

**MODIFICATION NO. 1 TO THE GROUND LEASE FOR PLOT 7X
AT SAN FRANCISCO INTERNATIONAL AIRPORT**

UNITED AIRLINES, INC.

THIS MODIFICATION NO. 1 TO THE GROUND LEASE FOR PLOT 7X AT SAN FRANCISCO INTERNATIONAL AIRPORT (this **Modification**), dated as of the Effective Date (as defined and set forth below), is entered into by and between City and County of San Francisco, a municipal corporation, acting by and through its Airport Commission (**City**), and United Airlines, Inc., a Delaware corporation (**Lessee**).

Recitals

- A. The City and County of San Francisco owns the San Francisco International Airport (the **Airport**) located in the County of San Mateo, State of California, and operates the Airport by and through its Airport Commission (the **Commission**), the chief executive officer of which is the Airport Director (the **Director**).
- B. On October 18, 1996, by Resolution No. 96-0268, the Commission awarded to Lessee the Ground Lease for Plot 7X (the **Original Lease**) at San Francisco International Airport, dated October 18, 1996 (as further described in the Original Lease, the **Demised Premises**). On February 21, 1997, by Resolution No. 131-97, the San Francisco Board of Supervisors (the **Board of Supervisors**) approved the Original Lease and the Addendum (as defined below). Addendum No. 1 to the Original Lease provided for an extension of the Initial Term to August 31, 2021 upon Lessee's satisfaction of certain conditions with regards to complying with Chapters 12B and 12C of the San Francisco Administrative Code (**Addendum 1**, and together with the Original Lease, collectively, the **Lease**).
- C. The current term of the Lease (the **Term**) expires on August 31, 2021 (the **Current Expiration Date**). City and Lessee desire to enter into this Modification to, among other things, (i) extend the Term of the Lease for a period of three (3) years; (ii) provide for the adjustment of base rent during the Extension Term (as defined below); (iii) provide for a holdover of the Lease until the Airport obtains Final City Approvals (defined below); and (iv) update certain legal provisions required by applicable local, state, and federal laws, each on the terms and conditions set forth below in this Modification.
- D. All capitalized terms used in this Modification, but not otherwise defined, will have the meaning provided in the Lease.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants set forth in this Modification, and other good and valuable consideration, receipt of which is hereby acknowledged, the parties do mutually agree as follows:

1. **Effective Date; Defined Terms.** This Modification will become effective upon the last of the following to have occurred (the "**Effective Date**"): (i) the Commission and the Board of Supervisors have approved this Modification (**Final City Approvals**); and (ii) each of the parties have executed this Modification. Lessee will submit an executed copy of this Modification in order for City to obtain Final City Approvals. The

Effective Date will be evidenced as set forth in Section 2 below. For the avoidance of doubt, this Modification shall not take effect, and the Effective Date shall not occur until receipt of all Final City Approvals.

2. **Extension Term.** Upon the Effective Date, the Term of the Lease is extended for a period of three (3) years (the “**Extension Term**”), commencing on the first day of the calendar month immediately following later to occur of (i) the Effective Date; and (ii) the Current Expiration Date (the “**Extension Term Commencement Date**”); and expiring on the last day of the calendar month during which the third anniversary of the Extension Term Commencement Date occurs (the “**Extension Term Expiration Date**”). Upon the determination of the Effective Date, the Extension Term Commencement Date and the Extension Term Expiration Date, City will enter each date below and deliver a fully executed original copy of this Modification to Lessee:

Effective Date: _____

Extension Term Commencement Date: _____

Extension Term Expiration Date: _____

3. **Intentionally Omitted.**

4. **Base Rent Adjustment During Extension Term; Based on COLA Increase.** Rent for the current year of the Term through the Current Expiration Date is equal to \$190,123.39 per acre of the Demised Premises (**Base Rent**). Base Rent will be adjusted on the later to occur of (i) September 1, 2021; and (ii) the Extension Term Commencement Date (the “**First Adjustment Date**”), and again thereafter on each anniversary of the First Adjustment Date during the Extension Term (and each will be considered an “**adjustment date**” for purposes of adjusting Base Rent). On each such adjustment date, Base Rent will be adjusted to reflect the increase, if any, in the “cost of living” over the previous year, consistent with the formula set forth in Section 5.02 of the Original Lease (the “**COLA Increase**”). Notwithstanding Section 5.02 of the Original Lease, for purposes of adjusting the Base Rent for the COLA Increase on the First Adjustment Date and each adjustment date thereafter, the Beginning Index will be the Index published immediately prior to the date that is one (1) year prior to the First Adjustment Date. Additionally, notwithstanding anything in this Modification to the contrary, in no event will the Base Rent for any upcoming year be adjusted on any adjustment date to be lower than the year immediately prior to such adjustment date.

