

File No. 190689 Committee Item No. 4
Board Item No. 47

COMMITTEE/BOARD OF SUPERVISORS
AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date July 15, 2019

Board of Supervisors Meeting Date July 23, 2019
Cmte Board

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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report |
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Completed by: Erica Major Date July 11, 2019
Completed by: Erica Major Date July 15, 2019

1 [Interim Zoning Control - Conditional Use Authorization Required for a Change of Use from
2 Nighttime Entertainment to Another Use Allowed in the Defined South of Market Area]

3 **Resolution imposing an interim zoning control for an 18-month period requiring**
4 **conditional use authorization for a change in use from nighttime entertainment to any**
5 **other use allowed in the area South of Market Street bounded by the southwest side of**
6 **12th Street to the southwest side of 5th Street and the south side of Market Street to**
7 **the south side of Harrison Street; affirming the Planning Department's determination**
8 **under the California Environmental Quality Act; and making findings of consistency**
9 **with the eight priority policies of Planning Code, Section 101.1.**

10
11 WHEREAS, Planning Code, Section 306.7 provides for the imposition of interim zoning
12 controls that promote the public interest, including but not limited to 1) preservation of
13 neighborhoods and areas of mixed residential and commercial uses in order to preserve the
14 existing character of such neighborhoods and areas and 2) development and conservation of
15 the commerce and industry of the City in order to maintain the City's economic vitality, to
16 provide its citizens with adequate jobs and business opportunities, and to maintain adequate
17 services for its residents, visitors, businesses, and institutions; and

18 WHEREAS, Nighttime Entertainment, defined in Section 102 of the Planning Code as
19 including such uses as dance halls, discotheques, nightclubs, and other similar evening-
20 oriented activities, is a vital sector of the City's economy, an important source of employment
21 for City residents, and a cultural and recreational dimension of City life valued by residents
22 and visitors alike; and

23 WHEREAS, It is important to preserve existing Nighttime Entertainment uses because
24 the areas of the City where they are allowed is restricted due to their incompatibility with other
25 uses because of late-night hours, potentially loud music, and/or large patron volumes; and

1 WHEREAS, The interim control provided for in this resolution will allow time for the
2 orderly completion of a planning study and for the adoption of appropriate legislation to
3 preserve Nighttime Entertainment uses as a viable and vital economic sector of the City; and

4 WHEREAS, This Board of Supervisors ("Board") has considered the impact on the
5 public health, safety, and general welfare if this interim control is not imposed; and

6 WHEREAS, The Board has determined that the public interest will be served by
7 imposition of this interim control to ensure that the legislative scheme which may ultimately be
8 adopted is not undermined during the planning and legislative process for permanent controls;
9 and

10 WHEREAS, The Board makes the following findings of consistency with the Priority
11 Policies set forth in Planning Code, Section 101.1: This interim control advances and is
12 consistent with Priority Policy 5 in that it attempts to maintain a diverse economic base by
13 protecting an important service sector from displacement; with respect to Policies 1-4 and 6-8,
14 the Board finds that this interim control does not, at this time, have an effect upon these
15 policies and thus will not conflict with said policies; and

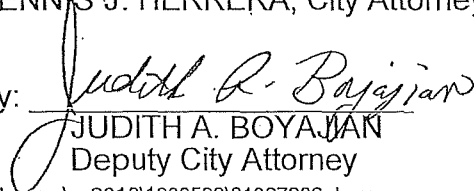
16 WHEREAS, The Planning Department has determined that the actions contemplated in
17 this resolution comply with the California Environmental Quality Act (California Public
18 Resources Code, Sections 21000 et seq.); said determination is on file with the Clerk of the
19 Board of Supervisors in File No. 190689 and is incorporated herein by reference; the Board
20 affirms this determination; now, therefore, be it

21 RESOLVED, That during the period of this interim control and any extension thereof, a
22 Conditional Use authorization from the Planning Commission is required for any change in
23 use from an existing Nighttime Entertainment use to any other Principal Use, Conditional Use,
24 or Accessory Use (as these terms are defined in Section 102 of the Planning Code) in the
25 area South of Market Street bounded by the southwest side of 12th Street to the southwest

1 side of 5th Street and the south side of Market Street to the south side of Harrison Street; and,
2 be it

3 FURTHER RESOLVED, That this interim control shall remain in effect for a period of
4 18 months unless extended by the Board of Supervisors in accordance with Planning Code
5 Section 306.7(h) or until permanent controls are adopted, whichever shall first occur.
6

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

9 By: 
10 JUDITH A. BOYAJIAN
Deputy City Attorney

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BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

MEMORANDUM

SAN FRANCISCO BOARD OF SUPERVISORS LAND USE AND TRANSPORTATION COMMITTEE

TO: Supervisor Aaron Peskin, Chair, Land Use and Transportation Committee

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: July 16, 2019

SUBJECT: Interim Zoning Control - Conditional Use Authorization Required for a Change of Use from Nighttime Entertainment to Another Use Allowed in the Defined South of Market Area (File No. 190689)

Pursuant to the City Planning Code Section 306.7, when Interim Zoning Controls are imposed by the Board of Supervisors and a hearing is held before a committee of the Board, the Committee shall report to the Board of Supervisors a summary of matters presented at the hearing and its recommendation. The following summary is being provided to the Committee Chair to present to the Board of Supervisors.

On July 15, 2019, the Land Use and Transportation Committee met and held a hearing on File No. 190689 regarding Interim Zoning Control Conditional Use Authorization Required for a Change of Use from Nighttime Entertainment to Another Use Allowed in the Defined South of Market Area. Supervisors Peskin, Safai, and Haney were noted present.

The primary sponsor of the Resolution, Supervisor Haney, presented information on how the legislation would grant time to protect the entertainment industry by incorporating a conditional use process that would allow the City to review requests on a case-by-case basis. Supervisor Haney called attention to the need to preserve community spaces that provide cultural enrichment and revenue to the City. He underlined the importance of night time entertainment as it celebrates the zeitgeist of San Francisco culture. The risk of losing places like Mezzanine became a driving force for the District 6 Supervisor to legislate to protect the diverse community and spaces in the SoMa District. Supervisor Haney closed with laying out his plans during the proposed interim control and respectfully requested the Committee to move the Resolution forward with a positive recommendation.

There were twenty-one members of the public of who testified during public comment.

Supervisor Haney moved that the Resolution be RECOMMENDED to the Board of Supervisors meeting on Tuesday, July 23, 2019, by the following vote:

Supervisor Aaron Peskin - Aye
Supervisor Ahsha Safai - Aye
Supervisor Matt Haney - Aye

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

June 19, 2019

File No. 190689

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On June 11, 2019, Supervisor Haney submitted the proposed legislation:

File No. 190689

Resolution imposing an interim zoning control for an 18-month period requiring conditional use authorization for a change in use from nighttime entertainment to any other use allowed in the area South of Market Street bounded by the southwest side of 12th Street to the southwest side of 5th Street and the south side of Market Street to the south side of Harrison Street; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning
Laura Lynch, Environmental Planning

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

joy navarrete

Digitally signed by Joy Navarrete
DN: dc=org, dc=sfgov, dc=cityplanning,
ou=CityPlanning, ou=Environmental
Planning, cn=joy.navarrete,
email=joy.navarrete@sfgov.org
Date: 2019.06.25 09:34:31 -0700



SAN FRANCISCO PLANNING DEPARTMENT

Planning Department Report Interim Zoning Controls

1650 Mission St.
Suite 400
San Francisco,
CA 94103-2479

To: Angela Calvillo, Clerk of the Board
From: Aaron Starr, Manager of Legislative Affairs
Date: June 28, 2019
Regarding: Six-month Report for the Interim Zoning Controls - Off-Street Parking in the "Hub" Area
Reporting Date: June 22, 2019
Expiration Date: June 22, 2019
Case Number: Board File No. 171015/ Enactment Number 448-17

Reception:
415.558.6378

Fax:
415.558.6409

Planning
Information:
415.558.6377

STATEMENT OF PURPOSE

Per Planning Code Section 306.7(i), the Planning Department is required to conduct a study of the zoning proposal(s) contemplated in interim controls enacted by the Board of Supervisors and propose permanent legislation. For any control that is placed in effect for more than six months, a report to the Board of Supervisors is required six months from the date of the imposition of the controls and at least every six months thereafter. This report is intended to satisfy that requirement.

BACKGROUND

This report was prepared in response to Resolution 448-17 (Board File 171015), introduced by Supervisor Breed on September 19, 2017, and passed into law on December 22, 2017. This Resolution imposed, for 18 months, interim zoning controls limiting off-street parking for new development projects in the area known as "the Hub" or the "Market Street Hub."

REQUIRED ANALYSIS

Per Planning Code Section 306.7, this report is required to address the interim controls; any required study; and an estimate the timeline needed to create permanent controls.

(1) Status of Interim Controls:

The proposed Interim Controls were adopted by the Board on December 12, 2017 and became effective on December 22, 2017 for 18 months. The 18-month period expired on June 22, 2019.

Summary of Interim Controls

The interim controls limited off-street parking for new development projects to the principally-permitted accessory parking ratios established under the Planning Code, and removing the possibility to apply for a conditional use authorization to increase such parking, in the area known as "the Hub" or the "Market Street Hub," which covers the eastern-most portions of the Market and Octavia Plan area (see map below); applying these interim zoning controls to development projects that have not received an approval of a development application prior to the effective date of this Resolution and will provide no on-site affordable housing under the City's Inclusionary Affordable Housing Program.

(2) Findings and Recommendations To Date:

Study

In the early 2000s, the Hub neighborhood near the intersections of Market Street with Valencia, Haight and Gough streets, historically known as "The Hub," was included within the boundaries of the 2008 Market and Octavia Area Plan. The Plan includes numerous policies that support a vision for the Hub as a "vibrant new mixed-use neighborhood," and it also created the Van Ness and Market Downtown Residential Special Use District (SUD). This SUD encourages the development of a transit-oriented, high-density, mixed-use residential neighborhood around the intersections of Market Street and Van Ness Avenue and Mission Street and Van Ness, and buildings ranging from 250 to 400 feet and reduced parking. Following the Plan's adoption in 2008, most of the housing imagined in the Hub was stalled due to the recession. Now, the area is receiving concentrated attention from the development community.

Major infrastructure improvements, such as Van Ness Avenue Bus Rapid Transit, were identified in the Market and Octavia Area Plan and have since moved through conceptual design. The sudden convergence of both infrastructure improvements and private development activity requires careful coordination and could afford great opportunity to achieve Plan objectives in a more holistic and effective fashion. Considering these recent changes, Planning is studying this portion of the Market and Octavia Plan to consider plan amendments. The proposed Market Octavia Plan Amendment seeks to benefit from current opportunities and analyze the potential for zoning and policy refinements that will better ensure that the area's growth supports the City's goals for housing, transportation, and the public realm.

The existing interim controls are intended to prevent projects from seeking parking more than what is principally permitted in the Planning Code while the Market and Octavia Plan Amendments are being developed. This is being done to ensure that new developments do not provide excessive parking, which would run counter to the vision for the Hub Area as a transit-oriented neighborhood. Further, restricting parking is consistent with the City's Transit First Policy, its Greenhouse Gas Reduction Ordinance, and the General Plan's Transportation Element.

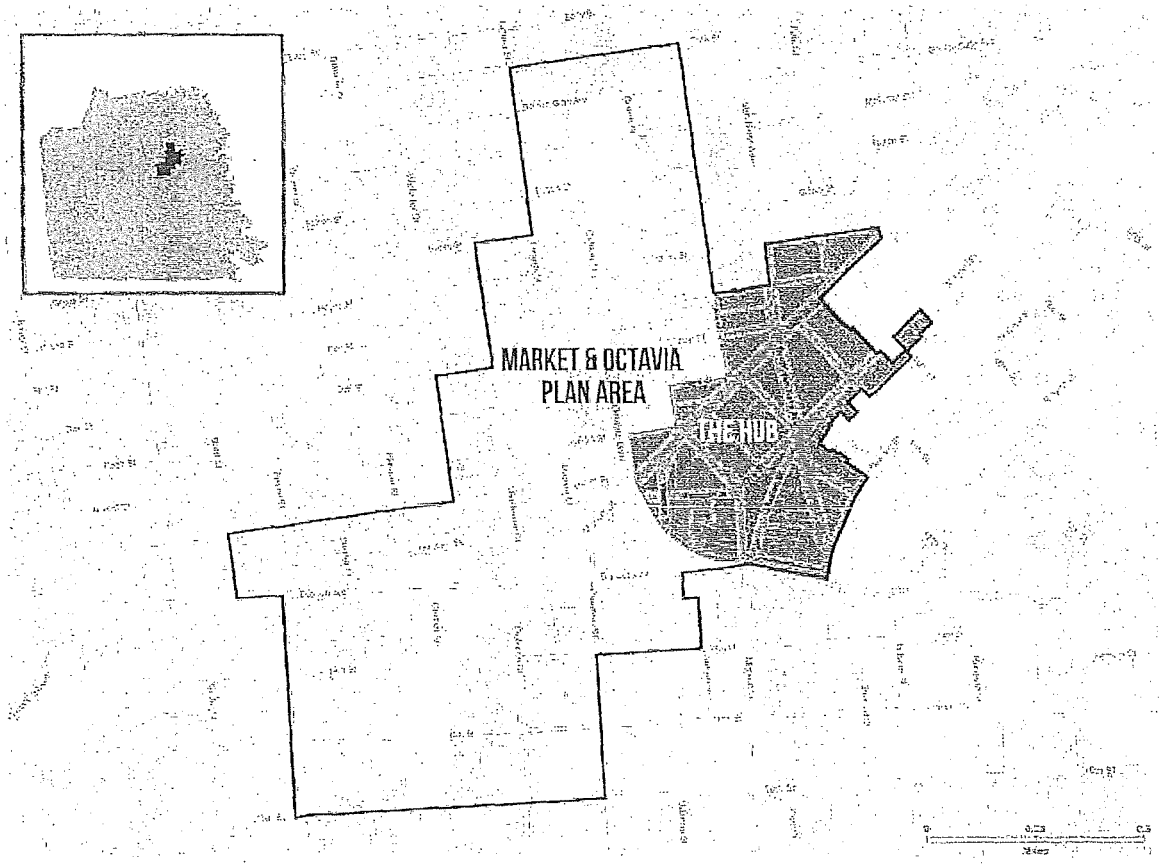
Estimated Completion Time of Study

The study of potential permanent controls, which the Department refers to as the Market and Octavia Plan Amendments, is still in the process and should be completed by early 2020. The next few months will provide the City additional time to formulate more comprehensive parking regulations for the HUB area.

REQUIRED BOARD ACTION

This Report is required to be considered in a public hearing duly noticed in accordance with the basic rules of the Board. The Board has the option of accepting or rejecting this report.

HUB Interim Controls Area Map



Boundaries: Generally, bound by Fell and Hayes Streets to the north; Market and Howard Streets to the east; Highway 101 to the south and southeast; and Haight, Gough, Page, and Franklin Streets to the west.

190689

From: Avi Rosenblit <avi@eventbrite.com>
Sent: Wednesday, July 17, 2019 4:55 PM
To: Major, Erica (BOS)
Subject: Letter from Eventbrite in Support of Resolution 190689
Attachments: Letter in Support of Resolution 190689.pdf

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

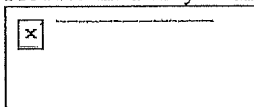
Dear Erica,

Attached please find a letter from Eventbrite in support of Resolution 190689.

Kind regards,
Avi

--

Avi Daniel Rosenblit
Product and Policy Counsel



[Twitter](#) | [Instagram](#) | [Facebook](#)

155 5th Street, 7th Floor
San Francisco 94103

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155 5th Street, Floor 7
San Francisco, CA 94105
eventbrite.com

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

July 17, 2019

To the Esteemed Members of the Board of Supervisors,

Eventbrite is pleased to support Supervisor Haney's introduction of Resolution 190689, which will help to preserve and stimulate cultural and economic development by creating a practical safeguard for dozens of entertainment venues our city has come to know and love.

Founded in San Francisco in 2006 and based in SoMa, Eventbrite is a ticketing and event technology platform. In 2018 alone, we partnered with more than 1,000 independent music venues across the U.S. and helped nearly 800,000 creators of all types of events issue 265 million tickets, around the world. Both here in San Francisco and elsewhere, we see broader economic forces contributing to the difficulties these entrepreneurs face in the creation and production of live events. Live experiences enrich cities for residents and tourists alike—and it's more important than ever for cities like ours to act on behalf of the community that brings them to life.

On June 13, a cohort of Eventbrite employees joined Supervisor Haney and dozens of local residents in a show of support for one of San Francisco's iconic music institutions: Mezzanine.¹ Mezzanine is proudly woman-owned and woman-booked, dedicated to independent music, and beloved by artists, fans, and residents alike. It is also one of many historic San Francisco venues that imbue the neighborhood with authentic cultural vibrancy and assure that people continue to gather, connect, and find a sense of place in the heart of our city. We've been working with Mezzanine since 2015, helping a small but mighty team market their shows, sell tickets, and run their business, and we believe that the common-sense safeguards included in Resolution 190689 are the kinds of measures that enable independent venues like Mezzanine to survive in what can be a cut-throat industry.

The nightlife industry is a true economic force in San Francisco, providing tens of thousands of local jobs and strengthening our tax base by contributing more than \$80 million to the city's General Fund in 2015 alone.² We should not have to choose between

¹ <https://www.eventbrite.com/blog/savemezzanine-independents-matter>.

² <http://nightlifesf.org/wp-content/uploads/2016/09/2016-Nightlife-Update.pdf>.

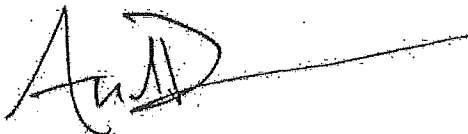
eventbrite

155 5th Street, Floor 7
San Francisco, CA 94105
eventbrite.com

economic vitality and world-class nightlife in SoMa or anywhere else; we can nurture these special venues through local policies that recognize and reflect their true value as places where people come together. By requiring conditional use authorization for a change in use from nighttime entertainment to any other use allowed in the area, Resolution 190689 would help to ensure entertainment venues in SoMa have a fighting chance to continue serving our city and the people who visit it.

Thank you for the opportunity to share our passion for independent venues in San Francisco and our support for Resolution 190689. We commend Supervisor Haney's and the Board of Supervisors' leadership on this meaningful and necessary step toward ensuring that entertainment venues in San Francisco thrive for years to come.

Yours truly,

A handwritten signature in black ink, appearing to read "Andy", with a long horizontal line extending to the right.

Andy Donner
Senior Vice President, Music and Corporate Development

190059
7/16/19
SUBMITTER
IN
OWNERS

I'm Todd Chritton representing my family business Microbiz. I have worked here in San Francisco for 37 years, along with my Brother and fellow owner Dave Chritton and my Father John and My mother Sally, who started this business in San Francisco in 1965 at 590 Howard street. They wanted a stable place to run our security company, so they borrowed money and bought our building at 444 Jessie street in 1978

We ran our business on the first floor for many years, with a rubber dye and stamp company- Olympian graphics in the basement of our building. In 1990 our film security business went away as technology changed. We almost went bankrupt, losing money for several years. We had to convert to electronic security, alarms and cameras systems to survive. Our Father worked for free from 1990 to 1995 so that Dave and I would have money to support our family's. In 1995 our father became sick, with double Pneumonia, and had to retire from Microbiz. Dave became the CFO and I the CEO and we have carried on the family business. It has not been easy. We are security contractors in a hustle business. We moved into the basement to save money and rented the upstairs so that our mother would have money to live on. In 1999 Dad signed a five year lease with three five year options to a tenant. The tenant built out our first floor as commercial office space and Sub leased to Grass roots who was there until the Dot com bust. Then the first floor was converted to a night club use. It has been hard to work under a night club. There is noise, garbage and other inconveniences. Our lease does not entitle us to information about our Subtenant. We run our business and they run theirs.

The Chritton's have honored our 20-year lease. When it expires in October, we want to move back to the first floor. We are tired of being in a windowless basement, where we have worked for the last 19 years. Many of our employees drive long distances in our Microbiz provided work vans. They come from Pittsburg and Antioch driving 4 hours a day to get to San Francisco and then back home again. We want to keep the vans in our building, use our 431 Stevenson loading dock and garage. We want our employees to take public transportation to work. I want an office with a window like I had when I started working here 37 years ago.

Microbiz is a "one of a kind" 54-year-old security company that makes the city of San Francisco Safer. We have 25 full time employees that we treat as family. We pay full health care for them and their families and have done this for many, many years. We pay quarterly bonuses and Christmas bonuses. We have a profit-sharing plan, that many employees have borrowed from to buy homes and cars. We are Multicultural. We try to do all of the right things and be good stewards and Shepards of our family business. We are a certified LBE with the City of San Francisco and have been for the last 10 years.

I want to Thank you again for allowing me the time to talk about my family business and our company history and future dreams that you have a part in shaping. We hope you will accept our invitation to come to Microbiz for a tour.



Miller Property Law

July 12, 2019

Via Hand Delivery

San Francisco Board of Supervisors
Land Use and Transportation Committee
Hon. Chair Aaron Peskin
Hon. Vice Chair Ahsha Safai
Hon. Supervisor Matt Haney
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

RE: Resolution #190689 and 440 and 444 Jessie Street aka 439 and 441 Stevenson Street

Dear Hon. Chair Peskin, Vice Chair Safai and Supervisor Haney,

The Land Use and Transportation Commission is set to consider Interim Zoning Control Resolution #190689 on Monday. This resolution, to which I refer to as the Entertainment Resolution, does not follow procedures required by state law for a valid zoning regulation and appears designed as an attempt to invalidate the existing lease of a 54-year-old San Francisco business, Microbiz Service Company (Microbiz).

I represent Microbiz's landlords: David, Todd and Scott Chritton who own the building at 440 and 444 Jessie Street aka 439 and 441 Stevenson Street. We ask that the Commission revise the Entertainment Resolution to a non-urgency ordinance and also draft an explicit exemption for properties with pre-existing and recorded leases.

Entertainment Resolution Does Not Meet Test For Interim Control

The Entertainment Resolution meets none of the factors of a valid zoning control in light of the fact that Microbiz predates the nightclub use it is supposedly threatens, is more consistent with the neighborhood's character and zoning than a nightclub and serves the public health, safety and general welfare through its very purpose – securing the safety of public and private San Francisco institutions and its residents.

In order to show an interim zoning control qualifies for interim status, the Board of Supervisors must “consider the impact on the public health, safety, peace and general welfare if the proposed controls are not imposed.” Planning Code Section 306.7(a).

The Entertainment Resolution, in contrast, states solely that it “is important to preserve existing Nighttime Entertainment uses.” The language of the Entertainment Resolution appears to itself acknowledge that the Entertainment Resolution falls short of a legitimate interim zoning control. It

states on line 4 of page 2 that “This Board of Supervisors (“Board”) has considered the impact on the public health, safety, and general welfare if this interim control is not imposed; and ... has determined that the public interest will be served by imposition of this interim control”.

Whether or not the public interest “will be served” by legislation requires a balancing of the factors set forth in Planning Code Section 306.7(a): the public health, safety, peace and general welfare of the community. The Entertainment Resolution makes no effort to show any balancing of these factors. What is more, the factors weigh entirely against the Entertainment Resolution.

Many of the beneficial characteristics the Entertainment Resolution attributes to nightclubs describe Microbiz. For example, the Entertainment Resolution notes goals to preserve the existing character of neighborhoods, develop and conserve commerce and industry in order to maintain the City’s economic vitality, to provide its citizens with adequate jobs and business opportunities, and to maintain adequate services for its residents, visitors, businesses, and institutions – Microbiz is one of the only firms of its type and has been in the neighborhood twice as long as the nightclub.

Microbiz originally provided microfilming for San Francisco banks and then gravitated into providing microfilm security cameras. In the mid to late 1980’s, Microbiz pioneered the first video surveillance cameras and video recorders for San Francisco banks as well as intrusion and access control systems for local commercial and residential buildings. As a qualified San Francisco Local Business Enterprise, it provides security systems and service to many public buildings and private institutions in San Francisco. It has a sizable and longtime staff, and the pictures of many employees can be found in the numerous group photographs picturing company events that line the walls of their basement office. Moving out of the Central Market neighborhood would mean longer service trips and slower response times for customers. Microbiz protects security – at the heart of public health, welfare and safety.

Similarly, the Entertainment Resolution makes misplaced conclusions: For example, it justifies the Entertainment Resolution on the basis that a nightclub needs to continue to operate the space on the basis that other neighborhoods are less compatible with “late-night hours, potentially loud music, and/or large patron volumes”. The building is bordered by residences and a hotel. One neighbor has threatened litigation based on ongoing noise complaints.

Facts about the Chrittons

The inaccurate conclusions drawn in the Entertainment Resolution are accompanied by misstatements in the press and in public about the Chrittons and Microbiz. It appears likely that many or all of the Supervisors may be unaware of some of the facts and circumstances surrounding Microbiz and the leasing history of the building.

Microbiz moved to the building when its owners Sally and John Chritton purchased the single-story building in 1978 and has leased space in the building ever since. When David and Todd graduated from college, they joined their parents at Microbiz. David and Todd now operate the business with one other fellow long-time employee who owns a small share of the company.

In 1999, while terminally ill, John Chritton signed a five year lease for the upstairs space Microbiz had previously occupied for \$10,500 per month. The purpose was to provide income for his wife after his imminent passing. The upstairs lease included a provision allowing it to be renewed three

times for a total tenancy of 20 years. Despite the existence of a fair market value adjustment clause, the Chrittons never received any increase in rent for the upstairs space during the 20 years as all options to renew were exercised simultaneously within months of lease execution in 2000, locking in rental rate for 20 years in a manner the Chrittons had not understood could occur. The upstairs lease has been a financial hardship on the family, which has looked forward to the lease's expiration in October 2019.

During that entire 20-year term, the Chrittons' tenant has subleased the space. The lease allowed the space to be used for any lawful purpose and the tenant built the nightclub in or about 2002 and 2003. This timeframe coincided with John's death and Sally then managed the building. This nightclub has also presented difficulties for the Chrittons operationally. Nonetheless, at the direction of the City and County of San Francisco (the City), the Chrittons attempted to reach terms to allow a nightclub to continue in the space. Despite spending significant time and money on such negotiations, terms could not be reached between the parties. Reasons included, among others, matters of public record of and in the City and threats of the lawsuit from the owner of an adjacent building.

Accordingly, Microbiz signed a lease (the Microbiz Lease) for the entire building on April 30, 2019 pursuant to which lease the parties confirmed delivery of the basement to Microbiz as of June 30, 2019 and that Microbiz is entitled to delivery of the top floor (where the nightclub is located) no later than October 11, 2019. The Microbiz Lease was recorded in the public record of the City on April 30, 2019 and Microbiz began paying rent pursuant to the Microbiz Lease on May 1, 2019. This was more than a month before any discussion of the Entertainment Resolution.

The Microbiz Lease can be found in the public records by searching the database at City Hall and a copy of it is attached for your reference.

Impairment of Pre-Existing Contract

The Chrittons are in a valid, effective, written, and recorded contract entered into based upon the existing zoning of their property and entered into, effective and recorded in April long before the Entertainment Resolution was even proposed.

Article I, Section 10 of the United States Constitution guarantees: "No State shall ... pass...any law impairing the obligation of contracts."

The California Constitution at Article I, Section 9 similarly provides: "A...law impairing the obligation of contracts may not be passed."

It would therefore be unconstitutional to apply the Entertainment Resolution or any permanent successor legislation to the Chrittons.

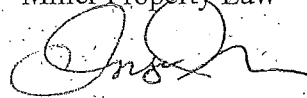
Other Issues

These are merely the beginning of a host of issues raised by the Entertainment Resolution. Other issues include violation of the City's General Plan. The goals and specific purpose for the existing C-3-G Zoning and Mint Area is to promote a diverse and thriving community to provide jobs for the community. This Entertainment Resolution will hurt small businesses that the General Plan and Zoning were specifically created and established by law to protect.

