LEVI'S PLAZA LEASE

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THIS LEASE, made on the 5 day of May, 1980, between the CITY AND COUNTY OF SAN FRANCISCO, hereinafter called "CITY," a municipal corporation, operating by and through the SAN FRANCISCO PORT COMMISSION, hereinafter called "PORT," Landlord, and BLUE JEANS EQUITIES WEST, a California Joint Venture, hereinafter called "TENANT," who agree as follows:

1. Leased Premises. PORT hereby leases to TENANT the real property and improvements thereon situated in CITY, State of California, more particularly described as Parcels "A" & "B" on Exhibit "A" attached hereto and incorporated herein by this reference, and all replacements of and additions to said improvements. Said real property, the improvements thereon and all replacements thereof and additions thereto are hereinafter collectively called the "Premises." PORT agrees that so long as TENANT is not in default hereunder TENANT shall have the quiet enjoyment of the leased premises throughout the term of the LEASE without let or hindrance on the part of PORT, and PORT will warrant and defend tenant in the peaceful and quiet enjoyment of the leased premises against all persons claiming by, through or under PORT. PORT further agrees that at the time of the commencement of the term hereof possession of the leased premises will be delivered to TENANT.

2. Term of Lease. The term of this LEASE shall be for a period of sixty-six (66) years commencing on May 5, 1980, and terminating at midnight on May 5, 2046.

3. Rent. As consideration for the rights hereinabove granted, TENANT will pay to PORT in the manner herein described without abatement, deduction, setoff, prior notice or demand, except as provided herein, the following rent:

(a) Minimum Rental. TENANT agrees to pay a minimum rental for Parcel "A" of the Premises in the amount of Eight Hundred Sixty-Nine and 06/100 Dollars ($869.06) per month from the commencement date of this LEASE through December 31, 1980 and a minimum rental of One Thousand Seven Hundred Thirty Eight and 13/100 Dollars ($1738.13) per month commencing on January 1, 1981, which sum is subject to adjustment as provided in subparagraph (d), payable in advance no later than the first day of each and every calendar month, commencing on the date the term commences and continuing during the term. If the term commences on other than the first day of the month, the rent for that month will be apportioned as the number of days of occupancy bears to the month. The anniversary date of this LEASE will, however, in that case, be the first day of the month following the date on which the term commences. If the term commences on the first of the month the anniversary date will be that date.

(b) Percentage Rental. The monthly percentage rental shall be that amount by which the sum of the specific percentages of gross receipts, as hereinafter described, exceeds the above-prescribed monthly minimum rental as adjusted. TENANT agrees to pay, subject to later adjustments as hereinafter described, that percentage of gross receipts received by TENANT for the following uses which percentage is set forth opposite such respective use in the following table:

USE	Percentage Rental For Such Use
Alcoholic beverages and all other items sold through the bar	10
Food	8
All Other Uses	10

Gross receipts means all amounts received and receivable from all sales and business transacted on or from the Premises and all services performed on or from the Premises for which a charge is made by TENANT or by any other person, firm or corporation, including concessionaires, conducting sales or business or performing services of any sort in, upon or from any part of the Premises and all rent and other sums received and receivable from each and every subtenant, licensee, permittee, individual, business or other entity TENANT allows to conduct a business or otherwise occupy the Premises or any portion thereof or which otherwise occupy space on the Premises or any portion thereof, shall include sales and charges for cash and credit, regardless of collections in the case of the latter, including the gross amount received by reason of orders taken on the Premises although filled elsewhere and whether made by store personnel or vending machines, shall exclude returns and refunds and the amount of any sales tax or similar tax or imposition imposed on such sales or charges where such sales tax or similar tax or imposition is billed to the purchaser as a special item and shall exclude meals served to employees of TENANT during the course of employment whether such meals are served with or without charge or whether such meals are treated as meals sold for any other purpose. Any transaction on an installment basis, including, without limitation, any "lay-away" sale or like transaction, or otherwise involving the extension of credit, shall be treated as a sale for the full price at the time of the transaction, irrespective of the time of payment or when title passes. Gross receipts also shall include any sums that TENANT receives from pay telephones, stamp machines, music machines, amusement machines or public toilet locks. Such percentage rental shall be determined by TENANT for each month of the year and shall be payable by the twentieth (20th) day of the following month. The percentage rental shall commence as soon as sales are made on the Premises and shall continue so long as sales are made on the Premises. In the event this LEASE terminates during a month, payment of the percentage rental for that portion of the month during which sales are made on the Premises shall be determined and reported by TENANT to PORT within twenty (20) days after TENANT ceases to make sales on the Premises but, in the event this LEASE terminates for the fault of TENANT, including insolvency, any amounts due hereunder shall be payable forthwith.

At the time of paying the percentage rental TENANT shall furnish a statement showing the computation of the percentage rental for the period covered by such payment. Each statement shall be signed and certified to be correct by TENANT or its authorized representative and, if TENANT is a corporation, the statement shall be signed and certified to be correct by an officer of TENANT. TENANT shall, and shall require its sub-tenants and licensees to, keep in CITY full and accurate books of account, records, cash receipts and other pertinent data showing its gross receipts. TENANT shall install and maintain accurate receipt printing cash registers and shall record on the cash registers every sale and other transaction made from the Premises. Such books of account, records, cash receipts and other pertinent data shall be kept for the purposes of auditing or re-auditing for three years after the end of each lease year, except that if an audit is made within that time and PORT claims that errors or omissions have occurred, the data shall be retained and made available until the matter is finally determined. TENANT agrees to make all of this data available to PORT or any auditor designated by PORT. The receipt by PORT of any statement or any payment of percentage rent for any period shall not bind PORT as to the correctness of the statement or the payment. TENANT shall also furnish to PORT copies of its quarterly California Sales and Use Tax Returns at the time each is filed with the State of California. Such return shall be made available for purposes of conducting the audit. PORT shall keep confidential, so far as legally possible, all such information obtained from TENANT and TENANT shall not be required to keep records for more than three years. If the audit shows that there is a deficiency in the payment of any percentage rent, the deficiency shall become immediately due and payable. The cost of the audit shall be paid by PORT unless the audit shows that TENANT understated its gross receipts for any month by more than two percent (2%), in which case TENANT shall pay all PORT's costs of the audit. If TENANT understates its gross receipts for any month with knowledge of such understatement or by reason of gross negligence or gross carelessness, in addition to the foregoing, on the first such occasion TENANT shall pay PORT ten (10) times the amount PORT should have received. A second such understatement made with the knowledge thereof or by reason of gross negligence or gross carelessness shall result in the cancellation of this LEASE.

During such times as a restaurant is not operating on the demised premises TENANT shall not be liable for the loss of or the failure to pay percentage rent under this LEASE. However, if the failure of the restaurant to operate is due to the breach of a sublease of the premises or any part thereof, TENANT shal use its best efforts to collect damages from the subtenant thereunder on account of such breach.

(c) Monthly Rental. TENANT agrees to pay a monthly rental for Parcel "B" of the Premises in the amount of Five Hundred Sixty-One Dollars ($561.00) per month from the commencement date of this LEASE through December 31, 1980 and a monthly rental of One Thousand One Hundred Twenty Two Dollars ($1122.00) per month commencing on January 1, 1981, which sum is subject to adjustment as provided in subparagraph (d), payable in advance no later than the first day of each and every calendar month, commencing on the date the term commences and continuing during the term. If the term commences on other than the first day of the month, the rent for that month will be apportioned as the number of days of occupancy bears to the month. The anniversary date of this LEASE will, however, in that case, be the first day of the month following the date on which the term commences. If the term commences on the first of the month the anniversary date will be that date.

(d) Rental Adjustment.

(i) The minimum rental due each month and the monthly rental described in subparagraphs (a) and (c) respectively shall be adjusted at the rate of five per cent (5%) compounded annually on January of each year commencing with 1982. Thus, on January 1, 1982, the minimum rental of $1738.13 per month for Parcel "A" shall be adjusted at the rate of 5% compounded annually and the monthly rental of $1122.00 for Parcel "B" shall be adjusted at the rate of 5% compounded annually. The resulting figures of $1825.04 and $1178.10 respectively shall be adjusted at the rate of 5% compounded annually on January 1, 1983. This process shall continue annually throughout the term of this LEASE except as provided in subparagraph (d)(ii).