5. **Intentionally Omitted.**

6. **Holdover of Original Lease.** In the event that the City has not obtained the Final City Approvals for this Modification, and the Effective Date has not occurred prior to the Current Expiration Date, the Lease will not terminate, but Lessee may hold over on a month-to-month basis and remain in possession of the Demised Premises pursuant to Section 2 of the Original Lease until such time as either (i) the Final City Approvals are ultimately obtained and the Effective Date will occur; or (ii) City will terminate the holdover tenancy upon thirty (30) days written notice to Lessee. In the event that the Airport will not be able to obtain the Final City Approvals, then this Modification will be of no further force or effect, and the provisions of Section 2 of the Original Lease will control with respect to such holdover tenancy of Lessee.

7. **References to Tenant Improvement Guide.** References throughout the Original Lease to the “Tenant Improvement Guide” will be amended to refer to the “Tenant Improvement Guide or any other successor tenant improvement guide, instrument, applicable building code, rule and regulation or statutory authority, as the context of the Lease requires.”

8. **Updates to Local, State and Federal Law Provisions.** The updated local, state, and federal law provisions set forth on Exhibit A attached to this Modification are incorporated into the Lease (**Updated Applicable Law Provisions**) as new Article 16. In addition, the following sections of Article 15 of the Original Lease [Miscellaneous Provisions] are deleted and replaced with the corresponding Updated Applicable Law Provisions, as set forth in the table below:

Original Lease Provision	Updated Applicable Law Provision
15.02 Conflict of Interest	Exhibit A, Section 16.01
15.06 Federal Non-Discrimination Regulations	Exhibit A, Section 16.02
15.12 Applicability of Charter Provisions	Exhibit A, Section 16.09

9. **Accessibility Disclosures.** California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist (CASp) to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Lessee is advised that the Demised Premises have not been inspected by a CASp. A CASp can inspect the Premises and determine if they comply with all the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Demised Premises, City may not prohibit Lessee from obtaining a CASp inspection of the Demised Premises for the occupancy or potential occupancy of Lessee if requested by Lessee. City and Lessee will mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the CASp inspection fee, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the Demised Premises.


10. **No Other Modification.** Except as expressly set forth in this Modification, the Lease remains unmodified and in full force and effect.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have entered into this Modification as of the Effective Date.

LESSEE: UNITED AIRLINES, INC.,
a Delaware corporation

By: 
Name: Michael Yost
Title: Managing Director Airport Affairs

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

Ivar C. Satero
Airport Director

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

By _____
Christopher W. Stuart
Deputy City Attorney

8.25.21
X:\TENANTS\AIRLINES\LEASES\UAL Plot 7X L96-0268 Mod 1

EXHIBIT A

UPDATED APPLICABLE LAW PROVISIONS

[Incorporated as New Article 16 to the Original Lease]

16.01 Conflict of Interest. Through its execution of this Lease, Lessee acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter (**City Charter**), Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Lease.

16.02 Federal Grant Agreement Covenants. Lessee acknowledges that City is subject to Federal Grant Agreement obligations as a condition precedent to granting of funds for improvement of the Airport, and, accordingly, agrees to be bound by the following covenants provided by the Federal Aviation Administration (**FAA**), as they may apply to Lessee.

