

File No. 251027

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date November 5, 2025

Board of Supervisors Meeting Date _____

Cmte Board

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Completed by: Brent Jalipa Date October 30, 2025

Completed by: Brent Jalipa Date _____

1 [Lease Amendment - Clear Channel Outdoor, LLC d/b/a Clear Channel Airports - Airport
2 Advertising Lease - Adding Premises Solely for Promotion of Large Sporting Events]

3 **Resolution approving Amendment No. 3 to the Airport Advertising Lease No. 12-0231**
4 **between Clear Channel Outdoor, LLC d/b/a Clear Channel Airports, as tenant, and the**
5 **City and County of San Francisco, acting by and through its Airport Commission, as**
6 **landlord, for the addition of premises solely for the promotion of large sporting**
7 **events and establishing a new rent structure for those locations.**

8
9 WHEREAS, On October 30, 2012, by Resolution No. 12-0231, the Airport Commission
10 (Commission) awarded the Airport Advertising Lease (Lease) to Clear Channel Outdoor, LLC
11 d/b/a Clear Channel Airports (Tenant), for the placement of commercial advertising throughout
12 San Francisco International Airport (Airport) for a term of eight years, and the current rent is
13 the Minimum Annual Guarantee of \$14,205,786.08 (subject to annual adjustment based on
14 Consumer Price Index); and

15 WHEREAS, On October 6, 2020, by Resolution No. 20-0180, the Commission
16 authorized the COVID-19 Emergency Rent Relief Program for Airport Concession Operators,
17 a program supported by Coronavirus Aid, Relief, and Economic Security (CARES) Act funding
18 allocated to the Airport, and which allowed the Airport to waive Minimum Annual Guarantee
19 (MAG) payments due under the Lease for March, April, and May 2020, and which was
20 memorialized in Amendment No. 1 to the Lease; and

21 WHEREAS, On January 1, 2023, the Airport continued the Lease on a month-to-month
22 holdover basis through April 30, 2024; and

23 WHEREAS, On September 5, 2023, by Resolution No. 23-0224, the Commission
24 adopted the COVID-19 Lease Extension Program which provided certain food and beverage,
25 retail and service concession tenants an extension of up to three and one-half years; tenant

1 received the full three- and one-half-year extension under this program extending the
2 expiration date of the term to October 31, 2027; and

3 WHEREAS, The Airport desires to add new advertising locations to be used solely for
4 the promotion of large sporting events occurring in the San Francisco Bay Area, such as the
5 World Cup and Super Bowl 2026 (Sporting Event Promotional Premises) to generate
6 additional revenue for the Airport; and

7 WHEREAS, On September 16, 2025, by Resolution No. 25-0156, the Commission
8 approved Amendment No. 3 to the Lease, which adds the Sporting Event Promotional
9 Premises to the Lease, and implements a separate base rent equal to 65% of the gross
10 revenue generated from all advertising placed in such new premises; now, therefore, be it

11 RESOLVED, That the Board of Supervisors approves Amendment No. 3 to the Lease,
12 a copy of which is on file with the Clerk of the Board of Supervisors in File No. 251027; and,
13 be it

14 FURTHER RESOLVED, That within 30 days of the amendment being fully executed by
15 all parties, the Airport Commission shall provide the final amendment to the Clerk of the Board
16 for inclusion into the official file.

Item 4
File 25-1027

Department:
Airport

EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution approves the third amendment to the lease between the San Francisco International Airport (Airport) and Clear Channel Outdoor, Inc. (Clear Channel) for the addition of premises specifically for advertising of large sporting events, primarily the Super Bowl 2026 and 2026 FIFA World Cup. The lease amendment establishes a new percentage rent structure of 65 percent of gross revenues for the additional premises. There is no change to the 12-year and 10-month lease term, which ends in October 2027.

Key Points

- In May 2013, the Board of Supervisors approved a resolution between Clear Channel and the Airport for the placement of commercial advertising at the Airport for an eight-year term with a Minimum Annual Guarantee (MAG) rent of \$10 million.
- Under the proposed amendment, Clear Channel will be able to use additional locations and advertising equipment at the Airport for advertising large sporting events. Additional locations for the advertising have not been identified, but the Airport Director will approve all final advertising content, locations, and equipment.
- Clear Channel will pay a percentage rent equal to 65 percent of gross revenues from the advertising on the additional premises, which was a negotiated rate based on staff discussions, institutional knowledge, and a survey of comparable rates at other airports.

Fiscal Impact

- The projected percentage rent in 2026 for the additional sporting event promotional premises is approximately \$1.3 million (65 percent of an estimated two million in gross revenue), which would result in a transfer to the General Fund of \$195,000. The total estimated rent for 2026 and 2027 for the existing and additional premises is \$28.5 million, which would result in a transfer to the General Fund of approximately \$4.3 million.

Policy Consideration

- The current lease does not require Clear Channel to pay the greater of percentage rent or a MAG for the existing leased premises, unlike other concession leases at the Airport. Assuming a percentage rent structure of 65 percent, we found that the percentage rent would have exceeded the MAG rent in seven of the ten years, which could have resulted in an additional \$20.6 million in revenue to the Airport, \$3.1 million of which would have gone to the General Fund. We recommend the Airport consider incorporating both a percentage rent and MAG rent structure in the next RFP issuance for the advertising lease.

Recommendation

- Approve the proposed resolution.

MANDATE STATEMENT

Charter Section 9.118(c) requires that any lease having anticipated revenue of \$1,000,000 or more be subject to approval of the Board of Supervisors.

BACKGROUND

In May 2013, the Board of Supervisors approved a resolution between Clear Channel Outdoor, Inc. (Clear Channel) and the San Francisco International Airport (Airport) for the placement of commercial advertising at the Airport for an eight-year term with a Minimum Annual Guarantee (MAG) rent of \$10 million (File 13-0072). The development term occurred from July 1, 2013 to December 31, 2014.¹ The lease's operating term commenced on January 1, 2015, thus setting an expiration date of December 31, 2022.

In January 2021, the Board of Supervisors approved an ordinance authorizing the COVID-19 Emergency Rent Relief Program for Airport concession tenants, which allowed the Airport to approve the first amendment to the existing Clear Channel lease and waive MAG rent payments for March through May 2020² (File 20-1278). The Airport continued the lease on a month-to-month holdover basis through April 30, 2024, after its expiration on December 31, 2022. The Airport states that they did not want to issue a Request for Proposals after the term expired because of the economic impact of the pandemic, which they anticipated would have resulted in lower bids.

In April 2024, the Board of Supervisors approved the COVID-19 Lease Extension Program for certain service concession, food and beverage, and retail tenants, which allowed the Airport to provide lease extensions of up to three and one-half years to eligible tenants, which included Clear Channel (File 24-0049). Consequently, this authorized the second amendment to the lease, which extended the term for three and one-half years from May 1, 2024 to October 31, 2027.³

DETAILS OF PROPOSED LEGISLATION

The proposed resolution approves the third amendment to the lease between the Airport and Clear Channel for the addition of premises specifically for advertising of large sporting events

¹ Under the lease, Clear Channel must first refurbish, redecorate and modernize the interiors and exteriors of the advertising spaces at Clear Channel's expense, prior to commencement of the operating term of the lease. Clear Channel completed this in December 2014. During this initial refurbishment period (development term), Clear Channel would be responsible for paying the Airport advertising revenues equal to \$833,333 per month, or \$10,000,000 annually, which is based on the lease's Minimum Annual Guarantee (MAG) rent.

² Only MAG rent was waived in March 2020. MAG rent and all payments for fees and utilities were waived in April and May 2020.

³ The second amendment also included a requirement for the tenant to install permanent equipment in several locations in Harvey Milk Terminal 1 by October 31, 2024. The Airport states that the tenant met the deadline and installed the required equipment. In addition, the second amendment updated standard lease provisions.

(sporting event promotional premises), such as Super Bowl 2026 and 2026 FIFA World Cup. The lease amendment establishes a new percentage rent structure of 65 percent of gross revenues for the additional premises. There is no change to the lease term, which ends in October 2027.

The proposed lease changes are summarized in Exhibit 1 below.

Exhibit 1: Proposed Amended Lease Provisions

Provision	Current Lease	Proposed Amendment
Premises	Terminal Buildings including lobby, concourses and boarding areas on the departure level and arrivals level, certain areas in the parking connectors, Air Train bridges, and Rental Car Center, as detailed in the lease's Exhibit A. Current square footage as of October 2025 is 10,916	Additional Sporting Event Promotional Premises designated by the Airport Director in writing (specific locations to be determined) No change to the existing premises.
MAG Rent	\$10 million	No change
MAG Adjustment	Annually based on CPI	No change
Percentage Rent	None	No change for existing premises (no percentage rent) 65 percent of gross revenues for additional proposed Sporting Event Promotional Premises
Term	January 1, 2015 through October 31, 2027 as follows: Eight-year base operating term: January 1, 2015 – December 31, 2022 Holdover period: January 1, 2023 – April 30, 2024 COVID-19 Lease Extension: May 1, 2024 – October 31, 2027	No change
Deposit Amount	50 percent of MAG	No change

Source: Airport and Lease Documents

Leased Premises and Site Usage

Under the proposed amendment, Clear Channel will be able to use additional locations and advertising equipment at the Airport not listed in the current lease specifically for advertising large sporting events (sporting event promotional premises), primarily the Super Bowl 2026 and 2026 FIFA World Cup.⁴ This entails installing, managing and operating, and displaying commercial advertising using various media types, such as traditional print installations, digital signage, or interactive video displays. In addition, the tenant will pay for all advertising equipment and costs incurred in making any improvements or changes to advertising equipment used for the additional sporting event promotional premises.

According to the Airport, specific additional locations for the advertising have not been identified, as the tenant has not sold them yet but will begin the process if the proposed resolution is approved and executed. The Airport states that Clear Channel has interested buyers lined up for both events. All advertising content and equipment for the additional sporting event promotional premises must be reviewed by the Airport Design Review Committee⁵, which makes recommendations to the Airport Director, and comply with the Airport's Advertising Standards Policy⁶. Final advertising content and equipment must be approved by the Airport Director, subject to all lease requirements and memorialized by letter agreement.

According to the Airport, Clear Channel currently advertises in 148 locations comprising approximately 10,916 square feet of advertising space at the Airport; however, the number of locations may fluctuate based on construction activity. Under Exhibit A of the current lease, Clear Channel is allowed a total of 179 specified advertising locations in the Terminal Buildings including lobby, concourses and boarding areas on the departure level and arrivals level, certain areas in the parking connectors, Air Train bridges and stations, and Rental Car Center. The existing lease stipulates that the tenant must use reasonable commercial efforts to occupy at least 75 percent of all Airport advertising spaces and charge an average minimum rate equal to or exceeding \$2,500 per month for each advertising display. The tenant is not meeting this occupancy goal. According to the Airport, the current occupancy rate is approximately 40 percent because several advertising locations are undesirable and difficult to lease due to sparse passenger traffic (such as connector areas or locations at the end of each boarding area). Because of these challenges, the Airport believes the 40 percent occupancy rate is acceptable, particularly given the fixed MAG rent structure (as described below). The Airport states that advertisements on the existing premises are currently approximately 70 percent traditional print installations and 30 percent digital displays.

⁴ Super Bowl 2026 is set to occur on February 8, 2026 at Levi's Stadium in Santa Clara. Six matches of the FIFA World Cup are scheduled for June and July 2026 at Levi's Stadium

⁵ The Airport's Design Review Committee is comprised of five members appointed by the Airport Director, which currently includes the Airport's Chief Development Officer, Director of Planning and Environmental Affairs and Former Director of Museum, as well as a private architect and private interior design consultant.

⁶ The Airport Advertising Standards Policy was approved by the Airport Commission in June 2000. It includes provisions such as the prohibition of advertising alcohol or tobacco, gambling, etc.

The Airport states that Clear Channel can use the existing premises detailed in the current lease for the sporting event promotional advertising; however, the locations for the additional premises will likely be more desirable for buyers and the Airport will be able to share in the revenues from the advertising on the additional premises.

Rent Structure

Minimum Annual Guarantee for Existing Premises

Under the current lease, Clear Channel is only required to pay the Airport rent equal to a MAG of \$10 million annually, with annual adjustments based on the Consumer Price Index (CPI). Clear Channel is not required to pay percentage rent to the Airport for the existing leased premises. The lease also states that the adjustment to the MAG cannot result in a lower MAG than the previous year, unless the total number of square feet of advertising is reduced by greater than 10 percent.

Percentage Rent Determination for New Premises

Under the proposed amendment, Clear Channel will pay a percentage rent equal to 65 percent of gross revenues from the advertising on the additional sporting event promotional premises. According to the Airport, the percentage rent of 65 percent was a negotiated rate based on staff discussions and institutional knowledge, as well as results from a survey administered in May 2025 by Phoenix Sky Harbor International Airport showing comparable rates at large-hub airports.⁷ Clear Channel must submit a monthly sales report showing all gross revenues from the sporting event promotional premises for the previous month. The tenant is also required to submit a year-end revenue report certified by an independent Certified Public Accountant (CPA).

In addition, according to the Airport, Clear Channel is only required to pay percentage rent and not MAG rent on the additional sporting event promotional premises due to the difficulty in estimating valuation because the specific locations and advertising types have not yet been identified. Under the proposed amendment, the tenant may also deduct up to \$100,000 from gross receipts for production and installation-related costs (e.g., set-up, demolition), as reviewed and approved by the Airport.

FISCAL IMPACT

According to the Airport, under the proposed lease amendment, the projected percentage rent in 2026 for the additional sporting event promotional premises is approximately \$1.3 million (65 percent of an estimated two million in gross revenue), which is based on Clear Channel's preliminary assessment of interested buyers in the pipeline. However, the Airport states this projection is challenging to forecast and should not be considered a guarantee.

The Airport states that Clear Channel has paid a total of \$147.6 million in MAG rent since July 2013 (\$15 million from the development period of July 1, 2013 to December 31, 2014 and \$132.6

⁷ The Airport states they did not administer an in-house survey because of time constraints.

million from January 2015 through December 2025⁸). Approximately \$22.1 million of the \$147.6 million is transferred to the City's General Fund.⁹ Over the remaining term of the lease (from January 2026 to October 2027), the total value of the MAG rent for the existing premises is projected to be \$27.2 million (assuming CPI adjustment of three percent annually).

As shown in Exhibit 2 below, the total estimated rent for 2026 and 2027 is \$28.5 million, including rent of \$27.2 million for the existing premises and estimated rent of \$1.3 million for the additional premises. The projected \$28.5 million in rent would result in a transfer to the General Fund of approximately \$4.3 million.

Exhibit 2: Total Estimated Rent under Proposed Lease Amendment, 2026 and 2027

Year	Existing Premises (MAG only)	Proposed Additional Premises (Percentage Rent Only)	Total Estimated Rent
2026	\$14,631,960	\$1,300,000	\$15,931,960
2027 (10 months)	12,559,099		12,559,099
Total	27,191,058	1,300,000	28,491,058

Source: Airport

POLICY CONSIDERATION

As previously mentioned, the current lease does not require Clear Channel to pay the greater of percentage rent or a MAG for the existing leased premises, which is unlike most concession leases at SFO and other airports both in 2013 and today. For this reason, we recommended the Board of Supervisors reject the original lease because the lease did not maximize revenues to the Airport and the General Fund. According to the Airport, the current lease includes a MAG rent only because the Airport Director at the time wanted to minimize visual clutter and advertising and believed that a percentage rent structure would incentivize the tenant to pursue additional advertising locations to obtain higher revenues. Prior to 2013, Clear Channel's advertising lease with the Airport required Clear Channel to pay the greater of a MAG or 70 percent of gross sales.

We reviewed data provided by Clear Channel to the Airport on gross revenues received from 2015 to 2024 for the existing leased premises. Assuming a percentage rent structure of 65 percent, we found that the percentage rent would have exceeded the MAG rent in seven of the ten years, or 70 percent of the time, which could have resulted in an additional \$20.6 million in revenue to the Airport, \$3.1 million of which would have gone to the General Fund. Consequently, we recommend the Airport consider incorporating both a percentage rent and MAG rent structure in the next RFP issuance for the advertising lease, which will occur in 2026 in anticipation of the current lease's expiration in October 2027.

⁸ The CY 2025 MAG rent of \$14,205,786 was determined in November 2024

⁹ The Airport makes an Annual Service Payment to the City's General Fund, equal to 15 percent of concession revenues.

RECOMMENDATION

Approve the proposed resolution.

DS
GRDS
AM

**AMENDMENT NO. 3 TO
LEASE AGREEMENT FOR THE AIRPORT ADVERTISING PROGRAM
AT SAN FRANCISCO INTERNATIONAL AIRPORT
LEASE NO. 12-0231**

THIS LEASE AMENDMENT NO. 3 TO LEASE AGREEMENT FOR THE AIRPORT ADVERTISING PROGRAM AT SAN FRANCISCO INTERNATIONAL AIRPORT, LEASE NO. 12-0231 (this "**Amendment**"), dated as of the Effective Date (as defined below), is entered by and between CITY AND COUNTY OF SAN FRANCISCO, acting by and through its Airport Commission ("**Commission**"), as Landlord ("**City**"), and Clear Channel Outdoor, LLC d/b/a Clear Channel Outdoor, Airports Division f/k/a Clear Channel Outdoor, Inc. d/b/a Clear Channel Airports, as Tenant ("**Tenant**").

RECITALS:

A. On October 30, 2012, by Resolution No. 12-0231, the Commission awarded to Tenant that certain Lease Agreement for the Airport Advertising Program at San Francisco International Airport (**Original Lease**, and as amended, the **Lease**). On May 21, 2013, by Resolution No. 138-13, the San Francisco Board of Supervisors (**Board of Supervisors**) approved the Lease under Charter §9.118.

B. On October 6, 2020, by Resolution No. 20-0180, the Commission authorized the COVID-19 Emergency Rent Relief Program which provided rent relief to most Airport concession tenants for April and May 2020, which after approval by the Board of Supervisors on January 5, 2021 by Ordinance No. 5-21, was memorialized in Amendment No. 1 to the Lease.

C. On September 5, 2023, by Resolution No. 23-0224, the Commission approved the Airport Director to implement the COVID-19 Lease Extension Program (the "**COVID-19 Lease Extension Program**"). On April 2, 2024, by Resolution No. 157-24, the Board of Supervisors approved Amendment No. 2.

D. The City and Tenant desire to, amongst other things, amend the Lease to provide for additional locations and Advertising Equipment to be included in the Premises (as defined in the Lease), solely for the purpose of advertising and promoting during large sporting events taking place in the San Francisco Bay Area, with such additional locations having unique financial rental terms from the existing advertising locations.

E. On September 16, 2025, by Resolution No. 25-0156, the Commission approved this Amendment, and on _____, 2025, by Resolution No. _____, the Board of Supervisors approved this Amendment.

All capitalized terms used in this Amendment and not otherwise defined have the meaning provided in the Lease.

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration the sufficiency of which is hereby acknowledged, City and Tenant hereby agree to enter into this Amendment, the following:

AGREEMENT

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth in this Amendment.

2. Effective Date. This Amendment shall be deemed effective upon the execution by City after receipt of all required approvals of City, as set forth below (the “**Effective Date**”).

3. Premises. In addition to the Premises, Tenant may utilize additional locations and Advertising Equipment designated from time to time by the Airport Director in writing and not listed in Exhibit A, Premises, of the Original Lease, solely for advertising during and/or around large sporting events in the San Francisco Bay Area, as determined by the Airport Director (“**Sporting Event Promotional Premises**”). These Sporting Event Promotional Premises shall be part of the “Premises” of the Lease, and will be subject to all requirements and other terms and conditions of the Lease with respect to “Premises” under the Lease, except for the payment of Rent, the provision for which is set forth in Section 4 below. All costs and expenses incurred in making any necessary improvements or alterations for the placement of Advertising Equipment in the Sporting Event Promotional Premises shall be solely for the account of Tenant.

4. Additional Sporting Event Promotional Premises Rent. Tenant shall pay the City, as additional Base Rent for the Sporting Event Promotional Premises, an amount equal to 65% of Gross Receipts derived specifically from the Sporting Event Promotional Premises (“**Sporting Event Promotional Premises Additional Base Rent**”). No MAG is associated with the Sporting Event Promotional Premises. On or before the twentieth (20th) day of the calendar month, concurrently with the submission of the Sales Reports covering Gross Receipts for the prior month for the Sporting Event Promotional Premises as set forth in Section 5 below, Tenant shall pay to City the Sporting Event Promotional Premises Additional Base Rent. For the avoidance of doubt, the Sporting Event Promotional Premises Additional Base Rent shall not apply to the Premises listed on Exhibit A of the Original Lease or any additional premises other than the Sporting Event Promotional Premises.

5. Gross Receipts. Section 4.1(a) of the Original Lease shall be supplemented by adding the following exclusions to Gross Receipts to the definition of Gross Receipts and such additional exclusions shall apply solely to the Gross Receipts associated with the Sporting Event Promotional Premises:

- “... and (iv) Any sums collected by the Tenant up to a total of One Hundred Thousand Dollars (\$100,000) during the Term of this Lease for creative, production, installation, staffing, removal or other charges for the purpose of displaying advertisements or implanting sponsorships and passed through to the third parties (excluding Tenant Affiliates) which have purchased such advertisements or sponsorships with mark-up not to exceed fifteen percent (15%) (i.e., merely as an accommodation to the third parties with nominal profit); (v) Amounts actually refunded to customers as reimbursement for interruption of service from damage, destruction, or unavailability (e.g. due to construction or other temporary or permanent new circumstances) of an advertising display or other media element that was not caused, in whole or in part, by the Tennant’s negligence or intentional misconduct, or from an electrical power outage to an advertising display or other media element that was not caused, in whole or in part, by the Tennant’s negligence or intentional misconduct, less insurance

proceeds; and (vi) the amount of all sale refunds previously included in Tenant's Gross Receipts and actually made by the Tenant;.”

6. Sales Reports. On or before twentieth (20th) day of the calendar month, Tenant shall submit to City, a report (the “**Sales Report**”) showing all Gross Receipts achieved with respect to the Sporting Event Promotional Premises for the prior month. Such reports shall be certified as being true and correct by Tenant and shall otherwise be in form and substance satisfactory to Director. In addition to all other rights in the Lease, City shall have the right to impose a reasonable fine in the event Tenant shall fail to submit such Sales Report in a timely manner; provided any such fine shall not be imposed until written notice is provided to Tenant and Tenant does not submit such report within ten (10) business days from receipt of written notice.

7. Annual Certification of Sales and Adjustments. The provisions of Section 4.7 of the Original Lease are hereby deleted and replaced with the following:

“Annual Certification of Sales and Adjustment. In addition, within ninety (90) days after the end of each Lease Year, Tenant shall submit to Director at City's Monthly Gross Receipt Report Address a year-end revenue report certified by an independent Certified Public Accountant or senior officer showing monthly Gross Receipts achieved with respect to the prior Lease Year (“Annual Report”). If such report shows that the total Sporting Event Promotional Premises Additional Base Rent actually paid by Tenant with respect the prior Lease Year was less than the Sporting Event Promotional Premises Additional Base Rent payable with respect to such year, then Tenant shall immediately pay to City such deficiency. If such report shows that the total Sporting Event Promotional Premises Additional Base Rent actually paid by Tenant with respect to such prior Lease Year exceeded the Sporting Event Promotional Premises Additional Base Rent payable with respect to such year, then such excess shall be applied as a rent credit to amounts next coming due.”

8. Books and Records; Audit Rights. The provisions of Section 4.9 are deleted and replaced with the following:

“Books and Records; Audit Rights.

(a) Tenant shall maintain for a period of five (5) years after the Expiration Date, or, in the event of a claim by City, until such claim of City for payments hereunder shall have been fully ascertained, fixed and paid, separate and accurate daily records of Gross Receipts, whether for cash, credit, or otherwise. Tenant must require each subtenant, concessionaire, licensee, and assignee to maintain the same records. All such books and records shall be kept in accordance with “generally accepted accounting principles,” consistently applied, showing in detail all business done or transacted in, on, about or from or pertaining to the Premises, and Tenant shall enter all receipts arising from such business in regular books of account, and all entries in any such records or books shall be made at or about the time the transactions respectively occur. The books and source documents to be kept by Tenant must include records of inventories and receipts of merchandise, daily receipts from all sales and other pertinent original sales records and records of any other transactions conducted in or from the Premises by all persons or entities conducting business in or from the Premises. Pertinent original sales records include: (i) cash register tapes, including tapes from temporary registers, (ii) serially pre-numbered sales slips, (iii) the original records of all mail and telephone orders at and to

the Premises, (iv) settlement report sheets of transactions with subtenants, concessionaires, licensees and assignees, (v) original records indicating that merchandise returned by customers was purchased at the Premises by such customers, (vi) memorandum receipts or other records of merchandise taken out on approval, (vii) detailed original records or any exclusions or deductions from Gross Receipts, (viii) sales tax records, and (ix) all other sales records, if any, that would normally be examined by an independent accountant pursuant to generally accepted auditing standards in performing an audit of Gross Receipts. Tenant must keep the required books, source documents and records of Gross Receipts available for inspection by City and its agents and employees at the Premises or at another location within the continental United States at all times during regular business hours. In addition, Tenant shall maintain monthly and annual reports of Gross Receipts derived from its operation under this Lease, using a form and method as is directed by Director. Such forms and methods shall be employed by Tenant throughout the term of this Lease. Upon Director's written request, Tenant shall make available immediately to City and/or its auditors any and all books, records and accounts pertaining to its operations under this Lease. The intent and purpose of the provisions of this section are that Tenant shall keep and maintain records which will enable City and City's Controller to ascertain, determine and audit, if so desired by City, clearly and accurately, Gross Receipts achieved, and the adequacy of the form and method of Tenant's reporting thereof.

(b) Should any examination, inspection, and audit of Tenant's books and records by City disclose an underpayment by Tenant of the total Sporting Event Promotional Premises Additional Base Rent due, Tenant shall promptly pay to City such deficiency, and if such deficiency exceeds two percent (2%) of the total Sporting Event Promotional Premises Additional Base Rent due, Tenant shall also promptly reimburse City for all reasonable and actual costs incurred in the conduct of such examination, inspection, and audit. Further, should any examination, inspection, and audit of Tenant's books and records by City disclose an underpayment by Tenant of the total Sporting Event Promotional Premises Additional Base Rent due and such deficiency exceeds five percent (5%) of the total Sporting Event Promotional Premises Additional Base Rent due, City shall notify Tenant in writing and Tenant shall make any undisputed underpayment to the City. If Tenant does not cure such undisputed underpayment within ten (10) business days, the City shall have the right to terminate Tenant's right to the Sporting Events Promotional Premises. In the event that City deems it necessary to utilize the services of legal counsel in connection with collecting the reimbursement for such examination, inspection, and audit, then Tenant shall reimburse City for reasonable attorneys' fees and litigation expenses as part of the aforementioned costs incurred."

9. Entire Agreement. This Amendment contains all of the representations and the entire agreement between the parties with respect to the subject matter of this Amendment. Any prior correspondence, memoranda (including, without limitation, any memoranda to the Commission), agreements, warranties, or written or oral representations relating to the subject matter of this Amendment are superseded in their entirety by this Amendment. No prior drafts of this Amendment or changes between those drafts and the executed version of this Amendment shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider such drafts in interpreting this Amendment.

