removal of Tenant's Personal Property, trade fixtures, and Alterations; **(ii)** second, to the payment of Rent then due and payable under this Lease; **(iii)** third, to the payment of future Rent as it becomes due and payable under this Lease; and **(iv)** fourth, the balance, if any, will be paid to Tenant on (but not before) expiration of the Term. If the rents received by City from any subletting, after application as provided above, are insufficient in any month to pay the Rent due under this Lease for the month, Tenant will pay the deficiency to City on demand. Notwithstanding

any subletting for Tenant's account without termination, at any time thereafter, by written notice to Tenant, City may elect to terminate this Lease by virtue of a previous Event of Default.

(d) During the continuance of an Event of Default, for so long as City does not terminate Tenant's right to possession of the Premises and subject to Section 16 (Assignment and Subletting) and the rights granted to City under that Section, City will not unreasonably withhold its consent to an Assignment or Sublease of Tenant's interest in the Premises or in this Lease.

(e) During the continuance of an Event of Default, City may enter the Premises without terminating this Lease and remove all Tenant's Personal Property, Alterations, and trade fixtures from the Premises and store them at Tenant's risk and expense. If City removes Tenant's Personal Property, Alterations, and trade fixtures from the Premises and stores it at Tenant's risk and expense, and if Tenant fails to pay the cost of the removal and storage after written demand and/or to pay any Rent then due, then, after the property has been stored for a period of thirty (30) days or more, City may sell it at public or private sale, in the manner and at the times and places as City deems commercially reasonable following reasonable notice to Tenant of the time and place of the sale. The sale proceeds will be applied first to the payment of the expenses for removal and storage of the property, the preparation for and conducting of the sale, and for attorneys' fees and other legal expenses incurred by City, and the balance will be applied as provided in Section 17.2(b) above. Tenant waives all claims for damages that may be caused by City's reentering and taking possession of the Premises or removing and storing Tenant's Personal Property under this Section 17.2, and Tenant will Indemnify City for all Claims resulting from City's reentering and taking possession of the Premises or removing and storing Tenant's Personal Property. No reentry by City will constitute or be construed as a forcible entry by City.

(f) City may require Tenant to remove any and all Alterations from the Premises or, if Tenant fails to do so within ten (10) days after City's request, City may do so at Tenant's expense.

(g) City may cure the Event of Default at Tenant's expense, it being understood that City's cure will not waive or cure the Event of Default. If City pays any sum or incurs any expense in curing the Event of Default, Tenant will reimburse City on demand for the amount of the payment or expense with interest at the Interest Rate from the date the sum is paid or the expense is incurred until City is reimbursed by Tenant.

17.3. Waiver of Redemption

Tenant hereby waives, for itself and all persons claiming by and under Tenant, all rights and privileges that it might have under any present or future Legal Requirement to redeem the Premises or to continue this Lease after being dispossessed or ejected from the Premises.

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 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 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. 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 about the Premises 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 Premises; **(b)** theft; **(c)** explosion, fire, steam, oil, electricity, water, gas, rain, pollution, or contamination; **(d)** stopped, leaking, or defective Building 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 about the Premises; **(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 of the Furniture or use or occupancy of the Premises by Tenant, its Agents, its Invitees, or any person or entity claiming through or under any of them; **(d)** the condition of the Premises; **(e)** any construction or other work undertaken by Tenant on the Premises whether before or during the Term; or **(f)** any acts, omissions, or negligence of Tenant, its Agents, or its Invitees, in, on, or about the Premises or 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 Claims as are caused exclusively by the willful misconduct or active gross negligence of the Indemnified Parties. The foregoing Indemnity includes reasonable fees of attorneys, consultants, and experts and related costs and City's costs of investigating any Claim. Tenant expressly acknowledges that Tenant has an immediate and independent obligation to defend City from any Claim that actually or potentially falls within this indemnity provision even if the allegation is or may be groundless, fraudulent, or false, which obligation arises at the time the Claim is tendered to Tenant by City and continues at all times thereafter. Tenant's obligations under this Section will survive the expiration or termination of this Lease.

19. INSURANCE

19.1. Tenant's Insurance

(a) At no cost to City, Tenant will procure and keep in effect at all times during the Term insurance as follows:

(i) Commercial general liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse, and underground (XCU).

(ii) Worker's Compensation Insurance with Employer's Liability limits not less than One Million Dollars (\$1,000,000) each accident.

(iii) Business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, as applicable, if Tenant uses automobiles in connection with its use of the Premises.

(iv) 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 Premises. Business Interruption Insurance will also cover business interruptions due to failures or interruptions in telecommunications services, strikes, employee lockouts, riots, or other civil commotion.

(v) 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.

(vi) Other insurance as is generally required by commercial owners of buildings similar in size, character, age, and location as the Building, as may change from time to time.

(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.

(g) On or before the Commencement Date, Tenant will deliver to City certificates of insurance and additional insured policy endorsements from insurers in a form satisfactory to City, evidencing the coverage required under this Lease, together with complete copies of the policies and at any other time promptly after City's request. During the Term, Tenant will provide City with certificates or policies at least thirty (30) days before the expiration dates of expiring policies. If Tenant fails to procure the required insurance, or to deliver the policies or certificates, then at its option and without waiving any rights or remedies that City may have for Tenant's default, City may procure the insurance for Tenant's account, and Tenant will pay the cost to City within five (5) days after delivery to Tenant of invoices therefor.

(h) On City's request, Tenant and City will periodically review the limits and types of insurance carried under this Section. If the general commercial practice in San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Tenant for risks comparable to those associated with the Premises, then, at City's request, Tenant will increase the amounts or coverage carried by Tenant to conform to the general commercial practice.

(i) Tenant's compliance with the provisions of this Section will in no way relieve or decrease Tenant's liability under Section 18.2 (Tenant's Indemnity), or any of Tenant's other obligations under this Lease.

(j) Notwithstanding anything to the contrary in this Lease, if any of the required insurance coverage lapses, this Lease will terminate on three (3) days' notice to Tenant unless Tenant renews the insurance coverage within the notice period.

19.2. Tenant's Personal Property

At no cost to City, Tenant is responsible for separately insuring Tenant's Personal Property.

19.3. City's Self Insurance

Tenant acknowledges that City self-insures against casualty, property damage, and public liability risks and agrees that, at City's sole election (but without obligation to do so), City may carry any third party insurance coverage for the Building, the Premises, or otherwise.

19.4. Waiver of Subrogation

Notwithstanding anything to the contrary in this Lease, City and Tenant (each a “**Waiving Party**”) each waives any right of recovery against the other party for any loss or damage relating to the Building or the Premises or any operations or contents, whether or not the loss is caused by the fault or negligence of the other party, to the extent the loss or damage is covered by third-party insurance that is required to be purchased by the Waiving Party under this Lease or is actually covered by insurance held by the Waiving Party or its Agents. Each Waiving Party will obtain a waiver of subrogation rights endorsements from applicable insurance carriers issuing policies relating to the Building or the Premises; 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 Premises 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 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 Premises; to repair, alter, or improve any part of the Building, Building Systems, or the Premises; 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 the Premises, and that entry will not be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion of the Premises. 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 Premises 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 Premises (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 Premises, **(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.

22. RULES AND REGULATIONS

Tenant will faithfully comply with the rules and regulations attached to this Lease as **Exhibit D** (Building Rules and Regulations), which City may amend from time to time (the “**Rules and Regulations**”). City will not be responsible for the non-performance of the Rules and Regulations by any other tenant or occupant of the Building. If there is any conflict between any provision of this Lease and any provision of the Rules and Regulations, this Lease will control.

23. SECURITY DEPOSIT – Not Applicable

24. SURRENDER OF PREMISES

(a) On the Expiration Date or other termination of this Lease, Tenant will peaceably quit and surrender to City the Premises, together with the Tenant Improvements and all Alterations approved by City, in good order and condition, except for normal wear and tear (after Tenant has made the last necessary repair required under this Lease), and further except for any portion of the Premises condemned and any damage and destruction for which Tenant is not responsible under this Lease. The Premises will be surrendered free and clear of all liens and encumbrances other than those existing as of the date of this Lease and any other encumbrances created by City. Immediately before the Expiration Date or other termination of this Lease, Tenant will remove all of Tenant’s Personal Property as provided in this Lease, and repair any damage resulting from the removal; provided, in City’s sole discretion, City may reserve ownership of any telecommunications equipment, wire, cabling, and/or conduit installed in the Premises or any other portion of the Building by or on behalf of Tenant. If the removal is not completed at the expiration or other termination of this Lease, City may perform the removal at Tenant’s expense. Notwithstanding anything to the contrary in this Lease, at any time before the Expiration Date or within five (5) days after termination of this Lease (which period will be considered holding over with Landlord’s consent under Section 28.12 (Holding Over) below), City may elect to require Tenant to remove, at Tenant’s sole expense, all or part of the Tenant Improvements, Alterations, or other improvements or equipment constructed or installed by or at Tenant’s expense, including any telecommunications equipment, wires, cabling, and/or conduit installed in the Premises or any other portion of the Building by or on behalf of Tenant. Tenant will promptly remove those items and repair, at no cost to City, any damage to the Premises or the Building resulting from the removal, or if Tenant fails to repair, City may do so at Tenant’s expense. At City’s option, any items of Tenant’s Personal Property remaining in the Premises 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.

(b) Concurrently with the surrender of the Premises, if requested by City, Tenant will execute, acknowledge, and deliver to City a quitclaim deed to the Premises and any other instrument reasonably requested by City to evidence the termination of Tenant’s leasehold estate and to effect the transfer or vesting of title to the Tenant Improvements or other improvements or equipment that remain part of the Premises.

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

25. REMOVAL OF ELECTRICAL AND TELECOMMUNICATIONS WIRES

25.1. City May Elect to Remove or Retain Wires

Within thirty (30) days after the expiration or sooner termination of this Lease or at any time that the Wires (as defined below) are no longer in active use by Tenant, by written notice to Tenant, City may elect to: (a) retain any or all wires, cables, and similar installations appurtenant to such wires or cable (collectively, the "**Wires**") installed by or on behalf of Tenant within the Premises or any portion of the Building outside the Premises, including the plenums or risers of the Building; (b) remove any or all of the Wires and restore the Premises or the Building, as the case may be, to their condition existing before the installation of the Wires (the "**Wire Restoration Work**"), at Tenant's sole cost and expense; or (c) require Tenant to perform all or part of the Wire Restoration Work, at Tenant's sole cost and expense.

25.2. Compliance with Legal Requirements and Discontinuance of Wire Use

Tenant will comply with all applicable Legal Requirements with respect to the Wires. Within thirty (30) days after Tenant discontinues the use of all or any part of the Wires, Tenant will deliver to City written notice of the discontinuance, together with a plan or other reasonable description of the current type, quantity, points of commencement and termination, and routes of the Wires to allow City to determine if City desires to retain the Wires.

25.3. Condition of Wires

If City elects to retain any or all of the Wires, Tenant covenants that (a) Tenant is the sole owner of the Wires, Tenant has the sole right to surrender the Wires, and the Wires are free of all liens and encumbrances; and (b) all Wires will be left in a good and safe working condition, properly labeled and capped or sealed at each end and in each telecommunications/electrical closet and junction box.

25.4. RESERVED

25.5. RESERVED

26. HAZARDOUS MATERIALS

26.1. 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, 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, escaping, leaching, dumping, or disposing into or inside the Premises, or in, on, under, or about any other part of the Property or into the environment.

26.2. No Hazardous Materials

Neither Tenant nor any of its Agents or Invitees will cause or permit any Hazardous Material to be brought on, kept, used, stored, generated or disposed of in, on, or about the Property, or transported to or from the Property, with the sole exception that Tenant may keep and use Hazardous Material in the Premises in reasonably limited amounts as are customarily used for general office purposes (such as copy toner and other normal office and cleaning supplies) and may generate Hazardous Material as a result of measures taken under Article 7 or Article 8 of this Lease that disturb or remove lead-based or presumed lead-based paint from the exterior or interior surfaces of the Premises so long as the generation, storage, transportation, use, and disposal are in compliance with all applicable Environmental Laws at all times. Tenant will give City immediate written notice of: (a) any action, proceeding, or inquiry by any governmental authority (including the California State Department of Health Services, the State or any Regional Water Quality Control Board, the Bay Area Air Quality Management District, or any local governmental entity) against Tenant with respect to the presence or Release or suspected presence or Release of Hazardous Material on the Premises, Building, or Property or the migration thereof from or to other property; (b) all demands or claims made or threatened by any third party against Tenant or the Premises, Building, or Property relating to any loss or injury resulting from any Hazardous Materials; (c) any Release of Hazardous Material on or about the Premises or any other part of the Property that has occurred and may require any Investigation or Remediation; and (d) all matters of which Tenant is required to give notice under Section 25359.7 of the California Health and Safety Code.

26.3. Tenant’s Environmental Indemnity

If Tenant breaches any of its obligations contained in this Section, or, if any act or omission of Tenant, its Agents, or its Invitees results in any Release of Hazardous Material in, on, under, or about the Premises or any other part of the Property in violation of any applicable Environmental Laws, then, without limiting Tenant’s Indemnity contained in Section 18.2 (Tenant’s Indemnity), on behalf of itself and its successors and assigns, Tenant will Indemnify the Indemnified Parties, and each of them, from and against all Claims (including damages for decrease in value of the Premises or the Property, the loss or restriction of the use of rentable or usable space or of any amenity of the Premises or the Property, and sums paid in settlement of claims, attorneys’ fees,

consultants' fees, and experts' fees and costs) arising during or after the Term and relating to the Release. The foregoing Indemnity includes costs incurred in connection with activities undertaken to Investigate and Remediate Hazardous Material and to restore the Property to its prior condition, fines and penalties assessed for the violation of any applicable Environmental Laws, and any natural resource damages. Without limiting the foregoing, if Tenant or any of its Agents or Invitees causes or permits the Release of any Hazardous Materials in, on, under, or about the Premises or any other part of the Property, Tenant will immediately and at no expense to City take all appropriate actions to return the Premises or the Property affected by the Release to the condition existing before the Release and otherwise Investigate and Remediate the Release in accordance with all Environmental Laws. Tenant expressly acknowledges that Tenant has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnity provision even if the allegation is or may be groundless, fraudulent, or false, and 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.

26.4. Survival of Obligation

Tenant's obligations under this Section 26 will survive the expiration or earlier termination of this Lease.

26.5. Hazardous Substance Disclosure

California Legal Requirements require landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Tenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials, including gasoline, diesel, and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane, and building materials containing chemicals, such as formaldehyde. By execution of this Lease, Tenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Section 25359.7 and related statutes and, to the extent permitted by Legal Requirements, Tenant waives any and all rights Tenant may have to assert that City has not complied with the requirements of the statute.

27. SPECIAL PROVISIONS

27.1. Extension Option

(a) **Option to Extend Term.** City grants to Tenant two (2) options to extend the Term as to the entire Premises only (each "**Extension Option**"), each for an additional five years (60 months) (the "**Extension Term**") the first commencing on the Expiration Date on the following terms and conditions. Tenant may exercise an Extension Option at any time during the Term but at least one hundred eighty (180) days before the Expiration Date of the then expiring Term by giving written notice to City. Once given, Tenant may not revoke its notice exercising the Extension Option. If any Event of Default by Tenant is 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 or sublet more than

fifty percent (50%) of the Premises. Each Extension Option will require approval by the Board of Supervisors and Mayor in their respective sole discretion.

(b) Base Rent and Other Terms. If Tenant elects to exercise an Extension Option, then the lease for the Extension Term will cover the entire Premises and be on all of the terms, covenants, and conditions of this Lease, except that Base Rent of will be adjusted by three percent (3%) of the Base Rent of the year for the then Expiring Term.

27.2. RESERVED

27.3. RESERVED

28. GENERALLY APPLICABLE PROVISIONS

28.1. 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, return receipt requested, with postage prepaid, to: **(a)** Tenant, **(i)** at Tenant's address set forth in the Basic Lease Information, if sent before Tenant takes possession of the Premises, or **(ii)** at the Premises if sent on or after Tenant takes possession of the Premises, or **(iii)** at any place where Tenant or any Agent of Tenant may be found if sent after Tenant vacates, abandons, or surrenders the Premises; or **(b)** City, at City's address set forth in the Basic Lease Information; or **(c)** to any other address that either City or Tenant designates as its new address by notice given to the other in accordance with the provisions of this Section at least ten (10) days before the effective date of the change. A properly addressed notice transmitted by one of the foregoing methods will be deemed to have been given two (2) days after the date it is mailed by first class or certified mail, one day after the date it is deposited with an overnight courier for overnight delivery, or on the date of personal delivery. For convenience of the parties, copies of notices may also be given by email to the email address set forth in the Basic Lease Information or as may be provided from time to time; however, neither no official or binding notice may be given by email; a notice will only be deemed given and effective when sent as provided in the first two (2) sentences of this Section. Tenant will promptly provide City with copies of all notices received regarding any alleged violation of Legal Requirements or insurance requirements or any alleged unsafe condition or practice.

28.2. No Implied Waiver

No failure by City to insist on the strict performance of any obligation of Tenant under this Lease or to exercise any right, power, or remedy arising out of a breach, regardless of the length of time that the breach continues, no acceptance of full or partial Base Rent or Additional Charges during any breach, and no acceptance of the keys to or possession of the Premises before the expiration of the Term by any Agent of City, will constitute a waiver of the breach or of City's right to demand strict compliance with any term, covenant, or condition or operate as a surrender of this Lease. No express written waiver of any default or the performance of any provision of this Lease will affect any other default or performance, or cover any other period of time, other than the default, performance, or period of time specified in the express waiver. One or more written waivers of a default or the performance of any provision of this Lease will not be deemed to be a waiver of a subsequent default or performance. Any City consent under this Lease will not relieve Tenant of any obligation to secure City's consent in any other or future instance as required by this Lease.

28.3. Amendments

Neither this Lease nor any of its terms or provisions may be changed, waived, discharged, or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought. Whenever this Lease requires or permits City's consent or approval, the Director of Property or his or her designee will be authorized to provide the consent or approval, except as otherwise provided by applicable Legal Requirements, including the Charter. Any amendments or modifications to this Lease, including amendments to or modifications to the exhibits to this Lease, are subject to the mutual written agreement of City and Tenant, and City's agreement may be made upon the sole approval of the Director of Property, or his or her designee; provided, however, **(a)** changing the legal description of the Premises, **(b)** increasing the Term, **(c)** increasing the Rent, **(d)** changing the general use of the Premises from the use authorized under Section .5.1 (Permitted Use) of this Lease, and **(e)** any other amendment or modification that materially increases City's liabilities or financial obligations under this Lease may also require the approval of City's Board of Supervisors.

28.4. 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.

28.5. 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 in his or her sole discretion unless otherwise provided in this Lease, subject to applicable Legal Requirements.

28.6. 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.

28.7. 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 Premises, 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.

28.8. Brokers

Neither party has had any contact or dealings regarding leasing the Premises 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 the other party from any and all Claims incurred by the indemnified party in defending against the broker's or finder's claim. The provisions of this Section will survive the expiration or any earlier termination of this Lease.

28.9. Severability

If any provision of this Lease or its application to any person, entity, or circumstance is invalid or unenforceable, then the remainder of this Lease, or the application of the provision to persons, entities, or circumstances other than those as to which it is invalid or unenforceable, will not be affected thereby, and each other provision of this Lease will be valid and enforceable to the fullest extent permitted by Legal Requirements, except to the extent that enforcement of this Lease without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Lease.

28.10. Governing Law

This Lease will be construed and enforced in accordance with the Legal Requirements of the State of California and City's Charter.

Any legal suit, action, or proceeding arising out of or relating to this Lease shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Lease has been brought in an inconvenient forum.

28.11. Entire Agreement

This Lease, including its attached exhibits, which are made a part of this Lease by this reference, contains the entire agreement between the parties and all prior written or oral negotiations, understandings, and agreements are merged into this Lease. The parties intend that this Lease constitutes the complete and exclusive statement of its terms and no extrinsic evidence whatsoever (including prior drafts and changes) may be introduced in any judicial, administrative, or other legal proceeding involving this Lease. Tenant acknowledges that neither City nor City's Agents have made any representations or warranties with respect to the Premises, the Building, or

this Lease except as expressly set forth in this Lease, and no rights, easements, or licenses are or will be acquired by Tenant by implication or otherwise unless expressly set forth in this Lease.

28.12. Holding Over

(a) If Tenant retains possession of any portion of the Premises 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 any Extension Options). 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.

28.13. 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.

28.14. 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.

28.15. Survival of Indemnities

Termination of this Lease will not affect the either party's right to enforce any indemnities and representations and warranties given or made to the other party under this Lease, or affect any provision of this Lease that expressly states it will survive expiration or termination of the Lease.

28.16. Signs

Tenant will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics on or about the Premises that are visible in or from public corridors or other portions of any Common Areas of the Building or from the exterior of the Premises without City's prior written consent, which City may withhold, grant, or condition in its sole discretion.

28.17. Relationship of the Parties

City is not, and none of the provisions in this Lease will be deemed to render City, a partner in Tenant's business, or a member in any joint enterprise or venture with Tenant. Neither party may act as the agent of the other party for any purpose under this Lease. This Lease is not intended and it will not be construed to create any third-party beneficiary rights in any party, unless otherwise expressly provided.

28.18. Payments to Tenant

Tenant acknowledges that City cannot make any payments to Tenant unless Tenant is qualified as an approved vendor in City's financial and payment system. Therefore, City will not be in default of any monetary obligation to Tenant if City is required to make a payment to Tenant but Tenant is not an approved vendor with City. More information about being an approved vendor is available at <https://sfcitypartner.sfgov.org/Vendor/BecomeSupplier>.

28.19. Light and Air

No diminution of light, air, or view by any structure that may later be erected (whether or not by City) will entitle Tenant to any reduction of the Base Rent or Additional Charges under this Lease, result in any City liability to Tenant, or in any other way affect this Lease or Tenant's obligations under the Lease.

28.20. No Recording

Tenant may not record this Lease or any memorandum of this Lease in the public records.

28.21. Options Personal

Any right or option to extend the Term or renew this Lease is personal to the original named Tenant and may be exercised only by the original named Tenant while occupying the Premises without the intent of then making an Assignment of this Lease or Subletting of all or any portion of the Premises. No right or option to extend the Term or renew this Lease may be exercised by or assigned, voluntarily or involuntarily, by or to any person or entity other than the original named Tenant. The options, if any, granted to Tenant are not assignable separate and apart from this Lease, and no option may be separated from this Lease in any manner, either by reservation or otherwise.

28.22. 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.

28.23. 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.

28.24. 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.

28.25. Effective Date

This Lease will be effective on the date that is the last occur of the following: (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 or (c) July 1, 2024.

28.26. RESERVED

29. CITY REQUIREMENTS

29.1. 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 Premises, including the distribution of written materials to personnel explaining the convenience and availability of public transportation facilities adjacent or near the Building and encouraging use of them.

29.2. 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. In addition, if the Term, including any extension options, is thirty-five (35) years or more, then Tenant will be obligated to pay real property transfer tax upon execution of the Lease.

(b) Tenant will pay to the proper authority on or before when due all taxes and assessments of every kind, including, but not limited to, possessory interest taxes lawfully assessed on the leasehold interest created by this Lease or any subleasehold interest in the Premises, real property transfer taxes, real and personal property taxes, general and special assessments, and all license fees, permit fees, and all other governmental charges of any kind or nature whatsoever, and to pay all other taxes, excises, licenses, permit charges, and assessments based on Tenant's use of the Premises or any transfer of a leasehold interest or subleasehold interest in the Premises (including, but not limited to, any transfer of the leasehold interest in the Premises pursuant to this Lease) and imposed by Legal Requirements, whether in effect at the time this Lease is entered into or that become later effective. Without limiting the foregoing, Tenant will pay all real property transfer taxes imposed on any transfer of a leasehold interest or subleasehold interest in the Premises (including but not limited to the transfer of the Premises pursuant to this Lease). Tenant further recognizes and agrees that its leasehold interest may be subject to the payment of special taxes, including without limitation a levy of special taxes to finance energy efficiency, water conservation, water pollution control and similar improvements under the Special Tax Financing Law in Chapter 43 Article X of the Administrative Code.

(c) Tenant will not allow or suffer a lien for any taxes, assessments, or other charges to be imposed on the Premises or on any equipment or property located in the Premises without promptly discharging the lien, provided that Tenant, if it desires, may have reasonable opportunity to contest the legal validity or the amount of any tax, assessment, or similar charge so

long as the tax, assessment, or charge does not become a defaulted lien. In the event of any disputed tax, assessment, or similar charge, Tenant will Indemnify City, and their Agents from and against all resulting Claims.

(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Lease be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Tenant must provide a copy of this Lease, and any renewals, extensions, Assignment documents, Sublease documents, or any other transfers of the Premises or the Lease to the County Assessor not later than sixty (60) days after the full execution of the foregoing, and any failure of Tenant to timely provide a copy of this Lease, and any renewals, extensions, Assignment document, Sublease documents, or any other transfers of the Premises or the Lease to the County Assessor will be a default under this Lease. Tenant will also timely provide any information that City may request to ensure compliance with this or any other reporting requirement.

29.3. Non-Discrimination in City Contracts and Benefits Ordinance

(a) **Covenant Not to Discriminate.** In the performance of this Lease, Tenant will not discriminate against any employee, any City employee working with Tenant, or applicant for employment with Tenant, 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 protected classes, or in retaliation for opposition to discrimination against protected classes.

(b) **Subleases and Other Subcontracts.** Tenant will include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Tenant will incorporate by reference in all subleases and other subcontracts the provisions of Sections 131.2, and 132.3 of the San Francisco Labor and Employment Code and require all subtenants and other subcontractors to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

(c) **Non-Discrimination in Benefits.** Tenant does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for City elsewhere within 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 the employees, where the domestic partnership has been registered with a governmental entity under the Legal Requirements authorizing that registration, subject to the conditions set forth in Section 131.2(b) of the San Francisco Labor and Employment Code.

(d) **CMD Form.** As a condition to this Lease, Tenant will execute the City’s 12B Declaration: Nondiscrimination in Contracts and Benefits form (with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division (the “CMD”). Tenant represents that before execution of this Lease, (i) Tenant executed and submitted to the CMD the 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 Sections 131.2 and 132.3 of Articles 131 and 132, respectively, of the San Francisco Labor and Employment 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 Sections of the Labor and Employment Code, including the remedies provided in those Chapters. Without limiting the foregoing, Tenant understands that under Section 132.2(h) of the San Francisco Labor and Employment 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.

29.4. No Relocation Assistance; Release 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.

29.5. 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.

29.6. 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 arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment.

29.7. Restrictions on the Use of Pesticides

(a) Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or “**IPM Ordinance**”) describes an integrated pest management (“**IPM**”) policy to be implemented by all City departments. Tenant may not use or apply or allow the use or application of any pesticides on the Premises or contract with any party to provide pest abatement or control services to the Premises without first receiving City’s written approval of an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term, (ii) describes the steps Tenant will take to meet City’s IPM Policy described in Section 300 of the IPM Ordinance, and (iii) identifies, by name, title, address, and telephone number, an individual to act as the Tenant’s primary IPM contact person with City. Tenant will comply, and will require all of Tenant’s contractors to comply, with the IPM plan approved by City and will comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Tenant were a City department. Among other matters, the provisions of the IPM Ordinance: (i) provide for the use of pesticides only as a last resort, (ii) prohibit the use or application of pesticides on City property, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City’s Department of the Environment), (iii) impose certain notice requirements, and (iv) require Tenant to keep certain records and to report to City all pesticide use at the Premises by Tenant’s staff or contractors.

(b) If Tenant or Tenant’s contractor would apply pesticides to outdoor areas at the Premises, Tenant will first obtain a written recommendation from a person holding a valid Agricultural Pest Control Advisor license issued by the California Department of Pesticide Regulation (“**CDPR**”) and the pesticide application will be made only by or under the supervision of a person holding a valid, CDPR-issued Qualified Applicator certificate or Qualified Applicator license. City’s current Reduced Risk Pesticide List and additional details about pest management on City property can be found at the San Francisco Department of the Environment website, <http://sfenvironment.org/ipm>.

29.8. First Source Hiring Agreement

Tenant and City are parties to the First Source Agreement attached to this Lease as **Exhibit E** under San Francisco Administrative Code, Chapter 83 (the “**First Source Agreement**”). Any default by Tenant under the First Source Agreement will be a default under this Lease.

29.9. Sunshine Ordinance

In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors’ bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between 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’s or organization’s net worth or other proprietary financial data submitted for

qualification for a contract, lease, agreement or other benefit until and unless that person or 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.

29.10. 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.

29.11. Charter Provisions

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

29.12. Drug-Free Workplace

Tenant acknowledges that under the Federal Drug-Free Workplace Act of 1988, 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.

29.13. Prohibition of Tobacco Sales and Advertising

Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on the Premises. 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 such capitalized terms are defined in Health Code Section 19K.1) is allowed on the Premises and such prohibition must be included in all subleases or other agreements allowing use of the Premises. The prohibition against Sales, Manufacture, or Distribution of Tobacco Products does not apply to persons who are affiliated with an accredited academic institution where the Sale, Manufacture, and/or Distribution of Tobacco Products is conducted as part of academic research.

29.14. Prohibition of Alcoholic Beverage Advertising

No advertising of alcoholic beverages is allowed on the Premises. 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.

29.15. 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 ("Article 121"), including the remedies provided, and implementing regulations, as they may be amended from time to time. The provisions of Article 121 are incorporated into this Lease by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>.

Capitalized terms used in this Section and not defined in this Lease have the meanings assigned to those terms in Article 121.

(b) For each Covered Employee, Tenant will provide the appropriate health benefit set forth in Section 121.3 of the HCAO. If Tenant chooses to offer the health plan option, the health plan must meet the minimum standards set forth by the San Francisco Health Commission.

(c) Notwithstanding the above, if the Tenant is a small business as defined in Section 121.3(g) of the HCAO, it will have no obligation to comply with subsection (a) above.

(d) Tenant's failure to comply with the HCAO will constitute a material breach of this Lease. City may notify Tenant if a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure the breach or, if the breach cannot reasonably be cured within the thirty (30) days period, and Tenant fails to commence efforts to cure within that period, or fails diligently to pursue the cure to completion, then City will have the right to pursue the remedies set forth in Section 121.5(f)(1-6). Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to City.

(e) Any Subcontract entered into by Tenant will require the Subcontractor to comply with the requirements of the HCAO and contain contractual obligations substantially the same as those set forth in this Section. Tenant will notify City's Purchasing Department when it enters into a Subcontract and will certify to the Purchasing Department 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. Each Tenant will be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, City may pursue the remedies set forth in this Section against Tenant based on the Subcontractor's failure to comply, provided that City has first provided Tenant with notice and an opportunity to cure the violation.

(f) Tenant may not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City regarding Tenant's compliance or anticipated compliance 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.

(g) Tenant 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.

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

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

(j) Tenant 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 five (5) business days to respond.

(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 Fifty Thousand Dollars (\$50,000), 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.

29.16. Notification of Prohibition on Contributions

For the purposes of this Section, a "City Contractor" is a party that contracts with, or seeks to contract with, the City for the sale or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves. Through its execution of this Agreement, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits a City Contractor from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for that contract or twelve (12) months after the date that contract is approved. Tenant 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 \$100,000 or more. Tenant further acknowledges that (i) the prohibition on contributions applies to Tenant, each member of Tenant's board of directors, Tenant's chief executive officer, chief financial officer and chief operating officer, any person with an ownership interest of more than ten percent (10%) in Tenant, any subcontractor listed in the contract, and any committee that is sponsored or controlled by Tenant, and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department seeking to enter into the contract must notify the Ethics Commission of the parties and any subcontractor to the contract. Additionally, Tenant certifies it has informed each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract to the City, and has provided the names of the persons required to be informed to the City department seeking to enter into that contract within thirty (30) days of submitting its contract proposal to the City department receiving that submittal, and acknowledges the City department receiving that submittal was required to notify the Ethics Commission of those persons.

29.17. 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.

29.18. 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 or Recyclable, or (3) where the Food Service Ware is Compostable and not Fluorinated Chemical Free. The capitalized terms (other than Tenant and City) in the previous sentence are defined in San Francisco Environment Code Section 1602.

29.19. San Francisco Packaged Water Ordinance

Tenant will comply with San Francisco Environment Code Chapter 24 (“**Chapter 24**”). Tenant may not sell, provide, or otherwise distribute Packaged Water, as defined in Chapter 24 (including bottled water), in the performance of this Lease or on City property unless Tenant obtains a waiver from City’s Department of the Environment. If Tenant violates this requirement, City may exercise all remedies in this Lease and the Director of City’s Department of the Environment may impose administrative fines as set forth in Chapter 24.

29.20. Criminal History in Hiring and Employment Decisions

(a) Unless exempt, Tenant will comply with and be bound by all of the provisions of San Francisco Labor and Employment Code Article 142 (Criminal History in Hiring and Employment Decisions), as amended from time to time (“**Article 142**”), which are incorporated into this Lease as if fully set forth, with respect to applicants and employees of Tenant who would be or are performing work at the Premises.

(b) Tenant will incorporate by reference the provisions of Article 142 in all subleases of some or all of the Premises, and require all subtenants to comply with those provisions. Tenant’s failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

(c) Tenant and subtenants may not inquire about, require disclosure of, or if the information is received base an Adverse Action on an applicant’s or potential applicant for employment, or employee’s: (i) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (ii) participation in or completion of a diversion or a deferral of judgment program; (iii) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (iv) a Conviction or any other adjudication in the juvenile justice system; (v) a Conviction that is more than seven years old, from the date of sentencing; or (vi) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(d) Tenant and subtenants may not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection (c) above. Tenant and subtenants may not require that disclosure or make any inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(e) Tenant and subtenants will state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Premises, that the Tenant or subtenant will consider

for employment qualified applicants with criminal histories in a manner consistent with the requirements of Article 142.

(f) Tenant and subtenants will post the notice prepared by the Office of Labor Standards Enforcement (“**OLSE**”), available on OLSE’s website, in a conspicuous place at the Premises and at other workplaces within San Francisco where interviews for job opportunities at the Premises occur. The notice will be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Premises 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 Section 142.8.

29.21. Vending Machines; Nutritional Standards

Tenant may not install or permit any vending machine on the Premises 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 Premises 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 29.21 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 Premises that is not permitted or that violates the Nutritional Standards Requirements.

29.22. 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 the 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.

29.23. RESERVED

29.24. 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.

29.25. RESERVED

29.26. Consideration of Salary History

In addition to Tenant's obligations as an employer under San Francisco Police Code Article 33J, Tenant must comply with San Francisco Labor and Employment Code Article 141 (“**Article 141**”). For each employment application to Tenant for work of eight (8) or more hours per week at the Premises, Tenant must not consider the applicant's current or past salary (a "**Salary History**") in deciding whether to hire the applicant or what salary to offer the applicant unless the applicant voluntarily discloses that Salary History without prompting. In addition, Tenant must not (1) ask those applicants about their Salary History, (2) refuse to hire, or otherwise disfavor, injure, or retaliate against applicants that do not disclose their Salary History, or (3) disclose a current or former employee's Salary History without that employee's authorization unless it is required by law, publicly available, or subject to a collective bargaining agreement.

Tenant is subject to the posting, enforcement, and penalty provisions in Article 141. Information about Article 141 is available on the web at <https://sfgov.org/olse/consideration-salary-history>.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO CITY OFFICER OR EMPLOYEE HAS AUTHORITY TO COMMIT CITY TO THIS LEASE UNLESS AND UNTIL CITY’S BOARD OF SUPERVISORS HAS DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY CITY OBLIGATIONS OR LIABILITIES UNDER THIS LEASE ARE CONTINGENT ON ADOPTION OF A RESOLUTION, AND THIS LEASE WILL BE NULL AND VOID IF CITY’S MAYOR AND THE BOARD OF SUPERVISORS DO NOT APPROVE THIS LEASE, IN THEIR RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS LEASE BY ANY CITY DEPARTMENT, COMMISSION, OR AGENCY WILL NOT BE DEEMED TO IMPLY THAT A RESOLUTION WILL BE ENACTED, AND NO APPROVAL WILL CREATE ANY BINDING CITY OBLIGATIONS.