(ii) TENANT shall have the option during 1990 to petition the PORT for cancellation of the LEASE with respect to Parcel "B" of the Premises as of January 1, 1991. The PORT may elect to grant said petition for cancellation or may require TENANT to continue performance pursuant to the terms of the LEASE. If PORT fails to respond by January 1, 1991, it will be deemed that PORT has required TENANT to continue performance pursuant to the terms of the LEASE. In the event that the PORT requires TENANT to continue performance, the monthly rental for Parcel "B" shall be that sum calculated, pursuant to the provisions set forth in paragraph 3(d)(i) herein, for the date January 1, 1991. Said monthly rental shall not thereafter be adjusted. Provided, however, the PORT shall reserve the right thereafter to cancel the LEASE with respect to Parcel "B" upon thirty (30) days' written notice to TENANT. Provided further, however, that upon receipt of such notice to cancel LEASE with respect to Parcel "B", TENANT may within ten (10) days elect to continue the LEASE of Parcel "B". If TENANT so elects, then such letting shall continue and the rental for Parcel "B" from the date of PORT's notice to TENANT shall be calculated under the provisions of paragraph 3(d)(i) as if the adjustment set forth in paragraph 3(d)(i) for Parcel "B" had not been suspended after January 1, 1991.

(iii) If either party so elects, the percentage rental used in this paragraph shall be reviewed on or before the anniversary date each year during the term of this LEASE but not more often than every year. If PORT determines that the percentages for like uses in CITY in the vicinity of the leased premises have increased or decreased as of the date of determination, the percentages provided for herein shall likewise be increased or decreased. In the event that TENANT does not agree with PORT as to the proper percentage, it shall so advise PORT and TENANT may terminate this LEASE within six (6) months after the refusal of PORT to accept the percentage rent proposed by TENANT, but, in the interim, TENANT shall pay the percentage rent established by PORT. Provided, however, that this clause shall only be invoked by PORT to increase the percentage of rents when the percentage rates of all other PORT restaurant tenants will be increased by the same amounts.

(e) Delinquent Rental. A charge equivalent to ten percent (10%) per annum (.833 monthly) of all rent, charges and fees or any portion thereof due and unpaid for more than thirty (30) days will be paid by TENANT for each month that such rent, charges and fees or any portion thereof remain due and unpaid. Such charge shall commence with the date on which such rent, charges and fees first become due.

4. Faithful Performance Bond. Prior to this LEASE becoming effective, TENANT shall, in addition to the advance payment of the first month's minimum rent, deliver to PORT a Faithful Performance Bond in the sum of fifteen thousand dollars ($15,000) or three month's rent, whichever is greater, executed by a surety company which meets the written approval of PORT and in form approved by the City Attorney of San Francisco, under which bond said surety company guarantees to PORT full and complete performance of all the terms, conditions and covenants herein to be performed on the part of TENANT, including the payment of rental. Said bond shall be maintained at the cost of TENANT throughout the existence of this LEASE and shall be renewed annually. Whenever the rent is increased, the amount of the bond shall be simultaneously increased in an amount equal to three times the rent increase. Said surety shall give PORT thirty (30) days prior notice of cancellation or material change in sid bond. In lieu of such surety bond or bonds, TENANT may deposit with City treasury bonds of the United States of America, or such other securities acceptable to City, or an irrevocable letter of credit, in the above amounts as security for faithful

performance by TENANT as hereinabove provided, and TENANT may have the right to reserve to itself interest payable on said United States bonds or other such securities.

5. Default and Re-entry.

Regardless of the provisions of subparagraph 3(e), if any rental or other payment shall be due and unpaid for thirty (30) days or if any other material default shall be made by TENANT in any of the conditions or convenants of this LEASE and said other material default shall continue for thirty (30) days after notice thereof in writing to TENANT, then PORT, in addition to any other rights or remedies it may have, shall have the right of immediate re-entry and may remove all persons and property from the Premises. Providing, however, if the default cannot be cured within thirty (30) days and TENANT commences to remedy such default within said thirty (30) days and continues to so remedy such default with due diligence, then TENANT shall have such additional time as may be required. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of TENANT. Should PORT elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this LEASE or it may from time to time, without terminating this LEASE, relet said premises or any part thereof to a tenant suitable to PORT for such term or terms (which may be for a term extending beyond the term of this LEASE) and such reasonable conditions as PORT in its sole discretion may deem advisable, with the right to make alterations and repairs to said premises. Upon each such reletting, (i) TENANT shall be immediately liable to pay to PORT, in addition to any indebtedness other than rent due hereunder, the cost and expense of such reletting incurred by PORT, including the cost of alterations or repairs to the extent that TENANT was obligated by this LEASE to make such alterations or repairs, and the amount, if any, by which the rent reserved in this LEASE for the period of such reletting (up to but not beyond the term of this LEASE) exceeds the amount agreed to be paid as rent for the leased premises for such period on such reletting; or (ii) at the option of PORT, rents received by PORT from such reletting shall be applied, first, to the payment of any indebtedness, other than the rent due hereunder from TENANT to PORT; second, to the payment of said costs and expenses of such reletting; third, to the payment of rents due and unpaid hereunder; and the residue, if any, shall be held by PORT and applied in payment of future rent as the same may become due and payable hereunder. If such rentals received from such reletting under option (ii) during any month be less than that to be paid during that month by TENANT hereunder, TENANT shall pay any such deficiency to PORT. Such deficiency shall be calculated and paid monthly. The yearly percentage rental value of the Premises shall be deemed to be the rent payable for the previous twelve (12) months prior to breach plus any adjustments provided by subparagraph 3(d). If the breach occurs before twelve (12) months of percentage rent has become due and is paid, the monthly amount payable as percentage rent shall be averaged and extended on a twelve-month basis. Monthly rent shall be one-twelfth (1/12th) of the yearly amount. No such re-entry or taking possession of said premises by PORT shall be construed as an election on its part to terminate this LEASE unless a written notice of such intention be given to TENANT or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, PORT may at any time thereafter elect to terminate this LEASE for such previous breach. Should PORT at any time terminate this LEASE for any breach, in addition to any other remedy it may have, it may recover from TENANT all damages it may incur by reason of such breach, including the cost of recovering the Premises and including the worth at the time of such termination of the excess, if any, of the amount of rent reserved in this LEASE for the remainder of the stated term over the then reasonable rental value of the Premises for the remainder of the stated term, all of which amounts shall be immediately due and payable from TENANT to PORT.

6. Use of Premises. The Premises shall be used only for a restaurant and a park open to the public on Parcel "A", and a park open to the public on Parcel "B". Changes in the type or class of business or changes in other uses shall be made only upon the express written consent of PORT.

7. Requirement that Premises be Used. TENANT shall cooperate to secure the maximum economic return based on the uses specified. Continuation of existing restaurant on Parcel "A" will not be deemed a violation of the preceding sentence. It is the intent hereof that TENANT shall not acquire the use of the property through a lease and then not use it. Accordingly, if TENANT fails to use the property for the purposes for which the property is leased, or in the manner set forth herein, PORT shall serve a written notice by certified mail upon TENANT personally or by mail, postage prepaid, to TENANT's address set forth hereinafter requesting that TENANT use the property as required. If such failure shall continue for thirty (30) days after the mailing of such notice and unless such failure shall be for reasons beyond the control of TENANT, then PORT at its option may terminate this LEASE.

8. Maintenance of Improvements.

(a) Improvements on the Premises shall be maintained by TENANT in good operating condition throughout the term of this LEASE. PORT shall have no obligation whatever to maintain the Premises during the term of this LEASE, even though PORT elects to take title to the improvements at the termination of this LEASE.

(b) At PORT's election TENANT shall be obligated at its own expense to demolish and remove down to ground level such improvements that TENANT has made which are not or will not be reasonably capable of continued occupancy without substantial repairs or renovations for three (3) or more years immediately following the termination of this LEASE. TENANT shall leave the Premises free from debris at the termination of this LEASE.

(c) Within ninety (90) days but not less than sixty (60) days prior to the termination of this LEASE, unless termination should be the result of loss or destruction of the improvements, in which event only written notice shall be required of PORT, PORT shall advise TENANT as to which improvements or portions of improvements it elects to have demolished and removed in accordance with subparagraph (b). In the event that removal or demolition is required under subparagraph (b) and TENANT fails to make such demolition and removal within sixty (60) days after the expiration or prior termination of the LEASE, PORT may perform such work at TENANT's expense.