I am hopeful that any further analysis of this legislation will be made moot by confirmation from the City that the Entertainment Resolution will not in any event apply to Microbiz or the Chrittons.

Sincerely,

Miller Property Law

A handwritten signature in black ink, appearing to read 'Inga M. Miller', written over the typed name.

Inga M. Miller

Enclosure

RECORDING REQUESTED BY

NAME: David Chritton, Todd Chritton and Scott Chritton

WHEN RECORDED MAIL TO:

NAME: Miller Propert Law attn: Inga M. Miller

ADDRESS: 1160 Battery Street East, Suite 100

CITY/STATE/ZIP: San Francisco, CA 94111



San Francisco Assessor-Recorder
Carmen Chu, Assessor-Recorder
DOC- 2019-K761785-00

Tuesday, APR 30, 2019 13:46:18
Ttl Pd \$233.00 Rcpt # 0005990188
PF1/PF/1-49

(DOCUMENT WILL ONLY BE RETURNED TO NAME & ADDRESS IDENTIFIED ABOVE)

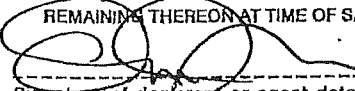
Lot 035 Block 3704

(SPACE ABOVE FOR RECORDER'S USE)

Lease

(DOCUMENT TITLE)

DOCUMENTARY TRANSFER TAX \$ 0 0
 COMPUTED ON FULL VALUE OF PROPERTY CONVEYED; OR
 COMPUTED ON FULL VALUE LESS LIENS & ENCUMBRANCES
REMAINING THEREON AT TIME OF SALE.


Signature of declarant or agent determining tax - firm name

SEPARATE PAGE, PURSUANT TO CA. GOV'T. CODE 27361.6

DAVID CHRITTON, TODD CHRITTON AND SCOTT CHRITTON
DBA CHRITTON BROTHERS PROPERTIES ("Landlord")

&

MICROBIZ SERVICE COMPANY, a California corporation ("Tenant")

LEASE

444 and 440 Jessie Street AKA 439-441 Stevenson Street, San Francisco, CA 94103

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LEASE

THIS LEASE is entered into as of April 22, 2019 by and between on the one hand, David Chritton ("Dave"), Todd Chritton ("Todd") and Scott Chritton ("Scott") and with Todd and Dave, "the "Chrittons") who are collectively doing business together under the trade name of "Chritton Brothers Properties" and referred to herein in such capacity as landlord, sometimes referred to herein as "Landlord", and Microbiz Service Company, a California corporation ("Microbiz") as tenant, sometimes referred to herein as "Tenant" on the terms and conditions of this Lease.

RECITALS

This Lease is made with reference to and reliance upon the following facts:

A. David, Todd and Scott, who are brothers, are the owners of the building commonly known as 440 and 444 Jessie Street also known as 439-441 Stevenson Street in the City and County of San Francisco (the "Building") located on the parcel more specifically described on Exhibit "A-1" attached hereto and made a part hereof by this reference. David and Todd manage the family business, Microbiz, founded in 1965 at 590 Howard Street. The Chrittons' family purchased the Building in 1978 to provide fixed rent and a stable location to expand. Microbiz, which stands for "Microfilm for Business", started as a microfilm sales and processing and office equipment repair business and evolved into a security camera and card access business.

B. In 1995, the Chrittons' father, John Chritton, became ill with Idiopathic Fibrosis and stopped working at Microbiz. Soon thereafter Microbiz moved to the basement of the Building (the "Basement") and to provide a fixed income from the Chrittons' mother, leased the first floor of the Building (the "First Floor") to Martin McNerney Properties, LLC, a California limited liability company for what the Chrittons believed to be continued office use.

C. Martin McNerney Properties subleased the First Floor to an office subtenant for several years and later, subleased the First Floor to a nightclub. Martin McNerney Properties' lease for the First Floor expires on October 10, 2019, and Microbiz wishes to return to the First Floor so that it can among other operational changes, expand operations, reduce disruption to employees and provide on-site maintenance vehicles so that employees can commute by mass transit as opposed to in such service vehicles.

D. The lease according to which Microbiz occupies the Basement expires on August 30, 2019. Microbiz wishes to execute this lease so that Microbiz leases the entire Building on the terms and conditions of this Lease. Chritton Brothers Properties wishes for Microbiz to lease the entire Building on the terms and conditions this Lease.

ACCORDINGLY, in consideration of the mutual covenants and conditions contained in this Lease, Landlord and Tenant enter into this Lease subject to the following terms and conditions:

**ARTICLE 1
BASIC LEASE PROVISIONS**

- | | | |
|-----|----------------|---|
| 1.1 | Date of Lease: | April 22, 2019 |
| 1.2 | Landlord: | David Chritton, Todd Chritton and Scott Chritton doing business as Chritton Brothers Properties |
| 1.3 | Tenant: | Microbiz Service Company, a California corporation |

- 1.4 Tenant's Trade Name: Microbiz Security Company (Article 10)
- 1.5 Tenant Guarantor: None.
- 1.6 Property: A commercial development consisting of a lot of roughly 8,934 square feet ("Parcel") and improved with the Building described below. The address of the Property is 440 and 444 Jessie Street aka 439-441 Stevenson Street in the City and County of San Francisco (the "City"), State of California. The Parcel together with the Building constitute the "Property".
- 1.7 Building: An approximate 20,551 square foot building consisting of a basement of about 8,637 square feet (the "Basement") and a first floor of about 11,914 square feet including a mezzanine level of about 3,370 square feet (the "First Floor"). Notations on the Floor Plan are for reference only and do not constitute representations by Landlord. (Article 3)
- 1.8 Parking: First Floor includes garage measuring approximately 517 square feet which may be used for parking on and after October 11, 2019.
- 1.9 Premises: The Premises is the entire Building. (Article 3)
- 1.10 Square Feet: The Premises shall consist of approximately 19,249 usable square feet "Usable Square Feet" and 20,551 rentable square feet "Rentable Square Feet" identified as on Exhibit A-2, "Floor Plan" page 3. (Article 3)
- 1.11 Term: 10 years, 0 months (120 months) as such Term may be extended for the terms set forth in Section 1.12. (Article 4)
- 1.12 Option to Extend: Two (2) options to extend the Term for 5 years, 0 months each. (Article 28)
- 1.13 Rent Commencement Date: May 1, 2019 (Article 6)

1.14 Minimum Annual Rental (Article 6)

Month Following Rent Commencement Date:	Dollars Per Month
---	-------------------

1-4	\$ 4,000.00
5-14	\$10,000
15	\$ 30,322.54
16-120	\$ 40,000.00

1.15 Landlord's Work: Landlord shall deliver the Premises in "As Is" condition with water, sewer, gas, electrical and other systems delivered to Building. (Article 5)

1.16 Permitted Use: The Premises shall be used for design professional office space and parking shall be allowed in the garage. Tenant may not use the Premises for any uses listed in Exhibit F, "Prohibited Uses". The Premises shall be used solely for the use stated above and for no other use or purpose. (Article 10)

1.17 First Month Rent: First month's rent shall be due on August 31, 2019.

1.18 Security Deposit: \$5,000.00 deposited with Landlord on August 31, 2019. (Article 21)

1.20 Addresses for Notices and Payments: (Article 24)

LANDLORD

TENANT

Notices To:

Notices To:

Chritton Brothers Properties
c/o David Chritton
444 Jessie Street
San Francisco, CA 94103

Microbiz
Attn: Todd Chritton
444 Jessie Street
San Francisco, CA 94103

with copy to:

Inga Miller
Miller Property Law
1160 Battery Street East, Suite 100
San Francisco, CA 94111

This Article 1 is intended to supplement and/or summarize the provisions set forth in the introductory clause, recitals and balance of this Lease. If there is any conflict between any provisions contained in this Article 1 and the introductory clause, recitals and/or balance of this Lease, the introductory clause, recitals, and balance of this Lease shall control.

ARTICLE 2
EXHIBITS

The following Exhibits are attached to this Lease and, by this reference, made a part of this Lease:

- EXHIBIT A-1 – Property Description
- EXHIBIT A-2 – Floor Plan
- EXHIBIT A-3 – Parcel Plan
- EXHIBIT B – Certificate of Delivery of Possession
- EXHIBIT C – Tenant’s Estoppel.
- EXHIBIT D – Prohibited Uses
- EXHIBIT E – Construction Work Rules & Regulations

ARTICLE 3
PREMISES

3.1 **PREMISES.** Landlord leases to Tenant and Tenant leases from Landlord, for the “Term” (as defined in Article 4) and upon the covenants and conditions set forth in this Lease, the premises described in Section 1.9 (“Premises”).

3.2 **RESERVATION.** Landlord reserves the right to use any hallways, and the exterior walls, floor, roof and plenum in, above and below the Premises for the installation, maintenance, structural elements serving the Property and for such other purposes as Landlord deems necessary. In exercising its rights reserved herein, Landlord shall not materially and unreasonably interfere with the operation of Tenant’s business on the Premises.

3.3 **SQUARE FEET.** The term “Usable Square Feet”, as used in this Lease, shall mean all areas of the Premises designated by Landlord for the exclusive use of a tenant measured from the exterior surface of exterior walls (and extensions, in the case of openings) and from the center of interior demising walls. The Premises contain approximately the Usable Square Feet specified in Section 1.10. Tenant shall have the right to have a California licensed architect measure the Usable Square Feet of the Premises for accuracy. In the event of a dispute between Landlord and Tenant concerning the measurement of Usable Square Feet, the determination of the measurement of the Usable Square Feet shall be made by an independent, California licensed architect selected by Landlord and reasonably acceptable to Tenant, which measurement shall be conclusive. If a discrepancy is found, Landlord shall so certify to Tenant and this Lease shall be amended so as to reflect the actual Usable Square Feet and Rentable Square Feet, and the corresponding “Additional Rental” (as defined in Section 6.1). The “Additional Rental” (as defined in Section 6.2) is based on a fraction, the numerator of which is the Rentable Square Feet of the Premises and the denominator of which is the Rentable Square Feet of the Premises together with the rentable square feet of any other premises in the Building (the “Neighboring Space(s)”).

ARTICLE 4
TERM

TERM. This Lease shall be effective from and after the date specified in Section 1.1 (“Date of Lease”). The term of this Lease (“Term”) shall commence on April 22, 2019 and shall expire, unless sooner terminated or extended in accordance with the provisions of this Lease; after the number of months specified in Section 1.11 (with the last day of such period hereinafter referred to as the “Initial Term Expiration Date”). Upon Delivery of Possession as defined in Article 5.1 below, Landlord and Tenant shall execute and deliver a written statement in the form of Exhibit B attached hereto, specifying therein the date of Delivery of Possession.

ARTICLE 5
POSSESSION

5.1 **DELIVERY OF POSSESSION.** Landlord shall be deemed to have delivered possession of the Basement to Tenant on a date which is the date of the last of Landlord or Tenant to execute this Lease in recorded form (the "Delivery of Possession"), and Tenant shall accept possession of the remainder of the Premises from Landlord upon actual delivery of the First Floor. Landlord covenants that such date shall not be later than October 11, 2019. Tenant acknowledges that part or all of the First Floor is occupied by Landlord's existing tenant, Martin McNerney Properties, LLC, a California limited liability company ("Existing Tenant") pursuant to that certain lease entered into on or about October 7, 1999 by and between John Chritton, Trustee of the Chritton Family Trust, and Sally Chritton, Trustee of the Chritton Family Trust, as landlord on the one hand and Existing Tenant on the other hand for the area which is generally that of the First Floor of the Building for a term ending on October 10, 2019 at 11:59 p.m. (the "Existing Lease"). Landlord shall not be required to deliver to Tenant that portion of the Premises subject to the Existing Lease until the end of the term of the Existing Lease. Upon such time as Landlord has performed delivery of the entirety of the Premises to Tenant pursuant to this Article 5 Section 5.1, Tenant shall execute that certain Certificate of Delivery of Possession in the form of Exhibit B attached hereto. Tenant shall deliver to Landlord prior to Delivery of Possession, executed copies of policies of insurance or certificates thereof (as required under Article 15) and under Exhibit C. Landlord shall not be obligated to deliver possession of the Premises to Tenant until such items are delivered.

ARTICLE 6
RENTAL

6.1 **MINIMUM ANNUAL RENTAL.** Tenant shall pay the sums specified in Section 1.14 ("Minimum Annual Rental") in the monthly installments specified, in advance, on or before the first (1st) day of each month, without prior demand and without offset or deduction, commencing on the Rent Commencement Date. Should the Rent Commencement Date be a day other than the first (1st) day of a calendar month, then the monthly installment of Minimum Annual Rental for the first partial month shall be equal to one-thirtieth (1/30th) of the monthly installment of Minimum Annual Rental for each day from the Rent Commencement Date to the end of the partial month. Throughout the Term of this Lease, Minimum Annual Rental shall adjust in accordance with the schedule set forth in Section 1.14, and, in the event extended pursuant to Article 28, by the amounts set forth in Section 28.3.

6.2 **ADDITIONAL RENTAL.** Tenant shall pay, as "Additional Rental", all sums required to be paid by Tenant to Landlord pursuant to this Lease in addition to Minimum Annual Rental (including, without limitation, interest, late charges, service charges, reimbursement for attorneys' fees and expenses and auditing costs). Landlord shall have the same rights and remedies for the nonpayment of Additional Rental as it has with respect to the nonpayment of Minimum Annual Rental. It is the intention of Landlord and Tenant that the Minimum Annual Rental and Additional Rental to be paid hereunder shall be paid to Landlord absolutely net without deduction of any amount of any nature whatsoever, except as otherwise expressly provided in this Lease.

6.3 **PLACE OF PAYMENT.** Tenant shall pay Minimum Annual Rental and Additional Rental to Landlord at Landlord's Address for Payments and Reports specified in Section 1.20, or to such other address and/or person as Landlord may from time to time designate in writing to Tenant.

6.4 **LATE PAYMENTS.** If Tenant fails to pay when the same is due any Minimum Annual Rental or Additional Rental, the unpaid amounts shall bear interest at the maximum lawful rate from the date due to and including the date of payment. In addition, Tenant acknowledges that the late payment of any installment of Minimum Annual Rental or Additional Rental will cause Landlord to incur certain costs and expenses, the exact amount of which are extremely difficult or impractical to fix. These costs and expenses may include, without limitation, administrative and collection costs and processing and accounting expenses. Landlord recognizes that occasionally circumstances beyond Tenant's control, such as clerical error or postal error, may occur which delay the receipt by Landlord of payments timely made by Tenant. As a reasonable allocation of responsibility

for costs and expenses incurred by Landlord as a result of late payments, no late charge shall be payable by Tenant for the first time in any consecutive twelve (12) month period that any installment of Minimum Annual Rental or Additional Rental is not received by Landlord from Tenant within five (5) days after such installment is due, unless Tenant fails to make payment of such installment to Landlord within five (5) days after written notice from Landlord that such installment has not been received. If Tenant fails to make payment of such installment to Landlord within such five (5) day period, Tenant shall immediately pay to Landlord the late charge specified in this Section. In addition, without regard for the reason any installment is not received by Landlord when due, and without the need for any additional prior notice, the second (2nd) time in any consecutive twelve (12) month period, and each time thereafter in such consecutive twelve (12) month period, any installment of Minimum Annual Rental or Additional Rental is not received by Landlord from Tenant within five (5) days after such installment is due, Tenant shall immediately pay to Landlord a late charge equal to Five Percent (5%) for any installment of Minimum Annual Rental due, and Five Percent (5%) for any installment of Additional Rental due. Landlord and Tenant agree that this late charge represents a reasonable estimate of the costs and expenses Landlord will incur and is fair compensation to Landlord for its loss suffered by reason of late payment by Tenant. Upon accrual, all such late charges shall be deemed Additional Rental.

ARTICLE 7 TENANT FINANCIAL DATA

FINANCIAL STATEMENTS. Within thirty (30) days after Landlord's written request, Tenant shall furnish Landlord with financial statements including, but not limited to, balance sheets, profit and loss statements, income statements and statements of changes in financial condition reflecting Tenant's current financial condition, certified by Tenant or its financial officer. If Tenant is a publicly-traded corporation, delivery of Tenant's last published financial information shall be satisfactory for purposes of this Article 7. Any information obtained from Tenant's financial statements shall be confidential and shall not be disclosed other than to carry out the purposes of this Lease; provided, however, Landlord shall incur no liability for the inadvertent disclosure of any such information. Landlord may divulge the contents of any financial statements in connection with any financing arrangement or sale of Landlord's interest in the Premises or Property or in connection with any administrative or judicial proceedings.

ARTICLE 8 TAXES & EXPENSES

8.1 ADDITIONAL RENTAL FOR INCREASED TAXES.

(a) As used in this Lease, the term "Taxes" shall mean all taxes or assessment, license fee, license tax, tax or excise on rental, or any other levy, charge, expense or imposition imposed by Federal, state, county or city authority having jurisdiction, or any political subdivision thereof, or any school, agricultural, lighting, drainage or other improvement or special assessment district (individually and collectively, "Governmental Agencies") on any interest of Landlord or Tenant (including any legal or equitable interest of Landlord or its mortgagee, if any) in the Premises, the Building or the Property or the underlying realty including, but not limited to: (i) Any impositions (whether or not such impositions constitute tax receipts to Governmental Agencies) in substitution, partially or totally, of any impositions now or previously included within the definition of real property taxes including, without limitation, those imposed or required by Governmental Agencies to increase tax increments to Governmental Agencies and for services such as fire protection, street, sidewalk and road maintenance, refuse removal or other governmental services formerly provided without charge to property owners or occupants; (ii) any impositions allocable to or measured by the area of the Premises, the sales generated from the Premises or any rental payable under this Lease; and (iii) any impositions upon this Lease transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. The term "Taxes" shall not include Landlord's income taxes.

(b) From and after July 1, 2020, Tenant shall pay to Landlord, as Additional Rental, a share of the increase in Taxes (the "Increased Taxes") in each consecutive twelve-month period (each

a "Tax Year") over the Taxes in the year 2019 (the "Base Tax Year") which share is based on a fraction, the numerator of which is the Rentable Square Feet of the Premises and the denominator of which is the Rentable Square Feet of the Premises together with rentable square feet of any Neighboring Spaces. Increased Taxes for any partial year shall be prorated. Landlord, at its option, may collect Tenant's payment of its share of Increased Taxes after the actual amount of Increased Taxes are ascertained or in advance, monthly or quarterly, based upon estimated Increased Taxes. If Landlord elects to collect Tenant's share of Increased Taxes based upon estimates, Tenant shall pay to Landlord from and after the Base Tax Year, and thereafter on the first (1st) day of each month or quarter during the Term (as determined by Landlord), an amount estimated by Landlord to be the monthly or quarterly Increased Taxes payable by Tenant. Landlord may periodically adjust the estimated amount. If Landlord collects Increased Taxes based upon estimated amounts, then following the end of each calendar year or, at Landlord's option, its fiscal year, Landlord shall furnish Tenant with a statement covering the year just expired showing the total Increased Taxes payable by Tenant for that year and the payments made by Tenant with respect to that year, as set forth above. If the actual Increased Taxes payable for that year exceed Tenant's payments for that year, Tenant shall pay to Landlord the deficiency within ten (10) days after its receipt of the statement. If Tenant's payments exceed the actual Increased Taxes payable for that year, Tenant shall be entitled to offset the excess against the next payment(s) of Increased Taxes that become due to Landlord. In the event that a balance is due Tenant at the expiration of the Term, such sum shall be reimbursed to Tenant.

8.2 OTHER PROPERTY TAXES. Tenant shall pay, prior to delinquency, all taxes, assessments, license fees and public charges levied, assessed or imposed upon its business operation, trade fixtures, leasehold improvements, and other personal property in, on or upon the Premises. If any such items of property are assessed with property of Landlord, then the assessment shall be equitably divided between Landlord and Tenant. Landlord shall reasonably determine the basis of prorating and dividing any of these assessments. No taxes, assessments, fees or charges referred to in this Section 8.2 shall be considered Taxes under the provisions of Section 8.1.

8.3 TAX CONTESTS BY TENANT. Tenant shall have the right to contest the amount or validity of the Taxes levied on or assessed against the Premises or any portion thereof and may in good faith diligently conduct any necessary proceeding to prevent or void or reduce the same; provided, however, that Tenant shall continue to timely make all payments to Landlord for Taxes due as provided in this Lease and Landlord shall have no liability to Tenant for making payment to any taxing authority of such Taxes. Landlord shall not be required to join in any proceeding or contest brought by Tenant unless the provisions of any law require that the proceeding or contest be brought by or in the name of Landlord or any owner of the Premises. In that case, Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name, but such action shall be without cost to Landlord and Tenant shall reimburse Landlord upon demand for any attorneys' fees and costs incurred therein.

8.4 ADDITIONAL RENTAL FOR INCREASED EXPENSES

(a) As used in this Lease, the term "Expenses" shall mean the total costs and expenses paid or incurred by Landlord in connection with the management, operation, maintenance and repair of the Building, including, without limitation, (i) the cost of electricity, electrical surcharges for excessive or peak time use, steam, heating, mechanical, ventilating, elevator systems and all other utilities and the cost of supplies and equipment and maintenance and service contracts in connection therewith, (ii) the cost of Building maintenance, repair, and cleaning, (iii) the cost of fire, extended coverage, boiler, sprinkler, public liability, property damage, rental interruption, earthquake and other insurance together with any deductibles charged to or paid by Landlord, (iv) wages, salaries and other labor costs, including taxes, insurance, retirement, medical and other employee benefits, (v) fees, charges and other costs, including management fees, consulting fees, legal fees and accounting and audit fees, of all independent contractors engaged by Landlord or reasonably charged by Landlord if Landlord performs management services in connection with the Building, (vi) the cost of Building engineer services, costs of upkeep and decoration of all common areas of the Building (vii) the fair market rental value of Landlord's and the property manager's offices in or serving the Building, (viii) the costs of normal repair and replacement of worn-out equipment, facilities and installations, (ix) the cost of any capital

improvements made by Landlord to the Building or capital assets acquired by Landlord after the Base Expense Year, as such Base Expense Year is defined in Section 8.5(b) below, in order to comply with any local, state, or federal law, ordinance, rule, regulation, code or order of any governmental entity or insurance requirement (collectively "Legal Requirement"), or to comply with any amendment or change to the enactment or interpretation of any Legal Requirement, (x) the cost of any capital improvements made to the Building after the Base Expense Year for the protection of the health or safety of the occupants, in order to supply a continuous or reliable source of electricity, or as a labor-saving device or to effect other economies or efficiencies in the operation or maintenance of the Building, such costs under (ix) and (x) above to be amortized over such reasonable period as Landlord shall determine, together with interest on the unamortized balance at the rate of ten percent (10%) per annum or such higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing such capital improvements, and (xi) any other expenses of any other kind whatsoever reasonably incurred in managing, operating, maintaining, and repairing the Building. In addition, if any particular work or service includable in Expenses is not furnished to a tenant who has undertaken to perform such work or service itself, Expenses shall be deemed to be increased by an amount equal to the additional Expenses which would have been incurred if Landlord had furnished such work or service to such tenant, and in no event shall any component of Expenses for any year subsequent to the Base Year consisting of natural gas, electricity, steam, or water be less than the amount of such component in the Base Year. The parties agree that any statements to the effect that Landlord is to perform certain of its obligations hereunder at its own or sole cost or expense shall not be interpreted as excluding any cost from constituting an Expense or a component of Taxes if such cost is otherwise an Expense or component of Taxes.

(b) From and after July 1, 2020, Tenant shall pay to Landlord, as Additional Rental, a share of the increase in Expenses (the "Increased Expenses") in each consecutive twelve-month period (each an "Expense Year") over the Expenses in the year 2019 (the "Base Expense Year") which share is based on a fraction, the numerator of which is the Rentable Square Feet of the Premises and the denominator of which is the Rentable Square Feet of the Premises together with rentable square feet of any Neighboring Spaces. Increased Expenses for any partial year shall be prorated. Landlord, at its option, may collect Tenant's payment of its share of Increased Expenses after the actual amount of Increased Expenses are ascertained or in advance, monthly or quarterly, based upon estimated Increased Expenses. If Landlord elects to collect Tenant's share of Increased Expenses based upon estimates, Tenant shall pay to Landlord from and after the Base Expense Year, and thereafter on the first (1st) day of each month or quarter during the Term (as determined by Landlord), an amount estimated by Landlord to be the monthly or quarterly Increased Expenses payable by Tenant. Landlord may periodically adjust the estimated amount. If Landlord collects Increased Expenses based upon estimated amounts, then following the end of each calendar year or, at Landlord's option, its fiscal year, Landlord shall furnish Tenant with a statement covering the year just expired showing the total Increased Expenses payable by Tenant for that year and the payments made by Tenant with respect to that year, as set forth above. If the actual Increased Expenses payable for that year exceed Tenant's payments for that year, Tenant shall pay to Landlord the deficiency within ten (10) days after its receipt of the statement. If Tenant's payments exceed the actual Increased Expenses payable for that year, Tenant shall be entitled to offset the excess against the next payment(s) of Increased Expenses that become due to Landlord. In the event that a balance is due Tenant at the expiration of the Term, such sum shall be reimbursed to Tenant.

8.5 **AUDIT PROCEDURE.** Following the end of each calendar year or, at Landlord's option, its fiscal year, Landlord shall furnish to Tenant a comparative statement covering the calendar or fiscal year (as the case may be) just expired, showing the actual Taxes and Expenses for that year, the amount of Tenant's share of the Increased Taxes and Increased Expenses for that year and the monthly payments made by Tenant during that year for the Increased Expenses and Increased Taxes. For a period of ninety (90) days after Landlord has provided the comparative statement, Tenant shall be entitled, upon thirty (30) days prior written notice and during normal business hours, at the office of the Property, or other such reasonable place as Landlord shall designate, to inspect and examine those books and records of Landlord relating to the determination of the Additional Rental for the immediately preceding Lease year. If, after inspection and examination of such books and records, but in no event to exceed thirty (30) days from the time Landlord opened its books for inspection by Tenant, Tenant disputes the amounts of Additional Rental charged by Landlord, Tenant may, within said 30

day period, by written notice to Landlord, request an independent audit of such books and records. The independent audit of the books and records shall be conducted by a certified public accountant ("CPA") acceptable to both Landlord and Tenant. If, within thirty (30) days after Landlord's receipt of Tenant's notice requesting an audit, Landlord and Tenant are unable to agree upon the CPA to conduct such audit, then Landlord may designate a nationally recognized accounting firm not then employed by Landlord or Tenant to conduct such audit. The audit shall be limited to the determination of the amount of Additional Rental for the subject Lease year. If the audit discloses that the amount of Additional Rental billed to Tenant was incorrect, the appropriate party shall pay to the other party the deficiency or overpayment, as applicable. All costs and expenses of the audit shall be paid by Tenant except in the event where the audit shows the sum of Additional Rental that would be due under the subject comparative statement exceeds five percent (5%) of the correct sum of Additional Rental in which event all costs and expenses of the audit shall be paid by Landlord. Tenant and CPA shall keep any information gained from such audit confidential and shall not disclose it to any other party other than their attorneys, accountants and other appropriate advisors and as required by law. The exercise by Tenant of the audit rights hereunder shall not relieve Tenant of its obligation to timely pay all sums due hereunder, including, without limitation, the disputed Additional Rental. In no event shall Tenant have audit rights while in default of its obligations under this Lease. In no event shall any audit pursuant to this Section 12.7 be conducted on a contingency fee basis. Notwithstanding anything to the contrary stated herein, in the event that Landlord fails to provide a comparative statement to Tenant, Landlord shall be relieved of any duty to do so or to submit to the audit rights contained herein in the event that Tenant does not request the comparative statement within fourteen (14) months of the Lease year of such comparative statement.