A. Lessee for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated at the Airport for a purpose for which a U.S. Department of Transportation (**DOT**) program or activity is extended, or for another purpose involving the provision of similar services or benefits, Lessee will maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Sub-title A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

B. Lessee for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that (1) no person on the grounds of race, color, or national origin will be excluded from participation, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the Airport and the furnishing of services thereon, no person on the grounds of race, color, or national origin will be excluded from participation or denied the benefits of, or otherwise be subjected to discrimination, (3) that Lessee will use all City premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Sub-title A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

C. That in the event of breach of any of the above nondiscrimination covenants, City will have the right to terminate this Lease, to re-enter and repossess any of said Airport premises and the facilities thereon, and to hold the same as if this Lease had never been made or issued. This provision will not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

D. Lessee will furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it will charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, that Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

E. Non-compliance with Subsection (D) above will constitute a material breach of this Lease and in the event of such non-compliance City will have the right to terminate this Lease and any estate hereby created without liability therefor or, at the election of City or the United States, either or both said governments will have the right to judicially enforce Subsections (A), (B), (C), and (D) of this Section.

F. Lessee agrees that it will insert or incorporate by reference the provisions in Subsections (A)(E) of this Section in any agreement by which Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public at the Airport.

G. Lessee assures that it will comply with pertinent statutes, executive orders and such rules as are promulgated to assure that no person will, on the grounds of race, creed, color, national origin, sex, age, or handicap, be excluded from participating in any activity conducted with or benefiting from federal assistance. This paragraph obligates Lessee or its transferee for the period during which federal assistance is extended to the airport program, except where federal assistance is to provide, or is in the form of, personal property or real property or interests therein or structures or improvements thereon. In these cases, this paragraph obligates the party or any transferee for the longer of the following periods:

(i) the period during which the property is used by the sponsor or any transferee for a purpose for which federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or (ii) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the case of contractors, this paragraph binds the contractors from the bid solicitation period through the completion of the contract.

H. Notwithstanding anything set forth herein to the contrary, to the extent required: (a) under the City's Master Bond Documents; or (b) by the FAA, the DOT, the Transportation Security Administration (TSA) or a similar governmental authority, other than City, having jurisdiction over the Airport, City reserves the right to further develop or improve the landing area of the Airport as required, regardless of the desires or views of Lessee and without interference or hindrance.

I. This Lease will be subordinate to the provisions and requirements of any existing or future agreement between City and the United States relative to the development, operation or maintenance of the Airport.

J. Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Airport premises or in the event of any planned modification or alteration of any present or future building or structure situated on the permitted premises.

K. Lessee, by accepting this Lease, agrees for itself and its successors and assigns that it will not make use of the Airport premises in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, City reserves the right to enter upon the Airport premises and cause the abatement of such interference at the expense of Lessee.

L. Lessee, by accepting this Lease, expressly agrees for itself and its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the Airport premises, above the main sea level elevation that would exceed FAR Part 77 standards or elevations affecting

the Airport navigable airspace. In the event the aforesaid covenants are breached, City reserves the right to enter upon the permitted premises and to remove the offending structure or object and cut the offending tree, all of which will be at the expense of Lessee.

M. All provisions of this Lease will be subordinate to the rights of the United States of America to operate the Airport or any part thereof during time of war or national emergency. Such rights will supersede any provisions of this Lease inconsistent with the operations of the Airport by the United States of America.

16.03 List of Pertinent Nondiscrimination Acts and Authorities. During the performance of this Lease, Lessee, for itself, its assignees, and successors-in-interest agrees to comply with the following nondiscrimination statutes and authorities, including but not limited to:

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

- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC §1681 et seq.).

16.04 No Advertising or Promotions; Prohibition of Tobacco Advertising. Lessee will have no right to conduct any advertising or promotional activities on the Airport. Lessee acknowledges and agrees that no sales or advertising of cigarettes or tobacco products is allowed on the Demised Premises. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

16.05 Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to requests for solicitations, 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.

16.06 Requiring Health Benefits for Covered Employees.

A. Unless exempt, Lessee agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (as amended, the **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 herein. The text of the HCAO is available on the web at <http://www.sfgov.org/olse>. Capitalized terms used in this Section and not defined in this Lease will have the meanings assigned to such terms in Chapter 12Q.

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

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

D. Lessee's failure to comply with the HCAO will constitute a material breach of this Lease. City will notify Lessee 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, Lessee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Lessee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City will have the right to pursue the remedies set forth in Sections 12Q.5.1, 12Q.5(f)(1-6). Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to City.

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

F. Lessee will not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Lessee'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. Lessee 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. Lessee will maintain employee and payroll records in compliance with California Labor Code and Industrial Welfare Commission orders.