10. Miscellaneous. This Amendment shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto. This Amendment is made for the purpose of

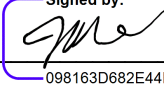
setting forth certain rights and obligations of Tenant and City, and no other person shall have any rights hereunder or by reason hereof as a third-party beneficiary of otherwise. Each party hereto shall execute, acknowledge and deliver to each other party all documents, and shall take all actions, reasonably requested by such other party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Amendment. This Amendment may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this Amendment that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable.

11. Full Force and Effect. Except as specifically amended herein, the terms and conditions of the Lease shall remain unmodified and in full force and effect.

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IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

TENANT: Clear Channel Outdoor, LLC., d/b/a Clear
Channel Outdoor, Airports Division
a Delaware limited liability company

Signed by:
By: 
098163D682E44DE...
Name: Morten Gotterup
Title: President

CITY: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation,
acting by and through its Airport Commission

Mike Nakornkhet
Airport Director

Effective Date (to be inserted by City only):

APPROVED AS TO FORM:
DAVID CHIU,
City Attorney

By: _____
Deputy City Attorney

X:\TENANTS\Clear Channel\Agreements\L12-0231 Clear Channel - Amend. No. 3 (to be signed).docx

LEASE AGREEMENT
FOR THE
AIRPORT ADVERTISING PROGRAM
AT SAN FRANCISCO INTERNATIONAL AIRPORT

by and between
CLEAR CHANNEL OUTDOOR, INC., d/b/a CLEAR CHANNEL AIRPORTS

and

CITY AND COUNTY OF SAN FRANCISCO
ACTING BY AND THROUGH ITS AIRPORT COMMISSION,

and

CITY AND COUNTY OF SAN FRANCISCO
as landlord

Edwin M. Lee
Mayor

AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

October 30, 2012

Lease No. 12-0231

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**LEASE AGREEMENT
FOR THE AIRPORT ADVERTISING PROGRAM
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

MAJOR LEASE TERM SUMMARY

For the convenience of Tenant and City (as such terms are defined below), this Major Lease Term Summary (this "**Summary**") summarizes certain terms of this Lease (as defined below). This Summary is not intended to be a detailed or complete description of this Lease, and reference must be made to the other Sections below for the particulars of this Lease. In the event of any inconsistency between the terms of this Summary and any other provision of this Lease, such other provision shall prevail. Capitalized terms used elsewhere in this Lease and not defined elsewhere shall have the meanings given them in this Summary.

Effective Date: JUN - 3 2013, 20 .

Tenant: Clear Channel Outdoor, Inc. d/b/a Clear Channel Airports
a Delaware corporation.

Tenant's Notice Address: 4635 Crackersport Road
Allentown, PA 18104
Attn: Toby Sturek, President, Clear Channel Airports Division
Fax No. (610) 395-4450
Tel. No. (610) 395-8002

City: The City and County of San Francisco, a municipal corporation,
acting by and through its Airport Commission.

City's Notice Address: San Francisco International Airport
International Terminal, North Shoulder Bldg., 5th Floor
Attn: Airport Director
P. O. Box 8097
San Francisco, CA 94128
Fax No. (650) 821-5005
Tel. No. (650) 821-5000.

City's Rent Payment Address: San Francisco International Airport
Attn: Accounting
575 N. McDonnell Road, 2nd Floor
P. O. Box 7743
San Francisco, CA 94120.

City's Monthly Gross Receipt Report Address: SFOConcessReport@flysf.com

City's Insurance/ San Francisco International Airport
Deposit Notice Attn: Revenue Development and Management
Address: 575 N. McDonnell Road, Suite 3-329
P. O. Box 8097
San Francisco, CA 94128
Fax No. (650) 821-4519
Tel. No. (650) 821-4500.

Premises: Terminal Buildings including lobby, concourses and boarding areas on the
(§ 1) departure level and arrivals level, certain areas in the parking connectors, Air
Train bridges and stations, and Rental Car Center, as shown on the attached
Exhibit A.

Airport Advertising Equipment location shall mean the area wherein Tenant
shall install its Advertising Equipment as approved by the Airport.

Relevant Boarding Boarding Area(s) A + B + C + D + E + F + G
Area:
(§ 4.14)

Term: Development Term, plus the Operating Term, collectively.
(§ 2)

Development Term is the period commencing on the delivery date of the first
Facility delivered by City to Tenant (the "**Commencement Date**") and ending
at 11:59 p.m. on the day prior to the Rent Commencement Date for the *last*
Facility delivered to the Tenant by City (the "**Full Rent Commencement**
Date").

Operating Term is the period commencing on the Full Rent Commencement
Date, and ending at 11:59 p.m. on the day prior to the eighth (8th) anniversary
thereof (the "**Expiration Date**").

Commencement The date on which the Airport Director gives notice to Tenant that the
Date: Premises are ready for Tenant to take possession.
(§ 2.1)

JUL - 1 2013

(actual date to be inserted upon determination)

Rent Prior to Full Tenant shall be charged the pro-rated MAG based on months in Development
Rent Term.
Commencement

Date: Ten Million Dollars (\$10,000,000.00) per year or Eight
(§ 4.2) (actual amount to be inserted upon determination)

Hundred Thirty Three Thousand Three Hundred Thirty-Three
Dollars and 33/100 Cents (\$833,333.33) per month.

Rent Commencement Date: (§ 4) The earlier of: (a) the first day of the first calendar month following the date on which the Initial Improvements (as defined below) are substantially complete and Tenant opens for business therein, and (b) the first day of the first calendar month following the date that is one hundred eighty (180) days after the Commencement Date.

Actual Dates (to be inserted upon determination):

Commencement Date: JUL - 1 2013
Development Term: JUL - 1 2013 -
Full Rent Commencement Date: JAN - 1 2015
Operating Term: JAN - 1 2015 - DEC 31 2022
Expiration Date: DEC 31 2022 11:59 p.m.

Expiration Date: (§ 2) 11:59 p.m. on the day before the ninth (9th) anniversary of the Full Rent Commencement Date.

DEC 31 2022

(actual date to be inserted upon determination)

Reference Year: (§ 4.14) The calendar year immediately prior to the year in which this Lease is awarded: 2011.

Permitted Use: (§ 3) Install, manage and operate, maintain and display commercial advertising using various media types as generally found on airports and approved by the Airport Director (the "Advertising Equipment").

All Advertising Equipment must be approved by the Airport Director before being installed in each location. All advertising content must satisfy the requirements of the Airport's Advertising Standards Policy, which is described in more detail on the attached Exhibit B, as the same may be amended from time to time.

Base Rent: (§ 4) **Ten Million Dollars (\$10,000,000.00)**
(Minimum Annual Guarantee)

Lease Year: (§ 4) The period commencing on the Full Rent Commencement Date and terminating on the day before the first MAG Adjustment Date (as defined below), and each subsequent 12-month period, commencing on each MAG Adjustment Date and expiring on the day before the subsequent MAG Adjustment Date, or expiring on the Expiration Date, as the case may be.

Minimum Annual Guarantee: **Ten Million Dollars (\$10,000,000.00)** (the "Initial MAG"), per annum; **(Eight Hundred Thousand Eight Hundred Thirty Three Dollars and 33/100 Cents (\$833,333.33 per month))**, subject to adjustments upward as described below and (b) suspension and reinstatement under certain circumstances as described herein.
(§ 4)

MAG Adjustment Date: The first anniversary of the Rent Commencement Date or the first day of the first calendar month following such anniversary if the Rent Commencement Date does not fall on the first day of a calendar month, and each anniversary of such adjustment date thereafter.
(§ 4.3)

JAN - 1 2016

(to be inserted upon determination)

Rent: Base Rent, together with all other amounts owing by Tenant to City hereunder.
(§ 4)

Deposit Amount: Equal to one-half (1/2) of the then current MAG (subject to adjustment).
(§ 13)

Advertising Improvements and Investments: Amount sufficient to conform to the Airport's design standards and/or to the base building design and materials. All tenant improvements are subject to review and approval by the Design Review Committee. Tenant shall provide, install and maintain the Advertising Equipment at its sole cost and expense.
(§ 7.1)

Resolution: Number 12-0231, approved by the Airport Commission on October 30, 2012.

Initial Tenant Representative: Meredith Haggerty
Tel. No. (415) 307-5329
(§ 3.11)

Other Agreements: NonAirline Space or Use Permit No. 4306
(§ 13.5)

Exhibits: A – Premises
B – Use and Operational Requirements
C-1 – Form of Performance Bond
C-2 – Form of Letter of Credit

All such exhibits are incorporated into this Lease and made a part hereof.

Initial of Authorized Representative of City [Signature] *st*

Initial of Authorized Representative of Tenant [Signature] *RK*

**LEASE AGREEMENT
FOR THE AIRPORT ADVERTISING LEASE
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

THIS LEASE AGREEMENT (this “**Lease**”), dated as of the Effective Date, is entered into by and between Tenant, and the City and County of San Francisco, a municipal corporation (“**City**”), acting by and through its Airport Commission (“**Commission**”). This Lease is made with reference to the following facts:

A. City owns the San Francisco International Airport (the “**Airport**”) located in the County of San Mateo, State of California, which Airport is operated by and through the Airport Commission (the “**Commission**”), the chief executive officer of which is the Airport Director (“**Director**”). The Airport’s “Terminal Building Complex” is currently comprised of Terminal 1, Terminal 2, Terminal 3, and an International Terminal, together with connecting concourses, piers, boarding areas and extensions thereof, and satellite buildings now or hereafter constructed. Tenant acknowledges that, from time to time, the Airport undergoes certain construction and renovation projects. Unless otherwise specified, the term “Airport” or “Terminal Building Complex” as used herein shall mean the Airport or the Terminal Building Complex, respectively, as the same may be expanded, contracted, improved, modified, renovated, or changed in any way. Unless otherwise specified below, references to the “City” shall mean the City, acting by and through its Airport Commission.

B. Tenant desires to provide and operate the service described in the Permitted Use at the Airport, and City has determined that such service would be an accommodation and convenience for airline passengers and the public using the Terminal Building Complex or the Airport.

C. Following a competitive process, pursuant to Section 2A.173 of the San Francisco Administrative Code, the Commission has determined that Tenant is the highest or best responsible bidder or proposer. Pursuant to the Resolution, Commission has awarded this Lease to Tenant.

Accordingly, Tenant and City agree as follows:

1. PREMISES

1.1 Extent of Leasehold On the terms, conditions, and covenants in this Lease, City hereby leases to Tenant and Tenant hereby leases from City, the Premises. In addition, Tenant shall possess the non-exclusive right of ingress and egress to and from the Premises as may be necessary on areas designated by Director, subject to Airport Rules and Regulations, as amended from time to time (as amended, the “**Airport Rules**”), provided that Tenant’s exercise of such right shall not impede or interfere unduly with the operation of the Airport by City, its tenants, customers, and other authorized occupants. Tenant shall not place or install any racks, stands or other display of merchandise or trade fixtures in any Airport property outside the Premises, without the express prior consent of Airport Director.

1.2 Relocation, Expansion, Contraction. City grants Tenant the right to use the Premises identified on the attached Exhibit A, or portions thereof, from the date of delivery of each portion of the Premises through the remainder of the Term of this Agreement to provide and operate the service described in the Permitted Use. As of the Effective Date, the Premises identified in

Exhibit A, is subject to a final correction in accordance with the Airport's requirements after completion of Tenant's installation of initial advertising Improvements.

Airport Director, in his sole and absolute discretion, may require Tenant's Advertising Equipment to be added, eliminated or relocated, and in such event, Tenant shall add, remove and/or relocate Advertising Equipment at Tenant's sole cost. Such addition, removal and/or relocation is not intended to increase the Premises, rather the decision is based on the structural and operational needs of the Airport in consideration of the value of advertising location and a comparable replacement location. Such addition, elimination or relocation shall be performed by Tenant within thirty (30) days after notice of such requirement ("**Airport Notice**") has been given to Tenant. Exceptions may be granted on a case by case basis to extend the installation period from thirty (30) days after notice of such requirement given a reasonable lead time to order Advertising Equipment. Locations for any advertising premises may be relocated at the Airport Director's discretion.

If a Premises change is more than ten percent (10%) of total advertising display square footage, MAG will be adjusted pro rata in accordance with Section 4.3.

All such addition, elimination, or relocation can be accomplished by Airport Director without formal amendment to this Lease. Initial number and total square feet of Advertising Equipment are shown on Exhibit A.

1.3 Remeasurement of Premises. At any time and from time to time, Director may cause City to conduct a space audit pursuant to which City remeasures the Premises using the Airport's then-current measurement specifications, and in such event, the Lease terms based on square footage shall be deemed automatically adjusted to reflect such remeasurement.

1.4 Changes to Airport. Tenant acknowledges and agrees that (a) City shall have the right at all times to change, alter, expand, and contract the Airport, including the Terminal Building Complex; (b) City has made no representations, warranties, or covenants to Tenant regarding the design, construction, pedestrian traffic, enplanements, airline locations, or views of the Airport or the Premises. Without limiting the generality of the foregoing, Tenant acknowledges and agrees that the Airport (i) is currently undergoing, and may from time to time hereafter undergo, renovation, construction, and other Airport modifications; and (ii) may from time to time adopt rules and regulations relating to security and other operational concerns that may affect Tenant's business. Although City will use reasonable efforts to minimize the effect of such changes on Tenant's business, Tenant acknowledges that such activity may have some effect on its operations located at the Airport. Such construction and renovation programs might involve barricading, materials storage, noise, the presence of workers and equipment, rearrangement, utility interruptions, and other inconveniences normally associated with construction and renovation. Although City will use reasonable efforts to minimize the effect of such changes on Tenant's business, Tenant acknowledges that such activity may have some effect on its operations located at the Airport, and Tenant shall not be entitled to any rent credit or other compensation therefor. At any time and from time to time, City may, without the consent of Tenant, and without affecting Tenant's obligations under this Lease, at City's sole discretion, (a) change the shape, size, location, number and extent of the improvements in any portion of the Airport, including without limitation the concourses, piers, boarding areas, concession areas and security areas located within the Terminal Building, (b) build additional stories above or below the Airport buildings, including of the Terminal Building, (c) eliminate or relocate public entrances to the Premises so long as there is at all times one public entrance to the

Premises, (d) construct multi-level, elevated or subterranean parking facilities, and (e) expand or contract the Airport, including redefining the Airport boundaries so as to include additional lands within the Airport or exclude lands from the Airport or both. Without limiting waivers set forth elsewhere in this Lease, Tenant hereby waives all claims against City and releases City from all Losses (as defined below) that Tenant suffers or incurs arising out of or in connection with any changes to the Airport or any portion of the Airport and Tenant further agrees that Tenant will not be entitled to any rent abatement or any other rent relief in connection with any changes to the Airport or any portion of the Airport. Specifically, the Airport is undergoing a renovation of Boarding Area "E" which tentatively will reopen in the fall of 2013. The Airport is also planning on reconfiguring the security checkpoint in Terminal 3. The Airport will undergo a major renovation of Terminal 1 which is scheduled for 2014 through 2017.

1.5 Common Areas. The term "**common areas**" means all areas and facilities located within the Airport that are designated by City from time to time for the general use and convenience of the tenants of the Airport and other occupants of the airport, and airline passengers and other visitors to the Airport such as concourses, sidewalks, elevators, escalators, moving walkways, parking areas and facilities, restrooms, pedestrian entrances, driveways, loading zones and roadways. City may, in its sole discretion, and without any liability to Tenant (a) change the common areas, (b) increase or decrease the common areas (including the conversion of common areas to leaseable areas and the conversion of leaseable areas to common areas), and (c) impose parking charges. City will, in its sole discretion, maintain the common areas, establish and enforce Airport Rules concerning the common areas, close temporarily portions of the common areas for maintenance purposes, and make changes to the common areas including changes in the location of security check points, driveways, entrances, exits, parking spaces, parking areas, and the direction of the flow of traffic. City reserves the right to make additional Airport Rules affecting the Airport throughout the Term, including the requirement that Tenant participate in a parking validation program.

2. **TERM**

2.1 Commencement and Expiration. The Term shall commence on the Full Rent Commencement Date and expire on the Expiration Date, unless terminated prior thereto as provided herein. If for any reason (including, without limitation, the existing tenant's failure to vacate timely the Premises) City cannot deliver possession of the Premises to Tenant on the Commencement Date, this Lease shall remain in effect, City shall not be subject to any liability, and such failure shall not extend the Term hereof. In such event, and provided such delay is not caused by the act or omission of Tenant, or Tenant's principal, affiliate, contractor, employee, agent, licensee or invitee (a "**Tenant Entity**"), the Rent Commencement Date shall be extended day for day to reflect such delay. If for any reason City is unable to deliver possession of the Premises to Tenant on the date that is one hundred eighty (180) days after the Commencement Date, each of City and Tenant shall have the right to terminate this Lease by notice to the other. After the Rent Commencement Date has occurred, upon Director's request, Tenant will execute a written acknowledgment of the Commencement Date and the Rent Commencement Date. In the event Tenant fails to execute and return promptly such acknowledgment to City, the dates described therein shall be deemed conclusive.

2.2 Phased Delivery and Required Opening. Tenant must deliver a detailed phasing installation plan to the City for approval not less than 45 days prior to Commencement Date. As to each Advertising Equipment location, on the Delivery Date, Tenant shall (i) take possession of such Advertising Equipment location, (ii) ensure that all locations have advertising or filler copy installed, (iii) cause the initial improvements necessary and appropriate to commence operations in the Advertising Equipment location (the "**Initial Improvements**") to be substantially completed at Tenant's sole cost.

Tenant must ensure that all Advertising Equipment must be installed and operational no later than one hundred twenty (120) days from the Commencement Date. As used herein, the term “**Tenant’s Work**” shall mean all improvements, alterations, fixture, equipment, and installation, or appropriate for the conduct of the Permitted Use.

2.3 Late Opening Charge. In the event Tenant fails to install and have commercial advertising displays on all of the initial Advertising Equipment locations on or the agreed-upon Full Rent Commencement Date, City will incur substantial damages, the exact amount of which are extremely difficult to fix. Accordingly, for each day after the Full Rent Commencement Date until the day on which Tenant installs the complete initial Advertising Equipment for business, Tenant shall pay to City Five Hundred Dollars (\$500.00) (in addition to Rent as provided below), as liquidated damages. The parties have agreed that this amount represents a reasonable approximation of the damages likely to be suffered by City in the event Tenant shall fail to install all Advertising Equipment on or before the Rent Commencement Date. In the event the Advertising Equipment are not installed, on the date that is sixty (60) days after the Rent Commencement Date, City shall have the option to terminate this Lease, or to remove the applicable Advertising Equipment location from the Lease, exercisable by notice to Tenant. In the event the applicable Advertising Equipment location is removed from the Lease, any Rent components based on square footage shall be reduced accordingly. Tenant shall be liable for all damages associated with such termination or removal, including City’s releasing costs.

2.4 Delivery Delay by City. If for any reason City cannot deliver possession of an Advertising Equipment location to Tenant on the Commencement Date, this Lease shall remain in effect, City shall not be subject to any liability, and such failure shall not extend the Term hereof. In such event, and provided such delay is not caused by the act or omission of Tenant, or Tenant’s principal, affiliate, contractor, employee, agent, licensee or invitee (a “**Tenant Entity**”), the Rent Commencement Date applicable to such Advertising Equipment location shall be extended day for day to reflect such delay. If for any reason City is unable to deliver possession of the Premises to Tenant on the date that is one (1) year after the Commencement Date, each of City and Tenant shall have the right to terminate this Lease by notice to the other.

2.5 [Intentionally Deleted - City’s Right to Extend Term.]

2.6 Holding Over. If, without objection by City, Tenant holds possession of the Premises after the Expiration Date, Tenant shall become a tenant from month to month, upon the terms of this Lease except that, the MAG shall remain applicable and shall be based on the then-current MAG. No such holdover shall be deemed to operate as a renewal or extension of the Term. Such month-to-month tenancy may be terminated by City or Tenant by giving thirty (30) days’ notice of termination to the other at any time. Tenant shall have no rights to renew or extend the Term of this Lease.

3. **USE AND OPERATION**

3.1 Permitted Use. Tenant shall use the Premises for the Permitted Use and for no other purpose. Tenant shall, at all times, operate the Premises in strict conformance with the Permitted Use attached as Exhibit B herein. In the event Tenant desires to use the Premises for any purpose other than the Permitted Use (including selling an item or service outside the scope of the Permitted Use). Tenant must submit a request to Director. Director may, in his/her sole and absolute discretion approve or deny such request. Any such decision shall be binding on Tenant.

3.2 No Exclusivity. Tenant acknowledges and agrees that Tenant has no exclusive rights to conduct the business of the Permitted Use and that City may arrange with others for similar activities at the Airport.

3.3 Operation of Business. Subject to the terms of this Lease, Tenant will operate Tenant's business in the Premises so as to maximize Gross Receipts (as defined below) and in accordance with the requirements set forth on Exhibit B. Without limiting the generality of the foregoing, Tenant shall (a) conduct the business in a first-class, businesslike, safe, efficient, courteous and accommodating manner; and (b) employ sufficient and experienced staff. In the event Director shall give notice to Tenant that any of the foregoing covenants (a) - (b) are not being satisfied, Tenant shall immediately discontinue or remedy the objectionable practice. Tenant shall take all reasonable measures in every proper manner to maintain, develop, and increase the business conducted by it. Tenant will not divert or cause to be diverted any business from the Airport.

3.4 [Intentionally Deleted - Support Space].

3.5 Hours of Operation. Tenant shall ensure that its advertising displays are operational twenty-four (24) hours a day, seven (7) days a week.

3.6 [Intentionally Deleted - Prices].

3.7 References to Airport. Tenant shall not, without the prior written consent of Director, reference City or the Airport for any purpose other than the address of the business to be conducted by Tenant in the Premises, nor will Tenant do or permit anything in connection with Tenant's business or advertising which in the judgment of City may reflect unfavorably on City or the Airport, or confuse or mislead the public as to the relationship between City and Tenant.

3.8 Other Operational Requirements.

(a) Installation of Advertising. Tenant shall install new Advertising Equipment within sixty (60) days after approval thereof by the Airport Director.

(b) Inspection and Cleaning. Tenant shall visually inspect and clean each Advertising Equipment daily in order to maintain a polished and professional appearance. Tenant shall also ensure that the Advertising Equipment that are lit are suitably illuminated at all times.

(c) Repair of Advertising Equipment. Tenant shall repair or replace damaged Advertising Equipment within twenty-four (24) hours following notice thereof by Airport on a weekday or the next Monday following any weekend.

(d) Removal of Advertising Content. Tenant shall remove any expired, or non-revenue producing advertisements within seventy-two (72) hours beyond expiration or termination of revenue, and replace with Airport-approved filler copy within seventy-two (72) hours of the expiration of the advertiser's contract. Tenant shall make best efforts to replace creative with revenue-generating advertisement.

(e) Occupancy Rates. Tenant shall use reasonable commercial efforts to have at least seventy-five percent (75%) of all Advertising Equipment in all locations occupied. Within ten (10)

business days after the Effective Date, Tenant shall provide to the Director a written plan for achieving this goal.

(f) Maximization of Revenue. Tenant shall use reasonable commercial efforts to maintain an average minimum monthly advertising rate equal to or exceeding \$2,500 per month per advertising using advertising other than Lodging, Transportation and Attractions Boards.

(g) Technology. Within ten (10) business days after the Effective Date, Tenant shall provide to the Director a written description of the technology it intends to use with respect to the Advertising Equipment.

(h) Tenant must dispose of all trash and debris in areas and in containers designated by Director. If City provides common trash areas, Tenant may request a permit to use the same for a charge determined by Director from time to time. Tenant may not place or leave or permit to be placed or left in or upon any part of the common areas or corridors adjacent to the Premises any garbage, debris or refuse.

(i) Tenant acknowledges that the operational requirements of the Airport as an airport facility, including without limitation security requirements, are of paramount importance. Tenant acknowledges and agrees that it must conduct its business in a manner that does not conflict with the operational requirements of the Airport as an airport facility and that fully accommodates those requirements. Without limiting other waivers herein, Tenant waives all claims for any Losses arising out of or connected to the operation of the Airport as an airport facility. Without limitation on the foregoing, Tenant must:

- (i) comply with the Airport Rules;
- (ii) cause all deliveries and dispatches of supplies, fixtures, equipment and furniture to be made and conveyed to or from the Premises by means and during hours established by Director in Director's sole discretion. City has no responsibility regarding the delivery or dispatch of Tenant's merchandise, supplies, fixtures, equipment and furniture. Tenant may not at any time park its trucks or other delivery vehicles in common areas; and
- (iii) not park within the parking areas of the Airport except in those areas, if any, designated by City pursuant to permits obtained from the Airport's Permit Bureau. Nothing herein shall imply that Tenant shall be able to secure any on-Airport parking privileges.

3.9 Prohibited Activities. Without limiting any other provision herein, Tenant shall not, without the prior written consent of Director: (a) use or permit the use of the Premises for the conduct of an outlet store or a second-hand store; (b) advertise any distress, fire, bankruptcy, liquidation, relocation, closing, or going-out-of-business sales; (c) use or permit the use on the Premises of any pinball machines, videogames, or other devices or equipment for amusement or recreation, or any vending machines, newspaper racks, pay telephones, or other coin, token, or credit card-operated devices; (d) cause or permit anything to be done in or about the Premises, or bring or keep anything thereon, which might (i) increase in any way the rate of fire insurance on the Terminal Building Complex or any of its contents; (ii) create a nuisance; (iii) in any way obstruct or interfere with the rights of others in the Terminal Building Complex or injure or annoy them; (e) commit or suffer to be committed any waste upon the Premises; (f) use or

allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose; (g) place any loads upon the floor, walls or ceiling which endanger the structure or obstruct the sidewalk, passageways, stairways or escalators, in front of, within, or adjacent to the Terminal Building Complex; (h) use any advertising or promotional medium that may be seen, heard, or otherwise experienced outside the Premises (such as searchlights, barkers or loudspeakers); (i) distribute handbills or circulars to Airport patrons or to cars in the parking lots, or engage in any other advertising in the Airport; (j) engage in any activity on the Airport outside the Premises for the recruitment or solicitation of business; or (k) do or permit to be done anything in any way tending to injure the reputation of City or appearance of the Airport.

3.10 Audit of Operations. At any time and from time to time, City may conduct an audit of Tenant's operations at the Airport (in addition to City's right to audit pursuant to Section 4.7 [Books and Records; Audit Rights] hereof) to confirm that such operations comply with the requirements set forth herein. Tenant shall cooperate with such audit. In the event such audit shows that Tenant is not complying with such requirements, without limiting City's ability to call a default hereunder, City may require that Tenant reimburse City for the costs of such audit. Tenant shall promptly remedy any noncompliance shown in any such audit.

3.11 Representative of Tenant. Tenant shall at all reasonable times retain in the Terminal Building Complex at least one qualified representative authorized to represent and act for it in matters pertaining to its operation, and shall keep Director informed in writing of the identity of each such person. The initial person so designated is the Initial Tenant Representative.

