

SUBLEASE

between

THE CITY AND COUNTY OF SAN FRANCISCO

as Sublandlord

and

**FRIENDS AND FOUNDATION OF THE SAN FRANCISCO PUBLIC LIBRARY
as Subtenant**

**for a portion of the Building at
750 Brannan Street, San Francisco, CA**

San Francisco, California

June 30, 2016

SUBLEASE

Table of Contents [Requires Updating]

<u>Section</u>	<u>Page</u>
1. BASIC SUBLEASE INFORMATION.....	2
2. PREMISES	4
3. COMPLIANCE WITH MASTER LEASE	5
4. SUBLEASE COMMENCEMENT DATE, TERM AND EXTENSIONS	6
5. RENT	7
6. USE.....	8
7. REPAIRS AND MAINTENANCE.....	9
8. LIENS	10
9. COMPLIANCE WITH LAWS.....	11
10. ENCUMBRANCES	11
12. DAMAGE OR DESTRUCTION; EMINENT DOMAIN	11
13. ASSIGNMENT AND SUBLETTING	12
14. DEFAULT; REMEDIES.....	13
15. INDEMNIFICATION	14
16. INSURANCE.....	15
17. ACCESS.....	15
18. ESTOPPEL CERTIFICATES.....	16
19. SURRENDER.....	16
20. HAZARDOUS MATERIALS.....	16
21. GENERAL PROVISIONS	17

LIST OF EXHIBITS:

EXHIBIT A - Master Lease

EXHIBIT B - Subtenant's Insurance Requirements

EXHIBIT C - Diagram of Sublease Premises

SUBLEASE

[NEED TO CHECK ALL SECTION REFERENCES]

THIS SUBLEASE (the "**Sublease**"), dated for reference as of June 30, 2016, is by and between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**Sublandlord**" or the "**City**") and FRIENDS AND FOUNDATION OF THE SAN FRANCISCO PUBLIC LIBRARY, a 501 (c) 3 non profit agency ("**Subtenant**" or "**FFOL**"). From time to time, Sublandlord and Subtenant may be referred to herein as a "Party" and together as the "**Parties**".

This Sublease is made with reference to the following facts and circumstances:

A. 750 Brannan Street Props, LLC, a California limited liability company ("**Master Landlord**"), owns the property commonly known as 750 Brannan Street, San Francisco, California, which is improved with a commercial building containing approximately 24,173 rentable square feet of space (the "**Building**").

B. Sublandlord and Master Landlord have negotiated a new Lease (the "Master Lease") pursuant to which Master Landlord will lease the Building) referred herein as the "Master Leased Premises" to Sublandlord.

C. Sublandlord and Subtenant desire to sublease a portion of the Building, as shown on Exhibit C attached hereto (the Sublease Premises") for a bookstore and donation drop off center on the terms and conditions herein.

D. Sublandlord's execution of the Master Lease is subject to the review and approval of the San Francisco Board of Supervisors, which approval is being requested simultaneously with the approval of this Sublease.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant hereby agree as follows:

1. BASIC SUBLEASE INFORMATION

The following is a summary of basic information about this Sublease (the "**Basic Sublease Information**"). Each item below shall be deemed to incorporate all of the terms in this

Sublease pertaining to such item. In the event of any conflict between the Basic Sublease Information and any more specific provision of this Sublease, the more specific provision shall control.

Commencement Date: The date the Master Lease commences and the LCA Lease is terminated

Sublandlord: City and County of San Francisco

Subtenant: FRIENDS AND FOUNDATION OF THE SAN FRANCISCO PUBLIC LIBRARY, a 501 (c) 3 non-profit agency

Use (Section 6): Sublease Premises shall only be used for a bookstore, staffing, and a book donation drop off center and for no other purposes.

Sublease Premises and Subtenant's Rentable Square Footage:
Sublease Premises (Section 2.5):

Approximately 2,833 rentable square feet, generally depicted on Exhibit C, the Diagram of Sublease Premises. No parking is provided to Subtenant.

Subtenant's Proportionate Share
(Section 2.5):

Eleven and 72/100 percent (11.72 %)

Term and Term Extensions:
Term (Section 4.3):

The Term of this Sublease shall commence on the Commencement Date and shall end on Expiration Date, unless sooner terminated or extended under the provisions of the Sublease

Early Termination:
Term (Section 4.3):

Subtenant shall have the annual right to terminate this Sublease on each July 1 provided Subtenant has provided not less than 270 days prior advanced notice.

Rent:
Sublease Rent (Section 5.1):

Consists of Subtenant's share of Base Rent and Additional Charges payable by Subtenant under the Master Lease, including but not

limited to Additional Services requested by Subtenant

Initial Base Rent (Section 5.1):

\$9,207.25 monthly based Subtenant's share of Base Rent payable by Sublandlord under the Master Lease

Additional Charges:

As set forth in Section 4 of the Master Lease

Tenant Improvements:
(Section _____):

Subtenant shall be entitled to its prorata share (\$28,330.00) of the Tenant Improvement Allowance provided to Subtenant

Sublandlord and Subtenant agree to use good faith efforts to coordinate Leasehold Improvements in order to maximize the use of the Tenant Improvement Allowance. (as provided in the Work Letter to the Master Lease).