SIGNATURES ON FOLLOWING PAGE

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

[Tenant also acknowledges that they have read and understood the City's statement urging companies doing business in Northern Ireland to move toward resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.]

TENANT:

FACES SF (Family & Child Empowerment Services, San Francisco), a California nonprofit public benefit corporation

By: _____
Jonathan Skolnick
CEO

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

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 FACES SF (Family & Child Empowerment Services – San Francisco), a California nonprofit public benefit corporation (Tenant), and the City and County of San Francisco, a municipal corporation (Landlord), for the Premises located at 1099 Sunnydale Ave., 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 _____, 2024.

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

Very truly yours,

FACES SF (Family & Child Empowerment Services – San Francisco), a California nonprofit public benefit corporation

By: _____
Jonathan Skolnick, CEO

Accepted and Agreed:

By: _____
Andrico Q. Penick
Director of Property

Dated: _____

EXHIBIT C

STANDARD UTILITIES AND SERVICES

The standards set forth below describe the basic utilities and services presently in effect for the Building. City reserves the right to adopt any nondiscriminatory modifications and additions to the standards that do not materially impair Tenant's rights under this Lease or Tenant's use of the Premises. City will give Tenant reasonable advance notice, in accordance with the provisions of this Lease, of any material modifications and additions, which will be subject to Tenant's reasonable approval.

Subject to the terms and conditions of this Lease, City will provide the following basic utilities and services:

A. Elevator. Unattended automatic passenger elevator facilities serving the floor(s) on which the Premises are located, on a 24-hour a day, 7-day a week basis. Building does not have a separate freight elevator. Use of the passenger elevator for the loading of freight is available on reasonable advance written request, subject to rules and regulations established by City, including hours and days of usage.

B. Ventilation; Heating and Air-Conditioning. Ventilation to the Premises, and air-conditioning and heating to the Premises in season, Monday through Friday, except holidays generally recognized in the City of San Francisco, from 7:00 a.m. to 6:00 p.m., and at the temperatures and in the amounts as City deems reasonably necessary for the comfortable occupancy of the Premises, subject to applicable Legal Requirements. Tenant will not alter, adjust, tamper with, or in any manner affect the installations or facilities supplying climate control to the Building or the Premises.

C. Electricity. Electric current to the Premises on a 24-hours a day, 7-days a week basis, in a quantity as reasonably determined by City to service standard office lighting and normal fractional horsepower office machines. If Tenant's electrical installation or consumption exceeds the quantity described above, Tenant will reimburse City monthly for the additional consumption. Tenant will not connect any apparatus or device with wires, conduits, or pipes, or other means by which the services are supplied, for the purpose of using additional or extraordinary amounts of the services without City's prior written consent. At all times, Tenant's use of electric current may not exceed the capacity of feeders to the Building or the risers or wiring installation, except as provided in working drawings to City.

D. Water. Water available at current points of supply in public areas for drinking and lavatory purposes only, and hot and cold water in the Premises for drinking and kitchen purposes, on a 24-hours a day, 7-days a week basis.

E. Janitorial Service. Building standard janitorial service to the Premises on a 5-day per week basis, Monday through Friday, except holidays generally recognized in the City of San Francisco, provided the Premises are kept reasonably in order by Tenant. Tenant will pay to City any cost incurred by City in excess of the services generally provided for other tenants in the Building. Tenant will pay City the cost of removal of any of Tenant's extraordinary refuse or rubbish.

EXHIBIT D

RULES AND REGULATIONS

1. Tenant may not obstruct the sidewalks, halls, passages, exits, entrances, elevators, and stairways of the Building or use them for any purpose other than for ingress to and egress from the Premises. City retains the right to control and prevent access to the halls, passages, exits, entrances, elevators, escalators, and stairways that are not for the use of the general public, and City retains the right to control and prevent access of all persons whose presence in City's judgment would be prejudicial to the safety, character, reputation, and interests of the Building and its tenants, but that nothing in these Rules and Regulations may construed to prevent access to persons with whom Tenant normally deals in the ordinary course of its business, unless those persons are engaged in illegal activities. Tenant may not go on the roof of the Building, except in areas that City may designate as "Common Areas" from time to time.
2. No sign, placard, picture, name, advertisement, or notice visible from the exterior of the Premises may be installed or displayed by Tenant on any part of the outside or inside of the Building without City's prior written consent. At Tenant's expense and without notice, City may remove any sign installed or displayed in violation of this rule. All approved signs or lettering on doors will be printed, painted, affixed, or inscribed at Tenant's expense by a person approved by City, which approval will not be unreasonably withheld. Material visible from outside the Building will not be permitted.
3. The Premises may not be used for the storage of merchandise held for sale to the general public or for lodging. Tenant may not cook or permit cooking on the Premises, except that Tenant's use of Underwriters' Laboratory-approved microwave oven and portable equipment for brewing coffee, tea, hot chocolate, and similar beverages is permitted if done in accordance with all applicable Legal Requirements.
4. Tenant will not employ any person or persons other than City's janitor to clean the Premises, unless City otherwise agrees in writing. Except with City's written consent, no person or persons other than those approved by City will be permitted to enter the Building to clean. Tenant will not cause any unnecessary labor because of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Janitor service will not be furnished on nights when rooms are occupied after 9:00 p.m. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.
5. City will furnish Tenant with two (2) initial keys to the Premises, free of charge. City may make a reasonable charge for additional keys and for having locks changed. Tenant will not make or have made additional keys without City's prior written consent, which consent will not be unreasonably withheld or delayed. 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 Premises, excluding Tenant's vaults and safes, or special security areas (which will be designated by Tenant in a written notice to City), will be keyed to the Building master key system. City may make reasonable charge for any additional lock or any bolt (including labor) installed on any door of the Premises. Tenant, on the termination of its tenancy, will deliver to City all keys to doors in the Premises. If Tenant loses any keys, Tenant will pay City for the cost of re-keying the Premises.

6. The passenger elevator when used for the loading of freight will be available to Tenant in accordance with reasonable scheduling as City may deem appropriate. Tenant will schedule with City, by written notice given no less than forty-eight (48) hours in advance, its move into or out of the Building. Moving may occur only on weekend days unless otherwise permitted by City. Tenant will reimburse City on demand for any additional security or other charges incurred by City as a consequence of Tenant's moving. The persons employed by Tenant to move equipment or other items in or out of the Building must be acceptable to City. The floors, corners, and walls of elevators and corridors used for the moving of equipment or other items in or out of the Building will be adequately covered, padded, and protected, and City may provide padding and protection, at Tenant's expense, if City determines that Tenant's measures or Tenant's movers are inadequate. City may prescribe the weight, size, and position of all equipment, materials, supplies, furniture, or other property brought into the Building. If considered necessary by City, heavy objects will stand on wood strips of thickness necessary to properly distribute the weight of the objects. City will not be responsible for loss of or damage to any of Tenant's property from any cause, and all damage done to the Building by moving or maintaining Tenant's property will be repaired at the expense of Tenant.

7. Tenant may not use or keep in the Premises or the Building any kerosene, gasoline, or flammable, combustible, or noxious fluid or materials or use any method of heating or air conditioning other than those limited quantities necessary for the operation and maintenance of normal office equipment. Tenant will not use, keep, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to City or other occupants of the Building because of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business in the Building.

8. City reserves the right to exclude from the Building between the hours of 6 p.m. and 8 a.m. and at all hours on Saturdays, Sundays, and legal holidays all persons who do not present a pass to the Building signed by City and properly in the possession of the person presenting the pass. City will furnish passes to persons as requested by Tenant in writing. Tenant will be responsible for all persons for whom it requests passes and will be liable to City for all acts of those persons. City will in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement, or other circumstances rendering action advisable in City's opinion, City reserves the right to prevent access to the Building by any action as City may deem appropriate, including closing any doors in the Building.

9. The directory of the Building will be provided for the display of the name and location of tenants, but City reserves the right to exclude any other names from the directory. City must approve any additional name that Tenant desires to place on the directory and, if so approved, a charge will be made for each name.

10. All guests and visitors of Tenant, to the Building and to the Premises, must sign-in and sign-out at the security desk located at the lobby of the Building.

11. No onsite parking is available to the Tenants, Tenant's guests, and visitors to the Premises or Building.

- 12.** Building's parking garage is not available for tenant use and shall not be used for storage, either temporarily or permanently.
- 13.** Tenant may not cut or bore holes for wires in the partitions, woodwork, or plaster of the Premises. Tenant may not affix any floor covering to the floor of the Premises in any manner except as reasonably approved by City.
- 14.** No curtains, draperies, blinds, shutters, shades, screens, or other coverings, hangings or decorations may be attached to, hung or placed in, or used in connection with any window of the Building without City's prior written consent. In any event, with City's prior written consent, the items will be installed on the office side of City's standard window covering and will in no way be visible from the exterior of the Building.
- 15.** Tenant will ensure that the doors of the Premises are closed and locked and that all water faucets, water apparatus, and utilities are shut off before Tenant leave the Premises each day, to prevent waste or damage. For any Tenant default or carelessness, Tenant will pay for, repair, or otherwise compensate for all injuries and damages sustained by other tenants or occupants of the Building or City. On multiple-tenancy floors, all tenants will keep the doors to the Building corridors closed at all times except for ingress and egress, and all tenants will at all times comply with any rules or orders of the fire department with respect to ingress and egress.
- 16.** The toilet rooms, toilets, urinals, wash bowls, and other apparatus may not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever may be deposited in them. The expense of any breakage, stoppage, or damage resulting in any violation of this rule will be borne by Tenant.
- 17.** Except with City's prior consent, Tenant may not sell, or permit the sale from the Premises of, or use or permit the use of any sidewalk or mall area adjacent to the Premises for the sale of, newspapers, magazines, periodicals, theater tickets, or any other goods, merchandise, or service. Tenant may not carry on, or permit, or allow any employee or other person to carry on, business in or from the Premises for the service or accommodation of occupants or any other portion of the Building, and the Premises may not be used for manufacturing of any kind, or for any business or activity other than that specifically provided for in Tenant's lease.
- 18.** Tenant may not install any radio or television antenna, loudspeaker, or other device on or about the roof area or exterior walls of the Building. Tenant will not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.
- 19.** Tenant will not use in any space, or in the Common Areas of the Building, any hand-trucks except those equipped with rubber tires and side guards or other material-handling equipment as City may approve. No other vehicles of any kind may be brought by Tenant into the Building or kept in or about the Premises.
- 20.** Tenant will store all its trash and garbage within the Premises until it is removed to the location in the Building as designated from time to time by City. No material may be placed in the Building trash boxes or receptacles if the material is of a nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the City of San Francisco without being in violation of any Legal Requirements governing its disposal.

- 21.** All loading and unloading of merchandise, supplies, materials, garbage, and refuse will be made only through the entryways and passenger elevator and at the times as City may designate. Building does not have a designated loading area.
- 22.** Canvassing, soliciting, peddling, or distribution of handbills or any other written material in the Building is prohibited and Tenant will cooperate to prevent the forgoing.
- 23.** Upon City's request (which request need not be in writing), Tenant will immediately reduce its lighting in the Premises for temporary periods designated by City, when required in City's judgment to prevent overloads of the mechanical or electrical systems of the Building.
- 24.** City reserves the right to select the name of the Building and change of name as it deems appropriate from time to time, and Tenant will not refer to the Building by any name other than **(a)** the name as selected by City (as the same may be changed from time to time), or **(b)** the postal address approved by the United States Post Office. Tenant will not use the name of the Building in any respect other than as an address of its operation in the Building without City's prior written consent.
- 25.** Tenant assumes all responsibility for protecting its Premises from theft, robbery, and pilferage, which includes keeping doors locked and other means of entry closed.
- 26.** No vending machine may be maintained or operated within the Premises or the Building without City's prior written consent.
- 27.** All incoming mail and package deliveries will be received at the area in the Building designated by City for that purposes and distributed through means established by City. No messenger or other delivery personnel will be permitted to enter any area of the Building other than the area designated by City for the pick-up and receipt of deliveries.
- 28.** City reserves the right to exclude or expel from the Building any person who is, in City's judgment, intoxicated or under the influence of alcohol or other drug or who is in violation of any of the Rules or Regulations of the Building.
- 29.** No animals or birds are permitted in the Premises or the Building, except for service animals when in the company of their masters.
- 30.** The requirements of Tenant will be attended to only on request received by telephone or writing or in person at the management office of the Building. City employees will not perform any work or do anything outside of their regular duties unless under special instructions from City.
- 31.** City may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no waiver by City may be construed as a waiver of these Rules and Regulations in favor of any other tenant or tenants, or prevent City from later enforcing any Rules and Regulations against any or all of the tenants of the Building.
- 32.** Wherever the word "Tenant" occurs in these Rules and Regulations, it means Tenant's associates, agents, clerks, employees, and visitors. Wherever the word "City" occurs in these Rules and Regulations, it means City's assigns, agents, officers, employees, and visitors.

33. These Rules and Regulations are in addition to, and will not be construed in any way to modify, alter, or amend, in whole or part, the terms, covenants, agreements, and conditions of any lease of premises in the Building.

34. City reserves the right to make other and reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care, and cleanliness of the Building, and for the preservation of good order.

35. Tenant will be responsible for the observance of all the Rules and Regulations by Tenant's employees, agents, clients, customers, invitees, and guests.

EXHIBIT E

FIRST SOURCE HIRING AGREEMENT

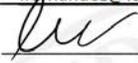
(See Attached)

Business Name: FACES SF

Main Contact: Laura Fernandez

Contract ID (If applicable): _n/a Supplier ID (If applicable): _n/a

Phone: 415-567-2357 Email: lfernandez@facessf.org

Date: 4/15/24 Signature: 

Name of Authorized Representative: Laura Fernandez

* By signing this form, the company agrees to participate in the San Francisco Workforce Development System established by the City and County of San Francisco, and comply with the provisions of the First Source Hiring Program pursuant to Chapter 83 of the San Francisco Administrative Code

Instructions:

- This form must be submitted via email to the Office of Economic and Workforce Development at employer.services@sfgov.org with the subject line First Source Hiring Workforce Projection Form
- If an entry-level position becomes available at any time during the term of the lease and/or contract, the company must notify the First Source Hiring Program Administrator at employer.services@sfgov.org

Section 1: Select your Industry:

Accommodation and Food Services	Educational Services	Mining, Quarrying, and Oil and Gas Extraction	Retail Trade
Administrative and Support Services	Finance and Insurance	Manufacturing	Transportation and Warehousing
Agriculture, Forestry, Fishing and Hunting	Health Care and Social Assistance	Professional, Scientific, and Technical Services	Utilities
Arts, Entertainment, and Recreation	Information	Public Administration	Wholesale Trade
Construction	Management of Companies and Enterprises	Real Estate and Rental and Leasing	Other Services (except Public Administration)

Section 2: Indicate Industry NAICS code if known: Educational Services

CONTACT

 employer.services@sfgov.org

 (415) 701-4848 main

 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103

 (415) 701-4894 fax

Section 3: Provide information on all Entry Level Positions:

Entry-level Position Title	Job Description	Number of New Hires	Projected Hiring Date
Career Advisor	<p>The FACES SF Career Advisor is a talented individual who is committed to envisioning and actualizing creative solutions that will help low-income individuals and families become socioeconomically self-sufficient in the Bayview area. The Career Advisor provides a wealth of useful information in key areas such as career discovery and planning, interviewing skills, resume writing and more within our Workforce Development team. Career Advisors work one-on-one with individual job seekers; playing an important role as a mentor in helping these individuals shape their futures. Interaction with our diverse and dynamic community in an affirming, positive environment allows you to showcase your interpersonal communication talents to work in coaching and guiding our clients. This is a full time, non-exempt position and reports directly to the Workforce Program Manager.</p>	1	May 3
Floater Teacher	<p>Job Expectations: Establish and maintain a safe, healthy and rich learning environment per FACES SF standards. Support children’s growth in key developmental areas (social-emotional, language and literacy, cognitive, and physical) Use age-appropriate positive guidance techniques and model behavior for children. Build positive teacher/child interactions and peer relationships in the classroom Maintain Community Care Licensing (CCL) standards; monitor teacher/child ratio. Collaborate with the teaching team to implement lessons and activities appropriate to children’s developmental expectations. Follow all health and safety procedures, including closely supervising children and conducting health checks Complete weekly developmental observations and DRDP assessments for assigned children Create and maintain positive family relationships. Communicate with parents/caregivers daily around their child’s day and milestones. Support lead teacher to prepare for teacher conferences with parents/caregivers. Follow all policies, procedures, and expectations set in Teacher Handbook. Attend staff meetings and professional development/trainings. Align classroom practices to FACES SF values</p>	4	ASAP

CONTACT

 employer.services@sfgov.org

 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103

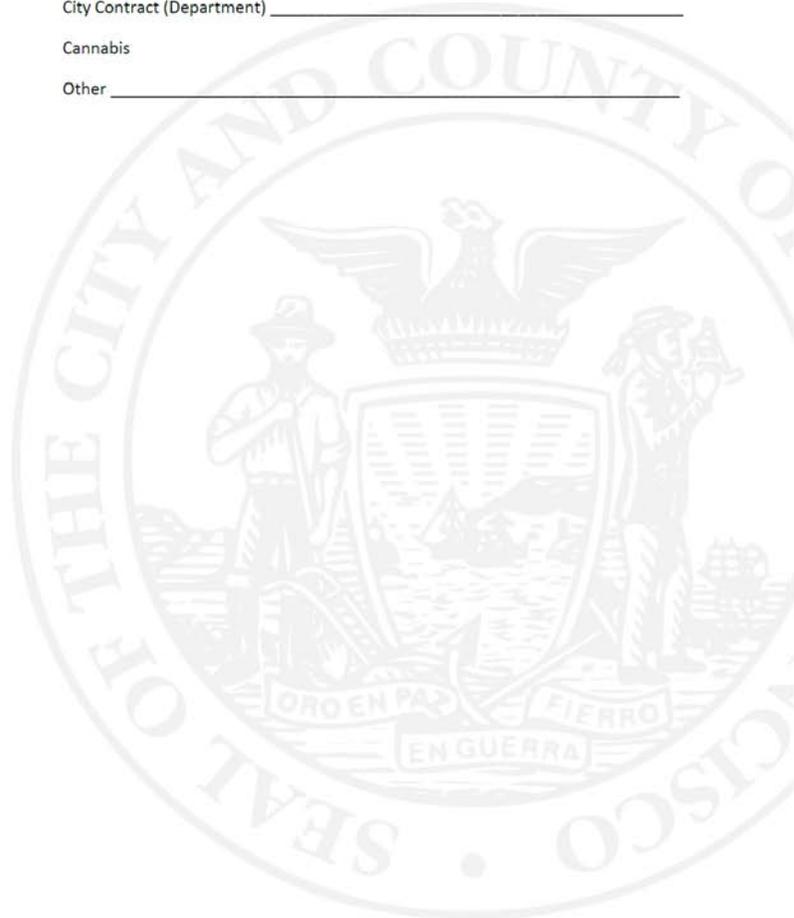
 (415) 701-4848 main

 (415) 701-4894 fax

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Section 4: Select the type of First Source Project:

- | | |
|------------------------------|---|
| Contractor | Scene in San Francisco Rebate Applicant |
| Subcontractor | City Contract (Department) _____ |
| City of San Francisco Tenant | Cannabis |
| Subtenant | Other _____ |
| Developer | |



CONTACT

 employer.services@sfgov.org
 (415) 701-4848 main

 1 South Van Ness Avenue, 5th Floor, San Francisco, CA 94103
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First Source Hiring Program Fact Sheet

What is the First Source Hiring Program?

The First Source Hiring Program (First Source) was enacted in 1998 under Chapter 83 of the City's Administrative Code and is administered by the Office of Economic and Workforce Development (OEWD). The First Source Hiring Program requires that developers, contractors, and employers use good-faith efforts to hire economically disadvantaged San Franciscan residents for new entry-level positions.

The First Source Hiring Program provides a ready supply of qualified workers to employers with employment needs, and it gives economically disadvantaged individuals the first opportunity to apply for entry-level positions in San Francisco. Entry-level positions are defined as those requiring less than two years of training or specific preparation and includes temporary and permanent jobs.

How can the First Source Hiring Program help your business at no cost?

- Promote job announcements to over 2,000 recipients in the San Francisco community
- Connect you with a pool of qualified, pre-screened candidates
- Refer graduates of OEWD-funded industry sector training programs
- Coordinate customized recruitment and hiring events
- Provide access to City-wide recruitment facilities and events

Which Businesses are required to comply with the First Source Hiring Program?

- Businesses who have leases with the City on City Property
- Businesses with City contracts for goods, services, grants or loans in excess of \$50,000
- Businesses with City-issued construction contracts in excess of \$350,000
- Developers with building permits for residential projects over 10 units and all employers engaged in commercial activity to be conducted in said development project, including residential services
- Any building permit application for a commercial activity over 25,000 square feet and involving new construction, an addition, or alteration which results in the expansion of entry and apprentice-level positions for a commercial activity
- Cannabis-related businesses
- Special projects required by the Board of Supervisors and administered by OEWD

I need to comply with the First Source Hiring Program, where do I start?

Step #1: Contact the Business Services Team at the Office of Economic and Workforce Development (OEWD) by emailing to employer.services@sfgov.org. You can also call 415-701-4848 and ask to speak with a First Source Hiring Program Specialist.

Step #2: The Business Services Team will assist you with registering your business in the OEWD's data system.

Step #3: Once you have registered with the OEWD's data system, the Business Services Team will assist you with recruitment for your open positions.

What are the penalties for non-compliance with the First Source Hiring Program?

Liquidated damages up to \$5,000 can be assessed for each entry-level job improperly withheld from the First Source Hiring Program process

Thank you for your interest in San Francisco's First Source Hiring Program. For more information, please visit us online at <https://oewd.org/first-source>, email us at employer.services.org, or call us at 415-701-4848 and ask to speak with a First Source Hiring Program Specialist.

CONTACT

 employer.services@sfgov.org

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1099 Sunnydale Avenue



FAMILY & CHILD EMPOWERMENT SERVICES

5 Year Lease

SAN FRANCISCO (FACES SF)

1099 Sunnydale Avenue – The Village Background

- ▶ 1099 Sunnydale Avenue is a neighborhood community facility under the jurisdiction of the Real Estate Division, located in and serving the Visitacion Valley neighborhood.
- ▶ The facility offers office spaces, a range of shared meeting rooms, and a large ground floor community room for program-related events and community meetings.
- ▶ In its mission to invest in housing and community development in Visitacion Valley, the United States Housing and Urban Development (HUD) in collaboration with the City and community service providers (non-profits), completed construction of the approximately 15,000 square feet, three-story building, in 2004.

Tenant: **FACES SF**

- ▶ Established in 1958, FACES SF is committed to providing services to meet the diverse needs of children, youth and families within the Visitacion Valley community and across the San Francisco Bay Area.
- ▶ Since 2013, FACES SF has provided the following programs and services at 1099 Sunnydale: workforce development services; recruitment and hiring events; job readiness training; parent and family workshops; and case management services.
- ▶ FACES SF receives support grants through the City's Office of Economic Workforce Development.

Deal Points

- ▶ Term: 5 Years with (2) 5-Year options to renew lease
- ▶ Initial Rent: \$4,072.26/month (\$1.34/sf)
 - ▶ \$48,867.12/Annually (\$16.08/sf)
- ▶ 3% Annual Increases in rent
- ▶ Square Footage: Approximately 3,039 square feet

Deal Points continued

- ▶ Initial Rent includes approximately 3,039 square feet of office space of which approximately 822 square feet is in support of a temporary grant and programming collaboration with Family Connections Centers, a California non-profit.
- ▶ Use of the 822 square feet space is subject to grant funding availability. After the initial year, FACES SF may surrender 822 square feet of office space if grants for their collaboration with Family Connections Centers is no longer available.
- ▶ If funding is secured, FACES SF may continue its use of the 822 square feet office space, on a year-to-year basis during the initial five-year term of the lease by providing a 90-day notice annually to the City of its intent to continue use of said space.

Deal Points continue

- ▶ If at anytime FACES SF needs to give up the 822 square feet of office space due to lack of funding, the adjusted rent and square footage will be as follows:
- ▶ Adjusted Rent: \$2,970.78/month (\$1.34/sf)
 - ▶ \$35,649.36/Annually (\$16.08/sf)
- ▶ 3% Annual Increases in rent.
- ▶ Adjusted Square Footage: Approximately 2,217 square feet



Questions?

Thank You

OFFICE LEASE

between

CITY AND COUNTY OF SAN FRANCISCO,
as Landlord

and

Faces SF, a California nonprofit public benefit corporation,
as Tenant

For the lease of

Suites 202, 205, 206 and a portion of Suite 201A

1099 Sunnysdale Avenue

San Francisco, California

May 28, 2013

TABLE OF CONTENTS

		<u>Page</u>
1.	BASIC LEASE INFORMATION	6
2.	PREMISES; AS IS CONDITION	8
	2.1. Lease Premises	8
	2.2. As-Is Condition.....	9
3.	TERM	9
	3.1. Lease Term	9
	3.2. Confirmation of Commencement Date and Expiration Date	10
	3.3. Delay in Delivery of Possession	10
	3.4. Extension Terms.....	10
4.	RENT	10
	4.1. Base Rent	10
	4.2. Adjustments in Rent	11
	4.3. Additional Charges	11
	4.4. Late Charges.....	11
	4.5. Default Interest.....	11
5.	USE	12
	5.1. Permitted Use	12
	5.2. Covenant to Operate; City’s Recapture Right.....	12
	5.3. No Unlawful Uses, Nuisances or Waste.....	12
6.	INTENTIONALLY OMITTED	12
7.	ALTERATIONS	12
	7.1. Tenant’s Alterations	12
	7.2. Title to Improvements	13
	7.3. Tenant’s Personal Property	14
	7.4. City’s Alterations of the Building and Building Systems	14
	7.5. City’s Personal Property	14
8.	REPAIRS AND MAINTENANCE	14
	8.1. City’s Repairs	14
	8.2. Tenant’s Repairs	14
9.	LIENS AND ENCUMBRANCES	15
	9.1. Liens	15

9.2.	Encumbrances	15
10.	UTILITIES AND SERVICES	15
10.1.	Utilities and Services	15
10.2.	Water and Energy Conservation; Mandatory or Voluntary Restrictions	15
10.3.	Excess Use	16
10.4.	Floor Load	16
10.5.	Interruption of Services	16
11.	COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS	17
11.1.	Compliance with Laws	17
11.2.	Regulatory Approvals	17
11.3.	Compliance with City's Risk Management Requirements	18
12.	SUBORDINATION	18
13.	INABILITY TO PERFORM	18
14.	DAMAGE AND DESTRUCTION	19
14.1.	Damage and Destruction	19
14.2.	Waiver	19
15.	EMINENT DOMAIN	20
15.1.	Definitions	20
15.2.	General	20
15.3.	Total Taking; Automatic Termination	20
15.4.	Partial Taking; Election to Terminate	20
15.5.	Termination of Lease; Rent and Award	21
15.6.	Partial Taking; Continuation of Lease	21
15.7.	Temporary Takings	21
16.	ASSIGNMENT AND SUBLETTING	21
16.1.	Restriction on Assignment and Subletting	21
16.2.	Notice of Proposed Transfer	22
16.3.	City's Response	22
16.4.	Sublease or Recapture Space	23
16.5.	Effect of Sublease or Assignment	23
16.6.	Assumption by Transferee	24
16.7.	Indemnity for Relocation Benefits	24
17.	DEFAULT; REMEDIES	24
17.1.	Events of Default	24

17.2.	Remedies	25
17.3.	Waiver of Redemption.....	27
17.4.	City's Right to Cure Tenant's Defaults	27
18.	WAIVER OF CLAIMS; INDEMNIFICATION.....	27
18.1.	Limitation on City's Liability; Waiver of Claims	27
18.2.	Tenant's Indemnity.....	27
19.	INSURANCE.....	28
19.1.	Tenant's Insurance	28
19.2.	Tenant's Personal Property	29
19.3.	City's Self Insurance.....	30
19.4.	Waiver of Subrogation	30
20.	ACCESS BY CITY	30
21.	CERTIFICATES.....	30
21.1.	Tenant's Estoppel Certificates.....	30
21.2.	City's Certificates.....	31
22.	RULES AND REGULATIONS.....	31
23.	SECURITY DEPOSIT	31
24.	SURRENDER OF PREMISES.....	31
25.	HAZARDOUS MATERIALS.....	32
25.1.	Definitions.....	32
25.2.	No Hazardous Materials.....	33
25.3.	Tenant's Environmental Indemnity.....	33
25.4.	Survival of Obligation.....	34
25.5.	Hazardous Substance Disclosure.....	34
26.	SUBSTITUTION OF PREMISES.....	34
27.	GENERAL PROVISIONS.....	34
27.1.	Notices	34
27.2.	No Implied Waiver.....	35
27.3.	Amendments.....	35
27.4.	Authority.....	35
27.5.	Parties and Their Agents; Approvals.....	35
27.6.	Interpretation of Lease.....	36
27.7.	Successors and Assigns.....	36
27.8.	Brokers.....	36

27.9. Severability	36
27.10. Governing Law	37
27.11. Entire Agreement	37
27.12. Attorneys' Fees	37
27.13. Holding Over	37
27.14. Time of Essence	38
27.15. Cumulative Remedies	38
27.16. Survival of Indemnities	38
27.17. Signs	38
27.18. Relationship of the Parties	38
27.19. Light and Air	38
27.20. No Recording	39
27.21. Options Personal	39
27.22. Public Transit Information	39
27.23. Taxes, Assessments, Licenses, Permit Fees and Liens	39
27.24. Non-Liability of City Officials, Employees and Agents	39
27.25. Wages and Working Conditions	40
27.26. Non-Discrimination in City Contracts and Benefits Ordinance	40
27.27. No Relocation Assistance; Waiver of Claims	41
27.28. MacBride Principles - Northern Ireland	42
27.29. Tropical Hardwood and Virgin Redwood Ban	42
27.30. Pesticide Prohibition	42
27.31. First Source Hiring Ordinance	42
27.32. Sunshine Ordinance	42
27.33. Conflicts of Interest	43
27.34. Charter Provisions	43
27.35. Drug-Free Workplace	43
27.36. Prohibition of Tobacco Sales and Advertising	43
27.37. Prohibition of Alcoholic Beverage Advertising	43
27.38. Counterparts	43
27.39. Effective Date	44
27.40. Requiring Health Benefits for Covered Employees	44
27.41. Notification of Limitations on Contributions	45
27.42. Preservative-Treated Wood Containing Arsenic	45

27.43. Resource-Efficient City Buildings and Pilot Projects.....46
27.44. Food Service Waste Reduction46
27.45. Cooperative Drafting.....46

LIST OF EXHIBITS

- EXHIBIT A – Floor Plan
- EXHIBIT B – [Intentionally Omitted]
- EXHIBIT C – Standard Utilities and Services
- EXHIBIT D – Building Rules and Regulations

BUILDING AND PROPERTY LEASE

THIS BUILDING AND PROPERTY LEASE (this "**Lease**"), dated for reference purposes only as of May 28, 2013, is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**" or "**Landlord**"), and Faces SF of San Francisco, a California nonprofit public benefit corporation ("**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 shall be deemed to incorporate all of the terms in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

Lease Reference Date:	May 28, 2013
Landlord:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation
Tenant:	Faces SF of San Francisco and permitted successors and assigns
Building (<u>Section 2.1</u>):	Building located at 1099 Sunnysdale Avenue San Francisco, California
Premises (<u>Section 2.1</u>):	Suites 202, 205, 206 and a portion of 201A, and the closet labeled 208 on second floor of the Building, as depicted on attached <u>Exhibit A</u> and described in <u>Section 2.1</u> .
Rentable Area of Premises(<u>Section 2.1</u>):	Approximately 2,259 square feet.
Term (<u>Section 3.1</u>):	Estimated Commencement Date: July 1, 2013 Expiration date: The day before the one-year anniversary of the Commencement Date (as defined in <u>Section 3</u>), unless sooner terminated or extended in accordance with the provisions of this Lease.
Automatic Extensions (<u>Section 3.4</u>):	Four (4) one-year automatic extensions, unless either party elects to terminate by notice given at least 90 days before the then current expiration date pursuant to <u>Section 3.4</u> or this Lease terminates pursuant to any other provision
Base Rent (<u>Section 4.1</u>):	Annual Base Rent: \$27,108 (\$2,259/month)
Rent Adjustment Dates (<u>Section 4.2</u>):	Annually on the commencement date of each Extension Term, if any, there shall be an adjustment to Base Rent based on the formula

Use (Section 5.1): set forth in Section 4.2.
The premises will be used for the following community service programs: Provide employment based services to job seekers including career counseling and job search assistance (Visitacion Valley One Stop).

Tenant Improvements (Section 6.1): None

Utilities and Services (Section 10.1): City will provide basic utilities and services to Premises in accordance with Section 10.1.

Security Deposit (Section 23): Equal to one month's Base Rent. On each rent Adjustment Date, Tenant will deliver to City the amount necessary to increase the Security Deposit to be equal to the monthly Base Rent, as adjusted pursuant to Section 4.2.

Notice Address of City (Section 27.1):
Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 1099 Sunnydale Avenue,
Suite 318
Fax No.: (415) 552-9216

with a copy to:
Department of Public Health
101 Grove Street
San Francisco, CA 94102
Attn: Lisa Zayas-Chien, Project Manager

and to:
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4682
Attn: Real Estate/Finance Team
Re: 1099 Sunnydale Avenue
Fax No.: (415) 554-4755

Key Contact for City: Lisa Zayas-Chien, Project Manager

Telephone No.: 415-554-2889

Alternate Contact for City: Marta A. Bayol

Telephone No.: 415-554-9865

Address for Tenant (Section 27.1): 1101 Masonic Avenue
San Francisco, CA 94117

Key Contact for Tenant: Lawland Long

Telephone No.: 415-567-2357, Ext. 118
Alternate Contact for Tenant: _____
Brokers (Section 27.8): Not Applicable
Other Noteworthy Provisions: N/A

2. PREMISES; AS IS CONDITION

2.1. Lease Premises

(a) **Premises.** Subject to the provisions of this Lease, City leases to Tenant and Tenant leases from City those premises in the building identified in the Basic Lease Information (the "**Building**") and described below and shown on the floor plan attached hereto as Exhibit A (the "**Premises**"). The Premises are located on the floor(s) of the Building specified in the Basic Lease Information. The rentable area of the Premises specified in the Basic Lease Information shall be conclusive for all purposes hereof. The Building, land upon which the Building is located and all other improvements on and appurtenances to such land are referred to collectively as the "**Property**." Tenant shall have the nonexclusive right to use the lobbies, corridors, elevators, stairways and other public areas of the Building and the Property (collectively, the "**Common Areas**"), and the nonexclusive right of access to and from the Premises by the main entrances to the Building and the Property. The Premises consist of Suites 202, 205, 206, a portion of Suite 201A, and the closet labeled 208, as shown on the floor plan attached as Exhibit A. Tenant acknowledges and agrees that:

(i) The tenant of Suite 204 and its employees and invitees shall have the right to travel through Suite 201A for ingress to and egress from Suite 204. The tenant of Suite 204 will be provided with a key to Suite 201A for this purpose. Tenant shall maintain a clear, direct path of access through Suite 201A to enable the tenant of Suite 204 and its employees and invitees to travel between the lobby and Suite 204 at all times. Tenant's rent for Suite 201A has been adjusted accordingly.

(ii) There is no demising wall between Suite 201A and Suite 201B. Tenant will cooperate in good faith with Landlord and the tenants of Suite 201B to make the boundary between Suite 201A and 201B clear through signage and/or the arrangement of furniture. One of the tenants of Suite 201B will be leasing the closet labeled 207, which can only be accessed through Suite 201A. Tenant will allow the tenant of Suite 201B to access closet 207 through the passage area of Suite 201A

(iii) In order to access Suite 206, Tenant must travel through a portion of Suite 201B. Tenant shall cause its employees, agents and invitees to exercise such right in such a way as to minimize disruption to the occupants of Suite 201B.