ARTICLE 9 UTILITIES

9.1 **UTILITY SERVICE.** Landlord shall furnish to the Premises, during reasonable hours determined by Landlord and subject to applicable laws and the rules and regulations of the Building, electricity suitable in Landlord's reasonable discretion for design professional office use (provided, however, that Tenant shall comply with all directives of Landlord related to energy conservation), janitorial service, and heating during regular business hours established by Landlord (excluding evenings, weekends and holidays established by Landlord). Tenant agrees at all times to cooperate fully with Landlord and to abide by all the regulations and requirements which Landlord may prescribe for the proper functioning and protection of the Building's heating and air conditioning systems. In the event Tenant requests additional services be provided, Tenant shall pay for such extra or additional services, such amount to be considered Additional Rental hereunder. All charges for such extra or additional services shall be due and payable at the same time as the installment of Minimum Annual Rental with which they are billed, or if billed separately, shall be due and payable within ten (10) days after such billing. Any such billings for extra or additional services shall include an itemization of the extra or additional services rendered, and the charge for each such service.

9.2 **UNAVAILABLE UTILITY SERVICE.** Landlord shall not be liable for, and Tenant shall not be entitled to, any abatement or reduction of any amounts owing hereunder by reason of Landlord's failure to furnish any of the foregoing utilities and/or services when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbances or disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord including, without limitation, any governmental energy conservation program, and any such failure shall not constitute or be construed as a constructive or other eviction of Tenant. In the event any governmental entity promulgates or revises any law applicable to the Building, or any part thereof, relating to the use or conservation of energy, water, gas, light, or electricity, or relating to the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this Lease, or in the event Landlord makes improvements to the Building or any part thereof in order to comply with such a law, whether the law is mandatory or voluntary, Landlord may, in its sole discretion, comply with such law or make such improvements to the Building or any part thereof related thereto. Such compliance and the making of such improvements shall in no event entitle Tenant to any damages, relieve Tenant of the obligation to pay Minimum Annual Rental or Additional Rental or any other amounts reserved or payable hereunder, or constitute or be construed as a constructive or other eviction of Tenant.

9.3 **AVAILABILITY OF SERVICE.** Landlord makes no representation regarding the adequacy or fitness of the heating or ventilation equipment in the Building to maintain temperatures that may be required for any equipment of Tenant, and Landlord shall have no liability for damage suffered by Tenant or others in connection therewith. Tenant will not use electric space heaters in the Premises or operate its business in such a way or use any apparatus or device as will increase the amount of electricity or water usually furnished or supplied by Landlord for the purpose of using the Premises for design professional office use during regular business hours, or connect with electric current, except through existing electrical outlets in the Premises, or connect with water pipes, any apparatus or device for the purpose of using electric current or water. If Tenant shall require water or electric current in excess of that customarily furnished or supplied to other tenants of surrounding Buildings for use of their premises for design professional office purposes during regular business hours, Tenant shall first procure the consent of Landlord, which Landlord in its sole discretion may refuse, to the use thereof, and Landlord may cause an electric-current or water meter to be installed in the Premises so as to measure the amount of excess electric current or water so consumed by Tenant. The costs of any such meter and of the installation and maintenance thereof shall be borne by Tenant. Tenant agrees to pay to Landlord promptly upon notice thereof the costs of all such excess water and electric current consumed, as shown by said meters, at the highest marginal rates charged Landlord for such services by the local public utility furnishing the same, plus any additional expense incurred by Landlord in providing such excess current and/or keeping account of the excess electric current or water so consumed. Tenant acknowledges that during non-Building hours, weekends and Building holidays, as the same may be designated by Landlord from time to time, public access to the Building may be limited and heating, janitorial and other normal building services will not be provided or may be provided on a limited or "additional cost to tenant" basis.

ARTICLE 10
TENANT'S CONDUCT OF BUSINESS

10.1 **PERMITTED TRADE NAME AND USE.** Tenant shall use the Premises solely under the trade name specified in Section 1.4 and shall not use the Premises under a different trade name without Landlord's prior written consent, which consent shall not be unreasonably withheld. Tenant shall use the Premises solely for the use specified in Section 1.16. Tenant acknowledges that Tenant's agreement to use the Premises solely for the use specified in Section 1.16 is a material inducement to Landlord to enter into this Lease, and that Tenant shall not be permitted to change the use of the Premises without the prior written consent of Landlord, which consent Landlord may grant or withhold in its sole and absolute discretion. Tenant agrees that the foregoing provision is reasonable in light of Landlord's legitimate interest in, among other things, safety inside and around the Building, business to operate efficiently and successfully within the Building, operational costs and for Landlord to have consistency and predictability in operations.

10.2 **RULES AND REGULATIONS.** Tenant shall keep the Premises in a neat and clean condition, free from any objectionable noises, mold, odors or nuisances, shall operate its business without unreasonable noise or vibration emanating from the Premises, and shall comply with all applicable health, safety and police Laws governing the Premises and/or the Property. Tenant shall not sell merchandise from vending machines or allow any coin or token operated vending machine on the Premises, except those exclusively used by employees. Tenant shall not install or operate in or about the Premises any type of automated teller machine (ATM) for the disposition of cash or conducting banking transactions or for the sale of event tickets. Tenant shall not use the roof of the Building for any purpose nor shall Tenant cause a violation of, or do any act which may result in a violation of, any roof bond or warranty with respect to the Premises. No aerial or antenna shall be erected on the roof or exterior walls of the Building without first obtaining, in each instance, the consent of Landlord. Any aerial or antenna so installed without Landlord's prior consent shall be subject to removal by Landlord without notice, at Tenant's sole cost, at any time. Landlord reserves the right from time to time to promulgate reasonably Rules and Regulations and to amend or supplement such Rules and Regulations, and to adopt and promulgate additional Rules and Regulations applicable to the Premises and the Property.

10.3 **ADVERTISING MEDIA.** Tenant shall erect signs at its own expense. Such signs must be in accordance with all local code regulations and approved by Landlord which approval shall not be unreasonably withheld. Tenant shall maintain such signs in good condition and repair during the Term.

ARTICLE 11
MAINTENANCE AND REPAIRS

11.1 **MAINTENANCE OBLIGATIONS.** Tenant shall, by accepting delivery of the First Floor, accept the Premises as being in good and sanitary order, condition and repair. Tenant, at its sole cost and expense, shall keep the Premises and every part thereof in good and sanitary condition and repair, damage thereto by fire, earthquake, act of God or the elements excepted unless caused by Tenant's negligence or willful act. Tenant agrees to carry out promptly all maintenance that at any time may become necessary to put and keep the Premises in as good and sanitary a condition as when received by Tenant from Landlord, reasonable wear and tear excepted, and, the preceding sentence notwithstanding, to replace immediately all glass now or hereafter installed in the Premises, however broken. Maintenance or repair required because of burglary or vandalism shall be the sole responsibility of Tenant. Tenant hereby waives all rights under, and the benefits of, Subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code, and under any similar law, permitting Tenant to make repairs at the expense of Landlord or to terminate a lease by reason of the condition of, or damage to, the leased premises.

11.2 **SURRENDER OF PREMISES.** Tenant agrees that upon the expiration of the Term, the earlier termination of the Lease for whatever reason, or Tenant's abandonment of the Premises, whichever occurs first, Tenant shall surrender or leave the Premises in good condition and repair, free of all personal property and trade fixtures, and generally in the same condition as when received, reasonable wear and tear excepted, and damage by fire, earthquake, acts of God, or the elements excepted, unless caused by Tenant's negligent or willful act or omission, and if Tenant has made any alteration or improvement of the Premises, Tenant will in all cases effect the restoration of the Premises unless Landlord has expressly set forth in writing that a particular alteration or improvement shall not be removed. As used throughout this paragraph, "restoration" means the reconstruction, rebuilding, rehabilitation, and repairs necessary to return altered, improved, or damaged portions of the Premises and other damaged property in, on or about the Premises to substantially the same physical condition in which they were immediately before the alteration, improvement, or damage.

11.3 **LANDLORD'S RIGHT OF ENTRY.** Landlord, its agents, contractors, servants and employees may enter the Premises following reasonable notice to Tenant and Landlord's good faith efforts to coordinate such entry with Tenant's on-site management so as to minimize interference with Tenant's business operations (except in a case of emergency): (a) to examine the Premises; (b) to perform any obligation or exercise any right or remedy of Landlord under this Lease; (c) to make repairs, alterations, improvements or additions to the Premises or to other portions of the Property as Landlord deems necessary or desirable; (d) to perform work necessary to comply with Laws, or regulations of any public authority or of any insurance underwriter; (e) to perform any Remedial Work (as defined in Section 26.3) which is necessary or appropriate as a result of any governmental order, investigation or proceeding; (f) to perform work that Landlord reasonably deems necessary to prevent waste or deterioration in connection with the Premises should Tenant fail to commence such repairs or, after commencing same, fail to diligently pursue such repairs to completion within three (3) days after written demand by Landlord; (g) to place upon the Premises any usual or ordinary "for rent" signs; (h) posting notices of non-responsibility or non-liability for alterations or repairs; or (i) showing or submitting the Premises to prospective purchasers or tenants, all of which actions Landlord may take without any abatement of Minimum Annual Rental or Additional Rental. If Landlord makes any repairs which Tenant is obligated to make pursuant to the terms of this Lease, Tenant shall pay the cost of such repairs to Landlord, as Additional Rental, promptly upon receipt of a bill from Landlord for same. In exercising its right of entry herein provided, Landlord shall not materially and unreasonably interfere with the operation of Tenant's business on the Premises. Nothing contained in this Section 11.3 shall imply any duty on the part of Landlord to do any such work which, under any provision of this Lease, Tenant may be required to do, nor shall it constitute a waiver of Tenant's default in failing to do the same. No exercise by Landlord of any rights contained in this Section 11.3

shall entitle Tenant to any damage for any injury or inconvenience occasioned thereby nor to any abatement of rental. Upon not less than twenty-four (24) hours' oral or written notice to Tenant, or, if Tenant has a lender, Tenant's lender, shall be permitted to enter the Premises and make or cause to be made such independent inspections as are permitted by this Lease to be made by Landlord and as it deems necessary for its own protection. If in connection with Landlord's inspection of any work being performed by Tenant, any such work is not in conformity with the plans and specifications approved pursuant to this Lease, any Restrictions (as defined in Section 27.25), or any other provisions of this Lease, Landlord may, upon five (5) days' notice to Tenant, stop the work and order correction of any such work. Inspection by Landlord of the Premises or any improvements thereon is for the sole purpose of protecting the rights of Landlord and is not to be construed as an acknowledgment, acceptance or representation by Landlord that there has been compliance with the provisions of this Lease or the plans and specifications approved by Landlord for such work, or that the Premises or any improvements thereon will be free of faulty materials or workmanship. For each of the aforesaid purposes, and those set forth in Article Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon, and about the Premises, excluding Tenant's vaults and safes, and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

ARTICLE 12 ALTERATIONS

12.1 **LANDLORD APPROVAL FOR ALTERATIONS.** Tenant agrees not to make or suffer to be made any alteration, addition or improvement to or of the Premises (hereinafter referred to as "Alterations"), or any part thereof, without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed; provided, however, Tenant acknowledges that, by way of example and without limitation, it shall be reasonable for Landlord to withhold its consent to Alterations affecting the structural portions of the Building or the life-safety, electrical, plumbing, heating, ventilation, air-conditioning, fire-protection, telecommunications or other building systems (collectively, the "Building Systems"), or Alterations which require work to be performed in portions of the Building outside the Premises. In addition, as a condition of its consent to Alterations hereunder, Landlord may impose any reasonable requirements that Landlord considers desirable, including a requirement that Tenant provide Landlord with a surety bond, a letter of credit, or other financial assurance that the cost of the Alterations will be paid when due. Alterations made by Tenant, including without limitation any partitions (movable or otherwise) or carpeting, shall become a part of the Building and belong to Landlord; provided, however, that equipment, trade fixtures and movable furniture shall remain the property of Tenant. If Landlord consents to the making of any Alterations, the same shall be designed and constructed or installed by Tenant at Tenant's expense (including expenses incurred in complying with applicable laws). All Alterations shall be performed using only contractors or mechanics approved by Landlord, which approval shall not be unreasonably withheld; provided, however, that (i) Landlord may, in its sole discretion, specify engineers, general contractors, subcontractors, and architects to perform work affecting the Building Systems; and (ii) if Landlord consents to any Alterations that require work to be performed outside the Premises, Landlord may elect to perform such work at Tenant's expense. All Alterations shall be made in accordance with complete and detailed architectural, mechanical and engineering plans and specifications approved in writing by Landlord and shall be designed and diligently constructed in a good and workmanlike manner and in compliance with all applicable laws. The design and construction of any Alterations shall be performed in accordance with Landlord's applicable rules, regulations and requirements. Tenant shall cause any Alterations to be made in such a manner and at such times so that any such work shall not disrupt or interfere with the use or occupancy of other tenants or occupants of the Building. Under no circumstances shall Landlord be liable to Tenant for any damage, loss, cost or expense incurred by Tenant on account of Tenant's plans and specifications, Tenant's contractors or subcontractors, design of any work, construction of any work, or delay in completion of any work.

12.2 PERMITS, INSURANCE, CONTRACTS. Subsequent to obtaining Landlord's consent and prior to commencement of the Alterations, Tenant shall deliver to Landlord (i) any building or other permit required by applicable laws in connection with the Alterations; (ii) a copy of the executed construction contract(s); and (iii) written acknowledgments from all materialmen, contractors, artisans, mechanics, laborers and any other persons furnishing any labor, services, materials, supplies or equipment to Tenant with respect to the Premises that they will look exclusively to Tenant for payment of any sums in connection therewith and that Landlord shall have no liability for such costs. In addition, Tenant shall require its general contractor and all subcontractors to carry and maintain the following insurance at no expense to Landlord, and Tenant shall furnish Landlord with satisfactory evidence thereof prior to the commencement of construction: (A) Commercial General Liability Insurance with limits of not less than \$3,000,000 combined single limit for bodily injury and property damage, including personal injury and death, and Contractor's Protective Liability, and Products and Completed Operations Coverage in an amount not less than \$500,000 per incident, \$1,000,000 in the aggregate; (B) Comprehensive automobile liability insurance with a policy limit of not less than \$1,000,000 each accident for bodily injury and property damage, providing coverage at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, code 1 "any auto", and insuring against all loss in connection with the ownership, maintenance and operation of automotive equipment that is owned, hired or non-owned; (C) Worker's Compensation with statutory limits and Employer's Liability Insurance with limits of not less than \$100,000 per accident, \$500,000 aggregate disease coverage and \$100,000 disease coverage per employee; and (D) "Builder's All Risk" insurance in an amount approved by Landlord covering the Alterations, including such extended coverage endorsements as may be reasonably required by Landlord, it being understood and agreed that the Alterations shall be insured by Tenant pursuant to the terms of this Lease immediately upon completion thereof. All such insurance policies (except Workers' Compensation insurance) shall be endorsed to add Landlord, the holder of any mortgage covering the Building and Landlord's designated agents as additional insureds with respect to liability arising out of work performed by or for Tenant's general contractor, to specify that such insurance is primary and that any insurance or self-insurance maintained by Landlord shall not contribute with it, and to provide that coverage shall not be reduced, terminated, cancelled or materially modified except after thirty (30) days prior written notice has been given to Landlord. Landlord may inspect the original policies of such insurance coverage or require complete certified copies at any time. Tenant's general contractor shall furnish Landlord the same evidence of insurance for its subcontractors as required of Tenant's general contractor.

12.3 DURING ALTERATIONS. Landlord shall have the right (but not an obligation) to inspect the construction work during the progress thereof, and to require corrections of faulty construction or any material deviation from the plans for such Alterations as approved by Landlord; provided, however, that no such inspection shall be deemed to create any liability on the part of Landlord, or constitute a representation by Landlord or any person hired to perform such inspection that the work so inspected conforms with such plans or complies with any applicable laws, and no such inspection shall give rise to a waiver of, or estoppel with respect to, Landlord's continuing right at any time or from time to time to require the correction of any faulty work or any material deviation from such plans. Promptly following completion of any Alterations, Tenant shall (i) furnish to Landlord "as-built" plans therefor, (ii) cause a timely notice of completion to be recorded in the Office of the Recorder of the City in accordance with Civil Code Section 3093 or any successor statute, and (iii) deliver to Landlord evidence of full payment and unconditional final waivers of all liens for labor, services, or materials. All trash or surplus materials which may accumulate in connection with Tenant's construction activities shall be removed by Tenant at its own expense from the Premises and the Building.

12.4 ADMINISTRATIVE FEES. Tenant shall pay to Landlord a fee in the amount of ten percent (10%) of the cost of the Alterations for its review of plans and oversight of the progress of the work and Tenant shall reimburse Landlord for all out of pocket costs and expenses, incurred in connection therewith. All sums due to Tenant's contractors, if paid by Landlord due to Tenant's failure to pay such sums when due, shall bear interest payable to Landlord at the Interest Rate. By written notice to Tenant, Landlord may require Tenant, at Tenant's sole expense, to remove or pay Landlord the reasonably estimated cost of removing any Alterations, to restore the Premises to their configuration and condition before the Alterations were made, and to repair any damage to the Premises caused by such removal. Tenant shall use a general contractor designated by Landlord

for such removal and repair. In the event Landlord designates Tenant to complete such removal and restoration work, Rent shall continue to be paid by Tenant following the Expiration Date until such work is completed.

12.5 NO LANDLORD ALTERATIONS. Landlord shall not be required to perform any work or make any improvements in or about the Premises or the Building of any type or nature unless a special agreement to that effect is expressly set forth in this Lease.

12.6 FREE OF LIENS. Tenant shall pay all costs for work performed by or on account of it and shall keep the Premises and the Property free and clear of mechanics' liens or any other liens. Tenant shall give Landlord immediate notice of any lien filed against the Premises or the Property as a result of any work of improvement performed by or on behalf of Tenant. Tenant shall immediately cause any lien to be discharged or removed of record by either paying the amount thereof or recording a statutory lien release bond in an amount equal to one hundred fifty percent (150%) of the amount of said lien. If Tenant fails to do so, Landlord shall have the right, but not the obligation, in addition to all other rights and remedies available to Landlord under this Lease, to either pay and discharge such lien, without regard to the validity thereof, or procure and cause to be recorded a statutory lien release bond and to (a) collect from Tenant as Additional Rental; or (b) deduct such sum from any amount payable by Landlord to Tenant under this Lease: (i) all costs incurred by Landlord in paying and discharging such lien, or in procuring such bond, and (ii) all expenses incurred by Landlord in connection with such lien, including attorneys' fees and costs, recording fees and administrative costs and expenses. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or which Landlord shall deem proper for the protection of Landlord, the Premises, and the Building, from mechanic's, materialmen's and other liens. Tenant shall give Landlord at least twenty (20) days' prior written notice of the date of commencement of any construction on the Premises in order to permit the posting of such notices.

12.7 LAWS. As used in this Lease, the term "Law" or "Laws" shall mean all federal, state, county and local governmental and municipal laws, statutes, ordinances, rules, regulations, codes, decrees, orders and other such requirements, applicable equitable remedies and decisions by courts in cases where such decisions are binding precedents in the state in which the Property is located, and decisions of federal courts applying the Laws of such state, at the time in question.

ARTICLE 13 ASSIGNMENT AND SUBLETTING

13.1 LANDLORD'S CONSENT REQUIRED. Tenant shall not assign, sublet, enter into franchise, license or concession agreements, change ownership or voting control, or otherwise transfer (including any transfer by operation of law) all or any part of this Lease, Tenant's interest in the Premises or Tenant's business (collectively, "Assignment" or "Assign") without first procuring the written consent of Landlord, which consent shall not be unreasonably withheld, subject to the terms, covenants and conditions contained in this Lease. Under no circumstances shall Tenant mortgage, encumber, pledge or hypothecate this Lease or its interest in the Premises. If Tenant is a corporation which, under the then current guidelines published by the Commissioner of Corporations of the State of California, is not deemed a public corporation or is an unincorporated association or partnership, the transfer, assignment or hypothecation, whether in one (1) transaction or a series of transactions, of any stock or interest in such corporation, association or partnership in excess of an aggregate of forty-nine percent (49%) shall be deemed an Assignment within the meaning and provisions of this Article 13.

13.2 PROCEDURES.

(a) Should Tenant desire to enter into an Assignment, Tenant shall request, in writing, Landlord's consent to the proposed Assignment at least sixty (60) days before the intended effective date of the proposed Assignment, which request shall include the following: (i) full particulars of the proposed Assignment including its nature, effective date, terms and conditions, including without limitation all

consideration payable to Tenant (ii) a description of the identity, net worth and previous business experience of the proposed transferee (iii) a complete business plan prepared by the proposed transferee; and (iv) any further information relevant to the proposed Assignment which Landlord shall reasonably request, including, but not limited to, a balance sheet dated as of a date within ninety (90) days of the request for Landlord's consent, income statements and income tax returns for the proposed transferee for the two (2) years immediately preceding the request for Landlord's consent and a written statement in reasonable detail as to the business experience of the proposed transferee during the five (5) years immediately preceding the request for Landlord's consent in order to evaluate the solvency, financial responsibility and the business acumen and experience of the proposed transferee. Tenant warrants and represents that all data and information to be submitted to Landlord under this Section 13.2 will be true, accurate and complete. In addition, at any time Tenant desires to effect an Assignment under any provision of this Lease, Tenant shall deliver to Landlord all proposed agreements and documents (collectively, "Assignment Documents") memorializing, facilitating and/or evidencing such proposed Assignment, including without limitation any assignment of lease or sublease.

(b) Within thirty (30) days after receipt of Tenant's request for consent to the proposed Assignment together with all of the above-required information, Landlord shall respond and shall have the right either to: (i) consent to the proposed Assignment; or (ii) refuse to consent to the proposed Assignment. In the event Landlord consents to a proposed Assignment, then such Assignment must be completed within ninety (90) days after delivery of Landlord's notice consenting to the proposed Assignment (on terms and conditions consistent with those submitted to Landlord) but shall not be effective unless and until Landlord receives (1) copies of all executed and binding Assignment Documents, which Assignment Documents shall conform with the proposed Assignment Documents originally submitted by Tenant to Landlord, and (2) payment of the Assignment Reimbursement (as described in Section 13.7). Any proposed Assignment after expiration of said 90-day period or on terms different than those originally submitted to and approved by Landlord shall require Landlord's prior written consent pursuant to the procedure set forth herein.

13.3 STANDARD FOR CONSENT.

(a) Tenant agrees that Landlord may refuse its consent to the proposed transfer on any reasonable grounds, and (by way of example and without limitation) Tenant agrees that it shall be reasonable for Landlord to withhold its consent if any of the following situations exist or may exist: (i) the use to which the Premises will be put by the proposed transferee is different than the use set forth in Section 1.16; (ii) the proposed transferee's financial condition is inadequate to support all of the financial and other obligations of Tenant under this Lease; (iii) the business reputation or character of the proposed transferee is not reasonably acceptable to Landlord; (iv) the proposed transferee is not likely to conduct on the Premises a business of a quality substantially equal to that conducted by Tenant; (v) the nature of the proposed transferee's proposed or likely use of the Premises would impose an increased burden on Landlord or involve any increased risk of the presence, use, release or discharge of Hazardous Materials, as defined in Section 26.1; (vi) Landlord has not received assurances acceptable to Landlord in its sole discretion that all past due amounts owing from Tenant to Landlord, if any, will be paid and all other defaults on the part of Tenant, if any, will be cured prior to the effective date of the proposed Assignment; (vii) Landlord's Mortgagee has not consented to the proposed Assignment (and such consent is required). "Landlord's Mortgagee" as used herein means, individually and collectively (unless otherwise specifically provided hereinafter), the holders of Landlord's Mortgage. "Landlord's Mortgage" as used herein means, individually and collectively (unless otherwise specifically provided hereinafter), any and all Mortgages encumbering Landlord's interest in the Premises and/or the Property. "Mortgage" as used herein means any mortgage, deed of trust, monetary lien, financing conveyance or other monetary lien of any kind and all appropriate modes of financing real estate construction and development, including a sale and leaseback.

(b) Any purported Assignment without Landlord's prior written consent shall be void and of no force or effect and shall not confer any estate or benefit on anyone. Further, any such purported Assignment shall constitute an event of default by Tenant which shall not be susceptible to cure or rectification

pursuant to Section 18.5 hereof. A consent to one (1) Assignment by Landlord shall not be deemed to be a consent to any subsequent Assignment to any other party.

13.4 NO RELEASE. No Assignment, or Permitted Assignment, whether with or without Landlord's consent, shall an express written and executed release by Landlord, relieve Tenant or any Guarantor hereunder from its covenants and obligations under this Lease.

13.5 FORM. Any Assignment shall be evidenced by an instrument in form and content satisfactory to Landlord and executed by Tenant and the transferee, assignee, sublessee, licensee or concessionaire, as the case may be.

13.6 RECAPTURE OF THE PREMISES. Intentionally Omitted.

13.7 LANDLORD ASSIGNMENT REIMBURSEMENT. Tenant shall reimburse Landlord for Landlord's reasonable expenses in connection with any assignment of the Lease including for Landlord's attorneys' fees, accounting fees and other costs incurred by Landlord in connection with the processing and documentation of any proposed Assignment of this Lease, whether or not consented to by Landlord or consummated.

13.8 REASONABLENESS OF RESTRICTIONS. Tenant acknowledges and agrees that each of the rights of Landlord set forth in Section 13.3, above, in the event of a request for Landlord's consent to an Assignment is a reasonable restriction for purposes of California Civil Code, Section 1951.4.

13.9 NO LIABILITY. Landlord shall have no liability for damages to Tenant or to any proposed transferee if it is adjudicated that Landlord's consent has been unreasonably withheld and such unreasonable withholding of consent constitutes a breach of this Lease or other duty to Tenant, the proposed transferee or any other person on the part of Landlord. In such event, Tenant's sole remedy shall be to have the proposed Assignment declared valid as if Landlord's consent had been given.

ARTICLE 14
INTENTIONALLY DELETED

ARTICLE 15
INSURANCE

15.1 TENANT'S INSURANCE. Tenant, at its sole cost and expense, commencing on the date Tenant is given access to the Premises, and continuing during the Term, shall procure, pay for and keep in full force and effect the following types of insurance, in at least the amounts and in the forms specified below:

(a) Commercial general liability insurance against claims and liability for personal injury, death, or property damage arising from the use, occupancy, or condition of the Premises, the improvements thereon, and any abutting public rights-of-way, which insurance shall provide protection of at least Three Million and 00/100 Dollars (\$3,000,000.00), per occurrence and a general aggregate combined single limit of bodily injury and property damage liability of at least Five Million Dollars (\$5,000,000.00). All such liability insurance shall be in no case less than, or more restrictive than, the ISO 2001 form or its equivalent and shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property set forth in Section 15.5. Further, all such liability insurance shall include, but not be limited to, personal injury, blanket contractual liability personal & advertising liability (including libel, slander, false arrest, and wrongful eviction), and broad form property damage liability (including fire legal liability and such other risks as Landlord may specify by written notice to Tenant), cross-liability and severability of interest clauses, products/completed operations, broad form property damage, independent contractors, owned, non-owned and hired vehicles with a combined single limit of not less than Two Million

and 00/100 Dollars (\$3,000,000.00), per occurrence an umbrella and/or excess liability policy of at least Three Million Dollars (\$5,000,000.00) which shall apply on a per location basis.

(b) Worker's compensation coverage as required by Law, including employer's liability coverage, with a limit of not less than One Million and 00/100 Dollars (\$1,000,000.00) and waiver by Tenant's insurer of any right of subrogation against Landlord by reason of any payment pursuant to such coverage.

(c) Business interruption or loss of income insurance in amounts sufficient to insure Tenant's business operations and rental obligations hereunder for a period of not less than one (1) year.

(d) Plate glass insurance covering all plate glass on the Premises at full replacement value. Tenant shall have the option either to insure this risk or to self-insure.