(d) Trade fixtures installed on the Premises shall be and become a part of the realty and shall be maintained by TENANT, except that trade fixtures may be removed by TENANT at the termination of this LEASE, providing TENANT repairs any damage such removal may make to the Premises and leaves the Premises free and clear of debris. The buildings, fences, parking lots and similar structures shall not be regarded as trade fixtures but as "improvements."

(e) TENANT shall keep said Premises and appurtenances, including but not limited to all glazing, in good and sanitary order, condition and repair. TENANT shall maintain the Premises so as to insure an appropriate operation.

(f) Utilities. TENANT shall procure electricity and power from utility companies providing such services. It is TENANT's obligation to transmit electrical power into the Premises from the nearest electrical distribution system, whether such system is on or off the Premises, and to pay all connection charges. Said electrical system shall be installed only after obtaining the prior written permission of the Chief Engineer of PORT, which permission will not be unreasonably withheld, and according to the standards established by PORT for such improvements. It is agreed that said electrical improvements shall become part of the realty and are not trade fixtures.

During the term of this agreement TENANT shall be obligated to maintain said electrical system within the Premises.

Telephone and natural gas shall be procured from the utility companies providing such services. PORT shall have no obligation to extend such services to the Premises.

TENANT will procure water service from CITY and shall have the responsibility for the maintenance of water pipes on the Premises and water pipes from the meter to the Premises.

TENANT will procure sewer service from CITY and shall have the responsibility for the maintenance of all sewer lines up to CITY's connection and for the payment of connection, service, discharge and other sewer fees and charges.

PORT is not responsible for furnishing any other utilities.

9. Alterations and Improvements.

(a) Except for nonstructural changes, TENANT shall not make, nor suffer to be made, any alterations or improvements to the Premises without first obtaining the written consent of the Chief Engineer of PORT, which shall not be unreasonably withheld, for the plans concerning such alterations or improvements, any other permits the Chief Engineer of PORT deems necessary and the approval of all regulatory agencies having jurisdiction over the Premises. Nonstructural changes shall not include electrical or other wiring and plumbing or other piping. Any additions to or modifications of the Premises which may not be removed without substantial injury to the Premises shall become a part of the realty and shall belong to PORT unless PORT first waives its rights hereunder in writing. Notwithstanding subparagraphs 8(b) and 8(d), PORT may require TENANT to remove any or all such additions or modifications not approved by PORT upon the termination of this LEASE and PORT may require TENANT to repair any damage occasioned thereby at TENANT's expense. At any termination of this LEASE, TENANT shall leave the Premises free and clear of all debris and shall repair any damage to the Premises for which TENANT is liable under this LEASE, subject to such adjustments as may be mutually agreed by the parties hereto in writing. If TENANT fails to remove any improvements, furniture or trade fixtures when requested to do so by PORT or fails to leave the property in the condition required herein, PORT may remove such items and correct such condition at TENANT's expense and charge said costs against the guarantee deposit, TENANT being required to pay any expenses or portions thereof not compensated by the guarantee deposit.

(b) It is understood and agreed that TENANT will improve Parcel "B" and the adjacent portion of Front Street into a public park area. TENANT will be permitted to deduct $130,000 by deducting from the percentage rentals due to PORT from Parcel "A" those amounts over and above the minimum or adjusted minimum rent on Parcel "A" until said deduction is complete.

10. <u>Prohibited Uses</u>. TENANT shall not use or permit the Premises or any part thereof to be used for any purposes other than the purpose or purposes for which the Premises are leased. TENANT agrees not to perform any act on the Premises which will cause a cancellation of any insurance policy covering the Premises or any part thereof. TENANT agrees not to violate any law, ordinance, rule or regulation affecting the occupancy and use of the Premises of any governmental agency having jurisdiction over the Premises.

11. <u>Assignment and Subletting</u>.

(a) TENANT shall not assign this LEASE or any interest therein and shall not sublet the Premises or any part thereof or any right or privilege appurtenant thereto nor suffer any other person to occupy or use any portion of the Premises without first obtaining the written consent of PORT, which consent shall not be unreasonably withheld. Provided, however, TENANT has the right to continue the occupancy of the current restaurant on that portion of Parcel "A" it presently occupies. A consent to one assignment, subletting, occupation or use by one person shall not be construed as a consent to a subsequent assignment, subletting, occupation or use by another. Each such assignment or subletting without consent shall be void. No interest in this LEASE shall be assignable as to TENANT's interest by operation of law without PORT's written consent.

(b) When assignment or subletting occurs, TENANT shall have the same rights to cure a default of sublessee as a lender would have under paragraph 12 of this LEASE.

(c) In the event of any assignment which is permitted under the provisions of this paragraph 11, and such assignment is evidenced by an instrument delivered to PORT in which the assignee expressly assumes all of the obligations of TENANT contained in this LEASE, then on the third anniversary date of such assignment TENANT automatically shall be released from any and all obligations thereafter arising or occurring under this LEASE without the need for the execution or recording of any further document so long as (i) this LEASE has not been previously terminated by PORT on account of any breach thereof and (ii) there is not then in effect any breach of the terms hereof by such assignee.

12. Security Interest.

The parties acknowledge that the TENANT may from time to time in bona fide transactions related to the improvement of the premises encumber TENANT's leasehold estate to all or in part by the lien of a mortgage, deed of trust or other security instrument to institutional lenders only after obtaining PORT's written permission, which shall not be unreasonably withheld. For the express benefit of all such secured parties (hereinafter referred to as "LENDER"), the parties agree as follows:

(a) The execution of any mortgage, deed of trust or other security instrument, the foreclosure thereof, any sale thereunder, any conveyance by TENANT to LENDER or the exercise of any right, power or privilege reserved therein shall not constitute a violation of any of the LEASE terms or conditions or assumption by LENDER personally of TENANT's obligations hereunder except as provided in subparagraph (c) below.

(b) LENDER, at its option, may at any time before

PORT's exercise of any of its rights pursuant to paragraph 5 hereof or before the expiration date of the period specified in subparagraph (f) below, whichever last occurs, perform any of the covenants and conditions required to be performed hereunder by TENANT, to the extent that such covenants and conditions are applicable to the portion of the Premises encumbered by such lien. Any performance of TENANT's duties by LENDER shall be effective to prevent the termination of this LEASE.

(c) PORT hereby agrees with respect to any such security instrument that LENDER may record such security instrument, may enforce such security instrument and upon foreclosure sell and assign TENANT's interest in the Premises and improvements thereon to another from whom it may accept a purchase price subject, however, to first securing written approval of the proposed assignee from PORT, which approval shall not be unreasonably withheld. LENDER, furthermore, may acquire title to the leasehold and improvements in any lawful way and, if the LENDER so does LENDER may, subject to first securing written approval from PORT, which approval shall not be unreasonably withheld, sell or assign said leasehold and TENANT's interest in any improvements thereon. If LENDER acquires TENANT's leasehold estate hereunder by foreclosure or other appropriate proceedings or by a proper conveyance from TENANT, LENDER shall take subject to all of the provisions of this LEASE and shall assume personally all the obligations of TENANT hereunder during only such time as LENDER retains ownership of said leasehold estate.

(d) If LENDER acquires TENANT's leasehold estate hereunder by foreclosure or other appropriate proceedings or by a conveyance from TENANT in lieu of foreclosure, LENDER may sublease such portion for any period or periods within the term of this LEASE or may assign TENANT's leasehold estate hereunder by sale or otherwise after first having obtained approval in writing of the proposed assignee from PORT, which approval shall not be unreasonably withheld, provided that all others taking through LENDER and their respective successors in interest shall take said leasehold estate and /

PORT's exercise of any of its rights pursuant to paragraph 5 hereof or before the expiration date of the period specified in subparagraph (f) below, whichever last occurs, perform any of the covenants and conditions required to be performed hereunder by TENANT, to the extent that such covenants and conditions are applicable to the portion of the Premises encumbered by such lien. Any performance of TENANT's duties by LENDER shall be effective to prevent the termination of this LEASE.