(iv) Landlord is not responsible for monitoring or controlling the conduct of business within Suites 201A and 201B, including without limitation tidiness and noise levels. Tenant agrees to use reasonable efforts to keep Suite 201A in a clean, tidy condition and conduct its business in such suite in a professional manner so as to enable the occupants of Suite 201B to conduct their business without unreasonable disruption. Tenant shall not use furniture, equipment, personal property or files of any tenant or occupant of Suite 201B at any time. Tenant acknowledges that pursuant to Section 18.1 below, Tenant waives any claim against Landlord related to any act or omission of persons occupying Suite 201B or Suite 204 or any part of the Building adjacent to or connected with the Premises, including claims for theft. Tenant shall take adequate measures to safeguard Tenant's equipment and personal property in Suite 201A and the remainder of the Premises.

(b) **Shared Facilities and Common Areas.** Tenant shall have the nonexclusive right, in common with other tenants of the Building, to use the kitchen areas,

restrooms, copy rooms, and conference rooms of the Building, subject to the Building Rules and Regulations, as defined in Section 22 (Rules and Regulations) and the policies established by the Facility Manager, as defined in Subsection 2.1(c).

(c) **Facility Manager.** Landlord's facility manager ("**Facility Manager**") will maintain the master calendar for the conference rooms and any other facilities of the Building that may be reserved by tenants. Tenant shall comply with the Facility Manager's requirements regarding the reservation and use of such facilities and the use of the kitchen areas, restrooms, copy rooms, hallways and common areas. Any questions and concerns regarding the use of such shared facilities and common areas or regarding the matters described in Subsections 2.1(a)(i)-(iv) above shall be referred to the Facility Manager. In the event of a dispute between Tenant and any other occupant concerning the use of shared facilities or common areas, or concerning the matters described in Subsections 2.1(a)(i)-(iv), Tenant shall cooperate in good faith with the Facility Manager to resolve such dispute, including meeting and conferring with the Facility Manager and the other occupant(s) to reach an amicable solution.

2.2. As-Is Condition

TENANT ACKNOWLEDGES AND AGREES THAT THE PREMISES ARE BEING LEASED AND ACCEPTED IN THEIR "AS IS" CONDITION, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, AND SUBJECT TO ALL APPLICABLE LAWS, RULES AND ORDINANCES GOVERNING THEIR USE, OCCUPANCY AND POSSESSION. TENANT REPRESENTS AND WARRANTS TO CITY THAT TENANT HAS INVESTIGATED AND INSPECTED, EITHER INDEPENDENTLY OR THROUGH AGENTS OF TENANT'S OWN CHOOSING, THE CONDITION OF THE PREMISES AND THE SUITABILITY OF THE PREMISES FOR TENANT'S INTENDED USE. TENANT HAS DETERMINED, BASED SOLELY ON ITS OWN INVESTIGATION, THAT THE PREMISES ARE SUITABLE FOR TENANT'S BUSINESS AND INTENDED USE. TENANT ACKNOWLEDGES AND AGREES THAT NEITHER CITY NOR ANY OF ITS AGENTS HAVE MADE, AND CITY HEREBY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE RENTABLE AREA OF THE PREMISES, THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PREMISES OR THE PROPERTY, THE PRESENT OR FUTURE SUITABILITY OF THE PREMISES FOR TENANT'S BUSINESS, OR ANY OTHER MATTER WHATSOEVER RELATING TO THE PREMISES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TENANT FURTHER ACKNOWLEDGES THAT THE PROPERTY HAS NOT UNDERGONE INSPECTION BY A CERTIFIED ACCESS SPECIALIST.

3. TERM

3.1. Lease Term

The Premises are leased for a term commencing on the date (the "**Commencement Date**") which is the earlier of (a) the date specified in the Basic Lease Information as the estimated commencement date (the "**Estimated Commencement Date**"), or (b) such earlier date upon which City delivers and Tenant accepts possession of the Premises, subject to the provisions of Section 3.3. The Term of this Lease shall end on the Expiration Date specified in the Basic Lease Information, unless sooner terminated in accordance with the terms of this Lease or extended as provided in Section 3.4. City shall deliver the Premises to Tenant on the Commencement Date in their then existing as-is condition as further provided above, with no obligation of the City to make any improvements, repairs or alterations.

In the event that Tenant experiences or is reasonably anticipated to experience a material reduction in operational funding, this Lease may be terminated by either party by giving written

notice of termination to the other party no less than sixty days prior to the effective date of the termination, in conformance with the notice provisions herein. Further, notwithstanding anything to the contrary herein, City shall have the right at any time during the Term to terminate this Lease without any penalty, fee or other liability, by giving Tenant not less than one hundred twenty (120) days prior written notice, which notice shall specify the date of termination.

Unless sooner terminated in accordance with the terms of this Lease, the "**Term**" shall be the period commencing on the Commencement Date and ending on the Expiration Date, as extended pursuant to Section 3.4 if applicable.

3.2. Confirmation of Commencement Date and Expiration Date

The dates on which the Term commences and terminates pursuant hereto are referred to respectively as the "**Commencement Date**" and the "**Expiration Date**." If the Commencement Date occurs on a date other than the Estimated Commencement Date, then at either party's request, the parties shall confirm the actual Commencement Date in writing, but failure to do so shall not affect the commencement of the Term.

3.3. Delay in Delivery of Possession

If City is unable to deliver possession of the Premises to Tenant on or before the Estimated Commencement Date, then the validity of this Lease shall not be affected thereby and City shall not be liable to Tenant for any Claims (as defined in Section 18) resulting therefrom, and Tenant waives all provisions of any laws to the contrary. In such case, the Term and regular payments of Base Rent and Additional Charges shall not commence until City delivers possession of the Premises.

3.4. Extension Terms

Notwithstanding the foregoing provisions of this Section 3, if this Lease is not terminated in accordance with its terms, it will automatically be renewed on a year-to-year basis under the same terms and conditions, unless either party gives notice to the other not less than ninety (90) days before the then-scheduled Expiration Date, terminating this Lease as of the then-scheduled Expiration Date; provided, however, in no event shall the term of this Lease be so extended beyond the day before the Fifth anniversary of the Commencement Date. Each one-year extension is an "**Extension Term**." Each time the Term is extended as provided in this Section 3.4, the then-scheduled Expiration Date shall be extended one year.

4. RENT

4.1. Base Rent

Throughout the Term beginning on the Commencement Date, Tenant shall pay to City the annual Base Rent specified in the Basic Lease Information (the "**Base Rent**"), as adjusted on the Adjustment Dates, if any, pursuant to Section 4.2. The Base Rent shall 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 hereunder shall be paid in cash or by good (cashier's or certified) check 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 the Commencement Date occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the Base Rent for such fractional month shall be prorated based on a thirty (30) day month. Within five (5) days after the parties execute this Lease, Tenant shall pay to City the Base Rent for the first full month.

4.2. Adjustments in Rent

On each date specified in the Basic Lease Information for the adjustment of Base Rent (an "**Adjustment Date**"), the Base Rent payable under Section 4.1 shall be adjusted as follows:

The Consumer Price Index for All Urban Consumers (base years 1982-1984 = 100) for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor, Bureau of Labor Statistics (the "**Index**"), which is published most immediately preceding the Adjustment Date (the "**Adjustment Index**"), shall be compared with the Index published most immediately preceding the Commencement Date in the case of the first Adjustment Date or, in the case of any subsequent Adjustment Date, the Index published most immediately preceding the prior Adjustment Date (the "**Base Index**").

If the Adjustment Index has increased over the Base Index, then the Base Rent payable on and after the Adjustment Date shall be set by multiplying the Base Rent that is in effect during the month prior to the Adjustment Date (disregarding any temporary rental abatement that may be in effect) by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Base Index. However, in no event shall the monthly Base Rent on or after the Adjustment Date be less than one hundred three percent (103%) nor more than one hundred six percent (106%) of the monthly Base Rent in effect for the last full month immediately prior to the Adjustment Date (disregarding any temporary rental abatement that may then be in effect).

4.3. Additional Charges

Tenant shall pay to City any and all charges and other amounts required under this Lease as additional rent (collectively, "**Additional Charges**"). All such Additional Charges shall be payable to City at the same place and the same manner as the Base Rent is payable. City shall have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent. As used in this Lease, the term "**Rent**" shall include the Base Rent, Additional Charges and any other amounts Tenant is obligated to pay hereunder, whether or not any such amounts are specifically characterized as rent.

4.4. Late Charges

If Tenant fails to pay any Rent or any portion of Rent within five (5) days following the due date, such unpaid amount shall be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by City and Tenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur as a result of any such failure by Tenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate City for its damages resulting from such failure to pay and shall be paid to City together with such unpaid amount.

4.5. Default Interest

Any Rent, if not paid within five (5) days following the due date, shall bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate an individual is permitted to charge under law (the "**Interest Rate**"). However, interest shall not be payable on late charges incurred by Tenant nor on any amounts on which late charges are paid by Tenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Tenant.

5. USE

5.1. Permitted Use

Tenant shall use and continuously occupy the Premises during the Term solely for the uses specified in the Basic Lease Information, to benefit the community, and for no other purpose.

5.2. Covenant to Operate; City's Recapture Right

The requirement that Tenant use the Premises for the purpose specified in the Basic Lease Information to benefit the community is a material term and material part of the consideration to City for this Lease. Tenant covenants to commence operating in the Premises for such purposes, fully staffed, within ten (10) days after the Commencement Date, and after that date to operate such enterprise continuously and uninterrupted in the Premises 7 days per week throughout the Term. If Tenant fails to operate at the Premises as required by this Lease for a period of ten (10) consecutive days or more, excluding closures due to force majeure, permitted repairs, casualty, or condemnation, then City, in its sole discretion, has the right to recapture possession of the Premises and terminate this Lease by providing Tenant with written notice of Landlord's election to do so ("**Recapture Termination Notice**"). The Recapture Termination Notice will specify the date by which Tenant must return possession of the Premises to Landlord, which date may be no earlier than the tenth (10th) day following the date that the Recapture Termination Notice is delivered to Tenant. On or before such termination date, Tenant must surrender the Premises in the condition required under Section 24 (Surrender of Premises).

5.3. No Unlawful Uses, Nuisances or Waste

Without limiting the foregoing, Tenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Tenant shall take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Tenant shall not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises, Building or on or about the Property.

6. INTENTIONALLY OMITTED

7. ALTERATIONS

7.1. Tenant's Alterations

(a) General

Tenant shall not make or permit any alterations to the Building or to the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other mechanical, electrical, communications systems of the Building ("**Building Systems**"), and shall not make or permit any alterations, installations, additions or improvements, structural or otherwise (collectively, "**Alterations**"), in, to or about the Premises, without City's prior written consent in each instance. All Alterations shall 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 which would be visible from the exterior of the Building, Tenant, shall obtain the prior written approval of City's Arts Commission to the extent the Arts Commission has jurisdiction over the design of such 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 shall pay to City an administrative fee equal to ten percent (10%) of the total "hard" costs of the work to compensate City for the costs of review.

(b) Asbestos

Without limiting Section 25.2 (No Hazardous Materials) below, in the event that asbestos-containing materials ("ACM") are determined to exist in or about the Premises, Tenant shall 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 laws relating to asbestos, including but not limited to California Occupational Safety and Health (OSHA) regulations found in Title 8 of the California Code of Regulations, Sections 1502 and 1529. Additionally, Tenant shall distribute notifications to all employees and contractors as required pursuant to 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 shall be performed without City's prior written consent in each instance.

(c) Tenant's Improvements or Alterations that Disturb or Remove Lead-Based Paint

Tenant, on behalf of itself and its Agents or Invitees, shall comply with all requirements of the San Francisco Building Code, Section 3407, and all other applicable present or future federal, state, local and administrative laws, rules, regulations, orders and other governmental requirements, the requirements of any board of fire underwriters or other similar body, any directive or occupancy certificate issued pursuant to any law by any public officer or officers acting in their regulatory capacity (collectively, "Laws"), including, without limitation, the California and United States Occupational Health and Safety Acts and their implementing regulations, when the work of improvement or alteration disturbs or removes exterior lead-based or "presumed" lead-based paint (as defined below). Tenant and its Agents or Invitees shall give to City three (3) business days prior written notice of any disturbance or removal of exterior lead-based or presumed lead-based paint. Further, Tenant and its Agents or Invitees, when disturbing or removing exterior lead-based or presumed lead-based paint, shall not use or cause to be used any of the following methods: (a) acetylene or propane burning and torching; (b) scraping, sanding or grinding without containment barriers or a High Efficiency Particulate Air filter ("HEPA") local vacuum exhaust tool; (c) hydroblasting or high-pressure wash without containment barriers; (d) abrasive blasting or sandblasting without containment barriers or a HEPA vacuum exhaust tool; and (e) heat guns operating above 1,100 degrees Fahrenheit. Paint on the exterior of buildings built before December 31, 1978, is presumed to be lead-based paint unless lead-based paint testing, as defined in Section 3407 of the San Francisco Building Code, demonstrates an absence of lead-based paint on the exterior surfaces of such buildings. Under this Section, lead-based paint is "disturbed or removed" if the work of improvement or alteration involves any action that creates friction, pressure, heat or a chemical reaction upon any lead-based or presumed lead-based paint on an exterior surface so as to abrade, loosen, penetrate, cut through or eliminate paint from that surface. Notice to City under this Lease shall not constitute notice to the City's Department of Building Inspection required under Section 3407 of the San Francisco Building Code.

7.2. Title to Improvements

Except for Tenant's Personal Property (as described in the next section), or as may be specifically provided to the contrary in the approved Plans, all appurtenances, fixtures, improvements, equipment, additions, and other property attached or affixed to or installed in the Premises at the Commencement Date or during the Term, including, without limitation, the Tenant Improvements and any Alterations, shall be and remain City's property. Tenant shall not

remove any such property at any time during or after the Term unless City either consents in writing or directs such removal as further provided in Section 24 (Surrender) below.

7.3. Tenant's Personal Property

All furniture, trade fixtures, office equipment and articles of movable personal property installed in the Premises by or for the account of Tenant, without expense to City, and that can be removed without structural or other damage to the Premises (collectively, "**Tenant's Personal Property**") shall be and remain Tenant's property. Tenant may remove its Personal Property at any time during the Term, subject to the provisions of Section 24 (Surrender of Premises) below. Tenant shall pay any taxes or other impositions levied or assessed upon Tenant's Personal Property, at least ten (10) days prior to delinquency, and shall deliver satisfactory evidence of such payment to City upon request.

7.4. City's Alterations of the Building and Building Systems

City reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the Building or the Building Systems, provided that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the uses permitted hereunder.

7.5. City's Personal Property

All furniture, trade fixtures, office equipment and articles of movable personal property installed in the Premises by or for the account of City and that can be removed without structural or other damage to the Premises (collectively, "**City's Personal Property**") shall be and remain City's property at all times. City may remove City's Personal Property at any time during the Term, subject to the provisions of Section 24 (Surrender of Premises) below. Within ten (10) days of the Commencement Date, Landlord and Tenant shall execute a memorandum or letter agreement confirming the list of City's Personal Property that Tenant is being allowed to use in the Premises at the commencement of the Term. Any damage to City's Personal Property by Tenant will be assessed and Tenant will be liable for replacement costs.

8. REPAIRS AND MAINTENANCE

8.1. City's Repairs

City shall repair and maintain the structural portions of the Building, including the Building Systems, the elevators and the common areas; provided, however, Tenant shall reimburse City for any damage, excluding normal wear and tear, caused by any act or omission of Tenant, its Agents or Invitees (as such terms are defined in Section 27.5 (Parties and Their Agents) below). For the purpose of making any such repairs, City may use structures in the Premises where reasonably required by the character of the work to be performed, provided that such work shall not block the main entrance to the Premises nor unreasonably interfere with Tenant's business. Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned thereby.

8.2. Tenant's Repairs

Tenant shall maintain, at no expense to City, the entirety of the Premises (including without limitation the floors, interior plumbing, electrical wiring, fixtures and equipment) in good repair and working order and in a clean, secure, safe and sanitary condition. Tenant shall promptly make all repairs and replacements: (a) at no cost to the City, (b) by licensed contractors or qualified mechanics approved by City, (c) so that the same shall be at least equal in quality, value and utility to the original work or installation, (d) in a manner and using

equipment and materials that will not interfere with or impair the operations, use or occupation of the Building or the Building Systems, and (e) in accordance with any applicable Building Rules and Regulations (as defined in Section 23.1 (Rules and Regulations)) and all applicable laws, rules and regulations. If the cost of any such repairs or replacements is in excess of Five Thousand Dollars (\$5,000) and is due to acts or omissions of Tenant, its Agents or Invitees, then Tenant shall pay to City an administrative fee equal to ten percent (10%) of the total "hard" costs of the work. 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 law, statute or ordinance now or hereafter in effect.

9. LIENS AND ENCUMBRANCES

9.1. Liens

Tenant shall keep the Premises and the rest of the Property free from any liens arising out of any work performed, material furnished or obligations incurred by or for Tenant. In the event Tenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, City shall have, in addition to all other remedies, the right, but not the obligation, to cause the lien to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by City and all expenses incurred by it in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to City by Tenant upon demand. City shall have the right to post on the Premises any notices that City may deem proper for the protection of City, the Premises, and the Building, from mechanics' and material supplier's liens. Tenant shall give to City at least fifteen (15) days' prior written notice of commencement of any Alteration, repair or construction on the Premises. Tenant agrees to 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 Premises, or materials furnished or obligations incurred by or for Tenant.

9.2. Encumbrances

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

10. UTILITIES AND SERVICES

10.1. Utilities and Services

City shall provide the basic Building utilities and services described in the attached Exhibit C (the "**Standard Utilities and Services**") to the Premises, subject to the terms and conditions contained therein. Tenant shall be responsible for furnishing, at no cost to the City, any utilities or services other than or in excess of the Standard Utilities and Services that Tenant may need for its use of the Premises. Without limiting the foregoing, Tenant shall be responsible for arranging and paying for voice and data communications service and the cost of installing any cabling needed for such service, which installation shall be subject to the requirements of Section 9 (Alterations).

10.2. Water and Energy Conservation; Mandatory or Voluntary Restrictions

In the event any law, ordinance, code or governmental or regulatory guideline imposes mandatory or voluntary controls on City or the Property or any part thereof, relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this Lease, or in the event City is required or elects to make alterations to any part of the Building in order to

comply with such mandatory or voluntary controls or guidelines, such compliance and the making of such alterations shall in no event entitle Tenant to any damages, relieve Tenant of the obligation to pay the full Base Rent and Additional Charges reserved hereunder or to perform each of its other covenants hereunder or constitute or be construed as a constructive or other eviction of Tenant. City shall have the right at any time to install a water meter in the Premises or otherwise to measure the amount of water consumed on the Premises, and the cost of such meter or other corrective measures and the installation and maintenance thereof shall be paid for by Tenant.

10.3. Excess Use

If Tenant requires any utilities or services to be provided by City hereunder in excess of the Standard Utilities and Services for the Premises, Tenant shall first procure City's written consent, which City may give or withhold in its sole discretion. In the case of City's consent, Tenant shall pay to City, as additional rent, the cost of such excess usage. Failure of City to bill Tenant for such excess utilities or services shall not impair City's right to bill Tenant for such costs at a later date. Without limiting the foregoing, Tenant shall not: (a) connect or use any apparatus, device or equipment that will require a dedicated circuit or that will impair the proper functioning or capacity of the Building Systems; or (b) connect any apparatus, device or equipment through electrical outlets except in the manner for which such outlets are designed and without the use of any device intended to increase the plug capacity of any electrical outlet; or (c) maintain at any time an electrical demand load in excess of any amount specified therefor in the Rules and Regulations. If at any time during the Term City has reason to believe that Tenant may be using any utility or service in excess of the amount therefor allowed to the Premises pursuant to the Standard Building Utilities or Services, City shall have the right to install a separate meter in the Premises or to take other appropriate steps to measure the amount of utility or service used in the Premises, and the cost of such meter and all corrective measures, and the installation and maintenance thereof, shall be paid for by Tenant.

10.4. Floor Load

Without City's prior written consent, which City may give or refuse in its sole discretion, Tenant shall not place or install in the Premises any equipment that weighs in excess of the normal load-bearing capacity of the floors of the Building. If City consents to the placement or installation of any such machine or equipment in the Premises, Tenant, at no cost to the City, shall reinforce the floor of the Premises, pursuant to plans and specifications approved by City and otherwise in compliance with Section 7.1 (Tenant's Alterations), to the extent necessary to assure that no damage to the Premises or the Building or weakening of any structural supports will be occasioned thereby.

10.5. Interruption of Services

In the event of an interruption in, or failure or inability to provide any service or utility for the Premises for any reason, such interruption, failure or inability shall not constitute an eviction of Tenant, constructive or otherwise, or impose upon City any liability whatsoever, including, but not limited to, liability for consequential damages or loss of business by Tenant; provided, however, that if such interruption, failure or inability impairs Tenant's ability to carry on its business in the Premises for a period of five (5) or more consecutive business days, then Tenant shall have the right, as Tenant's sole remedy, to abate the Rent based on the extent such interruption, failure or inability impairs Tenant's ability to carry on its business in the Premises. Tenant hereby waives the provisions of California Civil Code Section 1932(1) or any other applicable existing or future Legal Requirement permitting the termination of this Lease due to such interruption, failure or inability.

11. COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS

11.1. Compliance with Laws

Tenant shall promptly comply, at no cost to the City, with all present or future laws, ordinance, resolution, regulation, requirement, proclamation, order or decree of any municipal, county, state or federal government or other governmental or regulatory authority relating to the Premises or the use or occupancy thereof (the "**Legal Requirements**") and with any and all recorded covenants, conditions and restrictions affecting the Property or any portion thereof, whether in effect at the time of the execution of this Lease or adopted or recorded at any time thereafter and whether or not within the present contemplation of the parties. Tenant further understands and agrees that it is Tenant's obligation, at no cost to the City, to cause the Premises and Tenant's uses thereof to be conducted in compliance with the Americans With Disabilities Act, 42 U.S.C. Section 12101 et seq. Any Alteration made by or on behalf of Tenant pursuant to the provisions of this Section shall comply with the provisions of Section 8.2 (Tenant's Repairs) above. The parties acknowledge and agree that Tenant's obligation to comply with all Legal Requirements as provided herein is a material part of the bargained for consideration under this Lease. Tenant's obligation under this Section shall include, without limitation, the responsibility of Tenant to make substantial or structural repairs and Alterations to the Premises (including 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 hereof, 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 Premises, the likelihood that the parties contemplated the particular Legal Requirement involved, and whether the Legal Requirement involved is related to Tenant's particular use of the Premises. provided that if the cost of performing repairs, alterations or modifications required to cause the Property, Building, Common Areas and the Building Systems serving the Premises to so comply with applicable Law exceeds Five Thousand Dollars (\$5,000.00), Tenant shall have the right to terminate this Lease upon written notice to City, and this Lease shall terminate on the date which is ten (10) business days after the date of such notice.

11.2. Regulatory Approvals

(a) Responsible Party

Tenant understands and agrees that Tenant's use of the Premises may require authorizations, approvals or permits from governmental regulatory agencies, including but not limited to City agencies, with jurisdiction over the Premises. Tenant shall be solely responsible for obtaining any and all such regulatory approvals. Tenant shall not seek any regulatory approval without first obtaining the written consent of City under this Lease. Tenant shall bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Property or City's interest therein must first be approved by City in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Tenant, and City shall have no liability, monetary or otherwise, for any such fines or penalties. Tenant shall Indemnify City and the other Indemnified Parties hereunder against all Claims (as such terms are defined in Section 18.2 below) arising in connection with Tenant's failure to obtain or failure by Tenant, its Agents or Invitees to comply with the terms and conditions of any regulatory approval.

(b) City Acting as Owner of Real Property

Tenant further understands and agrees that City is entering into this Lease in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this Lease shall limit in any way Tenant's obligation to obtain any required approvals from City officials, departments, boards or commissions having jurisdiction over the Premises. By entering into this Lease, City is in no way modifying or limiting Tenant's obligation to cause the Premises to be used and occupied in accordance with all applicable laws, as provided further above.

11.3. Compliance with City's Risk Management Requirements

Tenant shall not do anything, or permit anything to be done, in or about the Premises which would be prohibited by or increase rates under a standard form fire insurance policy or subject City to potential premises liability. Tenant shall faithfully observe, at no cost to the City, any and all requirements of City's Risk Manager with respect to Tenant's use and occupancy of the Premises, so long as such requirements do not unreasonably interfere with Tenant's use of the Premises or are otherwise connected with standard prudent commercial practices of other landlords.

12. SUBORDINATION

This Lease is and shall be subordinate to any reciprocal easement agreement, ground lease, facilities lease or other underlying lease and the lien of any mortgage or deed of trust and all renewals, modifications, consolidations, replacements and extensions of any of the foregoing, that may now exist or hereafter be executed by City affecting the Property, or any part thereof, or City's interest therein, without the necessity of executing any instrument to effectuate such subordination; provided, however, upon City's request, Tenant, or Tenant's successor-in-interest, shall execute and deliver any and all instruments desired by City evidencing such subordination in the manner requested by City. Notwithstanding the foregoing, City or the holder shall, in its respective discretion, have the right to subordinate any such interests to this Lease. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall attorn to the successor-in-interest to City, at the option of such successor-in-interest. The provisions of this Section shall be self-operative and no further instrument shall be required. Tenant agrees, however, to execute and deliver, upon demand by City and in the form requested by City, any additional documents evidencing the priority or subordination of this Lease.

13. INABILITY TO PERFORM

No actual or constructive eviction, in whole or in part, shall entitle Tenant to any abatement or diminution of Rent or relieve Tenant from any of its obligations under this Lease. If City is unable to perform or is delayed in performing any of City's obligations under this Lease, by reason of acts of God, accidents, breakage, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials or by any other reason beyond City's reasonable control, no such inability or delay shall constitute an eviction under this Lease, or impose any liability upon City or its Agents by reason of inconvenience, annoyance, interruption, injury or loss to or interference with Tenant's business or use and occupancy or quiet enjoyment of the Premises or any loss or damage occasioned thereby. Tenant hereby waives and releases any right to terminate this Lease under Section 1932, subdivision 1 of the California Civil Code or any similar law, statute or ordinance now or hereafter in effect.

14. DAMAGE AND DESTRUCTION

14.1. Damage and Destruction

If the Premises or the Building is damaged by fire or other casualty, then City shall repair the same provided that funds for such repairs are appropriated by City's Board of Supervisors, in its sole discretion, for such purpose and that such repairs can be made within two hundred ten (210) days after the date of such damage (the "**Repair Period**"). In the event such conditions are satisfied, this Lease shall remain in full force and effect except that Tenant shall be entitled to a proportionate reduction of Base Rent and Additional Charges during the period of such repairs based upon the extent to which such damage and the making of such repairs materially interferes with Tenant's use or occupancy of the Premises.

City shall use reasonable efforts to notify Tenant within ninety (90) days after the date of such damage whether or not such repairs can be made within the Repair Period, and City's determination thereof shall be binding on Tenant. If such repairs cannot be made within the Repair Period, City shall have the option to notify Tenant of: **(a)** City's intention to repair such damage and diligently prosecute such repairs to completion within a reasonable period after the Repair Period, subject to the Board of Supervisor's appropriation of all necessary funds, in which event this Lease shall continue in full force and effect and the Base Rent and Additional Charges shall be reduced as provided herein; or **(b)** City's election to terminate this Lease as of a date specified in such notice, which date shall be not less than thirty (30) nor more than sixty (60) days after notice is given by City. In case of termination, the Base Rent and Additional Charges shall be reduced as provided above, and Tenant shall pay such reduced Base Rent and Additional Charges up to the date of termination.

If at any time during the last twelve (12) months of the Term of this Lease, the Premises or the Building is damaged or destroyed, then either City or Tenant may terminate this Lease by giving written notice to the other party of its election to do so within thirty (30) days after the date of the occurrence of such damage; provided, however, Tenant may terminate only if such damage or destruction substantially impairs its use or occupancy of the Premises for the uses permitted hereunder. The effective date of termination shall be specified in the notice of termination, which date shall not be more than thirty (30) days from the date of the notice.

Notwithstanding anything to the contrary in this Lease, City shall have no obligation to repair the Premises or the Building in the event the damage or destruction is attributable to any act or omission of Tenant, its Agents or Invitees. In no event shall City be required to repair any damage to Tenant's Personal Property or any paneling, decorations, railings, floor coverings, or any Tenant Improvements or Alterations installed or made on the Premises by or at the expense of Tenant. In the event the Premises or the Building is substantially damaged or destroyed and City intends to rebuild for public purposes inconsistent with this Lease, City may terminate this Lease upon written notice to Tenant.

14.2. Waiver

City and Tenant intend that the provisions of this Section govern fully in the event of any damage or destruction and accordingly, City and Tenant each hereby waives the provisions of Section 1932, subdivision 2, Section 1933, subdivision 4 and Sections 1941 and 1942, of the Civil Code of California or under any similar law, statute or ordinance now or hereafter in effect.

15. EMINENT DOMAIN

15.1. Definitions

(a) **"Taking"** means a taking or damaging, including severance damage, by eminent domain, inverse condemnation or for any public or quasi-public use under law. A Taking may occur pursuant to the recording of a final order of condemnation, or by voluntary sale or conveyance in lieu of condemnation or in settlement of a condemnation action.

(b) **"Date of Taking"** means the earlier of (i) the date upon which title to the portion of the Property taken passes to and vests in the condemnor or (ii) the date on which Tenant is dispossessed.

(c) **"Award"** means all compensation, sums or anything of value paid, awarded or received for a Taking, whether pursuant to judgment, agreement, settlement or otherwise.

(d) **"Improvements Pertaining to the Realty"** means machinery or equipment installed for use on the Property that cannot be removed without a substantial economic loss or without substantial damage to the property on which it is installed, regardless of the method of installation. In determining whether particular property can be removed "without a substantial economic loss," the value of the property in place considered as part of the realty should be compared with its value if it were removed and sold.

15.2. General

If during the Term or during the period between the execution of this Lease and the Commencement Date, there is any Taking of all or any part of the Premises or any interest in this Lease, the rights and obligations of the parties hereunder shall be determined pursuant to this Section. City and Tenant intend that the provisions hereof govern fully in the event of a Taking and accordingly, the parties each hereby waive any right to terminate this Lease in whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

15.3. Total Taking; Automatic Termination

If there is a total Taking of the Premises, then this Lease shall terminate as of the Date of Taking.

15.4. Partial Taking; Election to Terminate

(a) If there is a Taking of any portion (but less than all) of the Premises, then this Lease shall terminate in its entirety under either of the following circumstances: (i) if all of the following exist: (A) the partial Taking renders the remaining portion of the Premises untenable or unsuitable for continued use by Tenant, (B) the condition rendering the Premises untenable or unsuitable either is not curable or is curable but City is unwilling or unable to cure such condition, and (C) Tenant elects to terminate; or (ii) if City elects to terminate; provided, however, that this Lease shall not terminate if Tenant agrees to, and does, pay full Rent and Additional Charges, without abatement, and otherwise agrees to, and does, fully perform all of its obligations hereunder.

(b) If there is a partial Taking of a substantial portion of the Building but not the Premises, City shall have the right to terminate this Lease in its entirety.

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

15.5. Termination of Lease; Rent and Award

Upon termination of this Lease in its entirety pursuant to Section 15.3, or pursuant to an election under Section 15.4 above, then: (i) Tenant's obligation to pay Rent shall continue up until the date of termination and thereafter shall cease, and (ii) City shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of the leasehold estate created by this Lease and any Improvements Pertaining to the Realty), and Tenant shall have no claim against City for the value of any unexpired term of this Lease, provided that Tenant may make a separate claim for compensation, and Tenant shall receive any Award made specifically to Tenant, for Tenant's relocation expenses or the interruption of or damage to Tenant's business or damage to movable Tenant's Personal Property.

15.6. Partial Taking; Continuation of Lease

If there is a partial Taking of the Premises under circumstances where this Lease is not terminated in its entirety under Section 15.4 above, then this Lease shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and the rights and obligations of the parties shall be as follows: (a) Base Rent shall be reduced by an amount that is in the same ratio to the Base Rent as the area of the Premises taken bears to the area of the Premises prior to the Date of Taking; provided, however, in no event shall the monthly Base Rent be reduced to less than seventy-five percent (75%) of the monthly Base Rent immediately prior to the Date of Taking, and (b) City shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of the leasehold estate created by this Lease), and Tenant shall have no claim against City for the value of any unexpired term of this Lease, provided that Tenant may make a separate claim for compensation, and Tenant shall receive any Award made specifically to Tenant, for Tenant's relocation expenses or the interruption of or damage to Tenant's business or damage to movable Tenant's Personal Property.

15.7. Temporary Takings

Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to all or any part of the Premises for a limited period of time not in excess of one hundred eighty (180) consecutive days, this Lease shall remain unaffected thereby, and Tenant shall continue to pay Rent and to perform all of the terms, conditions and covenants of this Lease. In the event of such temporary Taking, Tenant shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total Rent owing by Tenant for the period of the Taking, and City shall be entitled to receive the balance of any Award.

16. ASSIGNMENT AND SUBLETTING

16.1. Restriction on Assignment and Subletting

Tenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Tenant), voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder (collectively, an "Assignment"), or permit or license any portion of the Premises to be used or occupied by anyone other than itself,

or sublet any portion of the Premises (collectively, "**Sublease**"), without City's prior written consent in each instance, as provided hereinbelow. Notwithstanding the foregoing, Tenant may Assign this Lease or Sublet any or all portions of the Premises to any Tenant's Affiliate (as defined below) without obtaining the consent of City by giving City written notice of its intent thereof at least fifteen (15) business days before the proposed effective date of such transfer. As used in this Section, the term "**Tenant's Affiliate**" shall mean, any of the following: (1) any person or entity owning, directly or indirectly, fifty percent (50%) or more of the ownership interests of Tenant (an "**Owning Person**"), (2) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by any Owning Person, (3) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by Tenant.

16.2. Notice of Proposed Transfer

If Tenant desires to enter into an Assignment or a Sublease, it shall give written notice (a "**Notice of Proposed Transfer**") to City of its intention to do so. The Notice of Proposed Transfer shall identify the proposed transferee and state the terms and conditions of the proposed Assignment or Sublease. Tenant shall deliver to City with its request for City's consent the proposed Assignment or Sublease and current financial statements of the proposed Transferee, prepared by an independent certified public accountant, and promptly upon City's request for same, any additional documents or information reasonably related to the proposed transaction or Transferee.

16.3. City's Response

Within twenty (20) business days after City's receipt of the Notice of Proposed Transfer (the "**Response Period**"), City may elect, by written notice to Tenant, to: (a) sublease the portion of the Premises specified in the Notice of Proposed Transfer on the terms and conditions set forth in such notice, except as otherwise provided in Section 16.4 (Sublease or Recapture Space), or (b) terminate this Lease as to the portion (including all) of the Premises that is specified in the Notice of Proposed Transfer, with a proportionate reduction in Base Rent (a "**Recapture**").

If City declines to exercise either of its options provided above, then Tenant shall have ninety (90) days following the earlier of (i) City's notice that it will not elect either such option or (ii) the expiration of the Response Period, to enter into such Assignment or Sublease, subject to City's prior written approval of the proposed assignee or subtenant (collectively, "**Transferee**") and the terms and conditions of the proposed Sublease or Assignment. However, fifty percent (50%) of any rent or other consideration realized by Tenant under any such Assignment or Sublease in excess of the Base Rent and Additional Charges payable hereunder (or the amount thereof proportionate to the portion of the Premises subject to such Sublease or Recapture) shall be paid to City, after Tenant has recovered any reasonable brokers' commissions and the reasonable cost of any leasehold improvements that Tenant has incurred in connection with such Sublease or Recapture. Tenant shall provide City with such information regarding the proposed Transferee and the Assignment or Sublease as City may reasonably request. City agrees that it will not unreasonably withhold its approval of any proposed Transferee.

