

File No. 230967

Committee Item No. 11

Board Item No. 12

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date November 1, 2023

Board of Supervisors Meeting Date November 7, 2023

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Completed by: Brent Jalipa Date October 26, 2023

Completed by: Brent Jalipa Date November 2, 2023

1 [Lease of Property - 2789-25th Street - The San Francisco General Hospital Foundation - \$0
2 Initial Base Rent]

3 **Resolution authorizing and approving the lease of a portion of the real property located**
4 **at 2789-25th Street to The San Francisco General Hospital Foundation for an initial term**
5 **of twenty years at an annual base rent of \$0 plus two 10-year extension options to**
6 **extend, to commence upon execution of the Lease, after approval of this Resolution by**
7 **the Board of Supervisors and Mayor, in their respective sole and absolute discretion;**
8 **finding the proposed transaction is in conformance with the General Plan, and the**
9 **eight priority policies of Planning Code, Section 101.1; adopting California**
10 **Environmental Quality Act findings; and to authorize the Director of Property to enter**
11 **into amendments or modifications to the Lease that do not materially increase the**
12 **obligations or liabilities to the City and are necessary to effectuate the purposes of this**
13 **Resolution.**

14
15 WHEREAS, In 1993 the San Francisco General Hospital Foundation (“The
16 Foundation”) was formed by a dedicated group of volunteers to support the Zuckerberg San
17 Francisco General Hospital (“ZSFGH”); and

18 WHEREAS; The partnership between ZSFGH and The Foundation has for nearly 30
19 years reflected the values that define San Francisco: Equity, Compassion, Respect and
20 Commitment to care for everyone in the City; and

21 WHEREAS, The Foundation has raised over \$245,000,000 for ZSFGH, through public
22 and private donations, supporting ZSFGH in solving the City’s most challenging health and
23 social issues; and

24 WHEREAS, The Foundation funded the full suite of state-of-the-art furniture, fixtures
25 and equipment for ZSFGH’s new hospital building; and

1 WHEREAS; The Foundation has provided over 500 Equity and Innovation “Hearts”
2 grants, to seed new services and initiatives, totaling \$13,000,000; and

3 WHEREAS, The San Francisco General Hospital Foundation raised \$5,000,000 for
4 ZSFGH critical response to the COVID-19 pandemic; and

5 WHEREAS, The Foundation created the Transforming Mental and Behavioral Health
6 Fund to improve the delivery of ZSFGH systems to effectively treat this population; and

7 WHEREAS, As an independent 501(c)3 organization and pays for the majority of its
8 own operating expenses; and

9 WHEREAS, The City through the Real Estate Division (RED) with consultation with the
10 Department of Public Health, and the Office of the City Attorney, have negotiated the
11 proposed lease (“Lease”) with The Foundation, which provides for a base rent of \$0; a copy of
12 which can be found, substantially in the form on file with the Clerk of the Board of Supervisors
13 in File No. 230967; and

14 WHEREAS, The City will continue to pay for all of its utilities and maintenance costs;
15 and

16 WHEREAS, The initial term of the Lease shall be for twenty years, commencing upon
17 approval of the Board off Supervisors and Mayor; and

18 WHEREAS, Under the proposed Lease, the tenant has two options to extend the initial
19 term for an additional ten years; and

20 WHEREAS, On November 1, 2022, the San Francisco Health Commission
21 unanimously and recommended that the Board of Supervisors approve this lease agreement;
22 and

23 WHEREAS, The Planning Department, through General Plan Referral letter dated
24 August 17, 2023, which is on file with the Clerk of the Board of Supervisors under File
25 No. 230967, has verified that the Lease is consistent with the General Plan, and the eight

1 priority policies under Planning Code, Section 101.1, and that the project is categorically
2 exempt under California Environmental Quality Act (CEQA) Guidelines, Section 15030; now,
3 therefore, be it

4 RESOLVED, That the Board of Supervisors finds the Lease is consistent with the
5 General Plan, and the eight priority policies of Planning Code, Section 101.1, and adopts
6 CEQA findings and hereby incorporates such findings by reference as though fully set forth in
7 this Resolution; and, be it

8 FURTHER RESOLVED, That in accordance with the recommendation of the Director
9 of Property, the Director of Public Health and the San Francisco Health Commission, the
10 Board of Supervisors approves the Lease Agreement and authorizes the Director of Property
11 to take all actions on behalf of the City to enter into any additions, amendments or other
12 modifications (including without limitation, the exhibits) to the Lease that the Director of
13 Property determines, in consultation with, the Department of Public Health and the City
14 Attorney, are in the best interests of the City, do not materially increase the obligations or
15 liabilities of the City, and are necessary or advisable to complete the transaction and
16 effectuate the purpose and intent of this resolution and are in compliance with all applicable
17 laws, including City's Charter; and, be it

18 FURTHER RESOLVED, That the Lease contains language indemnifying and holding
19 harmless the City from, and agreeing to defend the City against any and all claims, costs and
20 expenses, including, without limitation, reasonable attorney's fees, incurred as a result of
21 City's use of the Premises, any default by the City in the performance of any of its obligations
22 under the Lease or any acts or omissions of City or its agents, in, on or about the Premises or
23 the property on which the Premises are located, except those claims, costs and expenses
24 incurred exclusively as a result of active gross negligence or willful misconduct of City or its
25 agents; and, be it

1 FURTHER RESOLVED, The base rent for the initial year shall be \$0 inclusive of the
2 cost of utilities; and, be it

3 FURTHER RESOLVED, That any action taken by the Director of Property and other
4 officers of the City with respect to the Lease are hereby approved, confirmed and ratified; and,
5 be it

6 FURTHER RESOLVED, That within 30 days of the Lease Agreement being fully-
7 executed by all parties, the Director of Property shall provide the final Lease Agreement to the
8 Clerk of the Board for inclusion into the official file.

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RECOMMENDED:

 /s/
Greg Wagner, Chief Operating Officer
Department of Public Health

RECOMMENDED:

 /s/
Andrico Penick, Director of Property
Real Estate Division

<p>Item 11 File 23-0967</p>	<p>Department: Department of Public Health (DPH), Real Estate Division (RED)</p>
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EXECUTIVE SUMMARY

Legislative Objectives

- The proposed resolution would authorize and approve a lease between the City as landlord and San Francisco General Hospital Foundation (the Foundation) as tenant for approximately 4,943 square feet of office space at 2789 25th Street, for an initial term of 20 years, with two 10-year options to extend, and annual base rent of \$0.

Key Points

- The Foundation was formed in 1993 to support SFGH and has raised over \$245 million in 30 years for SFGH through donations. The Foundation had previously occupied office space on the 2nd floor of 2789 25th Street under an informal arrangement with the Department of Public Health (DPH) since 1995. In 2018, the City entered into a lease with the Foundation with an initial base rent of \$73,394 and term of 10 months, from April 2018 through January 2019, which has since been in holdover status. Following our inquiries, it was discovered that the Foundation owed the City \$45,940 in unpaid rent, late fees, and interest, for which it has issued a check.
- RED has negotiated a new lease with the Foundation that would expand the premises into new space where the Foundation has funded tenant improvements under the existing lease. RED reviewed seven comparable leases and determined that annual fair market rent of the premises is approximately \$34.00 per square foot, or \$168,062. The City would also pay utility costs, which are approximately \$2.55 per square foot annually, or \$12,605. DPH has a 10-year Memorandum of Understanding (MOU) with the Foundation, which if terminated, would terminate the proposed lease within 30 days.

Fiscal Impact

- Under the proposed lease, the City would not receive rent. Assuming three percent annual escalation, over the initial 20-year term of the lease, the City would waive approximately \$4,515,889 in rent and pay \$338,692 for utilities, for a total cost of approximately \$4,854,581. If the two 10-year options to extend are exercised, the City would waive approximately \$12,672,087 in rent and pay \$950,406 for utilities, for a total cost of approximately \$13,622,493 over 40 years.

Policy Consideration

- The proposed 20-year lease term was driven by discussions between DPH and the Foundation. RED provided our office with a list of \$0 and \$1 leases in which the City is the landlord and none of them included “friends of” organizations or entities that raised money for City programs. Because of the rent waiver and long term of the lease, the Budget and Legislative Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors.

Recommendation

- Approval of the proposed resolution is a policy matter for the Board of Supervisors.

MANDATE STATEMENT

City Charter Section 9.118(c) states that (1) any lease of real property for ten or more years, including options to renew, or having anticipated revenues to the City of \$1,000,000, or (2) the modification, amendment, or termination of these leases is subject to Board of Supervisors approval.

City Administrative Code Section 23.30 states that leases of City-owned property can be for less than market rent if the lease is for a proper public purpose with Board of Supervisors' approval.

BACKGROUND

The San Francisco General Hospital Foundation (the Foundation) was formed in 1993 to support San Francisco General Hospital (SFGH). According to the proposed resolution, the Foundation has raised over \$245 million in 30 years for SFGH through donations, which have been used for initiatives such as funding furniture, fixtures, and equipment for the new SFGH hospital building, grant programs, and COVID-19 response programs. The Foundation's Memorandum of Understanding (MOU) with DPH includes a five-year goal to raise an additional \$200 million for capital improvements to the main hospital building. The FY 2023-24 budget includes \$4.4 million in operations grants and \$18.3 million in capital grants from the Foundation.

The Foundation had previously occupied office space on the 2nd floor of 2789 25th Street under an informal arrangement with the Department of Public Health (DPH) since 1995. In 2018, the City entered into a lease with the Foundation for approximately 2,308 square feet of office space with an initial term of 10 months, from April 2018 through January 2019, and annual base rent of \$73,394 (\$31.80 per square foot), which included the cost of utilities and janitorial services. Nine months of rent waivers and rent credits of \$5,500 per month were provided in exchange for the Foundation making tenant improvements to the premises. However, according to Jeff Suess, Real Estate Division (RED) Transaction Team Manager, the Foundation has not paid any rent, but in light of this report is forwarding RED a check for \$45,940 in unpaid rent, late fees, and interest. The lease has remained in holdover status since February 2019 due to staff changes within the Foundation and at the Real Estate Division. RED has negotiated a new lease with the Foundation that would expand the premises into new space where the Foundation has funded tenant improvements to accommodate its growth.

DETAILS OF PROPOSED LEGISLATION

The proposed resolution would approve a lease between the City as landlord and the Foundation as tenant for approximately 4,943 square feet at 2789 25th Street, for an initial term of 20 years, with two 10-year options to extend, and annual base rent of \$0. The proposed resolution also finds that the lease is in conformance with the General Plan and eight priority policies of Planning Code Section 101.1, adopts California Environmental Quality Act (CEQA) findings, and authorizes the Director of Property to enter into further immaterial amendments to the lease.

Fair Market Rent

According to Andrico Penick, Director of Property, RED reviewed seven comparable leases and determined that annual fair market rent of the premises is approximately \$34.00 per square foot, or \$168,062. The City would also pay utility costs, which are approximately \$2.55 per square foot annually, or \$12,605. According to Director Penick, RED and DPH have proposed waiving rent due to the value that the Foundation provides to SFGH. Any rent or utility payments made by the Foundation would benefit the City’s General Fund but directly reduce contributions to SFGH.

City Administrative Code Section 23.30 states that leases of City-owned property can be for less than market rent if the lease is for a proper public purpose with Board of Supervisors’ approval. In this case the public purpose is to raise funds for SFGH.