(c) PORT hereby agrees with respect to any such security instrument that LENDER may record such security instrument, may enforce such security instrument and upon foreclosure sell and assign TENANT's interest in the Premises and improvements thereon to another from whom it may accept a purchase price subject, however, to first securing written approval of the proposed assignee from PORT, which approval shall not be unreasonably withheld. LENDER, furthermore, may acquire title to the leasehold and improvements in any lawful way and, if the LENDER so does LENDER may, subject to first securing written approval from PORT, which approval shall not be unreasonably withheld, sell or assign said leasehold and TENANT's interest in any improvements thereon. If LENDER acquires TENANT's leasehold estate hereunder by foreclosure or other appropriate proceedings or by a proper conveyance from TENANT, LENDER shall take subject to all of the provisions of this LEASE and shall assume personally all the obligations of TENANT hereunder during only such time as LENDER retains ownership of said leasehold estate.

(d) If LENDER acquires TENANT's leasehold estate hereunder by foreclosure or other appropriate proceedings or by a conveyance from TENANT in lieu of foreclosure, LENDER may sublease such portion for any period or periods within the term of this LEASE or may assign TENANT's leasehold estate hereunder by sale or otherwise after first having obtained approval in writing of the proposed assignee from PORT, which approval shall not be unreasonably withheld, provided that all others taking through LENDER and their respective successors in interest shall take said leasehold estate and /

assume all of the covenants and conditions therefor and agree to perform all such covenants and conditions.

(e) Except as otherwise provided in this LEASE, no such foreclosure or other transfer of TENANT's leasehold estate nor the acceptance of rent by PORT from another shall relieve, release or in any manner affect TENANT's liability hereunder.

(f) If an event of default under paragraph 5 hereof occurs (after taking into account the curative period provided in said paragraph), LENDER shall have thirty (30) days after receipt of written notice from PORT specifying TENANT's default to remedy such default. If LENDER shall have commenced appropriate proceedings in the nature of foreclosure (including sale under power of sale) within such thirty (30) days' period and is diligently prosecuting the same, LENDER shall have a reasonable time beyond thirty (30) days within which to cure such default. PORT's right to exercise its rights pursuant to paragraph 5 hereof shall at all times, while TENANT is indebted to LENDER, be subject to and conditioned upon PORT's furnishing LENDER such written notice and LENDER having failed to cure such default as provided herein. The fact that the time has expired for performance of a covenant by TENANT shall not render performance by LENDER or a purchaser impossible. If LENDER or any purchaser shall promptly undertake to perform TENANT's defaulted obligation and shall diligently proceed with such performance, the time for such performance shall be extended by such period as shall be reasonably necessary to complete such performance. If LENDER is prevented by any process, injunction or other order issued by any court having jurisdiction in any legal proceedings, it shall be deemed to have prosecuted said proceedings for purposes of this subparagraph (f); provided, however, that LENDER shall use reasonable efforts to contest and appeal the issuance of any such process, injunction or other order.

(g) LENDER shall give PORT written notice of its address and the existence and nature of its security interest. Failure to give such notice shall constitute a waiver of LENDER's rights to receive written notice hereunder.

(h) PORT and TENANT hereby agree that at such times that the leased premises are encumbered by a security instrument which complies with the terms of this paragraph, the leasehold premises shall not be surrended nor shall this LEASE be terminated other than as provided for in paragraph 5 hereof or amended without the consent of the lender of such security instrument first had and obtained.

13. Insolvency. (a) If (i) the appointment of a receiver to take possession of all or substantially all of the assets of TENANT is made and such assets are not released within thirty (30) days, if (ii) a general assignment is made by TENANT for the benefit of creditors or if (iii) any action is taken or suffered by TENANT under any insolvency or bankruptcy act, unless TENANT, within thirty (30) days cures or proceeds with diligence to cure such action, any of such occurrences shall, at the option of PORT, constitute a material breach of this LEASE. However, this LEASE shall be void upon the TENANT's filing of a petition seeking the jurisdiction of the Bankruptcy Court over TENANT's assets, possessions and operaations.

(b) Notwithstanding anything to the contrary contained in paragraph (a) hereof, in the event of the occurrence of an event referred to in paragraph (a) hereof PORT shall not exercise any remedy it may have for breach of this LEASE until it has given written notice to LENDER of its intention so to do and if thereafter (i) LENDER promptly undertakes to perform all TENANT's obligations hereunder (including the cure of any existing breach) and thereafter diligently proceeds with such performance and (ii) LENDER commences appropriate proceedings in the nature of foreclosure (including sale under power of sale) within thirty (30) days after the receipt of such notice and diligently prosecutes the same to conclusion. If LENDER is prevented by any process, injunction or other order issued by any court having jurisdiction in any legal proceedings, it shall be deemed to have prosecuted said proceedings for the purposes of this paragraph (b); provided, however, that LENDER shall use reasonable efforts to contest and appeal the issuance of any such process, injunction or order.

14. Comprehensive Public Liability Insurance. TENANT shall maintain and pay premiums on a policy or policies of liability insurance which name PORT, CITY and their officers, agents and employees as additional insureds with a company or companies acceptable to PORT. Such policy or policies shall cover the Premises and its operation against claims in an amount of not less than $1,000,000.00 combined single limit for bodily injury, death or property damage in any one incident. TENANT shall furnish PORT with a copy of each policy which shall establish that the insurance described in this paragraph has been obtained, that it is endorsed to name PORT, CITY and their officers, agents and employees as additional insureds, that such insurance is primary to any coverage PORT presently has contracted for or may in the future contract for, that such insurance is in full force and effect and that such insurance cannot be cancelled or a change made affecting coverage without the insurer first furnishing thirty (30) days' advance written notice to PORT. TENANT shall promptly notify PORT of any change in the terms of each policy and shall provide PORT with copies thereof. Each policy shall either contain a broad form of contractual liability coverage, including leases, or there shall be attached to the policy or policies an endorsement providing that such insurance as is provided for therein shall apply to the obligations assumed by TENANT under this LEASE. This coverage shall not be construed to be a substitute in any respect for TENANT's obligations under this LEASE. TENANT and PORT shall periodically review the amount of the public liability insurance carried pursuant to this paragraph but in any event not less than every five (5) years during the term of this LEASE. If it is found to be the general commercial practice in CITY to carry public liability insurance in an amount substantially greater or lesser than the amount then being carried by TENANT with respect to risks comparable to those

associated with the Premises, the amount carried by TENANT shall be increased or decreased to conform to such general commercial practice.

15. Indemnification. PORT, CITY and their officers, agents and employees shall, except as hereinafter provided, be free from all liabilities, claims for damages and suits for or by reason of any injury or injuries to any person or persons or to any property of any kind whatsoever from any cause or causes whatsoever, occuring while in, upon or adjacent to the Premises or in any way connected with the Premises or with any occupancy of the Premises by TENANT including the negligence of but excluding intentionally harmful acts committed solely by PORT, CITY or their officers, agents or employees while in, upon, adjacent to or in any way connected with the Premises and TENANT hereby convenants and agrees to save harmless PORT, CITY and their officers, agents and employees from all such liabilities, claims for damages, suits and litigation expenses.

16. Environmental Hold Harmless. TENANT agrees to hold PORT harmless from any violation or alleged violation of any environmental quality law, act, regulation or rule which is violated or purportedly violated by, arising out of or in the course of TENANT's operation on the Premises.

17. Waiver of Claims. TENANT, as a material part of the consideration to be rendered to PORT, hereby waives, as of the date of this agreement, all claims against PORT, CITY and their officers, agents and employees, except for intentionally harmful acts committed solely by PORT, CITY or their officers, agents or employees, and agrees to hold PORT, CITY and their officers, agents or employees harmless from any claims for damages to goods, wares, goodwill, merchandise, equipment and business opportunities and by persons in, upon or about said premises from any cause arising at anytime, including the negotiations, drafting or finalization of this LEASE and all claims arising out of the negligence of PORT, CITY or their officers, agents or employees but excluding any intentional acts committed solely by

PORT, CITY or their officers, agents or employees.

18. Waiver of Relocation Assistance Rights. TENANT agrees to and does hereby waive any rights, benefits or privileges of the California Relocation Assistance Law as more particularly set forth in Section 7260 et seq. of the California Government Code, as it is presently stated or as it may hereinafter be amended.