If after City declines to exercise any of the foregoing options Tenant desires to enter into such Assignment or Sublease (i) on terms and conditions materially more favorable to Tenant than those contained in the Notice of Proposed Transfer or (ii) with a Transferee that is currently a tenant or other occupant of the Building, then Tenant shall give City a new Notice of Proposed Transfer, which notice shall state the terms and conditions of such Assignment or Sublease and identify the proposed Transferee, and City shall again be entitled to elect one of the options

provided in clauses (a) and (b) at any time within twenty (20) business days after City's receipt of such new Notice of Proposed Transfer.

In the event City elects either of the options provided in clauses (a) or (b), City shall be entitled to enter into a lease, sublease or assignment agreement with respect to the Premises (or portion thereof specified in such new Notice of Proposed Transfer) with the proposed Transferee identified in Tenant's notice.

Notwithstanding the foregoing, if any event of default by Tenant is outstanding hereunder at the time of Tenant's Notice of Proposed Transfer (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a 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 hereunder or at law or in equity.

16.4. Sublease or Recapture Space

If City elects to Sublease or Recapture from Tenant as described in Section 16.3 (City's Response) the following shall apply:

(a) In the case of a Sublease, (i) City shall have the right to use the portion of the Premises covered by the Notice of Proposed Transfer (the "**Sublease Space**") for any legal purpose, (ii) the rent payable by City to Tenant shall be the lesser of (A) the amount in the Notice of Proposed Transfer or (B) the Base Rent payable by Tenant under this Lease at the time of the Sublease (or the amount thereof proportionate to the Sublease Space if for less than the entire Premises), (iii) City may make alterations and improvements to the Sublease Space and may remove any such alterations or improvements, in whole or in part, prior to or upon the expiration of the Sublease, provided that City shall repair any damage or injury to the Sublease Space caused by such removal, (iv) City shall have the right to further sublease or assign the Sublease Space to any party, without the consent of Tenant, and (v) Tenant shall pay to City on demand any costs incurred by City in physically separating the Sublease Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable laws or regulations relating to such separation.

(b) In the case of Recapture, (i) the portion of the Premises subject to the Recapture (the "**Recapture Space**") shall be deleted from the Premises for all purposes hereunder, and Tenant and City shall be relieved of all their rights and obligations hereunder with respect to the Recapture Space except to the extent the same would survive the Expiration Date or other termination of this Lease pursuant to the provisions hereof, and (ii) City shall pay any cost incurred in physically separating the Recapture Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable governmental laws or regulations relating to such separation.

16.5. Effect of Sublease or Assignment

No Sublease or Assignment by Tenant nor any consent by City thereto shall 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 shall be void and, at City's option, shall constitute a material default by Tenant under this Lease. The acceptance of any Base Rent or other payments by City from a proposed Transferee shall not constitute consent to such Sublease or Assignment by City or a recognition of any Transferee, or a waiver by City of any failure of Tenant or other transferor to comply with this Section. If there is an Assignment or Sublet, whether in violation of or in compliance with this Section, in the event of default by any Transferee, or any successor of Tenant, 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 such Transferee or successor.

16.6. Assumption by Transferee

Each Transferee (other than City) shall assume all obligations of Tenant under this Lease and shall be liable jointly and severally with Tenant for the payment of the Base Rent and Additional Charges, and for the performance of all the terms, covenants and conditions to be performed on Tenant's part hereunder. No Assignment shall 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 such Transferee satisfactory in form and substance to City. However, the failure or refusal of such Transferee to execute such instrument of assumption shall not release such Transferee from its liability as set forth above. Tenant shall reimburse City on demand for any reasonable costs that may be incurred by City in connection with any proposed Sublease or Assignment, including, without limitation, 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.

16.7. Indemnity for Relocation Benefits

Without limiting Section 16.6 (Assumption by Transferee) above, Tenant shall cause any Transferee to expressly waive entitlement to any and all relocation assistance and benefits in connection with this Lease. Tenant shall Indemnify City for any and all Losses arising out of any relocation assistance or benefits payable to any Transferee.

17. DEFAULT; REMEDIES

17.1. Events of Default

Any of the following shall constitute an event of default (the "**Event of Default**") by Tenant hereunder:

(a) a failure to pay Base Rent or Additional Charges when due, and such failure continues for three (3) days after the date of written notice by City. However, City shall not be required to provide such notice more than twice during any twelve (12)-month period, and any such failure by Tenant after Tenant has received two (2) such notices in such twelve (12)-month period shall constitute a default by Tenant hereunder without any further action by City or opportunity of Tenant to cure except as may be required by Section 1161 of the California Code of Civil Procedure;

(b) a failure to comply with any other covenant, condition or representation made under this Lease and such failure continues for fifteen (15) days after the date of written notice by City, provided that if such default is not capable of cure within such fifteen (15)-day period, Tenant shall have a reasonable period to complete such cure if Tenant promptly undertakes action to cure such default within such fifteen (15)-day period and thereafter diligently prosecutes the same to completion within sixty (60) days after the receipt of notice of default from City. City shall not be required to provide such notice more than twice in any twelve (12)-month period with respect to any material non-monetary defaults and after the second notice in any calendar year, any subsequent failure by Tenant during such twelve (12)-month period shall constitute an Event of Default hereunder;

(c) a vacation or abandonment of the Premises for a continuous period in excess of five (5) business days; or

(d) an appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted, if any such

receiver, assignment or action is not released, discharged, dismissed or vacated within sixty (60) days.

17.2. Remedies

Upon the occurrence of an Event of Default City shall have the following remedies, which shall not be exclusive but shall be cumulative and shall be in addition to any other remedies now or hereafter allowed by law or in equity:

(a) City may terminate Tenant's right to possession of the Premises at any time by written notice to Tenant. Tenant expressly acknowledges that in the absence of such written notice from City, no other act of City, including, but not limited to, its re-entry into the Premises, its efforts to relet the Premises, its reletting of the Premises for Tenant's account, its storage of Tenant's Personal Property and trade fixtures, its acceptance of keys to the Premises from Tenant, its appointment of a receiver, or its exercise of any other rights and remedies under this Section 17.2 or otherwise at law, shall constitute an acceptance of Tenant's surrender of the Premises or constitute a termination of this Lease or of Tenant's right to possession of the Premises.

Upon such termination in writing of Tenant's right to possession of the Premises, this Lease shall terminate and City shall 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 such breach, including but not limited to the following:

- (i) The reasonable cost of recovering the Premises; plus
- (ii) The reasonable cost of removing Tenant's Alterations, trade fixtures and improvements; plus
- (iii) All unpaid rent due or earned hereunder prior to the date of termination, less the proceeds of any reletting or any rental received from subtenants prior to the date of termination applied as provided in Section 17.2(b) below, together with interest at the Interest Rate, on such sums from the date such 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 hereunder, including Additional Charges under Section 4.3 above, as reasonably estimated by City, from the date of termination until the date of the award of damages, exceeds the amount of such rental loss as Tenant proves could have been reasonably avoided, together with interest at the Interest Rate on such sums from the date such 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 hereunder, including Additional Charges under Section 4.3 above, as reasonably estimated by City, for the remainder of the then term, after the date of the award of damages exceeds the amount such rental loss as 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) Such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law, including without limitation any other amount necessary to compensate City for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease which in the ordinary course of things would be likely to result therefrom.

(b) 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, but not limited to, the right to recover rent as it becomes due. After the occurrence of an Event of Default, City may enter the Premises without terminating this Lease and sublet all or any part of the Premises for Tenant's account to any person, for such term (which may be a period beyond the remaining term of this Lease), at such rents and on such other terms and conditions as City deems advisable. In the event of any such subletting, rents received by City from such subletting shall be applied (i) first, to the payment of the costs of maintaining, preserving, altering and preparing the Premises for subletting, the other costs of subletting, including but not limited to brokers' commissions, attorneys' fees and expenses of removal of Tenant's Personal Property, trade fixtures and Alterations; (ii) second, to the payment of rent then due and payable hereunder; (iii) third, to the payment of future rent as the same may become due and payable hereunder; and (iv) fourth, the balance, if any, shall be paid to Tenant upon (but not before) expiration of the term of this Lease. If the rents received by City from such subletting, after application as provided above, are insufficient in any month to pay the rent due and payable hereunder for such month, Tenant shall pay such deficiency to City monthly upon demand. Notwithstanding any such subletting for Tenant's account without termination, City may at any time thereafter, by written notice to Tenant, elect to terminate this Lease by virtue of a previous Event of Default.

During the continuance of an Event of Default, for so long as City does not terminate Tenant's right to possession of the Premises and subject to Section 16 (Assignment and Subletting) and the options granted to City thereunder, City shall not unreasonably withhold its consent to an assignment or sublease of Tenant's interest in the Premises or in this Lease.

(c) During the continuance of an Event of Default, City may enter the Premises without terminating this Lease and remove all Tenant's Personal Property, Alterations and trade fixtures from the Premises and store them at Tenant's risk and expense. If City removes such property from the Premises and stores it at Tenant's risk and expense, and if Tenant fails to pay the cost of such removal and storage after written demand therefor and/or to pay any rent then due, then after the property has been stored for a period of thirty (30) days or more City may sell such property at public or private sale, in the manner and at such times and places as City deems commercially reasonable following reasonable notice to Tenant of the time and place of such sale. The proceeds of any such sale shall be applied first to the payment of the expenses for removal and storage of the property, the preparation for and the conducting of such sale, and for attorneys' fees and other legal expenses incurred by City in connection therewith, and the balance shall be applied as provided in Section 17.2(b) above.

Tenant hereby waives all claims for damages that may be caused by City's re entering and taking possession of the Premises or removing and storing Tenant's Personal Property pursuant to this Section 17.2, and Tenant shall indemnify, defend and hold City harmless from and against any and all Claims resulting from any such act. No re entry by City shall constitute or be construed as a forcible entry by City.

(d) City may require Tenant to remove any and all Alterations from the Premises or, if Tenant fails to do so within ten (10) days after City's request, City may do so at Tenant's expense.

(e) City may cure the Event of Default at Tenant's expense, it being understood that such performance shall not waive or cure the subject Event of Default. If City pays any sum or incurs any expense in curing the Event of Default, Tenant shall reimburse City upon demand for the amount of such payment or expense with interest at the Interest Rate from

the date the sum is paid or the expense is incurred until City is reimbursed by Tenant. Any amount due City under this subsection shall constitute additional rent hereunder.

17.3. Waiver of Redemption

Tenant hereby waives, for itself and all persons claiming by and under Tenant, all rights and privileges which it might have under any present or future Legal Requirement to redeem the Premises or to continue this Lease after being dispossessed or ejected from the Premises.

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 City may, at its sole option, remedy such default for Tenant's account and at Tenant's expense by providing Tenant with three (3) days' prior written or oral notice of City's intention to cure such default (except that no such prior notice shall be required in the event of an emergency as determined by City). Such action by City shall not be construed as a waiver of such default or any rights or remedies of City, and nothing herein shall imply any duty of City to do any act that Tenant is obligated to perform. Tenant shall pay to City upon demand, as additional rent, all costs, damages, expenses or liabilities incurred by City, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such default. Tenant's obligations under this Section shall survive the termination of this Lease.

18. WAIVER OF CLAIMS; INDEMNIFICATION

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

City shall 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 (as defined below) for, any injury, loss or damage to any person or property or disruption to Tenant's business in or about the Premises by or from any cause whatsoever including, without limitation, (i) any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Premises, (ii) theft, (iii) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (iv) stopped, leaking or defective Building Systems, (v) Building defects, and (vi) any other acts, omissions or causes. Nothing in this Section shall relieve City from liability caused solely and directly by the gross negligence or willful misconduct of City or its Agents, but City shall 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, shall indemnify, defend and hold harmless ("**Indemnify**") City including, but not limited to, all of its boards, commissions, departments, agencies and other subdivisions, including, without limitation, its Health Commission and Real Estate Division, 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 any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses, including, without limitation, 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, without limitation, employees of Tenant, or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Premises; (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 Premises by Tenant, its Agents or Invitees or any person or entity claiming through or under any of them; (d) the condition of the Premises; (e) any construction or other

work undertaken by Tenant on the Premises whether before or during the Term of this Lease; or (f) any acts, omissions or negligence of Tenant, its Agents or Invitees, in, on or about the Premises or 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 such Indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Lease and further except only such Claims as are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Tenant by City and continues at all times thereafter. Tenant's obligations under this Section shall survive the termination of this Lease.

19. INSURANCE

19.1. Tenant's Insurance

(a) Tenant, at no cost to the City, shall procure and keep in effect at all times during the Term insurance as follows:

(i) Commercial general liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse and underground (XCU).

(ii) Worker's Compensation Insurance with Employer's Liability Limits not less than One Million Dollars (\$1,000,000) each accident.

(iii) Business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, as applicable, if Tenant uses automobiles in connection with its use of the Premises.

(iv) 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 Premises. Such insurance shall also cover business interruptions due to failures or interruptions in telecommunications services, strikes, employee lockouts, riots, or other civil commotion.

(v) Licensed professionals (i.e., architects, engineers, certified public accountants, etc.) shall 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.

(vi) Such other insurance as is generally required by commercial owners of buildings similar in size, character, age and location as the Building, as may change from time to time.

(b) Should any of the required insurance be provided under a claims-made form, Tenant shall maintain such 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, should occurrences during the Term give rise to claims made after expiration or termination of this Lease, such claims shall be covered by such claims-made policies.

(c) Should any of the required insurance be 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 such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(d) All liability insurance policies shall 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 such 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 pursuant to Section 19.1(a) above shall 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 hereunder shall 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. Notice to City shall be mailed to the address(es) for City set forth in the Basic Lease Information.

(g) Tenant shall deliver to City certificates of insurance and additional insured policy endorsements from insurers in a form satisfactory to City, evidencing the coverage required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon City's request, and Tenant shall provide City with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificates, City may procure, at its option, without waiving any rights or remedies which City may have for Tenant's default hereunder, the same for the account of Tenant, and the cost thereof shall be paid to City within five (5) days after delivery to Tenant of bills therefor.

(h) Upon City's request, Tenant and City shall periodically review the limits and types of insurance carried pursuant to this Section. If the general commercial practice in the City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Tenant for risks comparable to those associated with the Premises, then Tenant shall, at City's request, increase the amounts or coverage carried by Tenant to conform to such general commercial practice.

(i) Tenant's compliance with the provisions of this Section shall in no way relieve or decrease Tenant's liability under Section 18.2 (Tenant's Indemnity), or any of Tenant's other obligations under this Lease.

(j) Notwithstanding anything to the contrary in this Lease, if any of the required insurance coverage lapses, this Lease shall terminate upon three (3) days notice to Tenant, unless Tenant renews the insurance coverage within notice period.

19.2. Tenant's Personal Property

Tenant shall be responsible, at no cost to the City, for separately insuring Tenant's Personal Property.

19.3. City's Self Insurance

Tenant acknowledges that City self-insures against casualty, property damage and public liability risks and agrees that City may at its sole election, but shall not be required to, carry any third party insurance with respect to the Building, the Premises or otherwise.

19.4. Waiver of Subrogation

Notwithstanding anything to the contrary contained herein, City and Tenant (each a "**Waiving Party**") each hereby waives any right of recovery against the other party for any loss or damage sustained by such other party with respect to the Building or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by insurance which is required to be purchased by the Waiving Party under this Lease or is actually covered by insurance obtained by the Waiving Party. Each Waiving Party agrees to cause its insurers to issue appropriate waiver of subrogation rights endorsements to all policies relating to the Building or the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

20. ACCESS BY CITY

City reserves for itself and any of its designated Agents, the right to enter the Premises as follows: **(i)** on a regular basis without advance notice to supply any necessary or agreed-upon service to be provided by City hereunder; **(ii)** on an occasional basis, at all reasonable times after giving Tenant reasonable 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 Premises, to repair, alter or improve any part of the Building, Building Systems or the Premises, and for any other lawful purpose; and **(iii)** on an emergency basis without notice whenever City believes that emergency access is required. City shall have the right to use any means that it deems proper to open doors in an emergency in order to obtain access to any part of the Premises, and any such entry shall not be construed or deemed to be a forcible or unlawful entry into or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof. Tenant shall not alter any lock or install any new or additional locking devices without the prior written consent of City. All locks installed in the Premises (excluding Tenant's vaults, safes or special security areas, if any, designated by Tenant in writing to City) shall be keyed to the Building master key system, and City shall at all times have a key with which to unlock all such doors.

21. CERTIFICATES

21.1. Tenant's Estoppel Certificates

Tenant, at any time and from time to time upon not less than ten (10) days' prior notice from City, shall execute and deliver to City or to any party designated by City a certificate stating: **(a)** that Tenant has accepted the Premises, **(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 hereunder (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

City, at any time and from time to time upon not less than ten (10) days' prior notice from Tenant, shall 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 defaults then existing under this Lease (and if so specifying the same), (d) the dates, if any, to which the Base Rent and Additional Charges have been paid, and (e) any other information that may be required.

22. RULES AND REGULATIONS.

Tenant shall faithfully comply with the rules and regulations attached to this Lease as Exhibit D (Building Rules and Regulations) and all modifications thereof and additions thereto that City may from time to time put into effect (the "**Rules and Regulations**"). City shall not be responsible for the non-performance of the Rules and Regulations by any other tenant or occupant of the Building. In the event of any conflict between any provision of this Lease and any provision of the Rules and Regulations, this Lease shall control.

23. SECURITY DEPOSIT

Tenant shall pay to City upon execution of this Lease the sum specified for the security deposit in the Basic Lease Information as security for the faithful performance of all terms, covenants and conditions of this Lease. On each rent Adjustment Date, Tenant will deliver to City the amount necessary to increase the Security Deposit to be equal to the monthly Base Rent, as adjusted pursuant to Section 4.2. Tenant agrees that City may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises or SFPUC Facilities caused by Tenant, its Agents or Invitees, to pay any fines assessed against Tenant under this Lease, or for any other failure of Tenant to perform any other terms, covenants or conditions contained in this Lease, without waiving any of City's other rights and remedies hereunder or at Law or in equity. Should City use any portion of the security deposit to cure any Event of Default by Tenant or pay any fine of Tenant, then Tenant shall immediately replenish the security deposit to the original amount, and Tenant's failure to do so within five (5) days of City's notice shall constitute a material Event of Default under this Lease. City's obligations with respect to the security deposit are solely that of debtor and not trustee. City shall not be required to keep the security deposit separate from its general funds, and Tenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Tenant's liability for the performance of any of its obligations under this Lease.

24. SURRENDER OF PREMISES

Upon the Expiration Date or other termination of the Term of this Lease, Tenant shall peaceably quit and surrender to City the Premises together with the Tenant Improvements and all Alterations approved by City in good order and condition, except for normal wear and tear after Tenant having made the last necessary repair required on its part under this Lease, and further except for any portion of the Premises condemned and any damage and destruction for which Tenant is not responsible hereunder. The Premises shall be surrendered free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this Lease and any other encumbrances created by City. Immediately before the Expiration Date or other termination of this Lease, Tenant shall remove all of Tenant's Personal Property as provided in this Lease, and repair any damage resulting from the removal; provided, City in its sole discretion shall have the right to reserve ownership of any telecommunications equipment, wire, cabling and/or conduit installed in the Premises or any other portion of the Building by or on behalf of Tenant. If such removal is not completed at the expiration or other termination of this

Lease, City may remove the same at Tenant's expense. Notwithstanding anything to the contrary in this Lease, City can elect at any time prior to the Expiration Date or within five (5) days after termination of this Lease, to require Tenant to remove, at Tenant's sole expense, all or part of the Tenant Improvements, Alterations or other improvements or equipment constructed or installed by or at the expense of Tenant including, but not limited to, any telecommunications equipment, wires, cabling and/or conduit installed in the Premises or any other portion of the Building by or on behalf of Tenant. Tenant shall promptly remove such items and shall repair, at no cost to the City, any damage to the Premises or the Building resulting from such removal, or if Tenant fails to repair, City may do so, at Tenant's expense. Tenant's obligations under this Section shall survive the Expiration Date or other termination of this Lease. Any items of Tenant's Personal Property remaining in the Premises after the Expiration Date or sooner termination of this Lease may, at City's option, 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 law.

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

25. HAZARDOUS MATERIALS

25.1. Definitions

As used herein, the following terms shall have the meanings set forth below:

(a) **"Environmental Laws"** shall mean any present or future federal, state, local or administrative law, rule, regulation, order or requirement relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage), or to health and safety, industrial hygiene or the environment, including, without limitation, soil, air and groundwater conditions.

(b) **"Hazardous Material"** shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter 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, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to 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 pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to 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 Remediate" ("Investigation" and "Remediation")** shall mean the undertaking of 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, and to clean up, remove, contain, treat, stabilize, monitor or otherwise control such Hazardous Material.

(d) **"Release"** when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside the Premises, or in, on, under or about any other part of the Property or into the environment.

25.2. No Hazardous Materials

Tenant covenants and agrees that neither Tenant nor any of its Agents or Invitees shall cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Property, or transported to or from the Property, with the sole exception that Tenant may keep and use such substances in the Premises in such reasonably limited amounts as are customarily used for general office purposes (such as copy toner and other normal office and cleaning supplies) and may generate such substances as a result of measures taken pursuant to Articles 7 or 8 of this Lease that disturb or remove lead-based or presumed lead-based paint from the exterior or interior surfaces of the Premises so long as such generation, storage, transportation, use, and disposal are in compliance with all applicable Environmental Laws at all times. Tenant shall give immediate written notice to City of: (a) any action, proceeding or inquiry by any governmental authority (including, without limitation, the California State Department of Health Services, the State or any Regional Water Quality Control Board, the Bay Area Air Quality Management district or any local governmental entity) against Tenant with respect to the presence or Release or suspected presence or Release of Hazardous Material on the Premises, Building or Property or the migration thereof from or to other property; (b) all demands or claims made or threatened by any third party against Tenant or the Premises, Building or Property relating to any loss or injury resulting from any Hazardous Materials; (c) any Release of Hazardous Material on or about the Premises or any other part of the Property has occurred that may require any Investigation or Remediation; and (d) all matters of which Tenant is required to give notice pursuant to Section 25359.7 of the California Health and Safety Code.

25.3. Tenant's Environmental Indemnity

If Tenant breaches any of its obligations contained in this Section, or, if any act or omission of Tenant, its Agents or Invitees, results in any Release of Hazardous Material in, on, under or about the Premises or any other part of the Property in violation of any applicable Environmental Laws, including but not limited to Chapter 36 of the San Francisco Building Code, then, without limiting Tenant's Indemnity contained in Section 18.2, Tenant shall, on behalf of itself and its successors and assigns, Indemnify the Indemnified Parties, and each of them, from and against all Claims (including, without limitation, damages for decrease in value of the Premises or the Property, the loss or restriction of the use of rentable or usable space or of any amenity of the Premises or the Property and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees and costs) arising during or after the Term of this Lease and relating to such Release. The foregoing Indemnity includes, without limitation, costs incurred in connection with activities undertaken to Investigate and Remediate Hazardous Material and to restore the Property to its prior condition, fines and penalties assessed for the violation of any applicable Environmental Laws, including but not limited to Chapter 36 of the San Francisco Building Code, and any natural resource damages. Without limiting the foregoing, if Tenant or any of its Agents or Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or any other part of the Property, Tenant shall immediately and at no expense to City take any and all appropriate actions to return the Premises or the Property affected thereby to the condition existing prior to such Release and otherwise Investigate and Remediate the Release in accordance with all Environmental Laws. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Tenant by the City and continues at all times thereafter. Tenant shall 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.

25.4. Survival of Obligation

Tenant's obligations under this Section 25 shall survive the Expiration Date or other termination of this Lease.

25.5. Hazardous Substance Disclosure

California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Tenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. By execution of this Lease, Tenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Section 25359.7 and related statutes.

26. SUBSTITUTION OF PREMISES

Landlord reserves the right from time to time, upon providing Tenant thirty (30) days' advance notice, to provide Tenant with comparable space elsewhere in the Building and to move Tenant to such space. City shall arrange and pay for moving Tenant to such new space. In addition, City will reimburse Tenant for incidentals associated with the relocation, such as costs incurred in changing addresses on stationery, in a sum not to exceed Five Hundred Dollars (\$500.00), provided that Tenant furnishes reasonable evidence of costs incurred. Should the new space be unsatisfactory to Tenant, Tenant may terminate this Lease by providing City with written notice thereof within fifteen (15) days after receipt of City's notice. Tenant's failure to reject the relocation space within such period shall be deemed acceptance. If Tenant accepts such new space, then this Lease and each and all of the terms and covenants and conditions hereof shall remain in full force and effect and the revised floor plan shall become part of this Lease and shall reflect the location of the new space.

27. GENERAL PROVISIONS

27.1. Notices

Any notice given under this Lease shall be effective only if in writing and given by delivering the notice in person or by sending it first-class mail or certified mail with a return receipt requested or by overnight courier, return receipt requested, with postage prepaid, to: (a) Tenant, (i) at Tenant's address set forth in the Basic Lease Information, if sent prior to Tenant's taking possession of the Premises, or (ii) at the Premises if sent on or subsequent to Tenant's taking possession of the Premises, or (iii) at any place where Tenant or any Agent of Tenant may be found if sent subsequent to Tenant's vacating, abandoning or surrendering the Premises; or (b) City, at City's address set forth in the Basic Lease Information; or (c) to such other address as either City or Tenant may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Section at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made if sent by overnight courier, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by telefacsimile to the telephone number set forth in the Basic Lease Information or such other number as may be provided from time to time; however, neither party may give official or binding notice by facsimile. Tenant shall promptly provide City with copies of any and all notices received regarding any alleged violation of laws or insurance requirements or any alleged unsafe condition or practice.

27.2. No Implied Waiver

No failure by City to insist upon the strict performance of any obligation of Tenant under this Lease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial Base Rent or Additional Charges during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of City, shall constitute a waiver of such breach or of City's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Lease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. Any consent by City hereunder shall not relieve Tenant of any obligation to secure the consent of City in any other or future instance under the terms of this Lease.

27.3. Amendments

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Whenever this Lease requires or permits the giving by City of its consent or approval, the Director of Property, or his or her designee shall be authorized to provide such approval, except as otherwise provided by applicable law, including the Charter. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to the mutual written agreement of City and Tenant, and City's agreement may be made upon the sole approval of the Director of Property, or his or her designee; provided, however, material amendments or modifications to this Lease (i) changing the legal description of the Premises, (ii) increasing the Term, (iii) increasing the Rent, (iv) changing the general use of the Premises from the use authorized under Section 5.1 of this Lease, and (v) any other amendment or modification which materially increases the City's liabilities or financial obligations under this Lease shall additionally require the approval of the City's Board of Supervisors.

27.4. Authority

If Tenant signs as a corporation or a partnership, each of the persons executing this Lease on behalf of Tenant does hereby covenant and warrant that Tenant is a duly authorized and existing entity, that Tenant has and is qualified to do business in California, that Tenant has full right and authority to enter into this Lease, and that each and all of the persons signing on behalf of Tenant are authorized to do so. Upon City's request, Tenant shall provide City with evidence reasonably satisfactory to City confirming the foregoing representations and warranties.

27.5. Parties and Their Agents; Approvals

The words "City" and "Tenant" as used herein shall include the plural as well as the singular. If there is more than one Tenant, the obligations and liabilities under this Lease imposed on Tenant shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party, and the term "Invitees" when used with respect to Tenant shall include the clients, customers, invitees, guests, licensees, assignees or subtenants of Tenant. All approvals, consents or other determinations permitted or required by City hereunder shall be

made by or through City's Director of Property unless otherwise provided in this Lease, subject to applicable law.

27.6. 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 such captions shall in no way define or limit the scope or intent of any provision of this Lease. This Lease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this Lease. Provisions in this Lease relating to number of days shall be calendar days, unless otherwise specified, provided that 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 shall be the next succeeding business day. Use of the word "including" or similar words shall 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.

27.7. Successors and Assigns

Subject to the provisions of this Lease relating to Assignment and Subletting, the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of City and Tenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any sale, assignment or transfer by City named herein (or by any subsequent landlord) of its interest in the Building as owner or lessee, including any transfer by operation of law, City (or any subsequent landlord) shall be relieved from all subsequent obligations and liabilities arising under this Lease subsequent to such sale, assignment or transfer.

27.8. Brokers

Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, 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 herein except as identified in the Basic Lease Information, whose commission, if any is due, shall be paid pursuant to a separate written agreement between such broker and the party through which such broker contracted. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall indemnify the other party from any and all Claims incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Lease.

27.9. Severability

If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Lease without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Lease.

27.10. Governing Law

This Lease shall be construed and enforced in accordance with the laws of the State of California and the City's Charter.

27.11. Entire Agreement

This instrument, including the exhibits hereto, which are made a part of this Lease, contains the entire agreement between the parties and all prior written or oral negotiations, understandings and agreements are merged herein. The parties further intend that this Lease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts hereof and changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Lease. Tenant hereby acknowledges that neither City nor City's Agents have made any representations or warranties with respect to the Premises, the Building or this Lease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise unless expressly set forth herein.

27.12. Attorneys' Fees

In the event that either City or Tenant fails to perform any of its obligations under this Lease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting party or the non-prevailing party in such dispute, as the case may be, shall pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights hereunder (whether or not such action is prosecuted to a judgment). For purposes of this Lease, the terms "court costs and reasonable attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "court costs and attorneys' fees" shall also include, without limitation, all such 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 such fees and costs were incurred. For the purposes of this Lease, reasonable fees of attorneys of City's Office of the City Attorney shall 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.

27.13. Holding Over

If Tenant retains possession of any portion of the Premises after the expiration or the earlier termination of this Lease, then unless City expressly agrees to the holdover in writing, Tenant shall pay City, on a month-to-month basis Base Rent equal to two hundred percent (200%) of the latest Base Rent payable by Tenant hereunder prior to such expiration (disregarding any temporary abatement that may then be in effect), together with an amount estimated by City for the monthly Additional Charges payable under this Lease, and shall otherwise be on the terms and conditions herein specified so far as applicable (except those pertaining to the Term and any Extension Options). Any failure by Tenant to surrender, discontinue using, or, if required by City, any failure to remove any property or equipment following written demand for the same by City, shall constitute continuing possession for purposes hereof. Tenant acknowledges that the foregoing provisions shall not serve as permission for the Tenant to hold over, nor serve to extend the term of this Lease beyond the end on the term hereof. Any holding over without City's consent shall constitute a default by Tenant

and entitle City to exercise any or all of its remedies as provided herein, notwithstanding that City may elect to accept one or more payments of Rent, and whether or not such amounts are at the holdover rate specified above or the rate in effect at the end of the Term of this Lease.

Any holding over after the expiration of the Term with the express consent of City shall be construed to automatically extend the Term of this Lease on a month-to-month basis at one hundred ten percent (110%) of the Base Rent payable by Tenant hereunder prior to such expiration (disregarding any temporary abatement that may then be in effect), together with an amount estimated by City for the monthly Additional Charges payable under this Lease, and shall otherwise be on the terms and conditions herein specified so far as applicable (except for those pertaining to the Term and any Extension Options). Tenant's obligations under this Section shall survive the expiration or termination of this Lease.

27.14. 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.

27.15. Cumulative Remedies

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

27.16. Survival of Indemnities

Termination of this Lease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease, nor shall it affect any provision of this Lease that expressly states it shall survive termination hereof.

27.17. Signs

Tenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Building or from the exterior of the Premises, without City's prior written consent, which City may withhold or grant in its sole discretion.

27.18. Relationship of the Parties

City is not, and none of the provisions in this Lease shall be deemed to render City, a partner in Tenant's business, or joint venturer or member in any joint enterprise with Tenant. Neither party shall act as the agent of the other party in any respect hereunder. This Lease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided.

27.19. Light and Air

Tenant covenants and agrees that no diminution of light, air or view by any structure that may hereafter be erected (whether or not by City) shall entitle Tenant to any reduction of the Base Rent or Additional Charges under this Lease, result in any liability of City to Tenant, or in any other way affect this Lease or Tenant's obligations hereunder.

27.20. No Recording

Tenant shall not record this Lease or any memorandum hereof in the public records.

27.21. Options Personal

Any right or option to extend the Term of this Lease or renew this Lease is personal to the original Tenant and may be exercised only by the original Tenant while occupying the Premises who does so without the intent of thereafter making any Assignment of this Lease or Subletting of the Premises, or any portion thereof, and may not be exercised by or assigned, voluntarily or involuntarily, by or to any person or entity other than Tenant. The options, if any, herein granted to Tenant are not assignable separate and apart from this Lease, nor may any option be separated from this Lease in any manner, either by reservation or otherwise.

27.22. Public Transit Information

Tenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Building and encouraging use of such facilities, all at Tenant's sole expense.

27.23. 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 that Tenant may be subject to the payment of property taxes levied on such interest.

(b) Tenant agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the leasehold interest hereby created and to pay all other taxes, excises, licenses, permit charges and assessments based on Tenant's usage of the Premises that may be imposed upon Tenant by law, all of which shall be paid when the same become due and payable and before delinquency.

(c) Tenant agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Tenant, if so desiring, may have reasonable opportunity to contest the validity of the same.

(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that the City and County of San Francisco report certain information relating to this Lease, and any renewals thereof, to the County Assessor within sixty (60) days after any such transaction, and that Tenant report certain information relating to any assignment of or sublease under this Lease to the County Assessor within sixty (60) days after such assignment or sublease transaction. Tenant agrees to provide such information as may be requested by the City to enable the City to comply with this requirement.

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

No elective or appointive board, commission, member, officer, employee or other Agent of City shall be personally liable to Tenant, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Tenant, its successors and assigns, or for any obligation of City under this Agreement.

27.25. Wages and Working Conditions

Tenant agrees that any person performing labor in the construction of any Tenant Improvements and any Alterations to the Premises, which Tenant provides under this Lease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Tenant shall include in any contract for construction of such Tenant Improvements and Alterations a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Tenant shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing labor in the construction of such Tenant Improvement Work or any Alterations to the Premises.

Pursuant to San Francisco Administrative Code Section 21.C-4, unless excepted, Contracts, Leases, Franchises, Permits, and Agreements awarded, let, issued or granted by the City and County of San Francisco for the use of property owned by the City and County of San Francisco shall require any Employee engaged in theatrical or technical services related to the presentation of a Show to be paid not less than the Prevailing Rate of Wages. Employees engaged in theatrical and technical services include, without limitation, those engaged in rigging, sound, projection, theatrical lighting, videos, computers, draping, carpentry, special effects, and motion picture services. Capitalized terms in this Section that are not defined in this agreement shall have the meanings provided in Section 21.C-4.

Contractor agrees to comply with and be fully bound by, and to require its Subcontractors to comply with and be fully bound by, the provisions of Section 21.C-4, including, without limitation, the payment of any penalties for noncompliance and other remedies available to the City. The provisions of Section 21.C-4 are hereby incorporated by reference and made a part of this agreement. Contractor shall cooperate fully with the Labor Standards Enforcement Officer and any other City official or employee, or any of their respective agents, in the administration and enforcement of the requirements of Section 21.C-4, including, without limitation, any investigation of noncompliance by Contractor or its Subcontractors. Contractor agrees that the City may inspect and/or audit any workplace or job site involved in or related to the performance of this agreement, including, without limitation, interviewing Contractor's and any Subcontractor's employees and having immediate access to employee time sheets, payroll records, and paychecks for inspection.

Contractor may obtain a copy of the current Prevailing Rate of Wages from City, including its Office of Labor Standards Enforcement. Contractor acknowledges that the City's Board of Supervisors may amend such Prevailing Rate of Wages and agrees that Contractor and any Subcontractors shall be bound by and shall fully comply with any such amendments by the Board of Supervisors.

27.26. Non-Discrimination in City Contracts and Benefits Ordinance

(a) Covenant Not to Discriminate

In the performance of this Lease, Tenant agrees not to discriminate against any employee of Tenant, any City employee working with Tenant, or any applicant for employment with Tenant, 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) Subleases and Other Subcontracts

Tenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Tenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subtenants and other subcontractors to comply with such provisions. Tenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) Non-Discrimination in Benefits

Tenant does not as of the date of this Lease and will not during the term of this Lease, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for the City or elsewhere within 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 Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form

As a condition to this Lease, Tenant shall 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. Tenant hereby represents that prior to execution of this Lease, (i) Tenant executed and submitted to the HRC Form HRC-12B-101 with supporting documentation, and (ii) the HRC approved such form.