3.12 Investigation Reports. Tenant shall, if required by Director, employ, at its own cost and expense, an investigative organization approved by Director for the purpose of making investigations and observations and preparing a written report of the carrying out of any pricing policies, revenue control, and operational techniques being used on the Premises. Tenant shall cause such investigation and observation to be made at such reasonable times and in the manner directed by Director, and the investigator shall deliver forthwith to Director a true and complete written copy of any such reports made to Tenant.

3.13 Compliance with Laws. Tenant shall promptly, at its sole expense, cause the Premises (including any permitted Alterations (as defined below)), and Tenant's and any Tenant Entity's use of the Premises and operations therein, to comply at all times with all Laws (as defined below). Notwithstanding the foregoing, this Section 3.13 shall not impose on Tenant any liability to make any structural alterations to the Terminal's roof, foundation, bearing and exterior walls and subflooring; or heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other mechanical, electrical and communications systems of the Terminal (collectively "**Building Systems**"), except to the extent the same is (i) installed by Tenant or Tenant Entity, or (ii) necessitated by Tenant's Alterations or by any act or omission of Tenant or any Tenant Entity. As used herein, the term "**Laws**" shall mean all present and future laws, ordinances, rules, judgments, decrees, injunctions, regulations, permits, authorizations, orders and requirements, to the extent applicable to Tenant or the Premises or any portion of any of them whether or not in the contemplation of the parties, including, without limitation, all consents or approvals required to be obtained from, and all rules and regulations of, and all building and zoning laws of, all federal, state, county and municipal governments, the departments, bureaus, agencies or commissions thereof, authorities, board of officers, any national or local board of fire underwriters, or any other body or bodies exercising similar functions, having or acquiring jurisdiction of the Site or any portion thereof, including the Occupational Safety and Health Act and all other applicable laws relating to workplace safety or toxic materials, substances or wastes, Title XV (commencing with Section 3082) of the

California Civil Code relating to works of improvement and all other applicable laws relating to construction projects, the provisions of the American with Disabilities Act, 42 U.S.C. Section 12101 et. seq. and any governmental regulations with respect thereto (the “**ADA**”) (including, without limitation, the requirements under the ADA for the purposes of “public accommodations”, as that term is used in the ADA), Title 24 of the California Administrative Code, all Environmental Laws, the Airport Rules, the Tenant Improvement Guide (including any design criteria) as the same may be amended from time to time (the “**TI Guide**”), and the requirements referenced in Section 19 [City and Other Governmental Provisions] hereof.

4. RENT

4.1 Definitions. For purposes of this Lease, the following capitalized terms shall have the following meanings:

(a) “**Gross Receipts**” means the gross amount received by Tenant from the advertiser or media buyer without deduction of any overhead expense incurred by Tenant; provided, however, that gross receipts shall be reduced by (i) any state or local tax imposed upon gross receipts or gross revenue (as opposed to net profits), including, without limitation, sales or gross receipts tax, (ii) commissions paid to advertising agencies or other media buyers on behalf of advertisers, and (iii) telephone charges paid by Tenant on Lodging, Transportation and Attractions Boards.

(b) “**Consumer Price Index**” means that index published by the United States Department of Labor, Bureau of Labor Statistics known as “**All Urban Consumers-Not Seasonally Adjusted- San Francisco/Oakland/San Jose, CA.**” In the event such index is discontinued, then “Consumer Price Index” shall mean an index chosen by Director which is, in Director’s reasonable judgment, comparable to the index specified above.

(c) “**MAG Adjustment Date**” has the meaning given it in the Summary.

(d) “**Base Index**” means the most recent Consumer Price Index published immediately prior to the Commencement Date.

(e) “**Comparison Index**” means the most recent Consumer Price Index available at the time of MAG Adjustment review.

(f) “**First Month**” means the month in which the Full Rent Commencement date occurs.

(g) “**Lease Year**” has the meaning given it in the Summary.

4.2 Monthly Rent Payments. Tenant shall pay, as rent for the Premises, monthly Base Rent in advance, on or before the first (1st) day of each calendar month of the Term, as set forth below:

(a) On or before the Rent Commencement Date and the first (1st) day of each calendar month thereafter, Tenant shall pay the current monthly Minimum Annual Guarantee to the City’s Rent Payment Address.

(b) During the Development Term (as defined in the Summary), for purposes of determining Base Rent, the MAG shall be prorated based on months in Development Term. From and after the Full Rent Commencement Date, the MAG shall no longer be prorated.

(c) All payments hereunder shall be paid to City's Rent Payment Address, or at such other place as City may from time to time designate in writing.

(d) All Rent shall be paid in lawful money of the United States, free from all claims, demands, setoffs, or counterclaims of any kind.

(e) Any Rent not paid when due shall be subject to a service charge equal to the lesser of the rate of one and one-half percent (1½%) per month, and the maximum rate permitted by law. Acceptance of any service charge shall not constitute a waiver of Tenant's default on the overdue amount or prevent City from exercising any of the other rights and remedies available to City.

4.3 Adjustments to Minimum Annual Guarantee. On each MAG Adjustment Date, the Minimum Annual Guarantee will be adjusted if the Comparison Index exceeds the Base Index. The Minimum Annual Guarantee with respect to the Upcoming Lease Year shall then be increased to equal the following amount:

$$\text{Initial MAG} \quad \times \quad \frac{\text{Comparison Index}}{\text{Base Index}}$$

Notwithstanding anything to the contrary herein, in no event will the Minimum Annual Guarantee for any Lease Year of the Term be lower than the Minimum Annual Guarantee with respect to the prior Lease Year except if, in any Lease Year, the annual review of the total square feet of Advertising Equipment location result in a minimum of ten percent (10%) expansion or contraction, the MAG shall be adjusted as follows:

$$\text{Initial MAG} \quad \times \quad \frac{\text{Comparison Index}}{\text{Base Index}} \quad \times \quad \frac{\text{New Lease Year Square Feet}}{\text{Prior Lease Year Square Feet}}$$

The first MAG adjustment Date shall occur on the anniversary of the Rent Commencement Date. For example: If the Rent Commencement Date occurs on July 1, 2014, the first MAG Adjustment Date shall occur on July 1, 2015 and every July 1 thereafter until expiration of the Lease term.

4.4 [Intentionally Deleted - Construction Period Operations.]

4.5 [Intentionally Deleted - Rent During Construction.]

4.6 [Intentionally Deleted - Sales Reports.]

4.7 Annual Certification of Sales and Adjustment. Within ninety (90) days after the end of each Lease Year, Tenant shall submit to Director an unqualified year-end financial report certified by an officer of the Tenant showing Gross Revenues achieved with respect to the prior Lease Year. In addition, Tenant shall submit to City such other financial or other reports as Director may reasonably require.

4.8 [Intentionally Deleted - Cash Register Requirements.]

4.9 [Intentionally Deleted - Books and Records; Audit Rights.]

4.10 Other Reports and Submissions. Tenant shall furnish City with such other financial or statistical reports as Director or his/her representative from time to time may reasonably require. Upon

request by Director, Tenant shall furnish to City copies of its quarterly California sales and use tax returns covering the Premises operations as well as that pertinent portion of both the California and Federal income tax returns and possessory interest tax returns on the Premises operations at the time of filing, and any amendments thereto. All copies of such returns must be certified as exact copies of the original documents by a Certified Public Accountant. Tenant and all subtenants (to the extent permitted) shall also promptly notify Director of and furnish to City copies of any audit reports covering this facility conducted by the California Franchise Tax Board or the Board of Equalization.

4.11 Additional Rent. Tenant shall pay to City any and all charges and other amounts under this Lease as additional rent, at the same place where Base Rent is payable. City shall have the same remedies for a default in the payment of any such additional charges as for a default in the payment of Base Rent.

4.12 Prepay Rent. Notwithstanding anything to the contrary herein, in the event Tenant shall fail to pay any Rent when due hereunder, Director shall have the right to require Tenant to pay estimated monthly Rent (including Base Rent, utility charges, and all other amounts) one (1) month in advance of when such payment would otherwise be due. Such prepayment would be based on the highest monthly Rent previously due from Tenant. Such right shall be exercised by a notice from Director to Tenant, which notice may be given any time after such default by Tenant, regardless of whether the same is cured by Tenant.

4.13 Nature of Lease. Under no circumstances will City be expected or required to make any payment of any kind with respect to Tenant's use or occupancy of the Premises, except as may be otherwise expressly set forth herein. Except as may be specifically and expressly provided otherwise in this Lease, no occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, shall relieve Tenant from its liability to pay all of the sums required by this Lease, or relieve Tenant from any of its other obligations under this Lease, or give Tenant the right to terminate this Lease in whole or in part. Tenant waives any rights now or hereafter conferred upon it by any existing or future Law to terminate this Lease or to receive any abatement, diminution, reduction, or suspension of payment of such sums, on account of such occurrence or situation. Except as otherwise expressly provided herein, this Lease shall continue in full force and effect, and the obligations of Tenant hereunder shall not be released, discharged or otherwise affected, by reason of: (a) any damage to or destruction of the Premises or any portion thereof or any improvements thereon, or any taking thereof in eminent domain; (b) any restriction or prevention of or interference with any use of the Premises or the improvements or any part thereof; (c) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other proceeding relating to City, Tenant or any constituent partner of Tenant or any sublessee, licensee or concessionaire or any action taken with respect to this Lease by a trustee or receiver, or by any court, in any proceeding; (d) any claim that Tenant or any other person has or might have against City; (e) any failure on the part of City to perform or comply with any of the terms hereof or of any other agreement with Tenant or any other person; (f) any failure on the part of any sublessee, licensee, concessionaire, or other person to perform or comply with any of the terms of any sublease or other agreement between Tenant and any such person; (g) any termination of any sublease, license or concession, whether voluntary or by operation of law; or (h) any other occurrence whatsoever, whether similar or dissimilar to the foregoing in each case whether or not Tenant shall have notice or knowledge of any of the foregoing. The obligations of Tenant hereunder shall be separate and independent covenants and agreements. Tenant hereby waives to the full extent permitted by applicable law, all rights now or hereafter conferred by statute, including without limitation the provisions of Civil Code Sections 1932 and 1933, to quit, terminate or surrender this Lease or the Premises or any part thereof, or to any abatement, suspension, deferment, diminution or reduction of any rent hereunder.

5. ASSIGNMENT OR SUBLETTING

5.1 No Assignment. Tenant shall not assign, sublet, encumber, or otherwise transfer, whether voluntary or involuntary or by operation of law, the Premises or any part thereof, or any interest herein, without City's prior written consent, which consent may be granted or denied in City's sole and absolute discretion (the term "**Transfer**" shall mean any such assignment, subletting, encumbrance, or transfer). City's consent to one Transfer shall not be deemed a consent to subsequent Transfers. Any Transfer made without City's consent shall constitute a default hereunder and shall be voidable at City's election. Notwithstanding or limiting the foregoing, the City will allow a Tenant, including an individual or entity with any level of ownership in an Airport tenancy, to hold a maximum of eight (8) retail or food and beverage, or a combination therein, leases at the Airport at any given time. This policy does not include subleases. Any transfer made without the City's consent shall constitute a default hereunder and shall be voidable at the City's election.

5.2 Changes in Tenant. The merger of Tenant with any other entity or the transfer of any controlling ownership interest in Tenant, or the assignment or transfer of a substantial portion of the assets of Tenant, whether or not located on the Premises, shall constitute a Transfer. Without limiting the generality of the foregoing, if Tenant is a partnership, a withdrawal or change, voluntary, involuntary or by operation of law of the partner or partners owning twenty-five percent (25%) or more of the partnership, or the dissolution of the partnership, or the sale or transfer of at least twenty-five percent (25%) of the value of the assets of Tenant, shall be deemed a Transfer. If Tenant is a corporation or limited liability company, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock or membership interests of Tenant, or the sale or transfer of at least twenty-five percent (25%) of the value of the assets of Tenant, shall be deemed a Transfer. The phrase "**controlling percentage**" means the ownership of, and the right to vote, stock or interests possessing at least twenty-five percent (25%) of the total combined voting power of all classes of Tenant's capital stock or interests issued, outstanding and entitled to vote for the election of directors. Without limiting the restrictions on asset transfers, this paragraph shall not apply to stock or limited liability company interest transfers of corporations or limited liability companies the stock or interests of which is traded through an exchange or over the counter.

5.3 No Release. In no event will City's consent to a Transfer be deemed to be a release of Tenant as primary obligor hereunder.

5.4 Subleasing. Without limiting City's discretion in approving or disapproving a proposed Transfer, if and to the extent City permits Tenant to sublease the Premises, the following shall apply: (a) Prior to negotiating a sublease agreement, Tenant must submit to City a sublease proposal for City's approval, which approval may be granted or withheld in City's absolute and sole discretion; (b) Every sublease must be on a Standard Sublease Agreement form approved by Director, and the actual sublease must be approved by Director; (c) Each and every covenant, condition or obligation imposed upon Tenant by this Lease and each and every right, remedy or benefit afforded City by this Lease will not be impaired or diminished as a result of any sublease agreement; (d) No subtenant shall be obligated to pay to Tenant, and Tenant shall not be permitted to charge any rent, percentage rent, bonus rent, key money, administration fee, or the like, which exceeds, in the aggregate, the total sums that Tenant pays to City under this Lease for the portion of the Premises subleased by the subtenant under its sublease agreement (the "**Excess Rent**"). If, notwithstanding the foregoing prohibition, Tenant receives any Excess Rent, Tenant shall pay the same to City; (e) Tenant assigns to City all rent and other payments due from all

subtenants under any sublease agreements; provided however, Tenant is hereby granted a license to collect rents and other payments due from subtenants under their sublease agreements until the occurrence of an Event of Default, regardless of whether a notice of that default has been given by City. At any time, at Director's option, City may notify a subtenant of this assignment and upon such notice the subtenant will pay its rent other payments directly to City. City will credit Tenant with any rent received by City under such assignment, but the acceptance of any payment on account of rent from any subtenants as a result of an Event of Default will in no manner whatsoever serve to release Tenant from any liability under this Lease. No payment of rent or any other payment by a subtenant directly to City or other acceptance of such payments by City, regardless of the circumstances or reasons therefor, will in any manner whatsoever be deemed an attornment by the subtenants to City in the absence of either a specific written agreement signed by City to such an effect.

5.5 Excess Rent. City shall receive fifty percent (50%) of all Excess Rent payable in connection with any Transfer. "**Excess Rent**" means the excess of (a) all consideration received by Tenant from a Transfer over (b) Rent payable under this Lease after deducting reasonable tenant improvements paid for by Tenant, reasonable attorneys' fees and any other reasonable out-of-pocket costs paid by Tenant as a result of the Transfer (but specifically excluding any Rent paid to Landlord while the Premises is vacant).

5.6 Acceptance of Rent. The acceptance of rent by City from any person or entity does not constitute a waiver by City of any provision of this Lease or a consent to any Transfer. City's consent to one Transfer will not be deemed to be a consent to any subsequent Transfer. If Tenant defaults in the performance of any of the terms of this Lease, City may proceed directly against the transferor (or if there has been more than one Transfer, then each transferor) without necessity of exhausting remedies against Tenant. City may consent to subsequent Transfers or amendments or modifications to this Lease with transferees, without notifying transferor (or if there has been more than one Transfer, then each transferor) and without obtaining its or their consent thereto and such action shall not relieve any transferor of liability under this Lease as amended.

5.7 Waiver. Tenant waives the provisions of Civil Code Section 1995.310 with respect to remedies available to Tenant should City fail to consent to a Transfer.

6. TAXES, ASSESSMENTS AND LIENS

6.1 Taxes.

(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. Tenant further recognizes and understands that any Transfer permitted under this Lease and any exercise of any option to renew or other extension of this Lease may constitute a change in ownership for purposes of property taxation and therefore may result in a revaluation of any possessory interest created hereunder. Tenant shall pay all 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, all of which shall be paid when the same become due and payable and before delinquency.

(b) Tenant shall report any Transfer, or any renewal or extension hereof, to the County of San Mateo Assessor within sixty (60) days after such Transfer transaction, or renewal or extension. Tenant further agrees to provide such other information as may be requested by the City to enable the

City to comply with any reporting requirements under applicable law with respect to possessory interests and any applicable rules and regulations of the Internal Revenue Service and the Securities and Exchange Commission in connection with any tax-exempt Airport revenue bonds financing the property leased to Tenant hereunder. Tenant agrees to make an irrevocable election not to claim depreciation or an investment credit with respect to any property leased hereunder.

6.2 Other Liens. Tenant shall not permit or suffer any liens to be imposed upon the limitation, mechanics', materialmen's and tax liens, as a result of its activities without promptly discharging the same. Notwithstanding the foregoing, Tenant may in good faith contest any such lien if Tenant provides a bond in an amount and form acceptable to City in order to clear the record of any such liens. Tenant shall assume the defense of and indemnify and hold harmless City against any and all liens and charges of any and every nature and kind which may at any time be established against said premises and improvements, or any part thereof, as a consequence of any act or omission of Tenant or as a consequence of the existence of Tenant's interest under this Lease.

7. INVESTMENTS; ALTERATIONS

7.1 Minimum Investment. Prior to the Rent Commencement Date, Tenant shall refurbish, redecorate and modernize the interiors and exteriors of the Premises, and otherwise complete the Initial Improvements, at a minimum cost of the Minimum Investment Amount. Within ninety (90) days after substantial completion of Tenant's Work, Tenant must provide to City an electronic AUTOCAD file and a hard copy set of as-built drawings and an affidavit, signed under penalty of perjury by both the Tenant and the Tenant's general contractor, architect or construction manager, stating the hard construction costs paid by Tenant to complete Tenant's Work, together with copies of paid invoices and lien waivers substantiating the costs stated in the affidavit. Such "hard construction costs," which must equal or exceed the Minimum Investment Amount, may include architectural and engineering fees, provided the credit for such costs against the Minimum Investment Amount shall not exceed fifteen percent (15%) of the Minimum Investment Amount. The minimum investment may not include financial costs, interest, inventory, pre-opening expenses, inter-company charges related to construction, business interruption, overhead, or debt service on any construction loan, or any charges paid by Tenant to an affiliate. If City determines that the said actual investment cost is less than the Minimum Investment Amount, the deficiency will be paid to City within sixty (60) days from the date City provides Tenant with written notice of said deficiency. If Director disputes the amount of investment claimed by Tenant, Director may, at City's expense, hire an independent appraiser to determine the cost of the investment. If the independent appraiser determines that the investment is less than the Minimum Investment Amount, the deficiency, as well as City's costs of hiring such independent appraiser, will be paid to City by Tenant within sixty (60) days of City's written notice of the appraiser's determination. At any time, upon three (3) business days notice, City or its representatives may audit all of Tenant's books, records and source documents related to the hard construction costs paid by Tenant to complete Tenant's Work. If the audit reveals that the hard construction costs paid by Tenant were less than those stated in Tenant's affidavit, then Tenant must pay City for the costs incurred by City in connection with the audit plus any additional deficiency discovered between the hard construction costs paid by Tenant and the Minimum Investment Amount.

7.2 City's Approval Rights. Tenant shall not make or suffer to be made any alterations, additions, or improvements to the Premises or any part thereof or attach any fixtures or equipment thereto, including the Initial Improvements (collectively, "**Alterations**") without City's prior written consent. Without limiting the generality of the foregoing, the initial layout and design of all Alterations shall conform to Commission's established architectural design scheme for the Terminal Building Complex

and the provisions of Airport's TI Guide. Prior to the construction of any Alterations (including the Initial Improvements), Tenant shall submit detailed plans and specifications to the Airport's Design Review Committee for approval. Tenant shall include with its plans and specifications schematic renderings of the public retail area, materials, a color board(s) and a detailed layout of the overall merchandising plan. All decisions by the Airport's Design Review Committee shall be made subject to the approval of the Airport Commission. City's approval rights will extend to and include architectural and aesthetic matters and City reserves the right to reject any designs submitted and to require Tenant to resubmit designs and layout proposals until they meet City's approval. The Rent Commencement Date shall not be extended if City elects to reject any designs or layout proposals submitted. In the event of disapproval by City of any portion of the plans and specifications, Tenant will promptly submit necessary modifications and revisions thereof. No changes or alterations will be made in said plans or specifications after approval by City. City agrees to act within a reasonable period of time upon such plans and specifications and upon requests for approval of changes or alterations in said plans or specifications. One copy of plans for all improvements or subsequent changes therein or alterations thereof will, within fifteen (15) days after approval thereof by City, be signed by Tenant and deposited with City as an official record thereof. All Alterations shall be effected through the use of contractors approved by City who shall furnish to City upon demand such completion bonds and labor and material bonds as City may require so as to assure completion of the Alterations on a lien-free basis. Without limiting the requirements set forth above, Tenant acknowledges and agrees that Tenant may be required to obtain approvals for any desired Alterations from the Airport's Quality Control Department.

7.3 Structures and Fixtures. Tenant shall, at its sole cost and expense, design, erect, construct and install all fixtures, furnishings, carpeting, decorations, finishings, equipment, counters, or other necessary Alterations for its operation under this Lease. All construction shall be in conformity with the latest edition of the Airport TI Guide, and in conformity with the approved plans and specifications submitted by Tenant, and shall meet all applicable local building codes and ordinances as well as all other Laws. Tenant shall submit complete plans and specifications to Director, and prior to the commencing any construction work, obtain Director's written approval of said plans and specifications. Tenant shall make no change or alteration in the plans and specifications without prior written approval of Director. In the event that Tenant fails to submit plans and specifications which meet the approval of City within thirty (30) days after the Effective Date, City may terminate this Lease. Nothing herein contained shall be construed to delay or otherwise affect the Commencement Date or the Rent Commencement Date.

7.4 Notice and Permits. Tenant shall give written notice to Director not less than seven (7) days prior to the commencement of any work in construction, alteration or repairs of the Premises, in order that City may post appropriate notices of non-responsibility, and agrees that such notices may remain posted until the acceptance of such work by City. Tenant shall obtain, and pay all fees for all permits required by the City or other legal jurisdictions, for improvements that it is required to construct or install, and it shall furnish copies of all such permits to City prior to the commencement of any work.

7.5 Title to Alterations. Title to all Alterations of such a nature as cannot be removed without damage to the Terminal, including all carpeting, decorations, finishings, and counters, shall vest in City on the Expiration Date. All other equipment of such nature as to constitute trade fixtures shall remain the property of Tenant. On the Expiration Date, Tenant may remove said trade fixtures or Director may require that Tenant remove same at Tenant's expense. Prior to the Rent Commencement Date, Tenant shall submit to Director a proposed list of such trade fixtures; said list may be subsequently amended during the term of this Lease to reflect any changes in said trade fixtures. Tenant agrees and understands that "**fixture**" is defined as a thing affixed to premises that is bolted, nailed, screwed, cemented and/or plastered. For the purpose of this Lease, fixtures shall include slat wall, counters and the

like, attached to the physical structure of the premises in any matter whatsoever. On the Expiration Date, all fixtures, other than those deemed trade fixtures by City, shall become the property of City. Tenant shall be liable to City for City's costs for storing, removing and disposing of any alterations of Tenant's personal property, and of restoration of the Premises.

7.6 Effect of Alterations on Airport. If and to the extent that Tenant's activities or proposed Alterations trigger an obligation or requirement on the part of City to make changes to the Airport premises (including ADA requirements), Tenant shall indemnify, defend, and hold harmless City from and against any and all Losses (as defined below) arising out of such activities or Alterations.

7.7 Mid-Term Refurbishment.

(a) Tenant shall refurbish, redecorate and modernize the interior and exterior of the public retail area of the Premises after the fourth (4th) anniversary of the Full Rent Commencement Date (the "**Mid-Term Refurbishment Date**"). On or before the date that is thirty (30) days before the Mid-Term Refurbishment Date, Tenant shall give notice to Director of its intended plan with respect to such mid-term refurbishment requirements. All such mid-term refurbishments will be subject to the requirements of this Lease, including Director's approval rights under this Section 7. Tenant shall complete all such refurbishments on or before the date that is six (6) months after the Mid-Term Refurbishment Date.

(b) The Airport Director shall be authorized to waive, reduce or delay such requirement provided Director is satisfied that Tenant has developed and shall implement a maintenance program necessary or appropriate to keep the facilities in good condition throughout the term of the Lease.

(c) Upon completion of the mid-term refurbishment, Tenant shall provide City with documentation of expenses as specified in Section 7.1 [Minimum Investment] for mid-term refurbishment investment.

7.8 Labor Harmony. The parties acknowledge that it is of the utmost importance to City, Tenant, and all those occupying or to occupy space in the Domestic and International Terminals that there be no interruption in the progress of the construction work. Accordingly, City and Tenant agree as follows:

(a) In any contract or undertaking which Tenant may make with a contractor for work in the Premises, provision shall be made for the dismissal from the job of workmen whose work is unskilled or otherwise objectionable, in the Director's (and, for this purpose, "**the Director**") shall include a reference to the Airport's Architect) reasonable judgment. Tenant shall cause any such workmen to be discharged from the project within twenty-four (24) hours after Director shall give notice to Tenant requiring such discharge.

(b) Tenant shall use, and Tenant shall require its contractor and subcontractors to use, their respective best efforts to prevent work stoppages on the Premises, and/or elsewhere on the Airport, to the extent attributable to work being performed on the Premises, irrespective of the reason of any such stoppage. In the event that the conduct or presence of any employee(s) of Tenant or Tenant's contractor(s) or subcontractor(s) causes a labor dispute or work stoppage, Tenant shall have such employee(s) immediately removed from the Airport upon Director's request.

(c) Tenant shall include, and shall cause its contractor to include, the following clause in all contracts with its general contractors and subcontractors:

Harmony Clause

There shall be no manifestations on the project of any dispute between any labor organization and any Tenant contractor or subcontractor, including but not limited to, any area standards picketing against said contractor or subcontractor. Should there be any manifestation of a labor dispute between any Tenant contractor or subcontractor and any union, which results in a stoppage of work on the part of said contractor or subcontractor's employees or the employees of any other employer or supplier on the project or at the Airport, which in the sole judgment of the Director will cause, or is likely to cause, unreasonable delay in the progress of construction or operation of any business at the Airport, then upon written notice from Director, Tenant shall declare the contractor or subcontractor in default of its contract, and upon such notice, Tenant shall have the right to take such steps as are necessary to finish the uncompleted portion of the work to be performed by the contractor or subcontractor.

(d) Without limiting the generality of indemnities elsewhere in this Lease, Tenant shall indemnify, defend, and hold harmless City and each City Entity for any and all Losses which arise from the actions taken pursuant to this Section 7.8.

7.9 Vacating of Premises. At end of Term, Tenant shall remove the Advertising Equipment and make repairs to walls/floors, including but not limited to, patching up holes, painting walls to match paint, and replace patched up floor. Tenant shall remove from Premises all telecommunications and other low voltage special systems cables which are not integrated with the Airport's Special Systems and Communications systems, if use of system(s) is discontinued.