Foundation and DPH MOU

In July 2023, the Board of Supervisors approved a Memorandum of Understanding (MOU) between DPH and the Foundation (File 23-0674). The MOU has a term of 10 years, but either party at its sole discretion may terminate the MOU with 90 days’ notice (for example, if DPH determines that the Foundation no longer provides sufficient value to SFGH). If the MOU is terminated, the proposed lease would terminate within 30 days.

The MOU establishes that the Foundation provides operational and capital funding for San Francisco General Hospital, allows the Foundation to retain 20 to 25 percent of all gift and grant funds raised, allows the Foundation to use DPH property for fundraising activities, and includes donor disclosure requirements.

Lease Terms

According to Director Penick, the up to 40-year term of the proposed lease was driven by discussions between DPH and the Foundation, as a long-term lease would be a mortgageable asset for the Foundation.

The key terms of the proposed lease are shown in Exhibit 1 below.

Exhibit 1: Key Terms of Proposed Lease

Premises	4,943 square feet at 2789 25 th Street, Suite 2028
Term	20 years
Options to Extend	Two 10-year options to extend
Annual Base Rent	\$0
Early Termination	Lease terminated 30 days after termination of MOU
Utilities	Paid by City
Security Deposit	None

Source: Proposed lease

According to Director Penick, the anticipated lease commencement date is December 1, 2023.

Fiscal Monitoring

The Foundation has not been subject to the Citywide Fiscal and Compliance Monitoring Program. However, FY 2021-22 audited financial statements indicate that financial assets are available for approximately one year of general expenditures (excluding grants to DPH), as of June 30, 2022.

FISCAL IMPACT

Under the proposed lease, the City would not receive rent. As stated above, RED estimates that annual fair market rent is approximately \$34.00 per square foot, or \$168,062, and estimated annual utility costs are approximately \$2.55 per square foot, or \$12,605. The initial annual cost to the City between rent waived and utility costs is approximately \$180,667. Assuming three percent annual escalation, over the initial 20-year term of the lease, the City would waive approximately \$4,515,889 in rent and pay \$338,692 for utilities, for a total cost of approximately \$4,854,581. If the two 10-year options to extend are exercised, the City would waive approximately \$12,672,087 in rent and pay \$950,406 for utilities, for a total cost of approximately \$13,622,493 over 40 years. The estimated fiscal impact is shown in Exhibit 2 below.

Exhibit 2: Estimated Fiscal Impact to City of Proposed Lease

	Fair Market Rent Waived	Utility Costs	Total Fiscal Impact
Initial Term (20 Years)	\$4,515,889	\$338,692	\$4,854,581
Option Terms (20 Years)	8,156,198	611,715	8,767,912
Total (40 Years)	\$12,672,087	\$950,406	\$13,622,493

Source: BLA calculations using RED estimates, assuming 3% annual escalation.

POLICY CONSIDERATION

Lease Term and Rent Waiver

As mentioned above, the proposed 20-year lease term was driven by discussions between DPH and the Foundation. Director Penick notes that the proposed rent waiver is due to contributions that the Foundation has provided to DPH, and that any required rent payments would reduce the Foundation’s contributions to SFGH by a like amount. However, there are no guarantees that savings from rent waivers would directly benefit the hospital and not be used for other overhead expenses, such as executive salaries. DPH’s relationship with the Foundation is governed by an MOU which requires the Foundation to disclose administrative fees to donors, provide an annual report to DPH with audited financial statements, and make all financial records available to the City. The MOU would require Board of Supervisors approval if extended beyond 10 years.

Director Penick notes that while the proposed lease term is long, it is not unprecedented. For example, in 2015, the Board of Supervisors approved a 66-year lease with the Mexican Museum for approximately 48,000 square feet, with a 33-year option to extend, for total rent of \$1 (File 15-0159). RED provided our office with a list of \$0 and \$1 leases in which the City is the landlord and none of them included “friends of” organizations or entities that raised money for City programs.

Assuming that waiving rent and utility costs directly benefits the Foundation's contributions to SFGH, it reduces General Fund revenues and incurs costs. This General Fund impact may be more difficult for the City to offset than any reductions to hospital capital improvements, the majority of Foundation funding for the hospital, and which potentially could be funded through the City's debt program.

Because of the rent waiver and long term of the lease, the Budget and Legislative Analyst considers approval of the proposed resolution to be a policy matter for the Board of Supervisors.

RECOMMENDATION

Approval of the proposed resolution is a policy matter for the Board of Supervisors.



SAN FRANCISCO
GENERAL HOSPITAL
FOUNDATION

2789 25th Street Suite 2028 Lease



San Francisco
Health Network



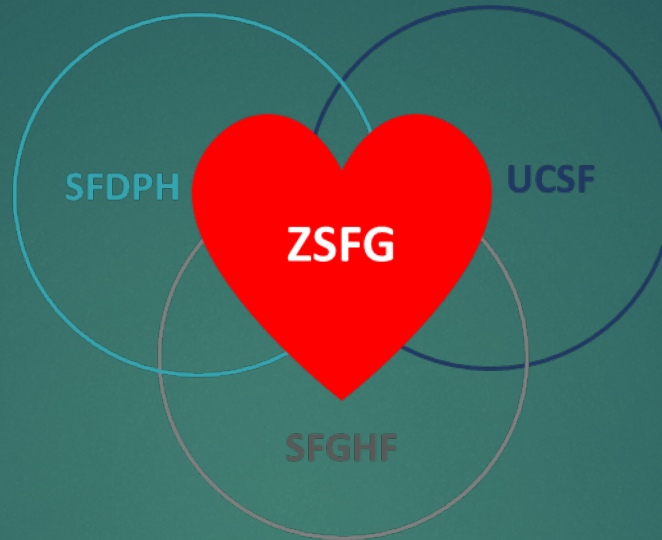
ZUCKERBERG
SAN FRANCISCO GENERAL
Hospital and Trauma Center

20 Year Lease with two 10 year options to extend

Partnership Between DPH and San Francisco General Hospital Foundation

San Francisco Department of Public Health

- Protecting and promoting the health of all San Francisco
- Leads nationally in public hospital funding



- Top tier medical school in US
- Exceptional faculty and students
- Clinical and research excellence



- Raised the largest private gift for a public hospital nationally
- Second oldest public hospital foundation
- Committed to health equity

Partnership Between DPH and San Francisco Hospital Foundation

▶ Transforming Mental and Behavioral Health

- ▶ ZSFG is on the front lines of the mental health crisis in San Francisco, providing a strong safety net and compassionate care, while leading the charge for innovations in mental health care.

▶ Trauma

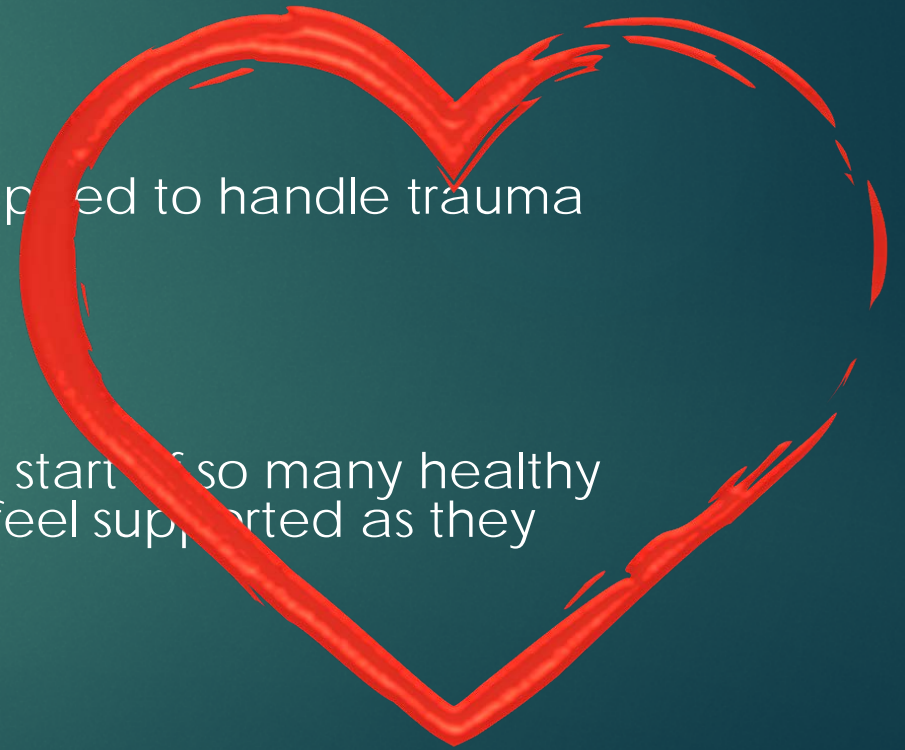
- ▶ As the Level 1 trauma center for our city, ZSFG is equipped to handle trauma and emergencies with expertise and compassion.

▶ Healthy Families

- ▶ With the largest birthing center in the city, ZSFG is the start of so many healthy lives. Connected care ensures children and families feel supported as they grow.

▶ Wellness

- ▶ Health as a human right depends on equitable access to resources, education, prevention, and treatment throughout a lifetime.



History of giving

The San Francisco General Hospital Foundation

Since its formation in 1993, the San Francisco General Hospital Foundation has raised over \$245,000,000 through donations.

Major programs that were funded include:

- \$5 Million for a Behavioral Health Fund
- \$13 Million for Equity & Innovation Grants
- \$5 Million to support ZSFG during Covid

The current 5 year goal is to raise \$250m to support Capital Improvements to the existing Outpatient Main Hospital.



Deal Points

Suite 2028 consists of 2,308 sq.ft.

The Foundation has invested \$2,178,000 in build out

Terms:

- ▶ Rent: \$0
- ▶ **Term:** 20 Years
- ▶ **Options to extend:** Two (2) at 10 years each



Questions?

OFFICE LEASE

between

CITY AND COUNTY OF SAN FRANCISCO,
as Landlord

and

San Francisco General Hospital Foundation,
as Tenant

For the lease of
2789 25th Street, Suite 2028
San Francisco, California

March 15, 2022

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LIST OF EXHIBITS

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- EXHIBIT B – Notice of Commencement Date
- EXHIBIT C – [deleted]
- EXHIBIT D – Standard Utilities and Services
- EXHIBIT E – Rules and Regulations
- EXHIBIT F – Preliminary Space Plans, Specifications and Finishes
- EXHIBIT G – GASB 87 Checklist
- EXHIBIT H – First Source Hiring Agreement

4/15/2022

OFFICE LEASE

THIS OFFICE LEASE (this “Lease”), dated for reference purposes only as of March 15, 2022 is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation (“City”), and THE SAN FRANCISCO GENERAL HOSPITAL FOUNDATION, a California nonprofit corporation (“Tenant”).

City and Tenant hereby covenant and agree as follows:

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the “Basic Lease Information”). Each item below shall be deemed to incorporate all of the terms in this Lease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision shall control.