Additional Services:

As set forth in Section 9 of the Master Lease

Notices (Section 21.1):

All notices shall be provided in writing in the manner indicated in Section 21.1, unless otherwise indicated in the Sublease

2. PREMISES

2.1. Sublease Premises and License. Subject to the terms, covenants and conditions of this Sublease, Sublandlord (i) subleases to Subtenant the Sublease Premises, as shown on Exhibit C.

2.2. Condition of Sublease Premises. Subtenant acknowledges and agrees that the Sublease Premises are being subleased subject to the Master Lease and all applicable Laws, and Subtenant acknowledges that neither Sublandlord, nor any of its Agents, have made any representations or warranties, express or implied, concerning any aspect of the Master Lease Premises the Sublease Premises.

2.3. Sublease Premises, Subtenant's Rentable Square Footage, Subtenant's Prorata Share and Subtenant's Proportionate Share.

(a) **Sublease Premises and Subtenant's Rentable Square Footage.** The Parties agree that the Sublease Premises consist of approximately 2,833 square feet (“**Subtenant's Rentable Square Footage**”).

(b) **Subtenant's Prorata Share.** The Parties further agree that Subtenant's prorata share of utilities and other costs pertaining to Subtenant's use of the Sublease Premises shall be calculated at the rate of eleven and 72/100 percent (11.74%) (“**Subtenant's Prorata Share**”) of such costs, which the Parties agree is the Subtenant's prorata share of the Building's 24,173 rentable square feet contained in the Master Lease..

(c) **Subtenant's Share of Additional Charges; Subtenant's Proportionate Share.** Unless otherwise agreed in writing, or unless an Additional Charge is attributable to one Party, then Sublandlord and Subtenant agree that all Additional Charges be allocated on a per **Subtenant's Proportionate Share.** , as appropriate; provided, however, that the Parties may agree to a different cost allocation methodology for any Additional Charge or Additional Service.

2.4. Disability Access. 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. Subtenant is hereby advised that the Premises have been inspected by a CASp and a copy of the CASp report has been provided to Subtenant.

2.5. Energy Consumption Subtenant acknowledges and agrees that Landlord delivered the Data Verification Checklist (as defined in the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Section 1680) for the Premises to Sublandlord and Sublandlord has delivered a copy to Subtenant, copies of which are attached as Schedule 1 to the Master Lease, no less than 24 hours prior to Subtenant's execution of this Sublease.

3. COMPLIANCE WITH MASTER LEASE

3.1 Relationship of Master Lease to Sublease. This Sublease is subject and subordinate to the Master Lease. Subtenant's estate shall in all respects be limited to, and construed in a fashion consistent with, the estate granted to Sublandlord by Master Landlord. The terms and conditions of the Master Lease are incorporated herein by reference as if fully set forth herein, and shall, as between Sublandlord and Subtenant (as if they were the landlord and tenant, respectively, under the Master Lease), constitute the terms of this Sublease, except to the extent that they are inapplicable to, inconsistent with, or modified by the terms of this Sublease.

3.2 Interpretation of Master Lease. For purposes of incorporation herein, the terms of the Master Lease are to be interpreted as follows:

(a) In all provisions of the Master Lease requiring the approval or consent of Master Landlord, Subtenant shall be required to obtain the approval or consent of Sublandlord and Master Landlord.

(b) In all provisions of the Master Lease requiring the Tenant to submit, supply or provide evidence, certificates, or other items to the Master Landlord, Subtenant shall submit, supply or provide such evidence, certificates or other items to Master Landlord and to Sublandlord.

(c) Sublandlord agrees that Subtenant shall be entitled to receive all services and repairs to be provided by Master Landlord under the Master Lease, and otherwise be the beneficiary of, all of the Master Landlord's obligations under the Master Lease with respect to the Sublease Premises. Sublandlord and Subtenant shall jointly look solely to Master Landlord for all such services, repairs and other obligations to be performed by Master Landlord, and Subtenant shall not make any claim upon Sublandlord for any damages or losses which may arise by reason of Master Landlord's default under the Master Lease. In the event of any such default by Master Landlord, Sublandlord and Subtenant shall cooperate in all enforcement and remedial actions against Master Landlord, and each shall be responsible for their own costs and expenses in connection therewith.

(d) In all instances where Sublandlord's consent is required by this Sublease or where Subtenant seeks rights and benefits under the Master Lease, Sublandlord agrees to treat Subtenant in the same manner as it treats the City department located in the Building.

(e) As between Sublandlord and Subtenant, Sublandlord agrees that this Sublease shall be interpreted as providing Subtenant with the same rights and benefits as those available to the Tenant under the Master Lease, and as providing Subtenant with the same obligations as those required of Tenant under the Master Lease, in so far as they relate to the Sublease Premises.