(e) Insurance covering all of Tenant's leasehold improvements, Alterations permitted under Article 12, trade fixtures, merchandise and personal property from time to time in, on or about the Premises in an amount not less than their full replacement value from time to time, including replacement cost endorsement, providing protection against any peril included within the classification Fire and Extended Coverage, sprinkler damage, vandalism, malicious mischief and such other additional perils as covered in an "all risks" standard insurance policy. Any policy proceeds shall be used for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate under the provisions of Article 16.

(f) Any insurance policies designated necessary by Landlord with regard to Tenant's, or Tenant's contractors', construction of Alterations including, but not limited to, contingent liability and "all risks" builders' risk insurance, in amounts acceptable to Landlord.

15.2 POLICY FORM. All policies of insurance required of Tenant herein shall be issued by insurance companies with general policy holder's rating of not less than A- and a financial rating of not less than Class X, as rated in the most current available "Best's Key-Rating Guide", and which are qualified to do business in the State of California. All such policies, except for the Worker's Compensation coverage, shall name and shall be for the mutual and joint benefit and protection of Landlord, Tenant and Landlord's agents and mortgagee(s) or beneficiary (ies) as additional insureds. The policies described in subparagraphs (c) and (e) of Section 15.1 shall also name Landlord and Landlord's Mortgagee(s) or beneficiary (ies) as additional loss payees. Executed copies of the policies of insurance or certificates thereof shall be delivered to Landlord prior to Tenant, its agents or employees entering the Premises for any purpose. Thereafter, executed copies of renewal policies or certificates thereof shall be delivered to Landlord within thirty (30) days prior to the expiration of the term of each policy. All policies of insurance delivered to Landlord must contain a provision that the company writing the policy will give to Landlord thirty (30) days' prior written notice of any cancellation or lapse or the effective date of any reduction in the amounts of insurance. All policies required of Tenant herein shall be endorsed to read that such policies are primary policies and any insurance carried by Landlord or Landlord's property manager shall be noncontributing with such policies. No policy required to be maintained by Tenant shall have a deductible greater than Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) unless approved in writing by Landlord.

15.3 BLANKET POLICIES. Notwithstanding anything to the contrary contained in this Article 15, Tenant's obligation to carry insurance may be satisfied by coverage under a so-called blanket policy or policies of insurance; provided, however, that the coverage afforded Landlord will not be reduced or diminished and the requirements set forth in this Lease are otherwise satisfied by such blanket policy or policies.

15.4 INCREASED PREMIUMS DUE TO TENANT'S PERMITTED USE. Tenant shall not do any act in or about the Premises which will tend to increase the insurance rates upon the Premises or the Property of which the Premises are a part. Tenant agrees to pay to Landlord, upon demand, the amount of any increase

in premium for insurance resulting from Tenant's use of the Premises, whether or not Landlord shall have consented to the act on the part of Tenant.

15.5 INDEMNITY. "Landlord" for the purposes of this Section 15.5 shall mean and include Landlord and Landlord's Representatives (as such term is defined herein). To the fullest extent permitted by law, Tenant covenants with Landlord that, other than related to Landlord's gross negligence, Landlord shall not be liable for any damage or liability of any kind or for any injury to or death of persons or damage to property of Tenant or any other person occurring from and after Delivery of Possession to Tenant of the Premises (or such earlier date if Tenant is given earlier access to the Premises) from any cause whatsoever related to the use, occupancy or enjoyment of the Premises by Tenant or any person thereon or holding under Tenant including, but not limited to, damages resulting from any labor dispute. Tenant shall pay for, defend (with an attorney approved by Landlord to the extent allowed by Tenant's insurer), indemnify, and save Landlord harmless against and from any real or alleged damage or injury and from all claims, judgments, liabilities, costs and expenses, including attorney's fees and costs, arising out of or connected with Tenant's use of the Premises and its facilities, or any repairs, Alterations or improvements (including original improvements and fixtures specified as Tenant's Work) which Tenant may make or cause to be made upon the Premises, any breach of this Lease by Tenant and any loss or interruption of business or loss of rental income resulting from any of the foregoing other than related to Landlord's gross negligence; provided, however (and though Tenant shall in all cases accept any tender of defense of any action or proceeding in which Landlord is named or made a party and shall, notwithstanding any allegations of negligence or misconduct on the part of Landlord, defend Landlord as provided herein), Tenant shall not be liable for such damage or injury to the extent and in the proportion that the same is ultimately determined to be attributable to the negligence or misconduct of Landlord and shall be reimbursed for all costs of defense to the extent that the circumstances leading to the suit related to Landlord's gross negligence. This obligation to indemnify shall include all of Landlord's attorneys' fees, litigation costs, investigation costs and court costs and all other costs, expenses and liabilities incurred by Landlord or its counsel from the first notice that any claim or demand is to be made or may be made. Tenant's obligations under this Section 15.5 shall survive the termination of this Lease.

Furthermore, Landlord shall not be liable to Tenant or any of its Representatives, invitees, licensees, or customers for any loss, damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant, its employees, contractors, invitees, customers, or any other person in or about the Premises, whether such loss, damage or injury is caused by or results from: (i) fire, earthquake, flood, explosions, falling plaster, steam, electricity, gas, water, rain or snow which may leak or flow into any part of the Premises; (ii) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from the roof, street or subsurface resulting from dampness or from any other cause whatsoever; (iii) conditions arising in or about the Premises or upon other portions of the Property, or from other sources or places; or (iv) any act or omission of any other tenant of the Property, of occupants of adjacent property, the public, or caused by operations in construction of any private, public or quasi-public work other than related to the gross negligence of Landlord. Landlord shall not be liable for such damage or injury even though the cause of or means of repairing same are not accessible to Tenant. Landlord shall not be liable for any damages arising from (i) the failure by Landlord to enforce the provisions of any other lease in the Property except as specifically stated in this Lease, (ii) any loss or damage to any property of Tenant or others resulting directly or indirectly from any criminal act, by theft or otherwise other than related to Landlord's gross negligence, (iii) any interference with light or air other than related to Landlord's intentional conduct, or (iv) any latent defect in the Premises other than related to Landlord's gross negligence.

"Representatives" as used herein means with regard to Landlord or Tenant the officers, directors, shareholders, managers, staff, employees, members, agents, principals, any entity controlling, controlled by, or under common control with Landlord or Tenant as applies, partners, independent contractors, attorneys, accountants and representatives of the referenced entity and the predecessors, heirs, successors and assigns of all such persons.

15.6 **WAIVER OF SUBROGATION.** Landlord and Tenant each waive any rights each may have against the other on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, their respective property, the Premises or its contents, or to other portions of the Property arising from any liability, loss, damage or injury caused by fire or other casualty for which property insurance is carried or required to be carried pursuant to this Lease. The insurance policies obtained by Landlord and Tenant pursuant to this Lease shall contain endorsements waiving any right of subrogation which the insurer may otherwise have against the non-insuring party. The foregoing release and the foregoing requirement for waivers of subrogation shall be operative only so long as the same shall neither preclude the obtaining of such insurance nor diminish, reduce or impair the liability of any insurer. If Landlord has contracted with a third party for the management of the Property, the waiver of subrogation by Tenant herein shall also run in favor of such third party.

15.7 **FAILURE BY TENANT TO MAINTAIN INSURANCE.** If Tenant refuses or neglects to secure and maintain insurance policies complying with the provisions of this Article 15, Landlord may, at Landlord's sole option, procure said insurance and pay the requisite premiums, in which event Tenant shall pay all sums so expended to Landlord together with a fifteen percent (15%) handling charge, payable upon demand together with interest thereon at the Interest Rate as defined in Article 27 from the date of payment by Landlord for such insurance until Landlord receives the payment described hereinabove from Tenant.

15.8 **SUFFICIENCY OF COVERAGE.** Neither Landlord nor any of Landlord's agents make any representation that the types of insurance and limits specified to be carried by Tenant under this Lease are adequate to protect Tenant. If Tenant believes that any such insurance coverage is insufficient, Tenant shall provide, at its own expense, such additional insurance as Tenant deems adequate. Nothing contained herein shall limit Tenant's liability under this Lease.

ARTICLE 16 DAMAGE

16.1 **REPAIR.** Except as hereinafter set forth, in the event the Premises or the Building is damaged from any cause, Landlord shall forthwith repair such damage and this Lease shall remain in full force and effect. Provided such damage was not caused by Tenant's, or by its agents, employees, contractors, invitees or licensees, negligent or willful act, Tenant shall be entitled to a proportionate reduction of Rent while such repairs are being made in an amount not to exceed the applicable rental interruption insurance proceeds received by Landlord, and that is in the same proportion to the Rent as the rentable area of the portion of the Premises so damaged and is unusable bears to the total rentable area of the Premises.

16.1 **UNINSURED CASUALTY; INADEQUATE PROCEEDS.** In the event the cost of repairing such damage is not covered by Landlord's insurance, or in the event the cost of repairs exceeds the insurance proceeds payable, Landlord may elect, at its option, not to make such repairs, in which event this Lease may be terminated at the option of either party upon the giving of notice and without liability to the other party. In the event the Premises are rendered un-tenantable for more than Three Hundred and Sixty (360) days as a result of any such damage, Landlord or Tenant may elect to terminate this Lease provided notice thereof is given to the other party hereto within Thirty (30) days following the date such party is notified that such damage may not be repaired within said Three Hundred and Sixty (360) day period. Landlord shall under no circumstances be required to repair any damage to the property of Tenant, or to any improvements installed in, on or about the Premises by Tenant. Tenant hereby specifically waives the provisions of Section 1932, Subdivision 2 and Section 1933, Subdivision 4, of the California Civil Code. In the event the Building is damaged to the extent of more than Twenty Percent (20%) of the then replacement cost thereof, Landlord may elect to terminate this Lease, whether the Premises are damaged or not and without liability to Tenant. A total destruction of the Building shall terminate this Lease without liability to Landlord or Tenant.

16.3 **WAIVER OF TERMINATION.** Tenant hereby specifically waives the provisions of Section 1932, Subdivision 2 and Section 1933, Subdivision 4, of the California Civil Code.

ARTICLE 17
EMINENT DOMAIN

17.1 **TAKING.** The term "Taking", as used in this Article 17, shall mean an appropriation or taking under the power of eminent domain by any public or quasi-public authority or a voluntary sale or conveyance in lieu of condemnation but under threat of condemnation.

17.2 **TOTAL TAKING.** In the event of a Taking of the entire Premises, this Lease shall terminate and expire as of the date possession is delivered to the condemning authority and Landlord and Tenant shall each be released from any liability accruing pursuant to this Lease after the date of such termination, but Minimum Annual Rental and Additional Rental for the last month of Tenant's occupancy shall be prorated and Landlord shall refund to Tenant any Minimum Annual Rental and Additional Rental paid in advance.

17.3 **PARTIAL TAKING.** If there is a Taking that by reason of the condemnation an alteration of the Building is required, and such alteration materially interferes with Tenant's business in the Premises, then Tenant shall be entitled to a reasonable abatement in Rent during the period of such modification or alteration to the extent such work interferes with Tenant's business.

17.4 **OPTION TO TERMINATE.** In the event a portion of the Premises is permanently condemned and taken, and such condemnation and taking materially affects Tenant's business in the Premises, then Tenant shall have the option of either terminating all of its obligations under this Lease or continuing this Lease in full force and effect with respect to such portion of the Premises not taken. In such latter event, Rent for the remainder of the Term shall be reduced in the proportion which the rentable square footage of the Premises taken bears to the total rentable square footage of the original Premises.

17.5 **AWARD.** The entire award or compensation in any such condemnation proceeding, whether for a total or partial Taking, or for diminution in the value of the leasehold or for the fee, shall belong to and be the property of Landlord; and, in any event, the holder of any mortgage or deed of trust encumbering the Property shall have a first priority to the extent of the unpaid balance of principal and interest on its loan. Without derogating the rights of Landlord or said lender under the preceding sentence, Tenant shall be entitled to recover from the condemning authority such compensation as may be separately awarded by the condemning authority to Tenant or recoverable from the condemning authority by Tenant in its own right for the taking of trade fixtures and equipment owned by Tenant and for the expense of removing and relocating its trade fixtures and equipment, but only in the event that the compensation awarded to Tenant shall be in addition to and shall not diminish the compensation awarded to Landlord as provided above.

17.6 **CONTINUATION OF LEASE.** In the event of a Taking, if Landlord and Tenant elect not to terminate this Lease as provided above (or have no right to so terminate), Landlord agrees, at Landlord's cost and expense as soon as reasonably possible after the Taking, to restore the Premises (to the extent of the condemnation proceeds) on the land remaining to a complete unit of like quality and character as existed prior to the Taking and, thereafter, Minimum Annual Rental shall be reduced on an equitable basis, taking into account the relative value of the portion taken as compared to the portion remaining, and Landlord shall be entitled to receive the total award or compensation in such proceedings.

ARTICLE 18
DEFAULTS BY TENANT

18.1 **EVENTS OF DEFAULT.** Should Tenant at any time be in default with respect to:

(a) Any payment of Minimum Annual Rental, Additional Rental or any other charge payable by Tenant pursuant to this Lease ("**Monetary Obligation**") for a period of five (5) days after written notice from Landlord to Tenant (provided, however, any notice shall be in lieu of, and not in addition to, any

notice required under Section 1161 of the Code of Civil Procedure of California or any similar, superseding statute), or

(b) Should Tenant be in default in the prompt and full performance of any other of its promises, covenants or agreements herein contained for more than a reasonable time (in no event to exceed ten (10) days) after written notice thereof from Landlord to Tenant specifying the particulars of the default (provided, however, any notice shall be in lieu of, and not in addition to, any notice required under Section 1161 of the Code of Civil Procedure of California or any similar, superseding statute), or

(c) Should Tenant be in default of a Monetary Obligation more than two (2) times in any twelve (12) month period, or

(d) Should Tenant vacate or abandon the Premises, or

(e) Should Tenant make any general assignment for the benefit of creditors, or

(f) Should there be filed against Tenant a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any Law relating to bankruptcy (unless, in the case of a petition filed against Tenant, same is dismissed within sixty (60) days), or should Tenant institute any proceedings under the Bankruptcy Code or any similar or successor statute, code or act, or should an appointed trustee or receiver take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where possession is not restored to Tenant within thirty (30) days, or should substantially all of Tenant's assets located at the Premises or Tenant's interest in this Lease be attached or judicially seized where the seizure is not discharged within thirty (30) days,

Then Landlord may treat the occurrence of any one (1) or more of the foregoing events as a breach of this Lease and, in addition to any or all other rights or remedies of Landlord by Law provided, Landlord shall have the right, at Landlord's option, without further notice or demand of any kind to Tenant or any other person, (i) to declare the Term ended and to re-enter and take possession of the Premises and remove all persons therefrom, or, (ii) without declaring this Lease terminated and without terminating Tenant's right to possession, to re-enter the Premises and occupy the whole or any part for and on account of Tenant and to collect any unpaid rentals and other charges which have become payable or which may thereafter become payable, or (iii) even though it may have re-entered the Premises as provided in Section 18.1 (ii) above, to thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises. In any case in which Landlord shall re-enter and occupy the whole or any part of the Premises, by unlawful detainer proceedings or otherwise, Landlord, at its option, may repair, alter, subdivide or change the character of the Premises from time to time in such manner as Landlord deems best, may relet the Premises or any part thereof and receive the rents therefor, and none of such actions shall constitute a termination of this Lease, a release of Tenant from any liability hereunder, or result in the release or exoneration of any Guarantor. Landlord shall not be deemed to have terminated this Lease or terminated the liability of Tenant to pay any Minimum Annual Rental, Additional Rental or other charges later accruing by any re-entry of the Premises pursuant to Section 18.1(ii) above, or by any action in unlawful detainer or otherwise to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Lease.

18.2 TERMINATION OF LEASE. Should Landlord elect to terminate this Lease pursuant to the provisions of Sections 18.1(i) or (iii) above, Landlord may recover from Tenant, as damages, the following: (a) The worth at the time of award of any unpaid rental which had been earned at the time of the termination, plus (b) the worth at the time of award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of rental loss Tenant proves could have been reasonably avoided, plus (c) the worth at the time of award of the amount by which the unpaid rental for the balance of the Term after the time of award exceeds the amount of rental loss that Tenant proves could be reasonably avoided, plus (d) any other amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom including, but not limited to, any costs or expenses incurred by Landlord in (i) retaking possession of the Premises, including reasonable attorneys' fees therefor, (ii) maintaining or preserving the Premises after any default, (iii) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises, (iv) respecting unamortized leasing commissions incurred

in connection with this Lease, if any (the leasing commissions shall be amortized on a straight-line basis over the Term for purposes of computing the foregoing), or (v) any other costs necessary or appropriate to relet the Premises, plus (e) at Landlord's election, any other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the Laws of the State of California.

As used in subparagraphs (a) and (b) above, the "worth at the time of award" is computed by allowing interest at the maximum lawful rate. As used in subparagraph (c) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank situated nearest to the location of the Property at the time of award plus one percent (1%).

18.3 DEFINITION OF RENTAL. For purposes of this Article 18 only, the term "rental" shall be deemed to be Minimum Annual Rental, Additional Rental and all other sums required to be paid by Tenant pursuant to the terms of this Lease. All sums, other than Minimum Annual Rental, shall, for the purpose of calculating any amount due under the provisions of Section 18.1(c) above, be computed on the basis of the average monthly amount accruing during the immediately preceding sixty (60) month period, except that if it becomes necessary to compute these sums before the sixty (60) month period has occurred, then these sums shall be computed on the basis of the average monthly amount accruing during the shorter period. The acceptance of any rental payments by Landlord shall not be deemed a waiver of Landlord's right to enforce any term or provision hereof.

18.4 ALTERNATIVE DAMAGES. Should Landlord elect to maintain Tenant's right to possession of the Premises pursuant to the provisions of clause (ii) of Section 18.1, Landlord shall be entitled, in addition to all other rights and remedies available under this Lease or at law or in equity, to recover Minimum Annual Rental and Additional Rental as it becomes due. It is specifically acknowledged and agreed that Landlord has the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due without the need to re-enter or re-lease the Premises). The parties acknowledge that in the event Landlord attempts to lease the Premises to any third party without terminating this Lease in an effort to mitigate damages and otherwise in accordance with Section 1951.4, that such attempted reletting shall not be considered as a termination of Tenant's right to possession of the Premises.

18.5 NONMONETARY DEFAULTS. Notwithstanding any other provision of this Article 18, if the default complained of, other than a default for the payment of monies, cannot be rectified or cured within the period requiring rectification or curing, as specified in the written notice relating to the default, then, as to a default susceptible to being cured, the default shall be deemed to be rectified or cured if Tenant, within the notice period, shall have commenced to rectify or cure the default and shall thereafter diligently and continuously prosecute same to completion.

18.6 ASSIGNMENT OF RENTS AND PROFITS. In the event of default by Tenant hereunder, Tenant hereby grants to and confers upon Landlord the right, power and authority, at Landlord's sole option and without affecting any of Landlord's other rights or remedies hereunder, to collect all rents and profits received by Tenant as a result of the possession by Tenant of the Premises. Such amounts shall include, but shall not be limited to, amounts due under sublease, license or concession arrangements. Upon any such default, Landlord shall have the right to collect such rents and profits, including those past due and unpaid. The collection of such rents and profits shall not cure, waive or satisfy any default or notice of default hereunder.

18.7 ABANDONMENT. Tenant shall not vacate, cease doing business in, or abandon the Premises at any time during the Term. If Tenant abandons, vacates or surrenders the Premises, or is dispossessed by process of law or otherwise, any personal property belonging to Tenant and left in or on the Premises shall be deemed to be abandoned and, at the option of Landlord, such property may be removed and stored in any public warehouse or elsewhere at the cost of and for the account of Tenant.

ARTICLE 19
DEFAULTS BY LANDLORD

19.1 **LANDLORD'S LIABILITY.** If Landlord fails to perform any of the covenants, provisions or conditions contained in this Lease on its part to be performed within thirty (30) days after written notice of default (or if more than thirty (30) days shall be required because of the nature of the default, if Landlord shall fail to diligently proceed to commence to cure the default after written notice), then Landlord shall be liable to Tenant for all damages sustained by Tenant as a direct result of Landlord's breach and Tenant shall not be entitled to terminate this Lease as a result thereof. Tenant agrees that as to Landlord, Tenant shall not have any right to sue for or collect, and Landlord shall never have any liability or responsibility whatsoever for, any consequential or indirect damages including, without limitation, lost profits, whether proximately or remotely related to any default of Landlord under this Lease or any act, omission or negligence of Landlord, its agents, contractors or employees, and Tenant hereby waives any and all such rights. It is expressly understood and agreed that any judgment against Landlord resulting from any default or other claim under this Lease shall be satisfied only by Landlord, and Tenant shall have no claim against any principal or owner, member, or manager of Landlord (as Landlord is defined in Section 15.5) or any of any principal of Landlord's personal assets for satisfaction of any judgment with respect to this Lease. With respect to any provision of this Lease which provides, in effect, that Landlord shall not unreasonably withhold or unreasonably delay any consent or any approval, Tenant, in no event, shall be entitled to make, nor shall Tenant make, any claim for, and Tenant hereby waives any claim for money damages; nor shall Tenant claim any money damages by way of setoff, counterclaim or defense, based on any claim or assertion by Tenant that Landlord has unreasonably withheld or unreasonably delayed any consent or approval; Tenant's sole remedy shall be an action or proceeding to enforce any such provision, or for specific performance, injunction or declaratory relief.

19.2 **CURE BY ASSIGNEE.** If any part of the Premises is at any time subject to a first mortgage or a first deed of trust, and this Lease or the rentals due from Tenant hereunder are assigned by Landlord to a mortgagee, trustee or beneficiary ("Assignee" for purposes of this Article 19 only) and Tenant is given written notice of the assignment including the post office address of Assignee, then Tenant shall also give written notice of any default by Landlord to Assignee, specifying the default in reasonable detail and affording Assignee a reasonable opportunity to make performance for and on behalf of Landlord. If and when Assignee has made performance on behalf of Landlord, the default shall be deemed cured.

ARTICLE 20
ATTORNMEN AND TENANT'S CERTIFICATE

20.1 **NO AUTOMATIC ATTORNMEN.** In the event that David, Todd and Scott transfer the Property to any party other than a party owned by or controlled solely by David, Todd and Scott, Tenant shall have the right, but not the obligation, to declare this Lease null and void and of no further force and effect by giving written notice to Landlord within ninety (90) days of written notice by Landlord to Tenant of such transfer, or of such intent to transfer, the Property. Such written notice by Landlord shall advise Tenant of the party to whom the Property has been or shall be transferred, the date of such transfer, and that Tenant has the right to declare the Lease null and void pursuant to this Section 20.2. In the event that the Property is transferred but to a party not specifically named in such written notice, such written notice shall not meet the requirements of this Section 20.2. Tenant requires the assurances set forth in this Section 20.2 as a material inducement to enter into the Lease, and Landlord recognizes that without the assurance by Landlord that Tenant may declare the Lease void and of no further force and effect under the circumstances set forth herein, Tenant would not execute this Lease. Tenant and Landlord agree that this Section 20.1 is reasonable given that a party not a party to this Lease has for reasons unknown to Landlord and Tenant, refused to give up a conditional right to purchase the Property on certain conditions. Landlord has no intent of selling or transferring the Building and wishes to continue owning the Building. Tenant agrees to execute and deliver to Landlord Tenant's Estoppel in the form and within the content of Exhibit C attached hereto ("Tenant's Estoppel") within five (5) days of request by Landlord confirming the rights and obligations under this Lease.

ARTICLE 21
SECURITY DEPOSIT

21.1 **SECURITY DEPOSIT.** Upon execution of this Lease, Tenant shall deposit with Landlord the sum specified in Section 1.18 ("Security Deposit"). The Security Deposit shall be held by Landlord, without obligation or liability for payment of interest thereon, as security for the faithful performance by Tenant of all of the terms of this Lease to be observed and performed by Tenant. Landlord shall not be required to keep the Security Deposit separate from its general funds. Tenant specifically waives any rights Tenant might otherwise have pursuant to California Civil Code Section 1950.7 with respect to the time periods by which the Security Deposit must be returned or which may otherwise limit Landlord's right to apply all or any part of the Security Deposit to cure any default by Tenant hereunder, or to compensate Landlord for any damage suffered hereunder, including Landlord's retention of the Security Deposit as an offset against the amount of anticipated future damages.

21.2 **APPLICATION OF SECURITY DEPOSIT.** Should Tenant be in default of any provision of this Lease at any time during the Term hereof, Landlord may, at its option and without prejudice to any other remedy which Landlord may have at law or in equity, apply the Security Deposit or any portion thereof same toward payment of Minimum Annual Rental, Additional Rental and/or to any loss or damage sustained by Landlord due to the default on the part of Tenant. Within five (5) days after written demand by Landlord, Tenant shall deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the original sum deposited, and Tenant's failure to do so shall constitute a material default under this Lease.

21.3 **REFUND.** Should Tenant perform all of its obligations under this Lease, the Security Deposit or any balance thereof then remaining shall be returned to Tenant within sixty (60) days of the expiration of the Term or the earlier termination of this Lease. Tenant hereby expressly waives the benefit of any statutory right to the return of any unused portion of the Security Deposit earlier than sixty (60) days after the expiration of the Term or earlier termination of this Lease.

21.4 **SALE OF PREMISES.** Landlord may deliver the Security Deposit to the purchaser of Landlord's interest in the Premises and Landlord shall then be discharged from any further liability with respect to the Security Deposit. This Section 21.4 shall also apply to any subsequent transfer of Landlord's interest in the Premises.

ARTICLE 22
QUIET ENJOYMENT; ABSENCE OF WARRANTIES

(a) Upon Tenant's payment of Minimum Annual Rental and Additional Rental and its observation and performance of all of the covenants, terms and conditions of this Lease to be observed and performed by Tenant, Tenant shall peacefully and quietly hold and enjoy the Premises from and after delivery thereof to Tenant; subject, however, to (i) the rights of the parties as set forth in this Lease, (ii) any mortgage or deed of trust to which this Lease is subordinate, (iii) all matters of record, and (v) disturbances, odors and similar inconveniences which are commonly associated with design professional office properties of the type and size of the Property and/or with tenants located in such design professional office properties.

(b) Tenant acknowledges and agrees that Landlord has not made, nor has Tenant relied upon, any representation or warranty regarding the (i) Permitted Use set forth in Section 1.16 and Tenant's ability to engage therein; (ii) effect of any Restrictions; (iii) physical condition to the Premises; (iv) prior, current, or future occupancy of any other tenant or occupant of any part of the Property, or (v) any other aspect of the Premises or the Property. Tenant's taking possession of the Premises shall be deemed to be Tenant's acceptance of the Premises and the Property in all its aspects.

ARTICLE 23
NOTICES

Every notice, demand or request (collectively "Notice") required hereunder or by Law to be given by either party to the other shall be in writing. Every provision of this Lease which provides that either party shall notify the other of any particular matter shall be governed by this Section. Notices shall be given by personal service or by United States certified or registered mail, postage prepaid, return receipt requested, or by same day or overnight private courier, addressed to the party to be served at the address indicated in Section 1.20 or such other address as the party to be served may from time to time designate in a Notice to the other party. Notice personally served shall be effective when delivered to the party upon whom such Notice is served. If served by registered or certified mail, Notice shall be conclusively deemed given on the date shown on the return receipt, but if delivery is refused or the Notice is unclaimed, Notice shall conclusively be deemed given forty eight (48) hours after mailing. If served by private courier, Notice to the addressee shall be conclusively deemed given as confirmed by the private courier service making delivery. Copies of any Notice shall be sent to the addresses, if any, designated for service of copies of Notices in Section 1.20; but the inadvertent failure to serve a copy of a Notice, either to the address so designated or in the manner provided in this Section, shall not render service of Notice invalid if the original Notice is served in accordance with this Section. Notice given by facsimile or telecopy shall not be effective unless receipt of such Notice is acknowledged by the recipient in writing, in which case the effective date of such Notice shall be the date of such written acknowledgement.