I. Lessee will keep itself informed of the current requirements of the HCAO.

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

K. Lessee will provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten (10) business days to respond.

L. Lessee will allow City to inspect Lessee's Demised Premises and to have access to Lessee's employees in order to monitor and determine compliance with HCAO.

M. City may conduct random audits of Lessee to ascertain its compliance with HCAO. Lessee agrees to cooperate with City when it conducts such audits.

N. If Lessee is exempt from the HCAO when this Lease is executed because its amount is less than twenty-five thousand dollars (\$25,000), but Lessee later enters into an agreement or agreements that cause Lessee's aggregate amount of all agreements with City to reach seventy-five thousand dollars (\$75,000), all the agreements will be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Lessee and the Contracting Department to be equal to or greater than seventy-five thousand dollars (\$75,000) in the Fiscal Year.

16.07 Requiring Minimum Compensation for Covered Employees.

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

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

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

D. Lessee will maintain employee and payroll records as required by the MCO. If Lessee fails to do so, it will be presumed that the Lessee paid no more than the minimum wage required under State law.

E. The City is authorized to inspect Lessee's job sites and conduct interviews with employees and conduct audits of Lessee.

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

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

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

H. Lessee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

I. If Lessee is exempt from the MCO when this Lease is executed because the cumulative amount of agreements with this department for the Fiscal Year is less than \$25,000, but Lessee later enters into an agreement or agreements that cause contractor to exceed that amount in a Fiscal Year, Lessee will thereafter be required to comply with the MCO under this Lease. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Lessee and Commission to exceed \$25,000 in the Fiscal Year.

16.08 Limits on Campaign Contributions. By executing this Lease, Lessee acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves; (ii) a candidate for that City elective office; or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Lessee's board of directors; Lessee's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in Lessee; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Lessee. Lessee certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

16.09 Compliance with Laws; Applicability of Charter Provisions. Lessee will keep itself fully informed of the City Charter, codes, ordinances and regulations of the City and of all State, and federal laws in any manner applicable to the performance of this Lease, and must at all times comply with such applicable local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time. All terms of this Lease will be governed by and subject to all provisions of the City Charter now and as may be amended from time to time.

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

16.11 Food Service Waste Reduction. If and to the extent applicable, the Lessee agrees to comply fully with and be bound by all of the applicable provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Lease as though fully set forth herein. Accordingly, Lessee acknowledges that City contractors and lessees may not use Disposable Food Service Ware that contains Polystyrene Foam in City Facilities and while performing under a City contract or lease, and will instead use suitable Biodegradable/Compostable or Recyclable Disposable Food Service Ware. This provision is a material term of this Lease. By entering into this Lease, Lessee agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Lessee 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 will not be considered a penalty, but rather agreed monetary damages sustained by City because of Lessee's failure to comply with this provision.

16.12 Labor Disputes. Lessee agrees to use commercially reasonable efforts to avoid disruption to City, other Air Carriers, Airport tenants, or members of the public arising from labor disputes involving Lessee, and in the event of a strike, picketing, demonstration or other labor difficulty involving Lessee, to use commercially reasonable efforts, including the utilization of available legal remedies, to minimize or eliminate any disruption to City, other Air Carriers, Airport tenants, or members of the public, arising from such strike, picketing, demonstration or other labor difficulty.

16.13 Preservative-Treated Wood Containing Arsenic. As of July 1, 2003, Lessee may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" will mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Lessee may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Lessee from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" will mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

16.14 Vending Machines; Nutritional Standards and Calorie Labeling Requirements. Lessee may not install or permit any vending machine on the Demised Premises without the prior written consent of the Director. Any permitted vending machine will comply with applicable food and beverage nutritional standards and calorie labeling requirements set forth in San Francisco Administrative Code Section 4.9-1(c), as may be amended from time to time (the **Nutritional Standards Requirements**). Lessee will incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Demised 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 1821 will be a material breach of this Lease. Without limiting City's other rights and remedies under this Lease, City will have the right to require the immediate removal of any vending machine on the Demised Premises that is not permitted or that violates the Nutritional Standards Requirements.