(g) Subtenant covenants and agrees that all obligations to Master Landlord under the Master Lease shall be done or performed by Subtenant in so far as they relate to or affect the Sublease Premises

3.3 Compliance with Master Lease. Neither Sublandlord nor Subtenant shall do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

4. SUBLEASE COMMENCEMENT DATE, TERM AND EXTENSIONS

4.1 Approval of Sublease and Amendments to Sublease.

(a) **Required City Approvals.** Notwithstanding anything to the contrary contained in this Sublease, Subtenant acknowledges and agrees that no officer or employee of City has the authority to commit City to this Sublease or any amendment hereto unless and until

the City's Board of Supervisors shall have exercised its absolute discretion and duly adopted a resolution authorizing the City's execution of this Sublease or such amendment to this Sublease;

(b) **Effective Date.** Any obligations or liabilities of either Party under this Sublease and any amendment to this Sublease are contingent upon adoption of resolutions authorizing the execution of this Sublease or any amendments thereto by the City's Board of Supervisors. The Effective Date of this Sublease shall be the date upon which each of the following has occurred: (i) the City's Board of Supervisors has enacted a resolution approving the Master Lease and this Sublease, and (ii) the Parties have executed this Sublease, with Master Landlord's consent, in the space provided below.

4.2 Commencement Date. The term of this Sublease shall commence on the Commencement Date (as defined in the Master Lease) (the "**Commencement Date**"). Accordingly, Subtenant shall have the right to occupy the Sublease Premises, at the same time as Sublandlord commences payments of Rent.

4.3 Term and Term Extensions.

(a) **Term.** The term of this Sublease shall begin on the Commencement Date and, except for liabilities and obligations which expressly survive termination of this Sublease, automatically terminate on the Expiration Date, unless this Sublease is extended pursuant to Section 4.3 (b) below (the "**Term**"). Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

(b) **Extended Term.** At Sublandlord's sole option, Sublandlord may extend the term of this Sublease to coincide with the new Expiration Date if City's Lease is extended by an Option to Extend Term. Sublandlord shall copy Subtenant on its Option Notice and within ten (10 business days, Subtenant shall notify Sublandlord in writing of its desire to extend the term. Within 20 business days, Sublandlord shall notify Subtenant of its determination to either extend the Sublease Term or to not extend the Sublease Term which is such case, Subtenant shall vacate the Sublease premises on the Expiration Date.

(c) **Early Termination.** Subtenant shall have the right to Terminate this Sublease, without cost or penalty, on each July 1 following the Commencement Date by providing Sublandlord with at least 270 days advance written notice.

5. RENT

5.1 Sublease Rent. The Sublease Rent shall consist of the Base Rent and Additional Charges payable by Subtenant beginning on the Commencement Date and continuing through the Term. Subtenant shall pay to Sublandlord, Base Rent, its proportionate share of the Rent and

Additional Charges payable by Sublandlord to Master Landlord under the Master Lease. Sublandlord agrees to provide to Subtenant with any and all invoices of Additional Charges received by Master Landlord.

5.2 Rent Payments. All Sublease Rent shall be due and payable on or before the dates set forth in the Master Lease, and payments shall be made in the manner required under the Master Lease; provided, Subtenant shall make payments to Sublandlord at the following address: City and County of San Francisco, c/o Real Estate Division, 25 Van Ness Avenue, Suite 400, San Francisco, CA 94102. With regard to any separately invoiced costs, Subtenant shall make payment promptly following Subtenant's receipt of an invoice from Sublandlord.

5.3 Base Rent During Sublease Extension Terms. In the event that Sublandlord exercises its option to Extend the Term under the Master Lease and Sublandlord notifies Subtenant that it will extend the Sublease Term under Section 4.3 (b) above, Sublandlord and Subtenant hereby agree that Fair Market Rent shall be determined as outlined in Section 4.2 of the Master Lease, and Sublandlord and Subtenant shall each pay the same per square foot amount for space as determined per the terms of the Master Lease.

5.4 Additional Rent. As defined in the Masterlease Section _____

6. USE

6.1. Subtenant's Permitted Uses. Subtenant may use the Sublease Premises for the purposes explicitly defined in the Basic Sublease Information and for no other purpose. Subtenant and Sublandlord each agree that neither Party shall use the Sublease Premises in any manner prohibited by the Master Lease. All of the terms and provisions of Article 5 of the Master Lease are incorporated into this Sublease by this reference and are to be interpreted by replacing the terms "Lease" with "Sublease", "Rent" with "Sublease Rent", "Landlord" or "City" with "Sublandlord", and "Tenant" with "Subtenant". Without limiting the foregoing, Subtenant agrees to comply with the Rules and Regulations and any additional reasonable rules and regulations prescribed by Sublandlord for the sharing of the Building.

7. SUBLEASE LEASEHOLD IMPROVEMENTS

7.1. Leasehold Improvements. Subtenant and Sublandlord have each submitted to Master Landlord their basic space needs and requirements for the Building, and Master Landlord has prepared Pricing Plans and a Preliminary Budget as set forth in Master Lease. Sublandlord shall enter into the Work Letter with Master Landlord for the Leasehold Improvement Work, which shall be designed and constructed by Master Landlord and its Agents in accordance with the Master Lease. Sublandlord shall pass through to Subtenant's prorate share of the Allowance of \$28,330.00 (or approximately \$10 per rentable square foot) for the design and construction of the Leasehold Improvements to the Sublease Premises. Any Leasehold Improvement costs relating to the Sublease Premises in excess of the Allowance shall be paid by Subtenant directly to Sublandlord as and when required under the Master Lease and the applicable Work Letter. Any Leasehold Improvement Costs that exceed the Allowance up to a maximum cost of \$141,650.00

(or \$50 per rentable square foot) shall be amortized over 10 years and paid to Sublandlord as Additional Rent.