Lease Reference Date:	March 15, 2022
Landlord:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation
Tenant:	The San Francisco General Hospital Foundation
Building (<u>Section 2.1</u>):	Office building located at 2789 25 th Street, San Francisco, California
Premises (<u>Section 2.1</u>):	Space on the 2 nd floor of the Building, designated as Suite 2028, and shown on the floor plan attached as <u>Exhibit A</u> .
Rentable Area of Premises (<u>Section 2.1</u>):	Approximately 4,943 leasable/gross square feet
Term (<u>Section 3.1</u>)	Twenty (20) years
	Estimated Commencement Date: TBD Estimated Expiration Date: TBD
Extension Options (<u>Section 3.4</u>):	Tenant shall have the option to extend the Term for two (2) additional periods of ten (10) years (each an “Extension Term”), as set forth in <u>Section 27.1</u> .
Base Rent (<u>Section 4.1</u>):	No charge
Use (<u>Section 5.1</u>):	Office and administrative functions for Tenant in support of ZSFGH.

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Tenant Improvements (Section 6.1): Remodel of Premises, to be performed by Tenant at no cost to Landlord, but subject to Landlord's approval.

Utilities and Services (Section 10.1): Provided by City

Security Deposit (Section 23): None

Notice Address of City (Section 28.1): Real Estate Division
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 2389 25th Street Suite 2208
Fax No.: (415) 552-9216

with a copy to: Department of Public Health
101 Grove Street
San Francisco, CA 94104
Attn: Director of Public Health

and to: Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4682
Attn: Real Estate & Finance Team
Re: 2389 25th Street Suite 2208

Fax No.: (415) 554-4757

Key Contact for City: Jeff Suess

Telephone No.: (415) 554-9873

Alternate Contact for City: Claudia Gorham

Telephone No.: (415) 554-8500

Address for Tenant (Section 28.1): 2389 25th Street San Francisco, CA 94110

Fax No.: (415) 206-5965

Key Contact for Tenant: Gerry Chow

Telephone No.: (415) 206-5929

Alternate Contact for Tenant: Kim Meredith

Telephone No.: (415) 206-4478

Other Noteworthy Provisions: N/A

2. PREMISES; AS IS CONDITION

2.1 Lease Premises

Subject to the provisions of this Lease, City leases to Tenant and Tenant leases from City those premises in the building identified in the Basic Lease Information (the "Building") and shown on the floor plans attached hereto as Exhibit A (the "Premises"). The Premises are located on the floor of the Building specified in the Basic Lease Information. The rentable area of the Premises specified in the Basic Lease Information shall be conclusive for all purposes hereof. The Building, land upon which the Building is located and all other improvements on and appurtenances to such land are referred to collectively as the "Property." Tenant shall have the non-exclusive right to use, together with other tenants in the Building, the lobbies, corridors, elevators, stairways and other public areas of the Building and the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

2.2 Accessibility Disclosures

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

Landlord discloses (i) Landlord has not been issued a disability access inspection certificate as described in California Civil Code ("CC") Section 55.53(e), (ii) pursuant to CC Section 1938, that Landlord has not ordered, performed, or caused to be performed, a Certified Access Specialist ("CASp") inspection of the Premises (sometimes referred to as "premises" or "subject premises" for the herein disclosures), and (iii) Landlord makes the following statutory disclosure per CC Section 1938 (the required "CASp Disclosure"):

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

Landlord and Tenant agree that if Tenant desires to have the Premises inspected by a CASp, then (1) Tenant will cause the inspection to occur within thirty (30) days after the Effective Date; (2) the inspection will occur during business hours on a business day; (3) Tenant will give Landlord five (5) business days prior written notice of the inspection time and date; (4) Landlord may attend the inspection; (5) the inspection may not include any destructive testing or damage to the Premises or the Building; (6) Tenant will pay for all inspection costs (including fees for any reports prepared by the CASp (collectively, the "CASp Reports"). Tenant will deliver any CASp Reports to Landlord within three (3) business days after Tenant's receipt. Tenant, will be solely responsible at Tenant's cost for making improvements, alterations, modifications, and/or repairs to or within the Premises to correct violations of construction-related accessibility standards disclosed by the CASp inspection. If the CASp inspection identifies any improvements, alterations, modifications, and/or repairs necessary to correct violations of construction-related

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accessibility standards relating to items of the Building or the Project located outside the Premises that are Landlord's obligation to repair under this Lease, then Landlord will perform the improvements, alterations, modifications, and/or repairs as and to the extent required by applicable Laws, and Tenant will reimburse Landlord the cost of the improvements, alterations, modifications, and/or repairs within ten (10) business days after Tenant's receipt of an invoice from Landlord.

2.3 As Is Condition

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

2.4 Energy Consumption Disclosure

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

3. TERM

3.1 Lease Term

The Premises are leased for a term (the "Term") commencing on the date specified in the Basic Lease Information as the estimated commencement date (the "Estimated Commencement Date"), or such earlier date upon which City delivers and Tenant accepts possession of the Premises, subject to the provisions of Section 3.4 (Delays Caused by Tenant) below. The Term of this Lease shall end on the expiration date specified in the Basic Lease Information, unless sooner terminated pursuant to the provisions of this Lease. This Lease is subject to the Extension Options set forth in Section 27.1 (Option to Extend Term). City shall deliver the Premises to Tenant on the Commencement Date in their then existing as is condition as further provided above, with no obligation of the City under this Lease to make any improvements, repairs or alterations.

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3.2 Confirmation of Commencement Date and Expiration Date

The dates on which the Term commences and terminates pursuant hereto are referred to respectively as the "Commencement Date" and the "Expiration Date." If the Commencement Date occurs on a date other than the Estimated Commencement Date, then promptly following the Commencement Date Tenant shall deliver to City a notice substantially in the form attached hereto as Exhibit B, confirming the actual Commencement Date, but Tenant's failure to do so shall not affect the commencement of the Term.

3.3 Intentionally Deleted

3.4 Delays Caused by Tenant

Notwithstanding anything to the contrary above, if City's inability to deliver possession of the Premises on the Estimated Commencement Date results from Tenant's or its Agents' acts or omissions, then Base Rent and Additional Charges payable by Tenant hereunder shall commence on the date when City would have delivered possession of the Premises but for such acts or omissions.

4. RENT

4.1 Base Rent

Throughout the Term beginning on the Commencement Date, Tenant shall pay to City the annual Base Rent specified in the Basic Lease Information (the "Base Rent"). The Base Rent shall be paid to City in advance, without prior demand and without any deduction, setoff or counterclaim whatsoever, in equal consecutive monthly payments on or before the first day of the Term and on or before the first day of each month thereafter. All sums payable by Tenant to City hereunder shall be paid in cash or by good (cashier's or certified) check to the City and County of San Francisco in care of the Director of Property at the primary address for City specified in the Basic Lease Information, or such other place as City may designate in writing. If the Commencement Date occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the Base Rent for such fractional month shall be prorated based on a thirty (30) day month. Within five (5) days after the parties execute this Lease, Tenant shall pay to City the Base Rent for the first full month.

City is issuing this Lease to Tenant on a rent-free basis in consideration of Tenant's work for City's benefit, as described in Section 5.1 (Permitted Use).

4.2 Intentionally Deleted

4.3 Additional Charges

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

4.4 Late Charges

If Tenant fails to pay any Rent or any portion of Rent within ten (10) days following the due date, such unpaid amount shall be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by City and Tenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur as a result of any such failure by Tenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate City for its damages resulting from such failure to pay and shall be paid to City together with such unpaid amount.

4.5 Intentionally Deleted

4.6 Costs of Collection

In addition to any interest or late charges under Section Error! Reference source not found. and Section Error! Reference source not found. above, if Tenant fails to pay Rent in immediately available funds or by good check (if Tenant is permitted to pay by personal or business check), to the extent that the costs incurred by City because of Tenant's failure exceed the late charges applicable to that failure, then Tenant will pay to City immediately upon demand as Additional Charges the amount of any fees, charges, or other costs incurred by City, including dishonored check fees, increased staff time, and any costs of collection.

5. USE

5.1 Permitted Use, Lease's Relationship to MOU

Tenant and City are parties to a Memorandum of Understanding dated November 1, 1995, as amended December 1, 2006 (the "MOU") regarding Tenant's mission and governance. This Lease is being entered into by the City based on the work that Tenant does exclusively for the benefit of Priscilla Chan and Mark Zuckerberg San Francisco General Hospital and Trauma Center ("ZSFGH"), with the understanding that Tenant may use the Premises only for work as described in the MOU (as may be amended from time to time), under MOU Section I (Primary Mission), Section II (Umbrella Organization) and Section III (Foundation Activities), or for work approved by the City's Director of Public Health, in the Director of Public Health's sole discretion. If the MOU terminates, this Lease terminates thirty (30) days following termination of the MOU.

Landlord is entering into this Lease based on Tenant's special purpose and use, and would not be willing to do so without the support to ZSFGH provided by Tenant. Accordingly, the above use restriction and requirement is a material part of this Lease, and any breach will result in Landlord's right to exercise available remedies including Lease termination.

5.2 No Unlawful Uses, Nuisances or Waste

Without limiting the foregoing, Tenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Tenant shall take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Tenant shall not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises, Building or on or about the Property except identification signs in a location and size and design approved by City in its sole discretion.

6. TENANT IMPROVEMENTS

6.1 Tenant Improvement Work

Tenant shall have the right to perform tenant improvements, at no cost to City, upon the City's approval of detailed plans and specifications for the work prepared by Tenant's architect or space planner (such work is referred to as the "Tenant Improvement Work" or "Tenant Improvements" and such plans and specifications are referred to as the "Plans"), and City's approval of the total anticipated cost or budget, not to be unreasonably withheld. Landlord approves the preliminary space plan, proposed scope of work, and initial specifications and finishes identified on Exhibit F (the "Preliminary Plans"), and agrees that any Plans that are generally consistent with the Preliminary Plans shall be acceptable. Tenant shall be responsible, at no cost to the City, for performing the Tenant Improvement Work in accordance with the approved Plans and the standards contained in Section 7.1 (Tenant's Alterations) below. Tenant shall further be responsible, at no cost to the City, for obtaining all permits and licenses required in connection with the Tenant Improvements. No Tenant Improvement Work shall commence in the Premises unless City has approved the proposed work and budget. City acknowledges that Tenant may be continuing work approved under a prior lease. Tenant shall not make any material change to the approved Plans or consent to any change order during the course of construction without first obtaining City's written approval. Tenant shall ensure that all work is performed in a manner that does not obstruct access to or through the Building/Common Area and that does not interfere either with City's business being conducted in the Building, other tenant's use of their premises or with any other work being undertaken within the Building. Upon completion of the Tenant Improvements, Tenant shall furnish City with a copy of the final as-built plans and specifications. No approval by City or any of its Agents of the Plans, any changes thereto or of any Alterations for purposes of this Lease shall be deemed to constitute approval of any federal, state or local regulatory authority with jurisdiction over the Premises or Tenant's use hereunder, and nothing herein shall limit Tenant's obligation to obtain all such regulatory approvals at no cost to the City.

6.2 Local Hiring Requirements

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

Tenant shall include, and shall require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62. Each such contract shall name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Tenant shall cooperate, and require its subtenants to cooperate, with the City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. Tenant's failure to comply with its obligations under this Section shall constitute a material breach of this Lease. A contractor's or subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party.