8. UTILITIES

8.1 Services Provided. City shall provide in the Terminal Building Complex the following utility services: reasonable amounts of water, electricity, telephone, sewage outlets, heating, ventilation, and air conditioning, to a point determined by the Director. All extensions of the facilities requested by Tenant for said utility services from said points shall be at the sole cost and expense of Tenant. In the event of any change desired by Tenant as to said points of supply by City, the expense of making such changes or alterations shall be at the sole cost of Tenant.

8.2 Utility Costs. Tenant shall pay the whole cost for all utility services as invoiced to Tenant by City and for such other special services which it may require in the Premises, and Tenant hereby expressly waives the right to contest any utility rates.

8.3 Shared Telecommunications Services. Tenant acknowledges that City has implement a shared telecommunications service program ("**STS Program**") to provide telecommunications services. The STS Program may involve City's provision of telephone, telefacsimile, local access, long distance service, internet, intranet, and other computer and telecommunications services. In such event, at City's option, Tenant shall participate in the STS Program by engaging City or its agent to provide such services

at Tenant's expense, provided that the charges for such services are generally competitive. Further, Tenant shall pay to City when invoices, the Airport Communication Infrastructure Charge, as the same may be modified from time to time. All payments for STS services shall be due and payable when invoiced by City.

8.4 Waiver of Damages. Tenant hereby expressly waives any and all claims for damages arising or resulting from failures or interruptions of utility services to the Premises, including electricity, gas, water, plumbing, sewage, telephone, communications, heat, ventilation, air conditioning, or for the failure or interruption of any public or passenger conveniences. Without limiting the generality of the foregoing, Tenant shall have no rights to abate Rent or terminate this Lease in the event of any interruption or failure of utility services.

9. MAINTENANCE AND REPAIR

9.1 "As-Is" Condition. TENANT SPECIFICALLY ACKNOWLEDGES AND AGREES THAT CITY IS LEASING THE PREMISES TO TENANT ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT TENANT IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM CITY OR ITS AGENTS, AS TO ANY MATTERS CONCERNING THE PREMISES, INCLUDING: (i) the quality, nature, adequacy and physical condition and aspects of the Premises, including, but not limited to, landscaping, utility systems, (ii) the quality, nature, adequacy, and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Premises, (iv) the development potential of the Premises, and the use, habitability, merchantability, or fitness, suitability, value or adequacy of the Premises for any particular purpose, (v) the zoning or other legal status of the Premises or any other public or private restrictions on use of the Premises, (vi) the compliance of the Premises or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (vii) the presence of Hazardous Materials on, under or about the Premises or the adjoining or neighboring property, (viii) the quality of any labor and materials used in any improvements on the real property, (ix) the condition of title to the Premises, and (x) the agreements affecting the Premises, including covenants, conditions, restrictions, ground leases, and other matters or documents of record or of which Tenant has knowledge.

9.2 Tenant's Maintenance Obligations. Tenant, at all times during the Term and at Tenant's sole cost and expense, shall keep the Premises and every part thereof in good condition and repair, and in compliance with applicable Laws, including the replacement of any facility of City used by Tenant which requires replacement by reason of Tenant's use thereof, excepting (a) ordinary wear and tear, and (b) damage due to casualty with respect to which the provisions of Section 14 [Damage or Destruction] shall apply. Tenant hereby waives all right to make repairs at the expense of City or in lieu thereof to vacate the Premises as provided by California Civil Code Section 1941 and 1942 or any other law, statute or ordinance now or hereafter in effect. In addition, if it becomes reasonably necessary during the term of this Lease, as determined by Director, Tenant will, at its own expense, redecorate and paint fixtures and the interior of the Premises and improvements, and replace fixtures, worn carpeting, curtains, blinds, drapes, or other furnishings. Without limiting the generality of the foregoing, at all times, Tenant shall be solely liable for the facade of the Premises separating the Premises from the Terminal common areas, including the external face thereof, all windows and display areas therein, and all finishes thereon. As provided below in Section 15.4 [City's Right to Perform], in the event Tenant fails to perform its maintenance and repair obligations hereunder, City shall have the right to do so, at Tenant's expense. The parties acknowledge and agree that Tenant's obligations under this Section are a material part of the

bargained-for consideration under this Lease. Tenant's compliance obligations shall include, without limitation, the obligation to make substantial or structural repairs and alterations to the Premises (including the Initial Improvements), 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 curative action may interfere with Tenant's use or enjoyment of the Premises, the likelihood that the parties contemplated the particular requirement involved, or the relationship between the requirement involved and Tenant's particular use of the Premises. No occurrence or situation arising during the Term, nor any present or future requirement, whether foreseen or unforeseen, and however extraordinary, shall relieve Tenant of its obligations hereunder, nor give Tenant any right to terminate this Lease in whole or in part or to otherwise seek redress against City. Tenant waives any rights now or hereafter conferred upon it by any existing or future requirement to terminate this Lease, to receive any abatement, diminution, reduction or suspension of payment of Rent, or to compel City to make any repairs to comply with any such requirement, on account of any such occurrence or situation.

9.3 Tenant's Pest Management Obligations. Tenant shall, at all times during the Term of the Lease and at Tenant's sole cost and expense, keep the Premises and every part thereof in clean and sanitary conditions, including having a pest control program in place in accordance to the Airport's standards. Tenant shall hire a licensed pest control company or may contract with the Airport to provide these services. Tenant and the pest control company must adhere to the following set of standards in accordance to the City and County of San Francisco (CCSF) Environment Code, Chapter 3, including but not limited to the following:

(a) Using pesticides on the CCSF allowed list only when application is made on City property i.e. SFO.

(b) Any pesticide exemption must be granted by the San Francisco Department of Environment before using non-approved pesticides.

(c) All posting requirements regarding pesticide application must be adhered to prior to use.

(d) Pesticide use reports shall be made to Airport IPM (Integrated Pest Management) staff by the 10th of the month following application.

(e) Tenant must provide Airport the name of the pest control company providing service within thirty (30) days from the effective date of the service contract.

10. SIGNS AND ADVERTISING

10.1 Signs and Advertising. Tenant may, at its own expense, install and operate necessary and appropriate identification signs on the Premises, subject to the approval of Director and the requirements of the TI Guide, including but not limited to, the approval of the number, size, height, location, color and general type and design. Such approval shall be subject to revocation by Director at any time. Without express written consent of Director, Tenant shall not display any advertising, promotional, or informational pamphlets, circulars, brochures or similar materials.

10.2 Prohibition of Tobacco 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.

10.3 Prohibition of Alcoholic Beverage Advertising. Tenant acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Advertising Equipment. 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.

11. [INTENTIONALLY DELETED - PROMOTIONAL PROGRAM]

12. WAIVER; INDEMNITY; INSURANCE

12.1 Waiver. Tenant, on behalf of itself and its assigns, waives its rights to recover from and releases and discharges City and all City Entities and their respective heirs, successors, personal representatives and assigns, from any and all Losses whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way connected with (a) the physical or environmental condition of the Premises or any law or regulation applicable thereto, (b) any damage that may be suffered or sustained by Tenant or any person whosoever may at any time be using or occupying or visiting the Premises, or in or about the Airport, or (c) any act or omission (whether negligent, non-negligent or otherwise) of Tenant or any Tenant Entity, whether or not such Losses shall be caused in part by any act, omission or negligence of any of City, Commission, its members, or any officers, agents, and employees of each of them, and their successors and assigns (each, a “**City Entity**”), except if caused by the sole gross negligence or willful misconduct of City. In connection with the foregoing waiver, Tenant expressly waives the benefit of Section 1542 of the California Civil Code, which provides as follows: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR EXPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR.”

12.2 Indemnity. In addition to, and not in limitation of the foregoing, Tenant shall forever indemnify, defend, hold and save City and each City Entity free and harmless of, from and against any and all Losses caused in whole or in part by or arising out of (a) any act or omission of Tenant or any Tenant Entity, (b) Tenant’s use of the Premises or operations at the Airport, or (c) any default by Tenant or any Tenant Entity hereunder, whether or not Losses shall be caused in part by any act, omission or negligence of City or any City Entity. The foregoing indemnity shall not extend to any Loss caused by the sole gross negligence or willful misconduct of City.

12.3 Losses. For purposes hereof “**Losses**” shall mean any and all losses, liabilities, judgments, suits, claims, damages, costs and expenses (including reasonable attorneys’ fees, investigation costs, remediation costs, and court costs), of any kind or nature.

12.4 Immediate Obligation to Defend. Tenant specifically acknowledges that it has an immediate and independent obligation to defend City or the City Entity from any claim which is actually or potentially within the scope of the indemnity provision of this Section 12 or any other indemnity provision under this Lease, even if such allegation is or may be groundless, fraudulent or false, and such obligation arises at the time such claim is tendered to Tenant and continues at all times thereafter.

12.5 Notice. Without limiting the foregoing waiver and indemnity, each party hereto shall give to the other prompt and timely written notice of any Loss coming to its knowledge which in any way, directly or indirectly, contingently or otherwise, affects or might affect either, and each shall have the right to participate in the defense of the same to the extent of its own interest.

12.6 Insurance. Tenant shall procure and maintain during the Term the following insurance:

(a) Workers' Compensation Insurance with Employer's Liability limits not less than \$1,000,000 each accident.

(b) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products Liability and Completed Operations Coverages.

(c) Comprehensive Automobile Liability Insurance with limits not less than \$2,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Employer's non-ownership liability and hired auto coverages.

(d) Property Insurance on all causes of loss-special form covering all Premises tenant improvements, fixtures, and equipment insuring against the perils of fire, lightning, extended coverage perils, vandalism and malicious mischief in the demised premises in an amount equal to the full replacement value of tenant improvements, fixtures and equipment.

(e) Business Interruption Insurance insuring that the Base 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. Said insurance shall also cover business interruptions due to failures or interruptions in telecommunications services, strikes, employee lockouts, riots, or other civil commotion. To calculate Base Rent during any such interruption of business, the Gross Revenues for the 12-month period immediately preceding the incident causing the business interruption shall be used.

12.7 Form of Policies. All insurance required by Tenant hereunder shall be pursuant to policies in form and substance and issued by companies satisfactory to City and City's City Attorney. City may, upon reasonable notice and reasonable grounds increase or change the required insurance hereunder, in which event Tenant shall obtain such required insurance. Without limiting the generality of the foregoing, all Comprehensive General Liability Insurance, and Comprehensive Automobile Liability Insurance, policies shall be endorsed to provide the following:

(a) Name as additional insured the City and County of San Francisco, the Airport Commission and its members, and all of the officers, agents, and employees of each of them (collectively, **"Additional Insureds"**);

(b) 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.

(c) That the insurance company shall give thirty (30) days prior written notice to City of cancellation, non-renewal or reduction in coverage or limits, delivered to City at City's Insurance/Deposit Notice Address.

12.8 Delivery of Policies or Certificates. Within five (5) days after Director's request, and in any event on or before the Commencement Date, Tenant shall provide to City copies of its insurance policies or certificates thereof evidencing the above insurance, at City's Insurance/ Deposit Notice Address.

12.9 Subrogation. Notwithstanding anything to the contrary herein, Tenant waives any right of recovery against City for any loss or damage to the extent the same is required to be covered by Tenant's insurance hereunder. Tenant shall obtain from its insurer, if possible, a waiver of subrogation the insurer may have against City or any City Entity in connection with any Loss covered by Tenant's property insurance policy.

13. DEPOSIT

13.1 Form of Deposit. On or before the date specified by the Director, Tenant will deliver to Director a security deposit (the "**Deposit**") in the Deposit Amount. Such Deposit shall be in the form of (a) a surety bond payable to City, naming City as obligee, in the form attached as Exhibit C-1, and otherwise in form satisfactory to City's City Attorney, and issued by a surety company satisfactory to Director, or a (b) letter of credit naming City as beneficiary, in the form attached as Exhibit C-2, and otherwise in form satisfactory to City's City Attorney, issued by a bank satisfactory to Director. Notwithstanding the foregoing, as may be provided in the Airport Commission Policy on Concession Deposits (Resolution No. 04-0153, August 3, 2004) as the same may be amended from time to time, Tenant shall be permitted to submit as the Deposit alternative forms of deposit as specified therein. Such Deposit shall be renewed annually and increased annually such that at all times, the Deposit is equal to one-half (1/2) the then current Minimum Annual Guarantee, all at Tenant's cost. Such Deposit shall be kept in full force and effect during the Term to ensure the faithful performance by Tenant of all covenants, terms, and conditions of this Lease, including payment of Rent. The sum designated as the "Deposit" is and will remain the sole and separate property of City until actually repaid to Tenant (or at City's option, the last assignee (if any) of Tenant's interest hereunder), said sum not being earned by Tenant until all provisions precedent for its payment to Tenant have been fulfilled. For Deposits in the form of a bond or letter of credit, Tenant shall cause the surety company or bank issuing such bond or letter of credit to give Director notice in writing by registered mail at least forty-five (45) days prior to the expiration date of such bond or letter of credit of its intention not to renew said bond or letter of credit.

13.2 Maintenance of Deposit. Tenant shall cause the Deposit to be increased from time to time such that at all times the Deposit is equal to one-half (1/2) the then current Minimum Annual Guarantee, all at Tenant's cost. Tenant shall cause the bond or letter of credit to be kept in full force and effect during the Term and any holdover period to ensure the faithful performance by Tenant of all covenants, terms, and conditions of this Lease, including payment of Rent. If and to the extent City accepts a Deposit which has an expiration date or cancellation/termination provision, Tenant shall cause the surety company or bank issuing such bond or letter of credit to give Director notice in writing by registered mail at least forty-five (45) days prior to the expiration date of such bond or letter of credit of

its intention not to renew or to cancel or terminate said bond or letter of credit. Tenant shall cause such bond or letter of credit to be renewed, extended, or replaced, at Tenant's sole cost, at least thirty (30) days before the expiration date or cancellation date of the bond or letter of credit, with another bond or letter of credit that complies with the requirements herein. If Tenant fails to do so, City may, without notice to Tenant, draw on the entirety of the Deposit and hold the proceeds thereof as security hereunder. Tenant shall cause all notices to be given to City under this Section 13 to be given to City at City's Insurance/Deposit Notice Address.

13.3 Alternative Forms of Deposit. Notwithstanding the foregoing, if and to the extent alternative form(s) of Deposit are permitted pursuant to the Airport Bid Deposit and Performance Guarantee Policy, as authorized by Commission Resolution No. 04-0153, as such Policy may be amended from time to time, then Tenant may provide such alternative forms of Deposit. Tenant shall cause such Deposit to be increased from time to time such that at all times the Deposit is equal to one-half (1/2) the then current Minimum Annual Guarantee, all at Tenant's cost.

13.4 Use of Deposit. If Tenant fails to pay Rent or otherwise defaults with respect to any provision of this Lease, City may use, apply or retain all or any portion of the Deposit for the payment of Rent or other charge in default or for the payment of any other sum to which City may become obligated by reason of Tenant's default or to compensate City for any loss or damage which City may suffer thereby. If City so uses or applies all or any portion of the Deposit, Tenant, within ten (10) days after request therefore, shall deposit other security acceptable to Director with City in an amount sufficient to restore the Deposit to the full amount thereof, and Tenant's failure to do so shall be a breach of this Lease. City shall not be required to keep the Deposit or any proceeds thereof, as applicable, separate from its general accounts. Any proceeds of the Deposit is and will remain the sole and separate property of City until actually repaid to Tenant, said sum not being earned by Tenant until all provisions precedent for its payment to Tenant have been fulfilled. If Tenant performs all of Tenant's obligations hereunder, the Deposit, or the proceeds thereof, or so much thereof as has not theretofore been applied by City, shall be returned, without payment of interest or other increment for its use, to Tenant (or, at City's option, to the last assignee, if any, of Tenant's interest hereunder) within sixty (60) days after the expiration of the Term, and after Tenant has vacated the Premises. No trust relationship is created herein between City and Tenant with respect to the Deposit or any proceeds thereof.

13.5 Other Agreements. If Tenant defaults with respect to any provision of any other agreement between City and Tenant, including the Other Agreements, City may use, apply or retain all or any portion of the Deposit for payment of any sum owing to City or to which City may become obligated by reason of Tenant's default or to compensate City for any loss or damage which City may suffer thereby. Likewise, if Tenant defaults with respect to any provision under this Lease, City may use, apply, or retain all or any portion of any deposit provided under any other agreement between City and Tenant, including the Other Agreements, for payment of any sum owing to City or to which City may become obligated by reason of Tenant's default or to compensate City for any loss or damage which City may suffer thereby. In the event the Deposit or any other deposit is so used, Tenant shall deposit other security acceptable to Director with City in an amount sufficient to restore the Deposit to the full amount thereof.

14. DAMAGE OR DESTRUCTION

14.1 Partial Destruction of Premises.

(a) In the event the improvements on the Premises are damaged by any casualty which is required to be insured against pursuant to this Lease, then Tenant shall repair such damage as soon as reasonably possible, at its own cost, and this Lease shall continue in full force and effect.

(b) In the event such improvements are damaged by any casualty not covered under an insurance policy required to be maintained pursuant to this Lease, then City may, at City's option, either (i) repair such damage as soon as reasonably possible at City's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Tenant within sixty (60) days after the date of occurrence of such damage of City's intention to terminate this Lease. Such termination shall be effective as of the date specified in such notice.

(c) Notwithstanding the foregoing, if such damage is caused by an act or omission to act of Tenant or a Tenant Entity, then Tenant shall repair such damage, promptly at its sole cost and expense.

(d) In the event City elects to terminate this Lease pursuant to this Section 14.1, Tenant shall have the right within ten (10) days after receipt of the required notice to notify City of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from City, in which event this Lease shall continue in full force and effect and Tenant shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within the ten (10) day period, this Lease shall be terminated as of the date specified in City's notice. City shall not be required to repair any injury or damage by fire or other cause, or to make any restoration or replacement of any paneling, decorations, office fixtures, partitions, railings, ceilings, floor covering, equipment, machinery or fixtures or any other improvements or property installed in the Premises by Tenant or at the direct or indirect expense of Tenant. Tenant shall be required to restore or replace same in the event of damage.

14.2 Total Destruction of Premises. If the improvements on the Premises are totally destroyed during the Term from any cause whether or not covered by the insurance required herein (including any destruction required by any authorized public authority), this Lease shall automatically terminate as of the date of such total destruction.

14.3 Partial Destruction of Terminal Building. If fifty percent (50%) or more of the Terminal Building shall be damaged or destroyed by an insured risk, or if fifteen percent (15%) or more of the Terminal Building shall be damaged or destroyed by an uninsured risk, notwithstanding that the Premises may be unaffected thereby, each of City and Tenant may elect to terminate this Lease by giving notice to the other within ninety (90) days from the date of occurrence of such damage or destruction, in which event the Term of this Lease shall expire on a mutually agreed upon date and Tenant shall thereupon surrender the Premises to City as required hereunder.

14.4 Damage Near End of the Term. If during the last year of the Term the improvements on the Premises are partially destroyed or damaged, City may at City's option terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of City's election to do so within thirty (30) days after the date of occurrence of such damage. In the event City elects to terminate this Lease pursuant hereto, Tenant shall have the right within ten (10) days after receipt of the required notice to notify City in writing of Tenant's intention to repair such damage at Tenant's expense, without

reimbursement from City, in which event this Lease shall continue in full force and effect and Tenant shall proceed to make such repairs as soon as reasonably possible.

14.5 No Abatement of Rent; Tenant's Remedies.

(a) If the Premises are partially destroyed or damaged, Tenant shall have no claim against City for any damage suffered by reason of any such damage, destruction, repair or restoration. Tenant waives California Civil Code Sections 1932(2) and 1933(4) providing for termination of hiring upon destruction of the thing hired.

(b) In no event will Tenant be entitled to an abatement of Rent resulting from any damage, destruction, repair, or restoration described herein.

15. DEFAULT; REMEDIES

15.1 Event of Default. The occurrence of any one or more of the following events shall constitute a breach of this Lease and an "**Event of Default**" hereunder:

(a) Tenant shall fail duly and punctually to pay Rent, or to make any other payment required hereunder, when due to City, and such failure shall continue beyond the date specified in a written notice of such default from Director, which date shall be no earlier than the third (3rd) day after the effective date of such notice. Notwithstanding the foregoing, in the event there occurs two (2) defaults in the payment of Rent or other payment during the Term, thereafter Tenant shall not be entitled to, and City shall have no obligation to give, notice of any further defaults in the payment of Rent or other payment. In such event, there shall be deemed to occur an Event of Default immediately upon Tenant's failure to duly and punctually pay Rent or other payment hereunder; or

(b) Tenant shall become insolvent, or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in bankruptcy, or a petition or answer seeking an arrangement for its reorganization, or the readjustment of its indebtedness under the federal bankruptcy laws, or under any other law or statute of the United States or of any state thereof, or consent to the appointment of a receiver, trustee, or liquidator of any or substantially all of its property; or

(c) A petition under any part of the federal bankruptcy laws, or an action under any present or future insolvency law or statute, shall be filed against Tenant and shall not be dismissed within thirty (30) days after the filing thereof; or

(d) There shall occur a Transfer without the prior approval of the City; or

(e) Tenant shall voluntarily abandon, desert or vacate the Premises; or

(f) Any lien shall be filed against the Premises as a result of any act or omission of Tenant, and shall not be discharged or contested by Tenant in good faith by proper legal proceedings within twenty (20) days after receipt of notice thereof by Tenant; or

(g) Tenant shall fail to provide, maintain, increase, or replace, the Deposit as required herein; or

(h) Tenant shall fail to obtain and maintain the insurance required hereunder, or provide copies of the policies or certificates to City as required herein; or

(i) Tenant shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in this Lease, and such failure shall continue for a period of more than three (3) days after delivery by Director of a written notice of such failure (the “**First Notice**”); or if satisfaction of such obligation requires activity over a period of time, if Tenant fails to commence the cure of such failure within three (3) days after receipt of the First Notice, or thereafter fails to diligently prosecute such cure, or fails to actually cause such cure within one hundred twenty (120) days after the giving of the First Notice; or

(j) Tenant shall use or give its permission to any person to use any portion of Airport or the Terminal Buildings used by Tenant under this Lease for any illegal purpose, or any purpose not approved by Director; or

(k) There shall occur a default under any other agreement between Tenant and City, including the Other Agreements, if any, and such default is not cured as may be provided in such agreement; provided, however, that nothing herein shall be deemed to imply that Tenant shall be entitled to additional notice or cure rights with respect to such default other than as may be provided in such other agreement.

15.2 Statutory Notices. Notwithstanding anything to the contrary in this Section 15, any written notice, other than as specifically set forth in this Section 15, required by any statute or law now or hereafter in force is hereby waived by Tenant to the fullest extent available under law. Any notice given by City pursuant to Section 15.1 may be the notice required or permitted pursuant to Section 1161 et seq. of the California Code of Civil Procedure or successor statutes, and the provisions of this Lease will not require the giving of a notice in addition to the statutory notice to terminate this Lease and Tenant’s right to possession of the Premises. The periods specified in Section 15.1 within which Tenant is permitted to cure any default following notice from City will run concurrently with any cure period provided by applicable laws.

15.3 Remedies. Upon the occurrence and during the continuance of an Event of Default, City shall have the following rights and remedies in addition to all other rights and remedies available to City at law or in equity:

(a) City shall have the rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate Tenant’s right to possession of the Premises. In the event this Lease is so terminated, City may recover from Tenant the following damages:

- (i) The “**worth at the time of the award**” of the unpaid Rent earned to the time of termination hereunder;
- (ii) The “**worth at the time of the award**” of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided;

- (iii) The “**worth at the time of the award**” of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and
- (iv) Any other amount necessary to compensate City for all the detriment proximately caused by Tenant’s failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

For purposes of the foregoing, the “**worth at the time of award**” of the amounts referred to in clauses (i) and (ii) above is computed by allowing interest at the lower of 18% per annum and the highest rate legally permitted under applicable law. The “**worth at the time of award**” of the amount referred to in clause (iii) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1% (one percent). Notwithstanding any other provisions hereof, any efforts by City to mitigate damages caused by Tenant’s breach of this Lease shall not constitute a waiver of City’s right to recover damages hereunder and shall not affect the right of City to indemnification pursuant to the provisions of Section 12 [Waiver; Indemnity; Insurance] hereof. For purposes of calculating City’s damages comprising Base Rent based on Gross Revenues, that amount will be computed by determining the highest Base Rent accruing in any Lease Year during the immediately preceding three Lease Years or such shorter period if the Term prior to termination was less than three Lease Years. Tenant agrees that Tenant’s obligations under this Lease, including the payment of Base Rent, are independent covenants and are not conditioned on the covenants or warranties of City.

(b) City shall have the right and remedy described in California Civil Code Section 1951.4. City may elect not to terminate this Lease and let this Lease continue, in which case City may enforce all its rights and remedies under this Lease, including the right to recover Rent as it becomes due under this Lease. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon the initiative of City to protect City’s interest under this Lease shall not constitute a termination of Tenant’s right to possession.

(c) City shall have the right and power, as attorney in fact for Tenant, to enter and to sublet the Premises, to collect rents from all subtenants and to provide or arrange for the provision of all services and fulfill all obligations of Tenant (as permitted in accordance with the terms of this Lease) and City is hereby authorized on behalf of Tenant, but shall have absolutely no obligation, to provide such services and fulfill such obligations and to incur all such expenses and costs as City deems necessary in connection therewith. Tenant shall be liable immediately to City for all costs and expenses City incurs in collecting such rents and arranging for or providing such services or fulfilling such obligations. City is hereby authorized, but not obligated, to relet the Premises or any part thereof on behalf of Tenant, to incur such expenses as may be necessary to effect a relet and make said relet for such term or terms, upon such conditions and at such rental as City in its sole discretion may deem proper. Tenant shall be liable immediately to City for all reasonable costs City incurs in reletting the Premises required by the reletting, and other costs. If City relets the Premises or any portion thereof, such reletting shall not relieve Tenant of any obligation hereunder, except that City shall apply the rent or other proceeds actually collected by it as a result of such reletting against any amounts due from Tenant hereunder to the extent that such rent or other proceeds compensate City for the nonperformance of any obligation of Tenant hereunder. Such payments by Tenant shall be due at such times as are provided elsewhere in this Lease, and City need not wait until the termination of this Lease, by expiration of the Term hereof or otherwise, to recover them by legal action or in any other manner. City may execute any lease made pursuant hereto in its own name,

and the lessee thereunder shall be under no obligation to see to the application by City of any rent or other proceeds, nor shall Tenant have any right to collect any such rent or other proceeds. City shall not by any reentry or other act be deemed to have accepted any surrender by Tenant of the Premises or Tenant's interest therein, or be deemed to have otherwise terminated this Lease, or to have relieved Tenant of any obligation hereunder, unless City shall have given Tenant express written notice of City's election to do so as set forth herein.

(d) City shall have the right to have a receiver appointed upon application by City to take possession of the Premises and to collect the rents or profits therefrom and to exercise all other rights and remedies pursuant to this Section 15.3.

(e) City shall have the right to enjoin, and any other remedy or right now or hereafter available to a landlord against a defaulting tenant under the laws of the State of California or the equitable powers of its courts, and not otherwise specifically reserved herein.