7.2. Telecommunications Equipment. . Sublandlord and Subtenant agree to coordinate all telecommunications lines and equipment in an effort to obtain operational and cost efficiencies. Subtenant shall have the right to install additional telecommunications, data and/or computer cabling facilities and equipment to serve the Sublease Premises, at Subtenant's sole cost, with the prior written consent of Sublandlord, which shall not be unreasonably withheld or delayed and any Master Landlord consent that may be required by the Master Lease.

7.3. Alterations. Subtenant shall comply with the procedures and standards of Article 7 of the Master Lease relating to Alterations, fixtures and other property by providing prior notice of any proposed Alteration to Sublandlord, who shall request Master Landlord's permission as required by the Master Lease. Without limiting the foregoing, Subtenant shall not construct or make any Alterations without Sublandlord's prior written consent, which consent will not be unreasonably withheld or delayed. Unless otherwise agreed in writing by the Parties, Subtenant shall be solely responsible for the cost of any Alterations requested or installed by or on behalf of Subtenant. Except for Subtenant's Personal Property, as defined in Section 6. ____ of the Master Lease, all appurtenances, fixtures, improvements (including but not limited to the initial installation of work stations and furniture), equipment, additions and other property permanently installed in the Sublease Premises as of the Commencement Date or during the Term shall be and remain SubLandlord's property. Subtenant shall not remove such property unless Master Landlord and Sublandlord consent thereto.

7.4. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment installed in the Sublease Premises by Subtenant that that can be removed without structural or other damage to the Master Lease Premises or the Building (all of which are herein called "**Subtenant's Personal Property**") shall also be the property of SubLandlord.

7.5. Sublandlord's Alterations of the Building and Building Systems. Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the Common Areas or any other part of the Building or the building systems, provided that Subtenant is given at least thirty (30) days advance notice and that any such alterations or additions shall not materially adversely affect the functional utilization of the Sublease Premises for purposes stated herein.

8. REPAIRS AND MAINTENANCE

8.1. Master Landlord's Repairs. Master Landlord shall be responsible for all the repair and maintenance obligations described in Section 8.1 of the Master Lease.

8.2. Subtenant's Repairs. Subtenant shall comply with all maintenance, repair and lien obligations of City under Master Lease Article 8 with respect to the Sublease Premises. If any

portion of the Building is damaged by any activities conducted by Subtenant or Subtenant's Agents or Invitees, Subtenant shall promptly repair such damage to pre-damage conditions at no cost to Sublandlord.

8.3. Utilities. Master Landlord shall provide to Subtenant all utilities and services provided to City under Master Lease Article 9, and Subtenant shall comply with the City's obligations under Master Lease Article 9 with respect to payment of utilities for the Sublease Premises. Accordingly, Subtenant shall pay directly to SubLandlord, the Subtenant's Proportionate Share for (i) utilities and services covered in Master Lease relating to the Sublease Premises and (ii) additional utilities or services not covered in Master Lease Sections 9.1 and 9.2 requested by Subtenant. Subtenant shall be responsible for furnishing at its sole cost or, if provided by Sublandlord, then paying Sublandlord for, any additional utilities or services not supplied by Master Landlord .

8.4. No Right to Repair and Deduct. Subtenant expressly waives the benefit of any Laws that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of the failure to keep the Sublease Premises in good order, condition or repair, or to abate or reduce Subtenant's obligations hereunder on account of the condition of the Sublease Premises. Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease or any right of Subtenant to make repairs or replacements and deduct the cost thereof from Sublease Rent and to any right to terminate this Sublease due to the Master Landlord's failure to carry out such repair or replacement obligations. The Parties agree to cooperate in all actions against the Master Landlord relating to the condition of the Sublease Premises or the Building, and Subtenant shall have all the same rights and benefits granted to Sublandlord under the Master Lease in the event Master Landlord fails to fulfill its obligations relating to the condition of the Sublease Premises or the Building.

9. LIENS

9.1. Creation of Liens Prohibited. Subtenant shall keep the Sublease Premises and the Building free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. Subtenant shall provide Master Landlord and Sublandlord with at least ten (10) days prior notice of commencement of any repair or construction by Subtenant on the Sublease Premises to allow Master Landlord and Sublandlord to post a Notices of Non-Responsibility with respect to the Work.

9.2. Sublandlord's Rights. In the event Subtenant does not, within ten (10) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant

upon demand.