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6.3 Prevailing Wages and Working Conditions

Any undefined, initially-capitalized term used in this Section shall have the meaning given to such term in San Francisco Administrative Code Section 23.61. Tenant shall require its Contractors and Subcontractors performing (i) labor in connection with a “public work” as defined under California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, maintenance, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) or (ii) Covered Construction, at the Premises to (1) pay workers performing such work not less than the Prevailing Rate of Wages, (2) provide the same hours, working conditions and benefits as in each case are provided for similar work performed in San Francisco County, and (3) employ Apprentices in accordance with San Francisco Administrative Code Section 23.61 (collectively, “Prevailing Wage Requirements”). Tenant agrees to cooperate with the City in any action or proceeding against a Contractor or Subcontractor that fails to comply with the Prevailing Wage Requirements.

Tenant shall include, and shall require its subtenants, and Contractors and Subcontractors (regardless of tier), to include the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each such Construction Contract shall name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Tenant’s failure to comply with its obligations under this Section shall constitute a material breach of this Lease. A Contractor’s or Subcontractor’s failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party. For the current Prevailing Rate of Wages, see www.sfgov.org/olse or call the City’s Office of Labor Standards Enforcement at (415) 554-6235.

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

7. ALTERATIONS

7.1 Tenant’s Alterations

(a) General

(a) Tenant shall not make or permit any alterations to the Building or to the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other mechanical, electrical, communications systems of the Building (“Building Systems”), and shall not make or permit any alterations, installations, additions or improvements, structural or otherwise (collectively, “Alterations”), in, to or about the Premises, without City’s prior written consent in each instance. All Alterations shall be done at Tenant’s expense in accordance with plans and specifications approved by City, only by duly licensed and bonded contractors or mechanics approved by City, and subject to any conditions that City may reasonably impose. With

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respect to any Alterations which would be visible from the exterior of the Building, Tenant, shall obtain the prior written approval of City's Arts Commission to the extent the Arts Commission has jurisdiction over the design of such proposed alterations under City's Charter Section 5.103.

(b) Asbestos

Without limiting Section 26.2 (No Hazardous Materials) below, in the event that asbestos-containing materials ("ACM") are determined to exist in or about the Premises, Tenant shall ensure that all Alterations and any asbestos related work, as defined in California Health & Safety Code Section 25914.1(b), is performed in compliance with all laws relating to asbestos, including but not limited to California Occupational Safety and Health (OSHA) regulations found in Title 8 of the California Code of Regulations, Sections 1502 and 1529. Additionally, Tenant shall distribute notifications to all employees and contractors as required pursuant to California Health & Safety Code Section 25915 et seq. informing them of the existence of ACM and that moving, drilling, boring, or otherwise disturbing ACM may present a health risk and should not be attempted by an unqualified employee. No Alterations affecting ACM-containing areas or any asbestos related work shall be performed without City's prior written consent in each instance.

(c) Prevailing Wage and Local Hiring Requirements

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

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

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

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through or eliminate paint from that surface. Notice to City under this Lease shall not constitute notice to the City's Department of Building Inspection required under Section 3407 of the San Francisco Building Code.

(e) Title to Improvements

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

7.2 Tenant's Personal Property

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

7.3 City's Alterations of the Building and Building Systems

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

8. REPAIRS AND MAINTENANCE

8.1 City's Repairs

City shall repair and maintain the structural portions of the Building, including the Building Systems, the elevators and the common areas; provided, however, Tenant shall reimburse City for any damage, excluding normal wear and tear, caused by any act or omission of Tenant, its Agents or Invitees (as such terms are defined in Section 28.5 (Parties and Their Agents; Approvals) below). For the purpose of making any such repairs, City may use structures in the Premises where reasonably required by the character of the work to be performed, provided that such work shall not block the main entrance to the Premises nor unreasonably interfere with Tenant's business. Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned thereby.

8.2 Tenant's Repairs

Tenant shall maintain, at no expense to City, the Premises (including, without limitation, the floors, interior plumbing, electrical wiring, fixtures and equipment) in good repair and working order and in a clean, secure, safe and sanitary condition. Tenant shall promptly make all repairs and replacements: **(a)** at no cost to the City, **(b)** by licensed contractors or qualified

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mechanics approved by City, (c) so that the same shall be at least equal in quality, value and utility to the original work or installation, (d) in a manner and using equipment and materials that will not interfere with or impair the operations, use or occupation of the Building or the Building Systems, and (e) in accordance with any applicable Building Rules and Regulations (as defined in Section 22 (Rules and Regulations)) and all applicable laws, rules and regulations. Tenant hereby waives all rights to make repairs at City's expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect. Tenant will give to City at least fifteen (15) days' prior written notice of commencement of any repair, replacement, or construction on the Premises. Replacements costing over \$5,000 will be considered an Alteration and Article 7 above will apply.

9. LIENS AND ENCUMBRANCES

9.1 Liens

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

9.2 Encumbrances

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

10. UTILITIES AND SERVICES

10.1 Utilities and Services

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

10.2 Water and Energy Conservation; Mandatory or Voluntary Restrictions

In the event any law, ordinance, code or governmental or regulatory guideline imposes mandatory or voluntary controls on City or the Property or any part thereof, relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other

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

10.3 Excess Use

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

10.4 Floor Load

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

10.5 Interruption of Services

City's obligation to provide utilities and services for the Premises are subject to the Rules and Regulations of the Building, applicable Legal Requirements (as defined below) (including the rules or actions of the public utility company furnishing the utility or service), and shutdowns for maintenance and repairs, for security purposes, or because of acts of nature, accidents, epidemics and related governmental orders and requirements (and private sector responses thereto), repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or material, or other causes beyond the control of City. In the event of an interruption in, or failure or inability to provide any service or utility for the Premises for any reason, such interruption, failure or inability shall not constitute an eviction of Tenant,

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

11. COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS

11.1 Compliance with Laws

At no cost to City, Tenant shall promptly comply with all present or future federal, state, local, and administrative laws, ordinance, resolution, regulation, requirement, proclamation, order, or decree of any municipal, county, state, or federal government or other governmental or regulatory authority, board of fire underwriters, or any directive or occupancy certificate issued under any law by any public officer or officers acting in their regulatory capacity (now or later in effect, collectively "Legal Requirements") relating to the Premises or the Property or the use or occupancy of the Premises and with any and all recorded covenants, conditions, and restrictions affecting all or any portion of the Property, whether in effect at the time of the execution of this Lease or adopted or recorded at any time later and whether or not they were considered by the parties in negotiating this Lease. It is Tenant's obligation, at no cost to City, to cause the Premises and Tenant's uses thereof to be conducted in compliance with the Americans With Disabilities Act, 42 U.S.C. Section 12101 et seq. and any other applicable disability access Legal Requirements. Tenant shall not be required to make any structural Alterations in order to comply with disability access Legal Requirements unless the Alterations are required, in whole or in part, directly or indirectly, by the Tenant Improvements or any other Alterations, Tenant's use of the Premises, or any act or omission of Tenant, its Agents, or Invitees. Any Alteration made by or on behalf of Tenant under the provisions of this Section shall comply with the provisions of Section 8.2 (Tenant's Repairs) above. Tenant's obligation to comply with all Legal Requirements is a material part of the bargained-for consideration under this Lease. Tenant's obligation under this Section includes its responsibility to make substantial or structural repairs and Alterations to the Premises (including any of the Tenant Improvements or any of Tenant's Alterations), regardless of, among other factors, the relationship of the cost of curative action to the Rent under this Lease, the length of the then remaining Term, the relative benefit of the repairs to Tenant or City, the degree to which the curative action may interfere with Tenant's use or enjoyment of the Premises, the likelihood that the parties contemplated the particular Legal Requirements involved, and whether the Legal Requirements involved are related to Tenant's particular use of the Premises.

11.2 Regulatory Approvals

(a) Responsible Party

Tenant understands and agrees that Tenant's use of the Premises and construction of the Tenant Improvements permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Tenant shall be solely responsible for obtaining any and all such regulatory approvals. Tenant shall not seek any regulatory approval without first obtaining the written consent of City under this Lease. Tenant shall bear all costs associated with applying for and obtaining any necessary

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or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Property or City's interest therein must first be approved by City in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Tenant, and City shall have no liability, monetary or otherwise, for any such fines or penalties. Tenant shall Indemnify City and the other Indemnified Parties hereunder against all Claims (as such terms are defined in Section 18.2 (Tenant's Indemnity) below) arising in connection with Tenant's failure to obtain or failure by Tenant, its Agents or Invitees to comply with the terms and conditions of any regulatory approval.

(b) City Acting as Owner of Real Property

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

11.3 Compliance with City's Risk Management Requirements

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

12. SUBORDINATION

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

13. INABILITY TO PERFORM

No actual or constructive eviction, in whole or in part, shall entitle Tenant to any

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abatement or diminution of Rent or relieve Tenant from any of its obligations under this Lease. If City is unable to perform or is delayed in performing any of City's obligations under this Lease, by reason of acts of nature, accidents, epidemics and related governmental orders and requirements (and private sector responses thereto), repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials or by any other reason beyond City's reasonable control, no such inability or delay shall constitute an eviction under this Lease, or impose any liability upon City or its Agents by reason of inconvenience, annoyance, interruption, injury or loss to or interference with Tenant's business or use and occupancy or quiet enjoyment of the Premises or any loss or damage occasioned thereby. Tenant hereby waives and releases any right to terminate this Lease under Section 1932, subdivision 1 of the California Civil Code or any similar Legal Requirements.

14. DAMAGE AND DESTRUCTION

14.1 Damage and Destruction

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

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

If at any time during the last twelve (12) months of the Term of this Lease, the Premises or the Building is damaged or destroyed, then either City or Tenant may terminate this Lease by giving written notice to the other party of its election to do so within thirty (30) days after the date of the occurrence of such damage; provided, however, Tenant may terminate only if such damage or destruction substantially impairs its use or occupancy of the Premises for the uses permitted hereunder. The effective date of termination shall be specified in the notice of termination; which date shall not be more than thirty (30) days from the date of the notice. Notwithstanding the foregoing, if City elects to terminate this Lease as provided in this paragraph and Tenant either has already exercised an Extension Option or, if, prior to Tenant's deadline to exercise the Extension Option, Tenant elects to exercise the Extension Option within ten (10) days after City exercises its election to terminate this Lease as provided in this paragraph, then City's termination of this Lease under this paragraph shall be voided and City's obligation to repair the Premises or Building shall be the same as if the Term was not expiring within twelve (12) months.

Notwithstanding anything to the contrary in this Lease, City shall have no obligation to

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

14.2 Waiver

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

15. EMINENT DOMAIN

15.1 Definitions

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

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

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

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

15.2 General

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

15.3 Total Taking; Automatic Termination

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

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15.4 Partial Taking; Election to Terminate

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

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

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

15.5 Termination of Lease; Rent and Award

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

15.6 Partial Taking; Continuation of Lease

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

15.7 Temporary Takings

Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to

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

16. ASSIGNMENT AND SUBLETTING

16.1 Restriction on Assignment and Subletting

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

16.2 Notice of Proposed Transfer

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

16.3 City's Response

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

16.4 Sublease or Recapture Space

If City elects to Sublease or Recapture from Tenant, the following shall apply:

(a) In the case of a Sublease, (i) City shall have the right to use the portion of the Premises covered by the Notice of Proposed Transfer (the "Sublease Space") for any legal purpose, (ii) the rent payable by City to Tenant shall be the lesser of (A) the amount in the Notice of Proposed Transfer or (B) the Base Rent payable by Tenant under this Lease at the time of the Sublease (or the amount thereof proportionate to the Sublease Space if for less than the entire Premises), (iii) City may make alterations and improvements to the Sublease Space and may remove any such alterations or improvements, in whole or in part, prior to or upon the

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expiration of the Sublease, provided that City shall repair any damage or injury to the Sublease Space caused by such removal, (iv) City shall have the right to further sublease or assign the Sublease Space to any party, without the consent of Tenant, and (v) Tenant shall pay to City on demand any costs incurred by City in physically separating the Sublease Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable laws or regulations relating to such separation.