19. Liens. TENANT shall keep the Premises and the improvements thereon free from any liens arising out of any work performed, materials furnished or obligations incurred by TENANT.

20. Fire Insurance.

(a) TENANT shall maintain and pay premiums on a policy or policies of fire and extended coverage insurance on Parcel "A" of the Premises, which name PORT, CITY and their officers, agents and employees as additional insureds, with a company or companies acceptable to PORT. TENANT shall furnish PORT with a copy of each policy which shall establish that the insurance described in this paragraph has been obtained, that it is endorsed to name PORT, CITY and their officers, agents and employees as additional insureds, that such coverage is primary to any coverage PORT has presently contracted for or may in the future contact for, that such insurance is in full force and effect and that such insurance cannot be cancelled or a change made affecting coverage without the insurer first furnishing thirty (30) days' advance written notice to PORT. TENANT shall promptly notify PORT of any change in the terms of each policy and shall provide PORT with copies thereof. Each policy shall cover the improvements on Parcel "A" of the Premises in an amount of at least ninety percent (90%) of the replacement value thereof. If TENANT cannot obtain insurance coverage of at least ninety percent (90%) of the replacement value at a reasonable cost, then TENANT shall so notify PORT and shall be entitled to carry such lesser insurance as is prudent under the circumstances.

(b) Any funds received by TENANT for any damage which is covered by any insurance policy shall be immediately deposited by TENANT in a trust account in the names of TENANT and PORT for repair or replacement of the improvements on Parcel "A" of the Premises. The funds in said account shall be used solely for repairs and replacements on Parcel "A" of the Premises. TENANT agrees to further make such repairs and replacements to the full extent of the funds recovered under each policy. The prior written approval of the Chief Engineer of PORT must be obtained for all plans and specifications for such repairs and replacements, which approval shall not be unreasonably withheld. If TENANT declines to repair the damage or replace the improvements to the full extent of the proceeds, the portion of the proceeds representing payment for damage for which title has vested in PORT shall be conveyed to PORT free of all claims. If TENANT fails to repair as provided herein, PORT may elect to make such repairs and replacements itself from such funds but PORT shall not be required to use the funds for such repairs or replacements. TENANT may, if it so elects, repair and replace in an amount greater than the funds derived from the policy but in that event it shall have no claim against PORT for any excess funds spent. Title to all improvements including trade fixtures, other than trade fixtures removable without injury to the Premises, shall immediately vest in PORT on repair on replacement.

(c) TENANT shall cause to be maintained throughout the term of this LEASE a standard policy of insurance against the loss of income or revenue to PORT as a result of the loss of use of Parcel "A" of the Premises caused by the perils insured against in the policy or policies for fire and extended coverage on Parcel "A" of the Premises. The income loss to PORT shall be, for each month, one-twelfth (1/12th) of the annual average rental paid by TENANT for Parcel "A" in the preceding twelve calendar months plus any adjustment provided in subparagraph 3(d) and said payment shall continue to PORT as rent due hereunder for the period from the date of the damage to the date business is recommenced on Parcel "A" of the Premises.

21. Taxes. TENANT recognizes and understands that this

LEASE may create a possessory interest subject to property taxation and that this LEASE may be subject to the payment of property taxes levied on such interest. TENANT agrees to pay, when due, to the proper authority any and all taxes, assessments and similar charges on the Premises in effect at the time this LEASE is entered into or which become effective thereafter, including all taxes levied or assessed on the possession, use or occupancy, as distinguished from the ownership, of the Premises. TENANT shall not permit any such taxes, charges or other assessments to become a defaulted lien on the Premises or the improvements thereon.

22. Compliance with Law. The Premises are not to be used in such manner nor shall business be conducted thereon which shall in any way conflict with any valid law, ordinance, rule or regulation applicable to the Premises affecting the occupancy or use of the Premises. TENANT's failure to abide by any law, ordinance, rule or regulation imposed on the Premises will be deemed a violation of a condition of this LEASE.

23. Entry. The right is hereby reserved to PORT, its officers, agents and employees to enter upon the Premises at any reasonable time for the purpose of reasonable inspection and inventory and when otherwise deemed reasonably necessary for the protection of its interests. TENANT waives all claims against the PORT or any officer, agent or employee thereof for damages caused by PORT's reasonable exercise of its right hereunder. There shall be no claim against PORT nor any rebate of rent for any loss of occupation or quiet enjoyment of the Premises occasioned by such inspection and inventory.

24. Condemnation.

(a) If title to the entire Premises is taken for any public or quasi-public use under any statute, by right of eminent domain or by private purchase in lieu of eminent domain or if title to so much of the Premises is taken that a reasonable amount of reconstruction of the Premises will not result in the Premises being a practical improvement and reasonably suitable for TENANT's continued occupancy for the uses and purposes for which the Premises are leased, then, in either event, this LEASE shall terminate on the date that possession of the Premises or part of the Premises is taken.

(b) If any part of the Premises shall be so taken and the remaining part of the Premises (after reconstruction of the then existing building on the Premises) is reasonably suitable for TENANT's continued occupancy for the purposes and uses for which the remainder of the Premises are leased, this LEASE shall, as to the part so taken, terminate as of the date that possession of such part is taken and the minimum rent shall be reduced in the same proportion that the land area of the portion of the Premises so taken (less any additions to Premises by reconstruction) bears to the original land area of the Premises. PORT shall, at its own cost and expense, make all necessary repairs or alterations to the building on the Premises so as to constitute the portion of the building not taken a complete architectural unit and the remaining Premises a complete operating unit. There shall be no abatement of rent during such restoration except to the extent otherwise provided herein.

(c) Except as provided in subparagraph (d) or (e) hereof, all compensation awarded or paid upon a total or partial taking of the fee title shall belong to PORT, whether such compensation be awarded or paid as compensation for diminution in value of the leasehold or of the fee. However, in no event whatsoever shall PORT be entitled to any award made to TENANT for loss of business or unamortized improvements and depreciation to and costs of removal of stock and fixtures.

(d) If this LEASE is terminated under the provisions of subparagraph (a) hereof and the leasehold estate is encumbered by a security instrument in compliance with the provisions of paragraph 12 of this LEASE, the compensation awarded or paid shall be divided in order of priority as follows:

(i) An amount equal to the fair market value of the leased premises, exclusive of all buildings and other improvements thereof, shall be paid to PORT;

(ii) The full amount necessary to pay the indebtedness secured by such security instrument, including any charges relating thereto, shall be paid to the lender of such security instrument; and

(iii) The balance shall be paid to PORT.

(e) If this LEASE is not terminated under the provisions of subparagraph (b) hereof and the leasehold estate is encumbered by a security instrument in compliance with the provisions of paragraph 12 of this LEASE, the compensation awarded or paid shall be divided in order of priority as follows:

(i) An amount equal to the cost of the reconstruction and restoration of the leased premises and all buildings and other improvements thereof by PORT as aforesaid shall be paid to PORT;

(ii) An amount equal to the fair market value of the portion of the leased premises that is taken, exclusive of all buildings and other improvements thereon, shall be paid to PORT;

(iii) An amount equal to the sum payable in such event under the provisions of said security instrument shall be paid to the LENDER thereof; and

(iv) The balance shall be paid to PORT.

25. Maintenance by Tenant. Title to the real property and all buildings and other improvements located thereon is in PORT. The term "improvements" shall include all trade fixtures where title has vested in PORT but shall exclude trade fixtures where title has not vested in PORT and where removal may be had without structural injury to the Premises. Despite the fact that title is in PORT, PORT shall have no obligation to maintain the Premises or any part thereof including utility service within the Premises. In the event of damage to the improvements by ordinary wear and tear or deterioration or if the improvements do not meet the standard of maintenance required by PORT for such uses as TENANT is making of the Premises, then, in that event, TENANT has

the independent responsibility to and shall promptly undertake such maintenance or repair and complete the same with due diligence. Also PORT will make periodic inspections of the Premises and will advise TENANT when maintenance or repair of the improvements is required but such right of inspection shall not relieve TENANT of its independent responsibility to maintain the improvements in first class condition. TENANT shall thereupon promptly undertake such maintenance or repairs and complete the same with due diligence. If TENANT fails to do so after reasonable notice in writing from PORT, PORT, in addition to the remedies it has hereunder, may make such maintenance or repairs and TENANT shall reimburse PORT therefor. Nothing contained herein, however, shall require either TENANT or PORT to repair or replace the improvements as a result of damages caused by acts of war, earthquake, tidal wave or other acts of God, except that this provision shall not affect the obligations of TENANT to make repairs to the improvements for damages required to be covered by insurance by TENANT under paragraph 20 hereof. In the event of damages in this category, TENANT's obligations shall be as set forth in paragraph 20.