10. COMPLIANCE WITH LAWS

10.1. Compliance with Laws; Indemnity. With respect to the Sublease Premises, Subtenant shall comply with all of the City's obligations under Section 10.2 of the Master Lease. Subtenant shall Indemnify Sublandlord against any and all Claims arising out of Subtenant's failure to comply with applicable Laws, and Sublandlord shall Indemnify Subtenant against any and all Claims arising out of Sublandlord's failure to comply with applicable Laws.

10.2. Compliance with Insurance Requirements. With respect to the Sublease Premises, Subtenant shall comply with all City's obligations under Section 10.3 of the Master Lease. Subtenant shall not do anything, or permit anything to be done, in or about the Sublease Premises or the Building that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord and Master Landlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of any policies of commercial general, all risk property or other policies of insurance at any time in force with respect to the Sublease Premises or the Building. Sublandlord shall provide to Subtenant all notices relating to insurance requirements that Sublandlord receives from Master Landlord.

11. ENCUMBRANCES

11.1. Encumbrances. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security (collectively, "**Encumbrances**") in any manner against the Sublease Premises or Sublandlord's or Subtenant's interest under this Sublease. Sublandlord shall not create any Encumbrances against the Sublease Premises or Sublandlord's or Subtenant's interest under this Sublease except in connection with any financing to purchase the Building.

12. DAMAGE OR DESTRUCTION; EMINENT DOMAIN

12.1. Damage or Destruction to the Sublease Premises or the Building. The provisions of Article 12 of the Master Lease are incorporated herein. In the event of any damage or destruction, the Master Landlord shall repair the Building and the Sublease Premises if and to the extent required under Article 12 of the Master Lease. If and to the extent City is required to make any repairs to the Master Lease Premises, then Subtenant shall make the same repairs to the Sublease Premises, as applicable. Upon any Major Damage or Destruction, City shall make its determination of whether to terminate the Master Lease. In the event of any such termination, Subtenant shall be given the same period of time to remove Subtenant's Personal Property as Sublandlord is given under the Master Lease. In the event the Master Lease is not terminated, this Sublease will remain in full force and effect during any period of repair and

restoration, and Subtenant's Base Rent shall be abated if and to the extent permitted under the Master Lease. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Sublease Premises or any Leasehold Improvements therein. However, Sublandlord and Subtenant shall cooperate in any enforcement action against the Master Landlord in order to ensure that the Sublease Premises are repaired following any damage and destruction per the terms of the Master Lease. From and after any City acquisition of the Property, Subtenant shall not have the right to sue the City in order to require the City to repair, replace or rebuild the Sublease Premises; provided, however, if the Sublease Premises are damaged or destroyed and the City does not fulfill the Master Landlord's repair and replacement obligations per the terms of the Master Lease, then Subtenant shall have the right to terminate this Sublease. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Sublease Premises.

12.2. Eminent Domain. In the event there is a Taking affecting the Master Lease Premises and the Master Lease is not terminated per the terms of the Master Lease, then this Sublease shall continue unless the Taking renders the Sublease Premises unsuitable or untenable for Subtenant's continued use. If there is a partial Taking of the Sublease Premises and this Sublease is not terminated, then Subtenant's Rent shall be reduced in accordance with Master Lease section 13.6. If there is a Taking and the Master Lease is terminated, or the Master Lease is not terminated but this Sublease is terminated (because the Sublease Premises are untenable or unsuitable), then any award to the City shall be allocated between the City and Subtenant based upon their respective interest in the portion of the Building acquired by a Taking, together with any interest thereon from the Taking Date to the date of payment at the rate paid on the Award, and attorneys fees and costs, to the extent awarded. If there is a Temporary Taking as set forth in Master Lease section 13.7, then this Sublease shall remain unaffected thereby, Subtenant shall continue to pay Rent and perform all of its obligations under this Sublease, and Subtenant shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Sublease Premises up to the total Rent owing by Subtenant for the period of the Taking.

12.3. Cooperation. The Parties agree to meet, confer and cooperate with regard to all matters relating to any damage or destruction and any Taking affecting the Sublease Premises. Sublandlord and Subtenant shall also cooperate in any enforcement action against the Master Landlord in order to ensure that the Sublease Premises are repaired following any damage and destruction per the terms of the Master Lease.

13. ASSIGNMENT AND SUBLETTING

13.1. Restriction on Assignment and Subletting. Any assignment or subletting shall be subject to the terms and conditions of the Master Lease. In addition, Subtenant shall not directly or indirectly sell, assign, encumber, pledge or otherwise transfer or hypothecate all or any part of its interest in or rights with respect to the Sublease Premises or its subleasehold estate hereunder, permit all or any portion of the Sublease Premises to be occupied in contravention of

this Sublease, or sublet all or any portion of the Sublease Premises, without Master Landlord's and Sublandlord's prior written consent in each instance. Sublandlord shall have same rights and time frames as Master Landlord under the Master Lease. The above notwithstanding, Sublandlord may withhold such consent in its sole and absolute discretion and in such event the affected portions of the Sublease Premises (that Subtenant wished to sublet or assign) shall be deleted from the Sublease Premises 180 days following Sublandlord's receipt of Subtenant's request.