ARTICLE 24
INTENTIONALLY OMITTED

ARTICLE 25
INTENTIONALLY OMITTED

ARTICLE 26
HAZARDOUS MATERIALS

26.1 **HAZARDOUS MATERIALS LAWS; HAZARDOUS MATERIALS.** "Hazardous Materials Laws" means any and all federal, state or local Laws, relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, 42 U.S.C. §9601, et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq., any amendments to the foregoing, and any similar federal, state or local Laws. "Hazardous Materials" means any chemical, compound, material, substance or other matter that: (i) is a flammable explosive, asbestos, radioactive material, nuclear medicine material, drug, vaccine, bacteria, virus, hazardous waste, toxic substance, gasoline, petroleum product, polychlorinated biphenyls or related injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials; (ii) is controlled, designated in or governed by any Hazardous Materials Law; (iii) gives rise to any reporting, notice or publication requirements under any Hazardous Materials Law; or (iv) gives rise to any liability, responsibility or duty on the part of Tenant or Landlord with respect to any third Person under any Hazardous Materials Law.

26.2 **USE.** Tenant, at its sole cost and expense, shall comply with all Laws relating to the storage, use, handling and disposal of Hazardous Materials and mold; Tenant shall not allow any Hazardous Material to be used, generated, released, stored or disposed of on, under or about, or transported from, the Premises or the Property, unless: (i) such use is specifically disclosed to and approved by Landlord (which approval may be granted or withheld in Landlord's sole discretion) prior to such use; and (ii) such use is conducted in compliance with the provisions of this Article 26. Landlord may approve such use subject to conditions to protect the Property, the Premises and Landlord's interests. Landlord may, without limitation, withhold approval if Landlord determines that such proposed use involves a risk of a release or discharge of Hazardous Materials that

may be a health risk to persons in violation of any Hazardous Materials Laws or that Tenant has not provided adequate assurances of its ability to remedy such a violation and fulfill its obligations under this Article 26. Notwithstanding the foregoing, this provision shall not be construed or understood to prohibit Tenant from allowing Hazardous Materials to be brought upon the Premises so long as they are Hazardous Materials which are customary and common to the normal course of business of such design professional use and so long as such Hazardous Materials are used, stored and disposed of in strict accordance with all applicable Hazardous Materials Laws. Upon the expiration of the Term or sooner termination of this Lease, Tenant shall remove any equipment, improvements or storage facilities utilized by Tenant or any assignee or subtenant of Tenant or their respective agents, contractors, employees, concessionaires, licensees, or invitees in connection with any Hazardous Materials and shall clean up, detoxify, repair and otherwise restore the Premises to a condition free of those Hazardous Materials.

26.3 COMPLIANCE WITH LAWS. Tenant and its agents, contractors, employees, assignees, sublessees, licensees, concessionaires, and invitees shall strictly comply with, and shall maintain the Premises in compliance with, all Hazardous Materials Laws and free of mold. Tenant shall obtain and maintain in full force and effect all permits, licenses and other governmental approvals required for Tenant's operations on the Premises under any and all Hazardous Materials Laws and all laws related to Tenant's business. At Landlord's request, Tenant shall deliver copies of, or allow Landlord to inspect, all such permits, licenses and approvals. Tenant shall not perform any monitoring, investigation, clean-up, removal or other remedial work including, without limitation, the preparation and implementation of any closure, remedial action or other required plans in connection therewith (collectively, "Remedial Work") in response to the presence of any Hazardous Materials or mold in or about the Premises or the Property, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials and/or mold in any way connected with the Premises or the Property, without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear or otherwise appropriately assert and protect Landlord's interest with respect thereto. Landlord shall have the right to intervene in any governmental action or proceeding involving any Remedial Work, and to approve performance of the work, in order to protect Landlord's interests. Upon Landlord's approval of the work to be performed and provided that Landlord does not elect to perform said work as provided herein below, Tenant shall perform any Remedial Work required as a result of any release or discharge by Tenant or any assignee or sublessee of Tenant or their respective agents, contractors, employees, licensees, concessionaires, or invitees of Hazardous Materials and/or the presence of mold affecting the Premises or the Property due to any act or omission of, or any violation of Hazardous Materials Laws or any other Laws by Tenant or any assignee or sublessee of Tenant or their respective agents, contractors, employees, licensees, concessionaires, or invitees. Landlord shall have the right, but not the obligation, to remedy any violation by Tenant of the provisions of this Article 26 or to perform any Remedial Work which is necessary or appropriate as a result of any governmental order, investigation or proceeding and Tenant shall pay, upon demand, all costs (including attorneys' fees and other costs) incurred by Landlord in remedying such violations or performing all Remedial Work, together with interest thereon at the Interest Rate defined in Article 27 from the date of payment by Landlord.

26.4 NOTICE; REPORTING. Tenant shall notify Landlord within two (2) days after any of the following: (i) a release or discharge of any Hazardous Material or discovery of mold, whether or not the release or discharge or discovery is in quantities that would otherwise be reportable to a public agency or; (ii) Tenant's receipt of any order of a governmental agency requiring any Remedial Work pursuant to any Hazardous Materials Laws or laws governing mold; (iii) Tenant's receipt of any warning, notice of inspection, notice of violation or alleged violation, or Tenant's receipt of notice or knowledge of any proceeding, investigation or enforcement or regulatory action, pursuant to any Hazardous Materials Laws or laws governing mold; (iv) Tenant's receipt of notice or knowledge of any report made to any environmental agency arising out of or in connection with any Hazardous Materials or mold in or about the Premises or the Property or removed therefrom, including any complaints, notices, warnings or asserted violations in connection therewith; or (v) Tenant's receipt of notice or knowledge of any claims made or threatened by any third Person against Landlord, Tenant, the Property or the Premises relating to any loss or injury resulting from Hazardous Materials or mold. Tenant shall deliver to Landlord copies of all test results, reports and business or management plans

required to be filed with any governmental agency pursuant to any Hazardous Materials Laws or laws related to mold, including without limitation copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials or mold removed from the Premises. In connection with any Hazardous Materials or mold involving the Premises or the Property with respect to which Tenant is responsible hereunder, Tenant shall make all reports and filings required by any Law, including without limitation, pursuant to California Water Code Section 13260 and California Health and Safety Code Section 25220, and provide Landlord with the same for Landlord's review and approval prior to filing.

26.5 ADDITIONAL INSURANCE. If at any time it reasonably appears to Landlord that Tenant is not maintaining sufficient insurance or other means of financial capacity to enable Tenant to fulfill its obligations to Landlord under this Article 26, whether or not then accrued, liquidated, conditional or contingent, Tenant shall procure and thereafter maintain in full force and effect such insurance or other form of financial assurance, with or from companies or persons and in forms reasonably acceptable to Landlord, as Landlord may from time to time reasonably request.

26.6 LANDLORD INDEMNITY. Tenant shall be solely responsible for, shall pay for, defend (with an attorney reasonably acceptable to Landlord), indemnify and hold Landlord harmless against and from all claims, judgments, liabilities, penalties, costs and expenses, including attorneys' fees and costs arising out of or connected with Tenant's storage, use, handling or disposal of Hazardous Materials or mold on or from the Premises. In addition, except with respect to any Hazardous Materials installed in or placed on the Premises by Landlord or any agent, employee or contractor of Landlord, Tenant shall be solely responsible for, shall pay for, defend, indemnify and hold Landlord, and the Premises harmless against and from all claims, judgments, liabilities, penalties, liens, costs and expenses, including attorneys' fees and costs, arising out of or connected with the removal, clean-up and/or restoration work and materials necessary to return the Premises, and any other property of whatever nature, to their condition existing prior to the appearance of the Hazardous Materials or mold on the Premises. Tenant's obligations under this Article 26 shall survive the expiration or earlier termination of this Lease.

ARTICLE 27 **MISCELLANEOUS**

27.1 WAIVER. Any waiver by either party of a breach by the other party of a covenant of this Lease shall not be construed as a waiver of a subsequent breach of the same covenant. The consent or approval by either party to anything requiring such party's consent or approval shall not be deemed a waiver of such party's right to withhold consent or approval of any subsequent similar act. No breach of a covenant of this Lease shall be deemed to have been waived by the other party unless the waiver is in writing and is signed by such party.

27.2 RIGHTS CUMULATIVE. Except as provided herein to the contrary, and subject to the specific limitations contained in Article 19, the respective rights and remedies of the parties specified in this Lease shall be cumulative and in addition to any rights and remedies not specified in this Lease.

27.3 ENTIRE AGREEMENT/LIMITATION OF ACTIONS. It is understood that this Lease with the Memorandum of Lease executed herewith supersede and cancel any and all previous negotiations, arrangements, representations, brochures, agreements and understandings between Landlord and Tenant including that certain lease between Landlord and Tenant executed on or about May 1, 2018 for the Basement. Any claim, demand, cause of action or defense of any kind by Tenant which is based on the negotiations prior to execution of this Lease, or any asserted statement, representation, arrangement, agreement or understanding between Landlord and Tenant which is not expressly stated in this Lease shall be barred unless Tenant commences an action thereon, or interposes in a legal proceeding a defense based thereon, within six (6) months after the date of the asserted inaction or omission, or the date of the occurrence of the event or action to which the claim, demand, cause of action or defense relates, whichever applies.

27.4 **NO REPRESENTATION.** Landlord reserves the absolute right to effect such other tenancies in the Property as Landlord, in the exercise of its sole business judgment, shall determine to best promote the interests of the Property. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or number of tenants shall, during the Term of this Lease, occupy any space in the Building.

27.5 **AMENDMENTS IN WRITING.** No provision of this Lease may be amended except by an agreement in writing signed by Landlord and Tenant.

27.6 **NO PRINCIPAL/AGENT RELATIONSHIP.** Nothing contained in this Lease shall be construed as creating the relationship of principal and agent or of partnership or joint venture between Landlord and Tenant.

27.7 **LAWS OF CALIFORNIA TO GOVERN.** This Lease shall be governed by and construed in accordance with the laws of the State of California without giving effect to the choice of law provisions thereof.

27.8 **SEVERABILITY.** If any provision of this Lease or the application of such provision to any person, entity or circumstance is found invalid or unenforceable by a court of competent jurisdiction, such determination shall not affect the other provisions of this Lease and all other provisions of this Lease shall be deemed valid and enforceable.

27.9 **SUCCESSORS.** All rights and obligations of Landlord and Tenant under this Lease shall extend to and bind the respective heirs, executors, administrators and the permitted concessionaires, successors, subtenants and assignees of the parties. If there is more than one (1) Tenant hereunder, each shall be bound jointly and severally by the terms, covenants and agreements contained in this Lease.

27.10 **TIME OF THE ESSENCE.** Time is of the essence of all provisions of this Lease of which time is an element.

27.11 **WARRANTY OF AUTHORITY.** If Tenant is a corporation or partnership or limited liability company, each individual executing this Lease on behalf of the corporation or partnership represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the corporation or partnership and that this Lease is binding upon the corporation or partnership. If Tenant is a corporation or a limited liability company, Tenant hereby covenants and warrants that (a) Tenant is a duly qualified corporation or limited liability company and all steps have been taken prior to the date hereof to qualify Tenant to do business in the State of California, and (b) all franchise and corporate taxes and limited liability company taxes have been paid to date.

27.12 **MORTGAGE CHANGES.** Tenant shall not unreasonably withhold its consent to changes or amendments to this Lease requested by the holder of a mortgage or deed of trust or such similar financing instrument encumbering Landlord's fee interest in the Premises so long as such changes do not materially alter the economic terms of this Lease or materially diminish the rights, or materially increase the obligations, of Tenant.

27.13 **WAIVER OF RIGHTS OF REDEMPTION.** Tenant waives any and all rights of redemption granted under any present and future Laws in the event Landlord obtains the right to possession of the Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease or otherwise.

27.14 **HEADINGS.** The section and Article headings and subheadings within this Lease are for convenience-of-reference only, and do not define, limit, or describe the scope or intent of any provision of this Agreement.

27.15 TRANSFER OF LANDLORD'S INTEREST. Should Landlord sell, exchange or assign this Lease (other than a conditional assignment as security for a loan), then Landlord, as transferor, shall be relieved of any and all obligations on the part of Landlord accruing under this Lease from and after the date of such transfer provided that Landlord's successor in interest shall assume such obligations from and after such date. No holder of a mortgage or deed of trust to which this Lease is subordinate shall be responsible in connection with the Security Deposit unless the mortgagee or holder of such deed of trust actually receives the Security Deposit.

27.16 INTEREST ON PAST DUE OBLIGATIONS. Except where another rate of interest is specifically provided for in this Lease, any amount due from either party to the other under this Lease which is not paid when due, shall bear interest at the rate per annum ("**Interest Rate**") equal to the prime interest rate charged by Wells Fargo Bank plus two (2) percentage points (but in no event to exceed the maximum lawful rate) from the date ten (10) days after such amount was originally due to and including the date of payment.

27.17 RIGHT TO SHOW PREMISES. During the last two hundred seventy (270) days of the Term, earlier termination of this Lease, or service of a Termination Notice, Landlord shall have the right to go upon the Premises to show same to prospective tenants or purchasers and to post appropriate signs, during normal business hours and upon reasonable notice to Tenant.

27.18 INDEPENDENT CONTRACTORS. Whenever in this Lease it provides that Landlord shall perform certain work or services, Landlord shall be entitled to contract with an independent contractor to perform said work or services or may provide the services itself.

27.19 TRADE FIXTURES, PERSONAL PROPERTY AND ALTERATIONS. Upon the expiration or earlier termination of the Term, Tenant shall remove from the Premises all of Tenant's trade fixtures, furniture, equipment, signs, improvements, additions and Alterations to the extent such items are not permanently affixed to the Premises, and immediately repair any damage occasioned to the Premises by reason of such removal so as to leave the Premises in a neat and clean condition. Upon the removal of Tenant's exterior signage, Tenant shall, at its sole cost, restore the Building fascia to its original condition. In the event of any entry or taking possession of the Premises as provided in this Lease, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and may place the same in storage at a public warehouse at the expense, cost and risk of the Tenant or the owner or owners thereof.

27.20 FORCE MAJEURE. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, environmental or other challenges to the development or operation of all or any portion of the Property and other causes (except financial) beyond the reasonable control of the party obligated to perform, shall excuse the performance by that party for a period equal to the prevention, delay or stoppage, except the obligations imposed with regard to Minimum Annual Rental and Additional Rental to be paid by Tenant pursuant to this Lease; provided the party prevented, delayed or stopped shall have given the other party written notice thereof within thirty (30) days of such event causing the prevention, delay or stoppage. A party wishing to invoke this Section shall notify the other party to this Lease of that intention within ten (10) days of the commencement of any such cause for delay and shall, at that time, specify the reasons therefor, the specific provision of this Lease which will be delayed as a result, and the period of such extension, if known, or if not known, a reasonable estimate thereof. The failure to so notify the other party within said 10-day period as to the cause for delay shall constitute a waiver of any right to later rely upon this Section with respect to that cause. Notwithstanding anything to the contrary contained in this Section 27.20, in the event any work performed by Tenant or Tenant's contractor results in a strike, lockout and/or labor dispute, the strike, lockout and/or labor dispute shall not excuse the performance by Tenant of the provisions of this Lease.

27.21 TERMINATION; SURRENDER OF PREMISES AND HOLDING OVER. This Lease shall terminate without further notice upon the expiration of the Term (as the Term may be extended by Article

28). Tenant shall have no right to extend or renew this Lease upon the expiration of the Term. Upon the expiration or earlier termination of the Term, Tenant shall peaceably and quietly surrender the Premises broom-clean and in the same condition (including, at Landlord's option, the demolition and removal of any improvements made by Tenant to the Premises as part of Tenant's Work or otherwise) as the Premises were in upon delivery of possession of same to Tenant by Landlord, reasonable wear and tear and any damage to the Premises which Tenant is not required to repair pursuant to Article 16 excepted. Should Tenant hold over in the Premises beyond the expiration or earlier termination of this Lease, the holding over shall not constitute a renewal or extension of this Lease or give Tenant any rights under this Lease. In such event, Landlord may, in its sole discretion, treat Tenant as a tenant at will, subject to all of the terms and conditions in this Lease, except that Minimum Annual Rental shall be an amount equal to the greater of (a) Two Hundred Percent (200%) the sum of Minimum Annual Rental and which was payable by Tenant for the twelve (12) month period immediately preceding the expiration or earlier termination of this Lease, or (b) the then currently scheduled rental for comparable space in the Property, as the same is reasonably determined in Landlord's sole business judgment. In the event Tenant fails to surrender the Premises upon the expiration or earlier termination of this Lease, Tenant shall indemnify and hold Landlord harmless from all loss or liability which may accrue therefrom including, without limitation, any claims made by any succeeding tenant founded on or resulting from Tenant's failure to surrender and/or to remove any property required to be removed by Tenant pursuant to this Lease. Acceptance by Landlord of any Minimum Annual Rental or Additional Rental after the expiration or earlier termination of this Lease shall not constitute a consent to a holdover hereunder, constitute acceptance of Tenant as a tenant at will, or result in a renewal of this Lease.

Upon the expiration or earlier termination of this Lease, Tenant shall, within ten (10) days after request by Landlord, execute, acknowledge and deliver to Landlord such instruments of further assurance as in the opinion of Landlord are necessary or desirable to confirm or perfect Landlord's right, title and interest in and to the Premises, and any other property surrendered to Landlord pursuant to this Lease, free and clear of any claim by Tenant. Tenant's obligations under this Section 27.21 shall survive the expiration of the Term or earlier termination of this Lease.

27.22 ATTORNEYS' FEES AND PROCESSING CHARGES. In the event that, at any time after the date of this Lease, Landlord shall (i) consult with and/or retain an attorney as a result of Tenant's breach of this Lease, (ii) prepare and/or serve a valid notice of default under this Lease and seek the cure of such default, or (iii) institute any action or proceeding against Tenant relating to or arising from the provisions of this Lease or any default hereunder, Tenant shall reimburse Landlord for its expenses, actual attorneys' fees, and all fees, costs and expenses incurred in connection with such consultation, pursuit of rights, action or proceeding, including, without limitation, any post-judgment fees, costs or expenses incurred on any appeal or in collection of any judgment. Landlord shall be entitled to such reimbursement even if Tenant cures the default, including, but not limited to, by paying the sums allegedly due, performing the covenants allegedly breached or giving consideration substantially equal to the relief sought, prior to (y) the institution of any action or proceeding or (z) the entry of any award or judgment.

If at the request of Tenant or in connection with any such transaction initiated by Tenant, Landlord shall prepare, review or execute any amendment, modification, consent to Assignment, approval, fixture subordination, waiver or other agreement or instrument relating to this Lease or the Premises, but excepting any Extension Amendment pursuant to Section 28.4 of this Lease, Tenant agrees to pay to Landlord, as Additional Rental, (i) a reasonable processing charge in accordance with the schedule of charges from time to time established by Landlord, and (ii) Landlord's reasonable attorneys' fees and expenses incurred in connection with the evaluation and documentation thereof. Landlord may, at its option, require the payment of all or a portion of such charges and/or fees in advance.

27.23 SERVICE CHARGE. Tenant acknowledges that Tenant's failure to submit any required document, certificate, report, statement of Gross Sales, insurance policy or certificate as and when required in this Lease will cause Landlord to incur additional costs of administration, and agrees that in the event Tenant fails to submit any required document, certificate, report, statement of Gross Sales, insurance policy or certificate

as and when required in this Lease, Tenant shall pay to Landlord, as Additional Rental, a "Service Charge" in the amount of One Hundred and 00/100 Dollars (\$100.00) for each week or portion thereof that said failure continues. Tenant agrees that such Service Charge shall not constitute damages, and that neither Tenant's payment of such Service Charge nor Landlord's acceptance of such payment shall result in a cure of any default under this Lease, or waiver of any default under this Lease by Landlord.

27.24 WAIVER OF TRIAL BY JURY. Landlord and Tenant desire and intend that any disputes arising between them with respect to or in connection with this Lease be subject to expeditious resolution in a court trial without a jury. Therefore, Landlord and Tenant each hereby waive the right to a trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding or other hearing brought by either Landlord against Tenant or Tenant against Landlord on any matter whatsoever arising out of, or in any way connected with, this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises or any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect.

27.25 COMPLIANCE WITH LAWS AND REGULATIONS. Tenant, at its sole cost and expense, shall comply, and shall cause the Premises to comply with (a) all federal, state, regional, county, municipal and other Laws affecting any part of the Premises, or the use thereof, including, but not limited to, those which require the making of any structural, unforeseen or extraordinary changes required as a condition to the issuance of a building permit applied for by Tenant or resulting from Tenant Alterations, and (b) all rules, orders and regulations of the National Fire Protection Association, Landlord's casualty insurer(s) and other applicable insurance rating organizations or other bodies exercising similar functions in connection with the prevention of fire or the correction of hazardous conditions which apply to the Premises (collectively herein, "**Restrictions**"). Notwithstanding the foregoing, nothing in this Section 27.25 relieves Landlord from Landlord's duties to Tenant under Articles 11, 12, or 16.

27.26 OFFICE OF FOREIGN ASSETS CONTROL CERTIFICATION. Tenant represents and warrants that Tenant and all persons and entities owning (directly or indirectly) an ownership interest in Tenant: (i) are not, and shall not become, a person or entity with whom Landlord is restricted from doing business with under regulations of the Office of Foreign Asset Control ("**OFAC**") of the Department of Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, but not limited to, the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action; (ii) are not knowingly engaged in, and shall not engage in, any dealings or transactions or be otherwise associated with such persons or entities described in (i) above; and (iii) are not, and shall not become, a person or entity whose activities are regulated by the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders thereunder.

27.27 NON-DISCRIMINATION. Tenant herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through the grantee, that this Lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, age, disability, marital status, ancestry, or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises nor shall the Tenant, or any person claiming under or through the Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants or vendees in the Premises.

27.28 CASP INSPECTION. To Landlord's knowledge, the Premises have not undergone inspection by a Certified Access Specialist ("**CASp**"), as such term is defined in Section 1938 of the California Civil Code. However, a CASp can inspect the Premises and determine if the Premises comply with all applicable construction-related accessibility standards under State law. Although State law does not require a CASp inspection of the Premises, Landlord shall not prohibit Tenant from obtaining a CASp inspection prior to the occupancy by Tenant if Tenant requests same in writing. Upon Landlord's receipt of Tenant's written request,

the parties shall agree upon the time and manner of such inspection, and the parties agree that the payment of the CASP inspection shall be made by Tenant. The parties shall mutually agree on any costs to Tenant of making any repairs necessary to correct violations of construction-related accessibility standards within the Premises, provided, Landlord's obligations under this Section shall not affect Landlord's right to recover from Tenant the costs for any damage or repair to the Building for which Tenant is liable hereunder, nor relieve Tenant from Tenant's obligations as to any Tenant alterations in the Premises.

ARTICLE 28 OPTION

28.1 **OPTION TO EXTEND.** So long as Tenant is not in default, Tenant shall have the right to extend the Term for the number of months set forth in Section 1.12.

28.2 **EXERCISE OF OPTION.** Tenant may exercise its right to so extend the Term only by delivering written notice to Landlord of Tenant's desire to so extend the Term no later than two hundred forty (240) days prior to expiration of the Term ("Extension Notice").

28.3 **CALCULATION OF EXTENDED TERM MINIMUM ANNUAL RENTAL.** For each of the two extension periods, which shall be referred to as the "First Extension" and the "Second Extension" Minimum Rent payable shall be set at the lesser of ninety five percent (95%) of the prevailing Fair Market Rental Rate or 103% of the previous 12 month period's rental rate. On each anniversary of such date during the Extension Period, the annual Minimum Rent shall increase by THREE percent (3%), and such increased annual Minimum Rent shall be payable in equal monthly installments.

28.6 **EXTENSION AMENDMENT.** Within ten (10) days of the date Landlord and Tenant reach agreement as to all of the other criteria in Section 28.1 and Section 28.2 having been met, Landlord shall prepare and deliver to Tenant at least two (2) counterparts of an amendment to this Lease ("Extension Amendment"). Within ten (10) days after delivery to Tenant of the Extension Amendment, Tenant shall execute and return to Landlord all counterparts of same. Landlord shall execute same and deliver to Tenant one (1) fully-executed counterpart original. The Extension Amendment shall provide for an increase in Minimum Annual Rental effective upon the commencement of the option Term as shown in Section 28.3.

28.5 **TIME OF THE ESSENCE.** Time shall be of the essence in regard to all of the periods set forth in Section 28.2 as to exercise of the option and in Section 28.4 as to execution and delivery of the Extension Amendment. The failure of Tenant to timely comply with any of the provisions of Section 28.2 or Section 28.4 shall cause this option to automatically cease and terminate and, in such event, this Lease shall terminate at the expiration of the initial Term, without extension.

28.6 **NONTRANSFERABLE OPTION.** The option granted herein and the right to occupy the Premises during the option are granted solely to Tenant and are not assignable or transferable except with the written consent of Landlord.

28.7 **Counterparts.** This Lease may be executed in any number of counterparts and in such event shall be of the same force and effect as if all parties executed a single copy of this Agreement.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease on the day and year first above written.

LANDLORD

David Chritton
David Chritton

Todd Chritton
Todd Chritton

Scott Chritton
Scott Chritton

TENANT

Microbiz Service Company, a California corporation

By: *David Chritton*
Name: DAVID CHRITTON
Its: CEO MAIZ

Microbiz Service Company, a California corporation

By: *Todd Chritton*
Name: TODD CHRITTON
Its: CEO MAIZ

04/29/2019

Marco Escobar
MARCO ESCOBAR ORSI
President Microbiz
4/29/19

See Attached Certificate

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

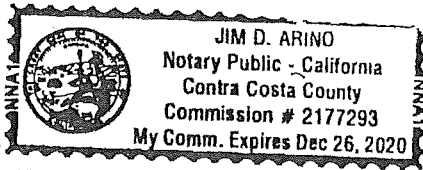
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Francisco)
On 4/29/2019 before me, Jim D. Arino
Date Here Insert Name and Title of the Officer
personally appeared David Chrifon, Todd Chrifon,
Name(s) of Signer(s) Marco Escobar

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Jim D. Arino
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Landlord

Document Date: Number of Pages:

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer's Name:

- Corporate Officer - Title(s):
Partner - Limited General
Individual Attorney in Fact
Trustee Guardian or Conservator
Other:

Signer Is Representing:

Signer's Name:

- Corporate Officer - Title(s):
Partner - Limited General
Individual Attorney in Fact
Trustee Guardian or Conservator
Other:

Signer Is Representing:

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

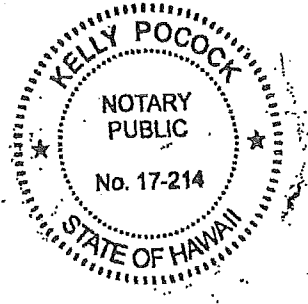
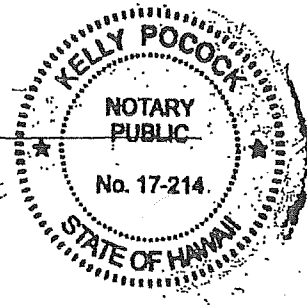
STATE OF HAWAII)
) ss.
COUNTY OF Hawaii

On April 25, 2019 before me, Kelly Pocock, Notary Public, personally appeared Scott Chritton, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity/ies, and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Notary Public Kelly Pocock



Doc. Date: 4/25/19 # Pages 48
Notary Name: Kelly Pocock 3rd Circuit
Doc. Description: San Francisco
Lease
[Signature] 4/25/19
Notary Signature Date
NOTARY CERTIFICATION

EXHIBIT A

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

PARCEL ONE:

Commencing at a point on the Southeasterly line of Stevenson Street, distant thereon 297 feet 6 inches Southwesterly from the Southwesterly line of 5th Street; running thence Southwesterly and along said line of Stevenson Street 45 feet; thence at a right angle Southeasterly 155 feet to the Northwesterly line of Jessie Street; thence at a right angle Northeasterly along said line of Jessie Street 45 feet; thence at a right angle Northwesterly 155 feet to the point of commencement.