In the case of damage by third persons, the party receiving such reimbursement shall devote such reimbursement to the repairs. If reimbursement for damages by third persons is made to TENANT, TENANT shall deposit the proceeds and use the funds in the same manner as required in paragraph 20 hereof. PORT does not warrant that the improvements will last during the term of this LEASE.

On the termination of this lease, the Premises must be usable and in substantially as good a condition as when the Premises were first tendered to TENANT hereunder after adjustment is made for normal deterioration over the term. If TENANT fails to leave the Premises in such condition, PORT may make such repairs or replacements and TENANT shall pay the cost therefor. Nothing herein contained shall relieve TENANT of its obligation to submit plans to the Chief Engineer of PORT and obtain PORT's approval therefor or to obtain such other permits from governmental bodies as may be required.

26. Nondiscrimination Provisions. The Human Rights Ordinance of CITY, attached hereto as Exhibit "B" and as amended from time to time, is incorporated herein by this reference and is made a part hereof. Where the term "contractor" is used therein it shall be deemed to mean "TENANT."

27. Attorney's Fees. TENANT shall pay PORT reasonable attorney's fees, which shall be fixed by the Court, if any suit shall be brought for an unlawful detainer concerning the Premises, for the recovery of any rent due under the provisions of this LEASE or because of the breach of any other covenant of this LEASE required to be performed by TENANT.

28. Waiver of Breach. The waiver by PORT of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition with respect to any prior or subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by PORT shall not be deemed to be a waiver of any term, covenant or condition of this LEASE, other than the failure of TENANT to pay the particular rental so accepted, regardless of PORT's knowledge of such preceding breach at the time of the acceptance of such rent. No act or omission by either PORT or TENANT shall constitute a modification of this LEASE, it being understood by all parties that this LEASE may be changed or otherwise modified only by the written agreement of all the parties.

29. Successors. The covenants and conditions herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all of the parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

30. Modification of Lease. Whenever it appears to be in the public interest, the parties hereto, by mutual agreement in writing, may alter or modify the terms of this LEASE or may

terminate the same with such adjustments and for such considerations as may be fair and equitable in the circumstances.

31. Holding Over. Any holding over after the expiration of the term of this LEASE shall be deemed a month-to-month tenancy and upon each and every one of the terms, conditions and covenants of the within LEASE, including adjustments in the minimum rental. In the event of a month-to-month tenancy, PORT may cancel the same upon thirty (30) days' notice left at the Premises and TENANT shall have the privilege of cancelling the same upon thirty (30) days' notice to PORT, all notices to be in writing.

32. Quit Claim. TENANT will, upon expiration or earlier termination of this LEASE, peaceably and quietly leave, surrender and yield up to PORT, all and singular, the Premises and, if requested, execute and deliver to PORT a good and sufficient quit claim deed to the rights arising hereunder. Should TENANT fail or refuse to deliver to PORT a quit claim deed, as aforesaid, a written notice by PORT reciting the failure or refusal of TENANT to execute and deliver said quit claim deed as herein provided shall from the date of recordation of said notice be conclusive evidence against TENANT and all persons claiming under TENANT of the termination of this LEASE.

33. Mineral Reservation. The State of California, pursuant to Section 2 of Chapter 1333 of the Statutes of 1968, as amended, has reserved all subsurface mineral deposits, including oil and gas deposits, on or underlying the Premises. In accordance with the provisions of that Statute, PORT shall and hereby does grant to the State of California the right to explore, drill for and extract said subsurface minerals, including oil and gas deposits, from the areas located by the California Grid System, Zone 3, beginning at a point where x equals 1,450,756.18 and y equals 480,417.87 for Parcel"A" and where x equals 1,451,189.31 and y equals 479,782.70 for Parcel "B" which areas were not improved on June 1, 1979. In the event that PORT exercises its right to explore, drill for or extract minerals as

provided in this paragraph, PORT agrees promptly and from time to time to repair the leased premises and all improvements thereon damaged by any such activity.

34. Notices. All notices to be given pursuant to this LEASE shall be sent by registered or certified mail, allowing seventy-two (72) hours for delivery, and be addressed, if to PORT to:

Commercial Property Manager
San Francisco Port Commission
Ferry Building
San Francisco, California 94111

and if to TENANT to:

Blue Jeans Equities West
411 Borel Avenue, Suite 600
San Mateo, California 94402

or as may from time to time otherwise be directed in writing by the parties. Notice shall be deemed to have been duly given if and when enclosed in a properly sealed envelope or wrapped, addressed as aforesaid, and deposited, postage prepaid, in a post office or branch post office regularly maintained by the United States Postal Service.

35. Time is of Essence. Time is of the essence of this LEASE.

36. Captions. The captions in this LEASE are for convenience only, are not a part of this LEASE and do not in any way limit or amplify the terms and provisions of this LEASE.

37. Certificates. PORT and TENANT shall, without charge, at any time and from time to time, within twenty (20) days after receipt of written request, deliver a written instrument to the party requesting same or to any other person, firm or corporation specified in said request, duly executed and acknowledged, certifying:

(a) that this LEASE is unmodified and in full force and effect, or, if there has been any modification, that the same is in full force and effect as modified and stating any such modification;

(b) that TENANT is not in default under the terms of this LEASE, or, if in default, the details thereof;

(c) whether or not there are then existing any setoffs or defenses against the enforcement of any of the agreements, terms, covenants or conditions of this LEASE and any modification thereof upon the part of PORT or TENANT, to be performed or complied with, and, if so, specifying the same; and

(d) the dates to which the net rent, additional rent and other charges hereunder have been paid.

Any such statement delivered pursuant to this paragraph may be relied upon by any prospective buyer of the fee or mortgagor or assignee or any mortgage upon the fee of the demised premises, or by any purchaser of the leasehold estate, or by any sublessee, or mortgagee of such leasehold estate.

38. Memorandum of Lease. The parties will at any time, at the request of either one, promptly execute and acknowledge duplicate originals of an instrument, in recordable form, which will constitute a short form of lease, setting forth a description of the leased premises, the term of this LEASE and any other portions thereof, excepting the rental provisions, as either party may request.

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IN WITNESS WHEREOF, PORT and TENANT have executed this LEASE on this 5 day of May, 1980, in the City and County of San Francisco, California.

CITY AND COUNTY OF SAN FRANCISCO
a municipal corporation, operating
by and through the SAN FRANCISCO
PORT COMMISSION,

By ______________________
PORT

BLUE JEANS EQUITIES WEST,
a California Joint Venture,

____
GERSON BAKAR
General Partner

____
JIM S. JOSEPH
General Partner

____
ALFRED S. WILSEY
General Partner

By: THE EQUITABLE LIFE ASSURANCE
SOCIETY OF THE UNITED STATES,
a New York corporation

By ______________________
Its
General Partner

APPROVED AS TO FORM:

____
Deputy City Attorney

2664b

CHAPTER 12B.
of the
San Francisco Administrative Code
Nondiscrimination in Contracts.

Sec. 12B.1 All Contracts to include Nondiscrimination Provisions: Definitions. All contracting agencies of the City and County of San Francisco, or any department thereof, acting for or on behalf of the City and County, shall include in all contracts, franchises, leases, concessions or other agreements involving real or personal property, hereafter negotiated, let awarded, granted, renegotiated, extended or renewed, in any manner or as to any portion thereof, a provision obligating the contractor, franchisee, lessee, concessionaire, or other party of said agreement not to discriminate on the ground or because of race, color, creed, national orgin, ancestry, age, sex, sexual orientation or disability, against any employee of, or applicant for employment with, such contractor, franchisee, lessee or concessionaire to include a similar provision in all subcontracts, subleases or other subordinate agreements let, awarded, negotiated or entered into thereunder.