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

16.5 Effect of Sublease or Assignment

No Sublease or Assignment by Tenant nor any consent by City thereto shall relieve Tenant, or any guarantor, of any obligation to be performed by Tenant under this Lease. Any Sublease or Assignment not in compliance with this Section shall be void and, at City's option, shall constitute a material default by Tenant under this Lease. The acceptance of any Base Rent or other payments by City from a proposed Transferee shall not constitute consent to such Sublease or Assignment by City or a recognition of any Transferee, or a waiver by City of any failure of Tenant or other transferor to comply with this Section. If there is an Assignment or Sublet, whether in violation of or in compliance with this Section, in the event of default by any Transferee, or any successor of Tenant, in the performance or observance of any of the terms of this Lease or any Sublease or Assignment agreement, City may proceed directly against Tenant without the necessity of exhausting remedies against such Transferee or successor.

16.6 Assumption by Transferee

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

16.7 Indemnity for Relocation Benefits

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

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17. DEFAULT; REMEDIES

17.1 Events of Default

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

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

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

(c) a vacation or abandonment of the Premises for a continuous period in excess of ten (10) business days; or

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

17.2 Remedies

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

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

(b) Upon such termination in writing of Tenant's right to possession of the

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Premises, this Lease shall terminate and City shall be entitled to recover damages from Tenant as provided in California Civil Code Section 1951.2 or any other applicable existing or future Legal Requirement providing for recovery of damages for such breach, including but not limited to the following:

- (i) The reasonable cost of recovering the Premises; plus
- (ii) The reasonable cost of removing Tenant's Alterations, trade fixtures and improvements; plus
- (iii) All unpaid rent due or earned hereunder prior to the date of termination, less the proceeds of any reletting or any rental received from subtenants prior to the date of termination applied as provided in Section 17.2(b) below, together with interest at the Interest Rate, on such sums from the date such rent is due and payable until the date of the award of damages; plus
- (iv) The amount by which the rent which would be payable by Tenant hereunder, including Additional Charges under Section 4.3 (Additional Charges) above, as reasonably estimated by City, from the date of termination until the date of the award of damages, exceeds the amount of such rental loss as Tenant proves could have been reasonably avoided, together with interest at the Interest Rate on such sums from the date such rent is due and payable until the date of the award of damages; plus
- (v) The amount by which the rent which would be payable by Tenant hereunder, including Additional Charges under Section 4.3 (Additional Charges) above, as reasonably estimated by City, for the remainder of the then term, after the date of the award of damages exceeds the amount such rental loss as Tenant proves could have been reasonably avoided, discounted at the discount rate published by the Federal Reserve bank of San Francisco for member banks at the time of the award plus one percent (1%); plus
- (vi) Such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law, including without limitation any other amount necessary to compensate City for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease which in the ordinary course of things would be likely to result therefrom.

(c) City has the remedy described in California Civil Code Section 1951.4 (a landlord may continue the lease in effect after the tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations), and may continue this Lease in full force and effect and may enforce all of its rights and remedies under this Lease, including, but not limited to, the right to recover rent as it becomes due. After the occurrence of an Event of Default, City may enter the Premises without terminating this Lease and sublet all or any part of the Premises for Tenant's account to any person, for such term (which may be a period beyond the remaining term of this Lease), at such rents and on such other terms and conditions as City deems advisable. In the event of any such subletting, rents received by City from such subletting shall be applied (i) first, to the payment of the costs of maintaining, preserving, altering and preparing the Premises for subletting, the other costs of subletting, including but not limited to brokers' commissions, attorneys' fees and expenses of removal of Tenant's Personal Property, trade fixtures and Alterations; (ii) second, to the payment of rent then due and payable hereunder; (iii) third, to the payment of future rent as the same may become due and payable hereunder; and (iv) fourth, the balance, if any, shall be paid to Tenant upon (but not before) expiration of the term of this Lease. If the rents received by City from such subletting, after application as provided above, are insufficient in any month to

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pay the rent due and payable hereunder for such month, Tenant shall pay such deficiency to City monthly upon demand. Notwithstanding any such subletting for Tenant's account without termination, City may at any time thereafter, by written notice to Tenant, elect to terminate this Lease by virtue of a previous Event of Default.

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

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

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

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

17.3 Waiver of Redemption

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

17.4 City's Right to Cure Tenant's Defaults

If Tenant defaults in the performance of any of its obligations under this Lease, then City may, at its sole option, remedy such default for Tenant's account and at Tenant's expense by providing Tenant with five (5) days' prior written or oral notice of City's intention to cure such default (except that no such prior notice shall be required in the event of an emergency as determined by City). Such action by City shall not be construed as a waiver of such default or any rights or remedies of City, and nothing herein shall imply any duty of City to do any act that

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Tenant is obligated to perform. Tenant shall pay to City upon demand, as additional rent, all costs, damages, expenses or liabilities incurred by City, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such default. Tenant's obligations under this Section shall survive the termination of this Lease.

18. WAIVER OF CLAIMS; INDEMNIFICATION

18.1 Limitation on City's Liability; Waiver of Claims

City shall not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases City and its Agents from all Claims (as defined below) for, any injury, loss or damage to any person or property in or about the Premises by or from any cause whatsoever including, without limitation, (a) any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Premises, (b) theft, (c) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (d) stopped, leaking or defective Building Systems, (e) Building defects, and (f) any other acts, omissions or causes. Nothing in this Section shall relieve City from liability caused solely and directly by the gross negligence or willful misconduct of City or its Agents, but City shall not be liable under any circumstances for any consequential, incidental or punitive damages.

18.2 Tenant's Indemnity

Tenant, on behalf of itself and its successors and assigns, shall indemnify, defend and hold harmless ("Indemnify") City including, but not limited to, all of its boards, commissions, departments, agencies and other subdivisions, and all of its and their Agents, and their respective heirs, legal representatives, successors and assigns (individually and collectively, the "Indemnified Parties"), and each of them, from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses, including, without limitation, direct and vicarious liability of every kind (collectively, "Claims"), incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, including, without limitation, employees of Tenant, or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Premises; (b) any default by Tenant in the observation or performance of any of the terms, covenants or conditions of this Lease to be observed or performed on Tenant's part; (c) the use or occupancy or manner of use or occupancy of the Premises by Tenant, its Agents or Invitees or any person or entity claiming through or under any of them; (d) the condition of the Premises; (e) any construction or other work undertaken by Tenant on the Premises whether before or during the Term of this Lease; or (f) any acts, omissions or negligence of Tenant, its Agents or Invitees, in, on or about the Premises or the Property, all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that such Indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Lease and further except only such Claims as are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any Claim. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Tenant by City and continues at all times thereafter. Tenant's obligations under this Section shall survive the termination of this Lease.

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19. INSURANCE

19.1 Tenant's Insurance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19.2 Tenant's Personal Property

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

19.3 City's Self Insurance

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

19.4 Waiver of Subrogation

Notwithstanding anything to the contrary in this Lease, City and Tenant (each a "Waiving Party") hereby waives any right of recovery against the other party for any loss or damage relating to the Building or the Premises or any operations or contents therein, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by third party insurance that is required to be purchased by the Waiving Party under this Lease or is actually covered by insurance held by the Waiving Party or its agents. Each Waiving Party agrees to obtain a waiver of subrogation rights endorsements from applicable insurance carriers issuing policies relating to the Building or the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

20. ACCESS BY CITY

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

21. CERTIFICATES

21.1 Tenant's Estoppel Certificates

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

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21.2 City's Certificates

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

22. RULES AND REGULATIONS

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

23. Intentionally Deleted

24. SURRENDER OF PREMISES

(a) Upon the Expiration Date or other termination of this Lease, Tenant shall peaceably quit and surrender to City the Premises together with the Tenant Improvements and all Alterations approved by City in good order and condition, except for normal wear and tear (after Tenant having made the last necessary repair required on its part under this Lease), and further except for any portion of the Premises condemned and any damage and destruction for which Tenant is not responsible hereunder. The Premises shall be surrendered free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this Lease and any other encumbrances created by City. Immediately before the Expiration Date or other termination of this Lease, Tenant shall remove all of Tenant's Personal Property as provided in this Lease, and repair any damage resulting from the removal; provided, City in its sole discretion shall have the right to reserve ownership of any telecommunications equipment, wire, cabling and/or conduit installed in the Premises or any other portion of the Building by or on behalf of Tenant. If such removal is not completed at the expiration or other termination of this Lease, City may remove the same at Tenant's expense. Notwithstanding anything to the contrary in this Lease, City can elect at any time prior to the Expiration Date or within five (5) days after termination of this Lease (which period will be considered holding over with Landlord's consent under Section 28.12 (Holding Over) below), City may elect to require Tenant to remove, at Tenant's sole expense, all or part of the any Alterations (other than the initial Tenant Improvements) or other improvements or equipment constructed or installed by or at the expense of Tenant including, but not limited to, any telecommunications equipment, wires, cabling and/or conduit installed in the Premises or any other portion of the Building by or on behalf of Tenant. Tenant shall promptly remove such items and shall repair, at no cost to the City, any damage to the Premises or the Building resulting from such removal, or if Tenant fails to repair, City may do so, at Tenant's expense. In no event shall Tenant be required to remove the initial Tenant Improvements. Any items of Tenant's Personal Property remaining in the Premises after the Expiration Date or sooner termination of this Lease may, at City's option, be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by Legal Requirements.

(b) Concurrently with the surrender of the Premises, Tenant shall, if requested by

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

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

25. REMOVAL OF ELECTRICAL AND TELECOMMUNICATIONS WIRES

25.1 City May Elect to Remove or Retain Wires

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

25.2 Compliance with Laws and Discontinuance of Wire Use

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

25.3 Condition of Wires

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

25.4 Intentionally Deleted

25.5 Survival

The terms of this Section shall survive the expiration or sooner termination of this Lease.

26. HAZARDOUS MATERIALS

26.1 Definitions

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

- (a) "Environmental Laws" shall mean any present or future federal,

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state, local or administrative law, rule, regulation, order or requirement relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage), or to health and safety, industrial hygiene or the environment, including, without limitation, soil, air and groundwater conditions.

(b) “Hazardous Material” shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health, welfare or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a “hazardous substance,” or “pollutant” or “contaminant” pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”, also commonly known as the “Superfund” law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any “hazardous waste” listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

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

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

26.2 No Hazardous Materials

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

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26.3 Tenant's Environmental Indemnity

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

26.4 Survival of Obligation

Tenant's obligations under this Section 26 shall survive the Expiration Date or other termination of this Lease.

26.5 Hazardous Substance Disclosure

California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Tenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, lead, asbestos, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde.