(f) City may elect to terminate any other agreement between Tenant and City, including the Other Agreements, if any.

15.4 City's Right to Perform. All agreements and provisions to be performed by Tenant under any of the terms of this Lease shall be at its sole cost and expense and without any abatement of Rent. If Tenant shall fail to make any payment or perform any act on its part to be performed hereunder and such failure shall continue for ten (10) days after notice thereof by City, City may, but shall not be obligated to do so, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. All sums so paid by City and all necessary incidental costs shall be deemed additional rent hereunder and shall be payable to City on demand, and City shall have (in addition to any other right or remedy of City) the same rights and remedies in the event of the nonpayment thereof by Tenant as in the case of default by Tenant in the payment of Rent.

15.5 Rights Related to Termination. In the event of any termination based on any breach of the covenants, terms and conditions contained in this Lease, City shall have the option at once and without further notice to Tenant to enter upon the Premises and take exclusive possession of same. City may remove or store any personal property located therein, at the sole cost and expense of Tenant without City being liable to Tenant for damage or loss thereby sustained by Tenant. Upon such termination by City, all rights, powers and privileges of Tenant hereunder shall cease, and Tenant shall immediately vacate any space occupied by it under this Lease, and Tenant shall have no claim of any kind whatsoever against City or any City Entity by reason of such termination, or by reason of any act by City or any City Entity incidental or related thereto. In the event of the exercise by City of such option to terminate, Tenant shall have no right to or claim upon any improvements or the value thereof, which may have been previously installed by Tenant in or on the Premises.

15.6 Cumulative Rights. The exercise by City of any remedy provided in this Lease shall be cumulative and shall in no way affect any other remedy available to City under law or equity.

15.7 Prepayment. As provided in Section 4.10 [Prepay Rent], if Tenant defaults in the payment of Rent, City may require prepayment of Rent. Such right shall be in addition to and not in lieu of any and all other rights hereunder, or at law or in equity.

15.8 Fines. If Tenant defaults under any of the Lease terms specified below, Director may elect to impose the fines described below on the basis of per violation per day:

<u>Violation</u>	<u>Section</u>	<u>Fine</u>
Violation of Premises Clause	1	\$100
Violation of Use Section	3	\$300
Failure to open Facility by Rent Commencement Date	2.3	\$500
Failure to cause operations or Premises to comply with Laws	3.13	\$100
Failure to submit required documents and reports, including Sales Reports	4.4, 4.5, 4.6	\$100
Construction or Alterations without City approval	7	\$100
Failure to make required repairs	9	\$300
Unauthorized advertising or signage	10	\$100
Failure to obtain/maintain insurance	12	\$300
Failure to obtain or maintain Deposit	13	\$300
Failure to abide by any other term in this Lease		\$300

Director's right to impose the foregoing Fines shall be in addition to and not in lieu of any and all other rights hereunder, in the Airport Rules, or at law or in equity. City shall have no obligation to Tenant to impose Fines on or otherwise take action against any other tenant at the Airport. Such Fines shall constitute "**Additional Rent.**"

15.9 City Lien. Tenant hereby grants to City a lien upon and security interest in all fixtures, chattels and personal property of every kind now or hereafter to be placed or installed in or on the Premises, and agrees that in the event of any default on the part of Tenant City has all the rights and remedies afforded the secured party by the chapter on "Default" of the Uniform Commercial Code in the state wherein the Premises are located on the date of this Lease and may, in connection therewith, also (a) enter on the Premises to assemble and take possession of the collateral, (b) require Tenant to assemble the collateral and make its possession available to the City at the Premises, (c) enter the Premises, render the collateral, if equipment, unusable and dispose of it in a manner provided by the Uniform Commercial Code on the Premises. Tenant agrees to execute such instruments as City may request to perfect such lien, and designates also Director his attorney-in-fact for purposes of executing such documents.

15.10 Commencement of Legal Actions. Any legal action by City to enforce any obligation of Tenant or in the pursuit of any remedy hereunder shall be deemed timely filed if commenced at any time prior to one (1) year after the expiration or termination of the Term hereof or prior to the expiration of the statutory limitation period that would be applicable except for this Section 15.10, whichever period expires later.

15.11 Waiver of Notice. Except as otherwise expressly provided in this Section 15, Tenant hereby expressly waives, so far as permitted by law, the service of any notice of intention to enter or re-enter provided for in any statute, or of the institution of legal proceedings to that end, and Tenant, for and

on behalf of itself and all persons claiming through or under Tenant, also waives any right of redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 or 1179, or under any other present or future law, if Tenant is evicted or City takes possession of the Premises by reason of any default by Tenant hereunder.

16. SURRENDER

Tenant shall at the end of the Term surrender to City the Premises and all Alterations, additions and improvements thereto in the same condition as when received, ordinary wear and tear and damage by fire, earthquake, act of God, or the elements excepted. Subject to City's right to require removal pursuant to Section 7 [Investments; Alterations] hereof, all Alterations and improvements installed in the Premises by Tenant (other than Tenant's trade fixtures), shall, without compensation to Tenant, then become City's property free and clear of all claims to or against them by Tenant or any third person. In the event that Tenant shall fail to remove its personal property, including trade fixtures, on or before the Expiration Date, such personal property shall become City's property free and clear of all claims to or against them by Tenant or any third person. In such event, City shall not be responsible for any Losses related to such personal property, and City may sell or otherwise dispose of such personal property.

17. HAZARDOUS MATERIALS

17.1 Definitions. As used herein, the following terms shall have the meanings hereinafter set forth:

(a) "**Environmental Laws**" shall mean any federal, state, local or administrative law, rule, regulation, order or requirement relating to industrial hygiene, environmental conditions or Hazardous Materials, whether now in effect or hereafter adopted, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resources Conservation and Recovery Act of 1976 (42 U.S.C. Section 9601, et seq.), the Clean Water Act (33 U.S.C. Section 1251, et seq.), the Safe Drinking Water Act (14 U.S.C. Section 401, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), the Toxic Substance Control Act (15 U.S.C. Section 2601, et seq.), the California Hazardous Waste Control Law (California Health and Safety Code Section 25100, et seq.), the Porter-Cologne Water Quality Control Act (California Water Code Section 13000, et seq.), and the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code Section 25249.5, et seq.)

(b) "**Hazardous Material**" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health 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 any Environmental Law; any asbestos and asbestos containing materials; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and any materials listed in the Airport's TI Guide.

(c) "**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 Building, or in, on, under or about the Property.

(d) "**Pre-Existing Condition**" means the existence of any Hazardous Materials on the Premises immediately prior to the Commencement Date.

17.2 Tenant's Covenants.

(a) Neither Tenant nor any Tenant Entity shall cause any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or the Airport, or transported to or from the Premises or the Airport; provided that Tenant may use such substances as are customarily used in retail sales so long as such use is in compliance with all applicable Environmental Laws and the Airport's TI Guide.

(b) Tenant shall handle Hazardous Materials discovered or introduced on the Premises during the Term in compliance with all Environmental Laws and the Airport's TI Guide. Tenant shall protect its employees and the general public in accordance with all Environmental Laws.

(c) In the event Tenant becomes aware of the actual or possible Release of Hazardous Materials on the Premises or elsewhere on the Airport, Tenant shall promptly give notice of the same to City. Without limiting the generality of the foregoing, Tenant shall give notice to City of any of the following: (i) notice of a Release of Hazardous Materials given by Tenant, any subtenant, or other occupant to any governmental or regulatory agency; (ii) notice of a violation or potential or alleged violation of any Environmental Law received by Tenant, any subtenant, other occupant on the Premises from any governmental or regulatory agency; (iii) any inquiry, investigation, enforcement, cleanup, removal, other action that is instituted or threatened by a government or regulatory agency; (iv) any claim that is instituted or threatened by a third party against Tenant, any subtenant, or other occupant on the Premises that relates to Hazardous Materials; and (v) any notice of termination, expiration, or material amendment to any environmental operating permit or license necessary for the use of the Premises.

(d) At Director's request, Tenant shall provide information necessary for City to confirm that Tenant is complying with the foregoing covenants.

17.3 Environmental Indemnity. Tenant shall indemnify, defend, and hold harmless City from and against any and all Losses arising during or after the Term as a result of or arising from: (a) a breach by Tenant of its obligations contained in the preceding Section 17.2 [Tenant's Covenants], or (b) any Release of Hazardous Material from, in, on or about the Premises or the Airport caused by the act or omission of Tenant or any Tenant Entity, or (c) the existence of any Hazardous Materials on the Premises, except to the extent that Tenant can demonstrate that such Hazardous Materials constitutes a Pre-Existing Condition.

17.4 Environmental Audit. Upon reasonable notice, Director shall have the right but not the obligation to conduct or cause to be conducted by a firm acceptable to Director, an environmental audit or any other appropriate investigation of the Premises for possible environmental contamination. Such investigation may include environmental sampling and equipment and facility testing, including the testing of secondary contamination. No such testing or investigation shall limit Tenant's obligations hereunder or constitute a release of Tenant's obligations therefor. Tenant shall pay all costs associated with said investigation in the event such investigation shall disclose any Hazardous Materials contamination as to which Tenant is liable hereunder.

17.5 Closure Permit. Prior to the termination or expiration of this Lease, Director shall have the right to require Tenant to file with the City an application for a Closure Permit for decontamination of the site and investigation and removal of all Hazardous Materials in compliance with the Airport's TI Guide, the Airport Rules, and all Laws. The Closure Permit may require a plan for long-term care and surveillance of any contamination allowed to remain at the Premises or Airport property and an

acknowledgment of responsibility and indemnification for any and all Losses associated with any such contamination. Without limiting the foregoing provision, City reserves the right to require Tenant to, and in such event Tenant shall, at Tenant's sole cost and expense, decontaminate the Premises and remove any Hazardous Materials discovered during the Term, except those Hazardous Materials which constitute Pre-Existing Conditions. Such removal shall be performed to the Director's reasonable satisfaction.

18. EMINENT DOMAIN

18.1 Definitions. For purposes of this Section 18, the following capitalized terms shall have the following meanings:

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

(b) "**Date of Taking**" means the earlier of: (a) the date upon which title to the portion of the Premises taken passes to and vests in the condemnor, and (b) the date on which Tenant is dispossessed

(c) "**Taking**" means a taking or damaging, including severance damage, by eminent domain, inverse condemnation or for any public or quasi-public use under applicable Laws. 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.

18.2 General. If during the Term or during the period between the execution of this Lease and the Commencement Date, any Taking of all or any part of the Premises or any interest in this Lease occurs, the rights and obligations of the parties hereunder shall be determined pursuant to this Section 18. City and Tenant intend that the provisions hereof govern fully in the event of a Taking and accordingly, the Parties each hereby waives any right to terminate this Lease in whole or in part under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure or under any similar Law now or hereafter in effect.

18.3 Total Taking; Automatic Termination. If a total Taking of the Premises occurs, then this Lease shall terminate as of the Date of Taking.

18.4 Partial Taking; Election to Terminate.

(a) If a Taking of any portion (but less than all) of the Premises occurs, then this Lease shall terminate in its entirety 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 for the Permitted Use; (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) City elects to terminate.

(b) If a partial Taking of a material portion of the Terminal occurs, City shall have the right to terminate this Lease in its entirety.

(c) City's elections to terminate this Lease pursuant to this Section 18 shall be exercised by City's giving notice to Tenant on or before the date that is one hundred twenty (120) days after the Date of Taking, and thereafter this Lease shall terminate upon on the thirtieth (30th) day after such notice is given.

18.5 Tenant's Monetary Obligations; Award. Upon termination of this Lease pursuant to an election under Section 18.4 [Partial Taking; Election to Terminate] above, then: (a) Tenant's obligation to pay Base Rent shall continue up until the date of termination, and thereafter shall cease, and (b) City shall be entitled to the entire Award in connection therewith (including 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 Tenant's personal property.

18.6 Partial Taking; Continuation of Lease. If a partial Taking of the Premises occurs and this Lease is not terminated in its entirety under Section 18.4 [Partial Taking; Election to Terminate] 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) the Minimum Annual Guarantee shall be adjusted by Director to reflect the 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). 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. Tenant shall retain any Award made specifically to Tenant for Tenant's relocation expenses or the interruption of or damage to Tenant's business or damage to Tenant's personal property.

18.7 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, City shall be entitled to receive any Award.

19. CITY AND OTHER GOVERNMENTAL PROVISIONS

19.1 Charter. This Lease shall be governed by and subject to the budget and fiscal provisions of the Charter of the City and County of San Francisco and its' Municipal Codes (available at www.sfgov.org). The policies described or referenced in this Lease are incorporated by reference as though fully set forth in this Lease. The descriptions below are not comprehensive but are provided for notice purposes only; Tenant is charged with full knowledge of each such ordinance and policy and any related implementing regulations as they may be amended from time to time. Tenant understands and agrees that its failure to comply with any provision of this Lease relating to any such code provision shall be deemed a material breach of this Lease and may give rise to penalties under the applicable ordinance. Capitalized or highlighted terms used in this Section and not defined in this Lease shall have the meanings ascribed to them in the cited ordinance.

19.2 MacBride Principles - Northern Ireland. City urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Tenant acknowledges that he or she has read and understood this section.

19.3 Tropical Hardwood and Virgin Redwood Ban. 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 Environmental Code, Tenant shall not provide any items to the construction of 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 Environmental 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.

19.4 No Representations. Tenant acknowledges and agrees that neither City nor any person on behalf of City has made, and City hereby disclaims, any representations or warranties, express or implied, regarding the business venture proposed by Tenant at the Airport, including any statements relating to the potential success or profitability of such venture. Tenant represents and warrants that it has made an independent investigation of all aspects of the business venture contemplated by this Lease and the Permitted Use.

19.5 Effect of City Approvals. Notwithstanding anything to the contrary herein, Tenant acknowledges and agrees that City is entering into this Lease as a landowner, and not as a regulatory agency with police powers. Accordingly, any construction, alterations, or operations contemplated or performed by Tenant hereunder may require further authorizations, approvals, or permits from governmental regulatory agencies, including the Airport's Quality Control Department. Nothing in this Lease shall limit Tenant's obligation to obtain such other authorizations, approvals, or permits. No inspection, review, or approval by City pursuant to this Lease shall constitute the assumption of, nor be construed to impose, responsibility for the legal or other sufficiency of the matter inspected, reviewed, or approved. In particular, but without limiting the generality of the foregoing, in approving plans and specifications for Alterations, City (a) is not warranting that the proposed plan or other action complies with applicable Laws, and (b) reserves its right to insist on full compliance in that regard even after its approval has been given or a permit has been issued.

19.6 Limitation on Damages. Notwithstanding anything to the contrary herein, in no event will City or any City Entity be liable to Tenant or any Tenant Entity for any consequential, incidental, or special damages, or special damages, or lost revenues or lost profits.

19.7 Sponsor's Assurance Agreement. This Lease shall be subordinate and subject to the terms of any "**Sponsor's Assurance Agreement**" or any like agreement heretofore or hereinafter entered into by City and any agency of the United States of America.

19.8 Federal Nondiscrimination Regulations.

(a) Tenant understands and acknowledges that City has given to the United States of America, acting by and through the Federal Aviation Administration, certain assurances with respect to nondiscrimination, which have been required by Title VI of the Civil Rights Act of 1964, as effectuated by Title 49 of the Code of Federal Regulations, Subtitle A - Office of the Secretary of Transportation, Part 21, as amended, as a condition precedent to the government making grants in aid to City for certain Airport programs and activities, and that City is required under said Regulations to include in every agreement or concession pursuant to which any person or persons other than City, operates or has the right to operate any facility on the Airport providing services to the public, the following covenant, to which Tenant agrees as follows: "*Tenant in its operation at and use of San Francisco International Airport, covenants that (1) no person on the grounds of race, color, or national origin shall be excluded*

from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that the grantee, licensee, permittee, etc., shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Subtitle A, Office of the Secretary of Transportation, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation Effectuations of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.”

(b) (i) This agreement is subject to the requirements of the U.S. Department of Transportation’s regulations, 49 CFR part 23. The concessionaire or contractor agrees that it will not discriminate against any business owner because of the owner’s race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR part 23. (ii) The concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR part 23 that it enters and cause those businesses to similarly include the statements in the further agreements.

19.9 Federal Affirmative Action Regulations. Tenant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Tenant assures that it will require that its covered sub-organizations provide assurances to Tenant that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

19.10 City’s Nondiscrimination Ordinance.

(a) Covenant Not to Discriminate. In the performance of this agreement, Tenant agrees not to discriminate against any employee, City and County employee working with Permittee, applicant for employment Tenant, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Tenant, 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 Contracts. Tenant shall include in all subleases and other subcontracts relating to the Premises hereunder a nondiscrimination clause 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) Nondiscrimination 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, 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. Tenant hereby represents that prior to execution of this Lease (i) Tenant executed and submitted to the Human Rights Commission of the City and County of San Francisco (the "HRC") the Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits form (Form HRC-12B-101), with supporting documentation, and (ii) the HRC approved such form.

(e) Penalties. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to nondiscrimination 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 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 \$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.

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

19.12 Prevailing Rates of Wage. Tenant shall abide by Airport Commission Policy No. 80-0031, requiring that Tenant pay prevailing rates of salaries, wages, and employee benefits, to its employees working at San Francisco International Airport pursuant to this Lease.

19.13 Declaration Regarding Airport Private Roads. Tenant hereby acknowledges and agrees that all roads existing at the date of execution hereof within the boundaries of the Airport, as shown on the current official Airport plan and as it may be revised, are the private property and private roads of the City and County of San Francisco, with the exception of that portion of the old Bayshore Highway which runs through the southern limits of the City of South San Francisco and through the northern portion of the Airport to the intersection with the North Airport Road as shown on said Airport Plan, and with the exception of that portion of the North Airport Road which runs from the off and on ramps of the State Bayshore Freeway to the intersection with said old Bayshore Highway as shown on said Airport Plan. It further acknowledges that any and all roads hereafter constructed or opened by City within the Airport boundaries will be the private property and road of City, unless otherwise designated by appropriate action.

19.14 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 or other Losses, against and covenants not to sue City or any City Entity under any Laws, including any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws. Without limiting Section 5 [Assignment or Subletting], 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, defend, and hold harmless City for any and all Losses arising out of any relocation assistance or benefits payable to any Transferee.

19.15 Drug-Free Workplace. Tenant acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1988 (41 U.S.C §§ 701 et seq.), the unlawful manufacture, distribution, possession or use of a controlled substance is prohibited on City or Airport premises.

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

19.17 Sunshine Ordinance. In accordance with S.F. Administrative Code Section 67.24(e), contractors' bids, responses to RFPs and all other records of communications between the City and persons or firms seeking contracts shall 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 or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

19.18 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 Airport 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.

19.19 First Source Hiring Ordinance. Tenant shall comply with the San Francisco First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264-98, as amended from time to time) and related program and work in cooperation with the Airport Commission Office of Employment and Community Partnerships pursuant to the First Source Hiring Agreement entered into between the Airport Commission and the Tenant concurrently herewith, and incorporated herein by reference.

19.20 Labor Peace/Card Check Rule. Without limiting the generality of other provisions herein requiring Tenant to comply with all Airport Rules, Tenant shall comply with the Airport's Labor Peace/Card Check Rule, adopted on February 1, 2000, pursuant to Airport Commission Resolution No. 00-0049 (the "**Labor Peace/Card Check Rule**"). Capitalized terms not defined in this provision are defined in the Labor Peace/Card Check Rule. To comply with the Labor Peace/Card Check Rule, Tenant shall, among other actions: (a) Enter into a Labor Peace/Card Check Agreement with any Labor Organization which requests such an agreement and which has registered with the Airport Director or his/her designee, within thirty (30) days after the Labor Peace/Card Check Agreement has been requested; (b) Not less than thirty (30) days prior to the modification of this Lease, Tenant shall provide notice by mail to any Labor Organization or federation of labor organizations which have registered with the Director or his/her designee ("**registered labor organization**"), that Tenant is seeking to modify or extend this Lease; (c) Upon issuing any request for proposals, invitations to bid, or similar notice, or in any event not less than thirty (30) days prior to entering into any Subcontract, Tenant shall provide notice to all registered labor organizations that Tenant is seeking to enter into such Subcontract; and (d) Tenant shall include in any subcontract with a Subcontractor performing services pursuant to any Covered Contract, a provision requiring the Subcontractor to comply with the requirements of the Labor Peace/Card Check Rule. If Airport Director determines that Tenant shall have violated the Labor Peace/Card Check Rule, Airport Director shall have the option to terminate this Lease, in addition to exercising all other remedies available to him/her.

19.21 Requiring Minimum Compensation.

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

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

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

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

(e) The City is authorized to inspect Tenant's premises and conduct interviews with employees and conduct audits of Tenants.

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

(g) Tenant understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Tenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(h) 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 MCO.

(i) If Tenant is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Tenant later enters Tenant an agreement or agreements that cause Tenant to exceed that amount in a fiscal year, Tenant shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Tenant and this department to exceed \$25,000 in the fiscal year.

19.22 Airport Intellectual Property. Pursuant to Resolution No. 01-0118, adopted by the Airport Commission on April 18, 2001, the Airport Commission affirmed that it will not tolerate the unauthorized use of its intellectual property, including the SFO logo, CADD designs, and copyrighted publications. All proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Airport Director's prior consent.

19.23 Requiring Health Benefits for Covered Employees. 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 by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Agreement 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 of the HCAO, it shall have no obligation to comply with part (a) above.

(c) If, within 30 days after receiving 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 30-day period, Tenant fails to commence efforts to cure within such period, or thereafter fails to diligently pursue such cure to completion, the City shall have the remedies set forth in Section 12Q.5(f). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(d) Any Sublease or Contract regarding services to be performed on the Premises entered into by Tenant shall require the Subtenant or Contractor and Subcontractors, as applicable, to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in Chapter 12Q of the Administrative Code. Tenant shall notify the Purchasing Department when it enters into such a Sublease or Contract and shall certify to the Purchasing Department that it has notified the Subtenant or Contractor of the obligations under the HCAO and has imposed the requirements of the HCAO on the Subtenant or Contractor through written agreement with such Subtenant or Contractor. Tenant shall be responsible for ensuring compliance with the HCAO for each Subtenant, Contractor and Subcontractor performing services on the Premises. If any Subtenant, Contractor or Subcontractor fails to comply, the City may pursue the remedies set forth in Section 12Q.5 of the Administrative Code against Tenant based on the Subtenant's, Contractor's, or Subcontractor's failure to comply, provided that the Contracting Department has first provided Tenant with notice and an opportunity to cure the violation.

(e) Tenant shall not discharge, reprimand, penalize, reduce the compensation of, or otherwise discriminate against, any employee for notifying the City of any issue relating to the HCAO, for opposing any practice proscribed by the HCAO, for participating in any 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 requirements of the HCAO.

(g) Tenant shall keep itself informed of the requirements of the HCAO, as they may change from time to time.

(h) Upon request, Tenant shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subtenants, Contractors, and Subcontractors.

(i) Within ten (10) business days of any request, Tenant shall provide the City with access to pertinent records relating to any Tenant's compliance with the HCAO. In addition, the City and its agents may conduct random audits of Tenant at any time during the Term. Tenant agrees to cooperate with City in connection with any such audit.

(j) If a Contractor or Subcontractor is exempt from the HCAO because the amount payable to such Contractor or Subcontractor under all of its contracts with the City or relating to City-owned property is less than \$25,000.00 (or \$50,000.00 for nonprofits) in that fiscal year, but such Contractor or Subcontractor later enters into one or more agreements with the City or relating to City-owned property that cause the payments to such Contractor or Subcontractor to equal or exceed \$75,000.00 in that fiscal year, then all of the Contractor's or Subcontractor's contracts with the City and relating to City-owned property shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements to equal or exceed \$75,000.00 in the fiscal year.

19.24 Notification of Limitations on Contributions. San Francisco Campaign and Governmental Conduct Code (the "**Conduct Code**") Section 1.126 prohibits any person who contracts with the City for selling or leasing any land or building to or from the City whenever such transaction would require the approval by a City elective officer or the board on which that City elective officer serves, from making a contribution to such an officer, or candidate for such an office, or committee controlled by such officer or candidate at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective tenant first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective tenant or a City officer or employee. Negotiations are completed when a lease is finalized and signed by the City and the Tenant. Negotiations are terminated when the City and/or the prospective tenant end the negotiation process before a final decision is made to award the contract.

19.25 Food Service Waste Reduction Ordinance. 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 Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. 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; further, 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.

19.26 Wages and Working Conditions. If applicable, Tenant agrees that any person performing labor in the construction of any Alterations or Improvements 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 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 Alterations or Improvements 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 Alterations or Improvements to the Premises.

19.27 Prohibition of Tobacco Sales and Advertising. Tenant acknowledges and agrees that no sales or 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.

19.28 Prohibition of Alcoholic Beverages 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.

19.29 Resource-Efficient Facilities and Green Building Requirements. Tenant agrees to comply with all applicable provisions of Environment Code Chapters 7 and 13C relating to resource-efficiency and green building design requirements.

19.30 Multi-Employer Bargaining Group Participation. Tenant agrees and acknowledges that a multi-employer bargaining group is an established mechanism for employers to bargain collectively with any lawful labor organization representing its employees in an appropriate bargaining unit in conformity with the Airport Commission's labor peace/card check agreement. Tenant will maintain membership in the Airport Restaurant Employers Council or its successor multi-employer bargaining group, and further agrees to become a party to, and be bound by, a collective bargaining agreement for its operations under this Lease in the event a collective bargaining agreement is negotiated on behalf of its employees authorizing, by majority determination through the labor peace/card check resolution or otherwise, the negotiation of such collective bargaining agreement. Tenant agrees to be an active member of the Airport Restaurant Employers Council or its successor multi-employer bargaining group by attending and participating in the groups meetings.

20. GENERAL PROVISIONS

20.1 Notices. Except as otherwise specifically provided in this Lease, any notice, consent, request, demand, or other correspondence given under this Lease shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested, or overnight courier, return receipt requested, with postage prepaid, to: (a) Tenant at Tenant's Notice Address; or (b) City at City's Notice Address; or (c) such other address as either Tenant or City may designate as its new address for such purpose by notice given to the other in accordance with this Section. Any notice hereunder shall be deemed to have been given and received and effective two (2) days after the date when it is mailed, if sent by first-class, certified mail, one day after the date when it is mailed 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 facsimile to the number set forth in the Summary or such other number as may be provided from time to time; however, neither party may give official or binding notice by facsimile.

20.2 No Implied Waiver. No failure by either party to insist upon the strict performance of any obligation of the other party under this Lease or to exercise any right, power or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such term, covenant or condition. 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.

20.3 Entire Agreement. The parties intend that this Lease (including all of the attached exhibits, which are made a part of this Lease) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous written or oral agreements or understandings. 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.

20.4 Amendments. Except as specifically provided herein, neither this Lease nor any term 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.

20.5 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. Use of the word "**including**" shall mean "including, without limitation." References to statutes, sections, ordinances or regulations are to be construed as including all statutory, ordinance, or regulatory provisions consolidating, amending, replacing, succeeding or supplementing the statute, section, ordinance or regulation. Whenever the singular number is used in this Lease and when required by the context, the same includes the plural, the plural includes the singular, and the masculine gender includes the feminine and neuter genders, and the word "**person**" shall include corporation, partnership, firm, limited liability company, and association.