(e) Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C 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 Agreement as though fully set forth herein. Tenant shall comply fully with and be bound by all of the provisions that apply to this Lease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Tenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such 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.

27.27. 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, WAIVES 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 laws, including, without limitation, any and all claims for

relocation benefits or assistance from City under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking.

27.28. MacBride Principles - Northern Ireland

The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Tenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

27.29. Tropical Hardwood and Virgin Redwood Ban

The City and County of San Francisco 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 shall not provide any items to the construction of Tenant Improvements or the Alterations, or otherwise in the performance of this Lease which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Tenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant shall 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.

27.30. Pesticide Prohibition

Tenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "**Pesticide Ordinance**") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Tenant to submit to the Real Estate Division an integrated pest management ("**IPM**") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the terms of this Lease, (b) describes the steps Tenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as the Tenant's primary IPM contact person with the City. In addition, Tenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

27.31. First Source Hiring Ordinance

The City has adopted a First Source Hiring Ordinance (San Francisco Administrative Code Chapter 83) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry-level positions. Upon request when applicable, Tenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

27.32. Sunshine Ordinance

In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between 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's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

27.33. Conflicts of Interest

Through its execution of this Lease, Tenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco 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 would constitute a violation of said provisions, and agrees that if Tenant becomes aware of any such fact during the term of this Lease Tenant shall immediately notify the City.

27.34. Charter Provisions

This Lease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

27.35. Drug-Free Workplace

Tenant acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City premises. Tenant agrees that any violation of this prohibition by Tenant, its Agents or assigns shall be deemed a material breach of this Lease.

27.36. Prohibition of Tobacco Sales and Advertising

Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (i) communicate the health hazards of cigarettes and tobacco products, or (ii) encourage people not to smoke or to stop smoking.

27.37. Prohibition of Alcoholic Beverage Advertising

Tenant acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises. For purposes of this section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall 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, selling or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (i) communicate the health hazards of alcoholic beverages, (ii) encourage people not to drink alcohol or to stop drinking alcohol, or (iii) provide or publicize drug or alcohol treatment or rehabilitation services.

27.38. Counterparts

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

27.39. Effective Date

This Lease shall become effective on the date upon which this Lease is duly executed and delivered by the parties hereto.

27.40. Requiring Health Benefits for Covered Employees

Unless exempt, Tenant agrees to 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 Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12Q.

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

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

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

(d) Any Subcontract entered into by Tenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Tenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department 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. Each Tenant shall 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 Tenant based on the Subcontractor's failure to comply, provided that City has first provided Tenant with notice and an opportunity to obtain a cure of the violation.

(e) Tenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Tenant's compliance or anticipated compliance 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) Tenant 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) Tenant shall keep itself informed of the current requirements of the HCAO.

(h) Tenant shall 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.

(i) Tenant shall 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 five (5) business days to respond.

(j) City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant agrees to cooperate with City when it conducts such audits.

(k) If Tenant is exempt from the HCAO when this Lease is executed because its amount is less than Fifty Thousand Dollars (\$50,000), 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), all the agreements shall 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.

27.41. Notification of Limitations on Contributions

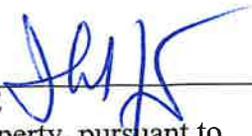
Through its execution of this Lease, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) a committee controlled by such individual or candidate, 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. Tenant 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. Tenant further acknowledges that the prohibition on contributions applies to Tenant; each member of Tenant's board of directors, and Tenant's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Tenant; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Tenant. Additionally, Tenant acknowledges that Tenant must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Tenant further agrees to provide to City the name of the each person, entity or committee described above.

27.42. Preservative-Treated Wood Containing Arsenic

As of July 1, 2003, Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall 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, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Tenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Tenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a

CITY: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By:



JOHN UPDIKE
Director of Property, pursuant to
Administrative Code Section 23.31

RECOMMENDED:



Department of Public Health

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By:



CAROLYN J. STEIN
Deputy City Attorney

pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

27.43. Resource-Efficient City Buildings and Pilot Projects

Tenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Tenant hereby agrees that it shall comply with all applicable provisions of such code sections.

27.44. Food Service Waste Reduction

Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service 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 herein by reference and made a part of this Lease as though fully set forth herein. This provision is a material term of this Lease. By entering into this Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Lease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Tenant's failure to comply with this provision.

27.45. 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 shall be considered the drafter of this Lease, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Lease.

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

TENANT: Faces SF, a California nonprofit public benefit corporation

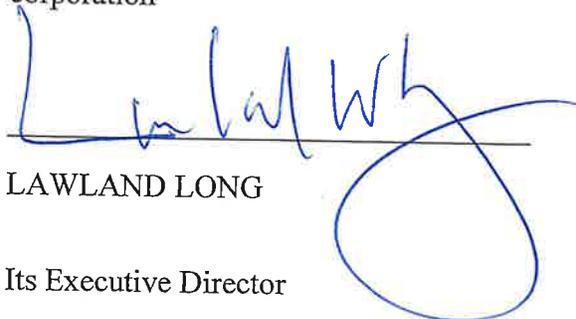
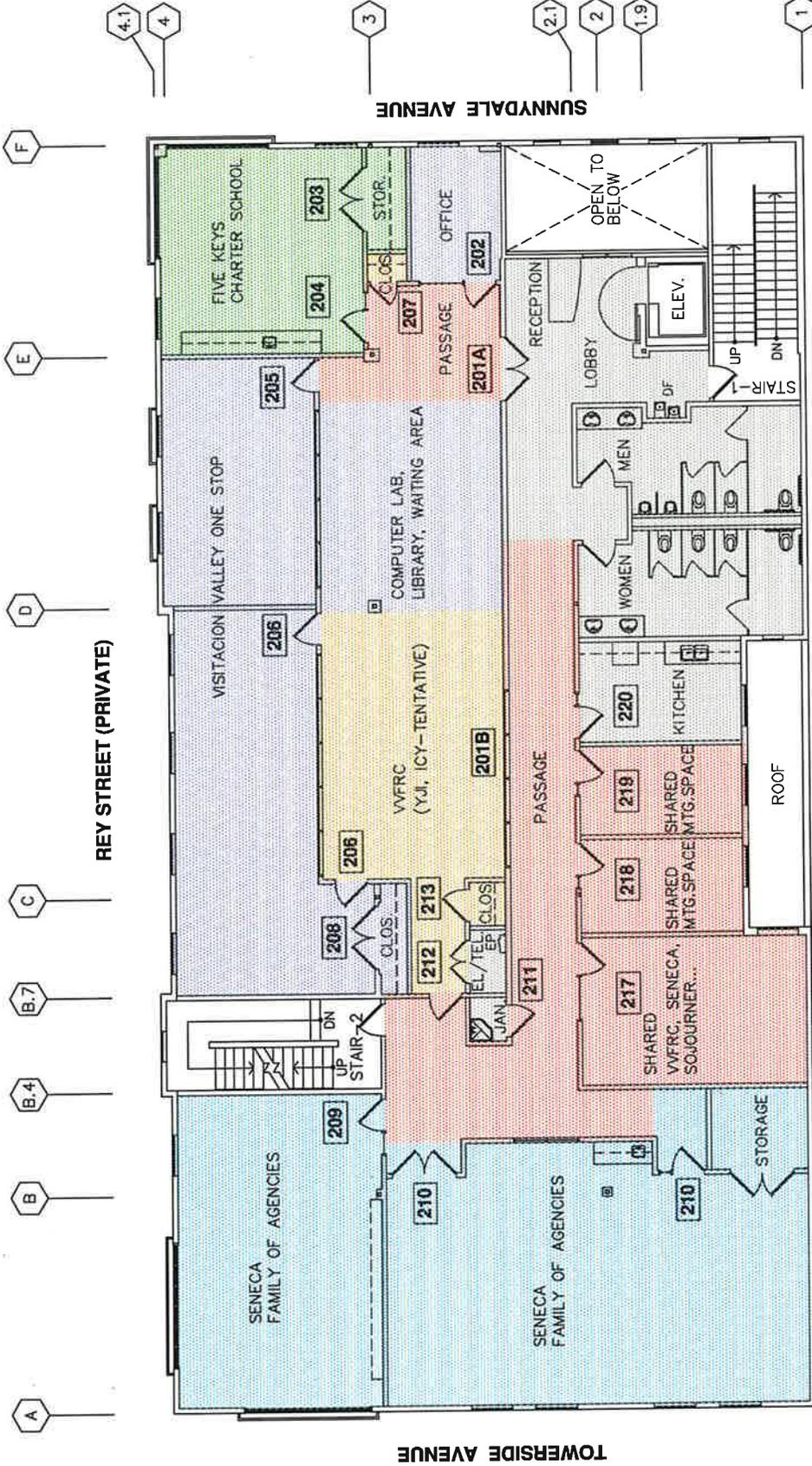

LAWLAND LONG
Its Executive Director

EXHIBIT A

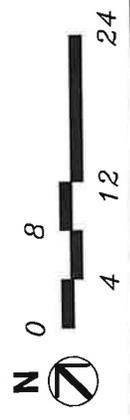
FLOOR PLAN

CONSISTING OF 1 PAGE

Exhibit A



- LEGEND**
- SUITE 201, 202, 205, 206, 207, 208
 - SUITE 201, 213
 - SUITE 204, 203
 - SUITE 208, 210
 - SUITE 201A (PARTIAL), 217, 218, 219, PASSAGE - SHARED
 - FLOOR SERVICE AREA
 - VERTICAL/ NON RENTABLE AREA



**City and County of San Francisco
REAL ESTATE DIVISION**

25 VAN NESS AVENUE, SUITE 400
SAN FRANCISCO, CA 94102
PHONE: 415.56A.8000
FAX: 415.622.1210
Email: RealEstate@SFDOR.org

THE VILLAGE
1099 SUNNYDALE AVE.
SAN FRANCISCO, CA

REVISION NO.	DATE	BY	DESCRIPTION



DATE: 06/24/2013
SCALE: 1/4"=1'-0"
DRAWN BY: JOSEMAN
CHECKED BY: MIBAYOL
PROJECT NUMBER: 0624
TITLE: SECOND FLOOR
SHEET: A-2

EXHIBIT B

[Intentionally Omitted]

EXHIBIT C

STANDARD UTILITIES AND SERVICES

The standards set forth below describe the basic utilities and services which are presently in effect for the Building. City reserves the right to adopt any nondiscriminatory modifications and additions to such standards which do not materially impair Tenant's rights under this Lease or Tenant's use of the Premises. City shall give Tenant reasonable advance notice, in accordance with the provisions of this Lease, of any material modifications and additions, which shall be subject to the reasonable approval of Tenant.

Subject to the terms and conditions of this Lease, City shall provide the following basic utilities and services:

A. Elevator. Unattended automatic passenger elevator facilities serving the floor(s) on which the Premises are located, on a 24-hour a day, 7-day a week basis. Freight elevator service is available upon reasonable advance written request, subject to rules and regulations established by City including hours and days of usage.

B. Ventilation; Heating and Air-Conditioning. Ventilation to the Premises, and air-conditioning and heating to the Premises in season, Monday through Friday, except holidays generally recognized in the City of San Francisco, from 7:00 a.m. to 6:00 p.m., and at such temperatures and in such amounts as City deems reasonably necessary for the comfortable occupancy of the Premises, subject to applicable governmental laws, ordinances, rules and regulations. Tenant shall not alter, adjust, tamper with or in any manner affect the installations or facilities supplying climate control to the Building or the Premises.

C. Electricity. Electric current to the Premises on a 24-hours a day, 7-days a week basis, in such quantity as is reasonably determined by City to service standard office lighting and normal fractional horsepower office machines. If Tenant's electrical installation or consumption is in excess of the quantity described above, Tenant shall reimburse City monthly for the additional consumption. Tenant shall not connect any apparatus or device with wires, conduits or pipes, or other means by which the services are supplied, for the purpose of using additional or extraordinary amounts of the services without the prior written consent of City. At all times, Tenant's use of electric current shall not exceed the capacity of feeders to the Building or the risers or wiring installation, except as provided in working drawings to City.

D. Water. Water available at current points of supply in public areas for drinking and lavatory purposes only, and hot and cold water in the Premises for drinking and kitchen purposes, on a 24-hours a day, 7-days a week basis.

E. Janitorial Service. Building standard janitorial service to the Premises on a 5-day per week basis, Monday through Friday, except holidays generally recognized in the City of San Francisco, provided the Premises are kept reasonably in order by Tenant. Tenant shall pay to City any cost incurred by City in excess of the services generally provided for other tenants in the Building. Tenant shall pay to City the cost of removal of any of Tenant's extraordinary refuse or rubbish.

EXHIBIT D

BUILDING RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators and stairways of the Building shall not be obstructed by Tenant or used by it for any purpose other than for ingress to and egress from the Premises. City shall in all cases retain the right to control and prevent access to the halls, passages, exits, entrances, elevators, escalators and stairways that are not for the use of the general public, and City shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of City would be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. Tenant shall not go upon the roof of the Building, except in areas that City may designate as "Common Areas" from time to time.
2. No sign, placard, picture, name, advertisement or notice visible from the exterior of the Premises shall be installed or displayed by Tenant on any part of the outside or inside of the Building without the prior written consent of City. City shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved by City, which approval will not be unreasonably withheld. Material visible from outside the Building will not be permitted.
3. The Premises shall not be used for the storage of merchandise held for sale to the general public or for lodging. No cooking shall be done or permitted by Tenant on the Premises, except that use by Tenant of Underwriters' Laboratory-approved microwave oven and portable equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, provided that such use is in accordance with all applicable federal, state and local laws, codes, ordinances, rules and regulations.
4. Tenant shall not employ any person or persons other than the janitor of City for the purpose of cleaning the Premises, unless otherwise agreed to by City in writing. Except with the written consent of City, no person or persons other than those approved by City shall be permitted to enter the Building for the purpose of cleaning same. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Janitor service will not be furnished on nights when rooms are occupied after 9:00 p.m. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.
5. City will furnish Tenant with two (2) keys to the Premises, free of charge. City may make a reasonable charge for such additional keys and for having locks changed. Tenant shall not make or have made additional keys without City's prior written consent, which consent shall not be unreasonably withheld or delayed. Tenant shall not alter any lock or install any new or additional locking devices without the prior written consent of City. All locks installed in the Premises, excluding Tenant's vaults and safes, or special security areas (which shall be designated by Tenant in a written notice to City), shall be keyed to the Building master key system. City may make reasonable charge for any additional lock or any bolt (including labor) installed on any door of the Premises. Tenant, upon the termination of its tenancy, shall deliver to City all keys to doors in the Premises. If Tenant loses any keys, Tenant shall pay City for the cost of re-keying the Premises.

6. The elevators to be used for the loading of freight shall be available to Tenant in accordance with such reasonable scheduling as City shall deem appropriate. Tenant shall schedule with City, by written notice given no less than forty-eight (48) hours in advance, its move into or out of the Building, which moving shall occur only on weekend days if required by City; and Tenant shall reimburse City upon demand for any additional security or other charges incurred by City as a consequence of such moving. The persons employed by Tenant to move equipment or other items in or out of the Building must be acceptable to City. The floors, corners and walls of elevators and corridors used for the moving of equipment or other items in or out of the Building must be adequately covered, padded and protected, and City may provide such padding and protection, at Tenant's expense, if City determines that such measures undertaken by Tenant or Tenant's movers are inadequate. City shall have the right to prescribe the weight, size and position of all equipment, materials, supplies, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by City, stand on wood strips of such thickness as is necessary to properly distribute the weight of such objects. City will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Building by moving or maintaining Tenant's property shall be repaired at the expense of Tenant.

7. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or flammable, combustible or noxious fluid or materials or use any method of heating or air conditioning other than those limited quantities necessary for the operation and maintenance of normal office equipment. Tenant shall not use, keep or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to City or other occupants of the Building by reason of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business in the Building.

8. City reserves the right to exclude from the Building between the hours of 6 p.m. and 8 a.m. and at all hours on Saturdays, Sundays, and legal holidays all persons who do not present a pass to the Building signed by City and properly in the possession of the person presenting such pass. City will furnish passes to persons for whom Tenant requests the same in writing. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to City for all acts of such persons. City shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in City's opinion, City reserves the right to prevent access to the Building during the continuance of same by such action as City may deem appropriate, including closing any doors in the Building.

9. The directory of the Building will be provided for the display of the name and location of tenants and a reasonable number of the principal officers and employees of tenants, and City reserves the right to exclude any other names therefrom. Any additional name that Tenant shall desire to place upon the directory must first be approved by City and, if so approved, a charge will be made for each such name.

10. Tenant shall not cut or bore holes for wires in the partitions, woodwork or plaster of the Premises. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by City.

11. No curtains, draperies, blinds, shutters, shades, screens or other coverings, hangings or decorations shall be attached to, hung or placed in, or used in connection with any window of the Building without City's prior written consent. In any event, with the prior written consent of City, such items shall be installed on the office side of City's standard window covering and shall in no way be visible from the exterior of the Building.

12. Tenant shall see that the doors of the Premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before Tenant or Tenant's employees leave the

Premises, so as to prevent waste or damage, and for any default or carelessness in this regard Tenant shall make good all injuries sustained by other tenants or occupants of the Building or City. On multiple-tenancy floors, all tenants shall keep the doors to the Building corridors closed at all times except for ingress and egress, and all tenants shall at all times comply with any rules or orders of the fire department with respect to ingress and egress.

13. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be deposited therein. The expense of any breakage, stoppage or damage resulting in any violation of this rule shall be borne by Tenant.

14. Except with City's prior consent, Tenant shall not sell, or permit the sale from the Premises of, or use or permit the use of any sidewalk or mall area adjacent to the Premises for the sale of, newspapers, magazines, periodicals, theater tickets or any other goods, merchandise or service, nor shall Tenant carry on, or permit or allow any employee or other person to carry on, business in or from the Premises for the service or accommodation of occupants or any other portion of the Building, nor shall the Premises be used for manufacturing of any kind, or for any business or activity other than that specifically provided for in Tenant's lease.

15. Tenant shall not install any radio or television antenna, loudspeaker, or other device on or about the roof area or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

16. Tenant shall not use in any space, or in the common areas of the Building, any hand-trucks except those equipped with rubber tires and side guards or such other material-handling equipment as City may approve. No other vehicles of any kind shall be brought by Tenant into the Building or kept in or about the Premises.

17. Tenant shall store all its trash and garbage within the Premises until removal of the same to such location in the Building as may be designated from time to time by City. No material shall be placed in the Building trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the City of San Francisco without being in violation of any law or ordinance governing such disposal.

18. All loading and unloading of merchandise, supplies, materials, garbage and refuse shall be made only through such entryways and freight elevators and at such times as City shall designate. In its use of the loading areas of the Building, Tenant shall not obstruct or permit the obstruction of said loading areas, and at no time shall Tenant park vehicles therein except for immediate loading and unloading purposes.

19. Canvassing, soliciting, peddling or distribution of handbills or any other written material in the Building is prohibited and Tenant shall cooperate to prevent the same.

20. Tenant shall immediately, upon request from City (which request need not be in writing), reduce its lighting in the Premises for temporary periods designated by City, when required in City's judgment to prevent overloads of the mechanical or electrical systems of the Building.

21. City reserves the right to select the name of the Building and to make such change or changes of name as it may deem appropriate from time to time, and Tenant shall not refer to the Building by any name other than: (i) the name as selected by City (as the same may be changed from time to time), or (ii) the postal address approved by the United States Post Office. Tenant shall not use the name of the Building in any respect other than as an address of its operation in the Building without the prior written consent of the City.

22. Tenant assumes all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry closed.
23. No vending machine shall be maintained or operated within the Premises or the Building without City's prior written consent.
24. All incoming mail and package deliveries shall be received at the area in the Building designated by City for such purposes and distributed through means established by City. No messenger or other delivery personnel shall be permitted to enter any area of the Building other than the area designated by City for the pick-up and receipt of such deliveries.
25. City reserves the right to exclude or expel from the Building any person who is, in the judgment of City, intoxicated or under the influence of alcohol or other drug or who is in violation of any of the Rules or Regulations of the Building.
26. No animal or bird shall be permitted in the Premises or the Building, except for seeing eye dogs when in the company of their masters.
27. The requirements of Tenant will be attended to only upon application by telephone or writing or in person at the management office of the Building. Employee of City shall not perform any work or do anything outside of their regular duties unless under special instructions from City.
28. City may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by City shall be construed as a waiver of these Rules and Regulations in favor of any other tenant or tenants, nor prevent City from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.
29. Wherever the word "Tenant" occurs in these Rules and Regulations, it is understood and agreed that it shall mean Tenant's associates, agents, clerks, employees and visitors. Wherever the word "City" occurs in these Rules and Regulations, it is understood and agreed that it shall mean City's assigns, agents, officers, employees and visitors.
30. These Rules and Regulations are in addition to, and shall not be construed in any way to modify, alter or amend, in whole or part, the terms, covenants, agreements and conditions of any lease of premises in the Building.
31. City reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building, and for the preservation of good order therein.
32. Tenant shall be responsible for the observance of all the foregoing Rules and Regulations by Tenant's employees, agents, clients, customers, invitees and guests.

OFFICE LEASE

between

CITY AND COUNTY OF SAN FRANCISCO,
as Landlord

and

Faces SF,
a California nonprofit public benefit corporation,
as Tenant

For the lease of
Suites 202, 205, 206 and a portion of Suite 201A
located at
1099 Sunnysdale Ave., San Francisco, California

July 1, 2018

TABLE OF CONTENTS

	<u>Page</u>
1. BASIC LEASE INFORMATION	1
2. PREMISES; AS IS CONDITION	3
2.1 Lease Premises	3
2.2 Accessibility Disclosures	3
2.3 As Is Condition	4
3. ENERGY CONSUMPTION DISCLOSURE.	4
4. TERM	4
4.1 Lease Term	4
4.2 Continued Occupancy	5
5. RENT	5
5.1 Base Rent	5
5.2 Adjustments in Base Rent	5
5.3 Additional Charges	6
5.4 Late Charges	6
5.5 Default Interest	6
5.6 Costs of Collection	6
6. USE	7
6.1 Permitted Use	7
6.2 No Unlawful Uses, Nuisances or Waste	7
6.3 Local Hiring Requirements	7
6.4 Prevailing Wages and Working Conditions	7
7. ALTERATIONS	8
7.1 Tenant's Alterations	8
7.2 Title to Improvements	9
7.3 Tenant's Personal Property	10
7.4 City's Alterations of the Building and Building Systems	10
8. REPAIRS AND MAINTENANCE	10
8.1 City's Repairs	10
8.2 Tenant's Repairs	10
9. LIENS AND ENCUMBRANCES	11
9.1 Liens	11

9.2	Encumbrances	11
10.	UTILITIES AND SERVICES	11
10.1	Utilities and Services	11
10.2	Water and Energy Conservation; Mandatory or Voluntary Restrictions	11
10.3	Excess Use	11
10.4	Floor Load	12
10.5	Interruption of Services	12
10.6	Capital Improvements	12
11.	COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS	13
11.1	Compliance with Laws	13
11.2	Regulatory Approvals	13
11.3	Compliance with City's Risk Management Requirements	14
12.	SUBORDINATION	14
13.	INABILITY TO PERFORM	14
14.	DAMAGE AND DESTRUCTION	15
14.1	Damage and Destruction	15
14.2	Waiver	15
15.	EMINENT DOMAIN	16
15.1	Definitions	16
15.2	General	16
15.3	Total Taking; Automatic Termination	16
15.4	Partial Taking; Election to Terminate	16
15.5	Termination of Lease; Rent and Award	17
15.6	Partial Taking; Continuation of Lease	17
15.7	Temporary Takings	17
16.	ASSIGNMENT AND SUBLETTING	17
16.1	Restriction on Assignment and Subletting	17
16.2	Notice of Proposed Transfer	18
16.3	City's Response	18
16.4	City Sublease or Recapture Space	19
16.5	Effect of Sublease or Assignment	19
16.6	Assumption by Transferee	20
16.7	Indemnity for Relocation Benefits	20
17.	DEFAULT; REMEDIES	20

17.1	Events of Default	20
17.2	Remedies	21
17.3	Waiver of Redemption	23
17.4	City's Right to Cure Tenant's Defaults	23
18.	WAIVER OF CLAIMS; INDEMNIFICATION	23
18.1	Limitation on City's Liability; Waiver of Claims	23
18.2	Tenant's Indemnity	24
19.	INSURANCE	24
19.1	Tenant's Insurance	24
19.2	Tenant's Personal Property	26
19.3	City's Self Insurance	26
19.4	Waiver of Subrogation	26
20.	ACCESS BY CITY	26
21.	CERTIFICATES	27
21.1	Tenant's Estoppel Certificates.	27
21.2	City's Certificates.	27
22.	RULES AND REGULATIONS	27
23.	SECURITY DEPOSIT	27
24.	SURRENDER OF PREMISES	28
25.	REMOVAL OF ELECTRICAL AND TELECOMMUNICATIONS WIRES	29
25.1	City May Elect to Remove or Retain Wires	29
25.2	Compliance with Laws and Discontinuance of Wire Use	29
25.3	Condition of Wires	29
25.4	City's Right to Retain Security Deposit	29
25.5	City Can Apply Security Deposit; Survival	29
26.	HAZARDOUS MATERIALS	30
26.1	Definitions	30
26.2	No Hazardous Materials	30
26.3	Tenant's Environmental Indemnity	31
26.4	Survival of Obligation	31
26.5	Hazardous Substance Disclosure	31
27.	GENERAL PROVISIONS	32
27.1	Notices	32
27.2	No Implied Waiver	32

27.3	Amendments	32
27.4	Authority	33
27.5	Parties and Their Agents; Approvals	33
27.6	Interpretation of Lease	33
27.7	Successors and Assigns	33
27.8	Brokers	34
27.9	Severability	34
27.10	Governing Law	34
27.11	Entire Agreement	34
27.12	Attorneys' Fees	34
27.13	Holding Over	35
27.14	Time of Essence	35
27.15	Cumulative Remedies	35
27.16	Survival of Indemnities	36
27.17	Signs	36
27.18	Relationship of the Parties	36
27.19	Light and Air	36
27.20	No Recording	36
27.21	Options Personal	36
27.22	Public Transit Information	36
27.23	Taxes, Assessments, Licenses, Permit Fees and Liens	37
27.24	Non-Liability of City Officials, Employees and Agents	37
27.25	Non-Discrimination in City Contracts and Benefits Ordinance	37
27.26	No Relocation Assistance; Waiver of Claims	38
27.27	MacBride Principles — Northern Ireland	38
27.28	Tropical Hardwood and Virgin Redwood Ban; Preservative-Treated Wood Containing Arsenic	39
27.29	Restrictions on the Use of Pesticides	39
27.30	First Source Hiring Agreement	40
27.31	Sunshine Ordinance	40
27.32	Conflicts of Interest	40
27.33	Charter Provisions	40
27.34	Drug-Free Workplace	40
27.35	Prohibition of Tobacco Sales and Advertising	40

27.36	Prohibition of Alcoholic Beverage Advertising	40
27.37	Counterparts	41
27.38	Effective Date	41
27.39	Requiring Health Benefits for Covered Employees	41
27.40	Notification of Limitations on Contributions	42
27.41	Resource-Efficient City Buildings	43
27.42	Food Service and Packaging Waste Reduction Ordinance	43
27.43	San Francisco Packaged Water Ordinance	43
27.44	Criminal History in Hiring and Employment Decisions	43
27.45	Cooperative Drafting	44
27.46	Vending Machines; Nutritional Standards	44
27.47	All-Gender Toilet Facilities	45

LIST OF EXHIBITS

- EXHIBIT A – Floor Plan
- EXHIBIT B – Utilities and Services
- EXHIBIT C – Rules and Regulations
- EXHIBIT D – First Source Hiring Agreement

OFFICE LEASE

THIS OFFICE LEASE (this "Lease"), dated for reference purposes only as of July 1, 2018, is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), and FACES SF, a California nonprofit public benefit corporation ("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:	July 1, 2018
Landlord:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation
Tenant:	Faces SF and permitted successors and assigns
Building (<u>Section 2.1</u>):	Building located at 1099 Sunnydale Ave., San Francisco, California
Premises (<u>Section 2.1</u>):	Space on the 2nd floor of the Building, designated as Suites 202, 205, 206 and a portion of 201A and the closet labeled 208 on the second floor of the Building as depicted on the floor plan(s) attached as <u>Exhibit A</u> .
Rentable Area of Premises (<u>Section 2.1</u>):	Approximately 2,259 leasable square feet
Term (<u>Section 3.1</u>):	Commencement Date: July 1, 2018 Expiration date: The day before the one-year anniversary of the Commencement Date, unless sooner terminated or extended in accordance with the provisions of this Lease. Year-to-year extensions up to June 30, 2022
Base Rent (<u>Section 4.1</u>):	Annual Base Rent: \$31,808.16 (\$1.18 per sq. ft.) Monthly payments: \$2,650.68

Rent Adjustment Dates (Section 4.2): Annually on the commencement date of each Extension Term, if any, there shall be an adjustment to Base Rent based on the formula set forth in Section 4.2.

Use (Section 5.1): The premises will be used for the following community service programs: Provide employment based services to job seekers including career counseling and job search assistance (Visitacion Valley One Stop).

Tenant Improvements (Section 6.1): None

Utilities and Services (Section 10.1): City will provide basic utilities and services to Premises in accordance with Section 10.1.

Security Deposit (Section 23): None

Notice Address of City (Section 28.1): Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 1099 Sunnydale Ave., Suites 202, 205, 206, and a portion of Suite 201A
Fax No.: (415) 552-9216

with a copy to: Department of Public Health
101 Grove Street
San Francisco, CA 94102
Attn: Lisa Zayas-Chien, Project Manager

and to: Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4682
Attn: Real Estate Team Leader Re: 1099 Sunnydale Avenue
Fax No.: (415) 554-4757

Key Contact for City: Lisa Zayas-Chien, Project Manager

Telephone No.: 415-554-2889

Alternate Contact for City: Marta A. Bayol

Telephone No.: 415-554-9865

Address for Tenant (Section 28.1): 1101 Masonic Avenue
San Francisco, CA 94117

Key Contact for Tenant: Lawland Long
Telephone No.: 415-567-2357, Ext. 118
Alternate Contact for Tenant: None
Brokers (Section 28.8): None

2. PREMISES; AS IS CONDITION

2.1 Lease Premises

(a) Subject to the provisions of this Lease, City leases to Tenant and Tenant leases from City those premises in the building identified in the Basic Lease Information (the “**Building**”) and shown on the floor plan(s) attached as Exhibit A (the “**Premises**”). The Premises are located on the floor(s) of the Building specified in the Basic Lease Information. The leasable area of the Premises specified in the Basic Lease Information will be conclusive for all purposes. The Building, the land upon which the Building is located, and all other improvements on and appurtenances to the land are referred to collectively as the “Property.” Tenant has the non-exclusive right to use, together with other tenants in the Building, the lobbies, corridors, elevators, stairways, other public areas of the Building and the Property (collectively, the “**Common Areas**”) and the kitchen areas, restrooms, copy rooms, and conference room (the “**Shared Facilities**”) subject to the Building Rules and Regulations, as defined in Section 22 (Rules and Regulations) and the policies established by the Facility Manager, as defined in Subsection 2.1(b), and the non-exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

(b) **Facility Manager.** Landlord’s facility manager (“**Facility Manager**”) will maintain the master calendar for the conference rooms and any other Shared Facilities of the Building that may be reserved by tenants. Tenant shall comply with the Facility Manager’s requirements regarding the advance reservation and use of the Shared Facilities and the use of the Shared Facilities and Common Areas. Tenant will refer any questions and concerns regarding the use of the Shared Facilities and Common Areas to the Facility Manager. In the event of a dispute between Tenant and any other occupant concerning the use of any Shared Facilities or Common Areas, Tenant will cooperate in good faith with the Facility Manager to resolve such dispute, including meeting and conferring with the Facility Manager and the other occupant(s) to reach an amicable solution.

2.2 Accessibility Disclosures

(a) California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist (“**CASp**”) to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is advised that the Premises have not been inspected by a CASp. A CASp can inspect the Premises and determine if they comply with all the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Premises, City may not prohibit Tenant from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of Tenant if requested by Tenant. City and Tenant will

mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the CASp inspection fee, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Premises.

(b) Tenant acknowledges that before the execution of this Lease, City provided Tenant with, and Tenant signed, the Disability Access Obligations Notice described in Section 38.3 of the San Francisco Administrative Code. Tenant and City each agree to use reasonable efforts to notify the other party if making any Alterations (as defined in Section 7.1 (Tenant's Alterations)) that might impact accessibility to the Premises under any disability access Legal Requirements (as defined in Section 11.1 (Compliance with Laws)).

2.3 As Is Condition

TENANT ACKNOWLEDGES AND AGREES THAT THE PREMISES ARE BEING LEASED AND ACCEPTED IN THEIR "AS IS" CONDITION, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, AND SUBJECT TO ALL APPLICABLE LEGAL REQUIREMENTS (AS DEFINED IN SECTION 11.1 BELOW) GOVERNING THEIR USE, OCCUPANCY, AND POSSESSION. TENANT REPRESENTS AND WARRANTS TO CITY THAT TENANT HAS INVESTIGATED AND INSPECTED, EITHER INDEPENDENTLY OR THROUGH AGENTS OF TENANT'S OWN CHOOSING, THE CONDITION OF THE PREMISES AND THE SUITABILITY OF THE PREMISES FOR TENANT'S INTENDED USE. TENANT HAS DETERMINED, BASED SOLELY ON ITS OWN INVESTIGATION, THAT THE PREMISES ARE SUITABLE FOR TENANT'S BUSINESS AND INTENDED USE. TENANT ACKNOWLEDGES AND AGREES THAT NEITHER CITY NOR ANY OF ITS AGENTS HAVE MADE, AND CITY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE RENTABLE AREA OF THE PREMISES, THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PREMISES OR THE PROPERTY, THE PRESENT OR FUTURE SUITABILITY OF THE PREMISES FOR TENANT'S BUSINESS, OR ANY OTHER MATTER WHATSOEVER RELATING TO THE PREMISES, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3. ENERGY CONSUMPTION DISCLOSURE.

Tenant consents to Tenant's utility service providers disclosing energy use data for the Premises 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 they 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.

4. TERM

4.1 Lease Term

The Premises are leased for a term of one (1) year, (the "**Term**") commencing on the date specified in the Basic Lease Information as the commencement date (the "**Commencement Date**") and ending on the expiration date (the "**Expiration Date**") specified in the Basic Lease Information, unless sooner terminated or extended as provided in this Lease. The Term and Expiration Date will be automatically extended on a year-to-year basis (each, an "**Extended Term**") unless either party delivers a termination notice to the other no less than sixty (60) days before the then-applicable Expiration Date, provided that in no event may the Expiration Date be extended beyond June 30, 2022. In addition, (i) City will have the right to terminate the Lease without penalty at any time upon delivery of one hundred twenty (120) days' prior written notice to Tenant, and (ii) Tenant shall have the right to terminate this Lease without penalty upon

delivery of ninety (90) days' prior written notice to City if Tenant experiences or reasonably anticipates experiencing a substantial reduction in operational funding.

4.2 Continued Occupancy

Tenant acknowledges and agrees that its possession of the Premises commencing on the Commencement Date is a continuation of Tenant's possession of the Premises under the Building and Property Lease dated as of June 13, 2013, as amended by the Lease Amendment dated August 22, 2014. Tenant is familiar with the condition of the Premises, and Tenant agrees to accept the Premises as of the Extended Term Commencement Date in their existing condition, "as is," without any obligation of Landlord to repair, remodel, improve, or alter the Premises, to perform any other construction or other work of improvement upon the Premises or to provide Tenant with any construction or refurbishing allowance whatsoever. As of the date of this Lease, Tenant represents and warrants to Landlord that Tenant is not aware of any dangerous conditions or other defects existing in or about the Premises or the project of which the Premises are a part, and that, unless Tenant provides Landlord with written notice to the contrary before the Commencement Date, such representation and warranty shall be true on and as of the Commencement Date as if the same were made on and as of such date.