14. DEFAULT; REMEDIES

14.1. Events of Default by Subtenant. Any of the following shall constitute an event of default ("**Event of Default**") by Subtenant hereunder:

(a) Subtenant's failure to make any timely payment of Rent, as required, and to cure such nonpayment within five (5) business days after receipt of notice thereof from Sublandlord; or

(b) Subtenant's abandonment of the Sublease Premises (within the meaning of California Civil Code Section 1951.3); or

(c) Subtenant's failure to perform any other covenant or obligation of Subtenant hereunder (not involving the payment of money) and to cure such non-performance within thirty (30) days of the date of receipt of notice thereof from Sublandlord, provided that if more than thirty (30) days are reasonably required for such cure, no event of default shall occur if Subtenant commences to cure within such period and diligently prosecutes such cure to completion and Master Landlord does not declare an event of default.

14.2. Sub Landlord's Remedies. Upon the occurrence of an Event of Default by Subtenant that is not cured within the applicable grace period as provided above, Sublandlord shall have all rights and remedies available pursuant to law or granted hereunder, including the following:

(a) The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Sublease Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2.

(b) The rights and remedies provided by California Civil Code Section 1951.4 (continuation of lease after breach and abandonment), which allows Sublandlord to continue this Sublease in effect and to enforce all of its rights and remedies under this Sublease, including the right to recover Rent as it becomes due, for so long as Sublandlord does not terminate Subtenant's right to possession, if Subtenant has the right to sublet or assign, subject only to reasonable limitations.

14.3. Events of Default by Master Landlord or Sublandlord. With respect to the Sublease Premises, Subtenant shall have all of the rights and remedies against Master Landlord provided to City under Section 15.3 of the Master Lease in the event that Master Landlord fails to perform any of its obligations under the Master Lease or Sublandlord fails to fulfill any of its obligations under this Sublease.

14.4. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with ten (10) days prior notice (except in the event of an emergency as determined by Sublandlord), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums reasonably expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

14.5. Meet and Confer Requirements. The Parties, by and through their appropriate staff, agree to meet and confer in good faith as to any disputes arising from this Sublease, before either party declares an Event of Default.

15. INDEMNIFICATION

15.1. Subtenant's Indemnity. Subtenant shall Indemnify Sublandlord and its Agents from and against any and all claims, cause of action, obligation, liability, costs and expenses, including, without limitation, reasonable attorneys' fees, (collectively, "**Claims**"), incurred as a result of (a) Subtenant's use of or activities on the Sublease Premises or the Property, (b) any default by Subtenant in the performance of any of its material obligations under this Sublease, or (c) any negligent acts or omissions of Subtenant or its Agents in, on or about the Sublease Premises or the Property; provided, however, Subtenant shall not be obligated to Indemnify Sublandlord or its Agents to the extent any Claim arises out of the negligence or willful misconduct of Sublandlord or its Agents. In any action or proceeding brought against Sublandlord or its Agents by reason of any Claim Indemnified by Subtenant hereunder, Subtenant may, at its sole option, elect to defend such Claim by attorneys selected by Subtenant. Subtenant shall have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that Sublandlord shall have the right, but not the obligation, to participate in the defense of any such Claim at its sole cost. Subtenant's obligations under this Section shall survive the termination of the Sublease.

15.2. Sublandlord's Indemnity. Sublandlord shall Indemnify Subtenant and its Agents

against any and all Claims incurred as a result of (a) Sublandlord's activities on the Sublease Premises or Property that cause injury or damage to person or property, (b) any default by Sublandlord in the performance of any of its material obligations under this Sublease, or (c) any negligent acts or omissions of Sublandlord or its Agents in, on or about the Sublease Premises or the Property; provided, however, Sublandlord shall not be obligated to Indemnify Subtenant or its Agents to the extent any Claim arises out of the negligence or willful misconduct of Subtenant or its Agents. In any action or proceeding brought against Subtenant or its Agents by reason of any Claim Indemnified by Sublandlord hereunder, Sublandlord may, at its sole option, elect to defend such Claim by attorneys in City's Office of the City Attorney, by other attorneys selected by Sublandlord, or both. Sublandlord shall have the right to control the defense and to determine the settlement or compromise of any action or proceeding, provided that Subtenant shall have the right, but not the obligation, to participate in the defense of any such Claim at its sole cost. Sublandlord's obligations under this Section shall survive the termination of the Sublease.

16. INSURANCE

16.1. SubLandlord's Self Insurance. Sublandlord shall be permitted to self-insure for all risks under this Sublease. . Subtenant agrees to perform all obligations required of the City under Master Lease Article 17, if and to the extent applicable to the Sublease Premises, including but not limited to the delivery of self-insurance certificates.

16.2. Subtenant's Insurance Requirements. Subtenant shall maintain the insurance coverages contained in Exhibit B

16.3. Waiver of Subrogation. Sublandlord and Subtenant each waive any right of recovery against the other for any loss or damage sustained with respect to the Building or the Sublease Premises or any portion or contents thereof or any operation therein, regardless of fault or negligence, to the extent such loss or damage would have been covered by insurance which each Party would have been required to provide under Master Lease Sections 17.1 – 17.4 if each Party had been required to carry such insurance. If either Party obtains any policy of insurance with respect to the Building or the Sublease Premises or any portion or contents thereof or any operation therein, then such Party agrees to obtain a waiver of subrogation endorsement from each insurance carrier issuing policies relative to the Building or the Sublease Premises, provided the failure to do so shall not affect the above waiver.