20.6 Successors and Assigns. Subject to the provisions of Section 5 [Assignment or Subletting], the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Tenant and City and, except as otherwise provided herein, their personal representatives and successors and assigns.

20.7 No Third-Party Beneficiaries. There are no third-party beneficiaries to this Lease.

20.8 No Joint Venture. It is expressly agreed that City is not, in any way or for any purpose, a partner of Tenant in the conduct of Tenant's business or a member of a joint enterprise with Tenant, and does not assume any responsibility for Tenant's conduct or performance of this Lease.

20.9 Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, nor 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. 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 his/her claim shall be responsible for such commission or fee and shall indemnify, defend, and hold harmless the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination or expiration of this Lease.

20.10 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 full extent permitted by law.

20.11 Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of California and the Charter of the City and County of San Francisco.

20.12 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 party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For 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. Without limiting the generality of the foregoing, Tenant shall also pay all costs and expenses incurred by City related to City's participation in or monitoring of any Tenant bankruptcy, insolvency, or similar proceeding involving creditors' rights generally and any proceeding ancillary thereto. This Section shall survive expiration or earlier termination of this Lease.

20.13 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.

20.14 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.

20.15 Reservations by City. City may (a) at any time, upon reasonable advance written or oral notice, enter the Premises to show the Premises to prospective tenants or other interested parties, to post notices of non-responsibility, to re-measure the Premises, to repair any part of the Premises or adjoining areas, to install equipment for adjoining areas, and for any other lawful purpose; (b) without advance notice, enter the Premises to conduct an environmental audit, operational audit, or general inspection, or in an emergency. City shall use reasonable efforts to minimize disruption in Tenant's business. Such entry shall not constitute a forcible or unlawful entry into or a detainer of the Premises, or an eviction, actual or constructive of Tenant from the Premises. City reserves the exclusive right to use all areas of the Airport not comprising the Premises, and the exterior walls and roofs the Premises. City reserves the exclusive right to use such areas together with the right to install, maintain, use, repair, and replace pipes, ducts, conduits, wires, columns, and structural elements serving other parts of the Airport in and through the Premises. This reservation in no way affects maintenance obligations imposed in this Lease.

20.16 Survival of Indemnities. Expiration or 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 effect any provision of this Lease that expressly states it shall survive termination hereof. Each party hereto specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Lease, the indemnitor has an immediate and independent obligation to defend the indemnitees from any claim which actually or potentially falls within the 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 the indemnitor by the indemnitee. Further, Tenant's obligation to make payments to City in respect of accrued charges (including those which have not yet been billed) and to make repairs (including those relating to the return of the Premises to City) which are accrued at the expiration or earlier termination of this Lease shall survive the expiration or earlier termination of this Lease.

20.17 Quiet Enjoyment and Title. Tenant, upon paying the Rent hereunder and performing the covenants hereof, shall peaceably and quietly have, hold and enjoy the Premises and all appurtenances during the full Term as against all persons or entities claiming by and through City. Tenant expressly acknowledges that Tenant's right to quiet possession of the Premises does not preclude City's right to make changes and additions to the Airport, including the Premises, and to do work in the Premises as permitted by this Lease.

20.18 No Right of Redemption. Tenant waives any right of redemption or reinstatement of Tenant under any present or future case law or statutory provision (including Code of Civil Procedure Sections 473 and 1179 and Civil Code Section 3275) in the event Tenant is dispossessed from the Premises for any reason. This waiver applies to future statutes enacted in addition or in substitution to the statutes specified herein.

20.19 Accord and Satisfaction. The payment by Tenant or the receipt by City of a lesser amount than the rent stipulated in this Lease may be, at City's sole option, deemed to be on account of the earliest due stipulated rent, or deemed to be on account of rent owing for the current period only, notwithstanding any instructions by or on behalf of Tenant to the contrary, which instructions shall be null and void, and no endorsement or statement on any check or any letter accompanying any such check or payment will be deemed an accord and satisfaction, and City may accept such check or payment without prejudice to City's right to recover the balance of such rent or payment or pursue any other remedy available in this Lease, at law or in otherwise, including possession of the Premises. City may accept any partial payment from Tenant without invalidation of any contractual notice required to be given herein (to the extent such contractual notice is required) and without invalidation of any notice given or required to be given pursuant to applicable law. In such event, if City shall receive any such partial payment after it shall have commenced an action against Tenant, City may amend its action as contemplated by Section 1161.1(c) of the California Civil Code to reflect any such partial payment, and no such payment shall limit any of City's rights to continue the action.

20.20 Joint and Several Liability. The liabilities hereunder of the entities and/or person(s) comprising Tenant shall be joint and several.

20.21 Estoppel Statements. Within ten (10) days after request therefor by City, Tenant shall deliver, in recordable form, an estoppel statement certifying that this Lease is in full force and effect; the date of Tenant's most recent payment of Rent, and that Tenant has no defenses or offsets outstanding, or stating those claimed, and any other information reasonably requested. Failure to deliver said statement within the specified period shall be conclusive upon Tenant that: (i) this Lease is in full force and effect,

without modification except as may be represented by City; (ii) there are no uncured defaults in City's performance and Tenant has no right of offset, counterclaim or deduction against Rent hereunder; and (iii) no more than one month's Base Rent has been paid in advance. Notwithstanding the conclusiveness of Tenant's failure to deliver such statement, Tenant's failure shall constitute a breach of this Lease.

20.22 Authority. If Tenant signs as a corporation, a limited liability company, 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 duly 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 evidence reasonably satisfactory to City confirming the foregoing representations and warranties.

20.23 Consents. If City is required to reasonably grant consent or approval, but does not do so, Tenant's sole and exclusive remedy is to seek specific performance and in no event will City be liable for any monetary damages.

20.24 Options Personal. If and to the extent Tenant has an option to extend the Term of this Lease, such option 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 Transfer, and may not be exercised by or assigned, voluntarily or involuntarily, by or to any person or entity other than Tenant, unless the foregoing prohibition is waived by Director. 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.

20.25 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.

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IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

TENANT: Clear Channel Outdoor, Inc. d/b/a Clear Channel
[signatories to also initial Summary] Airports,
a Delaware corporation

By: Renee Krug

Name: Renee Krug
(type or print)

Title: Chief Financial Officer

CITY: CITY AND COUNTY OF SAN FRANCISCO,
[signatories to also initial Summary] a municipal corporation,
acting by and through its Airport Commission

John L. Martin
Airport Director

AUTHORIZED BY
AIRPORT COMMISSION

Resolution No.: 12-0231

Adopted: October 30, 2012

Attest: Jean Cammatta
Secretary
Airport Commission

APPROVED AS TO FORM:
DENNIS J. HERRERA,
City Attorney

By: David Semakula
Deputy City Attorney

X:\TENANTS\ClearChannel\Agreements\L12-0231 v1-11-13.docx

LIST OF EXHIBITS

EXHIBIT A – Description of Premises

EXHIBIT B – Use and Operational Requirements

EXHIBIT C-1 – Form of Performance Bond

EXHIBIT C-2 – Form of Letter of Credit

EXHIBIT A PREMISES

Initially, a total of 179 Advertising locations at San Francisco International Airport, as listed below.

Static and digital advertising in the following areas:

- Pre-security terminal wall, column and floor locations in ticket lobbies, connectors, arrival areas, tunnels, Air Train Bridges and Air Train Stations.
- Post-security wall and floor locations in boarding areas and connectors
- On Airport-owned baggage carousels
- On Tenant-provided Lodging, Transportation and Attractions Boards/Kiosks and Clocks
- Rental Car Center

Six (6) exhibit areas measuring no more than 10' x 10', as follows:

- 2 location each in Terminals 1 and 2
- 2 locations each in Terminal 3
- 2 locations each in the International Terminal

Seven (7) Lodging, Transportation and Attractions Boards located on the Arrivals Level:

- 2 locations in Terminal 1
- 1 location in Terminal 2
- 2 locations in Terminal 3
- 2 locations the International Terminal

SFO Location Number	General Description of Location	Adv. Type
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A & G Parking Garage Connector

GarConn-A101	A garage connector	Mini Spectacular
GarConn-G101	G garage connector	Mini Spectacular

Terminal 1 South, Departures Level

T1-B001	BA/B, Alaska Lounge	80" Digital
T1-B004	BA/B, near Gate 21	Diorama
T1-B005	BA/B, across Gate 24	Diorama
T1-B006	BA/B, near Gate 24	Diorama
T1-B011	BA/B, hallway leading to Gates 28-31	80" Digital
T1-C001	BA/C in Gates 41/43 holdroom	Non-Lit TFD
T1-C002	BA/C in Gates 41/43 holdroom	Non-Lit TFD
T1-C003	BA/C in Gates 40/42 holdroom	Non-Lit TFD
T1-C004	BA/C in Gates 40/42 holdroom	Non-Lit TFD
T1-C005	BA/C in Gates 40/42 holdroom	Non-Lit TFD
T1-C006	BA/C in Gates 44/46 holdroom	Non-Lit TFD
T1-C007	BA/C in Gate 46 holdroom	Non-Lit TFD
T1-C008	BA/C in Gate 46 holdroom	Non-Lit TFD
T1-B101	BA/B, hallway leading to Gates 32-36	80" Digital
T1-B301	BA/B escalator	1x5 Digital Video Soffit
T1-C302	BA/C escalator	2x5 Digital Video Soffit
T1-B501	BA/B checkpoint	Non-Lit TFD
T1-B01	entrance to Terminal 2 connector	Non-lit TFD
T1-B602	BA/B checkpoint	Large Format LED Static Backlit
T1-B603	BA/B checkpoint	Large Format LED Static Backlit
T1-602	Terminal 1, above Just Desserts	Non-lit TFD
T1-C605 See Footnote 1	BA/C checkpoint	Large Format LED Static Backlit
T1-C606 See Footnote 1	BA/C checkpoint	Large Format LED Static Backlit
T1-C502 See Footnote 1	Exit out of BA/C	Wall Wrap
T1-B801	BA/B next to Alaska Lounge	Spectacular
T1-901 See Footnote 2	TBD (not shown on map)	Exhibit
T1-B951	pre-security of BA/B	Clock Sponsorship
T1-C952	pre-security of BA/C	Clock Sponsorship

Terminal 1 South Concourse Lower Level Baggage Claim

T1-Arr001	BA/B, Arrivals	Spectacular
T1-Arr006	BA/B, Arrivals	Mini-Spectacular
T1-Arr008	BA/B, Arrivals	Spectacular
T1-Arr009	BA/C Arrivals	Spectacular

SFO Location Number	General Description of Location	Adv. Type
T1-Arr014	BA/C Arrivals, by Delta baggage carousels	Spectacular
T1-Arr101	BA/B, Arrivals	Mini-Spectacular
T1-Arr102	BA/B, Arrivals	Mini-Spectacular
T1-Arr104	BA/B, Arrivals (Alaska baggage carousels)	Mini-Spectacular
T1-Arr202	BA/C, Arrivals (by Carousel 16)	Spectacular
T1-Arr301	BA/C, baggage claim to garage connector	Non-lit TFD
T1-Arr351	old BA/A to baggage claim	Non-lit TFD
T1-LTA001	T1, middle	Hotel Board / Video Wall
T1-LTA002	T1, near BA/C	Hotel Board / Video Wall

Terminal 3 North, Departures Level

T3-007	BA/F, across ticket counter	Spectacular
T3-008	BA/F, across ticket counter	Spectacular
T3-010	BA/F, across ticket counter	80" Digital
T3-F001	BA/F, by Gordon Biersch	80" Digital
T3-F002	BA/F, by UA Lounge	80" Digital
T3-F003	BA/F, b/w Gates 82 and 84	Diorama
T3-F004	BA/F, b/w Gates 82 and 84	Diorama
T3-F005	BA/F, near Gate 85	80" Digital
T3-F006	BA/F, b/w Gates 81 and 83	Diorama
T3-F007	BA/F, b/w Gates 81 and 83	Diorama
T3-018	BA/F, across ticket counter	Diorama
T3-019	BA/F, across ticket counter	Diorama
T3-020	BA/F, across ticket counter	Diorama
T3-023	T3, airline ticket counter, near main security	80" Digital
T3-F008	BA/F Hub end of walkway, exiting pier	1x4 Digital Video Stripe
T3-F009	BA/F, beginning of moving walkway	1x4 Digital Video Stripe
T3-111 SEE FOOTNOTES 3	NEW - T3 BAE Lobby, seating (PENDING)	
T3-112 SEE FOOTNOTES 3	NEW - T3 BAE Lobby, seating (PENDING)	
T3-F202	BA/F, near Gate 84	Spectacular
T3-211 SEE FOOTNOTES 3	NEW - T3, BAE Lobby (PENDING)	
T3-301	T3-ITB North Connector	Large Format LED Static Backlit
T3-F302	T3 post-security, across Gate 70	2x3 Digital Video Soffit
T3-F303	BA/F, across Gate 73	2x3 Digital Video Soffit
T3-511	BA/F, near Gate 75 secured connector	Non-lit TFD
T3-501	end of BA/F, pre-security	Non-lit TFD
T3ITBN-501	T3-IT North Connector, by sec chkpt	Non-lit TFD
T3-502	T3, north end across from F3 checkpoint	Large Format LED Static Backlit
T3-503	T3, at F3 checkpoint	Non-lit TFD

SFO Location Number	General Description of Location	Adv. Type
T3-F551	BA/F, Gate 81	Column Façade TFD
T3-F552	BA/F, Gate 82	Column Façade TFD
T3-F553	BA/F, Gate 83	Column Façade TFD
T3-F554	BA/F, Gate 84	Column Façade TFD
T3-F555	BA/F, Gate 86	Column Façade TFD
T3-F556	BA/F, Gates 87-90	Column Façade TFD
T3-F557	BA/F, Gates 87-90	Column Façade TFD
T3-F558	BA/F, Gates 87-90	Column Façade TFD
T3-F512	BA/F, Gate 79	Non-lit TFD
T3-F513	BA/F, Gate 78	Non-lit TFD
T3-F514	BA/F Hub (octagon)	Core Hanging Banner
T3-F801	BA/F, b/w Gates 83 and 85	4x4 Digital Video Wall
T3-F802	BA/F Hub	3x10 Digital Video Wall (+Row)
T3-801 See Footnote 3	NEW - BA/E	Pending
T3-F902 See Footnote 2	TBD (not shown on map)	Exhibit
T3-F903	BA/F Hub	Core Lounge/Charging Station
T3-F951	near Gate 81	Clock Sponsorship
T3-F952	near Gate 80	Clock Sponsorship
T3-F953	BA/F Hub, towards Thumb	Clock Sponsorship
T3-F954	BA/F Hub, towards Long Finger	Clock Sponsorship

Terminal 3 North, Lower Level Baggage Claim

T3-Arr002	BA/F, baggage claim	Spectacular
T3-Arr004 See Footnote 3	NEW - above carousel 15, dbl sided (PENDING)	70" digital
T3-Arr005 See Footnote 3	NEW - above carousel 14, dbl sided (PENDING)	70" digital
T3-Arr006 See Footnote 3	NEW - above carousel 11 north, single sided (PENDING)	70" digital
T3-Arr007 See Footnote 3	NEW - above carousel 11 north, single sided (PENDING)	70" digital
T3-Arr008 See Footnote 3	NEW - above carousel 10, dbl sided (PENDING)	70" digital
T3-Arr009 See Footnote 3	NEW - above carousel 9, dbl sided (PENDING)	70" digital
T3-Arr101	BA/F, baggage claim	Mini-Spectacular
T3-Arr103	BA/F, baggage Claim, escalator	Mini-Spectacular
T3-Arr104	BA/F, baggage Claim, escalator	Mini-Spectacular
T3-Arr201	BA/F, baggage claim	Spectacular
T3-Arr301	BA F/G	Non-Lit TFD
T3-Arr302 See Footnote 3	NEW - escalator to parking connector (PENDING)	Non-Lit TFD
T3-Arr501	BA/F	Non-Lit TFD

SFO Location Number	General Description of Location	Adv. Type
T3-LTA003	T3, north end	Hotel Board / Video Wall
T3-LTA004	T3, near BA/E	Hotel Board / Video Wall

ITB; BA/A; BA/G Departures Level

ITG-001	BA/G, near Gate G94	80" Digital
ITG-003	BA/G, near Gate G93	Diorama
ITG-005	BA/G, near Gate G95	Diorama
ITG-008	BA/G, near Gate G98	Spectacular
ITA-001	BA/A, near Gate A1	Spectacular
ITA-002	BA/A, near Gate A2	80" Digital
ITA-003	BA/A, near Gate A3	Diorama
ITA-006	BA/A, near Gate A4	Spectacular
ITA-007	BA/A, near Gate A5	Diorama
ITA-501	FID WRAPS A Side	Large Format LED Static Backlit
ITA-502	FID WRAPS A Side	Large Format LED Static Backlit
ITA-503	FID WRAPS A Side	Large Format LED Static Backlit
ITG-501	FID WRAPS G Side	Large Format LED Static Backlit
ITG-502	FID WRAPS G Side	Large Format LED Static Backlit
ITG-503	FID WRAPS G Side	Large Format LED Static Backlit
ITG-504	FID WRAPS G Side	Large Format LED Static Backlit
ITG-201	BA/G, near Gate G96	Spectacular
ITG-202	BA/G, near Gate G96	4x4 Digital Video Wall
ITA-203	BA/A, near Gate A3	4x4 Digital Video Wall
ITA-204	BA/A, near Gate A2	Spectacular
IT-904 See Footnote 2	TBD TENTATIVE; shown on ITA map	Exhibit
IT-906 See Footnote 2	TBD TENTATIVE; not shown on map	Exhibit
ITG-951	ITG, near Gate G94	Clock Sponsorship
ITG-952	ITG, near Gate G91	Clock Sponsorship
ITB-953	ITB, near InMotion	Clock Sponsorship
ITB-954	ITB, retail corridor	Clock Sponsorship
ITB-955	ITB, South food court	Clock Sponsorship
ITA-956	BA/A, near Gate A6	Clock Sponsorship

International Terminal Lower Level Customs Baggage Claims

ITB1-FIS001	ITB-FIS, on baggage carousel 2	SGL-Sided 70" Digital
ITB1-FIS002	ITB-FIS, on baggage carousel 2	SGL-Sided 70" Digital
ITB1-FIS003	ITB-FIS, on baggage carousel 2	SGL-Sided 70" Digital
ITB1-FIS010	ITB-FIS, on baggage carousel 5	SGL-Sided 70" Digital
ITB1-FIS011	ITB-FIS, on baggage carousel 5	SGL-Sided 70" Digital
ITB1-FIS012	ITB-FIS, on baggage carousel 5	SGL-Sided 70" Digital

SFO Location Number	General Description of Location	Adv. Type
ITB1-FIS028	ITB-FIS, on baggage carousel 11	SGL-Sided 70" Digital
ITB1-FIS029	ITB-FIS, on baggage carousel 11	SGL-Sided 70" Digital
ITB1-FIS030	ITB-FIS, on baggage carousel 11	SGL-Sided 70" Digital
ITB1N-501	ITG Connector	Non-lit TFD
ITB1N-502	ITG Connector	Non-lit TFD
ITB1N-503	ITG Connector	Non-lit TFD
ITB1S-506	ITA Connector	Non-lit TFD
ITB1S-507	ITA Connector	Non-lit TFD
ITB1S-508	ITA Connector	Non-lit TFD
ITBN-Car571	Carousel 3 carousel wrap	Bagg Carousel wrap
ITBN-Car572	Carousel 9 carousel wrap	Bagg Carousel wrap
ITBN-LTA005	ITB North	Hotel Board / Video Wall
ITBS-LTA006	ITB South	Hotel Board / Video Wall

Terminal 2

T2-Post001	T2 post-security, Gate 59 holdroom	80" Digital
T2-Post002	T2 post-security, near Lark Creek Grill restaurant	80" Digital
T2-Pre501	T2 Lobby TFD (American)	Non-lit TFD
T2-Pre502	T2 Lobby TFD (Virgin America)	Non-lit TFD
T2-Post503	T2 post-security, to jetbridge (Gate 59)	Non-lit TFD
T2-Post504	T2 post-security, to jetbridge (Gate 50)	Non-lit TFD
T2-Arr505	T2 Arrivals, north end (American)	Large Format LED Static Backlit
T2-Arr506	T2 Arrivals, south end (Virgin)	Large Format LED Static Backlit
T2-Arr507	T2 Arrivals baggage carousel (American)	Large Format LED Static Backlit
T2-Arr508	T2 Arrivals baggage carousel (Virgin America)	Large Format LED Static Backlit
T2-905 ^{See Footnote 2}	TENTATIVE post-security seating area, across Gate 54	Floor exhibit
T2-LTA007	T2 Arrivals	Hotel Board

Platform Level & Airtrain Station

AIRTT1-001	T1, bridge	Pedestal Diorama
AIRTT1-002	T1, bridge	Pedestal Diorama
AIRTT3-009	T3, bridge	Pedestal Diorama
AIRTT3-010	T3, bridge	Pedestal Diorama
AIRTT2-017	T2, bridge	Pedestal Diorama
AIRTT2-018	T2, bridge	Pedestal Diorama

General Description of Location		Adv. Type
Rental Car Center		
RCC-4FL106	RCC, 4th floor, north end	LTA Board
RCC-1FL501	RCC, 1st floor, north end	Static, non-lit TFD
RCC-2FL502	RCC, 2nd floor, north end	Static, non-lit TFD
RCC-2FL503	RCC, 2nd floor, south end	Static, non-lit TFD
RCC-3FL504	RCC, 3rd floor, north end	Static, non-lit TFD
RCC-3FL505	RCC, 3rd floor, south end	Static, non-lit TFD
RCC-4FL506	RCC, 4th floor, south end	Static, non-lit TFD

Footnote 1 - Locations impacted by the Air Traffic Control Tower (ATCT) project. These locations will be removed.

Footnote 2 - Locations are pending.

Footnote 3 - Locations are part of the BAE Project. These locations are yet to be finalized.

***The final approval for each location dimension and Advertising equipment will be granted or denied by the Design Review Committee and the Bureau of Construction and Engineering.**

EXHIBIT B USE AND OPERATIONAL REQUIREMENTS

- 1) **REQUIRED USE:** On a non-exclusive basis, Tenant shall install, manage, operate, maintain, and display commercial advertising using advertising mediums as generally found in airports and subject to the approval by the Airport Director.
- A. All Advertising Equipment and content must be approved by the Airport Director before being installed in each location. All advertising content must satisfy the requirements of the Airport's Advertising Policy, as the same may be amended from time to time. Tenant shall not display any advertisements that:
- Contains profanity or obscenity;
 - Promotes the use or sale of tobacco or alcohol;
 - Promotes the use or sale of pornography;
 - Promotes the use or sale of weapons;
 - Promotes unlawful goods or services;
 - Promotes or encourages unlawful conduct;
 - Promotes or encourages "Adult" oriented goods or services (e.g. adult books, stores, adult video stores, films rated "X", adult telephone services, adult internet sites, etc.);
 - Contains political or campaign speeches;
 - Implies or declares an endorsement by the City and County of San Francisco, without prior authorization of the City and County of San Francisco;
 - Contains any material in violation of allocable laws, including and without limitation to laws regulating copyrights, trademarks, and other forms of intellectual property;
 - Is deceptive or misleading;
 - Depicts (through words or photos) explicit sexual acts or sexual suggestions;
 - Depicts (through words) acts of violence;
 - Is demeaning or disparaging;
 - Contains ANY reference to the Transportation Security Administration ("TSA");
 - Contains disparaging remarks against airports or services provided by airports and/or airlines (e.g. luggage handling, ticketing, security, etc.);
 - Contains words which common sense dictates, in the discretion of the City, should not be broadcasted inside an airport facility (e.g. killer bomb, terrorist, etc.)/
- B. Tenant will provide, at minimum, ten (10) locations for the Airport's marketing and promotional program.
- C. For the Lodging Transportation and Attractions ("LTA") Boards, Tenant shall only allow ground transportation operators which are environmentally responsible companies to advertise on the LTA Boards. Tenant shall verify with the Airport whether or not a ground transportation operator is environmentally responsible prior to signing a contract with such ground transportation operator.
- D. For exhibit areas, Tenant is allowed a footprint of up to 10' by 10' to promote client's product or service. In the exhibit areas, Tenant and its client may not sell their products or

services. Tenant is responsible for infrastructure needs of clients. Client cannot compete with existing operators.

- E. Use best efforts to utilize equipment/investment that are environmentally sustainable. Designs of advertising equipment will include:
- Life cycle considerations: recycled materials content, and end of life recyclability
 - Energy efficiency: lighting (LED< photocell dimmers, etc.) and monitors and dynamic displays
 - Finishes and adhesives: low VOC paint finishes, low VOC adhesives, screws not glues
 - Printing, reproduction: water-based inks and substrates selection

2) **OPTIONAL USE:** Tenant, at its own option, may provide advertising, on a non-exclusive basis, on:

- A. Phone apps – Clear Channel has upgraded its mobile app, FlySmart™ 2.0. Upgrades include increased number of airports - more than 100 airports, including international destinations, more detailed maps, push alerts, flight tracking w/ multiple segments, integrated directories, dynamic concession promotions. The push alert feature, which requires passengers to enter their travel information once, sends alerts to passengers as to when they should proceed to their gate or any changes to their flight. This feature concentrates on proximity marketing and helps passengers locate concessions near them.
- B. Social media, such as Facebook and Twitter
- C. Wi-Fi – Tenant may work out a deal with the Airport's courtesy Wi-Fi provider, which is currently Advanced Wireless Group, LLC.
- D. Upsell customer service. Work with concessionaire to upsell their merchandise or promote their services.

3) **DESIGN AND CONSTRUCTION**

- A. All Tenant Advertising Equipment will undergo a design review approval.
- B. Transition team will consist of a senior operations manager, construction consultant/technical representative, operations general manager, sales general manager and a local sales manager as well as several sub-contractors consisting of technical engineering and design, public relations, architectural design, general contractor and electrical contractor, with support from Tenant's corporate office, including engineering, design, accounting, graphics and administration.
- C. Tenant's contractors will attend pre-construction meetings to review airport's requirements and design guidelines. Tenant's contractors will be badged or escorted appropriately and will comply with all construction, safety, security and insurance requirements.
- D. Delivery of equipment and staging will be coordinated with Tenant's local team and Airport staff prior to installation schedule and agreed-upon dates.
- E. Existing display with electrical service will be disconnected and capped to meet building code. Displays will be dismantled and removed for off-site recycling.
- F. For new displays, power will be reconfigured and new display will be installed and electric will be re-energized along with any required data. Any repairs to the wall or floors will be completed to match or complement existing terminal finishes. All power and data will be provided according to building code.

4) PRICING STRUCTURE.