5. RENT

5.1 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 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 (cashier's or certified check) 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 City permits Tenant to pay 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. If the Commencement Date occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the Base Rent for the partial month will be prorated based on a thirty (30) day month. Within five (5) days after the parties execute this Lease, Tenant will pay to City the Base Rent for the first full month.

5.2 Adjustments in Base Rent

On each date specified in the Basic Lease Information for adjustment of the Base Rent (an "**Adjustment Date**"), the Base Rent payable under this Lease will be adjusted as follows:

(a) The Consumer Price Index Urban Wage Earners and Clerical Workers (base years 1982-1984 = 100) for San Francisco-Oakland-San Jose area published by the United States Department of Labor, Bureau of Labor Statistics ("**Index**") published most immediately preceding the Adjustment Date ("**Adjustment Index**"), will be compared with the Index published most immediately preceding the Commencement Date ("**Beginning Index**").

(b) If the Adjustment Index has increased over the Beginning Index, the Base Rent payable on and after the Adjustment Date will be set by multiplying the Base Rent by a

fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index. In no event will the monthly Base Rent on or after the Adjustment Date be less than one hundred three percent (103%) or more than one hundred six percent (106%) of the monthly Base Rent in effect immediately before the Adjustment Date (disregarding any temporary rental abatement that may then be in effect). If the Index is changed so that the base year differs from that used as of the date most immediately preceding the Commencement Date, City will convert the Index in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the Term, another government index or computation that replaces it will be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

5.3 Additional Charges

Tenant will pay to City all charges and other amounts required under this Lease as additional rent, whether or not those amounts are specifically characterized as rent (collectively, “**Additional Charges**”). All Additional Charges will be payable to City at the same place and the same manner as the Base Rent. City will have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent. The term “Rent” means Base Rent and Additional Charges.

5.4 Late Charges

Each time Tenant fails to pay any Rent or any portion of Rent within five (5) days following the due date, the unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount. City and Tenant, have agreed on the late payment charge, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur due any failure by Tenant to timely pay Rent, the actual costs thereof being extremely difficult if not impossible to determine. Tenant will pay the late charge to City together with the unpaid amount.

5.5 Default Interest

Any Rent, if not paid within five (5) days after the due date, will bear interest from the due date until paid at ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate an individual is permitted to legally charge (the “**Interest Rate**”). Interest will not be payable on late charges or on any amounts on which late charges are paid by Tenant to the extent this interest would cause the total interest to be more than lawfully permitted. Payment of interest will not excuse or cure any default by Tenant.

5.6 Costs of Collection

In addition to any interest or late charges, if Tenant does not pay Rent in immediately available funds or by good check (if Tenant is permitted to pay by personal or business check), then Tenant will pay to City immediately upon demand as Additional Charges the amount of any fees, charges, or other costs incurred by City, including, but not limited to, dishonored check fees and any costs of collection.

6. USE

6.1 Permitted Use

Tenant will use and continuously occupy the Premises during the Term solely for general office use and for the uses, if any, as specified in the Basic Lease Information (the “**Permitted Use**”), and for no other purpose. Tenant acknowledges that that this prohibition on the change in use is expressly authorized by California Civil Code section 1997.230 and is fully enforceable.

6.2 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 Premises that would violate any Legal Requirements (whether state or federal) or for any illegal purpose, or permit any offensive, noisy, or hazardous use or any waste on or about the Premises. Tenant will take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Tenant may not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises, Building, or on or about the Property.

6.3 Local Hiring Requirements

(a) Any undefined, initially-capitalized term used in this Section have the meaning given to that term in San Francisco Administrative Code Section 23.62 (the “**Local Hiring Requirements**”). Alterations (as defined in Section 7.1) are subject to the Local Hiring Requirements unless the cost for the work is (i) estimated to be less than \$750,000 per building permit or (ii) meets any of the other exemptions in the Local Hiring Requirements. Tenant will comply with the Local Hiring Requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant must contact City’s Office of Economic Workforce and Development (“**OEWD**”) to verify if the Local Hiring Requirements apply to the work (i.e., whether the work is a “Covered Project”).

(b) Tenant will include, and will require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62. Each contract must name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Tenant will cooperate, and require its subtenants to cooperate, with the City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. 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 the City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party.

6.4 Prevailing Wages and Working Conditions

(a) Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.61. Tenant will require its Contractors and Subcontractors performing (i) labor in connection with a “public work” as defined under California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) or (ii) Covered Construction, at the Premises to (1) pay workers performing that work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions, and benefits as in each case are provided for

similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, “**Prevailing Wage Requirements**”). Tenant will cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

(b) Tenant will include, and will require its subtenants, and Contractors and Subcontractors (regardless of tier), to include the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each Construction Contract must name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or 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 the 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 the City’s Office of Labor Standards Enforcement at 415-554-6235.

(c) Tenant will also pay, and will require its subtenants, and Contractors and Subcontractors (regardless of tier) to pay, the Prevailing Rate of Wage for the following activities on the Premises 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 to the Building or to the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security, and other mechanical, electrical, communications systems of the Building (“**Building Systems**”), and will not make or permit any alterations, installations, additions or improvements, structural or otherwise (collectively, “**Alterations**”), in, to or about the Premises, 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 which would be visible from the exterior of the Building, Tenant, must 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 must pay to City an administrative fee equal to ten percent (10%) of the total “hard” costs of the work to compensate City for the costs of review.

(b) **Asbestos.** Without limiting Section 26.2 (No Hazardous Materials) below, if it is determined that asbestos-containing materials (“**ACM**”) exist in or about the Premises, Tenant must 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 but not limited to 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.

(c) **Prevailing Wage and Local Hiring Requirements.** Tenant and its subtenants must comply with the applicable requirements of Section 6.3(Local Hiring Requirements) and Section 6.4 (Prevailing Wages and Working Conditions) above.

(d) **Alterations that Disturb or Remove Lead-Based Paint.** Tenant, on behalf of itself and its Agents or Invitees, must comply with all requirements of the San Francisco Building Code, Section 3407, and all other Legal Requirements, including, without limitation, the California and United States Occupational Health and Safety Acts and their implementing regulations, when the work of improvement or alteration disturbs or removes exterior lead-based or presumed lead-based paint (as defined below). Tenant and its Agents or Invitees will give to City three (3) business days prior written notice of any disturbance or removal of exterior lead-based or "presumed" lead-based paint. Further, Tenant and its Agents or Invitees, when disturbing or removing exterior lead-based or presumed lead-based paint, may not use or cause to be used any of the following methods: (a) acetylene or propane burning and torching; (b) scraping, sanding or grinding without containment barriers or a High Efficiency Particulate Air filter ("HEPA") local vacuum exhaust tool; (c) hydroblasting or high-pressure wash without containment barriers; (d) abrasive blasting or sandblasting without containment barriers or a HEPA vacuum exhaust tool; and (e) heat guns operating above 1,100 degrees Fahrenheit. Paint on the exterior of buildings built before December 31, 1978, is presumed to be lead-based paint unless lead-based paint testing, as defined in Section 3407 of the San Francisco Building Code, demonstrates an absence of lead-based paint on the exterior surfaces of the buildings. Under this Section, lead-based paint is "disturbed or removed" if the work of improvement or alteration involves any action that creates friction, pressure, heat, or a chemical reaction upon any lead-based or presumed lead-based paint on an exterior surface so as to abrade, loosen, penetrate, cut through, or eliminate paint from that surface. Notice to City under this Lease will not constitute notice to the City's Department of Building Inspection required under San Francisco Building Code section 3407.

7.2 Title to Improvements

Except for Tenant's Personal Property (as described in the next section), or as may be specifically provided to the contrary in the approved Plans, all appurtenances, fixtures, improvements, equipment, additions, and other property attached or affixed to or installed in the Premises at the Commencement Date or during the Term, including, without limitation, the Tenant Improvements and any Alterations, will be and remain City's property. Tenant may not remove any of City's property at any time during or after the Term unless City so requests as further provided in Section 24 (Surrender of Premises) below.

7.3 Tenant's Personal Property

All furniture, trade fixtures, office equipment, and articles of movable personal property installed in the Premises by or for the account of Tenant, without expense to City, and that can be removed without structural or other damage to the Premises (collectively, "**Tenant's Personal Property**") will be and remain Tenant's property. Tenant may remove its Personal Property at any time during the Term, subject to the provisions of Section 24 (Surrender of Premises) below. Tenant will pay any taxes or other impositions levied or assessed upon Tenant's Personal Property, at least ten (10) days before delinquency, and deliver satisfactory evidence of that payment to City upon request.

7.4 City's Alterations of the Building and Building Systems

City reserves the right at any time to make alterations, additions, repairs, deletions, or improvements to the common areas or any other part of the Building or the Building Systems, provided that the alterations or additions do not materially adversely affect the functional utilization of the Premises for the Permitted Use.

8. REPAIRS AND MAINTENANCE

8.1 City's Repairs

City will repair and maintain the structural portions of the Building, including the Building Systems, the elevators and the common areas; provided, however, Tenant will reimburse City for any damage, excluding normal wear and tear, caused by any act or omission of Tenant, its Agents or Invitees (as those terms are defined in Section 28.5 (Parties and Their Agents; Approvals) below). In making those repairs, City may use structures in the Premises where reasonably required, provided that the work may not block the main entrance to the Premises or unreasonably interfere with Tenant's business. Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned thereby.

8.2 Tenant's Repairs

Tenant will maintain, at no expense to City, the Premises (including, without limitation, the floors, interior plumbing, electrical wiring, fixtures, and equipment) 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 the 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, **(d)** in a manner and using equipment and materials that will not interfere with or impair the operations, use, or occupation of the Building or the Building Systems, and **(e)** in accordance with any applicable Building Rules and Regulations (as defined in Section 22 (Rules and Regulations)) and all applicable Legal Requirements. If the cost of any those repairs or replacements is in excess of Five Thousand Dollars (\$5,000) in any instance and is due to acts or omissions of Tenant, its Agents, or Invitees, then Tenant will pay to City an administrative fee equal to ten percent (10%) of the total "hard" costs of the work. 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 now or later in effect.

9. LIENS AND ENCUMBRANCES

9.1 Liens

Tenant must keep the Premises and the rest of the Property free from any liens arising out of any work performed, material furnished, or obligations incurred by or for Tenant. If Tenant does not, within five (5) days after the imposition of any lien, cause the lien to be released of record by payment or posting a bond, City will have, in addition to all other remedies, the right, but not the obligation, to cause the lien to be released in any way it deems proper, including, but not limited to, 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, without limitation, reasonable attorneys' fees) will be payable by Tenant to City upon demand. City will have the right to post on the Premises any notices that City may deem proper for the protection of City, the Premises, and the Building, from mechanics' and material supplier's liens. Tenant must give to City at least fifteen (15) days' prior written notice of commencement of any Alteration, repair, or construction on the Premises. 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 Premises, 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 Premises, the Property, or City's interest in the Property or under this Lease.

10. UTILITIES AND SERVICES

10.1 Utilities and Services

City will provide the basic Building utilities and services described in the attached Exhibit B (the "**Standard Utilities and Services**") to the Premises, subject to the terms and conditions contained therein. Tenant will be responsible for furnishing, at no cost to the City, any utilities or services that Tenant may need for its use of the Premises other than or in excess of the Standard Utilities and Services.

10.2 Water and Energy Conservation; Mandatory or Voluntary Restrictions

If any Legal Requirements imposes mandatory or voluntary controls on City or the Property or any part of it, relating to the use or conservation of energy, water, gas, light, or electricity or the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this Lease, or if City is required or elects to make alterations to any part of the Building in order to comply with mandatory or voluntary controls or guidelines, then that compliance and making any related alterations will not entitle Tenant to any damages, relieve Tenant of the obligation to pay the full Rent or to perform each of its other covenants under the Lease, or constitute or be construed as a constructive or other eviction of Tenant. City will have the right at any time to install a water meter in the Premises or to otherwise measure the amount of water consumed on the Premises, and Tenant will pay for the cost of the meter or other means of measurement, and its installation and maintenance.

10.3 Excess Use

If Tenant requires any utilities or services to be provided by City in excess of the Standard Utilities and Services for the Premises, Tenant must first procure City's written

consent, which City may give or withhold in its sole discretion. If City consents, then Tenant will pay to City, as Additional Charges, the cost of the excess usage. Failure of City to bill Tenant for excess utilities or services will not impair City's right to bill Tenant for the costs at a later date. Without limiting the foregoing, Tenant will not: **(a)** connect or use any apparatus, device, or equipment that will require a dedicated circuit or that will impair the proper functioning or capacity of the Building Systems; or **(b)** connect any apparatus, device, or equipment through electrical outlets except in the manner the outlets are designed and without the use of any device intended to increase the plug capacity of any electrical outlet (such as power strips); or **(c)** maintain at any time an electrical demand load over the amount specified in the Rules and Regulations. If at any time City has reason to believe that Tenant may be using any utility or service in excess of the amount allowed to the Premises under the Standard Building Utilities or Services, City will have the right to install a separate meter in the Premises or to take other appropriate steps to measure the amount of utility or service used in the Premises, and Tenant will pay for the cost of the meter or other means of measurements, and its installation and maintenance.

10.4 Floor Load

Tenant will not place or install in the Premises any equipment that weighs more than the normal load-bearing capacity of the floors of the Building without City's prior written consent, which City may give or refuse in its sole discretion. If City consents to the placement or installation of any overweight machine or equipment in the Premises, Tenant, at no cost to the City, must reinforce the floor of the Premises, under plans and specifications approved by City and otherwise in compliance with Section 7.1 (Tenant's Alterations), to the extent necessary to assure that no damage to the Premises or the Building or weakening of any structural supports will occur due to Tenant's overweight machine or equipment.

10.5 Interruption of Services

City's obligation to provide utilities and services for the Premises are subject to the Rules and Regulations of the Building, applicable Legal Requirements (as defined in Section 11.1 below) (including the rules or actions of the public utility company furnishing the utility or service), and shutdowns for maintenance and repairs, for security purposes, or due to strikes, lockouts, labor disputes, fire or other casualty, acts of God, or other causes beyond the control of City. In the event of an interruption in, or failure or inability to provide any service or utility for the Premises for any reason, the interruption, failure, or inability will not constitute an eviction of Tenant, constructive or otherwise, or impose upon City any liability whatsoever, including, but not limited to, liability for consequential damages or loss of business by Tenant; provided, however, that if the interruption, failure, or inability impairs Tenant's ability to carry on its business in the Premises for a period of five (5) or more consecutive business days, then Tenant will have the right, as Tenant's sole remedy, to abate the Rent based on the extent the interruption, failure, or inability impairs Tenant's ability to carry on its business in the Premises. Tenant hereby waives the provisions of California Civil Code Section 1932(1) or any other applicable existing or future Legal Requirement permitting the termination of this Lease due to the interruption, failure, or inability.

10.6 Capital Improvements

Tenant will reimburse City for its pro rata share of the reasonable cost of any capital improvements made to the Building as a labor-saving or energy saving device or to effect other

economies in the operation or maintenance of the Building, or made to the Building after the date of this Lease that are required under any Legal Requirement that was not applicable to the Building at the time that permits for the construction were obtained. The cost will be amortized over a reasonable period as determined by City, together with interest on the unamortized balance at the rate of ten percent (10%) per annum.

11. COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS

11.1 Compliance with Laws

Tenant shall promptly comply, at no cost to the City, with all present or future laws, ordinance, resolution, regulation, requirement, proclamation, order or decree of any municipal, county, state or federal government or other governmental or regulatory authority relating to the Premises or the use or occupancy thereof (the “**Legal Requirements**”) and with any and all recorded covenants, conditions and restrictions affecting the Property or any portion thereof, whether in effect at the time of the execution of this Lease or adopted or recorded at any time thereafter and whether or not within the present contemplation of the parties. Tenant further understands and agrees that it is Tenant’s obligation, at no cost to the City, to cause the Premises 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 laws. Tenant shall not be required to make any structural Alterations in order to comply with such laws unless such Alterations shall be occasioned, in whole or in part, directly or indirectly, by the Tenant Improvements or any other Alterations, Tenant’s use of the Premises, or any act or omission of Tenant, its Agents or Invitees. Any Alteration made by or on behalf of Tenant under the provisions of this Section must comply with the provisions of Section 8.2 (Tenant’s Repairs) above. The parties acknowledge and agree that 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, without limitation, the responsibility of Tenant to make substantial or structural repairs and Alterations to the Premises (including 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 hereof, 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 Premises, 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 Premises.

11.2 Regulatory Approvals

(a) **Responsible Party.** Tenant understands and agrees that Tenant’s use of the Premises and construction of the Tenant Improvements permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Tenant is solely responsible for obtaining all regulatory approvals. Tenant may not seek any regulatory approval without first obtaining the written consent of City. 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 must first be approved by City in its sole discretion. Tenant must 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 hereunder against all Claims (as those terms are defined in Section 18.2 (Tenant's Indemnity) below) arising in connection with Tenant's failure to obtain or failure by Tenant, its Agents or Invitees to comply with the terms and conditions of any regulatory approval.

(b) City Acting as Owner of Real Property. Tenant further understands and agrees that City is entering into this Lease in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this Lease shall 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 Premises. By entering into this Lease, City is not modifying or limiting Tenant's obligation to cause the Premises 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 Premises that would be prohibited by or increase rates under a standard form fire insurance policy or subject City to potential premises liability. Tenant will faithfully observe, at no cost to the City, any and all requirements of City's Risk Manager with respect to Tenant's use and occupancy of the Premises.

12. SUBORDINATION

This Lease is and will be subordinate to any reciprocal easement agreement, ground lease, facilities lease, or other underlying lease and the lien of any mortgage or deed of trust and all renewals, modifications, consolidations, replacements, and extensions of any of the foregoing, that may now exist or later be executed by City affecting the Property or City's interest in the Property, without the necessity of executing any instrument to effectuate the subordination. Notwithstanding the foregoing, City or the holder will, in its respective discretion, have the right not to subordinate those interests to this Lease. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant will attorn to the successor-in-interest to City, if desired by the successor-in-interest. The provisions of this Section are self-operative and no further instrument will be required. Tenant agrees, however, to execute and deliver, upon demand by City and in the form requested by City, any additional documents evidencing the priority or subordination of this Lease.

13. INABILITY TO PERFORM

No actual or constructive eviction, in whole or in part, will entitle Tenant to any abatement or reduction of Rent or relieve Tenant from any of its obligations under this Lease. If City is unable to perform or is delayed in performing any of City's obligations under this Lease, by reason of acts of God, accidents, breakage, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials or by any other reason beyond City's reasonable control, that inability or delay will not constitute an eviction under this Lease, or impose any liability upon City or its Agents because of the inconvenience, annoyance, interruption, injury, or loss to or interference with Tenant's business or use and occupancy or quiet enjoyment of the Premises or any other loss or damage. Tenant hereby waives and releases any right to terminate this Lease under Section 1932, subdivision 1 of the California Civil Code or any similar Legal Requirements now or later in effect.

14. DAMAGE AND DESTRUCTION

14.1 Damage and Destruction

(a) If the Premises or the Building is damaged by fire or other casualty, then City will repair the damage so long as (i) City does not elect to terminate the Lease (which City may do by giving written notice to Tenant of its election to do so within thirty (30) days after the date of the damage) and (ii) that funds for the repairs are appropriated by City's Board of Supervisors, in its sole discretion, for that purpose and (iii) the repairs can be made within two hundred ten (210) days after the date of the damage (the "Repair Period"). If those conditions are satisfied, this Lease will remain in full force and effect except that Tenant will be entitled to a proportionate reduction of Base Rent while the repairs are being made based upon the extent that the damage and the repairs materially interferes with Tenant's use or occupancy of the Premises.

(b) If City does not initially elect to terminate the Lease, City will use reasonable efforts to notify Tenant within ninety (90) days after the date of the damage whether or not the repairs can be made within the Repair Period, and City's determination will be binding on Tenant. If the repairs cannot be made within the Repair Period, City will have the option to notify Tenant of: (i) City's intention to repair the damage and diligently prosecute the repairs to completion within a reasonable period after the Repair Period, subject to the Board of Supervisor's appropriation of all necessary funds, in which case this Lease will continue in full force and effect and the Base Rent will be reduced as provided in subsection 14.1(a) above; or (ii) City's election to terminate this Lease as of the date specified in the notice, which date may not be less than thirty (30) or more than sixty (60) days after the notice is given by City. In case of termination, the Base Rent will be reduced as provided in subsection 14.1(a) above, and Tenant will pay that reduced Base Rent up to the termination date.

(c) If at any time during the last twelve (12) months of the Term, the Premises or the Building is damaged or destroyed, then either City or Tenant may terminate this Lease by giving written notice to the other party of its election to do so within thirty (30) days after the date of the damage; provided, however, Tenant may terminate only if the damage or destruction substantially impairs its use or occupancy of the Premises for the Permitted Use. The effective date of termination must be specified in the termination notice; which date may not be more than thirty (30) days after the date the notice is given.

(d) Notwithstanding anything to the contrary in this Lease, City will have no obligation to repair the Premises or the Building if the damage or destruction is attributable to any act or omission of Tenant, its Agents, or Invitees. City will never be required to repair any damage to Tenant's Personal Property or any paneling, decorations, railings, floor coverings, or any Tenant Improvements or Alterations installed or made on the Premises by or at the expense of Tenant. If the Premises or the Building is substantially damaged or destroyed and City intends to rebuild for public purposes inconsistent with this Lease, then City may terminate this Lease upon written notice to Tenant.

14.2 Waiver

City and Tenant intend that the provisions of this Section govern fully in the event of any damage or destruction and accordingly, City and Tenant each waives the provisions of Section 1932, subdivision 2, Section 1933, subdivision 4 and Sections 1941 and 1942, of the Civil Code of California or under any similar Legal Requirements now or later in effect.

15. EMINENT DOMAIN

15.1 Definitions

(a) **“Taking”** means a taking or damaging, including severance damage, by eminent domain, inverse condemnation, or for any public or quasi-public use under any Legal Requirements. A Taking may occur under the recording of a final order of condemnation, or by voluntary sale or conveyance in lieu of condemnation, or in settlement of a condemnation action.

(b) **“Date of Taking”** means the earlier of (i) the date that title to the portion of the Property taken passes to and vests in the condemnor or (ii) the date that Tenant is dispossessed.

(c) **“Award”** means all compensation, sums or anything of value paid, awarded, or received for a Taking, whether under judgment, agreement, settlement, or otherwise.

(d) **“Improvements Pertaining to the Realty”** means machinery or equipment installed for use on the Property that cannot be removed without a substantial economic loss or without substantial damage to the Property, regardless of the method of installation. In determining whether particular machinery or equipment can be removed “without a substantial economic loss,” the value of the machinery or equipment in place and considered as part of the realty should be compared with its value if it were removed and sold.

15.2 General

If during the Term or during the period between the execution of this Lease and the Commencement Date, there is any Taking of all or any part of the Premises or any interest in this Lease, the rights and obligations of the parties under this Lease will be determined under this Section. City and Tenant intend that the provisions of this Section 15 govern fully in the event of a Taking and accordingly, the parties each waive any right to terminate this Lease in whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar Legal Requirements now or later in effect.

15.3 Total Taking; Automatic Termination

If there is a total Taking of the Premises, then this Lease will terminate as of the Date of Taking.

15.4 Partial Taking; Election to Terminate

(a) If there is a Taking of any portion (but less than all) of the Premises, then this Lease will terminate in its entirety under either of the following circumstances: (i) if all of the following exist: (A) the partial Taking renders the remaining portion of the Premises untenable or unsuitable for continued use by Tenant, (B) the condition rendering the Premises untenable or unsuitable either is not curable or is curable but City is unwilling or unable to cure the condition, and (C) Tenant elects to terminate; or (ii) if City elects to terminate; provided, however, that this Lease will not terminate if Tenant agrees to, and does, pay full Rent, without abatement, and otherwise agrees to, and does, fully perform all of its obligations hereunder.

(b) If there is a partial Taking of a substantial portion of the Building but not the Premises, City will have the right to terminate this Lease in its entirety.

(c) 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

Upon 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 the date of termination, and (b) City will be entitled to the entire Award (including, but not limited to, any portion of the Award made for the value of the leasehold estate created by this Lease and any Improvements Pertaining to the Realty). Tenant will have no claim against City for the value of any unexpired term of this Lease, but Tenant may make a separate claim with the condemnor for Tenant's relocation expenses or the interruption of or damage to Tenant's business or damage to movable Tenant's Personal Property, and Tenant will be entitled to a separate Award.

15.6 Partial Taking; Continuation of Lease

If there is a partial Taking of the Premises and 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 Premises 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 Premises taken bears to the area of the Premises before the Date of Taking; provided, however, 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, but not limited to, any portion of the Award made for the value of the leasehold estate created by this Lease). Tenant will have no claim against City for the value of any unexpired term of this Lease, but Tenant may make a separate claim with the condemnor for Tenant's relocation expenses or the interruption of or damage to Tenant's business, or damage to movable Tenant's Personal Property, 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 Premises for less than one hundred eighty (180) 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 Premises 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.

16. ASSIGNMENT AND SUBLETTING

16.1 Restriction on Assignment and Subletting

Tenant may not directly or indirectly (including, without limitation, by merger, acquisition, or other transfer of any controlling interest in Tenant), voluntarily or by operation of law, sell, assign, encumber, pledge, or otherwise transfer any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder (collectively, an "Assignment"), or permit or license any portion of the Premises to be used or occupied by anyone other than itself, or sublet any portion of the Premises (collectively, "Sublease"), without City's prior written consent in each instance, as provided below. Notwithstanding the foregoing, Tenant may Assign

this Lease or Sublet any or all portions of the Premises to any Tenant's Affiliate (as defined below) without obtaining the consent of City by giving City written notice of its intent thereof at least fifteen (15) business days before the proposed effective date of the transfer. As used in this Section, the term "**Tenant's Affiliate**" means any of the following: (a) any person or entity owning, directly or indirectly, fifty percent (50%) or more of the ownership interests of Tenant (an "Owning Person"), (b) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by any Owning Person, (c) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by Tenant.

16.2 Notice of Proposed Transfer

If Tenant desires to enter into an Assignment or a Sublease, it must give written notice (a "**Notice of Proposed Transfer**") to City of its intention to do so. The Notice of Proposed Transfer shall identify the proposed transferee and state the terms and conditions of the proposed Assignment or Sublease. Tenant shall deliver to City with its request for City's consent the proposed Assignment or Sublease and current financial statements of the proposed Transferee, prepared by an independent certified public accountant, and promptly upon City's request for same, any additional documents or information reasonably related to the proposed transaction or Transferee.

16.3 City's Response

(a) Within twenty (20) business days after City's receipt of the Notice of Proposed Transfer (the "Response Period"), City may elect, by written notice to Tenant, to: (i) sublease the portion of the Premises specified in the Notice of Proposed Transfer on the terms and conditions set forth in the notice, except as otherwise provided in Section 16.4 (City Sublease or Recapture Space) (a "City Sublease"), or (ii) terminate this Lease as to the portion (including all) of the Premises that is specified in the Notice of Proposed Transfer, with a proportionate reduction in Base Rent (a "Recapture").

(b) If City declines to exercise either of its options under subsection (a) above, then Tenant will have ninety (90) days following the earlier of (i) City's notice that it will not elect either option or (ii) the expiration of the Response Period, to enter into the Assignment or Sublease, subject to City's prior written approval of the proposed assignee or subtenant (in either case, a "Transferee") and the terms and conditions of the proposed Sublease or Assignment. However, fifty percent (50%) of any rent or other consideration realized by Tenant under any Assignment or Sublease in excess of the Base Rent and Additional Charges (or the amount proportionate to the portion of the Premises subject to a Sublease) will be paid to City, after Tenant has recovered any reasonable brokers' commissions and the reasonable cost of any leasehold improvements that Tenant has incurred in connection with the Sublease or Assignment. Tenant will provide City with any information regarding the proposed Transferee and the Assignment or Sublease as City may reasonably request. City agrees that it will not unreasonably withhold its approval of any proposed Transferee.

(c) If, after City declines to exercise any of the options under subsection (a) above, Tenant desires to enter into an Assignment or a Sublease (i) on terms and conditions materially more favorable to Tenant than those contained in the Notice of Proposed Transfer or (ii) with a Transferee that is currently a tenant or other occupant of the Building, then Tenant must give City a new Notice of Proposed Transfer, which notice will state the terms and conditions of the Assignment or Sublease and identify the proposed Transferee, and City will

again be entitled to elect one of the options provided in subsection (a) at any time within twenty (20) business days after City's receipt of the new Notice of Proposed Transfer.

(d) If City elects either of the options provided in subsection (a), City will be entitled to enter into a lease, sublease, or assignment agreement for the Premises (or portion specified in the Notice of Proposed Transfer) with any party, including the proposed Transferee identified in Tenant's notice.

(e) Notwithstanding the foregoing, if any Event of Default by Tenant is 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 City Sublease or Recapture Space

If City elects to Sublease or Recapture from Tenant as described in Section 16.3 (City's Response), then the following apply:

(a) In the case of a City Sublease, (i) City will have the right to use the portion of the Premises covered by the Notice of Proposed Transfer (the "City Sublease Space") for any legal purpose, (ii) the rent payable by City to Tenant will be the lesser of (A) the amount in the Notice of Proposed Transfer or (B) the Base Rent payable by Tenant under this Lease at the time of the City Sublease (or, if the City Sublease is for less than the entire Premises, the amount proportionate to the City Sublease Space), (iii) City may make alterations and improvements to the City Sublease Space and may remove any alterations or improvements, in whole or in part, before or upon the expiration of the City Sublease, provided that City will repair any damage or injury to the City Sublease Space caused by that removal, (iv) City will have the right to further sublease or assign the City Sublease Space to any party, without the consent of Tenant, and (v) Tenant will pay to City on demand any costs incurred by City in physically separating the City Sublease Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable Legal Requirements or regulations relating to the separation.

(b) In the case of Recapture, (i) the portion of the Premises subject to the Recapture (the "Recapture Space") will be deleted from the Premises for all purposes under the Lease, and Tenant and City will be relieved of all their rights and obligations under this Lease with respect to the Recapture Space, unless those rights and obligations expressly survive the Expiration Date or other termination of this Lease, and (ii) City will pay any cost incurred in physically separating the Recapture Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable Legal Requirements relating to the separation.

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. The acceptance of any Base Rent or other payments by City from a proposed Transferee will not constitute consent to any Sublease or Assignment by City or a recognition of any Transferee, or a waiver by City 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, if there is any Event of Default by the Transferee, or any successor of Tenant or in the performance or observance of any of the terms of 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 the terms, covenants, and conditions to be performed by Tenant 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. However, the failure or refusal of the Transferee to execute the instrument of assumption 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, without limitation, 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.

16.7 Indemnity for Relocation Benefits

Without limiting Section 16.6 (Assumption by Transferee) above, Tenant will cause any Transferee to expressly waive entitlement to any and all relocation assistance and benefits in connection with this Lease. Tenant will Indemnify City for any and all Losses arising out of any relocation assistance or benefits payable to any Transferee. Tenant's obligation to Indemnify City will survive the expiration or termination of this Lease and any Assignment or Sublease.

17. DEFAULT; REMEDIES

17.1 Events of Default

Any of the following will constitute an event of default (the "**Event of Default**") by Tenant hereunder:

(a) a failure to pay Base Rent or Additional Charges when due, and that failure continues for three (3) days after the date of written notice by City. However, City will not be required to provide notice more than twice during any twelve (12)-month period, and any failure by Tenant after Tenant has received two (2) notices in a twelve (12)-month period will constitute an Event of Default by Tenant under this Lease without any further notice from City or opportunity for Tenant to cure except as may be required by Section 1161 of the California Code of Civil Procedure;

(b) a failure to comply with any other covenant, condition, representation, or warranty made under this Lease and that failure continues for fifteen (15) days after the date of written notice by City, provided that if the default is not capable of cure within the fifteen (15)-day period, Tenant will have a reasonable period to complete the cure if Tenant promptly undertakes action to cure the default within the fifteen (15)-day period and thereafter diligently prosecutes the same to completion within sixty (60) days after the receipt of notice of default from City. City will not be required to provide a written notice of default more than twice in any twelve (12)-month period for any material non-monetary defaults and after the second notice in

any twelve (12)-month period, any subsequent failure by Tenant during that twelve (12)-month period will constitute an Event of Default;

(c) a vacation or abandonment of the Premises for a continuous period in excess of five (5) business days; or

(d) an appointment of a receiver to take possession of all or substantially all of the assets of Tenant, or an assignment by Tenant for the benefit of creditors, or any action taken or suffered by Tenant under any insolvency, bankruptcy, reorganization, moratorium, or other debtor relief act or statute, whether now existing or hereafter amended or enacted, if the receiver, assignment, or action is not released, discharged, dismissed, or vacated within sixty (60) days.

17.2 Remedies

Upon the occurrence of an Event of Default City will have the following remedies, which will not be exclusive but will be cumulative and in addition to any other remedies now or later allowed by law or in equity:

(a) City may terminate Tenant's right to possession of the Premises 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, but not limited to, its re-entry into the Premises, its efforts to relet the Premises, its reletting of the Premises for Tenant's account, its storage of Tenant's Personal Property and trade fixtures, its acceptance of keys to the Premises from Tenant, its appointment of a receiver, or its exercise of any other rights and remedies under this Section 17.2 or otherwise at law, will constitute an acceptance of Tenant's surrender of the Premises or constitute a termination of this Lease or of Tenant's right to possession of the Premises.

Upon a written termination of Tenant's right to possession of the Premises, 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 but not limited to the following:

(i) The reasonable cost of recovering the Premises; 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 applied as provided in Section 17.2(b) below, 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 hereunder, as reasonably estimated by City, for the remainder of the then 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 without limitation any other amount necessary to compensate City for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease which in the ordinary course of things would be likely to result therefrom.

(b) 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, but not limited to, the right to recover Rent as it becomes due. After the occurrence of an Event of Default, City may enter the Premises without terminating this Lease and sublet all or any part of the Premises for Tenant's account to any person, for a term (which may be a period beyond the remaining term of this Lease), 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 payment of the costs of maintaining, preserving, altering, and preparing the Premises for subletting, the other costs of subletting, including, but not limited to, brokers' commissions, attorneys' fees, and expenses of removal of Tenant's Personal Property, trade fixtures and Alterations; (ii) second, to the payment of Rent then due and payable under this Lease; (iii) third, to the payment of future Rent as it becomes due and payable under this Lease; and (iv) fourth, the balance, if any, will be paid to Tenant upon (but not before) expiration of the term of this Lease. If the rents received by City from any subletting, after application as provided above, are insufficient in any month to pay the Rent due under this Lease for the month, Tenant will pay the deficiency to City upon demand. Notwithstanding any subletting for Tenant's account without termination, City may at any time thereafter, by written notice to Tenant, elect to terminate this Lease by virtue of a previous Event of Default.

(c) During the continuance of an Event of Default, for so long as City does not terminate Tenant's right to possession of the Premises and subject to Section 16 (Assignment and Subletting) and the rights granted to City under that Section, City will not unreasonably withhold its consent to an Assignment or Sublease of Tenant's interest in the Premises or in this Lease.

(d) During the continuance of an Event of Default, City may enter the Premises without terminating this Lease and remove all Tenant's Personal Property, Alterations, and trade fixtures from the Premises and store them at Tenant's risk and expense. If City removes Tenant's Personal Property, Alterations, and trade fixtures from the Premises and stores it at Tenant's risk and expense, and if Tenant fails to pay the cost of the removal and storage after written demand and/or to pay any Rent then due, then, after the property has been stored for a period of thirty (30) days or more, City may sell it at public or private sale, in the manner and at the times and places as City deems commercially reasonable following reasonable notice to Tenant of the time and place of the sale. The proceeds of the sale will be applied first to the payment of the expenses for removal and storage of the property, the preparation for and conducting the sale, and for attorneys' fees and other legal expenses incurred by City, and the

balance will be applied as provided in Section 17.2(b) above. Tenant hereby waives all claims for damages that may be caused by City's reentering and taking possession of the Premises or removing and storing Tenant's Personal Property under this Section 17.2, and Tenant will indemnify, defend, and hold City harmless from and against any and all Claims resulting from City's reentering and taking possession of the Premises or removing and storing Tenant's Personal Property. No reentry by City will constitute or be construed as a forcible entry by City.