(a) Definitions. As used in this chapter the term: "Age" refers to and shall include any employee or applicant for employment who has attained the age of forty (40) years and has not attained the age of sixty-five (65) years. For the purposes of this section, discrimination because of age shall mean dismissal from employment of, or refusal to employ or rehire any person because of his/her age, if such person has attained the age of forty (40) years and has not attained the age of sixty-five (65) years, if the person is physically able and mentally competent to perform the services required. Age limitations of apprenticeship programs in which the State or its political subdivisions participate shall not be considered discriminatory within the meaning of this section.

"Contract" shall mean and include an agreement to provide labor, materials, supplies or services in the performance of a contract, franchise, concession or lease granted, let or awarded for and on behalf of the City and County of San Francisco.

"Contractor" means any person or persons, firm partnership, corporation, or combination thereof, who submits a bid and/or enters into a contract with department heads and officers empowered by law to enter into contracts on the part of the City and County for public works or improvements to be performed, or for a franchise, concession or lease of property, or for goods, services or supplies to be purchased, at the expense of the City and County or to be paid out of moneys deposited in the treasury or out of trust moneys under the control or collected by the City and County.

"Subcontractor" means any person or persons, firm, partnership, corporation or any combination thereof, who enters into a contract or agreement with the contractor to perform a substantial specified portion of the contract for public works, improvements, supplies, goods or services, or for a lease, franchise or concession, let, granted or awarded for or on behalf of the City and County in accordance with the plans and specifications of such contracts. Such term shall include any contractor who enters into a contract with any subcontractor for the performance of 10 per cent or more of the subcontract.

"Subcontract" shall mean and include an agreement or contract under or subordinate to a prime contract, franchise lease or concession granted, let or awarded for or on behalf of the City and County of San Francisco.

"Concession" includes a grant of land or other property by or on behalf of the City and County of San Francisco to a person for the purpose or use specified in said grant.

"Concessionaire" shall mean and include a person who is the grantee or beneficiary of a concession as herein defined.

"Franchise" shall mean and include a right or privilege conferred by grant from the City and County of San Francisco, or any contracting agency thereof, and vested in and authorizing a person to conduct such business or engage in such activity as is specified in said grant.

"Franchisee" shall mean and include a person who is the grantee or beneficiary of a franchise as herein defined.

"Lease" shall mean and include a contract by which the City and County of San Francisco, or any contracting agency thereof, grants to a person the temporary possession and use of property, for reward, and the latter agrees to return the same to the former at a future time.

"Lessee" shall mean and include a person or tenant taking possession of property under a lease as herein provided, and further includes a bailee under a bailment agreement providing a rental for personal property.

"Sublease" shall mean and include a lease by which a lessee or tenant grants or lets to another person part or all of the leased property for a shorter term and under which said lessee or tenant retains some right or interest under the original lease.

"Sex" shall mean the character of being male or female.

"Sexual orientation" shall mean the choice of human adult sexual partner according to gender.

"Disability" is a physical or mental impairment which does not make the person incapable of adequately performing his or her duties with a reasonable accommodation to his or her disability, and does not make the person incapable of performing such duties in a manner which would not endanger his or her health and safety or the health and safety of others.

"Supplies" means any person or persons, firm, partnership, corporation, or any combination thereof, who submits a bid or enters into a contract with the awarding agency of the City and County or who submits a bid or enters into a contract with any contractor, subcontractor, lessee, sublessee, franchisee or concessionaire engaged in the performance of a contract let, awarded or granted by or on behalf of the City and County, for the supplying of goods, materials, services, equipment or furnishings.

Sec. 12B.2 Nondiscrimination Provisions of Contract. Every contract or subcontract for or on behalf of the City and County of San Francisco, as provided in Sec. 12B.1 hereof, shall contain the provisions following, which shall be known as the nondiscrimination provisions of such contract. In the performance of this contract, the contractor, subcontractor or supplier agrees as follows:

(a) Wherever the work is performed or supplies are manufactured in the United States, the contractor, subcontractor or supplier will not discriminate against any employee or applicant for employment because of race, color, religion, ancestry, national origin, age, sex, sexual orientation or disability. The contractor, subcontractor or supplier will take affirmative action to ensure that applicants are employed, and that employees are treated equally during employment, without regard to their race, color, religion, ancestry, national origin, age, sex, sexual orientation or disability. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Nothing in this ordinance shall require or prohibit the establishment of new classifications of employees in any given craft. The provisions of this section with respect to age shall not apply /1/ termination of employment because of the terms or conditions of any bona fide retirement or pension plan, /2/ operation of the terms or conditions of any bona fide retirement or pension plan which has the effect of a minimum service requirement, /3/ operation of the terms or conditions of any bona fide group or insurance plan. The contractor, subcontractor or supplier agrees to post in conspicuous places, available to employees and applicants or employees and applicants for employment, notices in such form and content as shall be furnished or approved by the awarding authority setting forth the provisions of this section.

(b) Except as in this section provided or in cases where the law compels or provides for such action any provisions in any contract agreement or undertaking entered into on or after the effective date of this chapter which prevent or tend to prevent the employment of any person solely by reason of his/her age, who has attained the age of forty (40) years and has not attained the age of sixty-five (65) years shall be null and void.

(c) The contractor, subcontractor or supplier will in all solicitations or advertisements for employees placed by or on his/her behalf, state that qualified applicants will receive consideration for employment without regard to race, creed, color, ancestry, national origin, age, sex, sexual orientation or disability. Any solicitations or advertisements that satisfy similar requirements under Federal law, subject to the approval of the awarding authority, will also satisfy this requirement.

(d) The contractor, subcontractor or supplier will send to each labor union or representative of workers with which he/she has a collective bargaining agreement or other contract or understanding, a notice, in such form and content as shall be furnished or approved by the awarding authority, advising the said labor union of workers' representative of the contractor's, subcontractor's or supplier's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(e) The contractor, subcontractor or supplier will permit access to his records of employment, employment advertisements, application forms, and other pertinent data and records by the awarding authority, the Fair Employment Practices Commission, or the San Francisco Human Rights Commission, for the purposes of investigation to ascertain compliance with the nondiscrimination provisions of this contract and on request pr
evidence that he/she has or will comply with the nondiscrimination provisions of
contract.

(f) That contractor, subcontractor or supplier shall be deemed to have breac
nondiscrimination provisions of this contract upon:

(1) A finding by the Director of the San Francisco Human Rights Commissi
such other official who may be designated by the Human Rights Commission, that c
tor, subcontractor, or supplier has wilfully violated such nondiscrimination pro

(2) A finding by the Fair Employment Practices Commission of the state o
fornia that contractor, subcontractor or supplier has violated any provision of t
Employment Practice Act of California or the nondiscrimination provisions of this
tract, provided that the Fair Employment Practices Commission has issued a final
pursuant to Section 1426 of the Labor Code or has obtained a final injunction pur
to Section 1429 of the Labor Code, provided further, that for the purposes of this
vision, an order of injunction shall not be considered final during the period wi
which /1/ appeal may be taken, or /2/ the same has been stayed by order of court,
/3/ further proceedings for vacation, reversal or modification are in progress be
a competent administrative or judicial tribunal.

(3) Upon such finding by the Director of the Human Rights Commission, or
official designated by the Human Rights Commission, or the Fair Employment Pract
Commission, the awarding authority shall notify contractor, subcontractor or sup
that unless he/she demonstrates to the satisfaction of the Director of the San F
Human Rights Commission, or other official designated by the Human Rights Commis
within such reasonable period as the Human Rights Commission shall determine, th
violation has been corrected, action will be taken as set forth in subparagraph
(h) hereof.

(4) The Human Rights Commission shall, within ten days of the date of is
of any finding by the Director of the Human Rights Commission or other official
nated by the Commission in the enforcement of this chapter, mail to any person o
sons affected by said finding, a copy of said finding, together with written not
his right to appeal. Notice of appeal must be filed in writing with the chairma
Commission within 20 days of the date of mailing said copy and notice.

(5) For purposes of appeal proceedings under this Section, a quorum shall
sist of eight members of the Commission. The vote of the majority of the full C
shall be necessary to affirm, reverse or modify such decisions, order or other a
rendered hereunder. Should a member of the Human Rights Commission be designated
Sec. 12B.2 (f) (1) of this contract, that Commissioner may not participate in an a
under this Section except as a witness.