Being part of 100 Vara Lots Nos. 200 and 201.

PARCEL TWO:

Commencing at a point on the Northwesterly line of Jessie Street, distant thereon 342 feet and 6 inches Southwesterly from the Southwesterly line of 5th Street; running thence Southwesterly and along said line of Jessie Street 24 feet and 6 inches; thence at a right angle Northwesterly 80 feet; thence at a right angle Northeasterly 24 feet and 6 inches; thence at a right angle Southwesterly 80 feet to the point of commencement.

Being part of 100 Vara Lot No. 201.

Assessor's Lot 035; Block 3704

40390

DC M²
M²

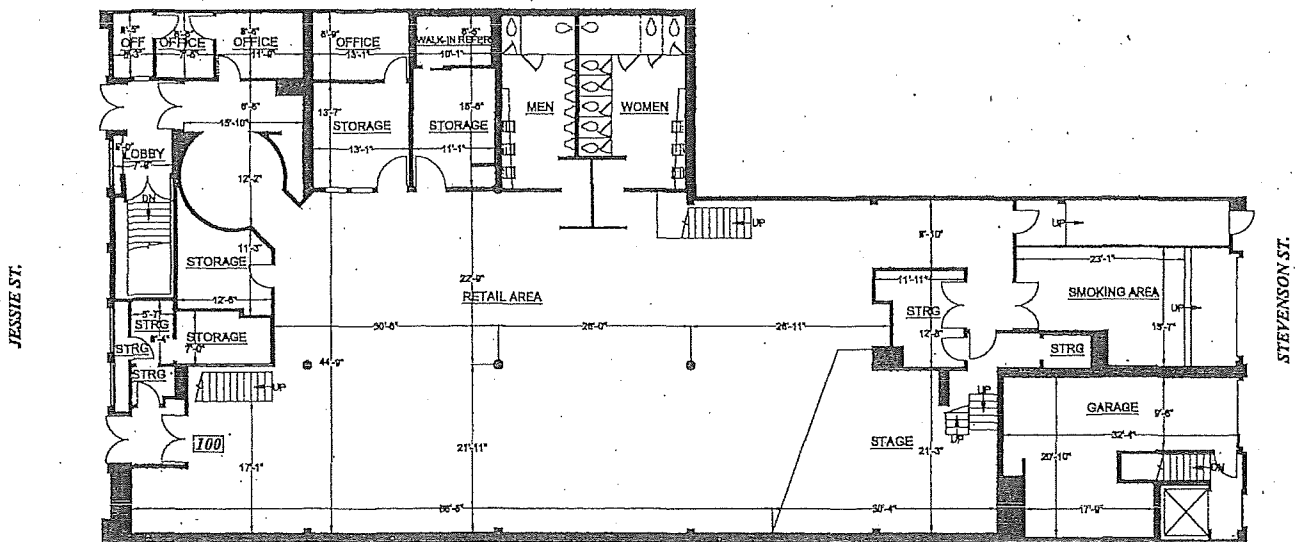
PREPARED FOR:
 Colton Commercial and Partners
 565 Commercial Street, 4th Floor
 San Francisco, CA 94111
 Tel (415) 590-7877

444 JESSIE STREET
 SAN FRANCISCO, CA
FIRST FLOOR
 (As Measured: December 2016)

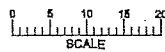
Exhibit A-2

FLOOR PLAN

Measured Area: 8,482 s.f.
 Garage: 517 s.f.



41



Note: All dimensions shown are rounded to the nearest inch, for informational purposes only. All measurements are recorded to 1/8" accuracy as documented in the final CAD drawing supplied.

LASERTECH is a registered US trademark of LaserTech Floorplans Ltd. Copyright 1998 LaserTech Floorplans Ltd. All Rights Reserved.



TEL: (888) 383-6655
 FILE: 16-571

Billing Summary	SQ.FT.
Measured Area:	22,298
Client Area:	65

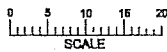
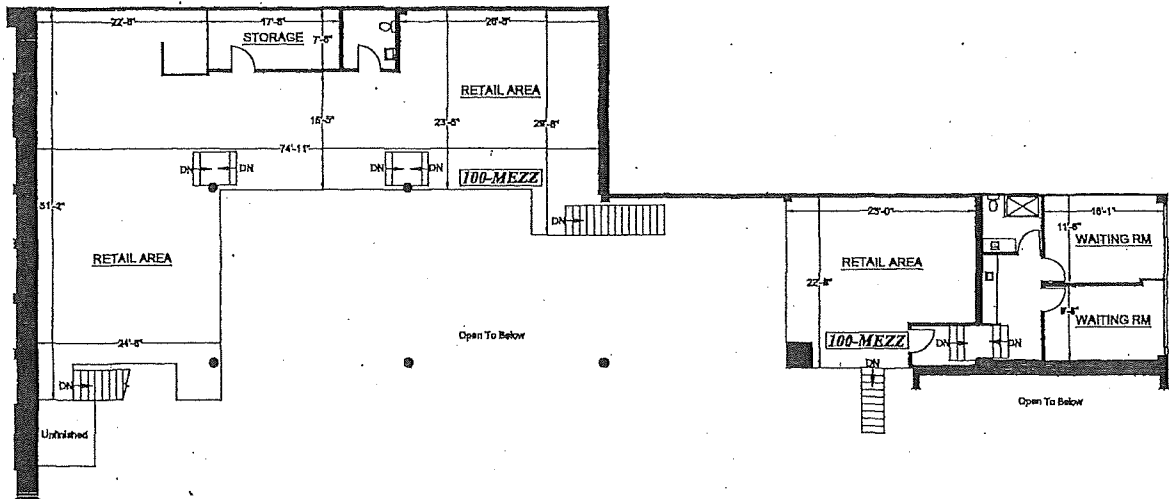
Survey Accuracy: +/- 0.12%

PREPARED FOR:
 Colton Commercial and Partners
 565 Commercial Street, 4th Floor
 San Francisco, CA 94111
 Tel (415) 590-7877

Exhibit A-2
FLOOR PLAN

444 JESSIE STREET
 SAN FRANCISCO,
 MEZZANINE
 (As Measured: December 2016)

Measured Area: 3,834 s.f.
 Exterior Area: 65 s.f.



Note: All dimensions shown are rounded to the nearest inch, for informational purposes only. All measurements are recorded to 1/8" accuracy as documented in the final CAD drawing supplied.

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Survey Accuracy: +/- 0.13%



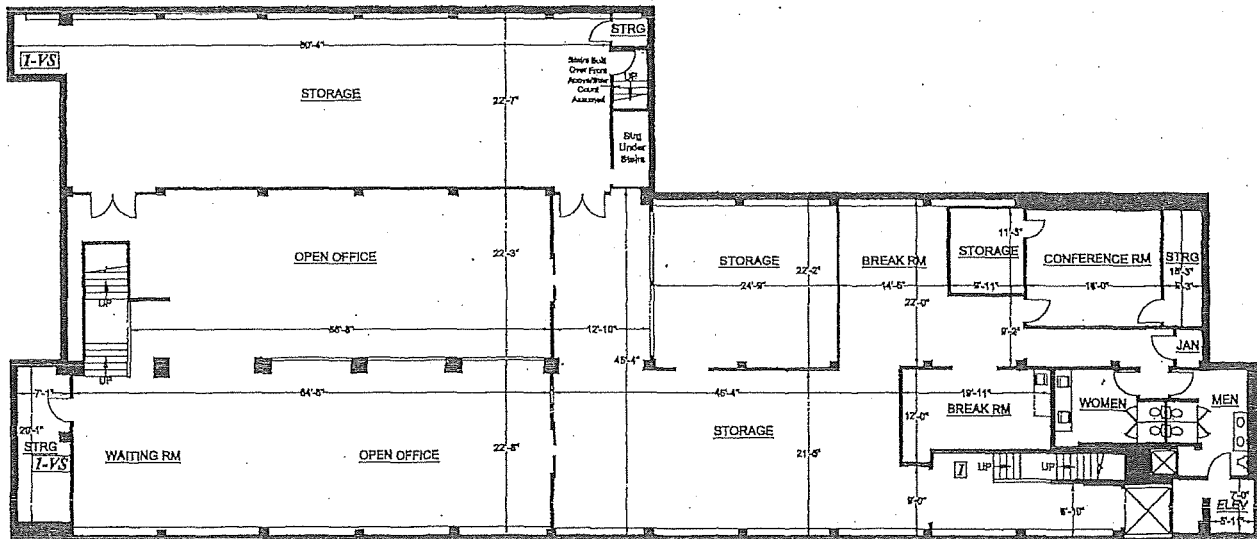
TEL: (888) 383-6855
 FILE: 16-571

PREPARED FOR:
 Colton Commercial and Partners
 565 Commercial Street, 4th Floor
 San Francisco, CA 94111
 Tel (415) 590-7877

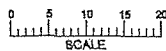
Exhibit A-2
FLOOR PLAN

444 JESSIE STREET
 SAN FRANCISCO, CA
BASEMENT
 (As Measured: December 2016)

Measured Area: 9,452 s.f.



43



Note: All dimensions shown are rounded to the nearest inch, for informational purposes only.
 All measurements are recorded to 1/8" accuracy as documented in the final CAD drawing supplied.

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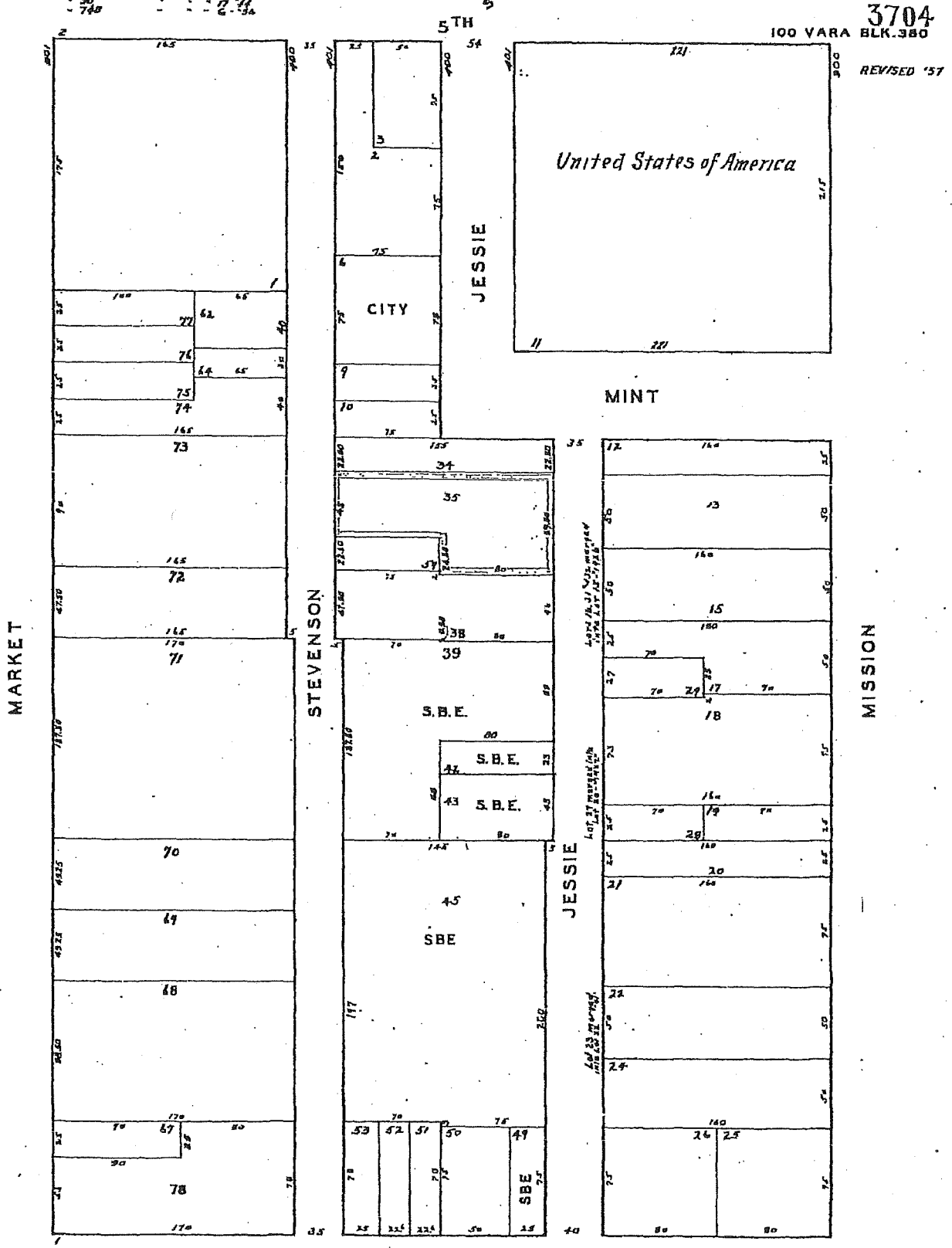


TEL: (888) 883-8655
 FILE: 16-671

Survey Accuracy: +/- 0.14 %

Exhibit A-3 Parcel Plat - Parcel in Yellow Highlight

LOTS MERGED
 merged into Lot 73
 11-12-13-14-15-16-17-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100-101-102-103-104-105-106-107-108-109-110-111-112-113-114-115-116-117-118-119-120-121-122-123-124-125-126-127-128-129-130-131-132-133-134-135-136-137-138-139-140-141-142-143-144-145-146-147-148-149-150-151-152-153-154-155-156-157-158-159-160-161-162-163-164-165-166-167-168-169-170-171-172-173-174-175-176-177-178-179-180-181-182-183-184-185-186-187-188-189-190-191-192-193-194-195-196-197-198-199-200-201-202-203-204-205-206-207-208-209-210-211-212-213-214-215-216-217-218-219-220-221-222-223-224-225-226-227-228-229-230-231-232-233-234-235-236-237-238-239-240-241-242-243-244-245-246-247-248-249-250-251-252-253-254-255-256-257-258-259-260-261-262-263-264-265-266-267-268-269-270-271-272-273-274-275-276-277-278-279-280-281-282-283-284-285-286-287-288-289-290-291-292-293-294-295-296-297-298-299-300-301-302-303-304-305-306-307-308-309-310-311-312-313-314-315-316-317-318-319-320-321-322-323-324-325-326-327-328-329-330-331-332-333-334-335-336-337-338-339-340-341-342-343-344-345-346-347-348-349-350-351-352-353-354-355-356-357-358-359-360-361-362-363-364-365-366-367-368-369-370-371-372-373-374-375-376-377-378-379-380-381-382-383-384-385-386-387-388-389-390-391-392-393-394-395-396-397-398-399-400-401-402-403-404-405-406-407-408-409-410-411-412-413-414-415-416-417-418-419-420-421-422-423-424-425-426-427-428-429-430-431-432-433-434-435-436-437-438-439-440-441-442-443-444-445-446-447-448-449-450-451-452-453-454-455-456-457-458-459-460-461-462-463-464-465-466-467-468-469-470-471-472-473-474-475-476-477-478-479-480-481-482-483-484-485-486-487-488-489-490-491-492-493-494-495-496-497-498-499-500-501-502-503-504-505-506-507-508-509-510-511-512-513-514-515-516-517-518-519-520-521-522-523-524-525-526-527-528-529-530-531-532-533-534-535-536-537-538-539-540-541-542-543-544-545-546-547-548-549-550-551-552-553-554-555-556-557-558-559-560-561-562-563-564-565-566-567-568-569-570-571-572-573-574-575-576-577-578-579-580-581-582-583-584-585-586-587-588-589-590-591-592-593-594-595-596-597-598-599-600-601-602-603-604-605-606-607-608-609-610-611-612-613-614-615-616-617-618-619-620-621-622-623-624-625-626-627-628-629-630-631-632-633-634-635-636-637-638-639-640-641-642-643-644-645-646-647-648-649-650-651-652-653-654-655-656-657-658-659-660-661-662-663-664-665-666-667-668-669-670-671-672-673-674-675-676-677-678-679-680-681-682-683-684-685-686-687-688-689-690-691-692-693-694-695-696-697-698-699-700-701-702-703-704-705-706-707-708-709-710-711-712-713-714-715-716-717-718-719-720-721-722-723-724-725-726-727-728-729-730-731-732-733-734-735-736-737-738-739-740-741-742-743-744-745-746-747-748-749-750-751-752-753-754-755-756-757-758-759-760-761-762-763-764-765-766-767-768-769-770-771-772-773-774-775-776-777-778-779-780-781-782-783-784-785-786-787-788-789-790-791-792-793-794-795-796-797-798-799-800-801-802-803-804-805-806-807-808-809-810-811-812-813-814-815-816-817-818-819-820-821-822-823-824-825-826-827-828-829-830-831-832-833-834-835-836-837-838-839-840-841-842-843-844-845-846-847-848-849-850-851-852-853-854-855-856-857-858-859-860-861-862-863-864-865-866-867-868-869-870-871-872-873-874-875-876-877-878-879-880-881-882-883-884-885-886-887-888-889-890-891-892-893-894-895-896-897-898-899-900-901-902-903-904-905-906-907-908-909-910-911-912-913-914-915-916-917-918-919-920-921-922-923-924-925-926-927-928-929-930-931-932-933-934-935-936-937-938-939-940-941-942-943-944-945-946-947-948-949-950-951-952-953-954-955-956-957-958-959-960-961-962-963-964-965-966-967-968-969-970-971-972-973-974-975-976-977-978-979-980-981-982-983-984-985-986-987-988-989-990-991-992-993-994-995-996-997-998-999-1000



6TH

43/14

PC
 ME
 ME

EXHIBIT B

CERTIFICATE OF DELIVERY OF POSSESSION

RE: That certain Lease by and between **DAVID CHRITTON, TODD CHRITTON AND SCOTT CHRITTON DBA CHRITTON BROTHERS PROPERTIES** ("Landlord") and **MICROBIZ SERVICE COMPANY**, a California corporation ("Tenant") dated April 22, 2019 ("Lease").

Landlord and Tenant hereby confirm that Landlord has delivered possession of the entire Building to Tenant as of _____ (for purposes of this Certificate, the "Delivery of Possession date") in accordance with the terms and provisions of the Lease.

Landlord and Tenant have executed this Certificate as of the dates set forth below.

LANDLORD

David Chritton
Date: _____

Scott Chritton
Date: _____

Scott Chritton
Date: _____

TENANT

Microbiz Service Company, a California corporation

By: _____
Name: _____
Its: _____
Date: _____

EXHIBIT C

TENANT'S ESTOPPEL

TENANT: Microbiz Service Company, a California corporation

PREMISES: 440-444 Jessie Street aka 439-441 Stevenson Street, San Francisco CA 94103

LEASE DATE: April 22, 2019 EXECUTION DATE: _____

Tenant represents, warrants, certifies and states each of the following:

1. Except as specifically provided in the Lease, no representation, warranty, or other agreement whatsoever has been made to Tenant, its agents, representatives or other party acting for or on behalf of Tenant, by Landlord, its agents, representatives, or other party-acting for or on behalf of Landlord, in connection with the Lease, the Property, the Premises or otherwise, including, without limitation, any representation, warranty or other agreement concerning prospective tenants for the Property, rights of first refusal or offer for other premises within the Property, or other representations, warranties or agreements, express or implied, which would induce Tenant to execute the Lease or lease the Premises.

2. Tenant agrees and acknowledges that Landlord is relying on Tenant's execution of this Tenant's Estoppel and would not execute the Lease but for Tenant's execution hereof.

3. Tenant has reviewed and understands this document and has had an opportunity to discuss this with counsel or has waived such opportunity.

TENANT

Microbiz Service Company, a California corporation

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT D

PROHIBITED USES

The following shall be Prohibited Uses under the Lease and no portion of the Premises shall be used for such uses listed below. The listing of these prohibited uses is in no way intended to limit Tenant's obligation to obtain Landlord's prior express consent to any proposed change in the Permitted Use.

1. Any purpose which is not within the scope of the Permitted Use, which is unlawful or does not comply with the reasonably promulgated Rules and Regulations for the Property or Building;
2. Any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Premises, or any portion thereof;
3. The commission of waste on the Premises;
4. Coin or token operated vending machines, pay telephones or any gaming or amusement machines;
5. Sound amplification equipment producing sound audible outside of the Premises or any other use, noise or sound which is unreasonably loud or objectionable due to intermittence, beat, frequency or shrillness or which otherwise unreasonably interferes with any other tenant's use of the its premises;
6. Any sign except as approved by Landlord pursuant to the terms of this Lease;
7. Lights, advertising material, or anything else within the Premises which may be seen, heard, smelled or otherwise experienced outside the Premises and otherwise inconsistent with the normal operations of the Permitted Use;
8. Any business which is noxious or unreasonably offensive because of the emission or creation of excessive quantities of noise, smoke, dust, dirt, fly ash or odors;
9. Any use, storage, transportation, handling, manufacture, or emission of any noxious, toxic, caustic or corrosive fuel or gas or other Hazardous Materials (as defined in this Lease and subject to the provisions of this Lease) other than in the ordinary parking of service vehicles;
10. Operation of data transmission equipment or emission, of microwave, radio wave, or other similar electronic, light or noise radiation at levels which are dangerous to health or which interfere with the proper operation of electronic, telephone, computer or other business equipment of tenants;
11. Any unusual fire, explosion or other damaging or dangerous hazard, including the storage, display or sale of explosives or fireworks;
12. Any drilling for and/or removal of subsurface substances;
13. Any dumping of garbage or refuse or waste (other than in dumpsters or compactors designed for such purpose);
14. Industrial use or as an industrial plant;
15. A processing or rendering plant;
16. Any governmental use other than a USPS post office;
17. The operation of an adult entertainment facility, or book, video or other store or business selling or renting sexually explicit materials including, without limitation, magazines, books, movies and photographs or rendering sexually explicit entertainment or services;
18. A tavern, pub, bar or cocktail lounge
19. An amusement center (including, but not limited to, skating rink, billiard room or parlor, carnival, circus, dance hall, ballroom, discotheque, bowling alley, health spa/club or aerobic studio, exercise club, or other similar operations);
20. A hotel, motor inn, sleeping quarters or dwelling room;
21. A theater;
22. A funeral parlor or similar service establishment;
23. A meeting hall or banquet hall;

24. A video, pinball or other game arcade or room;
25. A flea market, thrift store or liquidation outlet, or a swap show or "outlet store" selling merchandise that is used, damaged or discontinued;
26. A church or other place of religious worship;
27. A storage operation or warehouse (except for storage or warehouse facilities incidental to primary design professional office operations);
28. An auto, truck, mobile home or boat sales or repair facility (or similar enterprise) (which sell/repair new and/or used vehicles as well as trailers therefor);
29. A commercial laundry, dry cleaners or Laundromat,
30. An automobile body and/or fender repair shop or service station, or any facility for the storage or sale of gasoline or diesel fuel in or from tanks or distillate or other petroleum products or any other substance or material of any explosive, inflammable or radiological nature;
31. A car washing establishment;
32. A veterinary hospital;
33. A "head shop", so-called, or other business devoted to the sale of articles or merchandise normally used or associated with illegal or unlawful activities (including those which may be allowed by state law but illegal under federal law) such as but not limited to the sale of paraphernalia used in connection with marijuana, cocaine or other controlled drugs or substances;
34. An off-track betting parlor or other gambling establishment; or
35. Any other use as other than a design professional office use.

The listing of the foregoing prohibited uses is in no way intended to limit Tenant's obligation to obtain Landlord's prior express consent to any proposed change in the Permitted Use.



Miller Property Law

190689

July 12, 2019

Via Hand Delivery

San Francisco Board of Supervisors
Land Use and Transportation Committee
Hon. Chair Aaron Peskin
Hon. Vice Chair Ahsha Safai
Hon. Supervisor Matt Haney
1 Dr. Carlton B. Goodlett Place
City Hall, Room 244
San Francisco, CA 94102

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO
2019 JUL 12 PM 2:30
BY [Signature]

RE: Resolution #190689 and 440 and 444 Jessie Street aka 439 and 441 Stevenson Street

Dear Hon. Chair Peskin, Vice Chair Safai and Supervisor Haney,

The Land Use and Transportation Commission is set to consider Interim Zoning Control Resolution #190689 on Monday. This resolution, to which I refer to as the Entertainment Resolution, does not follow procedures required by state law for a valid zoning regulation and appears designed as an attempt to invalidate the existing lease of a 54-year-old San Francisco business, Microbiz Service Company (Microbiz).

I represent Microbiz's landlords: David, Todd and Scott Chritton who own the building at 440 and 444 Jessie Street aka 439 and 441 Stevenson Street. We ask that the Commission revise the Entertainment Resolution to a non-urgency ordinance and also draft an explicit exemption for properties with pre-existing and recorded leases.

Entertainment Resolution Does Not Meet Test For Interim Control

The Entertainment Resolution meets none of the factors of a valid zoning control in light of the fact that Microbiz predates the nightclub use it is supposedly threatens, is more consistent with the neighborhood's character and zoning than a nightclub and serves the public health, safety and general welfare through its very purpose —securing the safety of public and private San Francisco institutions and its residents.

In order to show an interim zoning control qualifies for interim status, the Board of Supervisors must "consider the impact on the public health, safety, peace and general welfare if the proposed controls are not imposed." Planning Code Section 306.7(a).

The Entertainment Resolution, in contrast, states solely that it "is important to preserve existing Nighttime Entertainment uses." The language of the Entertainment Resolution appears to itself acknowledge that the Entertainment Resolution falls short of a legitimate interim zoning control. It

states on line 4 of page 2 that "This Board of Supervisors ("Board") has considered the impact on the public health, safety, and general welfare if this interim control is not imposed; and ... has determined that the public interest will be served by imposition of this interim control".

Whether or not the public interest "will be served" by legislation requires a balancing of the factors set forth in Planning Code Section 306.7(a): the public health, safety, peace and general welfare of the community. The Entertainment Resolution makes no effort to show any balancing of these factors. What is more, the factors weigh entirely against the Entertainment Resolution.

Many of the beneficial characteristics the Entertainment Resolution attributes to nightclubs describe Microbiz. For example, the Entertainment Resolution notes goals to preserve the existing character of neighborhoods, develop and conserve commerce and industry in order to maintain the City's economic vitality, to provide its citizens with adequate jobs and business opportunities, and to maintain adequate services for its residents, visitors, businesses, and institutions – Microbiz is one of the only firms of its type and has been in the neighborhood twice as long as the nightclub.

Microbiz originally provided microfilming for San Francisco banks and then gravitated into providing microfilm security cameras. In the mid to late 1980's, Microbiz pioneered the first video surveillance cameras and video recorders for San Francisco banks as well as intrusion and access control systems for local commercial and residential buildings. As a qualified San Francisco Local Business Enterprise, it provides security systems and service to many public buildings and private institutions in San Francisco. It has a sizable and longtime staff, and the pictures of many employees can be found in the numerous group photographs picturing company events that line the walls of their basement office. Moving out of the Central Market neighborhood would mean longer service trips and slower response times for customers. Microbiz protects security – at the heart of public health, welfare and safety.

Similarly, the Entertainment Resolution makes misplaced conclusions: For example, it justifies the Entertainment Resolution on the basis that a nightclub needs to continue to operate the space on the basis that other neighborhoods are less compatible with "late-night hours, potentially loud music, and/or large patron volumes". The building is bordered by residences and a hotel. One neighbor has threatened litigation based on ongoing noise complaints.

Facts about the Chrittons

The inaccurate conclusions drawn in the Entertainment Resolution are accompanied by misstatements in the press and in public about the Chrittons and Microbiz. It appears likely that many or all of the Supervisors may be unaware of some of the facts and circumstances surrounding Microbiz and the leasing history of the building.

Microbiz moved to the building when its owners Sally and John Chritton purchased the single-story building in 1978 and has leased space in the building ever since. When David and Todd graduated from college, they joined their parents at Microbiz. David and Todd now operate the business with one other fellow long-time employee who owns a small share of the company.