(e) City may require Tenant to remove any and all Alterations from the Premises or, if Tenant fails to do so within ten (10) days after City's request, City may do so at Tenant's expense.

(f) City may cure the Event of Default at Tenant's expense, it being understood that City's cure will not waive or cure the Event of Default. If City pays any sum or incurs any expense in curing the Event of Default, Tenant will reimburse City upon demand for the amount of the payment or expense with interest at the Interest Rate from the date the sum is paid or the expense is incurred until City is reimbursed by Tenant. Any amount due City under this subsection will constitute Additional Charges.

17.3 Waiver of Redemption

Tenant hereby waives, for itself and all persons claiming by and under Tenant, all rights and privileges that it might have under any present or future Legal Requirement to redeem the Premises or to continue this Lease after being dispossessed or ejected from the Premises.

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 City may, at its sole option, remedy the default for Tenant's account and at Tenant's expense by providing Tenant with three (3) 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 action by City to cure Tenant's default will be construed as a waiver of Tenant's default or any rights or remedies of City, and nothing in this Section implies any duty of City to do any act that Tenant is obligated to perform. Tenant will pay to City upon demand, as additional rent, all costs, damages, expenses, or liabilities incurred by City, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy the default. 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 (as defined below) for any injury, loss or damage to any person or property in or about the Premises by or from any cause whatsoever including, without limitation, (a) any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Premises; (b) theft; (c) explosion, fire, steam, oil, electricity, water, gas or rain, pollution, or contamination; (d) stopped, leaking, or defective Building 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, but not limited to, all of its boards, commissions, departments, agencies, and other subdivisions, including, without limitation, its Department of Public Health, 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, without limitation, 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, without limitation, employees of Tenant, or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Premises; **(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 Premises by Tenant, its Agents or Invitees or any person or entity claiming through or under any of them; **(d)** the condition of the Premises; **(e)** any construction or other work undertaken by Tenant on the Premises whether before or during the Term of this Lease; or **(f)** any acts, omissions, or negligence of Tenant, its Agents or Invitees, in, on or about the Premises or 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 in effect on or validly retroactive to the date of this Lease and further except only those Claims as are caused exclusively by the willful misconduct or active gross negligence of the Indemnified Parties. The foregoing Indemnity includes, without limitation, reasonable fees of attorneys, consultants, and experts and related costs and City’s costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim which actually or potentially falls within this indemnity provision even if the allegation is or may be groundless, fraudulent, or false, which obligation arises at the time the Claim is tendered to Tenant by City and continues at all times thereafter. Tenant’s obligations under this Section will survive the expiration or termination of this Lease.

19. INSURANCE

19.1 Tenant's Insurance

(a) Tenant, at no cost to the City, will procure and keep in effect at all times during the Term insurance as follows:

(i) Commercial general liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse and underground (XCU).

(ii) Worker’s Compensation Insurance with Employer’s Liability limits not less than One Million Dollars (\$1,000,000) each accident.

(iii) Business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily

injury and property damage, including owned and non-owned and hired vehicles, as applicable, if Tenant uses automobiles in connection with its use of the Premises.

(iv) 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 Premises. Business Interruption Insurance must also cover business interruptions due to failures or interruptions in telecommunications services, strikes, employee lockouts, riots, or other civil commotion.

(v) 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.

(vi) Other insurance as is generally required by commercial owners of buildings similar in size, character, age, and location as the Building, as may change from time to time.

(b) If any of the required insurance is provided under a claims-made form, Tenant must 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 must be double the occurrence or claims limits specified above.

(d) All liability insurance policies must 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 must 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 hereunder must 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. Notice to City will be mailed to the address(es) for City set forth in the Basic Lease Information.

(g) Tenant will deliver to City certificates of insurance and additional insured policy endorsements from insurers in a form satisfactory to City, evidencing the coverage required under this Lease, on or before the Commencement Date, together with complete copies of the policies promptly upon City's request. During the Term Tenant will provide City with

certificates or policies at least thirty (30) days before the expiration dates of expiring policies. If Tenant fails to procure the required insurance, or to deliver the policies or certificates, City may, at its option, without waiving any rights or remedies that City may have for Tenant's default, procure the insurance for the account of Tenant, and Tenant will pay the cost to City within five (5) days after delivery to Tenant of invoices therefor.

(h) Upon City's request, Tenant and City will periodically review the limits and types of insurance carried under this Section. If the general commercial practice in the City and County of San Francisco is to carry liability insurance in an amount or coverage materially greater than the amount or coverage then being carried by Tenant for risks comparable to those associated with the Premises, then Tenant will, at City's request, increase the amounts or coverage carried by Tenant to conform to the general commercial practice.

(i) Tenant's compliance with the provisions of this Section will in no way relieve or decrease Tenant's liability under Section 18.2 (Tenant's Indemnity), or any of Tenant's other obligations under this Lease.

(j) Notwithstanding anything to the contrary in this Lease, if any of the required insurance coverage lapses, this Lease will terminate upon three (3) days' notice to Tenant, unless Tenant renews the insurance coverage within the notice period.

19.2 Tenant's Personal Property

Tenant is responsible, at no cost to the City, for separately insuring Tenant's Personal Property.

19.3 City's Self Insurance

Tenant acknowledges that City self-insures against casualty, property damage, and public liability risks and agrees that City may at its sole election, but is not required to, carry any third party insurance coverage for Building, the Premises, or otherwise.

19.4 Waiver of Subrogation

Notwithstanding anything to the contrary in this Lease, City and Tenant (each a "Waiving Party") each waives any right of recovery against the other party for any loss or damage relating to the Building or the Premises or any operations or contents, whether or not the loss is caused by the fault or negligence of the other party, to the extent the loss or damage is covered by third party insurance that is required to be purchased by the Waiving Party under this Lease or is actually covered by insurance held by the Waiving Party or its agents. Each Waiving Party agrees to obtain a waiver of subrogation rights endorsements from applicable insurance carriers issuing policies relating to the Building or the Premises; 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 Premises as follows: (a) on a regular basis without advance notice to supply any necessary or agreed-upon service to be provided by City under this Lease; (b) on an occasional basis, at all reasonable times after giving Tenant reasonable 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 Premises; to repair, alter, or improve any part of the Building, Building Systems, or the Premises; 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 in order to obtain access to any part of the Premises, and any that entry will not be construed or deemed to be a forcible or unlawful entry into or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof. Tenant will not alter any lock or install any new or additional locking devices without the prior written consent of City. All locks installed in the Premises must 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 Premises (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.

Tenant, at any time and from time to time upon not less than ten (10) days' prior notice from City, will execute and deliver to City or to any party designated by City a certificate stating: **(a)** that Tenant has accepted the Premises, **(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 hereunder (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.

City, at any time and from time to time upon not less than ten (10) days' prior notice from Tenant, 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.

22. RULES AND REGULATIONS

Tenant will faithfully comply with the rules and regulations attached to this Lease as Exhibit E (Building Rules and Regulations) which the City may amend from time to time (the "**Rules and Regulations**"). City will not be responsible for the non-performance of the Rules and Regulations by any other tenant or occupant of the Building. If there is any conflict between any provision of this Lease and any provision of the Rules and Regulations, this Lease will control.

23. SECURITY DEPOSIT

Upon execution of this Lease, Tenant will deposit with City the sum specified as the security deposit in the Basic Lease Information (the "**Security Deposit**"), in cash, to secure Tenant's faithful performance of all terms, covenants and conditions of this Lease. Tenant agrees that City may (but will not be required to) apply the Security Deposit in whole or in part to remedy any damage to the Premises caused by Tenant, its Agents, or Invitees, or any failure of

Tenant to perform any other terms, covenants, or conditions in this Lease (including, but not limited to, the payment of Rent either before or after a default), without waiving any of City's other rights and remedies hereunder or at law or in equity and without any obligation. Tenant waives the provisions of Section 1950.7 of the California Civil Code or any similar Legal Requirements now or hereafter in effect and agrees that Landlord may retain any portion of Security Deposit reasonably necessary to compensate Landlord for any foreseeable or unforeseeable loss or damage caused by the acts or omissions of Tenant, its Agents, or Invitees. Without limiting the foregoing, Tenant understands and agrees that Landlord may apply some or all of the Security Deposit to the payment of future Rent following a Tenant default.

If City uses any portion of the Security Deposit to cure any default by Tenant, Tenant will immediately replenish the Security Deposit to the original amount. If the Base Rent is increased under any of the provisions of this Lease, Tenant will increase the amount of the Security Deposit by the same percentage increase. City's obligations regarding the Security Deposit are solely that of debtor and not trustee. City will not be required to keep the Security Deposit separate from its general funds, and Tenant will not be entitled to interest on the Security Deposit. The amount of the Security Deposit will in no way limit the liabilities of Tenant under any provision of this Lease.

24. SURRENDER OF PREMISES

Upon the Expiration Date or other termination of this Lease, Tenant will peaceably quit and surrender to City the Premises together with the Tenant Improvements and all Alterations approved by City in good order and condition, except for normal wear and tear (after Tenant has made the last necessary repair required under this Lease), and further except for any portion of the Premises condemned and any damage and destruction for which Tenant is not responsible under the Lease. The Premises must be surrendered free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this Lease and any other encumbrances created by City. Immediately before the Expiration Date or other termination of this Lease, Tenant must remove all of Tenant's Personal Property as provided in this Lease, and repair any damage resulting from the removal; provided, City in its sole discretion will have the right to reserve ownership of any telecommunications equipment, wire, cabling, and/or conduit installed in the Premises or any other portion of the Building by or on behalf of Tenant. If the removal is not completed at the expiration or other termination of this Lease, City may perform the removal at Tenant's expense. Notwithstanding anything to the contrary in this Lease, City can elect at any time before the Expiration Date or within five (5) days after termination of this Lease, to require Tenant to remove, at Tenant's sole expense, all or part of the Tenant Improvements, Alterations, or other improvements or equipment constructed or installed by or at the expense of Tenant including, but not limited to, any telecommunications equipment, wires, cabling, and/or conduit installed in the Premises or any other portion of the Building by or on behalf of Tenant. Tenant must promptly remove those items and repair, at no cost to the City, any damage to the Premises or the Building resulting from the removal, or if Tenant fails to repair, City may do so at Tenant's expense. Tenant's obligations under this Section will survive the expiration or sooner termination of this Lease. Any items of Tenant's Personal Property remaining in the Premises after the Expiration Date or sooner termination of this Lease may, at City's option, 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.

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

25. REMOVAL OF ELECTRICAL AND TELECOMMUNICATIONS WIRES

25.1 City May Elect to Remove or Retain Wires

Within thirty (30) days after the expiration or sooner termination of this Lease or at any time that the Wires (as defined below) are no longer in active use by Tenant, City may elect by written notice to Tenant to: (a) retain any or all wires, cables, and similar installations appurtenant thereto (the "Wires") installed by or on behalf of Tenant within the Premises or any portion of the Building outside the Premises, including, without limitation, the plenums or risers of the Building; (b) remove any or all of the Wires and restore the Premises or the Building, as the case may be, to their condition existing before the installation of the Wires (the "Wire Restoration Work"), at Tenant's sole cost and expense; or (c) require Tenant to perform all or part of the Wire Restoration Work at Tenant's sole cost and expense.

25.2 Compliance with Laws and Discontinuance of Wire Use

Tenant must comply with all applicable Legal Requirements with respect to the Wires. Within thirty (30) days after Tenant discontinues the use of all or any part of the Wires, Tenant will deliver to City written notice of the discontinuance, together with a plan or other reasonable description of the current type, quantity, points of commencement and termination, and routes of the Wires to allow City to determine if City desires to retain the Wires.

25.3 Condition of Wires

If City elects to retain any or all of the Wires, Tenant covenants that (a) Tenant is the sole owners of the Wires, Tenant has the sole right to surrender the Wires, and the Wires are free of all liens and encumbrances; and (b) all Wires will be left in a good and safe working condition, properly labeled and capped or sealed at each end and in each telecommunications/electrical closet and junction box.

25.4 City's Right to Retain Security Deposit

Notwithstanding anything in this Lease to the contrary, City may retain Tenant's Security Deposit after the expiration or sooner termination of this Lease until one of the following events has occurred with respect to all of the Wires: (a) City elects to retain the Wires under Section 25.1(a); (b) City elects to perform the Wire Restoration Work under Section 25.1(b) and the Wire Restoration Work is complete and Tenant has fully reimbursed City for all costs related thereto; or (c) City elects to require Tenant to perform the Wire Restoration Work under Section 25.1(c), the Wire Restoration Work is complete, and Tenant has paid for all costs related thereto.

25.5 City Can Apply Security Deposit; Survival

If Tenant fails or refuses to pay all costs of the Wire Restoration Work within thirty (30) days after City's notice requesting Tenant's reimbursement for or payment of the costs or

otherwise fails to comply with the provisions of this Section, then City may apply all or any portion of Tenant's Security Deposit toward the payment of any costs or expenses relating to the Wire Restoration Work or Tenant's obligations under this Section. The retention or application of the Security Deposit by City under this Section does not constitute a limitation on or waiver of City's right to seek further remedies under law or equity. The terms of this Section will survive the expiration or sooner termination of this Lease.

26. HAZARDOUS MATERIALS

26.1 Definitions

As used in this Lease:

(a) **“Environmental Laws”** means all present or future Legal Requirements relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge, or storage), or to health and safety, industrial hygiene, or the environment, including, without limitation, 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, without limitation, any material or substance defined as a “hazardous substance,” or “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, escaping, leaching, dumping, or disposing into or inside the Premises, or in, on, under, or about any other part of the Property or into the environment.

26.2 No Hazardous Materials

Tenant covenants and agrees that neither Tenant nor any of its Agents or Invitees will cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Property, or transported to or from the Property, with the sole exception that Tenant may keep and use Hazardous Material in the Premises in reasonably limited amounts as are customarily used for general office purposes (such as copy toner and other normal office and cleaning supplies) and may generate Hazardous Material as a result of measures taken under Articles 7 or 8 of this Lease that disturb or remove lead-based or presumed lead-based paint from the exterior or interior surfaces of the Premises so long as the generation, storage, transportation, use, and disposal are in compliance with all applicable Environmental Laws at all times. Tenant must give immediate written notice to City of: (a) any action,

proceeding, or inquiry by any governmental authority (including, without limitation, the California State Department of Health Services, the State or any Regional Water Quality Control Board, the Bay Area Air Quality Management district or any local governmental entity) against Tenant with respect to the presence or Release or suspected presence or Release of Hazardous Material on the Premises, Building or Property or the migration thereof from or to other property; (b) all demands or claims made or threatened by any third party against Tenant or the Premises, Building, or Property relating to any loss or injury resulting from any Hazardous Materials; (c) any Release of Hazardous Material on or about the Premises or any other part of the Property has occurred that may require any Investigation or Remediation; and (d) all matters of which Tenant is required to give notice under Section 25359.7 of the California Health and Safety Code.

26.3 Tenant's Environmental Indemnity

If Tenant breaches any of its obligations contained in this Section, or, if any act or omission of Tenant, its Agents, or Invitees, results in any Release of Hazardous Material in, on, under, or about the Premises or any other part of the Property in violation of any applicable Environmental Laws, then, without limiting Tenant's Indemnity contained in Section 18.2 (Tenant's Indemnity), Tenant will, on behalf of itself and its successors and assigns, Indemnify the Indemnified Parties, and each of them, from and against all Claims (including, without limitation, damages for decrease in value of the Premises or the Property, the loss or restriction of the use of rentable or usable space or of any amenity of the Premises or the Property and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees and costs) arising during or after the Term of this Lease and relating to the Release. The foregoing Indemnity includes, without limitation, costs incurred in connection with activities undertaken to Investigate and Remediate Hazardous Material and to restore the Property to its prior condition, fines and penalties assessed for the violation of any applicable Environmental Laws Without limiting the foregoing, if Tenant or any of its Agents or Invitees, causes or permits the Release of any Hazardous Materials in, on, under, or about the Premises or any other part of the Property, Tenant will immediately and at no expense to City take all appropriate actions to return the Premises or the Property affected by the Release to the condition existing before the Release and otherwise Investigate and Remediate the Release in accordance with all Environmental Laws. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim which actually or potentially falls within this indemnity provision even if the allegation is or may be groundless, fraudulent or false, and this obligation arises at the time the claim is tendered to Tenant by the 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.

26.4 Survival of Obligation

Tenant's obligations under this Section 26 will survive the expiration or earlier termination of this Lease.

26.5 Hazardous Substance Disclosure

California requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Tenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline,

diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane, and building materials containing chemicals, such as formaldehyde. By execution of this Lease, Tenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Section 25359.7 and related statutes and Tenant waives, to the extent permitted by Legal Requirements, any and all rights Tenant may have to assert that City has not complied with the requirements of the statute.

27. GENERAL PROVISIONS

27.1 Notices

Any notice given under this Lease will be effective only if in writing and given by delivering the notice in person or by sending it first-class mail or certified mail with a return receipt requested or by overnight courier, return receipt requested, with postage prepaid, to: (a) Tenant, (i) at Tenant's address set forth in the Basic Lease Information, if sent before Tenant takes possession of the Premises, or (ii) at the Premises if sent on or after Tenant takes possession of the Premises, or (iii) at any place where Tenant or any Agent of Tenant may be found if sent after Tenant vacates, abandons, or surrenders the Premises; or (b) City, at City's address set forth in the Basic Lease Information; or (c) to any other address that either City or Tenant may designate as its new address by notice given to the other in accordance with the provisions of this Section at least ten (10) days before the effective date of the change. Any notice will be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made if sent by overnight courier, or on the date personal delivery is made. For convenience of the parties, copies of notices may also be given by email to the email address set forth in the Basic Lease Information or as may be provided from time to time; however, neither no official or binding notice may be given by email; a notice will only be deemed given and effective when sent as provided in the first two sentences of this Section. Tenant will promptly provide City with copies of all notices received regarding any alleged violation of Legal Requirements or insurance requirements or any alleged unsafe condition or practice.

27.2 No Implied Waiver

No failure by City to insist upon the strict performance of any obligation of Tenant under this Lease or to exercise any right, power, or remedy arising out of a breach, regardless of the length of time that the breach continues, no acceptance of full or partial Base Rent or Additional Charges during any breach, and no acceptance of the keys to or possession of the Premises before the expiration of the Term by any Agent of City, will constitute a waiver of the breach or of City's right to demand strict compliance with any term, covenant, or condition or operate as a surrender of this Lease. No express written waiver of any default or the performance of any provision of this Lease will affect any other default or performance, or cover any other period of time, other than the default, performance, or period of time specified in the express waiver. One or more written waivers of a default or the performance of any provision of this Lease will not be deemed to be a waiver of a subsequent default or performance. Any consent by City under this Lease will not relieve Tenant of any obligation to secure the consent of City in any other or future instance under the terms of this Lease.

27.3 Amendments

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged, or terminated, except by a written instrument signed by the party against which the

enforcement of the change, waiver, discharge, or termination is sought. Whenever this Lease requires or permits the City's its consent or approval, the Director of Property, or his or her designee will be authorized to provide the consent or approval, except as otherwise provided by applicable Legal Requirements, including the Charter. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, are subject to the mutual written agreement of City and Tenant, and City's agreement may be made upon the sole approval of the Director of Property, or his or her designee; provided, however, material amendments or modifications to this Lease (a) changing the legal description of the Premises, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Premises from the use authorized under Section 5.1 (Permitted Use) of this Lease, and (e) any other amendment or modification that materially increases the City's liabilities or financial obligations under this Lease will also require the approval of the City's Board of Supervisors.

27.4 Authority

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

27.5 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.

27.6 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.

27.7 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 of City and Tenant and their successors and assigns; provided, however, that upon any sale, assignment, or transfer by City (or by any subsequent landlord) of its interest in the Building 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.

27.8 Brokers

Neither party has had any contact or dealings regarding leasing the Premises, or any communication in connection therewith, 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 upon 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 the other party from any and all Claims incurred by the indemnified party in defending against the broker's or finder's claim. The provisions of this Section will survive the expiration or any earlier termination of this Lease.

27.9 Severability

If any provision of this Lease or the application thereof to any person, entity, or circumstance is invalid or unenforceable, then the remainder of this Lease, or the application of the provision to persons, entities, or circumstances other than those as to which it is invalid or unenforceable, will not be affected thereby, and each other provision of this Lease will be valid and enforceable to the fullest extent permitted by Legal Requirements, except to the extent that enforcement of this Lease without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Lease.

27.10 Governing Law

This Lease will be construed and enforced in accordance with the Legal Requirements of the State of California and the City's Charter.

27.11 Entire Agreement

This Lease, including the exhibits, which are made a part of this Lease by this reference, contains the entire agreement between the parties and all prior written or oral negotiations, understandings, and agreements are merged into this Lease. The parties intend that this Lease constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts and changes) may be introduced in any judicial, administrative, or other legal proceeding involving this Lease. Tenant acknowledges that neither City nor City's Agents have made any representations or warranties with respect to the Premises, the Building, or this Lease except as expressly set forth in this Lease, and no rights, easements, or licenses are or will be acquired by Tenant by implication or otherwise unless expressly set forth in this Lease.

27.12 Attorneys' Fees

If either City or Tenant fails to perform any of its obligations under this Lease or if a dispute arises concerning the meaning or interpretation of any provision of this Lease, then the defaulting party or the non-prevailing party in the dispute, as the case may be, will pay the prevailing party's reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of

the action and enforcing or establishing its rights under this Lease (whether or not the action is prosecuted to a judgment). For purposes of this Lease, the terms "court costs and reasonable attorneys' fees" means the fees and expenses of counsel to the party, which may include printing, duplicating, and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, 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, without limitation, 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.

27.13 Holding Over

(a) If Tenant retains possession of any portion of the Premises 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 herein specified so far as applicable (except for those pertaining to the Term and any Extension Options). 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 of this Lease beyond the end of 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 of this Lease.

(b) Any holding over after the expiration of the Term with the express consent of City will be construed to automatically extend the Term of this Lease 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 herein specified 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.

27.14 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.

27.15 Cumulative Remedies

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

27.16 Survival of Indemnities

Termination of this Lease will not affect the right of either party to enforce any indemnities and representations and warranties given or made to the other party under this Lease, or affect any provision of this Lease that expressly states it will survive expiration or termination of the Lease.

27.17 Signs

Tenant will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises that are visible in or from public corridors or other portions of any common areas of the Building or from the exterior of the Premises without City's prior written consent, which City may withhold or grant in its sole discretion.

27.18 Relationship of the Parties

City is not, and none of the provisions in this Lease will be deemed to render City, a partner in Tenant's business, or joint venture, or member in any joint enterprise with Tenant. Neither party may act as the agent of the other party for any purpose under this Lease. This Lease is not intended and it will not be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided.

27.19 Light and Air

Tenant covenants and agrees that no diminution of light, air, or view by any structure that may later be erected (whether or not by City) will entitle Tenant to any reduction of the Base Rent or Additional Charges under this Lease, result in any liability of City to Tenant, or in any other way affect this Lease or Tenant's obligations under the Lease.

27.20 No Recording

Tenant may not record this Lease or any memorandum of this Lease in the public records.

27.21 Options Personal

Any extension of the Term (automatic or otherwise) this Lease is personal to the original named Tenant and may be exercised only by the original named Tenant while occupying the Premises without the intent of then making an Assignment of this Lease or Subletting of the Premises, or any portion thereof. No automatic extension or any right or option to extend the Term or renew this Lease may be exercised by or assigned, voluntarily or involuntarily, by or to any person or entity other than the original named Tenant.

27.22 Public Transit Information

Tenant, at Tenant's sole expense, will establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including, without limitation, the distribution of written materials to employees explaining the convenience and availability of public transportation facilities adjacent or near the Building and encouraging use of them.

27.23 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 that Tenant may be subject to the payment of property taxes levied on its possessory interest.

(b) Tenant will pay taxes of any kind, including possessory interest taxes, that may be 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 Premises that may be imposed upon Tenant by Legal Requirements, all of which must be paid when they become due and payable and before delinquency.

(c) Tenant will not allow or suffer a lien for any taxes to be imposed on the Premises or upon any equipment or property located in the Premises without promptly discharging the lien, provided that Tenant, if it desires, may have reasonable opportunity to contest the validity of the same.

(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that City report certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Lease to the County Assessor within sixty (60) days after the transaction, and that Tenant report certain information relating to those matters to City within thirty (30) days after the applicable transaction. Tenant will timely provide any information that City may request to enable it to comply with this requirement.

27.24 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, its successors and assigns, in the event of any default or breach by City or for any amount that may become due to Tenant, its successors and assigns, or for any obligation of City under this Lease.

27.25 Non-Discrimination in City Contracts and Benefits Ordinance

(a) **Covenant Not to Discriminate.** In the performance of this Lease, Tenant will not to discriminate against any employee, any City employee working with Tenant, or applicant for employment with Tenant, 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 protected classes, or in retaliation for opposition to discrimination against protected classes.

(b) **Subleases and Other Subcontracts.** Tenant will include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Tenant will incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and require all subtenants and other subcontractors to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

(c) **Non-Discrimination in Benefits.** Tenant does not as of the date of this Lease and will not during the term of this Lease, in any of its operations in San Francisco, on real

property owned by City, or where the work is being performed for the City elsewhere within 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 the employees, where the domestic partnership has been registered with a governmental entity under state or local Legal Requirements authorizing that registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **CMD Form.** As a condition to this Lease, Tenant must execute the “Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits” form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division. Tenant represents that before execution of this Lease, (i) Tenant executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and (ii) the CMD approved the form.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C 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 Agreement 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 Chapters of the Administrative Code, including but not limited to the remedies provided in those Chapters. Without limiting the foregoing, Tenant understands that under Section 12B.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.

27.26 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, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance Legal Requirements (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking.

27.27 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 the 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.

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

The City and County of San Francisco 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 arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment.

27.29 Restrictions on the Use of Pesticides

(a) Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or "**IPM Ordinance**") describes an integrated pest management ("**IPM**") policy to be implemented by all City departments. Tenant may not use or apply or allow the use or application of any pesticides on the Premises or contract with any party to provide pest abatement or control services to the Premises without first receiving City's written approval of an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the term of this Lease, (ii) describes the steps Tenant will take to meet the City's IPM Policy described in Section 300 of the IPM Ordinance, and (iii) identifies, by name, title, address, and telephone number, an individual to act as the Tenant's primary IPM contact person with the City. Tenant will comply, and will require all of Tenant's contractors to comply, with the IPM plan approved by the City and will comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Tenant were a City department. Among other matters, the provisions of the IPM Ordinance: (A) provide for the use of pesticides only as a last resort, (B) prohibit the use or application of pesticides on property owned by the City, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City's Department of the Environment), (C) impose certain notice requirements, and (D) require Tenant to keep certain records and to report to City all pesticide use at the Premises by Tenant's staff or contractors.

(b) If Tenant or Tenant's contractor would apply pesticides to outdoor areas at the Premises, Tenant must first obtain a written recommendation from a person holding a valid Agricultural Pest Control Advisor license issued by the California Department of Pesticide Regulation ("**CDPR**") and the pesticide application must be made only by or under the supervision of a person holding a valid, CDPR-issued Qualified Applicator certificate or Qualified Applicator license. City's current Reduced Risk Pesticide List and additional details about pest management on City property can be found at the San Francisco Department of the Environment website, <http://sfenvironment.org/ipm>.

27.30 First Source Hiring Agreement

Tenant and City are parties to the First Source Agreement attached to this Lease as Exhibit G under San Francisco Administrative Code, Chapter 83 (the "First Source Agreement"). Any default by Tenant under the First Source Agreement will be a default under this Lease.]

27.31 Sunshine Ordinance

In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between 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's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

27.32 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 the City.

27.33 Charter Provisions

This Lease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

27.34 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. Tenant agrees that any violation of this prohibition by Tenant, its Agents, or assigns will be a material breach of this Lease.

27.35 Prohibition of Tobacco Sales and Advertising

Tenant acknowledges and agrees that no advertising or sale of cigarettes or tobacco products is allowed on the Premises. 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.

27.36 Prohibition of Alcoholic Beverage Advertising

Tenant acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Premises. 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.]

27.37 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.

27.38 Effective Date

This Lease will be effective on the date this Lease is duly executed and delivered by the parties.

27.39 Requiring Health Benefits for Covered Employees

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 Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as they may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Lease have the meanings assigned to those terms in Chapter 12Q.

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

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

(c) Tenant's failure to comply with the HCAO will constitute a material breach of this Lease. City will notify Tenant if a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure the breach or, if the breach cannot reasonably be cured within the thirty (30) days period, and Tenant fails to commence efforts to cure within that period, or fails diligently to pursue the cure to completion, then City will have the right to pursue the remedies set forth in Section 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 Tenant must require the Subcontractor to comply with the requirements of the HCAO and contain contractual obligations substantially the same as those set forth in this Section. Tenant will notify City's Purchasing Department when it enters into a Subcontract and will certify to the Purchasing Department 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. Each Tenant 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 Tenant based on the Subcontractor's failure to comply, provided that City has first provided Tenant with notice and an opportunity to cure the violation.

(e) Tenant may not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City regarding Tenant's compliance or anticipated compliance 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) Tenant 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) Tenant will keep itself informed of the current requirements of the HCAO.

(h) Tenant 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.

(i) Tenant 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 five (5) business days to respond.

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

(k) If Tenant is exempt from the HCAO when this Lease is executed because its amount is less than Fifty Thousand Dollars (\$50,000) for nonprofits, 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.

27.40 Notification of Limitations on Contributions

Through its execution of this Lease, Tenant acknowledges that it is familiar with San Francisco Campaign and Governmental Conduct Code section 1.126, which prohibits any person who contracts with the City to sell or lease any land or building to or from the City whenever the transaction would require approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (a) an individual holding a City elective office if the contract must be approved by that individual, (b) a candidate for the office held by that individual, or (c) a committee controlled by that individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for the contract or six months after the date the contract is approved. Tenant 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. Tenant further acknowledges that the prohibition on contributions applies to each party comprising Tenant; each member of Tenant's board of directors, and Tenant's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20% in Tenant; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Tenant. Additionally, Tenant acknowledges that Tenant must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Tenant will provide to City the name of each person, entity, or committee described above.

27.41 Resource-Efficient City Buildings

Tenant acknowledges that the City and County of San Francisco 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 must comply with all applicable provisions of those code sections.

27.42 Food Service and Packaging Waste Reduction Ordinance

Tenant will comply with and is bound by all of the provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, 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. This provision is a material term of this Lease. By entering into this Lease, Tenant acknowledges that the Food Service and Packaging Waste Reduction Ordinance contains penalties for noncompliance including One Hundred Dollars (\$100.00) for the first breach, Two Hundred Dollars (\$200.00) for the second breach in the same year, and Five Hundred Dollars (\$500.00) for subsequent breaches in the same year. These amounts will not be considered a penalty under this Lease, and do not limit City's other rights and remedies available under this Lease, at law, or in equity.

27.43 San Francisco Packaged Water Ordinance

Tenant will comply with San Francisco Environment Code Chapter 24 ("**Chapter 24**"). Tenant may not sell, provide, or otherwise distribute Packaged Water, as defined in Chapter 24 (including bottled water), in the performance of this Agreement or on City property unless Tenant obtains a waiver from the City's Department of the Environment. If Tenant violates this requirement, the City may exercise all remedies in this Agreement and the Director of the City's Department of the Environment may impose administrative fines as set forth in Chapter 24.

27.44 Criminal History in Hiring and Employment Decisions

(a) Unless exempt, Tenant will comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions), as amended from time to time ("**Chapter 12T**"), which are incorporated into this Lease as if fully set forth, with respect to applicants and employees of Tenant who would be or are performing work at the Premises.

(b) Tenant must incorporate by reference the provisions of Chapter 12T in all subleases of some or all of the Premises, and require all subtenants to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

(c) Tenant and subtenants may not inquire about, require disclosure of, or if the information is received base an Adverse Action on an applicant's or potential applicant for employment, or employee's: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or

(6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

(d) Tenant and subtenants may not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection (c) above. Tenant and subtenants may not require that disclosure or make any inquiry until either after the first live interview with the person, or after a conditional offer of employment.

(e) Tenant and subtenants will state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Premises, that the Tenant or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

(f) Tenant and subtenants will post the notice prepared by the Office of Labor Standards Enforcement (“OLSE”), available on OLSE’s website, in a conspicuous place at the Premises and at other workplaces within San Francisco where interviews for job opportunities at the Premises occur. The notice must be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the Premises or other workplace at which it is posted.

(g) Tenant and subtenants understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City will have the right to pursue any rights or remedies available under Chapter 12T or this Lease, including, but not limited to 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 Chapter 12T, it may contact the City’s Real Estate Division for additional information. City’s Real Estate Division may consult with the Director of the City’s Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

27.45 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.

27.46 Vending Machines; Nutritional Standards

Tenant may not install or permit any vending machine on the Premises without the prior written consent of the Director of Property. Any permitted vending machine must 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 Premises 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 28.48 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 Premises that is not permitted or that violates the Nutritional Standards Requirements.

27.47 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 any new building on City-owned land and within existing buildings leased by the City 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 this section. If Tenant has any question about applicability or compliance, Tenant should contact the Director of Property for guidance.