Group	Monthly Base Rate
Dioramas	
Premium	\$7,500
Value	\$5,000
Digital Network	
Premium	\$50,000
Value	\$25,000
Tension Fabric Displays/Large Format	
Premium	\$40,500
Value	\$25,000
Mini Spectacular	
Premium	\$12,500
Value	\$9,000
Spectacular	
Premium	\$20,000
Value	\$10,000
Floor Exhibit	
Premium	\$35,000
Value	N/A
Sponsorship – Clock	
Premium	\$50,000
Value	N/A
Sponsorship – Column Façade	
Premium	\$50,000
Value	N/A
Sponsorship – Lounge	
Premium	\$50,000
Value	N/A

5) OPERATIONS.

- A. Upon completion of transition/build-out, the following team will remain to manage the operation: senior operations manager, operational general manager, sales general manager, and local sales manager, as well as collections, accounting, graphics, and administration team from corporate office. This team will facilitate all on-going maintenance, repairs, inventory management and releases, inspections, meetings with clients and agencies, sales presentations, content installation and removal.

- B. After award of the Lease and approved by the Airport Director, Tenant will hold a launch event to invite largest buyers of airport advertising and local and regional business leaders for the launch of San Francisco International Airport's new advertising program. Launch event will include dynamic presentations, demonstrations and tours. Immediately following the launch, renderings, fly-through animations, rates, maps, market information and specifications will be distributed electronically to Tenant's world network.
- C. Multiple launch webinars will be held for Tenant's sales force so all offerings are clear.
- D. Tenant will adhere to SFO's policies and procedures at all times.
- E. Tenant shall provide all service maintenance, replacements and cleaning of all Tenant fixtures and other advertising space as required to maintain them in "as new" condition.
- F. Tenant shall have a personnel on-site starting at 7:00 a.m., which provides ten-hour-a-day full time presence during peak times and available 24 hours, seven days, 365 days a year with a minimum 24-hour response time.

AIRPORT ADVERTISING STANDARDS

The following is the Airport Advertising Standards Policy, approved by the Airport Commission on June 6, 2000. Tenant must abide by the Airport Advertising Standards Policy, as amended from time to time.

1. Three weeks prior to posting, all proposed and advertising graphic designs shall be submitted to the Director or his designee for review and approval. The designs must be submitted in sufficient detail to determine the content and final general appearance of the advertisement.
2. Any advertisement that does not comply with the standards as set forth by the Airport in #4, shall be rejected.
3. The subject matter of all advertising shall be limited to those advertisements which propose a commercial transaction. ("Commercial Transaction" does not include political or religious views.)
4. Advertisements may not be displayed which:
 - a. Advertise alcohol or tobacco products
 - b. Relate to an illegal activity
 - c. Depict violence or contain words or images that arouse anger, alarm or resentment in others
 - d. Advertise services in direct competition with the Airport's business objectives
 - e. Contain obscene matter as that term is defined in California Penal Code § 311(a) or contain statements or words of an obscene, indecent or immoral character, or any picture or illustration of the human figure in such detail as to offend public morals or decency.
 - f. Are false, misleading or deceptive
 - g. Relate to gambling
 - h. Contain material that is offensive to the ordinary person.

EXHIBIT C-1
FORM OF PERFORMANCE BOND FOR AIRPORT LEASES

_____ (Surety)

KNOW ALL MEN BY THESE PRESENT:

That we, _____, as Principal, and _____, a corporation duly organized and existing under and by virtue of the laws of the State of _____, as Surety, are held and firmly bound unto the City and County of San Francisco, acting by and through its Airport Commission, as Oblige, in the sum of _____ Dollars (\$_____) lawful money of the United States of America, to be paid to the City and County of San Francisco, acting by and through its Airport Commission, for which payment, well and truly to be made, we bind ourselves, our heirs, executors and successors, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into one or more leases, permits, or agreements with the City and County of San Francisco, Airport Commission (collectively, the “**Agreements**”).

NOW, THEREFORE, the condition of this obligation is such that if the Principal shall perform all terms of the Agreements (which by reference are made a part hereof), including the payment of rent or fees, in accordance with the terms of such Agreements, then this obligation shall be null and void, otherwise to remain in full force and effect; and shall be effective _____.

This bond may be called upon by Oblige by a notice sent to the Surety in person or by registered mail, overnight mail, overnight courier service, or other courier service sent to our offices at: _____.

Any such call by Oblige shall include a statement signed by the Airport Director of the Airport Commission of the City and County of San Francisco, or his/her designee, to the effect that any of the following events has occurred or is continuing:

- a) Principal has defaulted under one or more of the Agreements; or
- b) Principal has become insolvent, or has taken the benefit of any present or future insolvency statute, or has made a general assignment for the benefit of creditors, or has filed a voluntary petition in bankruptcy, or a petition or answer seeking an arrangement for its reorganization, or the readjustment of its indebtedness under the federal bankruptcy laws, or under any other law or statute of the United States or any state thereof, or any jurisdiction available to Principal, or has consented to the appointment of a receiver, trustee, or liquidator of any or substantially all of its property; or
- c) A petition under any of the federal bankruptcy laws or an action under any present or future insolvency law or statute has been filed against Principal; or
- d) This bond is cancelled, terminated, or not renewed, and City has not received an acceptable replacement letter of credit or bond at least thirty (30) days prior to the cancellation, termination, or expiration date.

We shall honor and pay on such call within ten (10) days after receipt.

We shall give you notice in writing by registered mail at least forty-five (45) days prior to the cancellation date, termination date or expiration date of this bond, if any is stated, of our intention to cancel, terminate, or non-renew this bond. In the event we fail to give such notice promptly, then this bond shall be deemed renewed for an additional one-year period.

Signed, sealed and dated this ____ day of _____, 20__.

Principal: By: _____

Title: _____

Seal: _____

Surety By: _____
Company:

Title: _____

Seal:

(Attach Notary Public Certificate and Attorney-in-Fact form)

EXHIBIT C-2
FORM OF LETTER OF CREDIT FOR AIRPORT LEASES

Date _____

Irrevocable Letter of Credit No. _____

Airport Commission
City and County of San Francisco
Att'n: Deputy Director, Business & Finance
San Francisco International Airport
International Terminal, No. Shoulder Bldg., 5/F
PO Box 8097
San Francisco, CA 94128

Ladies and Gentlemen:

We hereby establish an irrevocable letter of credit in your favor in the amount of _____ United States Dollars (US\$ _____) for the account of _____ ("**Account Party**"), available by your draft at sight, when accompanied by the following document:

A statement signed by the Airport Director of the Airport Commission of the City and County of San Francisco, or his/her designee, to the effect that any of the following events has occurred or is continuing:

- a) Account Party has defaulted under the one or more agreements with the City and County of San Francisco, acting by and through its Airport Commission at San Francisco International Airport; or
- b) Account Party has become insolvent, or has taken the benefit of any present or future insolvency statute, or has made a general assignment for the benefit of creditors, or has filed a voluntary petition in bankruptcy, or a petition or answer seeking an arrangement for its reorganization, or the readjustment of its indebtedness under the federal bankruptcy laws, or under any other law or statute of the United States or any state thereof, or any jurisdiction available to Account Party, or has consented to the appointment of a receiver, trustee, or liquidator of any or substantially all of its property; or
- c) A petition under any of the federal bankruptcy laws or an action under any present or future insolvency law or statute has been filed against Account Party; or
- d) This letter of credit is cancelled or not renewed, and City has not received an acceptable replacement letter of credit or bond at least thirty (30) days prior to the cancellation or expiration date.

Drafts drawn under and in compliance with the terms of this letter of credit will be duly honored by us upon presentation and delivery of the statement specified above. Partial draws are permitted. Such drafts may be presented in person or by registered mail, overnight mail, overnight courier service, or other courier service sent to our offices at:

We shall give you notice in writing by registered mail at least forty-five (45) days prior to the cancellation date or expiration date of this letter of credit, if any is stated, of our intention to cancel or non-renew this letter of credit. In the event we fail to give such notice promptly, then this letter of credit shall be deemed renewed for an additional one-year period. Notwithstanding the foregoing, this letter of credit shall finally expire on _____, 20__.

Sincerely,

AMENDMENT NO. 1 TO SFO CONCESSION LEASE (SERVICES)
[COVID-19 Emergency Rent Relief Program]

This LEASE AMENDMENT NO. 1 (this "**Amendment**") is dated as of the Effective Date (as defined below) and entered into by and between Clear Channel Outdoor, LLC, dba Clear Channel Airports, a Delaware corporation ("**Tenant**") and City and County of San Francisco, acting by and through its Airport Commission ("**City**" or "**Airport**").

RECITALS:

A. Tenant and City are parties to the Lease Agreement for the Airport Advertising Program at San Francisco International Airport – Lease No. 12-0231 (the "**Lease**").

B. The parties desire to modify the Lease to address the devastating financial impacts of the COVID-19 pandemic and the dramatic and rapid reduction in enplanements at the Airport, resulting in the shutdown of many of the Airport concessions. Modifying the Lease to forgive certain payments due under the Lease will improve the financial feasibility of the Lease and preserve Tenant's ability to continue operations at the Airport, which is of considerable value to both parties. Providing such rent relief is also consistent with the written guidance provided all airport sponsors by the Federal Aviation Administration encouraging temporary rent abatements and minimum annual guarantee waivers.

C. On October 6, 2020, by Resolution No. 20-1080⁰¹⁸⁹ (the "**Commission Resolution**"), the Airport Commission ("**Commission**") adopted the COVID-19 Emergency Rent Relief Program (the "**COVID-19 Rent Relief Program**") which provides for the rent relief set forth in this Amendment. On January 5, 2021, by Ordinance No. 5-21, the San Francisco Board of Supervisors authorized the Airport to implement the COVID-19 Rent Relief Program (the "**Rent Relief Ordinance**"). The Rent Relief Ordinance authorizes the Airport Director to enter into this Amendment without further approval by the Board of Supervisors under Charter Section 9.118 and without modifying the Lease to include Administrative Code and Environmental Code Requirements that were enacted since the most recent modification to the Lease.

D. This Amendment also provides the State of California accessibility disclosures required by California Civil Code Section 1938.

E. All capitalized terms used in this Amendment and not otherwise defined have the meaning provided in the Lease.

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration the sufficiency of which is hereby acknowledged, City and Tenant hereby agree to enter into this Amendment as follows:

AGREEMENT:

1. **Recitals.** The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth in this Amendment.

2. **Effective Date.** This Amendment shall be deemed effective upon the date of execution by the Airport as set forth below (the “**Effective Date**”).

3. **COVID-19 Rent Relief Amounts.** Upon the satisfaction of the COVID-19 Rent Relief Program Requirements (as defined below) no later than August 31, 2021 (the “**COVID-19 Rent Relief Program Deadline**”), or such later date as determined by the Airport Director in his reasonable discretion in accordance with Section 8 of this Amendment, Tenant’s obligation to pay the following amounts under the Lease will be entirely waived and forgiven (such amounts, “**COVID-19 Rent Relief Amounts**”):

- (a) for the month of March 2020, payments of Minimum Annual Guarantee only; and
- (b) for the months of April and May 2020, all payments of Minimum Annual Guarantee, all payments for fees and utilities (including electricity, water/sewage, gas and ITT charges, as applicable), whether under the Lease or separate permit;

4. **COVID-19 Rent Relief Program Requirements.** In order to receive the benefit of the COVID-19 Rent Relief Amounts under this Amendment, Tenant must have satisfied each of the following conditions (the “**COVID-19 Rent Relief Program Requirements**”) no later than the COVID-19 Rent Relief Program Deadline, as applicable:

- (a) if Tenant ceased operation due to the COVID-19 pandemic, then Tenant must reopen and recommence operations and continue to operate at the Airport in conformance with the schedule provided by the Airport, as the schedule may be modified by the Airport Director from time to time, in his sole and absolute discretion; and
- (b) Tenant must remain in good standing under the Lease and not in default of any obligations under the Lease or any other agreements between Tenant and City (including the payment of all rent and other obligations, other than the COVID-19 Rent Relief Amounts), beyond any applicable notice and cure periods, and not be in any unresolved dispute with the City, in each case at all times prior to and upon the COVID-19 Rent Relief Program Deadline, as determined by the Airport Director in his sole and absolute discretion.

5. **Failure to Satisfy Requirements of COVID-19 Rent Relief Program.** In the event Tenant shall fail to satisfy any of the COVID-19 Rent Relief Program Requirements as of the COVID-19 Rent Relief Program Deadline (or such earlier date that it is evident that Tenant will be unable to satisfy such requirements even with the passage of time (i.e. Tenant fails to reopen for business when required)), Tenant shall remit to City all amounts of COVID-19 Rent Relief Amounts that would have otherwise been waived and forgiven under the COVID-19 Rent Relief Program as set forth in this Amendment no later than thirty (30) days of written demand from Airport.

6. Credit for Rent Relief Amounts Already Paid; Credit Date. To the extent any waived and forgiven amounts under this Amendment have already been paid by Tenant, such amounts shall only be credited towards future obligations of Rent and related fees due from Tenant (for the avoidance of doubt, only upon satisfaction of the COVID-19 Rent Relief Program Requirements, as set forth below). Upon satisfaction of the COVID-19 Rent Relief Program Requirements, all Rent and other fees waived under this Amendment will be credited towards Tenant's account, contemplated to occur on or after the COVID-19 Rent Relief Program Deadline.

7. Replacement of COVID-19 Rent Deferral Program. The COVID-19 Rent Relief Program set forth in this Amendment replaces the terms of all rent deferral and/or forbearance previously offered to Tenant, including the forbearance of rent and other fees set forth in the letter from the Airport Director to all concession tenants dated March 18, 2020 (the "**COVID-19 Rent Forbearance Letter**"). In the event that Tenant shall execute this Amendment and enter into the COVID-19 Rent Relief Program, but shall subsequently fail to meet the COVID-19 Rent Relief Program Requirements by the COVID-19 Rent Relief Program Deadline, then the terms of the COVID-19 Rent Forbearance Letter shall remain in effect, and Tenant shall remit the COVID-19 Rent Relief Amounts in accordance with Section 5 of this Amendment.

8. Adjustments to COVID-19 Rent Relief Program. Tenant acknowledges and agrees that in accordance with Commission Resolution and the Rent Relief Ordinance, the Director may make necessary and appropriate adjustments to the COVID-19 Rent Relief Program to ensure that it: (i) is implemented in a consistent manner and fairly applied to all Airport concessionaires; and (ii) continues to meet the operational requirements of the Airport and the goals of the Commission set forth in establishing the COVID-19 Rent Relief Program. Further, the Director may implement, in his discretion, modifications to the COVID-19 Rent Relief Program necessitated by changes in applicable law, regulation or guidance (including, without limitation, FAA guidance), as the same may be amended from time to time. Notwithstanding the foregoing, consistent with the Commission Resolution and the Rent Relief Ordinance, the Director must seek further approval of the Commission for any material change to the terms and conditions of the COVID-19 Rent Relief Program or the financial relief being offered.

9. Accessibility Disclosures. 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 may inspect the Premises and determine if it complies 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.

10. No Other Modifications. Except as otherwise expressly set forth above, the Lease remains unmodified and in full force and effect.

11. Counterparts and Electronic Signatures. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Amendment may be executed and delivered by facsimile or other electronic signature (including portable document format) by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date set forth below.

TENANT:

CLEAR CHANNEL OUTDOOR, LLC. dba
Clear Channel Airports, a Delaware limited
liability company

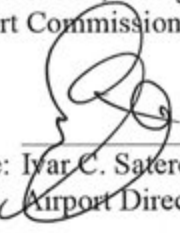
By: 

Name: Morten Gotterup

Title: President

CITY:

CITY AND COUNTY OF SAN
FRANCISCO, acting by and through its
Airport Commission

By: 
Name: Ivar C. Satero
Title: Airport Director *KXB* *CW*

Effective Date (to be inserted by
Airport only): 3/9/21

Authorized by Commission Resolution No.
20-0180 on October 6, 2020 and Ordinance
No. 5-21 finally passed by the San Francisco
Board of Supervisors on January 5, 2021.

Attest:


Secretary
Airport Commission

APPROVED AS TO FORM:

DENNIS J. HERRERA,
City Attorney

By: 
Christopher W. Stuart
Deputy City Attorney

**AMENDMENT NO. 2 TO SFO CONCESSION LEASE
[COVID-19 Lease Extension Program]**

This LEASE AMENDMENT NO. 2 TO AIRPORT ADVERTISING LEASE NO. 12-0231 (this “**Amendment**”) is dated as of the Effective Date (as defined below) and entered into by and between Clear Channel Outdoor, LLC (“**Tenant**”) and City and County of San Francisco (“**City**”), acting by and through its Airport Commission (“**Commission**”).

RECITALS:

A. On October 30, 2012, by Resolution No. 12-0231, the Commission awarded to Tenant the Airport Advertising Lease (as amended, the “**Lease**”) at San Francisco International Airport (“**Airport**”). The Lease was previously amended as follows:

(i) Amendment No. 1 dated March 9, 2021, authorized by Commission Resolution No. 20-0180 and Board of Supervisors Ordinance No. 5-21.

B. Amendment No. 1 evidenced the Commission’s authorization of the COVID-19 Emergency Rent Relief Program (the “**COVID-19 Rent Relief Program**”) which provided for the rent relief to address the devastating financial impacts of the COVID-19 pandemic on concession tenants.

C. On September, 5, 2023, by Resolution No. 23-0224, the Commission authorized the Airport Director to implement the COVID-19 Lease Extension Program (the “**COVID-19 Lease Extension Program**”) with certain food and beverage, retail and service concession tenants to further address such financial impacts by improving the financial feasibility of each lease and preserving each tenant’s ability to continue operating at the Airport, which is of considerable value to the Airport and its concession tenants. The COVID-19 Lease Extension Program offers lease extensions of varying terms to those concession tenants that had an active lease during the COVID-19 pandemic or opened during the COVID-19 pandemic, and which are currently operating at the Airport. As a condition to receiving the lease extensions, Tenant must agree in this Amendment to comply with (i) all updated City and other governmental contracting requirements, including, without, limitation, the Airport’s revised Labor Peace Card Check Rule; and (ii) Prevailing Wage Requirements for Covered Tenant Construction (as defined below). This Amendment also includes (i) the updates to the Airport’s Street Pricing Program for food and beverage concession tenants authorized by Airport Operations Bulletin issued on November 2, 2022 as 22-04-AOB and (ii) a clarification that Employee Benefit Surcharges imposed by food and beverage concession tenants under the authority of Commission Resolution No. 22-0168 are not included in the calculation of Gross Revenue under the Lease.

D. On April 2, 2024, by Resolution No. 157-24, the Board of Supervisors authorized the COVID-19 Lease Extension Program pursuant to City Charter Section 9.118.

E. All capitalized terms used in this Amendment and not otherwise defined have the meaning provided in the Lease.

NOW, THEREFORE, in consideration of the foregoing and for valuable consideration the sufficiency of which is hereby acknowledged, City and Tenant hereby agree to enter into this Amendment as follows:

AGREEMENT:

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference as if fully set forth in this Amendment.

2. Effective Date. This Amendment shall be deemed effective upon the date of execution by City after receipt of all required approvals of City, as set forth below (the “Effective Date”).

3. Term. Subject to Section 4 below, the Term of the Lease is extended by 3 years, 6 months (“COVID Extension Term”), and the new Expiration Date is October 31, 2027. In the event that the Effective Date occurs during the initial Operating Term, then the Operating Term is extended by the COVID Extension Term, and all further Extension Options shall remain in full force and effect. In the event that the Effective Date occurs during any previous extension of the Term due to the exercise by City of an Extension Option, then the current extension term is extended by the COVID Extension Term, and any further Extension Options shall remain in full force and effect. In the event the Effective Date occurs during any holdover term of the Lease, then the COVID Extension Term shall commence as of the first calendar day of the month immediately following the Effective Date.

4. Required Installations; Deadline. Tenant shall be required to install its permanent equipment in Harvey Milk Terminal 1, as specified in the Lease, including developing locations B1, B2, and D1 as digital displays (“Required Installations”). In the event the Required Installations are not finally completed by October 31, 2024, the COVID-19 Lease Extension Program shall be revoked and the extension of the Term set forth in Section 3 above shall be void and of no further effect. Notwithstanding the foregoing, the October 31, 2024 deadline shall be extended on a day-for-day basis should any of the following occur: (1) this Amendment is not fully approved by the Board of Supervisors by February 1, 2024; (2) Tenant has not secured all required approvals from BICE by June 1, 2024, despite its best efforts to do so; or (3) City does not deliver the space to Tenant by June 1, 2024. The day-for-day extension of the October 31, 2024 deadline shall be cumulative for the occurrence of each of the foregoing events.

5. Prevailing Rates of Wages for Tenant Improvements and Alterations. The following new Section 7.10 is added to the end of Section 7 of the Lease:

“7.10 Prevailing Rates of Wage for Tenant Initial Improvements and Alterations.

(a) For purposes of this Lease, any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.61, except as set forth below:

(i) “Covered Work” means any single project of Alterations in the Premises (including for the avoidance of doubt, the Tenant Initial Improvements) with an aggregate cost equal to or in excess of the Threshold Amount.

(ii) “Threshold Amount” means the amount established annually pursuant to Section 6.1 of the San Francisco Administrative Code Section.

(ii) “Prevailing Wage or Prevailing Rate of Wage” means the highest general prevailing rate of wage plus "per diem wages" and wages paid for overtime and holiday work paid in private employment in San Mateo County as fixed and determined by the California Department of Industrial Relations for the various crafts and kinds of labor employed in the performance of the Covered Work. "Per diem wages" are defined pursuant to California Labor Code Section 1773.1, as amended from time to time.

(b) Without limiting any other provision of this Lease, Tenant covenants and agrees at all times to comply with all applicable wage requirements, including but not limited to any such requirements in the California Labor Code, the City and County of San Francisco Charter and the San Francisco Municipal Code. Tenant will require its Contractors and Subcontractors performing any Covered Work to: (i) pay workers performing that work not less than the Prevailing Rate of Wages, and (ii) provide the same hours, working conditions, and benefits in each case as are provided for similar work performed in San Mateo County (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. All Covered Work is subject to compliance monitoring by the San Francisco Office of Labor Standards Enforcement (“OLSE”).

(c) Tenant will include, and will require its subtenants, and Contractors and Subcontractors (regardless of tier), to include in any construction contract for Covered Work the Prevailing Wage Requirements, 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 the Prevailing Wage Requirements will enable City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party. The enforcement and recourse provisions applicable to such failure by a Contractor or Subcontractor set forth in San Francisco Administrative Code Section 23.61(d) and are hereby incorporated by reference. For the current Prevailing Rate of Wages, see www.sfgov.org/olse or call OLSE at 415-554-6235.

(d) Tenant will require each Contractor and Subcontractor to utilize the City’s electronic certified payroll reporting system to keep or cause to be kept complete and

accurate payroll records for all persons performing the Covered Work. Such records shall include the name, address and social security number of each worker who provided labor, including apprentices, such worker's classification, a general description of the services each worker performed each day, the rate of pay (including rates of contributions for, or costs assumed to provide fringe benefits), daily and weekly number of hours worked, deductions made and actual wages paid. Every Subcontractor who shall undertake the performance of any part of the Covered Work herein required shall keep a like record of each person engaged in the execution of the subcontract. All such records shall at all times be available for inspection of and examination by the City."

6. City and Other Governmental Provisions. The provisions of Article 19 of the Lease (including any provisions of Article 19 amended or incorporated by any previous amendments to the Lease) are hereby deleted and replaced with the following:

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

19.2 Charter. The terms of this Lease shall be governed by and subject to the budget and fiscal provisions of the Charter of the City and County of San Francisco.

19.3 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 Environmental Code, Tenant shall not provide any items to the construction of 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 Environmental 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.

19.4 No Representations. Tenant acknowledges and agrees that neither City nor any person on behalf of City has made, and City hereby disclaims, any representations or warranties, express or implied, regarding the business venture proposed by Tenant at the Airport, including any statements relating to the potential success or profitability of such venture. Tenant represents and warrants that it has made an independent investigation of all aspects of the business venture contemplated by this Lease and the Permitted Use.

19.5 Effect of City Approvals. Notwithstanding anything to the contrary herein, Tenant acknowledges and agrees that City is entering into this Lease as a landowner, and not as a regulatory agency with police powers. Accordingly, any construction, alterations, or operations contemplated or performed by Tenant hereunder may require further authorizations, approvals, or permits from governmental regulatory agencies, including the Airport's Quality Control Department. Nothing in this Lease shall limit Tenant's obligation to obtain such other authorizations, approvals, or permits. No inspection, review, or approval by City pursuant to this Lease shall constitute the assumption of, nor be construed to impose, responsibility for the legal or other sufficiency of the matter inspected, reviewed, or approved. In particular, but without limiting the generality of the foregoing, in approving plans and specifications for Alterations, City (a) is not warranting that the proposed plan or other action complies with applicable Laws, and (b) reserves its right to insist on full compliance in that regard even after its approval has been given or a permit has been issued.

19.6 Limitation on Damages. Notwithstanding anything to the contrary herein, in no event will City or any City Entity be liable to Tenant or any Tenant Entity for any consequential, incidental, or special damages, or special damages, or lost revenues or lost profits.

19.7 Sponsor's Assurance Agreement. This Lease shall be subordinate and subject to the terms of any "Sponsor's Assurance Agreement" or any like agreement heretofore or hereinafter entered into by City and any agency of the United States of America.

19.8 Federal Nondiscrimination Regulations.

(a) Tenant understands and acknowledges that City has given to the United States of America, acting by and through the Federal Aviation Administration, certain assurances with respect to nondiscrimination, which have been required by Title VI of the Civil Rights Act of 1964, as effectuated by Title 49 of the Code of Federal Regulations, Subtitle A Office of the Secretary of Transportation, Part 21, as amended, and 28 C.F.R. section 50.3 (U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964) (collectively, the "Acts and Regulations"), as a condition precedent to the government making grants in aid to City for certain Airport programs and activities, and that City is required under said Regulations to include in every agreement or concession pursuant to which any person or persons other than City, operates or has the right to operate any facility on the Airport providing services to the public, the following covenant, to which Tenant agrees as follows: "The (grantee, lessee, permittee, etc. as appropriate) for himself, herself, his/her heirs, personal representatives, successors in interest and assigns, as part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) in the event facilities are constructed, maintained or otherwise operated on the property described in this (deed, license, lease, permit, etc.) for a purpose for which a U.S. Department of Transportation activity, facility, or program is extended or for another

purpose involving the provision of similar services or benefits, Tenant will maintain and operate such facilities and services in compliance with all requirements imposed by the Acts and Regulations (as may be amended) such that no person on the grounds of race, color, or national origin will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of said facilities, and (3) that the grantee, licensee, permittee, etc., shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Subtitle A, Office of the Secretary of Transportation, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation Effectuations of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended. With respect to this Lease, in the event of a breach of any of the above non-discrimination covenants, City will have the right to terminate this Lease and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if this Lease had never been made or issued.”

(b) (i) This agreement is subject to the requirements of the U.S. Department of Transportation’s regulations, 49 CFR part 23. The concessionaire or contractor agrees that it will not discriminate against any business owner because of the owner’s race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR part 23. (ii) The concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR part 23 that it enters and cause those businesses to similarly include the statements in the further agreements.