(6) The presiding officer of the Commission shall have the power to admin
oath to witnesses in appeals before the Commission under this Section. In the eve
any person shall fail or refuse to appear as a witness in any such proceeding aft
ing requested to do so, and if it shall appear to the Commission that his/her tes
or books, records, documents or other things under his/her control are material a
levant as evidence in the matter under consideration by the Commission in the pro
the presiding officer of the Commission may subpoena such person, requiring his/h
sence at the proceeding, and requiring him/her to bring such books, records, docu
other things under his/her control.

(7) All appeals to the Human Rights Commission shall be open to the publi
cords and minutes shall be kept of such proceedings and shall be open to public i
tion. Upon reaching a decision in any appeal, the Commission shall give written
thereof to the Director of the Human Rights Commission, or other official designa
the Human Rights Commission, and the appellant or appellants. The decision of th
mission shall be final unless within 15 days of the filing and service of written
tice thereof appropriate legal proceedings are filed in a court of competent juri
tion by any party to this contract.

(8) If any contractor, subcontractor or supplier under contract to the Ci
County of San Francisco shall fail to appear at an appeal proceeding of the Commi
after having been given written notice to appear, such failure to appear shall be
for cancellation of the contract or subcontract and such contractor, subcontracto
supplier shall be deemed to have forfeited all rights, benefits and privileges th
under.

(9) The Human Rights Commission of San Francisco shall promulgate rules a
regulations for the implementation of the nondiscrimination provisions of this contrac
such rules and regulations shall, so far as practicable, be similar to those adopted i
licable Federal executive orders.

SAN FRANCISCO PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 80-8

WHEREAS, by Resolution No. 79-38 adopted May 23, 1979, the Port Commission directed the City Attorney to prepare a document in final form for the lease of Sea Wall Lots 319 and 320 to the firm of BJW Associates;

WHEREAS, by Resolution No. 79-69 adopted August 22, 1979, the Port Commission reviewed terms and conditions of the proposed lease document and revised certain language contained therein;

WHEREAS, the prospective Lessee has requested a change of legal name from "BJW ASSOCIATES to that of "BLUE JEANS EQUITIES WEST, a California Joint Venture"; and certain changes affecting the rights and obligations of the lender; and

WHEREAS, the Port and prospective Lessee have negotiated all terms and conditions to their mutual satisfaction and have reduced same to final form prepared by the City Attorney; now, therefore, be it

RESOLVED, that this Commission approves the terms and conditions of and authorizes the Director to execute that certain lease referred to as "Levi's Plaza Lease", a copy of which is on file with the Commission Secretary, and be it

RESOLVED further that the Director is requested to seek formal approval by Ordinance from the City's Board of Supervisors.

Secretary

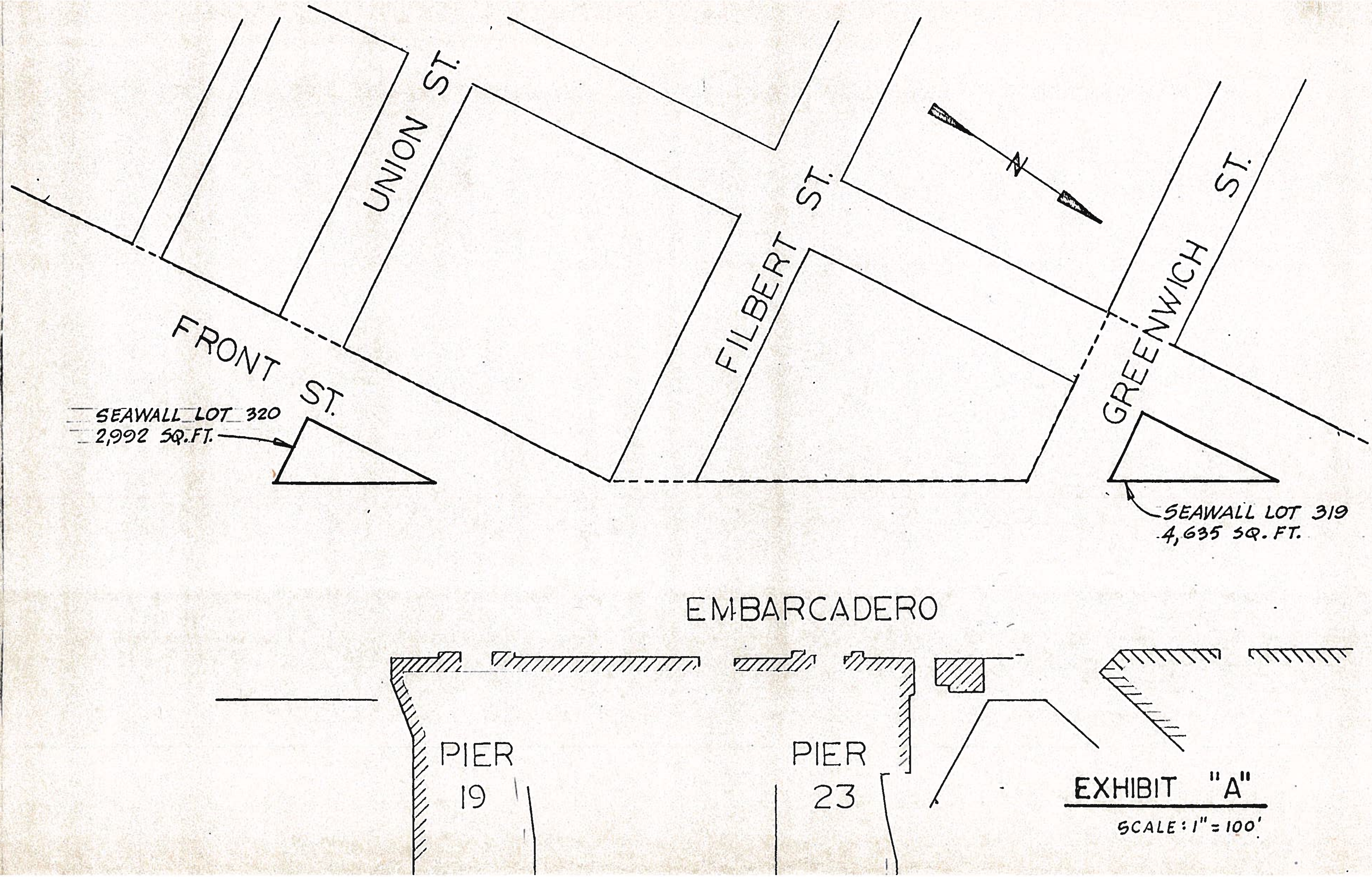

EXHIBIT "A"

SCALE: 1" = 100'

FILE NO. 65-80-4 ORDINANCE NO. 134-80

APPROVING THE LEASE BETWEEN BLUE JEANS EQUITIES WEST, A CALIFORNIA JOINT VENTURE, AND THE CITY AND COUNTY OF SAN FRANCISCO OPERATING BY AND THROUGH THE SAN FRANCISCO PORT COMMISSION.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Pursuant to Section 7.402-1 of the Charter, the Board of Supervisors hereby approves the lease between Blue Jeans Equities West, a California joint venture, and the City and County of San Francisco operating by and through the San Francisco Port Commission, a copy of which lease is contained in the Board of Supervisors' file number 65-80-4.

Passed for Second Reading
Board of Supervisors, San Francisco

MAR 24 1980

Ayes: Supervisors Bardis, Britt, Horanzy, Hutch, ~~Kopp~~, Lawson, Molinari, Renne, Silver, Walker, Ward.

~~Noes: Supervisors~~

Absent: Supervisors KOPP

G.H. Boreman, Clerk

Read Second Time and Finally Passed
Board of Supervisors, San Francisco

APR 1 1980

Ayes: Supervisors Bardis, Britt, Horanzy, Hutch, Kopp, Lawson, Molinari, ~~Renne,~~ Silver, Walker, Ward.

~~Noes: Supervisors~~

Absent: Supervisors RENNE

I hereby certify that the foregoing ordinance was finally passed by the Board of Supervisors of the City and County of San Francisco.

G.H. Boreman, Clerk

65-80-4
File No.

APR 07 1980
Approved

Dianne Feinstein
Mayor