In 1999, while terminally ill, John Chritton signed a five year lease for the upstairs space Microbiz had previously occupied for \$10,500 per month. The purpose was to provide income for his wife after his imminent passing. The upstairs lease included a provision allowing it to be renewed three

times for a total tenancy of 20 years. Despite the existence of a fair market value adjustment clause, the Chrittons never received any increase in rent for the upstairs space during the 20 years as all options to renew were exercised simultaneously within months of lease execution in 2000, locking in rental rate for 20 years in a manner the Chrittons had not understood could occur. The upstairs lease has been a financial hardship on the family, which has looked forward to the lease's expiration in October 2019.

During that entire 20-year term, the Chrittons' tenant has subleased the space. The lease allowed the space to be used for any lawful purpose and the tenant built the nightclub in or about 2002 and 2003. This timeframe coincided with John's death and Sally then managed the building. This nightclub has also presented difficulties for the Chrittons operationally. Nonetheless, at the direction of the City and County of San Francisco (the City), the Chrittons attempted to reach terms to allow a nightclub to continue in the space. Despite spending significant time and money on such negotiations, terms could not be reached between the parties. Reasons included, among others, matters of public record of and in the City and threats of the lawsuit from the owner of an adjacent building.

Accordingly, Microbiz signed a lease (the Microbiz Lease) for the entire building on April 30, 2019 pursuant to which lease the parties confirmed delivery of the basement to Microbiz as of June 30, 2019 and that Microbiz is entitled to delivery of the top floor (where the nightclub is located) no later than October 11, 2019. The Microbiz Lease was recorded in the public record of the City on April 30, 2019 and Microbiz began paying rent pursuant to the Microbiz Lease on May 1, 2019. This was more than a month before any discussion of the Entertainment Resolution.

The Microbiz Lease can be found in the public records by searching the database at City Hall and a copy of it is attached for your reference.

Impairment of Pre-Existing Contract

The Chrittons are in a valid, effective, written, and recorded contract entered into based upon the existing zoning of their property and entered into, effective and recorded in April long before the Entertainment Resolution was even proposed.

Article I, Section 10 of the United States Constitution guarantees: "No State shall ... pass...any law impairing the obligation of contracts."

The California Constitution at Article I, Section 9 similarly provides: "A...law impairing the obligation of contracts may not be passed."

It would therefore be unconstitutional to apply the Entertainment Resolution or any permanent successor legislation to the Chrittons.

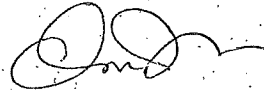
Other Issues

These are merely the beginning of a host of issues raised by the Entertainment Resolution. Other issues include violation of the City's General Plan. The goals and specific purpose for the existing C-3-G Zoning and Mint Area is to promote a diverse and thriving community to provide jobs for the community. This Entertainment Resolution will hurt small businesses that the General Plan and Zoning were specifically created and established by law to protect.

I am hopeful that any further analysis of this legislation will be made moot by confirmation from the City that the Entertainment Resolution will not in any event apply to Microbiz or the Chrittons.

Sincerely,

Miller Property Law



Inga M. Miller

Enclosure

RECORDING REQUESTED BY

NAME: David Chritton, Todd Chritton and Scott Chritton

WHEN RECORDED MAIL TO:

NAME: Miller Propert Law attn: Inga M. Miller

ADDRESS: 1160 Battery Street East, Suite 100

CITY/STATE/ZIP: San Francisco, CA 94111

(DOCUMENT WILL ONLY BE RETURNED TO NAME & ADDRESS IDENTIFIED ABOVE)

Lot 035 Block 3704



San Francisco Assessor-Recorder

Carmen Chu, Assessor-Recorder

DOC- 2019-K761785-00

Tuesday, APR 30, 2019 13:46:18

Ttl Pd \$233.00

Rcpt # 0005990188

PF1/PF/1-49

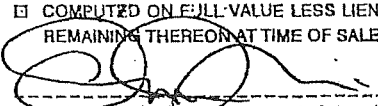
(SPACE ABOVE FOR RECORDER'S USE)

Lease

(DOCUMENT TITLE)

DOCUMENTARY TRANSFER TAX \$ 0 0

- COMPUTED ON FULL VALUE OF PROPERTY CONVEYED; OR
- COMPUTED ON FULL VALUE LESS LIENS & ENCUMBRANCES REMAINING THEREON AT TIME OF SALE.


Signature of declarant or agent determining tax - firm name

SEPARATE PAGE, PURSUANT TO CA. GOV'T. CODE 27361.6

**DAVID CHRITTON, TODD CHRITTON AND SCOTT CHRITTON
DBA CHRITTON BROTHERS PROPERTIES ("Landlord")**

&

MICROBIZ SERVICE COMPANY, a California corporation ("Tenant")

LEASE

444 and 440 Jessie Street AKA 439-441 Stevenson Street, San Francisco, CA 94103

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LEASE

THIS LEASE is entered into as of April 22, 2019 by and between on the one hand, David Chritton (“**Dave**”), Todd Chritton (“**Todd**”) and Scott Chritton (“**Scott**”) and with Todd and Dave, “the “**Chrittons**”) who are collectively doing business together under the trade name of “**Chritton Brothers Properties**” and referred to herein in such capacity as landlord, sometimes referred to herein as “**Landlord**”, and Microbiz Service Company, a California corporation (“**Microbiz**”) as tenant, sometimes referred to herein as “**Tenant**” on the terms and conditions of this Lease.

RECITALS

This Lease is made with reference to and reliance upon the following facts:

A. David, Todd and Scott, who are brothers, are the owners of the building commonly known as 440 and 444 Jessie Street also known as 439-441 Stevenson Street in the City and County of San Francisco (the “**Building**”) located on the parcel more specifically described on **Exhibit “A-1”** attached hereto and made a part hereof by this reference. David and Todd manage the family business, Microbiz, founded in 1965 at 590 Howard Street. The Chrittons’ family purchased the Building in 1978 to provide fixed rent and a stable location to expand. Microbiz, which stands for “Microfilm for Business”, started as a microfilm sales and processing and office equipment repair business and evolved into a security camera and card access business.

B. In 1995, the Chrittons’ father, John Chritton, became ill with Ithiopathic Fibrosis and stopped working at Microbiz. Soon thereafter Microbiz moved to the basement of the Building (the “**Basement**”) and to provide a fixed income from the Chrittons’ mother, leased the first floor of the Building (the “**First Floor**”) to Martin McNerney Properties, LLC, a California limited liability company for what the Chrittons believed to be continued office use.

C. Martin McNerney Properties subleased the First Floor to an office subtenant for several years and later, subleased the First Floor to a nightclub. Martin McNerney Properties’ lease for the First Floor expires on October 10, 2019, and Microbiz wishes to return to the First Floor so that it can among other operational changes, expand operations, reduce disruption to employees and provide on-site maintenance vehicles so that employees can commute by mass transit as opposed to in such service vehicles.

D. The lease according to which Microbiz occupies the Basement expires on August 30, 2019. Microbiz wishes to execute this lease so that Microbiz leases the entire Building on the terms and conditions of this Lease. Chritton Brothers Properties wishes for Microbiz to lease the entire Building on the terms and conditions this Lease.

ACCORDINGLY, in consideration of the mutual covenants and conditions contained in this Lease, Landlord and Tenant enter into this Lease subject to the following terms and conditions:

ARTICLE 1
BASIC LEASE PROVISIONS

- | | | |
|-----|----------------|---|
| 1.1 | Date of Lease: | April 22, 2019 |
| 1.2 | Landlord: | David Chritton, Todd Chritton and Scott Chritton doing business as Chritton Brothers Properties |
| 1.3 | Tenant: | Microbiz Service Company, a California corporation |

- 1.4 Tenant's Trade Name: Microbiz Security Company (Article 10)
- 1.5 Tenant Guarantor: None.
- 1.6 Property: A commercial development consisting of a lot of roughly 8,934 square feet ("Parcel") and improved with the Building described below. The address of the Property is 440 and 444 Jessie Street aka 439-441 Stevenson Street in the City and County of San Francisco (the "City"), State of California. The Parcel together with the Building constitute the "Property".
- 1.7 Building: An approximate 20,551 square foot building consisting of a basement of about 8,637 square feet (the "Basement") and a first floor of about 11,914 square feet including a mezzanine level of about 3,370 square feet (the "First Floor"). Notations on the Floor Plan are for reference only and do not constitute representations by Landlord. (Article 3)
- 1.8 Parking: First Floor includes garage measuring approximately 517 square feet which may be used for parking on and after October 11, 2019.
- 1.9 Premises: The Premises is the entire Building. (Article 3)
- 1.10 Square Feet: The Premises shall consist of approximately 19,249 usable square feet "Usable Square Feet" and 20,551 rentable square feet "Rentable Square Feet" identified as on Exhibit A-2, "Floor Plan" page 3. (Article 3)
- 1.11 Term: 10 years, 0 months (120 months) as such Term may be extended for the terms set forth in Section 1.12. (Article 4)
- 1.12 Option to Extend: Two (2) options to extend the Term for 5 years, 0 months each. (Article 28)
- 1.13 Rent Commencement Date: May 1, 2019 (Article 6)

1.14 Minimum Annual Rental (Article 6)

Month Following Rent Commencement Date:	Dollars Per Month
1-4	\$ 4,000.00
5-14	\$10,000
15	\$ 30,322.54
16-120	\$ 40,000.00

1.15 Landlord's Work: Landlord shall deliver the Premises in "As Is" condition with water, sewer, gas, electrical and other systems delivered to Building. (Article 5)

1.16 Permitted Use: The Premises shall be used for design professional office space and parking shall be allowed in the garage. Tenant may not use the Premises for any uses listed in Exhibit F, "Prohibited Uses". The Premises shall be used solely for the use stated above and for no other use or purpose. (Article 10)

1.17 First Month Rent: First month's rent shall be due on August 31, 2019.

1.18 Security Deposit: \$5,000.00 deposited with Landlord on August 31, 2019. (Article 21)

1.20 Addresses for Notices and Payments: (Article 24)

LANDLORD

TENANT

Notices To:

Notices To:

Chritton Brothers Properties
c/o David Chritton
444 Jessie Street
San Francisco, CA 94103

Microbiz
Attn: Todd Chritton
444 Jessie Street
San Francisco, CA 94103

with copy to:

Inga Miller
Miller Property Law
1160 Battery Street East, Suite 100
San Francisco, CA 94111

This Article 1 is intended to supplement and/or summarize the provisions set forth in the introductory clause, recitals and balance of this Lease. If there is any conflict between any provisions contained in this Article 1 and the introductory clause, recitals and/or balance of this Lease, the introductory clause, recitals, and balance of this Lease shall control.

ARTICLE 2
EXHIBITS

The following Exhibits are attached to this Lease and, by this reference, made a part of this Lease:

- EXHIBIT A-1 – Property Description
- EXHIBIT A-2 – Floor Plan
- EXHIBIT A-3 – Parcel Plan
- EXHIBIT B – Certificate of Delivery of Possession
- EXHIBIT C – Tenant’s Estoppel.
- EXHIBIT D – Prohibited Uses
- EXHIBIT E – Construction Work Rules & Regulations

ARTICLE 3
PREMISES

3.1 **PREMISES.** Landlord leases to Tenant and Tenant leases from Landlord, for the “Term” (as defined in Article 4) and upon the covenants and conditions set forth in this Lease, the premises described in Section 1.9 (“Premises”).

3.2 **RESERVATION.** Landlord reserves the right to use any hallways, and the exterior walls, floor, roof and plenum in, above and below the Premises for the installation, maintenance, structural elements serving the Property and for such other purposes as Landlord deems necessary. In exercising its rights reserved herein, Landlord shall not materially and unreasonably interfere with the operation of Tenant’s business on the Premises.

3.3 **SQUARE FEET.** The term “Usable Square Feet”, as used in this Lease, shall mean all areas of the Premises designated by Landlord for the exclusive use of a tenant measured from the exterior surface of exterior walls (and extensions, in the case of openings) and from the center of interior demising walls. The Premises contain approximately the Usable Square Feet specified in Section 1.10. Tenant shall have the right to have a California licensed architect measure the Usable Square Feet of the Premises for accuracy. In the event of a dispute between Landlord and Tenant concerning the measurement of Usable Square Feet, the determination of the measurement of the Usable Square Feet shall be made by an independent, California licensed architect selected by Landlord and reasonably acceptable to Tenant, which measurement shall be conclusive. If a discrepancy is found, Landlord shall so certify to Tenant and this Lease shall be amended so as to reflect the actual Usable Square Feet and Rentable Square Feet, and the corresponding “Additional Rental” (as defined in Section 6.1). The “Additional Rental” (as defined in Section 6.2) is based on a fraction, the numerator of which is the Rentable Square Feet of the Premises and the denominator of which is the Rentable Square Feet of the Premises together with the rentable square feet of any other premises in the Building (the “Neighboring Space(s)”).

ARTICLE 4
TERM

TERM. This Lease shall be effective from and after the date specified in Section 1.1 (“Date of Lease”). The term of this Lease (“Term”) shall commence on April 22, 2019 and shall expire, unless sooner terminated or extended in accordance with the provisions of this Lease, after the number of months specified in Section 1.11 (with the last day of such period hereinafter referred to as the “Initial Term Expiration Date”). Upon Delivery of Possession as defined in Article 5.1 below, Landlord and Tenant shall execute and deliver a written statement in the form of Exhibit B attached hereto, specifying therein the date of Delivery of Possession.

ARTICLE 5
POSSESSION

5.1 **DELIVERY OF POSSESSION.** Landlord shall be deemed to have delivered possession of the Basement to Tenant on a date which is the date of the last of Landlord or Tenant to execute this Lease in recorded form (the "Delivery of Possession"), and Tenant shall accept possession of the remainder of the Premises from Landlord upon actual delivery of the First Floor. Landlord covenants that such date shall not be later than October 11, 2019. Tenant acknowledges that part or all of the First Floor is occupied by Landlord's existing tenant, Martin McNerney Properties, LLC, a California limited liability company ("Existing Tenant") pursuant to that certain lease entered into on or about October 7, 1999 by and between John Chritton, Trustee of the Chritton Family Trust, and Sally Chritton, Trustee of the Chritton Family Trust, as landlord on the one hand and Existing Tenant on the other hand for the area which is generally that of the First Floor of the Building for a term ending on October 10, 2019 at 11:59 p.m. (the "Existing Lease"). Landlord shall not be required to deliver to Tenant that portion of the Premises subject to the Existing Lease until the end of the term of the Existing Lease. Upon such time as Landlord has performed delivery of the entirety of the Premises to Tenant pursuant to this Article 5 Section 5.1, Tenant shall execute that certain Certificate of Delivery of Possession in the form of Exhibit B attached hereto. Tenant shall deliver to Landlord prior to Delivery of Possession, executed copies of policies of insurance or certificates thereof (as required under Article 15) and under Exhibit C. Landlord shall not be obligated to deliver possession of the Premises to Tenant until such items are delivered.

ARTICLE 6
RENTAL.

6.1 **MINIMUM ANNUAL RENTAL.** Tenant shall pay the sums specified in Section 1.14 ("Minimum Annual Rental") in the monthly installments specified, in advance, on or before the first (1st) day of each month, without prior demand and without offset or deduction, commencing on the Rent Commencement Date. Should the Rent Commencement Date be a day other than the first (1st) day of a calendar month, then the monthly installment of Minimum Annual Rental for the first partial month shall be equal to one-thirtieth (1/30th) of the monthly installment of Minimum Annual Rental for each day from the Rent Commencement Date to the end of the partial month. Throughout the Term of this Lease, Minimum Annual Rental shall adjust in accordance with the schedule set forth in Section 1.14, and, in the event extended pursuant to Article 28, by the amounts set forth in Section 28.3.

6.2 **ADDITIONAL RENTAL:** Tenant shall pay, as "Additional Rental", all sums required to be paid by Tenant to Landlord pursuant to this Lease in addition to Minimum Annual Rental (including, without limitation, interest, late charges, service charges, reimbursement for attorneys' fees and expenses and auditing costs). Landlord shall have the same rights and remedies for the nonpayment of Additional Rental as it has with respect to the nonpayment of Minimum Annual Rental. It is the intention of Landlord and Tenant that the Minimum Annual Rental and Additional Rental to be paid hereunder shall be paid to Landlord absolutely net without deduction of any amount of any nature whatsoever, except as otherwise expressly provided in this Lease.

6.3 **PLACE OF PAYMENT.** Tenant shall pay Minimum Annual Rental and Additional Rental to Landlord at Landlord's Address for Payments and Reports specified in Section 1.20, or to such other address and/or person as Landlord may from time to time designate in writing to Tenant.

6.4 **LATE PAYMENTS.** If Tenant fails to pay when the same is due any Minimum Annual Rental or Additional Rental, the unpaid amounts shall bear interest at the maximum lawful rate from the date due to and including the date of payment. In addition, Tenant acknowledges that the late payment of any installment of Minimum Annual Rental or Additional Rental will cause Landlord to incur certain costs and expenses, the exact amount of which are extremely difficult or impractical to fix. These costs and expenses may include, without limitation, administrative and collection costs and processing and accounting expenses. Landlord recognizes that occasionally circumstances beyond Tenant's control, such as clerical error or postal error, may occur which delay the receipt by Landlord of payments timely made by Tenant. As a reasonable allocation of responsibility

for costs and expenses incurred by Landlord as a result of late payments, no late charge shall be payable by Tenant for the first time in any consecutive twelve (12) month period that any installment of Minimum Annual Rental or Additional Rental is not received by Landlord from Tenant within five (5) days after such installment is due, unless Tenant fails to make payment of such installment to Landlord within five (5) days after written notice from Landlord that such installment has not been received. If Tenant fails to make payment of such installment to Landlord within such five (5) day period, Tenant shall immediately pay to Landlord the late charge specified in this Section. In addition, without regard for the reason any installment is not received by Landlord when due, and without the need for any additional prior notice, the second (2nd) time in any consecutive twelve (12) month period, and each time thereafter in such consecutive twelve (12) month period, any installment of Minimum Annual Rental or Additional Rental is not received by Landlord from Tenant within five (5) days after such installment is due, Tenant shall immediately pay to Landlord a late charge equal to Five Percent (5%) for any installment of Minimum Annual Rental due, and Five Percent (5%) for any installment of Additional Rental due. Landlord and Tenant agree that this late charge represents a reasonable estimate of the costs and expenses Landlord will incur and is fair compensation to Landlord for its loss suffered by reason of late payment by Tenant. Upon accrual, all such late charges shall be deemed Additional Rental.

ARTICLE 7 TENANT FINANCIAL DATA

FINANCIAL STATEMENTS. Within thirty (30) days after Landlord's written request, Tenant shall furnish Landlord with financial statements including, but not limited to, balance sheets, profit and loss statements, income statements and statements of changes in financial condition reflecting Tenant's current financial condition, certified by Tenant or its financial officer. If Tenant is a publicly-traded corporation, delivery of Tenant's last published financial information shall be satisfactory for purposes of this Article 7. Any information obtained from Tenant's financial statements shall be confidential and shall not be disclosed other than to carry out the purposes of this Lease; provided, however, Landlord shall incur no liability for the inadvertent disclosure of any such information. Landlord may divulge the contents of any financial statements in connection with any financing arrangement or sale of Landlord's interest in the Premises or Property or in connection with any administrative or judicial proceedings.

ARTICLE 8 TAXES & EXPENSES

8.1 ADDITIONAL RENTAL FOR INCREASED TAXES.

(a) As used in this Lease, the term "Taxes" shall mean all taxes or assessment, license fee, license tax, tax or excise on rental, or any other levy, charge, expense or imposition imposed by Federal, state, county or city authority having jurisdiction, or any political subdivision thereof, or any school, agricultural, lighting, drainage or other improvement or special assessment district (individually and collectively, "Governmental Agencies") on any interest of Landlord or Tenant (including any legal or equitable interest of Landlord or its mortgagee, if any) in the Premises, the Building or the Property or the underlying realty including, but not limited to: (i) Any impositions (whether or not such impositions constitute tax receipts to Governmental Agencies) in substitution, partially or totally, of any impositions now or previously included within the definition of real property taxes including, without limitation, those imposed or required by Governmental Agencies to increase tax increments to Governmental Agencies and for services such as fire protection, street, sidewalk and road maintenance, refuse removal or other governmental services formerly provided without charge to property owners or occupants; (ii) any impositions allocable to or measured by the area of the Premises, the sales generated from the Premises or any rental payable under this Lease; and (iii) any impositions upon this Lease transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. The term "Taxes" shall not include Landlord's income taxes.

(b) From and after July 1, 2020, Tenant shall pay to Landlord, as Additional Rental, a share of the increase in Taxes (the "Increased Taxes") in each consecutive twelve-month period (each

a "Tax Year") over the Taxes in the year 2019 (the "Base Tax Year") which share is based on a fraction, the numerator of which is the Rentable Square Feet of the Premises and the denominator of which is the Rentable Square Feet of the Premises together with rentable square feet of any Neighboring Spaces. Increased Taxes for any partial year shall be prorated. Landlord, at its option, may collect Tenant's payment of its share of Increased Taxes after the actual amount of Increased Taxes are ascertained or in advance, monthly or quarterly, based upon estimated Increased Taxes. If Landlord elects to collect Tenant's share of Increased Taxes based upon estimates, Tenant shall pay to Landlord from and after the Base Tax Year, and thereafter on the first (1st) day of each month or quarter during the Term (as determined by Landlord), an amount estimated by Landlord to be the monthly or quarterly Increased Taxes payable by Tenant. Landlord may periodically adjust the estimated amount. If Landlord collects Increased Taxes based upon estimated amounts, then following the end of each calendar year or, at Landlord's option, its fiscal year, Landlord shall furnish Tenant with a statement covering the year just expired showing the total Increased Taxes payable by Tenant for that year and the payments made by Tenant with respect to that year, as set forth above. If the actual Increased Taxes payable for that year exceed Tenant's payments for that year, Tenant shall pay to Landlord the deficiency within ten (10) days after its receipt of the statement. If Tenant's payments exceed the actual Increased Taxes payable for that year, Tenant shall be entitled to offset the excess against the next payment(s) of Increased Taxes that become due to Landlord. In the event that a balance is due Tenant at the expiration of the Term, such sum shall be reimbursed to Tenant.

8.2 OTHER PROPERTY TAXES. Tenant shall pay, prior to delinquency, all taxes, assessments, license fees and public charges levied, assessed or imposed upon its business operation, trade fixtures, leasehold improvements, and other personal property in, on or upon the Premises. If any such items of property are assessed with property of Landlord, then the assessment shall be equitably divided between Landlord and Tenant. Landlord shall reasonably determine the basis of prorating and dividing any of these assessments. No taxes, assessments, fees or charges referred to in this Section 8.2 shall be considered Taxes under the provisions of Section 8.1.

8.3 TAX CONTESTS BY TENANT. Tenant shall have the right to contest the amount or validity of the Taxes levied on or assessed against the Premises or any portion thereof and may in good faith diligently conduct any necessary proceeding to prevent or void or reduce the same; provided, however, that Tenant shall continue to timely make all payments to Landlord for Taxes due as provided in this Lease and Landlord shall have no liability to Tenant for making payment to any taxing authority of such Taxes. Landlord shall not be required to join in any proceeding or contest brought by Tenant unless the provisions of any law require that the proceeding or contest be brought by or in the name of Landlord or any owner of the Premises. In that case, Landlord shall join in the proceeding or contest or permit it to be brought in Landlord's name, but such action shall be without cost to Landlord and Tenant shall reimburse Landlord upon demand for any attorneys' fees and costs incurred therein.

8.4 ADDITIONAL RENTAL FOR INCREASED EXPENSES

(a) As used in this Lease, the term "Expenses" shall mean the total costs and expenses paid or incurred by Landlord in connection with the management, operation, maintenance and repair of the Building, including, without limitation, (i) the cost of electricity, electrical surcharges for excessive or peak time use, steam, heating, mechanical, ventilating, elevator systems and all other utilities and the cost of supplies and equipment and maintenance and service contracts in connection therewith, (ii) the cost of Building maintenance, repair, and cleaning, (iii) the cost of fire, extended coverage, boiler, sprinkler, public liability, property damage, rental interruption, earthquake and other insurance together with any deductibles charged to or paid by Landlord, (iv) wages, salaries and other labor costs, including taxes, insurance, retirement, medical and other employee benefits, (v) fees, charges and other costs, including management fees, consulting fees, legal fees and accounting and audit fees, of all independent contractors engaged by Landlord or reasonably charged by Landlord if Landlord performs management services in connection with the Building, (vi) the cost of Building engineer services, costs of upkeep and decoration of all common areas of the Building (vii) the fair market rental value of Landlord's and the property manager's offices in or serving the Building, (viii) the costs of normal repair and replacement of worn-out equipment, facilities and installations, (ix) the cost of any capital

improvements made by Landlord to the Building or capital assets acquired by Landlord after the Base Expense Year, as such Base Expense Year is defined in Section 8.5(b) below, in order to comply with any local, state, or federal law, ordinance, rule, regulation, code or order of any governmental entity or insurance requirement (collectively "Legal Requirement"), or to comply with any amendment or change to the enactment or interpretation of any Legal Requirement, (x) the cost of any capital improvements made to the Building after the Base Expense Year for the protection of the health or safety of the occupants, in order to supply a continuous or reliable source of electricity, or as a labor-saving device or to effect other economies or efficiencies in the operation or maintenance of the Building, such costs under (ix) and (x) above to be amortized over such reasonable period as Landlord shall determine, together with interest on the unamortized balance at the rate of ten percent (10%) per annum or such higher rate as may have been paid by Landlord on funds borrowed for the purpose of constructing such capital improvements, and (xi) any other expenses of any other kind whatsoever reasonably incurred in managing, operating, maintaining, and repairing the Building. In addition, if any particular work or service includable in Expenses is not furnished to a tenant who has undertaken to perform such work or service itself, Expenses shall be deemed to be increased by an amount equal to the additional Expenses which would have been incurred if Landlord had furnished such work or service to such tenant, and in no event shall any component of Expenses for any year subsequent to the Base Year consisting of natural gas, electricity, steam, or water be less than the amount of such component in the Base Year. The parties agree that any statements to the effect that Landlord is to perform certain of its obligations hereunder at its own or sole cost or expense shall not be interpreted as excluding any cost from constituting an Expense or a component of Taxes if such cost is otherwise an Expense or component of Taxes.

(b) From and after July 1, 2020, Tenant shall pay to Landlord, as Additional Rental, a share of the increase in Expenses (the "Increased Expenses") in each consecutive twelve-month period (each an "Expense Year") over the Expenses in the year 2019 (the "Base Expense Year") which share is based on a fraction, the numerator of which is the Rentable Square Feet of the Premises and the denominator of which is the Rentable Square Feet of the Premises together with rentable square feet of any Neighboring Spaces. Increased Expenses for any partial year shall be prorated. Landlord, at its option, may collect Tenant's payment of its share of Increased Expenses after the actual amount of Increased Expenses are ascertained or in advance, monthly or quarterly, based upon estimated Increased Expenses. If Landlord elects to collect Tenant's share of Increased Expenses based upon estimates, Tenant shall pay to Landlord from and after the Base Expense Year, and thereafter on the first (1st) day of each month or quarter during the Term (as determined by Landlord), an amount estimated by Landlord to be the monthly or quarterly Increased Expenses payable by Tenant. Landlord may periodically adjust the estimated amount. If Landlord collects Increased Expenses based upon estimated amounts, then following the end of each calendar year or, at Landlord's option, its fiscal year, Landlord shall furnish Tenant with a statement covering the year just expired showing the total Increased Expenses payable by Tenant for that year and the payments made by Tenant with respect to that year, as set forth above. If the actual Increased Expenses payable for that year exceed Tenant's payments for that year, Tenant shall pay to Landlord the deficiency within ten (10) days after its receipt of the statement. If Tenant's payments exceed the actual Increased Expenses payable for that year, Tenant shall be entitled to offset the excess against the next payment(s) of Increased Expenses that become due to Landlord. In the event that a balance is due Tenant at the expiration of the Term, such sum shall be reimbursed to Tenant.