[SIGNATURES ON FOLLOWING PAGE]

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

TENANT:

Faces SF,
a California nonprofit public benefit corporation

By:

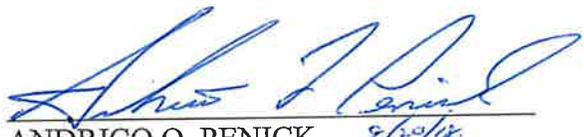

LAWLAND LONG

Its: Executive Director

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By:


ANDRICO Q. PENICK *g/holix*

Director of Property, pursuant to Administrative
Code 23.31

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

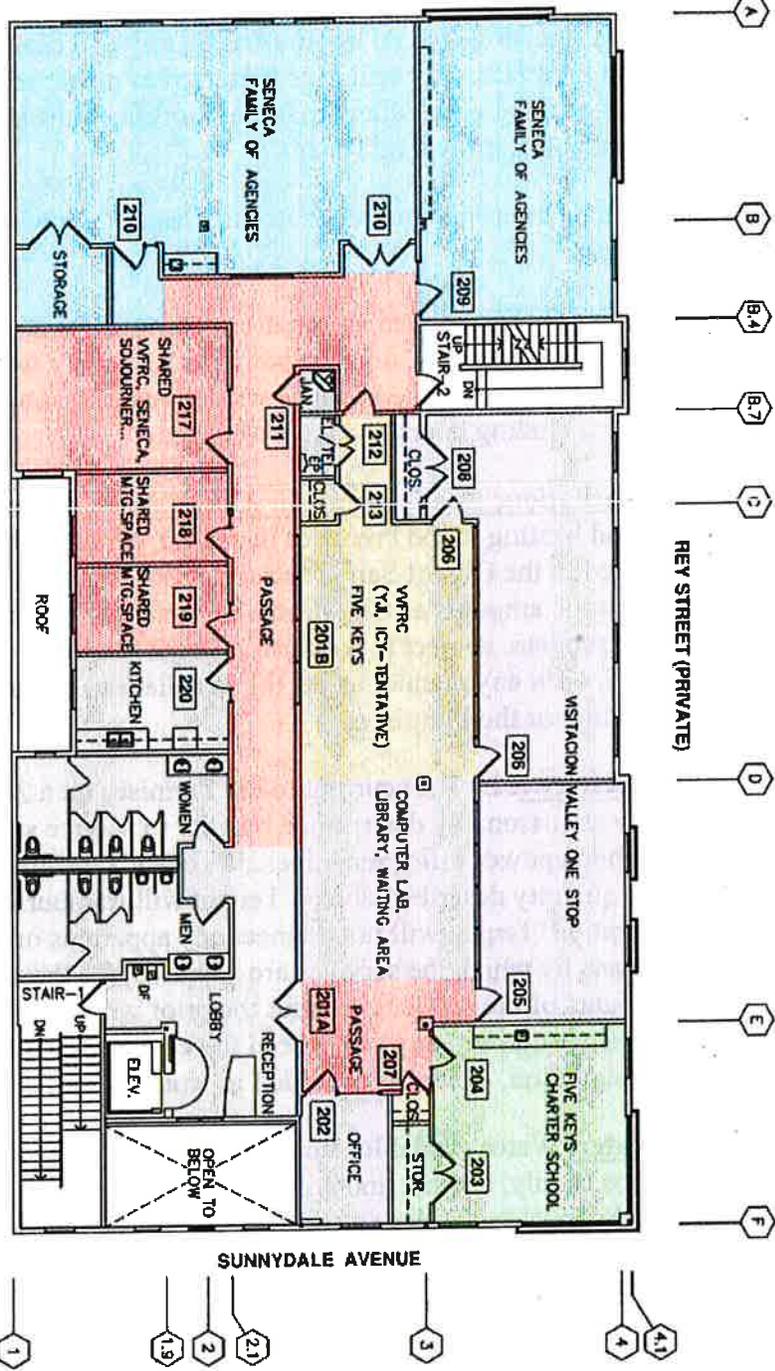
By:



Eileen Chauvet
Deputy City Attorney

EXHIBIT A FLOOR PLAN

TOWERSIDE AVENUE



- SUITE 201, 202, 203, 206, 207, 208
- SUITE 201, 213
- SUITE 204, 205
- SUITE 209, 210

- LEGEND**
- SUITE 201A, 201A.1, 217, 218, 219, 219A, 219A.1, 219A.2, 219A.3, 219A.4, 219A.5, 219A.6, 219A.7, 219A.8, 219A.9, 219A.10, 219A.11, 219A.12, 219A.13, 219A.14, 219A.15, 219A.16, 219A.17, 219A.18, 219A.19, 219A.20, 219A.21, 219A.22, 219A.23, 219A.24, 219A.25, 219A.26, 219A.27, 219A.28, 219A.29, 219A.30, 219A.31, 219A.32, 219A.33, 219A.34, 219A.35, 219A.36, 219A.37, 219A.38, 219A.39, 219A.40, 219A.41, 219A.42, 219A.43, 219A.44, 219A.45, 219A.46, 219A.47, 219A.48, 219A.49, 219A.50, 219A.51, 219A.52, 219A.53, 219A.54, 219A.55, 219A.56, 219A.57, 219A.58, 219A.59, 219A.60, 219A.61, 219A.62, 219A.63, 219A.64, 219A.65, 219A.66, 219A.67, 219A.68, 219A.69, 219A.70, 219A.71, 219A.72, 219A.73, 219A.74, 219A.75, 219A.76, 219A.77, 219A.78, 219A.79, 219A.80, 219A.81, 219A.82, 219A.83, 219A.84, 219A.85, 219A.86, 219A.87, 219A.88, 219A.89, 219A.90, 219A.91, 219A.92, 219A.93, 219A.94, 219A.95, 219A.96, 219A.97, 219A.98, 219A.99, 219A.100
 - FLOOR SERVICE AREA
 - VENTILATION/NON RENTABLE AREA

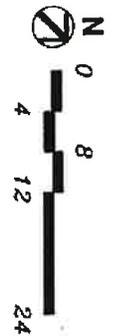


EXHIBIT B

STANDARD UTILITIES AND SERVICES

The standards set forth below describe the basic utilities and services which are presently in effect for the Building. City reserves the right to adopt any nondiscriminatory modifications and additions to the standards that do not materially impair Tenant's rights under this Lease or Tenant's use of the Premises. City will give Tenant reasonable advance notice, in accordance with the provisions of this Lease, of any material modifications and additions, which will be subject to the reasonable approval of Tenant.

Subject to the terms and conditions of this Lease, City will provide the following basic utilities and services:

A. Elevator. Unattended automatic passenger elevator facilities serving the floor(s) on which the Premises are located, on a 24-hour a day, 7-day a week basis. Freight elevator service is available upon reasonable advance written request, subject to rules and regulations established by City including hours and days of usage.

B. Ventilation; Heating and Air-Conditioning. Ventilation to the Premises, and air-conditioning and heating to the Premises in season, Monday through Friday, except holidays generally recognized in the City of San Francisco, from 7:00 a.m. to 6:00 p.m., and at the temperatures and in the amounts as City deems reasonably necessary for the comfortable occupancy of the Premises, subject to applicable Legal Requirements. Tenant will not alter, adjust, tamper with, or in any manner affect the installations or facilities supplying climate control to the Building or the Premises.

C. Electricity. Electric current to the Premises on a 24-hours a day, 7-days a week basis, in a quantity as reasonably determined by City to service standard office lighting and normal fractional horsepower office machines. If Tenant's electrical installation or consumption is in excess of the quantity described above, Tenant will reimburse City monthly for the additional consumption. Tenant will not connect any apparatus or device with wires, conduits, or pipes, or other means by which the services are supplied, for the purpose of using additional or extraordinary amounts of the services without the prior written consent of City. At all times, Tenant's use of electric current may not exceed the capacity of feeders to the Building or the risers or wiring installation, except as provided in working drawings to City.

D. Water. Water available at current points of supply in public areas for drinking and lavatory purposes only, and hot and cold water in the Premises for drinking and kitchen purposes, on a 24-hours a day, 7-days a week basis.

E. Janitorial Service. Building standard janitorial service to the Premises on a 5-day per week basis, Monday through Friday, except holidays generally recognized in the City of San Francisco, provided the Premises are kept reasonably in order by Tenant. Tenant will pay to City any cost incurred by City in excess of the services generally provided for other tenants in the Building. Tenant will pay City the cost of removal of any of Tenant's extraordinary refuse or rubbish.

EXHIBIT C

RULES AND REGULATIONS

1. Tenant may not obstruct the sidewalks, halls, passages, exits, entrances, elevators, and stairways of the Building or use them for any purpose other than for ingress to and egress from the Premises. City retains the right to control and prevent access to the halls, passages, exits, entrances, elevators, escalators, and stairways that are not for the use of the general public, and City retains the right to control and prevent access of all persons whose presence in the judgment of City would be prejudicial to the safety, character, reputation, and interests of the Building and its tenants, but that nothing in these Rules and Regulations may construed to prevent access to persons with whom Tenant normally deals in the ordinary course of its business, unless those persons are engaged in illegal activities. Tenant may not go upon the roof of the Building, except in areas that City may designate as "Common Areas" from time to time.
2. No sign, placard, picture, name, advertisement, or notice visible from the exterior of the Premises may be installed or displayed by Tenant on any part of the outside or inside of the Building without the prior written consent of City. City will have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors will be printed, painted, affixed, or inscribed at the expense of Tenant by a person approved by City, which approval will not be unreasonably withheld. Material visible from outside the Building will not be permitted.
3. The Premises may not be used for the storage of merchandise held for sale to the general public or for lodging. No cooking may be done or permitted by Tenant on the Premises, except that use by Tenant of Underwriters' Laboratory-approved microwave oven and portable equipment for brewing coffee, tea, hot chocolate, and similar beverages is permitted, provided that the use is in accordance with all applicable federal, state and local Legal Requirements.
4. Tenant will not employ any person or persons other than the janitor of City for the purpose of cleaning the Premises, unless otherwise agreed to by City in writing. Except with the written consent of City, no person or persons other than those approved by City will be permitted to enter the Building to clean. Tenant will not cause any unnecessary labor because of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Janitor service will not be furnished on nights when rooms are occupied after 9:00 p.m. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.
5. City will furnish Tenant with two (2) keys to the Premises, free of charge. City may make a reasonable charge for additional keys and for having locks changed. Tenant will not make or have made additional keys without City's prior written consent, which consent will not be unreasonably withheld or delayed. Tenant will not alter any lock or install any new or additional locking devices without the prior written consent of City. All locks installed in the Premises, excluding Tenant's vaults and safes, or special security areas (which will be designated by Tenant in a written notice to City), will be keyed to the Building master key system. City may make reasonable charge for any additional lock or any bolt (including labor) installed on any door of the Premises. Tenant, upon the termination of its tenancy,

will deliver to City all keys to doors in the Premises. If Tenant loses any keys, Tenant will pay City for the cost of re-keying the Premises.

6. The elevators to be used for the loading of freight will be available to Tenant in accordance with reasonable scheduling as City may deem appropriate. Tenant will schedule with City, by written notice given no less than forty-eight (48) hours in advance, its move into or out of the Building. Moving may occur only on weekend days unless otherwise permitted by City. Tenant will reimburse City upon demand for any additional security or other charges incurred by City as a consequence of Tenant's moving. The persons employed by Tenant to move equipment or other items in or out of the Building must be acceptable to City. The floors, corners, and walls of elevators and corridors used for the moving of equipment or other items in or out of the Building must be adequately covered, padded, and protected, and City may provide padding and protection, at Tenant's expense, if City determines that Tenant's measures or Tenant's movers are inadequate. City will have the right to prescribe the weight, size, and position of all equipment, materials, supplies, furniture, or other property brought into the Building. Heavy objects will, if considered necessary by City, stand on wood strips of thickness necessary to properly distribute the weight of the objects. City will not be responsible for loss of or damage to any of Tenant's property from any cause, and all damage done to the Building by moving or maintaining Tenant's property will be repaired at the expense of Tenant.
7. Tenant may not use or keep in the Premises or the Building any kerosene, gasoline, or flammable, combustible, or noxious fluid or materials or use any method of heating or air conditioning other than those limited quantities necessary for the operation and maintenance of normal office equipment. Tenant will not use, keep, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to City or other occupants of the Building because of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business in the Building.
8. City reserves the right to exclude from the Building between the hours of 6 p.m. and 8 a.m. and at all hours on Saturdays, Sundays, and legal holidays all persons who do not present a pass to the Building signed by City and properly in the possession of the person presenting the pass. City will furnish passes to persons as requested by Tenant in writing. Tenant will be responsible for all persons for whom it requests passes and will be liable to City for all acts of those persons. City will in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement, or other circumstances rendering action advisable in City's opinion, City reserves the right to prevent access to the Building by any action as City may deem appropriate, including closing any doors in the Building.
9. The directory of the Building will be provided for the display of the name and location of tenants and a reasonable number of the principal officers and employees of tenants, but City reserves the right to exclude any other names from the directory. Any additional name that Tenant desires to place upon the directory must first be approved by City and, if so approved, a charge will be made for each name.
10. Tenant may not cut or bore holes for wires in the partitions, woodwork, or plaster of the Premises. Tenant may not affix any floor covering to the floor of the Premises in any manner except as approved by City.

11. No curtains, draperies, blinds, shutters, shades, screens, or other coverings, hangings or decorations may be attached to, hung or placed in, or used in connection with any window of the Building without City's prior written consent. In any event, with the prior written consent of City, the items will be installed on the office side of City's standard window covering and will in no way be visible from the exterior of the Building.
12. Tenant must ensure that the doors of the Premises are closed and locked and that all water faucets, water apparatus, and utilities are shut off before Tenant or Tenant's employees leave the Premises, so as to prevent waste or damage. For any default or carelessness by Tenant must make good all injuries sustained by other tenants or occupants of the Building or City. On multiple-tenancy floors, all tenants must keep the doors to the Building corridors closed at all times except for ingress and egress, and all tenants will at all times comply with any rules or orders of the fire department with respect to ingress and egress.
13. The toilet rooms, toilets, urinals, wash bowls, and other apparatus may not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever may be deposited in them. The expense of any breakage, stoppage, or damage resulting in any violation of this rule will be borne by Tenant.
14. Except with City's prior consent, Tenant may not sell, or permit the sale from the Premises of, or use or permit the use of any sidewalk or mall area adjacent to the Premises for the sale of, newspapers, magazines, periodicals, theater tickets, or any other goods, merchandise, or service, Tenant may not carry on, or permit, or allow any employee or other person to carry on, business in or from the Premises for the service or accommodation of occupants or any other portion of the Building, and the Premises may not be used for manufacturing of any kind, or for any business or activity other than that specifically provided for in Tenant's lease.
15. Tenant may not install any radio or television antenna, loudspeaker, or other device on or about the roof area or exterior walls of the Building. Tenant will not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.
16. Tenant will not use in any space, or in the common areas of the Building, any hand-trucks except those equipped with rubber tires and side guards or other material-handling equipment as City may approve. No other vehicles of any kind may be brought by Tenant into the Building or kept in or about the Premises.
17. Tenant will store all its trash and garbage within the Premises until it is removed to the location in the Building as designated from time to time by City. No material may be placed in the Building trash boxes or receptacles if the material is of a nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the City of San Francisco without being in violation of any Legal Requirements governing its disposal.
18. All loading and unloading of merchandise, supplies, materials, garbage, and refuse will be made only through the entryways and freight elevators and at the times as City may designate. In its use of the loading areas of the Building, Tenant may not obstruct or permit the obstruction of the loading areas, and at no time may Tenant park vehicles in the loading areas except for immediate loading and unloading purposes.

19. Canvassing, soliciting, peddling, or distribution of handbills or any other written material in the Building is prohibited and Tenant will cooperate to prevent the forgoing.
20. Tenant will immediately, upon request from City (which request need not be in writing), reduce its lighting in the Premises for temporary periods designated by City, when required in City's judgment to prevent overloads of the mechanical or electrical systems of the Building.
21. City reserves the right to select the name of the Building and change of name as it deems appropriate from time to time, and Tenant will not refer to the Building by any name other than: (i) the name as selected by City (as the same may be changed from time to time), or (ii) the postal address approved by the United States Post Office. Tenant will not use the name of the Building in any respect other than as an address of its operation in the Building without the prior written consent of the City.
22. Tenant assumes all responsibility for protecting its Premises from theft, robbery, and pilferage, which includes keeping doors locked and other means of entry closed.
23. No vending machine may be maintained or operated within the Premises or the Building without City's prior written consent.
24. All incoming mail and package deliveries will be received at the area in the Building designated by City for that purposes and distributed through means established by City. No messenger or other delivery personnel will be permitted to enter any area of the Building other than the area designated by City for the pick-up and receipt of deliveries.
25. City reserves the right to exclude or expel from the Building any person who is, in the judgment of City, intoxicated or under the influence of alcohol or other drug or who is in violation of any of the Rules or Regulations of the Building.
26. No animal or bird is permitted in the Premises or the Building, except for service animals when in the company of their masters.
27. The requirements of Tenant will be attended to only upon request received by telephone or writing or in person at the management office of the Building. Employees of City will not perform any work or do anything outside of their regular duties unless under special instructions from City.
28. City may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no waiver by City may be construed as a waiver of these Rules and Regulations in favor of any other tenant or tenants, or prevent City from later enforcing any Rules and Regulations against any or all of the tenants of the Building.
29. Wherever the word "Tenant" occurs in these Rules and Regulations, it means Tenant's associates, agents, clerks, employees, and visitors. Wherever the word "City" occurs in these Rules and Regulations, it means City's assigns, agents, officers, employees, and visitors.

30. These Rules and Regulations are in addition to, and will not be construed in any way to modify, alter, or amend, in whole or part, the terms, covenants, agreements, and conditions of any lease of premises in the Building.
31. City reserves the right to make other and reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care, and cleanliness of the Building, and for the preservation of good order.
32. Tenant will be responsible for the observance of all the Rules and Regulations by Tenant's employees, agents, clients, customers, invitees, and guests.

EXHIBIT D

FIRST SOURCE HIRING AGREEMENT

Definition of Grant Plan
FACES SF

The term "Grant Plan" shall mean

I. Purpose of Grant

The Business Services Coordinator offers services to employers to ensure that non-construction hiring opportunities at the San Francisco International Airport (SFO) are made available to job seekers who participate in the San Francisco workforce system.

The purpose of this grant is for FACES SF to implement employer-focused services that support San Francisco's workforce system and provide access to career opportunities by job seekers served through OEWD's network of Providers. Specifically, FACES SF will organize hiring events, employer spotlights and other events that make job opportunities available to job seekers. FACES SF will coordinate with workforce service providers of the San Francisco workforce system using new technologies, regular communication, and collaborative strategies to maximize participation by job seekers within the workforce system into SFO recruitment and employment opportunities. FACES SF will additionally provide technical assistance for both employers and providers working in the system.

Definitions

DEWD	Department of Economic and Workforce Development, City and County of San Francisco
SF Jobs Portal	The DEWD centralized data base is utilized to both distribute First Source employment opportunities and refer DEWD workforce system candidates to those opportunities
GF	General Funds – City and County of San Francisco Funds used to serve eligible San Francisco residents.
WIOA	Workforce Innovation and Opportunity Act (WIOA) – This Act was signed into law on July 22, 2014. WIOA supersedes the Workforce Invest Act of 1998 (WIA) and amends the Wagner-Peyser Act, the Adult Education and Family Literacy Act, and the Rehabilitation Act of 1973. As with the preceding WIA, the WIOA helps job seekers succeed in the labor market by providing access to employment, education, training, and support services while matching employers with skilled workers they need to compete in a global economy. In addition, the enactment of WIOA provides a new opportunity to ensure that Americas Job Center of California (AJCC) locations remain effective and job driven-- responding to the needs of employers and preparing workers for jobs, now and in the future.
Workforce Investment San Francisco Board (WISF)	Policy and programmatic oversight body for workforce development in San Francisco
First Source	City of San Francisco community benefit program that prioritizes workforce opportunities for local residents

II. Target Population

This grant is designed to support employers who provide career opportunities for unskilled and semi-skilled individuals that qualify as First Source. These individuals participate in the workforce system and therefore represent the following target populations as identified by WIOA and the WISF:

- Dislocated Workers
- Formerly Incarcerated Individuals
- Homeless Individuals
- People with Disabilities
- Individuals with limited English proficiency
- Veterans
- Survivors of domestic abuse
- Individuals participating in or completing substance abuse treatment
- Public assistance recipients
- Public housing residents
- Low income families

III. Description of Services

The Contractor will plan and implement a centralized SFO Business Services program that targets permanent, temporary and “On-The-Job Training” career opportunities with employers throughout San Francisco, including specialized employment services for special SFO projects. The Contractor will inform employers about providers’ services and how individuals with diverse skill levels can benefit business. The Contractor will be responsible for the day-to-day operations of Business Services Coordination ensuring that programming meets contractual deliverables.

A. Employer Services

The Contractor will tailor delivery of employer-focused Business Services Coordination and other services to meet the workforce needs of employers and provide access to career opportunities by jobseekers served through OEWD’s network of providers

1. The contractor will make available to the OEWD network of providers (Access Points System), via OEWD, technological tools for marketing job candidates and promoting the workforce system to employers. These tools may include labor market information, candidate profile creators, instant communication applications, and job skill and interview assessments.
2. The Contractor will coordinate Recruitment Events to be held at the Access Points. These will include monthly industry-specific or occupational hiring

fairs and a semi-annual SFO Hiring Fair showcasing all SFO employers and opportunities to the general public and/or prospective participants. The Contractor will ensure awareness and participation in these events by all providers within the workforce system and is encouraged to partner with multiple workforce system providers in the implementation of these events.

3. The Contractor will provide technical assistance and business themed workshops to employers. Examples may include "How to make a job more appealing to job seekers, or "How to recruit successfully through the San Francisco workforce system".
4. The Contractor will actively participate in collaborative service planning, implementation, and coordination with other Access Point providers and other workforce system programs and services, including communication, training, marketing and evaluation activities.
5. The Contractor will collect and report data as requested by DEWD.

B. Direct Job Search, Placement and Retention Services:

1. The Contractor will proactively seek and publicize employment opportunities to the network of providers within the workforce system. The Contractor will prioritize job opportunities that balance the needs of businesses and the opportunities appropriate to and creating career opportunities for job seekers within the Workforce System.
2. The Contractor will work directly with the hiring authority or human resources representative at SFO businesses to clearly define the specific tasks and responsibilities associated with a new position and the required skills, abilities, education, and any other screening criteria the business may mandate in order to facilitate the referral of the most appropriate candidates.
3. The Contractor will generate employment leads for jobseekers and place jobseekers into employment, and should work closely with DEWD-funded Business Services to leverage first-source local hiring agreements, hiring tax credits and other business service strategies to maximize employment opportunities.
4. The Contractor will assure that assigned program staff have the ability to identify and work with the appropriate workforce providers in order to satisfy employer's specific job requirements, such as bilingual, veterans, individuals with disabilities, immigrant professionals, etc. and to effectively market their customers to local employers, as well as develop and maintain relationships with SFO employers.
5. Job search and placement services will include hiring fairs that connect a group of similarly skilled/educated applicants in immediate need of

placement assistance and businesses that are actively recruiting applicants and are prepared to interview applicants on site.

6. The Contractor will provide businesses with retention services including acting as a liaison between the Workforce System provider and business for any follow-up activities to determine whether a program participant is still actively employed and address any need of additional provider support to achieve positive program participation and employment outcomes.
7. The Contractor will coordinate with all other appropriate service providers to help participants address obstacles to ensure continued employment or address any reasons for job loss, and implement appropriate solutions to secure employment. This will include providing Access Points with regular employer feedback so interventions can be made as needed.
8. The Contractor will implement a follow up strategy that includes a formal process to survey both participants and employers 30 days after a placement has occurred. All hires and employers will be surveyed utilizing the DEWD SF Jobs Portal, once iCIMS (SFO recruiting platform) is fully integrated. Employer satisfaction may also be measured by rates of referral and reuse. Survey responses must be reviewed at the managerial level and Contractor must provide responses and/or develop action plans to address concerns expressed.

C. Partner and Employer Development:

These services initiate, build and maintain regular, continuous relationships and partnerships with service organizations and employers in targeted industries or sectors relevant to the services provided by Access Points.

1. The Contractor will develop and implement strategies that capitalize on the strengths of multiple agencies and organizations working toward common workforce development service goals.
2. The Contractor will represent OEWD at employer events may occur outside of regular business hours (i.e. Chamber of Commerce networking events, etc.)
3. The Contractor will collaborate with Comprehensive, Neighborhood, and Specialized Access Points and other Workforce Service Provider staff to ensure that SFO job postings are filled by Workforce System clients, including On-the-Job Training placements that will be administered by the Comprehensive Access Point.
4. The Contractor will host monthly industry-specific or occupational hiring fairs that showcase SFO employers at the Access Points in an effort to educate customers/participants about available employment and

training opportunities. The Contractor will conduct and coordinate hiring fairs when a group of similarly skilled/educated applicants are in immediate need of placement and are likely to return to the same type of business/industry (as in the case of groups of employees affected by a workforce reduction). Hiring Fairs should only include businesses that are actively recruiting applicants and are prepared to interview applicants on site whenever possible.

D. Requirements

Business Services Coordinator: In addition to providing services for all of the required, Contractor will meet the following deliverables:

1. General Business Service Responsibilities

- a. Work with DEWD to establish appropriate policy and procedures around usage of the web-based job matching tool (currently SF Jobs Portal) by various workforce system stakeholders and clients.
- b. Track the number and nature of direct job placements made into SFO job opportunities (including wage, benefits, permanent/full time status, etc.).
- c. Collect data and feedback from employers through event surveys and report on process measures including but not limited to the following areas:
 - i. Increase the number of referrals coming from more NAPs and providers, resulting in higher number of repeat customers and new customers (Employers).
 - ii. Increase system capacity with better trained staff that are able to align higher numbers of job-seekers with the needs of employers
- d. Partner with DEWD and Access Points to raise awareness of the Workforce System and its services with the goal of recruiting socio-economically disadvantaged local residents for SFO positions, including non-construction private and public end-use employers.

2. Data Collection and Evaluation

- a. The Contractor shall collect, store, review, and report complete and accurate data on programs and services including: operational, administrative and program performance.

The Contractor will be required to enter data (applicant info, placements, applications, events, employer feedback, etc.) into DEWD's First Source data management system within 10 business days following the month that services were provided and ensure complete, accurate, and timely data entry that is in compliance with DEWD's specific funding requirements.

- b. The Contractor must track and report outcome data for all programs and as described below. Contractors are required to gather and report outcome data that will allow for an evaluation as to whether or not participants are well-served as a result of their participation in the program. These measures include:
 - i. The number of hosted events such as hiring fairs, employer spotlights, business focused workshops
 - ii. Number of attendees at aforementioned events
 - iii. Number of placements directly resulting from such events
- c. The Contractor will develop customer satisfaction surveys in an effort to enhance the customer service experience to clients accessing the workforce system. Information from surveys will be shared and discussed with providers to help improve the client experience at DEWD funded programs.

IV. Location and Time of Services

FACES SF, 1099 Sunnydale, San Francisco, CA 94134; Comprehensive Access Points and other sites as appropriate. Services are rendered during normal business hours.

V. Project Deliverables

A. The Contractor will develop the following deliverables that will be furnished to DEWD:

1. Business Services Coordinator Policies and Procedures Manual to reflect current scope of services, updated as needed throughout the term of the contract and provided to DEWD upon request.
2. Annual Projection and Placement Plan, due July 2, 2018
3. Sample and master copies of external communication and media, including flyers, job/hiring fair announcements, testimonials and marketing materials, due August 1, 2018
4. Sample copies of workshop and job fair materials, due August 1, 2018
5. Staff roles and responsibilities to reflect current scope of services, due September 4, 2018
6. SFO recruitment plan to reflect current scope of services, including an outreach and marketing for new candidate engagement strategy to grow candidate pipelines who utilize DEWD's workforce services system due September 4, 2018
7. Monthly calendar of activities due last Friday of each month.

V. Service and Outcome Objectives

The Contractor will meet the following service objectives and provide monthly progress reports for each of these benchmarks:

Activity	# GOAL	Description
Hosting of events, such as job fairs, open houses, and employer spotlights	3 per Month	<i>The Number of events where participants have previously been prepared and prescreened to attend</i>
Number of Workforce System Participants attending Hiring Events	300	<i>Number of Workforce System Participants attending Hiring Events</i>
Placement in Unsubsidized Employment	180	<i>The number of participants who obtained employment at SFO as a result of services used or received through the entire workforce network (all Access Points and other providers).</i>
30-90 Retention Verification	135	<i>The number of participants that were retained at 30 days and 90 days after placement. Employment Verification will count for 30-day follow up.</i>
Feedback from employers on participants interviewed at Hiring Events	225	<i>The number of feedback reports filled out by employers for each participant attending Hiring Fairs</i>

VI. Monitoring Activities

Contractor shall make all reasonable efforts to accommodate DEWD and appropriate partners monitoring activities. DEWD will make all reasonable efforts to ensure that such monitoring activities are not unduly disruptive of Contractor's normal course of programs and activities.

- A. **Program Monitoring:** DEWD Program Compliance staff will conduct a minimum of one program monitoring site visit during the program year. Program monitoring may include, but is not limited to, site visits to Contractor and partner facilities, conduct facility review, interviews or surveys of program participants, review of client eligibility, and back-up documentation for reporting progress towards meeting service and outcome objectives.
- B. **Fiscal Compliance and Contract Monitoring:** Fiscal monitoring will include review of the Contractor's organizational budget, the general ledger, quarterly balance sheet, cost allocation procedures and plan, State and Federal tax forms, audited financial statement, fiscal policy manual, supporting documentation for selected invoices, cash receipts and disbursement journals. The compliance monitoring will include

review of Personnel Manual, Emergency Operations Plan, Compliance with the Americans with Disabilities Act, subcontracts, and MOUs, and the current board roster and selected board minutes for compliance with the Sunshine Ordinance.

VII. Reporting Requirements

As noted in Appendix C, all monthly program and invoice reports should be submitted to:

Grant Coordination Team
Office of Economic and Workforce Development (DEWD)
1 South Van Ness Avenue 5th Floor,
San Francisco, CA 94103

A. Program Performance Reporting

Contractor must enter data, collect information and upload documents in DEWD's data management system by the 10th day of each month to credit and capture DEWD Outcomes, Interim Program and Interim Participant Measures. In addition, Contractor shall submit quarterly narrative reports that describe goals versus accomplishments, challenges, share best practices, and plans to achieve contractual goals. Contractor will make every reasonable effort to provide additional or non-customary on data as requested by DEWD.

B. Fiscal Reporting

Contractor must submit invoices in the format provided by DEWD. Invoice forms submitted should include actual expenditures incurred during the month.

1. The invoice supplied shall include the total dollar amount monthly reports on expenditures, matching funds and funding obligations. Invoices will be tied to the contract budget. *The Invoices and corresponding back-up documentation (all receipts for purchases and expenses incurred and reimbursement being sought) MUST* be submitted no later than the **10th day** of the month. Late submissions must be approved in writing by DEWD staff.
2. There shall be no variance from the line item budget submitted which adversely affects program performance as contained in the Contractor's proposal and required in the contract.
3. The invoice shall show by line item:
 - a. Budgeted amount (per contract budget or modification)
 - b. Expenses for invoice period
 - c. Expenses year-to-date
 - d. % of budget expended
 - e. Remaining balance
4. Personnel expenditures will show same line item categories by position. Detail will show last name of employee and position.

5. Executive Directors or CEO or other authorized signatory must certify the invoice is accurate by electronically signing the invoice before it is submitted to DEWD.

Contractor may submit written request for a budget modification to the grant coordinator, and with written approval contractor may adjust the budget.

C. Close-Out Reporting

Within 30 days after the end of the contract period, Contractor shall submit a final or receive a final (close-out) report reflecting actual expenditures, which will be supported by the Contractor's accounting records. If a refund is due DEWD, it must be submitted by the final invoice deadline which will be communicated by DEWD annually. Any expenses submitted after the final year end billing deadline communicated by DEWD will not be paid.

D. Audits

Contractor is responsible for the arrangement for and payment of any costs associated with audits of its programs. In accordance with OMB Circular A-133 contractor single audits must be submitted to DEWD within nine months after the completion of the program year. If the contractor is not required to submit a single audit in accordance with OMB Circular A-133, contractor agrees to provide DEWD annual accounting of WIA expenditures.

E. Ad-Hoc Reporting

Contractor will make every reasonable effort to provide additional or non-customary reports on data as requested by DEWD.

Failure to submit invoices, program reports, audits, close-out reports and requested documents within the times specified in the document or in other written DEWD directives may result in withholding of contract payments in part or full or contract termination.

VIII. Other Requirements

A. Meetings and Trainings

Contractor will attend all required DEWD meetings and trainings. Contractor will minimally be required to attend one monthly meeting/training per program strategy for which they are contracted.

B. Capacity Building Activities

Contractor will participate in OEWD sponsored capacity building meetings, workshops, and convenings. Participation in appropriate (optional and mandatory) capacity building activities, as determined by DEWD, will be considered when Contractor progress is assessed.

C. Marketing Collateral

Contractor will create program marketing collateral (flyers, postcards, invitations, etc.) in close collaboration with DEWD and will not

publish/distribute program marketing collateral without prior approval from DEWD. Contractor will ensure that specific program contact information is kept up to date at all times.

D. Workforce Innovations

Contractor will utilize and/or disseminate information on DEWD-sponsored tools and services, including but not limited to new job search technologies and resources such as DEWD approved labor exchange database (Currently, the SF Jobs Portal).

E. Reasonable Accommodation

DEWD funded programs will ensure that reasonable accommodations are provided to qualified individuals with disabilities. The Contractor shall follow the process to provide reasonable accommodations as it is set forth in DEWD's *Reasonable Accommodation Policy and Procedure Guide*. Further, the Contractor shall notify the DEWD Program Officer and coordinate with the Disability Employment Initiative (DEI) to fulfill reasonable accommodation requests.

- **Cost Reimbursement:**

The cost of this contract is \$200,000. FACES SF will invoice on a monthly basis for costs incurred.

- **Billing:**

- FACES SF will include in their monthly invoice an itemized accounting for all performance fees incurred over the previous month. Performance fees are incurred 30 days after a placement's first date of work, with verification that the employee is still employed with the same employer (i.e. 30 days after their first date of work).
- As verification of the placement, FACES SF must include either a Written Employment Verification Form (provided by DEWD) signed by the employer, or employee pay stub, which shall include first day of work, hours of work per week, and pay rate for the 30 day period of hire, as part of the back-up documentation accompanying the invoice requesting payment for specific placements. As verification of the 30 day employment retention, FACES SF must include either a paystub documenting that the placement was still employed 30 days after the first date of work, or an attestation from the employer to that effect.



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102
 Phone: 415.252.3100 . Fax: 415.252.3112
ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 250086

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4
 (S.F. Campaign and Governmental Conduct Code § 1.126(f)4)
 A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION	
TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD	
OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT	
NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the Clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT	
NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Elsa Lamb	415-554-9850
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
ADM RED	realestateadmin@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR Family & Child Empowerment Services – San Francisco (F	TELEPHONE NUMBER (510) 710-3813
STREET ADDRESS (including City, State and Zip Code) 1101 Masonic Ave San Francisco, CA 94117	EMAIL mbryan@faccessf.org

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 250086
DESCRIPTION OF AMOUNT OF CONTRACT \$4,072.26/month or \$48,867.12/annually with 3% annual increases		
NATURE OF THE CONTRACT (Please describe) Office Lease at 1099 Sunnydale Avenue, 5-Year Lease with two five-year options to extend lease		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Skolnick	Dr. John	CEO
2	Bryan	Melissa	COO
3	Murillo	Patricia	Other Principal Officer
4	Igeme	Thomas	Other Principal Officer
5	Bao	Rui	Other Principal Officer
6	Mullins	Suna	Other Principal Officer
7	Agarwal	Rohit	Other Principal Officer
8	Davis	LiAnna	Other Principal Officer
9	Benitez	Oscar	Other Principal Officer
10	Charles	Naeemah	Other Principal Officer
11	Edwards	Yvette Byes	Other Principal Officer
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9. AFFILIATES AND SUBCONTRACTORS

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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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50			
<input type="checkbox"/>	Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.		

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
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City & County of San Francisco
Daniel Lurie, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Andrico Q. Penick, Director of Real Estate

January 24, 2025

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Real Property Lease – FACES SF (Family & Child Empowerment Services – San Francisco)
1099 Sunnydale Avenue, San Francisco

Dear Board Members:

Attached for your consideration is a Resolution authorizing and approving a real property lease with Family & Child Empowerment Services San Francisco (FACES SF) for a portion of 1099 Sunnydale Avenue (3,039 square feet), San Francisco, for continued use as a workforce development services site providing outreach/recruitment, hiring events, assessments, referrals, case management, supportive services, and job readiness training at The Village Community Facility.

The City and County of San Francisco (City) owns 1099 Sunnydale Avenue under the jurisdiction of the Real Estate Division. In 1995, the City, as authorized by Resolution No. 10-95, entered into an MOU with the United States Department of Housing and Urban Development (HUD) to establish a mutual plan for investment in housing and community development in Visitacion Valley. In furtherance of the Project, in 1997, the City, HUD and several non-profits entered into agreements to build and operate a community facility for at least 30 years. (See Resolution No. 1008-00.) In 2012, after the “reopening” of the community facility, the Department of Public Health, the Human Services Agency and the Real Estate Division issued a request for proposals from non-profits desiring to lease and provide services within the community facility (known as The Village).

Tenant FACES SF responded to the solicitation, was selected, and has been a tenant at the facility since 2013 and has been on holdover since 2022. RED negotiated a new five-year lease, with two five-year options to extend, at \$4,072.26 per month, or \$48,867.12 per year, with a 3% annual increase which includes approximately 822 square feet of office space in support of the temporary grant and programming collaboration with Family Connections Centers, a California non-profit, serving the community. If grant funding is not approved after the initial year of the lease or at any time thereafter, Tenant may surrender approximately 822 square feet of office space, whereby the new adjusted rent will be \$2,970.78 per month, or \$35,649.36 per year, with a 3% annual increase. The City will continue to pay for utilities and custodial services which total approximately \$1,428 per month. The total rent is below fair market rent and consistent with the rental rate (\$16.08 per square foot) of two prior leases approved by the Board under Resolution No. 411-24 approved on August 1, 2024. In light of the use and services provided by FACES SF for the community, we ask the Board find that the Lease to FACES SF

further a proper public purpose sufficient to meet SF Administrative Code, Chapter 23, Section 23.30 market value requirements.

In addition, in light of FACES SF's continued presence and need in the community and the services it provides at the site, we ask the Board to find that the competitive bidding procedures required under SF Administrative Code, Chapter 23, Section 23.33 are impractical or impossible.

RED recommends the Lease and requests a positive recommendation to the Board. If you have any questions regarding this matter, please contact Elsa Lamb of our office at 415-554-9861.

Respectfully



Andrico Q. Penick
Director of Real Estate