27. SPECIAL PROVISIONS

27.1 Extension Option

(a) Option to Extend Term

City grants to Tenant two options to extend the Term of this Lease as to the entire Premises only (each an "Extension Option") for an additional ten years (each additional period is an "Extension Term") commencing upon the Expiration Date (or expiration of the first Extension Term) upon the following terms and conditions. Tenant may exercise the Extension Option by

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providing written notice to City not more than one year and not less than one hundred eighty (180) days prior to the Expiration Date (or expiration of the first Extension Term). Any such notice by Tenant shall be irrevocable by Tenant. If any event of default by Tenant is outstanding hereunder either at the time of Tenant's exercise of an Extension Option or at any time prior to the first day of an Extension Term (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), then City may elect by notice to Tenant to reject Tenant's exercise of the Extension Option, whereupon the Extension Option shall be null and void. City shall also have the right to void Tenant's Extension Option if Tenant has assigned its interest hereunder or sublet more than fifty percent (50%) of the Premises.

If Tenant elects to exercise one or both Extension Options, then the lease for the Extension Term(s) shall cover the entire Premises and shall be upon all of the terms, covenants and conditions of this Lease.

(b) Base Rent and Other Terms

27.2 City's Option to Relocate Tenant

At any time after Tenant's execution of this Lease, City shall have the one-time right, upon providing Tenant ninety (90) days' prior written notice, to provide Tenant with comparable space elsewhere in the Building and to move Tenant to such space. City shall (i) at its cost and prior to moving Tenant to such new space, construct tenant improvements in the new space comparable in functionality, finishes and materials to the Tenant Improvements, and (ii) arrange and pay for moving Tenant to such new space, including costs incurred in changing addresses on stationery, in a sum not to exceed Two Million Dollars (\$2,000,000). Should the new space be unsatisfactory to Tenant, Tenant may terminate this Lease by providing City with written notice thereof within fifteen (15) days after receipt of City's notice. Tenant's failure to reject the relocation space within such period shall be deemed acceptance. If Tenant accepts such new space, then this Lease and each and all of the terms and covenants and conditions hereof shall remain in full force and effect and the revised floor plan shall become part of this Lease and shall reflect the location of the new space.

28. GENERAL PROVISIONS

28.1 Notices

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

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provide City with copies of any and all notices received regarding any alleged violation of laws or insurance requirements or any alleged unsafe condition or practice.

28.2 No Implied Waiver

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

28.3 Amendments

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

28.4 Authority

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

28.5 Parties and Their Agents; Approvals

The words "City" and "Tenant" as used herein shall include the plural as well as the singular. If there is more than one entity that comprises Tenant, the obligations and liabilities under this Lease imposed on Tenant shall be joint and several. As used herein, the term

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“Agents” when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party, and the term “Invitees” when used with respect to Tenant shall include the clients, customers, invitees, guests, licensees, assignees or subtenants of Tenant. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through City’s Director of Property unless otherwise provided in this Lease, subject to applicable Legal Requirements.

28.6 Interpretation of Lease

The captions preceding the articles and sections of this Lease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Lease. This Lease has been negotiated at arm’s length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this Lease. Provisions in this Lease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word “including” or similar words shall not be construed to limit any general term, statement or other matter in this Lease, whether or not language of non-limitation, such as “without limitation” or similar words, are used.

28.7 Successors and Assigns

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

28.8 Brokers

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

28.9 Severability

If any provision of this Lease or the application thereof to any person, entity or circumstance shall be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or

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unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Lease without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Lease.

28.10 Governing Law

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

28.11 Entire Agreement

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

28.12 Attorneys' Fees

In the event that either City or Tenant fails to perform any of its obligations under this Lease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Lease, the defaulting party or the non-prevailing party in such dispute, as the case may be, shall pay the prevailing party reasonable attorneys' and experts' fees and costs, and all court costs and other costs of action incurred by the prevailing party in connection with the prosecution or defense of such action and enforcing or establishing its rights hereunder (whether or not such action is prosecuted to a judgment). For purposes of this Lease, the terms "court costs and reasonable attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "court costs and attorneys' fees" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, mediation, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. For the purposes of this Lease, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

28.13 Holding Over

(a) If Tenant retains possession of any portion of the Premises after the expiration or the earlier termination of this Lease, then unless City expressly agrees to the holdover in writing, Tenant will pay City, on a month-to-month basis, Base Rent equal to one hundred and fifty percent of the fair market rent for the Premises (as determined by City), together with an

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amount estimated by City for the monthly Additional Charges, and shall otherwise be on the terms and conditions specified in this Lease so far as applicable (except for those pertaining to the Term and any Extension Options). Any failure by Tenant to surrender, discontinue using, or, if required by City, any failure to remove any property or equipment following written demand by City, shall constitute continuing possession for purposes of this Section. Tenant acknowledges that the foregoing provisions do not serve as permission for the Tenant to hold over, or serve to extend the Term. Any holding over without City's consent shall constitute a default by Tenant and entitle City to exercise any or all of its remedies, notwithstanding that City may elect to accept one or more payments of Rent, and whether or not the amounts are at the holdover rate specified above or the rate in effect at the end of the Term.

(b) Any holding over after the expiration of the Term with City's express written consent shall be construed to automatically extend the Term on a month-to-month basis on the terms and conditions specified in this Lease so far as applicable (except for those pertaining to the Term and any Extension Options).

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

28.14 Time of Essence

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

28.15 Cumulative Remedies

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

28.16 Survival of Indemnities

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

28.17 Signs

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

28.18 Relationship of the Parties

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

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28.19 Light and Air

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

28.20 No Recording

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

28.21 Options Personal

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

28.22 Public Transit Information

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

28.23 Taxes, Assessments, Licenses, Permit Fees and Liens

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

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

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

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

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28.24 Non-Liability of City Officials, Employees and Agents

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

28.25 Non-Discrimination in City Contracts and Benefits Ordinance

(a) Covenant Not to Discriminate

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

(b) Subleases and Other Subcontracts

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

(c) Non-Discrimination in Benefits

Tenant does not as of the date of this Lease and will not during the term of this Lease, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for the City 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 Lease, Tenant 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. Tenant hereby represents that prior to execution of this Lease, (i) Tenant executed and submitted to the CMD Form CMD-12B-101 with supporting documentation, and (ii) the CMD approved such form.

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(e) Incorporation of Administrative Code Provisions by Reference

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

28.26 No Relocation Assistance; Waiver of Claims

Tenant acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Tenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking.

28.27 MacBride Principles - Northern Ireland

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

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

The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant shall not provide any items to the construction of Tenant Improvements or the Alterations, or otherwise in the performance of this Lease which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Tenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant shall be liable for liquidated damages for each violation in any amount equal to Tenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater. Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment.

28.29 Restrictions on the Use of Pesticides

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

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

28.30 First Source Hiring Agreement

Chapter 83 of the San Francisco Administrative Code requires that Tenant enter into a first source hiring agreement on or before the Effective Date. Accordingly, Tenant and City are parties to the First Source Agreement attached to this Lease as **Exhibit H** under San Francisco Administrative Code, Chapter 83 (the “First Source Agreement”). Any default by Tenant under the First Source Agreement will be a default under this Lease.

28.31 Sunshine Ordinance

In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors’ bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person’s or organization’s net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

28.32 Conflicts of Interest

Through its execution of this Lease, Tenant acknowledges that it is familiar with the

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provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Tenant becomes aware of any such fact during the term of this Lease Tenant shall immediately notify the City.

28.33 Charter Provisions

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

28.34 Drug-Free Workplace

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

28.35 Prohibition of Tobacco Sales and Advertising

Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. In addition, Tenant acknowledges and agrees that no Sales, Manufacture, or Distribution of Tobacco Products (as such capitalized terms are defined in Health Code Section 19K.1) is allowed on the Premises and such prohibition must be included in all subleases or other agreements allowing use of the Premises. The prohibition against Sales, Manufacture, or Distribution of Tobacco Products does not apply to persons who are affiliated with an accredited academic institution where the Sale, Manufacture, and/or Distribution of Tobacco Products is conducted as part of academic research. **Prohibition of Alcoholic Beverage Advertising**

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

28.36 Counterparts

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

28.37 Effective Date

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

28.38 Requiring Health Benefits for Covered Employees

(a) Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (“HCAO”), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12Q. (b) For each Covered Employee, Tenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Tenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission. (c) Notwithstanding the above, if the Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with subsection (a) above. (d) Tenant's failure to comply with the HCAO shall constitute a material breach of this Lease. City shall notify Tenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Tenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City. (e) Any Subcontract entered into by Tenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Tenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Tenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Tenant based on the Subcontractor's failure to comply, provided that City has first provided Tenant with notice and an opportunity to obtain a cure of the violation. (f) Tenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Tenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means. (g) Tenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO. (h) Tenant shall keep itself informed of the current requirements of the HCAO. (i) Tenant shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable. (j) Tenant shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least five (5) business days to respond. (k) City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant agrees to cooperate with City when it conducts such audits. (l) If Tenant is exempt from the HCAO when this Lease is executed because its amount is less than Fifty Thousand Dollars (\$50,000), but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with City to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Tenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

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28.39 Notification of Limitations on Contributions

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

28.40 Resource-Efficient City Buildings

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

28.41 Food Service and Packaging Waste Reduction Ordinance

Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Lease as though fully set forth herein. This provision is a material term of this Lease. By entering into this Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Lease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Tenant's failure to comply with this provision.

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28.42 San Francisco Packaged Water Ordinance

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

28.43 Criminal History in Hiring and Employment Decisions

(a) Unless exempt, Tenant agrees to comply with and be bound by all of the provisions of San Francisco Administrative Code Chapter 12T (Criminal History in Hiring and Employment Decisions; “Chapter 12 T”), which are hereby incorporated as may be amended from time to time, with respect to applicants and employees of Tenant who would be or are performing work at the Premises.

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

(c) Tenant and subtenants shall not inquire about, require disclosure of, or if such information is received base an Adverse Action on an applicant’s or potential applicant for employment, or employee’s: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

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

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

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

(g) Tenant and subtenants understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies

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available under Chapter 12T or this Lease, including but not limited to a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Lease.

(h) If Tenant has any questions about the applicability of Chapter 12T, it may contact the City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of the City's Office of Contract Administration who may also grant a waiver, as set forth in Section 12T.8.

28.44 Cooperative Drafting

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

28.45 Vending Machines; Nutritional Standards

Tenant shall not install or permit any vending machine on the Premises without the prior written consent of the Director of Property. Any permitted vending machine must comply with the food nutritional and calorie labeling requirements set forth in San Francisco Administrative Code section 4.9-1(c), as may be amended from time to time (the "Nutritional Standards Requirements"). Tenant agrees to incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 28.48 shall be deemed a material breach of this Lease. Without limiting Landlord's other rights and remedies under this Lease, Landlord shall have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

28.46 All-Gender Toilet Facilities

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

28.47 Tenant's Compliance with City Business and Tax Regulations Code

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

San Francisco Business and Tax Regulations Code obligations.

28.48 Consideration of Salary History

In addition to Tenant's obligations as an employer under San Francisco Police Code Article 33J, Tenant must comply with San Francisco Administrative Code Chapter 12K. For each employment application to Tenant for work of eight (8) or more hours per week at the Premises, Tenant must not consider the applicant's current or past salary (a "Salary History") in deciding whether to hire the applicant or what salary to offer the applicant unless the applicant voluntarily discloses that Salary History without prompting. In addition, Tenant must not (1) ask those applicants about their Salary History, (2) refuse to hire, or otherwise disfavor, injure, or retaliate against applicants that do not disclose their Salary History, or (3) disclose a current or former employee's Salary History without that employee's authorization unless it is required by law, publicly available, or subject to a collective bargaining agreement.