(c) This agreement is subject to the requirements of the U.S. Department of Transportation’s regulations, 49 CFR part 27, which require, among other things, that all televisions and audio-visual displays installed in passenger areas have high-contrast captioning capability, which is at all times enabled.

19.9 Federal Affirmative Action Regulations. Tenant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Tenant assures that it will require that its covered sub-organizations provide assurances to Tenant that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

19.10 Pertinent Non-Discrimination Authorities. During the performance of this Lease, Tenant, for itself, its assignees, and successors-in-interest (hereinafter referred to as the “contractor” in this Section 18.10) agrees to comply with the following non-discrimination statutes and authorities, including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 USC §2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation-Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 USC §4601) (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 USC. §794 et seq.), as amended (prohibits discrimination on the basis of disability); and 49 CFR §27;
- The Age Discrimination Act of 1975, as amended (42 USC §6101 et seq.), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC §471, Section 47123), as amended (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §12131 - 12189) as implemented by Department of Transportation regulations at 49 CFR §37 and 38 and the Department of Justice regulations at 28 CFR, parts 35 and 36;
- The Federal Aviation Administration's Non-discrimination statute (49 USC §47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 CFR at 74087 to 74100); and
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC §1681 et seq.).

19.11 City's Nondiscrimination Ordinance.

- (a) In the performance of this Lease, Tenant agrees not to discriminate against any employee, City and County employee working with Tenant, 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 operated by Tenant, 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) Tenant shall include in all subleases and other subcontracts relating to the Premises hereunder a nondiscrimination clause 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) Tenant does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco, 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) Tenant hereby represents that prior to execution of this Lease (i) Tenant executed and submitted to the Contract Monitoring Division of the City and County of San Francisco (the "CMD") the Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits form (Form CMD-12B-101), with supporting documentation, and (ii) the CMD approved such form.
- (e) The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to nondiscrimination 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 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 \$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.

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

19.13 Prevailing Rates of Wage. Reference is made to Airport Commission Policy No. 80-0031, requiring that Tenant pay prevailing rates of salaries, wages, and employee benefits, to its employees working at San Francisco International Airport pursuant to this Lease. Tenant covenants and agrees to pay either (i) the prevailing rate of wages required by such Airport Commission Policy or (ii) the rate required by the Minimum Compensation Ordinance, as set forth below, whichever is greater.

19.14 Declaration Regarding Airport Private Roads. Tenant hereby acknowledges and agrees that all roads existing at the date of execution hereof within the boundaries of the Airport, as shown on the current official Airport plan and as it may be revised, are the private property and private roads of the City and County of San Francisco, with the exception of that portion of the old Bayshore Highway which runs through the southern limits of the City of South San Francisco and through the northern portion of the Airport to the intersection with the North Airport Road as shown on said Airport Plan, and with the exception of that portion of the North Airport Road which runs from the off- and on-ramps of the State Bayshore Freeway to the intersection with said old Bayshore Highway as shown on said Airport Plan. It further acknowledges that any and all roads hereafter constructed or opened by City within the Airport boundaries will be the private property and road of City, unless otherwise designated by appropriate action.

19.15 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 or other Losses, against and covenants not to sue City or any City Entity under any Laws, including any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws. Without limiting Section 5 [Assignment or Subletting], 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, defend, and hold harmless City for any and all Losses arising out of any relocation assistance or benefits payable to any Transferee.

19.16 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. Any violation of this prohibition by Tenant or any Tenant Entity shall constitute a default hereunder.

19.17 Compliance with Americans With Disabilities Act. Tenant acknowledges that, pursuant to the ADA, programs, services and other activities provided by a public entity, whether directly or through a contractor, must be accessible to the disabled public. Tenant shall provide the services specified in this Lease in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation, including but not limited to, Titles II and III of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794 et seq.), 28 CFR Parts 35 and 36, and 49 CFR Parts 27, 37 and 38. Tenant agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Lease, and further agree that any violation of this prohibition on the part of Tenant, its employees, agents or assigns shall constitute a material breach of this Lease.

19.18 Sunshine Ordinance. In accordance with S.F. Administrative Code Section 67.24(e), contractors' bids, responses to RFPs and all other records of communications between the City and persons or firms seeking contracts shall 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 or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

19.19 Pesticide Prohibition.

(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>.

19.20 First Source Hiring Ordinance. Tenant shall comply with the San Francisco First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264-98, as amended by Board of Supervisors Ordinance Nos. 32-09 and 149-09) in cooperation with the Airport Commission Office of Employment and Community Partnerships pursuant to the First Source Hiring Agreement entered into between the Airport Commission and the Tenant concurrently herewith, and incorporated herein by reference.

19.21 Labor Peace/Card Check Rule. On February 7, 2023, by Resolution No. 23-0018, the Airport Commission adopted its current Labor Peace/Card Check Rule (the "Labor Peace Card Check Rule") and Model Form Labor Peace/Card Check Agreement ("Model Form Card Check Agreement"), incorporated into the Airport Rules as Rule 12.1 and Appendix C, respectively. All capitalized terms not otherwise defined in this provision shall have the meaning in the Labor Peace Card Check Rule. Without limiting the generality of other provisions herein requiring Tenant to comply with all Airport Rules, Tenant shall comply with the Labor Peace Card Check Rule. To comply with the Labor Peace/Card Check Rule, Tenant shall, among other actions, enter into a Labor Peace/Card Check Agreement with any Registered Labor Organization which requests such an agreement, within thirty (30) days after request. In the event that any such Registered Labor Organization and the Tenant are unable to negotiate a Labor Peace/Card Check Agreement within the 30-day period, the parties shall then be deemed to be bound by the Model Form Check Agreement attached as Appendix C to the Airport Rules, automatically and without any further action required by the parties. Tenant represents and warrants that it has fully reviewed the Labor Peace/Card Check Rule and agrees to be bound by all of its terms and conditions. Tenant acknowledges and agrees that Tenant's compliance with the Labor Peace/Card Check Rule is a material condition of this Lease, and if the Director determines that Tenant shall have violated the Labor Peace/Card Check Rule, the Director shall have the right to terminate this Lease, in addition to exercising all other remedies available to him/her.

19.22 Requiring Minimum Compensation.

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

obligations under the MCO is set forth in this Section. Tenant is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

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

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

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

(e) The City is authorized to inspect Tenant's premises and conduct interviews with employees and conduct audits of Tenants.

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

(g) Tenant understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Tenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(c) of Chapter 12P. Each of

these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

(h) 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 MCO.

(i) If Tenant is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Tenant later enters an agreement or agreements that cause Tenant to exceed that amount in a fiscal year, Tenant shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Tenant and this department to exceed \$25,000 in the fiscal year.

19.23 Airport Intellectual Property. Pursuant to Resolution No. 01-0118, adopted by the Airport Commission on April 18, 2001, the Airport Commission affirmed that it will not tolerate the unauthorized use of its intellectual property, including the SFO logo, CADD designs, and copyrighted publications. All proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Director's prior consent.

19.24 Requiring Health Benefits for Covered Employees. 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 by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Agreement 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(e) of the HCAO, it shall have no obligation to comply with part (a) above.

(c) Tenant's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Tenant if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of 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 12Q.5.1 and 12Q.5(f)(1-6). 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 Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. 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 noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

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

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

(i) 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.

(j) 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 ten business days to respond.

(k) Tenant shall allow City to inspect Tenant's premises and have access to Tenant's employees in order to monitor and determine compliance with HCAO.

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

(m) If Tenant is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$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 \$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 City to be equal to or greater than \$75,000 in the fiscal year.

19.25 Notification of Limitations on Contributions. By executing this Lease, Tenant acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who leases, or seeks to lease, to or from any department of the City any land or building from making any campaign contribution to (a) an individual holding a City elective office if the contract must be approved by that official, the board on which that individual serves, or a state agency on whose board an appointee of that individual serves, (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 submission of a proposal for the lease until the later of either the termination of negotiations for the lease or twelve (12) months after the date the City approves the lease. Tenant acknowledges that the foregoing restriction applies only if this Agreement or a combination or series of leases or other contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one hundred thousand dollars (\$100,000) or more. Tenant further acknowledges that (i) the prohibition on contributions applies to each prospective party to the lease; any person on Tenant's board of directors, any of Tenant's principal officers (including its chairperson, chief executive officer, chief financial officer, chief operating officer) and any person with an ownership interest of more than 10 percent (10%) in Tenant; any subtenant listed in the lease or any lease proposal; and any committee that is sponsored or controlled by Tenant; and (ii) within thirty (30) days of the submission of a proposal for the lease, the City department with whom Tenant is leasing is obligated to submit to the Ethics Commission the parties to the lease and any subtenant. Additionally, Tenant certifies that it informed any member of its board of directors and any of its principal officers, including its chairperson, chief executive officer, chief financial officer, chief operating officer, any person with an ownership interest of more than 10% in Tenant, and any subtenant listed herein of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for this Agreement, and has provided the names of the persons required to be informed to the City department with whom it is leasing. Violation of Section 1.126 may result in criminal, civil, or administrative penalties.

19.26 Vending Machines; Nutritional Standards and Calorie Labeling Requirements. Tenant may not install or permit any vending machine on the Premises without the prior written consent of the Airport Director. 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 19.26 will be a material breach of this Lease. Without limiting City's other rights and remedies under this Lease, City 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.

19.27 Food Service Waste Reduction Ordinance [Intentionally Deleted].

19.28 Multi-Employer Bargaining Group Participation. Tenant agrees and acknowledges that a multi-employer bargaining group is an established mechanism for employers to bargain collectively with any lawful labor organization representing its employees in an appropriate bargaining unit. In the event that Tenant's employees elect to be represented by a lawful labor organization, by majority determination through the labor peace/card check process or otherwise, Tenant agrees to join the relevant multi-employer bargaining group at the Airport, and become a party to, and be bound by, a collective bargaining agreement for its operations under this Lease in the event a collective bargaining agreement is then in effect or is negotiated on behalf of Tenant's employees. In order to demonstrate compliance with the Airport's labor harmony commitment, Tenant agrees that membership in a multi-employer bargaining group includes attendance at group meetings and participation in its business activities.

19.29 Worker Retention Policy. Tenant acknowledges the Airport's Worker Retention Policy and agrees to comply with its requirements.

19.30 Local Hire Policy. Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.62 (the "Local Hiring Requirements"). All Alterations under this Lease are subject to the Local Hiring Requirements unless the cost for such work is (a) estimated to be less than \$1,000,000 per building permit or (b) meets any of the other exemptions in the Local Hiring Requirements. Tenant agrees that it shall comply with the Local Hiring Requirements to the extent applicable. Before starting any Alteration, Tenant shall 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"). Tenant shall include, and shall 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 such contract shall 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 shall 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 shall 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.

19.31 Consideration of Salary History. Tenant shall comply with Administrative Code Chapter 12K (“Chapter 12K”), the Consideration of Salary History Ordinance or “Pay Parity Act.” Tenant is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Lease or in furtherance of this Lease, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Tenant is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>. Tenant is required to comply with all of the applicable provisions of Chapter 12K, irrespective of the listing of obligations in this Section. Tenant shall include this obligation in all subleases, licenses, sublicenses and any other contracts for work performed in furtherance of this Lease (including all amendments of the same), and failure to do so shall constitute a material breach of this Lease.

19.32 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 Premises in any building where extensive renovations are made by Tenant. 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 Building Inspection and Code Enforcement (BICE) for guidance.

19.33 Federal Fair Labor Standards Act. This Lease incorporates by reference the provisions of 29 USC §201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part time workers. Tenant has full responsibility to monitor compliance to the referenced statute or regulation. Tenant must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

19.34 OSHA. This Lease incorporates by reference the requirements of 29 CFR §1910 with the same force and effect as if given in full text. Tenant must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. Tenant retains full responsibility to monitor its compliance and their contractor's and subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (29 CFR §1910). Tenant must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

19.35 **Green Building Requirements.** Tenant acknowledges that the City and County of San Francisco has enacted Chapter 7 of the San Francisco Environment Code relating to green building requirements. Tenant hereby agrees that it shall comply with all applicable provisions of Chapter 7, including but not limited to those relating to Leadership in Energy and Environmental Design (LEED) certification.

19.36 **Plastic Beverage Container Restrictions.** Tenant shall comply with Airport Rule 8.2(B), which prohibits Airport tenants, vendors, and permittees from providing or selling beverages in containers that contain plastic or aseptic paper packaging, including in vending machines. The Airport has compiled a list of compliant beverage container packaging available on <https://www.flysfo.com/approved-bottled-water-list>.

7. No Other Modifications. Except as otherwise expressly set forth above, the Lease remains unmodified and in full force and effect.

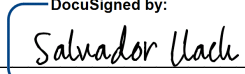
8. Counterparts and Electronic Signatures. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Amendment may be executed and delivered by electronic signature (including portable document format) by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

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IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date set forth below.

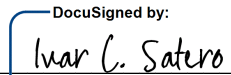
TENANT:

Clear Channel Outdoor, LLC,
a Delaware Limited Liability Company

By: 
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Name: Salvador Llach
Title: Deputy General Counsel

CITY:

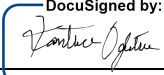
CITY AND COUNTY OF SAN
FRANCISCO, acting by and through its
Airport Commission

By: 
DocuSigned by:
4CFD359126544B...
Name: Ivar C. Satero
Title: Airport Director

Effective Date (to be inserted by City
only): 4/25/2024

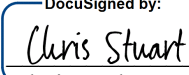
Authorized by Commission Resolution
No. 23-0224 on September 5, 2023, and
Resolution No. 157-24 finally passed by
the San Francisco Board of Supervisors on
April 2, 2024.

Attest:


DocuSigned by:
85B9720881A341D...
Secretary
Airport Commission

APPROVED AS TO FORM:

DAVID CHIU,
City Attorney

By: 
DocuSigned by:
C1-6264DE41DEF24117...
Christopher W. Stuart
Deputy City Attorney

X:\Admin\COVID-19\Amendments\Pandemic Extension Amendments 2023\Amendments (to tenants)\Retail and Service\L12-0231 Clear
Channel - Revised Amend. No. 2 (Pandemic Extension 2023) v2.docx



November 20, 2024

Mr. John Moyer
Senior Vice President Business Development
Clear Channel Outdoor, LLC

TRANSMITTED VIA EMAIL
johnmoyer@clearchannel.com

Subject: Airport Advertising Lease No. 12-0231 (as amended, the Lease) by and between City and County of San Francisco, acting by and through its Airport Commission, as landlord (Airport) and Clear Channel Outdoor, LLC (Tenant) - 2025 Minimum Annual Guarantee (MAG)

Dear John:

Pursuant to Section 4.3 Adjustments to Minimum Annual Guarantee of the Lease, the Airport has performed its review in accordance with the Lease terms and determined that the MAG will increase from \$13,874,357.05 to \$14,205,786.08 for the period of January 1 through December 31, 2025, calculated as follows:

CPI Adjustment Calculation				
All Urban Consumers-Not Seasonally Adjusted-San Francisco/Oakland/San Jose, CA				
\$10,000,000.00 (Initial MAG)	x	349.370 245.935	(Comparison Index Oct. 2024) (Base Index Jun. 2013)	= \$14,205,786.08 2025 MAG

Should you have any questions, you may reach me at 650.821.4500.

Very truly yours,

DocuSigned by:

9A390D69B2F14D3...
Gigi R. Ricasa
Senior Principal Property Manager
Revenue Development and Management

cc: Sam El Gord, SFO RDM
SFO Accounting, SFOConcessReports@flysfo.com
Steve Frick, Clear Channel Airports, stevefrick@clearchannel.com

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED
MAYOR

MALCOLM YEUNG
PRESIDENT

JANE NATOLI
VICE PRESIDENT

JOSE F. ALMANZA

MARK BUELL

IVAR C. SATERO
AIRPORT DIRECTOR

POST OFFICE BOX 8097 SAN FRANCISCO, CA 94128 TEL 650.821.5000 FAX 650.821.5005 **FLYSFO.COM**

From: [SFOConcessions \(AIR\)](#)
To: [Moyer, John](#)
Cc: [Gigi Ricasa \(AIR\)](#); [Sam ElGord \(AIR\)](#); [SFOConcessReport \(AIR\)](#); "[StevenFrick@clearchannel.com](#)"
Bcc: [Cheryl Chan \(AIR\)](#); [Dianna Munoz \(AIR\)](#); [Linda Wu \(AIR\)](#)
Subject: L12-0231 Clear Channel MAG Adjustment 2025
Date: Wednesday, November 20, 2024 9:08:41 AM
Attachments: [image001.png](#)
[L12-0231 MAG Adjustment 2025.docx.pdf](#)

Dear John,
Please review the attached letter, a hard copy will not follow.

Should you have any questions, please do not hesitate to contact your Principal Property Manager, copied here, or at 650-821-4500.

Thank you,



Trina Pasion *for* SFOConcessions@flysf.com

Revenue, Development and Management

San Francisco International Airport | P.O. Box 8097 | San Francisco, CA 94128

Office: 650-821-4500 | flysf.com

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AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 25-0156

**APPROVAL OF AMENDMENT NO. 3 TO THE AIRPORT ADVERTISING LEASE
NO. 12-0231 WITH CLEAR CHANNEL OUTDOOR, INC.**

WHEREAS, on October 30, 2012, by Resolution No. 12-0231, the Commission awarded the Airport Advertising Lease No. 12-0231 (Lease) to Clear Channel Outdoor, Inc. (Tenant) to operate the advertising concession at San Francisco International Airport for a term of eight years expiring December 31, 2022 (Term); and

WHEREAS, on October 6, 2020, by Resolution No. 20-0180, the Commission authorized the COVID-19 Emergency Rent Relief Program for Airport Concession Operators, a program supported by CARES Act funding allocated to San Francisco International Airport, and which allowed the Airport to waive Minimum Annual Guarantee payments due under the Lease for March, April, and May 2020, and which was memorialized in Amendment No. 1 to the Lease; and

WHEREAS, on January 1, 2023, the Airport continued the Lease on a month-to-month holdover basis through April 30, 2024; and

WHEREAS, on September 5, 2023, by Resolution No. 23-0224, the Commission adopted the COVID-19 Lease Extension Program which provided certain food and beverage, retail and service concession tenants an extension of up to three and one-half years. Tenant received the full three- and one-half-year extension under this program extending the expiration date of the Term to October 31, 2027; and

WHEREAS, the Airport is desirous of adding new advertising locations to be used solely for promotion large sporting events (Sporting Event Promotional Premises); and

WHEREAS, the specific Sporting Event Promotional Premises will be approved by the Airport Director, subject to all provisions of the Lease, with a percentage rent for those premises only set at 65% of gross revenues; now, therefore, be it

RESOLVED, that this Commission hereby approves Amendment No. 3 to the Lease, which adds Sporting Event Promotional Premises and establishes the percentage rent structure for those premises at 65% of gross revenues; and, be it further

RESOLVED, that this Commission hereby directs the Director of Commission Affairs to forward Amendment No. 3 to the Board of Supervisors for approval pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

I hereby certify that the foregoing resolution was adopted by the Airport Commission

at its meeting of _____

SEP 16 2025


Secretary

MEMORANDUM

September 16, 2025

TO: AIRPORT COMMISSION
Hon. Malcolm Yeung, President
Hon. Jane Natoli, Vice President
Hon. Jose F. Almanza
Hon. Mark Buell
Hon. Susan Leal

15-0156
SEP 16 2025

FROM: Airport Director

SUBJECT: Approval of Amendment No. 3 to the Airport Advertising Program Lease
No. 12-0231 with Clear Channel Outdoor, Inc.

DIRECTOR'S RECOMMENDATION: (1) APPROVE AMENDMENT NO. 3 TO THE AIRPORT ADVERTISING PROGRAM LEASE NO. 12-0231 WITH CLEAR CHANNEL OUTDOOR, INC., ADDING PREMISES SOLELY FOR THE PROMOTION OF LARGE SPORTING EVENTS AND ESTABLISHING A RENT STRUCTURE FOR THOSE LOCATIONS; AND (2) DIRECT THE DIRECTOR OF COMMISSION AFFAIRS TO REQUEST APPROVAL OF AMENDMENT NO. 3 FROM THE BOARD OF SUPERVISORS PURSUANT TO SECTION 9.118 OF THE CHARTER OF THE CITY AND COUNTY OF SAN FRANCISCO.

Executive Summary

Clear Channel Outdoor, Inc. (Clear Channel or Tenant) currently operates the advertising concession at San Francisco International Airport (Airport or SFO) under the Airport Advertising Program Lease (the Lease), a non-exclusive lease. The Lease has 148 individual advertising locations and rent is a flat Minimum Annual Guarantee (MAG), currently equal to \$14,205,786. To capture revenue and welcoming opportunities afforded by large sporting events, Staff desires to add locations to the Lease and establish a percent of gross revenues rent structure for those locations.

Background

On October 30, 2012, by Resolution No. 12-0231, the Commission awarded the Lease to Tenant with a Base Term of eight years and no extension options. Under the Lease, Clear Channel has approximately 148 locations for advertising fixtures. The Lease has a MAG only, with no percentage rent. The MAG is adjusted annually based on a Consumer Price Index (CPI).

On October 6, 2020, by Resolution No. 20-0180, the Commission adopted the COVID-19 Emergency Rent Relief Program which provided rent relief related to the pandemic and funded by the CARES Act. This rent relief provided a waiver of three months of MAG rent during 2020. Unlike almost all other concessions at the Airport, the Lease does not

have 'Severe Decline in Enplanements' provision, so, except for the relief provided under the COVID-19 Emergency Rent Relief Program, Tenant continues to pay full MAG for the remainder of the current term.

On January 1, 2023, the Airport continued the Lease on a month-to-month holdover basis through April 30, 2024.

On September 5, 2023, by Resolution No. 23-0224, the Commission adopted the COVID-19 Lease Extension Program which provided certain food and beverage, retail, and service concession tenants an extension of up to three and one-half years. Clear Channel received the full three- and one-half-year extension under this program which extended the expiration date to October 31, 2027.

The Lease allows Clear Channel to sell advertising displayed in static and digital units within the terminals and the Rental Car Center. Currently, the number of advertising units is 148 but the number flexes slightly based on a construction activity necessitating the removal and relocation of advertising display units. Unlike most concession leases, the Clear Channel Lease features flat MAG rent only. The Airport does not benefit from the addition of advertising spaces under this model.

The 2026 Super Bowl and 2026 FIFA World Cup present important revenue opportunities for the Airport. Clear Channel and other entities have presented to the Airport many new locations which are desirable for Super Bowl and FIFA welcome messaging and advertising. Staff intends to utilize the Clear Channel Lease for these opportunities and is desirous of allowing new locations to be added to the Lease along with a revenue share rent structure. The sporting event locations could not be used for any other purpose by Clear Channel, and as with all advertising installations, prior Airport approval would be required to ensure design standards are met and the messaging is within consistent with the sport events purposes and the Airport's Advertising Policy.

Proposal

Staff recommends modifying the Lease as follows:

- **Premises**: Clear Channel may utilize locations approved by the Airport Director and not currently listed in Exhibit A, Premises, of the Lease for advertising large sporting events. Those individual locations (Sporting Event Promotional Premises) will be memorialized by letter agreement and will be subject to all requirements of the Lease.
- **Rent**: Sporting Event Promotional Premises will be subject to Percentage Rent of 65% of gross revenues. No MAG is associated with the Sporting Event Promotional Premises.

Recommendation

I recommend the Commission adopt the accompanying Resolution approving Amendment No. 3 to the Airport Advertising Lease, which adds Sporting Event Promotional Premises and establishes rent as 65% of gross revenues for those premises, and directing the Director of Commission Affairs to request approval of the Amendment No. 3 by Resolution of the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

Sincerely,



Mike Nakornkhet
Airport Director

Prepared by: Kevin Bumen
Chief Financial and Commercial Officer

Attachment



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 #: 251027

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

Original

DATE OF ORIGINAL FILING (for amendment only)

AMENDMENT DESCRIPTION – Explain reason for amendment

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD

Board of Supervisors

NAME OF CITY ELECTIVE OFFICER

Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT

Angela Calvillo

TELEPHONE NUMBER

415-554-5184

FULL DEPARTMENT NAME

Office of the Clerk of the Board

EMAIL

Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT

Cheryl Brennan

DEPARTMENT CONTACT TELEPHONE NUMBER

650-821-4500

FULL DEPARTMENT NAME

AIR San Francisco International Airport

DEPARTMENT CONTACT EMAIL

cheryl.brennan@flysfo.com

5. CONTRACTOR	
NAME OF CONTRACTOR Clear Channel Outdoor, LLC d/b/a Clear Channel Airport	TELEPHONE NUMBER 610-674-6121
STREET ADDRESS (including City, State and Zip Code) 4830 North Loop 1604 W, Suite 111, San Antonio, TX 782	EMAIL mortengotterup@clearchannel.com

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 251027
DESCRIPTION OF AMOUNT OF CONTRACT Annual: \$14,205,786.08		
NATURE OF THE CONTRACT (Please describe) To provide commercial advertising throughout the Airport.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
☐	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
☒	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
☐	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	Feldman	Lynn	Board of Directors
2	Sailer	David	Board of Directors
3	Wells	Scott	CFO
4	Airports Division	Clear Channel Outdoor	Shareholder
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6			
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16			
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19			

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
20			
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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
39			
40			
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50			

☐ 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.

SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK

DATE SIGNED

BOS Clerk of the Board

October 8, 2025

Ms. Angela Calvillo
Clerk of the Board
Board of Supervisors
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102-4689

Subject: Approval of Lease Amendment No. 3 to the Airport Advertising Lease No. 12-0231
with Clear Channel Outdoor, LLC d/b/a Clear Channel Airports, and the City and
County of San Francisco, acting by and -through its Airport Commission

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for the Board of Supervisors' approval the proposed Resolution, which approves Lease Amendment No. 3 to the Airport Advertising Lease No. 12-0231 with Channel Outdoor, LLC d/b/a Clear Channel Airports.

The following is a list of accompanying documents:

- Board of Supervisors Resolution;
- Approved Airport Commission Resolution No. 25-0156;
- Memorandum accompanying Airport Commission Resolution No. 25-0156;
- SFEC-126(f)4 (Board of Supervisors) for Channel Outdoor, LLC d/b/a Clear Channel Airports;
- A copy of Airport Advertising Lease No. 12-0231;
- A copy of Amendments No. 1 and 2 to the Airport Advertising Lease No. 12-0231; and
- A copy of Amendment No. 3 to the Airport Advertising Lease No. 12-0231. The City Attorney's Office is prepared to approve the Lease as to form upon approval by the Board of Supervisors.

The following person may be contacted regarding this matter:

Cheryl Brennan
Director
Revenue Development and Management
650.821.4500
cheryl.nashir@flysfo.com

Sincerely,

Kantrice Ogletree /s/

Kantrice Ogletree
Director, Commission Affairs

Enclosures

cc: Cheryl Brennan, Revenue Development and Management
Dyanna Volek, Governmental Affairs Manager

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

DANIEL LURIE
MAYOR

MALCOLM YEUNG
PRESIDENT

SUSAN LEAL
VICE PRESIDENT

JOSE F. ALMANZA

MARK BUELL

NANCY TUNG

MIKE NAKORNKHET
AIRPORT DIRECTOR