17. ACCESS

17.1. Access to Master Lease Premises. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease Section 18. Sublandlord reserves for itself and Sublandlord's Agents the right to enter the Sublease Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours' notice to Subtenant. In the event of any emergency, Sublandlord may access the

Sublease Premises, without liability and without prior notice, and take such actions as may be reasonably required under the circumstances.

18. ESTOPPEL CERTIFICATES

18.1. Estoppel Certificates. If required by Master Landlord, Subtenant shall deliver an estoppel certificate pertaining to this Sublease in the time and the manner and containing the information specified in Section 19 of the Master Lease.

19. SURRENDER

19.1. Surrender. Upon the expiration or sooner termination of this Sublease, Subtenant shall surrender the Sublease Premises to Sublandlord as required under Master Lease Section 20. Subtenant shall remove from the Sublease Premises all of Subtenant's Personal Property, Subtenant's telecommunications, data and computer facilities and any Alterations Subtenant desires or is required to remove from the Sublease Premises, pursuant to the Master Lease. Subtenant shall repair or pay the cost of repairing any damage to the Sublease Premises or the Building resulting from such removal. Notwithstanding anything to the contrary in this Sublease, Subtenant shall not be required to demolish or remove from the Sublease Premises any of the Leasehold Improvements. Subtenant's obligations under this Section shall survive the expiration or earlier termination of this Sublease.

19.2. Holding Over. In the event Subtenant does not surrender the Sublease Premises upon the expiration or sooner termination of this sublease, Subtenant Two hundred (200%) percent of the Base Rent and Additional Charges as in effect during the last month of the Sublease or its prorata share of Sublandlord's Rent under the Master Lease, whichever is higher.

20. HAZARDOUS MATERIALS

20.1. Covenants. Neither Subtenant nor its Agents, and neither Sublandlord nor its Agents, shall cause any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Sublease Premises or the Property, or transported to or from the Sublease Premises or the Property, in violation of any Environmental Laws, provided that each Party may use such substances in such limited amounts as are customarily used in offices so long as such use is in compliance with all applicable Environmental Laws.

20.2. Environmental Indemnity. Without limiting the Indemnities in Article 14 above, if either Party breaches its obligations contained in the preceding Section 19.1, or if either Party or its respective Agents cause the Release of Hazardous Material from, in, on or about the Sublease Premises or the Property, then such Party shall Indemnify the other Party against any and all Claims arising during or after the Term of this Sublease as a result of such Release, except to the extent Master Landlord or its Agents is responsible for the Release. The foregoing Indemnity shall not include any Claims resulting from the non-negligent aggravation of existing physical conditions.

21. GENERAL PROVISIONS

21.1. Notices. Any notice (other than an emergency notice) that is required or may be otherwise provided hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid to the following addresses:

Notice Address of Sublandlord

Director of Property
City and County of San Francisco
25 Van Ness Ave., Suite 400
San Francisco, CA 94102
Fax No.: (415) 552-9216
Telephone: (415) 554-9850

with a copy to:

Attn: Real Estate Team Leader
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Fax No.: (415) 554-4755
Telephone: (415) 554-4735

with a copy to:

Attn: City Librarian
Main Library
100 Larkin St St.
San Francisco, CA _____
Fax No.: (415) 554-_____
Telephone: (415) 554-_____

Notice Address of Sublandlord

Marie Ciepiela, Executive Director
Friends of the San Francisco Public Library
710 Van Ness Avenue
San Francisco, CA 94102
marie.ciepiela@friendssfpl.org
Phone: (415) 477-5220
Telefacsimile: (415) 626-7525

with a copy to:

Attn: _____

San Francisco, CA _____

Telefacsimile: (415) - _____

Telephone: (415) _____

Any notice address above may be changed by designating a new address for such purpose by notice given to the others in accordance with this Section. For convenience of the Parties, copies of notices may also be given by telefacsimile to the telefacsimile number set forth above or such other number as may be provided from time to time; however, neither Party may give official or binding notice by facsimile.

21.2. Non-Discrimination in City Contracts and Benefits Ordinance

(a) **Covenant Not to Discriminate** In the performance of this Sublease, Subtenant agrees not to discriminate against any employee, any City employee working with Subtenant, or applicant for employment with Subtenant, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes

(b) **Subleases and Other Subcontracts.** Subtenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant 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. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

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

subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **CMD Form.** As a condition to this Sublease, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division. Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and (ii) the CMD approved such form.

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

21.3. No Relocation Assistance; Waiver of Claims. Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated or expires by its own terms, and Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Sublease with respect to a Taking.

21.4. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant 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 Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

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

(d) Any Subcontract entered into by Subtenant 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. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant 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 Subtenant based on the Subcontractor's failure to comply, provided that City has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

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

(f) Subtenant 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) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and sub-subtenants, as applicable.