16.15 Local Hire. Any undefined, initially-capitalized term used in this Section will have the meaning given to such term in San Francisco Administrative Code Section 23.62 (the **Local Hiring Requirements**). All Alterations under this Lease are subject to the Local Hiring Requirements unless the cost for such work is (a) estimated to be less than \$750,000 per building permit; or (b) meets any of the other exemptions in the Local Hiring Requirements. Unless subject to an exemption, Lessee agrees that it will comply with the Local Hiring Requirements to the extent applicable only for all Covered Projects. Before starting any Alteration, Lessee will contact City's Office of Economic Workforce and Development (**OEWD**) to verify if the Local Hiring Requirements apply to the work (i.e., whether the work is a **Covered Project**). Unless subject to an exemption or if the construction work is not a Covered Project, Lessee will include, and will require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section 23.62. Each such contract will name the City and County of San Francisco as a third-party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Lessee will cooperate, and require its subtenants to cooperate, with City in any action or proceeding against a contractor or subcontractor that fails to comply with the Local Hiring Requirements when required. Lessee's failure to comply with its obligations under this Section will constitute a material breach of this Lease. A contractor's or subcontractor's failure to comply with this Section will enable City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party. So long as Lessee requires compliance with this Section in the construction contract for the Covered Project and reasonably cooperates with the City in any enforcement action, then it will not be in breach of this Lease due to a Contractor's or Subcontractor's failure to comply or to meet the mandatory participation levels.

16.16 Prohibition on Alcoholic Beverage Advertising. Lessee acknowledges and agrees that no advertising of alcoholic beverages is allowed on the Demised Premises. For purposes of this section, "alcoholic beverage" will be defined as set forth in California Business and Professions Code Section 23004, and will not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing, selling or distributing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (i) communicate the health hazards of alcoholic beverages; (ii) encourage people not to drink alcohol or to stop drinking alcohol; or (iii) provide or publicize drug or alcohol treatment or rehabilitation services. The foregoing prohibition will not apply to areas of the Demised Premises operated by Lessee as customer dining or lounge facilities.

16.17 Resource-Efficient City Buildings. Lessee acknowledges that City has enacted San Francisco Environment Code Chapter 7 (**Env. Code Chapter 7**) relating to green building requirements. Lessee hereby agrees that it will comply with all provisions of Env. Code Chapter 7 applicable to construction work performed by or on behalf of Lessee in the Demised Premises.

16.18 All-Gender Toilet Facilities. If applicable, Lessee will comply with San Francisco Administrative Code Section 4.1-3 requiring at least one all-gender toilet facility on each floor of the Demised Premises in any building where extensive renovations are made by Lessee. An “all-gender toilet facility” means a toilet that is not restricted to use by persons of a specific sex or gender identity by means of signage, design, or the installation of fixtures, and “extensive renovations” means any renovation where the construction cost exceeds 50% of the cost of providing the toilet facilities required by Administrative Code Section 4.1-3. If Lessee has any question about applicability or compliance, Lessee should contact Building Inspection and Code Enforcement (BICE) for guidance.

16.19 Compliance with Americans with Disabilities Act and Air Carrier Access Act. Lessee acknowledges that, pursuant to the ADA and the ACAA, to the extent applicable to Lessee, programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. To the extent the ADA or the ACAA is so applicable: (a) Lessee will provide the services specified in this Lease in a manner that complies with the ADA or the ACAA, as applicable, and any and all other applicable federal, State and local disability rights legislation; (b) Lessee agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Lease; and (c) Lessee further agrees that any violation of this prohibition on the part of Lessee, its employees, agents or assigns will constitute a material breach of this Lease.

16.20 Pesticide Prohibition. Lessee will comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the **Pesticide Ordinance**) which (i) prohibit the use of certain pesticides on City property; (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage; and (iii) require Lessee to submit to the Airport an integrated pest management (**IPM**) plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Lessee may need to apply to the Demised Premises during the terms of this Lease; (b) describes the steps Lessee will take to meet the City’s IPM Policy described in Section 300 of the Pesticide Ordinance; and (c) identifies, by name, title, address, and telephone number, an individual to act as the Lessee’s primary IPM contact person with the City. In addition, Lessee will comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. Nothing herein will prevent Lessee, through the Director, from seeking a determination from the Commission on the Environment that it is exempt from complying with certain provisions of the Pesticide Ordinance as provided in Section 303 thereof.