Tenant is subject to the posting, enforcement, and penalty provisions in Chapter 12K. Information about Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>.

28.49 GASB 87 Lease Accounting

The Governmental Accounting Standards Board (GASB), an independent organization that establishes accounting and financial reporting standards for U.S. state and local governments, issued Statement 87 to improve certain reporting and accounting practices. In connection with GASB 87, Tenant agrees to complete the checklist set forth in **Exhibit G** and provide the same to City within thirty (30) days of the Effective Date in order to facilitate the City's collection and evaluation of information for City's financial reporting purpose.

28.50. Contractor Vaccination Requirements.

(1) Tenant acknowledges that it has read the requirements of the 38th Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency ("Emergency Declaration"), dated February 25, 2020, and the Contractor Vaccination Policy for City Contractors issued by the City Administrator ("Contractor Vaccination Policy"), as those documents may be amended from time to time. A copy of the Contractor Vaccination Policy can be found at: <https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors>. Any undefined, initially-capitalized term used in this Section has the meaning given to that term in the Contractor Vaccination Policy.

(2) A Contract as defined in the Emergency Declaration is an agreement between the City and any other entity or individual and any subcontract under such agreement, where Covered Employees of the contractor or subcontractor work in-person with City employees at a facility owned, leased, or controlled by the City. A Contract includes such agreements currently in place or entered into during the term of the Emergency Declaration. A Contract does not include an agreement with a state or federal governmental entity or agreements that does not involve the City paying or receiving funds.

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(3) Tenant has read the Contractor Vaccination Policy. In accordance with the Emergency Declaration, if this Lease is (or becomes) a Contract as defined in the Contractor Vaccination Policy, Tenant agrees that:

(I) Tenant shall ensure it complies with the requirements of the Contractor Vaccination Policy pertaining to Covered Employees, as they are defined under the Emergency Declaration and the Contractor Vaccination Policy, and insure such Covered Employees are fully vaccinated for COVID-19 or obtain an exemption based on medical or religious grounds; and

(II) If Tenant grants Covered Employees an exemption based on medical or religious grounds, Tenant will promptly notify City by completing and submitting the Covered Employees Granted Exemptions Form ("Exemptions Form"), which can be found at <https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors> (navigate to "Exemptions" to download the form).

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

[SIGNATURES ON FOLLOWING PAGE]

3/15/2022

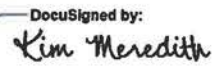
City and Tenant have executed this Lease as of the date first written above.

TENANT:

The San Francisco General Hospital Foundation,
a California nonprofit corporation

By: 
Gerry Chow E23360A6ACB64F9...

Its: CHIEF FINANCIAL OFFICER

By: 
Kim Meredith E5440A7E731D457...

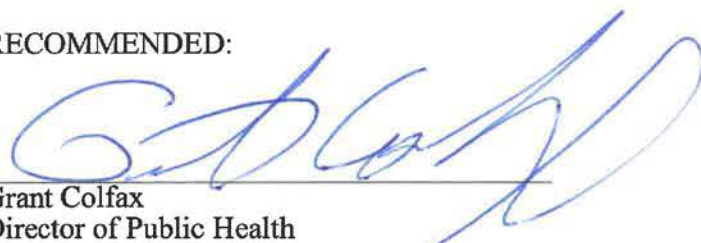
Its: CHIEF EXECUTIVE OFFICER

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

RECOMMENDED:


Grant Colfax
Director of Public Health

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

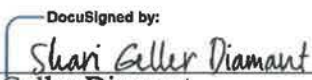
By: 
Shari Geller Diamant
Deputy City Attorney

EXHIBIT A

FLOOR PLAN(S)

CONSISTING OF _____ PAGE(S)

Project No.	101215-000	101215-000-001	101215-000-002	101215-000-003	101215-000-004
Rev.	04/29/15	04/29/15	04/29/15	04/29/15	04/29/15
Author	SAV	SAV	SAV	SAV	SAV
Checked By					
Designer					
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	04/29/15	04/29/15	04/29/15	04/29/15	04/29/15
	SAV	SAV	SAV	SAV	SAV
	PRELIMINARY CLIENT REVIEW (IT PLAN)	PRELIMINARY CLIENT REVIEW (IT PLAN)	PRELIMINARY CLIENT REVIEW (IT PLAN)	PRELIMINARY CLIENT REVIEW (IT PLAN)	PRELIMINARY CLIENT REVIEW (IT PLAN)

EXHIBIT A



1 FIT PLAN 1

1/8"=1'-0"

LEGEND

- EXISTING CONSTRUCTION TO REMAIN
- PROPOSED PARTITION
- PROPOSED GLASS PARTITION
- NO SCOPE OF WORK WITHIN THIS AREA

	PROGRAM QTY.	SF	ACTUAL QTY.	SF
1 Reception	1	-	1	420
2 Private Office	9	-	8	1080
3 Workstations (8'x6')	19	-	16	768
4 Large Conference	1	-	1	820
5 Medium Conference	1	-	1	185
6 Small Conference	1	-	-	-
7 Storage/Supply	1	100	1	131
8 Server Room	1	-	1	128
9 Kitchen/Lunch Room	1	-	1	126
10 Open Lounge/Huddle	-	-	-	-
SUB TOTAL:				3,658
CIRCULATION:				1,285
TOTAL USF:				4,943

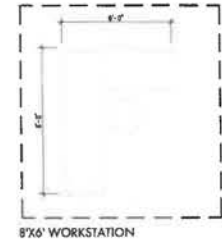
DEPARTMENTS:

EXECUTIVE DIRECTOR:
Private Offices - 1
Workstation - 1

MARKETING:
Private Offices - 2
Workstations - 3

DEVELOPMENT:
Private Offices - 3
Workstations - 11

FINANCE:
Private Offices - 2
Workstations - 4



SECOND FLOOR
FIT PLAN - OPTION 4



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EXHIBIT B

NOTICE OF COMMENCEMENT DATE

[Date]

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

RE: Acknowledgement of Commencement Date, Lease Between The San Francisco General Hospital Foundation (Tenant), and the City and County of San Francisco (Landlord), for the Premises located at 2789 25th Street, Suite 2028

Dear Mr. Penick:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as defined in Section 3.2 of the Lease) is _____, 20__.

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

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____
Andrico Q. Penick
Director of Property

Dated: _____

EXHIBIT C

[deleted]

EXHIBIT D

STANDARD UTILITIES AND SERVICES

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

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

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

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

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

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

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

EXHIBIT E

RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators and stairways of the Building shall not be obstructed by Tenant or used by it for any purpose other than for ingress to and egress from the Premises. City shall in all cases retain the right to control and prevent access to the halls, passages, exits, entrances, elevators, escalators and stairways that are not for the use of the general public, and City shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of City would be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. Tenant shall not go upon the roof of the Building, except in areas that City may designate as "Common Areas" from time to time.
2. No sign, placard, picture, name, advertisement or notice visible from the exterior of the Premises shall be installed or displayed by Tenant on any part of the outside or inside of the Building without the prior written consent of City. City shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved by City, which approval will not be unreasonably withheld. Material visible from outside the Building will not be permitted.
3. The Premises shall not be used for the storage of merchandise held for sale to the general public or for lodging. No cooking shall be done or permitted by Tenant on the Premises, except that use by Tenant of Underwriters' Laboratory-approved microwave oven and portable equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, provided that such use is in accordance with all applicable federal, state and local laws, codes, ordinances, rules and regulations.
4. Tenant shall not employ any person or persons other than the janitor of City for the purpose of cleaning the Premises, unless otherwise agreed to by City in writing. Except with the written consent of City, no person or persons other than those approved by City shall be permitted to enter the Building for the purpose of cleaning same. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Janitor service will not be furnished on nights when rooms are occupied after 9:00 p.m. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.
5. City will furnish Tenant with two (2) keys to the Premises, free of charge. City may make a reasonable charge for such additional keys and for having locks changed. Tenant shall not make or have made additional keys without City's prior written consent, which consent shall not be unreasonably withheld or delayed. Tenant shall not alter any lock or install any new or additional locking devices without the prior written consent of City. All locks installed in the Premises, excluding Tenant's vaults and safes, or special security areas (which shall be designated by Tenant in a written notice to City), shall be keyed to the Building master key system. City may make reasonable charge for any additional lock or any bolt (including labor) installed on any door of the Premises. Tenant, upon the termination of its tenancy, shall deliver to City all keys to doors in the Premises. If Tenant loses any keys, Tenant shall pay City for the cost of re-keying the Premises.
6. The elevators to be used for the loading of freight shall be available to Tenant in accordance with such reasonable scheduling as City shall deem appropriate. Tenant shall schedule with City, by written notice given no less than forty-eight (48) hours in advance,

its move into or out of the Building, which moving shall occur only on weekend days if required by City; and Tenant shall reimburse City upon demand for any additional security or other charges incurred by City as a consequence of such moving. The persons employed by Tenant to move equipment or other items in or out of the Building must be acceptable to City. The floors, corners and walls of elevators and corridors used for the moving of equipment or other items in or out of the Building must be adequately covered, padded and protected, and City may provide such padding and protection, at Tenant's expense, if City determines that such measures undertaken by Tenant or Tenant's movers are inadequate. City shall have the right to prescribe the weight, size and position of all equipment, materials, supplies, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by City, stand on wood strips of such thickness as is necessary to properly distribute the weight of such objects. City will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Building by moving or maintaining Tenant's property shall be repaired at the expense of Tenant.

7. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or flammable, combustible or noxious fluid or materials or use any method of heating or air conditioning other than those limited quantities necessary for the operation and maintenance of normal office equipment. Tenant shall not use, keep or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to City or other occupants of the Building by reason of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business in the Building.
8. City reserves the right to exclude from the Building between the hours of 6 p.m. and 8 a.m. and at all hours on Saturdays, Sundays, and legal holidays all persons who do not present a pass to the Building signed by City and properly in the possession of the person presenting such pass. City will furnish passes to persons for whom Tenant requests the same in writing. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to City for all acts of such persons. City shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in City's opinion, City reserves the right to prevent access to the Building during the continuance of same by such action as City may deem appropriate, including closing any doors in the Building.
9. The directory of the Building will be provided for the display of the name and location of tenants and a reasonable number of the principal officers and employees of tenants, and City reserves the right to exclude any other names therefrom. Any additional name that Tenant shall desire to place upon the directory must first be approved by City and, if so approved, a charge will be made for each such name.
10. Tenant shall not cut or bore holes for wires in the partitions, woodwork or plaster of the Premises. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by City.
11. No curtains, draperies, blinds, shutters, shades, screens or other coverings, hangings or decorations shall be attached to, hung or placed in, or used in connection with any window of the Building without City's prior written consent. In any event, with the prior written consent of City, such items shall be installed on the office side of City's standard window covering and shall in no way be visible from the exterior of the Building.
12. Tenant shall see that the doors of the Premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before Tenant or Tenant's employees leave the Premises, so as to prevent waste or damage, and for any default or carelessness in

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

13. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be deposited therein. The expense of any breakage, stoppage or damage resulting in any violation of this rule shall be borne by Tenant.
14. Except with City's prior consent, Tenant shall not sell, or permit the sale from the Premises of, or use or permit the use of any sidewalk or mall area adjacent to the Premises for the sale of, newspapers, magazines, periodicals, theater tickets or any other goods, merchandise or service, nor shall Tenant carry on, or permit or allow any employee or other person to carry on, business in or from the Premises for the service or accommodation of occupants or any other portion of the Building, nor shall the Premises be used for manufacturing of any kind, or for any business or activity other than that specifically provided for in Tenant's lease.
15. Tenant shall not install any radio or television antenna, loudspeaker, or other device on or about the roof area or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.
16. Tenant shall not use in any space, or in the common areas of the Building, any hand-trucks except those equipped with rubber tires and side guards or such other material-handling equipment as City may approve. No other vehicles of any kind shall be brought by Tenant into the Building or kept in or about the Premises.
17. Tenant shall store all its trash and garbage within the Premises until removal of the same to such location in the Building as may be designated from time to time by City. No material shall be placed in the Building trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the City of San Francisco without being in violation of any law or ordinance governing such disposal.
18. All loading and unloading of merchandise, supplies, materials, garbage and refuse shall be made only through such entryways and freight elevators and at such times as City shall designate. In its use of the loading areas of the Building, Tenant shall not obstruct or permit the obstruction of said loading areas, and at no time shall Tenant park vehicles therein except for immediate loading and unloading purposes.
19. Canvassing, soliciting, peddling or distribution of handbills or any other written material in the Building is prohibited and Tenant shall cooperate to prevent the same.
20. Tenant shall immediately, upon request from City (which request need not be in writing), reduce its lighting in the Premises for temporary periods designated by City, when required in City's judgment to prevent overloads of the mechanical or electrical systems of the Building.
21. City reserves the right to select the name of the Building and to make such change or changes of name as it may deem appropriate from time to time, and Tenant shall not refer to the Building by any name other than: (i) the name as selected by City (as the same may be changed from time to time), or (ii) the postal address approved by the United States Post

Office. Tenant shall not use the name of the Building in any respect other than as an address of its operation in the Building without the prior written consent of the City.

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

EXHIBIT F

PRELIMINARY SPACE PLANS, SPECIFICATIONS AND FINISHES

[Attached]

EXHIBIT G
GASB 87 CHECKLIST

Checklist for Supplier Lease Contracts

Lease Term and Provision	Yes	No	N/A
1. Is this an amendment of existing lease?	<input type="checkbox"/>	<input type="checkbox"/>	
2. Confirm the lease agreement date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Confirm the lease commencement date and end date	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Include payment frequency (such as one time, monthly, quarterly, annually or event based)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Identify the based amount per payment frequency	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Is lease payment rate adjustment applicable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Note: For example, reference index, specific rate or other calculation method.</i>			
7. Any variable payments by performance is applicable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Note: For examples, retail space rent includes calculation based on gross sales or copier charges for per-page fee.</i>			
8. Is lease incentives applicable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Note: Lease incentives refer to incentives provided by lessor for lease improvements or moving expenses. For example, rent credits or free rent during constructions.</i>			
9. Any security deposit required? (Please include the amount)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Is the lease cancelable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Note: please include when and who can request to cancel the agreement. Also, identify any penalties.</i>			
11. Does this lease contain Renewal options?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Note1: Please include terms, rent calculation, and any end of lease procedure of renewal</i>			
<i>Note2: Indicate the date that the lessor is required to be notified by in order to renew the lease.</i>			
12. Does this lease contain a purchase option?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Note: is the lessee reasonably certain to exercise this purchase option?</i>			


EXHIBIT H
FIRST SOURCE HIRING AGREEMENT



GENERAL PLAN REFERRAL

August 17, 2023

Case No.: 2023-006994GPR
Block/Lot No.: 4277/013
Project Sponsor: City and County of San Francisco Department of Public Health
Applicant: Jeff Suess, Real Estate Division, City and County of San Francisco
Jeff.Suess@sfgov.org
25 van Ness Avenue Suite 400
San Francisco, CA 94102
Staff Contact: Amnon Ben-Pazi – (628) 652-7428
Amnon.Ben-Pazi@sfgov.org

Recommended By: 
Joshua Switzky, Acting Director of Citywide Policy for
Rich Hillis, Director of Planning

Recommendation: Finding the project, on balance, is **in conformity** with the General Plan

Project Description

This Project is the lease of space at 2789 25th Street, a City-owned office building, to the San Francisco General Hospital Foundation for office and administrative functions for a period of 15 years with an option to renew for 10 additional years. The San Francisco General Hospital Foundation supports and funds excellence in patient care and innovation at Zuckerberg San Francisco General Hospital and Trauma Center.

Environmental Review

The Project is a real estate transaction only. It is not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

General Plan Compliance and Basis for Recommendation

As described below, the proposed Project is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the Objectives and Policies of the General Plan.

Planning Code Section 101 Findings

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

2789 25th Street does not include neighborhood-serving retail uses. However, employees of the San Francisco General Hospital Foundation would widen the customer base of existing and future neighborhood-serving retail establishments in the vicinity. The Project would thus enhance existing and future neighborhood-serving retail uses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

The Project would have no impact on existing housing. It would protect neighborhood character, which is closely associated with the nearby Zuckerberg San Francisco General Hospital and Trauma Center, by allowing a foundation dedicated to the facility to remain in the neighborhood.

3. That the City's supply of affordable housing be preserved and enhanced;

The Project is the lease of space in an existing office building which does not include housing. It would have no impact on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

The Project is the lease of space in an existing office building. It would have no impact on commuter traffic.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

The Project is the lease of space in an existing office building. It would not cause displacement of businesses in the industrial or service sectors and will have no impact on future opportunities for resident employment or ownership in these sectors.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

The Project is the lease of space in an existing office building. It would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

The Project is the lease of space in an existing office building which is not a landmark or historic. The Project would not alter the building's exterior and would have no impact on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

The Project is the lease of space in an existing office building. It would have no impact on the City's parks and open space and their access to sunlight and vistas.

Recommendation: Finding the project, on balance, is in conformity with the General Plan



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 230967

Bid/RFP #:

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

TYPE OF FILING	DATE OF ORIGINAL FILING (for amendment only)
Original	
AMENDMENT DESCRIPTION – Explain reason for amendment	

2. CITY ELECTIVE OFFICE OR BOARD

OFFICE OR BOARD	NAME OF CITY ELECTIVE OFFICER
Board of Supervisors	Members

3. FILER'S CONTACT

NAME OF FILER'S CONTACT	TELEPHONE NUMBER
Angela Calvillo	415-554-5184
FULL DEPARTMENT NAME	EMAIL
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

4. CONTRACTING DEPARTMENT CONTACT

NAME OF DEPARTMENTAL CONTACT	DEPARTMENT CONTACT TELEPHONE NUMBER
Jeff Suess	415-554-9873
FULL DEPARTMENT NAME	DEPARTMENT CONTACT EMAIL
ADM Real Estate Division	jeff.suess@sfgov.org

5. CONTRACTOR	
NAME OF CONTRACTOR San Francisco General Hospital Foundation	TELEPHONE NUMBER 628-206-4478
STREET ADDRESS (including City, State and Zip Code) 2789 25th Street, Suite 2028	EMAIL

6. CONTRACT		
DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)	ORIGINAL BID/RFP NUMBER	FILE NUMBER (If applicable) 230967
DESCRIPTION OF AMOUNT OF CONTRACT \$0.00		
NATURE OF THE CONTRACT (Please describe) 20 Year Lease agreement for 4,943 sq.ft. with two 10 year options to extend.		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	MacKenzie	Janis	Other Principal Officer
2	Charnas	Charles	Other Principal Officer
3	Chadwick	Melissa	Other Principal Officer
4	Meredith	Kim	CEO
5			
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
39			
40			
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50			

Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

<p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p>	<p>DATE SIGNED</p>
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City & County of San Francisco
London N. Breed, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Andrico Q. Penick, Director of Real Estate

September 7, 2023

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Lease Agreement – Department of Public Health 2789 25th Street

Dear Honorable Board Members:

Attached please find a Resolution authorizing and approving a lease agreement of approximately 4,943 square feet of office space at 2789 25th Street, designated as suite 2028 on the second floor, of the 62,760 square foot building, owned by the City and County of San Francisco and under the jurisdiction of the Department of Public Health (“DPH”).

In 1993, the San Francisco General Foundation was formed by a dedicated group of volunteers to help meet the needs of vulnerable residents seeking care at Zuckerberg San Francisco General, and providing the City a way to support their public hospital. For nearly thirty years, the partnership between the Foundation and ZSFG has reflected the spirit and values that define San Francisco: Equity, Compassion, Respect, and a Commitment to care for everyone in our City. Since the Foundation was established, it has raised over \$245 million dollars for ZSFG and its current 5- year strategic plan has a goal to raise \$250 million for sorely needed capital improvements on the Outpatient Existing Main Hospital and other ZSFG needs. Through private and public fundraising, the Foundation is committed to supporting the team at ZSFG who play a critical role in solving our city’s most challenging health and social issues.

Major ZSFG programs and initiatives that the Foundation has helped make possible include: the full suite of state-of-the-art furniture, fixtures and equipment for ZSFG’s new hospital building, completed in 2015; the \$ 5 million Transforming Mental and Behavioral Health Fund to improve our delivery systems to more effectively treat this population; providing staff with the resources they need to improve patient care throughout the hospital; over 500 Equity and Innovation “Hearts” grants, totaling \$13 million, to seed new services and initiatives; raising \$5 million for ZSFG’s critical response to the COVID-19 pandemic and launch telehealth services; and helping provide funds for dozens of other programs and services.

As an independent 501(c)3 organization, the San Francisco General Hospital Foundation not only raises significant dollars for ZSFG, but must also pay for its own operating expenses. Since 1995, the City has formally agreed to provide office space to the Foundation at no cost, to help offset these expenses and ensure that the Foundation can focus on raising hundreds of millions of

Office of the Director of Real Estate • 25 Van Ness Avenue, Suite 400 • San Francisco, CA 94102
(415) 554-9850 • FAX: (415) 552-9216

dollars for ZSFG over the next coming years, while continuing to uphold its mission to help provide equity, access, and quality health care for all.

The Real Estate Division at the request of the Department of Public Health, negotiated a long-term lease that reflects the agreement of support for the San Francisco General Hospital Foundation, by the Department of Public Health and the City.

The Department of Public Health's Commission approved this agreement on November 1st 2022 and recommends the approval by the Mayor and Board of Supervisors.

A long-term lease at this site, that will commence upon approval by the Board of Supervisors and Mayor, the initial term is twenty years and there are two additional options to extend for 10 years each. Based on longstanding agreements the space was designated to SFGHF, who invested \$2.1 million in tenant improvements to renovate the leased space. These tenant improvements to the leased space will enhance the Foundation's ability to raise funds for the Hospital.

Given the nature of the organization and its value to the City and the Department of Public Health, there is no base rent contemplated, utilities are provided by the city at no cost.

The Department of Public Health, The San Francisco Health Commission and the Real Estate Division recommend and request your approval of the proposed lease agreement.

If should you have any questions regarding this matter, please get in touch with Jeff Suess, or myself, in our office at 415-554-9873.

Respectfully,



Andrico Penick
Director of Property