(i) Subtenant shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five (5) business days to respond.

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

(k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000) [Fifty Thousand Dollars (\$50,000) for nonprofits], but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with City to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

21.5. Consent by Master Landlord. The Master Lease requires Sublandlord to obtain the written consent of Master Landlord to this Sublease. Sublandlord shall promptly solicit such consent. This Sublease shall not become effective unless and until such consent has been obtained.

21.6. Availability of Funds. The terms of this Sublease shall be governed by and subject to the budgetary and fiscal provisions of the City's Charter as to actions that the City may or must take regarding this Sublease. Notwithstanding anything to the contrary contained in this Sublease, there shall be no obligation for the payment or expenditure of money by City unless there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year after the fiscal year in which the Term commences, sufficient funds for the payment of rent and any other payments required under this Sublease are not appropriated, then City may terminate this Sublease, without penalty, as of the last date on which sufficient funds are appropriated.

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

21.8. Wages and Working Conditions. Subtenant agrees that any person performing labor in connection with the Subtenant Improvements or any Alterations at the Premises that is a "public work" as defined under San Francisco Administrative Code Section 6.22(E) or California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) shall be paid not less than the highest prevailing rate of wages consistent with the requirements of Section 6.22(E) of the San Francisco Administrative Code, and 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 County. Subtenant shall include in any contract for such Subtenant Improvements and Alterations a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing such labor at the Premises.

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

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

21.11. Drug-Free Workplace. Subtenant 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. Subtenant agrees that any violation of this prohibition by Subtenant, its Agents or assigns shall be deemed a material breach of this Sublease.

21.12. Prohibition of Tobacco Sales and Advertising. Subtenant acknowledges and agrees that no advertising or sale of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product.

21.13. Prohibition of Alcoholic Beverage Advertising. Subtenant 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 alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product.]

21.14. Miscellaneous Provisions. The following provisions of the Master Lease are hereby incorporated by this reference and are to be interpreted by replacing the terms "Lease" with "Sublease", "Rent" with "Sublease Rent", "Landlord" or "City" with "Sublandlord", and "Tenant" with "Subtenant" and as otherwise indicated below:

- 23.2. No Implied Waiver
- 23.3. Amendments (deleting reference to potential MTA approval)
- 23.4. Authority
- 23.5. Parties and Their Agents; Approvals
- 23.6. Interpretation of Lease
- 23.7. Successors and Assigns
- 23.8. Brokers
- 23.9. Severability
- 23.10. Governing Law
- 23.11. Entire Agreement
- 23.12. Attorneys' Fees
- 23.13. Holding Over (which shall survive the expiration or termination of this Sublease)
- 23.14. Cumulative Remedies
- 23.15. Time of Essence
- 23.16. Survival of Indemnities
- 23.17. Signs (requiring Master Landlord's and Sublandlord's approval)
- 23.18. Quiet Enjoyment and Title
- 23.19. Bankruptcy
- 23.20. Transfer of Landlord's Interest
- 23.21. Non-Liability of City Officials, Employees and Agents (adding the same nonliability provision for the benefit of Subtenant)
- 23.22. MacBride Principles - Northern Ireland
- 23.23. Controller's Certification of Funds (adding the same provision for the benefit of City as Sublandlord)
- 23.24. Prevailing Wages for Construction Work
- 23.26. Tropical Hardwood and Virgin Redwood Ban
- 23.27. Bicycle Storage Facilities
- 23.28. Resource Efficient City Buildings and Pilot Projects
- 23.29. Counterparts

Signatures on the next page

Wherefore, Sublandlord and Subtenant execute this Sublease, by and through their authorized representatives, as follows:

SUBTENANT:

FRIENDS AND FOUNDATION OF THE SAN FRANCISCO PUBLIC LIBRARY, a 501 (c) 3 non profit agency

By _____
Executive Director

SUBLANDLORD:

CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: _____
Director of Property

Approved as to Form:

DENNIS J. HERRERA, City Attorney

Elizabeth Dietrich
Deputy City Attorney Extraordinaire

Recommended:
THE SAN FRANCISCO PUBLIC LIBRARY

City Librarian

EXHIBIT A

Master Lease

EXHIBIT B
Subtenant's Insurance Requirements

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

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

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

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

(iv) Business Interruption Insurance insuring that the Rent will be paid to City for a period of at least one (1) year if Subtenant is unable to operate its business at the Premises. Such insurance shall also cover business interruptions due to failures or interruptions in telecommunications services, strikes, employee lockouts, riots, or other civil commotion.

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

(b) Should any of the required insurance be provided under a claims-made form, Subtenant shall maintain such coverage continuously throughout the Term and, without lapse, for a period of three (3) years beyond the expiration or termination of this Sublease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Sublease, such claims shall be covered by such claims-made policies.

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

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

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

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

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

(f) All insurance policies required to be maintained by Subtenant hereunder shall be endorsed to provide thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to both Subtenant and City. Notice to City shall be mailed to the address(es) for City set forth in the Basic Sublease Information.

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

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

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

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

Subtenant's Personal Property

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

EXHIBIT C

Diagram of the Sublease Premises