8.5 **AUDIT PROCEDURE.** Following the end of each calendar year or, at Landlord's option, its fiscal year, Landlord shall furnish to Tenant a comparative statement covering the calendar or fiscal year (as the case may be) just expired, showing the actual Taxes and Expenses for that year, the amount of Tenant's share of the Increased Taxes and Increased Expenses for that year and the monthly payments made by Tenant during that year for the Increased Expenses and Increased Taxes. For a period of ninety (90) days after Landlord has provided the comparative statement, Tenant shall be entitled, upon thirty (30) days prior written notice and during normal business hours, at the office of the Property, or other such reasonable place as Landlord shall designate, to inspect and examine those books and records of Landlord relating to the determination of the Additional Rental for the immediately preceding Lease year. If, after inspection and examination of such books and records, but in no event to exceed thirty (30) days from the time Landlord opened its books for inspection by Tenant, Tenant disputes the amounts of Additional Rental charged by Landlord, Tenant may, within said 30

day period, by written notice to Landlord, request an independent audit of such books and records. The independent audit of the books and records shall be conducted by a certified public accountant ("CPA") acceptable to both Landlord and Tenant. If, within thirty (30) days after Landlord's receipt of Tenant's notice requesting an audit, Landlord and Tenant are unable to agree upon the CPA to conduct such audit, then Landlord may designate a nationally recognized accounting firm not then employed by Landlord or Tenant to conduct such audit. The audit shall be limited to the determination of the amount of Additional Rental for the subject Lease year. If the audit discloses that the amount of Additional Rental billed to Tenant was incorrect, the appropriate party shall pay to the other party the deficiency or overpayment, as applicable. All costs and expenses of the audit shall be paid by Tenant except in the event where the audit shows the sum of Additional Rental that would be due under the subject comparative statement exceeds five percent (5%) of the correct sum of Additional Rental in which event all costs and expenses of the audit shall be paid by Landlord. Tenant and CPA shall keep any information gained from such audit confidential and shall not disclose it to any other party other than their attorneys, accountants and other appropriate advisors and as required by law. The exercise by Tenant of the audit rights hereunder shall not relieve Tenant of its obligation to timely pay all sums due hereunder, including, without limitation, the disputed Additional Rental. In no event shall Tenant have audit rights while in default of its obligations under this Lease. In no event shall any audit pursuant to this Section 12.7 be conducted on a contingency fee basis. Notwithstanding anything to the contrary stated herein, in the event that Landlord fails to provide a comparative statement to Tenant, Landlord shall be relieved of any duty to do so or to submit to the audit rights contained herein in the event that Tenant does not request the comparative statement within fourteen (14) months of the Lease year of such comparative statement.

ARTICLE 9 **UTILITIES**

9.1 **UTILITY SERVICE.** Landlord shall furnish to the Premises, during reasonable hours determined by Landlord and subject to applicable laws and the rules and regulations of the Building, electricity suitable in Landlord's reasonable discretion for design professional office use (provided, however, that Tenant shall comply with all directives of Landlord related to energy conservation), janitorial service, and heating during regular business hours established by Landlord (excluding evenings, weekends and holidays established by Landlord). Tenant agrees at all times to cooperate fully with Landlord and to abide by all the regulations and requirements which Landlord may prescribe for the proper functioning and protection of the Building's heating and air conditioning systems. In the event Tenant requests additional services be provided, Tenant shall pay for such extra or additional services, such amount to be considered Additional Rental hereunder. All charges for such extra or additional services shall be due and payable at the same time as the installment of Minimum Annual Rental with which they are billed, or if billed separately, shall be due and payable within ten (10) days after such billing. Any such billings for extra or additional services shall include an itemization of the extra or additional services rendered, and the charge for each such service.

9.2 **UNAVAILABLE UTILITY SERVICE.** Landlord shall not be liable for, and Tenant shall not be entitled to, any abatement or reduction of any amounts owing hereunder by reason of Landlord's failure to furnish any of the foregoing utilities and/or services when such failure is caused by accident, breakage, repairs, strikes, lockouts or other labor disturbances or disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord including, without limitation, any governmental energy conservation program; and any such failure shall not constitute or be construed as a constructive or other eviction of Tenant. In the event any governmental entity promulgates or revises any law applicable to the Building, or any part thereof, relating to the use or conservation of energy, water, gas, light, or electricity, or relating to the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this Lease, or in the event Landlord makes improvements to the Building or any part thereof in order to comply with such a law, whether the law is mandatory or voluntary, Landlord may, in its sole discretion, comply with such law or make such improvements to the Building or any part thereof related thereto. Such compliance and the making of such improvements shall in no event entitle Tenant to any damages, relieve Tenant of the obligation to pay Minimum Annual Rental or Additional Rental or any other amounts reserved or payable hereunder, or constitute or be construed as a constructive or other eviction of Tenant.

9.3 **AVAILABILITY OF SERVICE.** Landlord makes no representation regarding the adequacy or fitness of the heating or ventilation equipment in the Building to maintain temperatures that may be required for any equipment of Tenant, and Landlord shall have no liability for damage suffered by Tenant or others in connection therewith. Tenant will not use electric space heaters in the Premises or operate its business in such a way or use any apparatus or device as will increase the amount of electricity or water usually furnished or supplied by Landlord for the purpose of using the Premises for design professional office use during regular business hours, or connect with electric current, except through existing electrical outlets in the Premises, or connect with water pipes, any apparatus or device for the purpose of using electric current or water. If Tenant shall require water or electric current in excess of that customarily furnished or supplied to other tenants of surrounding Buildings for use of their premises for design professional office purposes during regular business hours, Tenant shall first procure the consent of Landlord, which Landlord in its sole discretion may refuse, to the use thereof, and Landlord may cause an electric-current or water meter to be installed in the Premises so as to measure the amount of excess electric current or water so consumed by Tenant. The costs of any such meter and of the installation and maintenance thereof shall be borne by Tenant. Tenant agrees to pay to Landlord promptly upon notice thereof the costs of all such excess water and electric current consumed, as shown by said meters, at the highest marginal rates charged Landlord for such services by the local public utility furnishing the same, plus any additional expense incurred by Landlord in providing such excess current and/or keeping account of the excess electric current or water so consumed. Tenant acknowledges that during non-Building hours, weekends and Building holidays, as the same may be designated by Landlord from time to time, public access to the Building may be limited and heating, janitorial and other normal building services will not be provided or may be provided on a limited or "additional cost to tenant" basis.

ARTICLE 10
TENANT'S CONDUCT OF BUSINESS

10.1 **PERMITTED TRADE NAME AND USE.** Tenant shall use the Premises solely under the trade name specified in Section 1.4 and shall not use the Premises under a different trade name without Landlord's prior written consent, which consent shall not be unreasonably withheld. Tenant shall use the Premises solely for the use specified in Section 1.16. Tenant acknowledges that Tenant's agreement to use the Premises solely for the use specified in Section 1.16 is a material inducement to Landlord to enter into this Lease, and that Tenant shall not be permitted to change the use of the Premises without the prior written consent of Landlord, which consent Landlord may grant or withhold in its sole and absolute discretion. Tenant agrees that the foregoing provision is reasonable in light of Landlord's legitimate interest in, among other things, safety inside and around the Building, business to operate efficiently and successfully within the Building, operational costs and for Landlord to have consistency and predictability in operations.

10.2 **RULES AND REGULATIONS.** Tenant shall keep the Premises in a neat and clean condition, free from any objectionable noises, mold, odors or nuisances, shall operate its business without unreasonable noise or vibration emanating from the Premises, and shall comply with all applicable health, safety and police Laws governing the Premises and/or the Property. Tenant shall not sell merchandise from vending machines or allow any coin or token operated vending machine on the Premises, except those exclusively used by employees. Tenant shall not install or operate in or about the Premises any type of automated teller machine (ATM) for the disposition of cash or conducting banking transactions or for the sale of event tickets. Tenant shall not use the roof of the Building for any purpose nor shall Tenant cause a violation of, or do any act which may result in a violation of, any roof bond or warranty with respect to the Premises. No aerial or antenna shall be erected on the roof or exterior walls of the Building without first obtaining, in each instance, the consent of Landlord. Any aerial or antenna so installed without Landlord's prior consent shall be subject to removal by Landlord without notice, at Tenant's sole cost, at any time. Landlord reserves the right from time to time to promulgate reasonably Rules and Regulations and to amend or supplement such Rules and Regulations, and to adopt and promulgate additional Rules and Regulations applicable to the Premises and the Property.

10.3 **ADVERTISING MEDIA.** Tenant shall erect signs at its own expense. Such signs must be in accordance with all local code regulations and approved by Landlord which approval shall not be unreasonably withheld. Tenant shall maintain such signs in good condition and repair during the Term.

ARTICLE 11 MAINTENANCE AND REPAIRS

11.1 **MAINTENANCE OBLIGATIONS.** Tenant shall, by accepting delivery of the First Floor, accept the Premises as being in good and sanitary order, condition and repair. Tenant, at its sole cost and expense, shall keep the Premises and every part thereof in good and sanitary condition and repair, damage thereto by fire, earthquake, act of God or the elements excepted unless caused by Tenant's negligence or willful act. Tenant agrees to carry out promptly all maintenance that at any time may become necessary to put and keep the Premises in as good and sanitary a condition as when received by Tenant from Landlord, reasonable wear and tear excepted, and, the preceding sentence notwithstanding, to replace immediately all glass now or hereafter installed in the Premises, however broken. Maintenance or repair required because of burglary or vandalism shall be the sole responsibility of Tenant. Tenant hereby waives all rights under, and the benefits of, Subsection 1 of Section 1932 and Sections 1941 and 1942 of the California Civil Code, and under any similar law, permitting Tenant to make repairs at the expense of Landlord or to terminate a lease by reason of the condition of, or damage to, the leased premises.

11.2 **SURRENDER OF PREMISES.** Tenant agrees that upon the expiration of the Term, the earlier termination of the Lease for whatever reason, or Tenant's abandonment of the Premises, whichever occurs first, Tenant shall surrender or leave the Premises in good condition and repair, free of all personal property and trade fixtures, and generally in the same condition as when received, reasonable wear and tear excepted, and damage by fire, earthquake, acts of God, or the elements excepted, unless caused by Tenant's negligent or willful act or omission, and if Tenant has made any alteration or improvement of the Premises, Tenant will in all cases effect the restoration of the Premises unless Landlord has expressly set forth in writing that a particular alteration or improvement shall not be removed. As used throughout this paragraph, "restoration" means the reconstruction, rebuilding, rehabilitation, and repairs necessary to return altered, improved, or damaged portions of the Premises and other damaged property in, on or about the Premises to substantially the same physical condition in which they were immediately before the alteration, improvement, or damage.

11.3 **LANDLORD'S RIGHT OF ENTRY.** Landlord, its agents, contractors, servants and employees may enter the Premises following reasonable notice to Tenant and Landlord's good faith efforts to coordinate such entry with Tenant's on-site management so as to minimize interference with Tenant's business operations (except in a case of emergency): (a) to examine the Premises; (b) to perform any obligation or exercise any right or remedy of Landlord under this Lease; (c) to make repairs, alterations, improvements or additions to the Premises or to other portions of the Property as Landlord deems necessary or desirable; (d) to perform work necessary to comply with Laws, or regulations of any public authority or of any insurance underwriter; (e) to perform any Remedial Work (as defined in Section 26.3) which is necessary or appropriate as a result of any governmental order, investigation or proceeding; (f) to perform work that Landlord reasonably deems necessary to prevent waste or deterioration in connection with the Premises should Tenant fail to commence such repairs or, after commencing same, fail to diligently pursue such repairs to completion within three (3) days after written demand by Landlord; (g) to place upon the Premises any usual or ordinary "for rent" signs; (h) posting notices of non-responsibility or non-liability for alterations or repairs; or (i) showing or submitting the Premises to prospective purchasers or tenants, all of which actions Landlord may take without any abatement of Minimum Annual Rental or Additional Rental. If Landlord makes any repairs which Tenant is obligated to make pursuant to the terms of this Lease, Tenant shall pay the cost of such repairs to Landlord, as Additional Rental, promptly upon receipt of a bill from Landlord for same. In exercising its right of entry herein provided, Landlord shall not materially and unreasonably interfere with the operation of Tenant's business on the Premises. Nothing contained in this Section 11.3 shall imply any duty on the part of Landlord to do any such work which, under any provision of this Lease, Tenant may be required to do, nor shall it constitute a waiver of Tenant's default in failing to do the same. No exercise by Landlord of any rights contained in this Section 11.3

shall entitle Tenant to any damage for any injury or inconvenience occasioned thereby nor to any abatement of rental. Upon not less than twenty-four (24) hours' oral or written notice to Tenant, or, if Tenant has a lender, Tenant's lender, shall be permitted to enter the Premises and make or cause to be made such independent inspections as are permitted by this Lease to be made by Landlord and as it deems necessary for its own protection. If in connection with Landlord's inspection of any work being performed by Tenant, any such work is not in conformity with the plans and specifications approved pursuant to this Lease, any Restrictions (as defined in Section 27.25), or any other provisions of this Lease, Landlord may, upon five (5) days' notice to Tenant, stop the work and order correction of any such work. Inspection by Landlord of the Premises or any improvements thereon is for the sole purpose of protecting the rights of Landlord and is not to be construed as an acknowledgment, acceptance or representation by Landlord that there has been compliance with the provisions of this Lease or the plans and specifications approved by Landlord for such work, or that the Premises or any improvements thereon will be free of faulty materials or workmanship. For each of the aforesaid purposes, and those set forth in Article Landlord shall at all times have and retain a key with which to unlock all of the doors in, upon, and about the Premises, excluding Tenant's vaults and safes, and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

ARTICLE 12 ALTERATIONS

12.1 **LANDLORD APPROVAL FOR ALTERATIONS.** Tenant agrees not to make or suffer to be made any alteration, addition or improvement to or of the Premises (hereinafter referred to as "Alterations"), or any part thereof, without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed; provided, however, Tenant acknowledges that, by way of example and without limitation, it shall be reasonable for Landlord to withhold its consent to Alterations affecting the structural portions of the Building or the life-safety, electrical, plumbing, heating, ventilation, air-conditioning, fire-protection, telecommunications or other building systems (collectively, the "Building Systems"), or Alterations which require work to be performed in portions of the Building outside the Premises. In addition, as a condition of its consent to Alterations hereunder, Landlord may impose any reasonable requirements that Landlord considers desirable, including a requirement that Tenant provide Landlord with a surety bond, a letter of credit, or other financial assurance that the cost of the Alterations will be paid when due. Alterations made by Tenant, including without limitation any partitions (movable or otherwise) or carpeting, shall become a part of the Building and belong to Landlord; provided, however, that equipment, trade fixtures and movable furniture shall remain the property of Tenant. If Landlord consents to the making of any Alterations, the same shall be designed and constructed or installed by Tenant at Tenant's expense (including expenses incurred in complying with applicable laws). All Alterations shall be performed using only contractors or mechanics approved by Landlord, which approval shall not be unreasonably withheld; provided, however, that (i) Landlord may, in its sole discretion, specify engineers, general contractors, subcontractors, and architects to perform work affecting the Building Systems; and (ii) if Landlord consents to any Alterations that require work to be performed outside the Premises, Landlord may elect to perform such work at Tenant's expense. All Alterations shall be made in accordance with complete and detailed architectural, mechanical and engineering plans and specifications approved in writing by Landlord and shall be designed and diligently constructed in a good and workmanlike manner and in compliance with all applicable laws. The design and construction of any Alterations shall be performed in accordance with Landlord's applicable rules, regulations and requirements. Tenant shall cause any Alterations to be made in such a manner and at such times so that any such work shall not disrupt or interfere with the use or occupancy of other tenants or occupants of the Building. Under no circumstances shall Landlord be liable to Tenant for any damage, loss, cost or expense incurred by Tenant on account of Tenant's plans and specifications, Tenant's contractors or subcontractors, design of any work, construction of any work, or delay in completion of any work.

12.2 PERMITS, INSURANCE, CONTRACTS. Subsequent to obtaining Landlord's consent and prior to commencement of the Alterations, Tenant shall deliver to Landlord (i) any building or other permit required by applicable laws in connection with the Alterations; (ii) a copy of the executed construction contract(s); and (iii) written acknowledgments from all materialmen, contractors, artisans, mechanics, laborers and any other persons furnishing any labor, services, materials, supplies or equipment to Tenant with respect to the Premises that they will look exclusively to Tenant for payment of any sums in connection therewith and that Landlord shall have no liability for such costs. In addition, Tenant shall require its general contractor and all subcontractors to carry and maintain the following insurance at no expense to Landlord, and Tenant shall furnish Landlord with satisfactory evidence thereof prior to the commencement of construction: (A) Commercial General Liability Insurance with limits of not less than \$3,000,000 combined single limit for bodily injury and property damage, including personal injury and death, and Contractor's Protective Liability, and Products and Completed Operations Coverage in an amount not less than \$500,000 per incident, \$1,000,000 in the aggregate; (B) Comprehensive automobile liability insurance with a policy limit of not less than \$1,000,000 each accident for bodily injury and property damage, providing coverage at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, code 1 "any auto", and insuring against all loss in connection with the ownership, maintenance and operation of automotive equipment that is owned, hired or non-owned; (C) Worker's Compensation with statutory limits and Employer's Liability Insurance with limits of not less than \$100,000 per accident, \$500,000 aggregate disease coverage and \$100,000 disease coverage per employee; and (D) "Builder's All Risk" insurance in an amount approved by Landlord covering the Alterations, including such extended coverage endorsements as may be reasonably required by Landlord, it being understood and agreed that the Alterations shall be insured by Tenant pursuant to the terms of this Lease immediately upon completion thereof. All such insurance policies (except Workers' Compensation insurance) shall be endorsed to add Landlord, the holder of any mortgage covering the Building and Landlord's designated agents as additional insureds with respect to liability arising out of work performed by or for Tenant's general contractor, to specify that such insurance is primary and that any insurance or self-insurance maintained by Landlord shall not contribute with it, and to provide that coverage shall not be reduced, terminated, cancelled or materially modified except after thirty (30) days prior written notice has been given to Landlord. Landlord may inspect the original policies of such insurance coverage or require complete certified copies at any time. Tenant's general contractor shall furnish Landlord the same evidence of insurance for its subcontractors as required of Tenant's general contractor.

12.3 DURING ALTERATIONS. Landlord shall have the right (but not an obligation) to inspect the construction work during the progress thereof, and to require corrections of faulty construction or any material deviation from the plans for such Alterations as approved by Landlord; provided, however, that no such inspection shall be deemed to create any liability on the part of Landlord, or constitute a representation by Landlord or any person hired to perform such inspection that the work so inspected conforms with such plans or complies with any applicable laws, and no such inspection shall give rise to a waiver of, or estoppel with respect to, Landlord's continuing right at any time or from time to time to require the correction of any faulty work or any material deviation from such plans. Promptly following completion of any Alterations, Tenant shall (i) furnish to Landlord "as-built" plans therefor, (ii) cause a timely notice of completion to be recorded in the Office of the Recorder of the City in accordance with Civil Code Section 3093 or any successor statute, and (iii) deliver to Landlord evidence of full payment and unconditional final waivers of all liens for labor, services, or materials. All trash or surplus materials which may accumulate in connection with Tenant's construction activities shall be removed by Tenant at its own expense from the Premises and the Building.

12.4 ADMINISTRATIVE FEES. Tenant shall pay to Landlord a fee in the amount of ten percent (10%) of the cost of the Alterations for its review of plans and oversight of the progress of the work and Tenant shall reimburse Landlord for all out of pocket costs and expenses, incurred in connection therewith. All sums due to Tenant's contractors, if paid by Landlord due to Tenant's failure to pay such sums when due, shall bear interest payable to Landlord at the Interest Rate. By written notice to Tenant, Landlord may require Tenant, at Tenant's sole expense, to remove or pay Landlord the reasonably estimated cost of removing any Alterations, to restore the Premises to their configuration and condition before the Alterations were made, and to repair any damage to the Premises caused by such removal. Tenant shall use a general contractor designated by Landlord

for such removal and repair. In the event Landlord designates Tenant to complete such removal and restoration work, Rent shall continue to be paid by Tenant following the Expiration Date until such work is completed.

12.5 **NO LANDLORD ALTERATIONS.** Landlord shall not be required to perform any work or make any improvements in or about the Premises or the Building of any type or nature unless a special agreement to that effect is expressly set forth in this Lease.

12.6 **FREE OF LIENS.** Tenant shall pay all costs for work performed by or on account of it and shall keep the Premises and the Property free and clear of mechanics' liens or any other liens. Tenant shall give Landlord immediate notice of any lien filed against the Premises or the Property as a result of any work of improvement performed by or on behalf of Tenant. Tenant shall immediately cause any lien to be discharged or removed of record by either paying the amount thereof or recording a statutory lien release bond in an amount equal to one hundred fifty percent (150%) of the amount of said lien. If Tenant fails to do so, Landlord shall have the right, but not the obligation, in addition to all other rights and remedies available to Landlord under this Lease, to either pay and discharge such lien, without regard to the validity thereof, or procure and cause to be recorded a statutory lien release bond and to (a) collect from Tenant as Additional Rental; or (b) deduct such sum from any amount payable by Landlord to Tenant under this Lease: (i) all costs incurred by Landlord in paying and discharging such lien, or in procuring such bond, and (ii) all expenses incurred by Landlord in connection with such lien, including attorneys' fees and costs, recording fees and administrative costs and expenses. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law, or which Landlord shall deem proper for the protection of Landlord, the Premises, and the Building, from mechanic's, materialmen's and other liens. Tenant shall give Landlord at least twenty (20) days' prior written notice of the date of commencement of any construction on the Premises in order to permit the posting of such notices.

12.7 **LAWS.** As used in this Lease, the term "Law" or "Laws" shall mean all federal, state, county and local governmental and municipal laws, statutes, ordinances, rules, regulations, codes, decrees, orders and other such requirements, applicable equitable remedies and decisions by courts in cases where such decisions are binding precedents in the state in which the Property is located, and decisions of federal courts applying the Laws of such state, at the time in question.

ARTICLE 13 ASSIGNMENT AND SUBLETTING

13.1 **LANDLORD'S CONSENT REQUIRED.** Tenant shall not assign, sublet, enter into franchise, license or concession agreements, change ownership or voting control, or otherwise transfer (including any transfer by operation of law) all or any part of this Lease, Tenant's interest in the Premises or Tenant's business (collectively, "Assignment" or "Assign") without first procuring the written consent of Landlord, which consent shall not be unreasonably withheld, subject to the terms, covenants and conditions contained in this Lease. Under no circumstances shall Tenant mortgage, encumber, pledge or hypothecate this Lease or its interest in the Premises. If Tenant is a corporation which, under the then current guidelines published by the Commissioner of Corporations of the State of California, is not deemed a public corporation or is an unincorporated association or partnership, the transfer, assignment or hypothecation, whether in one (1) transaction or a series of transactions, of any stock or interest in such corporation, association or partnership in excess of an aggregate of forty-nine percent (49%) shall be deemed an Assignment within the meaning and provisions of this Article 13.

13.2 PROCEDURES.

(a) Should Tenant desire to enter into an Assignment, Tenant shall request, in writing, Landlord's consent to the proposed Assignment at least sixty (60) days before the intended effective date of the proposed Assignment, which request shall include the following: (i) full particulars of the proposed Assignment including its nature, effective date, terms and conditions, including without limitation all

consideration payable to Tenant (ii) a description of the identity, net worth and previous business experience of the proposed transferee (iii) a complete business plan prepared by the proposed transferee; and (iv) any further information relevant to the proposed Assignment which Landlord shall reasonably request, including, but not limited to, a balance sheet dated as of a date within ninety (90) days of the request for Landlord's consent, income statements and income tax returns for the proposed transferee for the two (2) years immediately preceding the request for Landlord's consent and a written statement in reasonable detail as to the business experience of the proposed transferee during the five (5) years immediately preceding the request for Landlord's consent in order to evaluate the solvency, financial responsibility and the business acumen and experience of the proposed transferee. Tenant warrants and represents that all data and information to be submitted to Landlord under this Section 13.2 will be true, accurate and complete. In addition, at any time Tenant desires to effect an Assignment under any provision of this Lease, Tenant shall deliver to Landlord all proposed agreements and documents (collectively, "Assignment Documents") memorializing, facilitating and/or evidencing such proposed Assignment, including without limitation any assignment of lease or sublease.

(b) Within thirty (30) days after receipt of Tenant's request for consent to the proposed Assignment together with all of the above-required information, Landlord shall respond and shall have the right either to: (i) consent to the proposed Assignment; or (ii) refuse to consent to the proposed Assignment. In the event Landlord consents to a proposed Assignment, then such Assignment must be completed within ninety (90) days after delivery of Landlord's notice consenting to the proposed Assignment (on terms and conditions consistent with those submitted to Landlord) but shall not be effective unless and until Landlord receives (1) copies of all executed and binding Assignment Documents, which Assignment Documents shall conform with the proposed Assignment Documents originally submitted by Tenant to Landlord, and (2) payment of the Assignment Reimbursement (as described in Section 13.7). Any proposed Assignment after expiration of said 90-day period or on terms different than those originally submitted to and approved by Landlord shall require Landlord's prior written consent pursuant to the procedure set forth herein.

13.3 STANDARD FOR CONSENT.

(a) Tenant agrees that Landlord may refuse its consent to the proposed transfer on any reasonable grounds, and (by way of example and without limitation) Tenant agrees that it shall be reasonable for Landlord to withhold its consent if any of the following situations exist or may exist: (i) the use to which the Premises will be put by the proposed transferee is different than the use set forth in Section 1.16; (ii) the proposed transferee's financial condition is inadequate to support all of the financial and other obligations of Tenant under this Lease; (iii) the business reputation or character of the proposed transferee is not reasonably acceptable to Landlord; (iv) the proposed transferee is not likely to conduct on the Premises a business of a quality substantially equal to that conducted by Tenant; (v) the nature of the proposed transferee's proposed or likely use of the Premises would impose an increased burden on Landlord or involve any increased risk of the presence, use, release or discharge of Hazardous Materials, as defined in Section 26.1; (vi) Landlord has not received assurances acceptable to Landlord in its sole discretion that all past due amounts owing from Tenant to Landlord, if any, will be paid and all other defaults on the part of Tenant, if any, will be cured prior to the effective date of the proposed Assignment; (vii) Landlord's Mortgagee has not consented to the proposed Assignment (and such consent is required). "Landlord's Mortgagee" as used herein means, individually and collectively (unless otherwise specifically provided hereinafter), the holders of Landlord's Mortgage. "Landlord's Mortgage" as used herein means, individually and collectively (unless otherwise specifically provided hereinafter), any and all Mortgages encumbering Landlord's interest in the Premises and/or the Property. "Mortgage" as used herein means any mortgage, deed of trust, monetary lien, financing conveyance or other monetary lien of any kind and all appropriate modes of financing real estate construction and development, including a sale and leaseback.

(b) Any purported Assignment without Landlord's prior written consent shall be void and of no force or effect and shall not confer any estate or benefit on anyone. Further, any such purported Assignment shall constitute an event of default by Tenant which shall not be susceptible to cure or rectification

pursuant to Section 18.5 hereof. A consent to one (1) Assignment by Landlord shall not be deemed to be a consent to any subsequent Assignment to any other party.

13.4 **NO RELEASE.** No Assignment, or Permitted Assignment, whether with or without Landlord's consent, shall an express written and executed release by Landlord, relieve Tenant or any Guarantor hereunder from its covenants and obligations under this Lease.

13.5 **FORM.** Any Assignment shall be evidenced by an instrument in form and content satisfactory to Landlord and executed by Tenant and the transferee, assignee, sublessee, licensee or concessionaire, as the case may be.

13.6 **RECAPTURE OF THE PREMISES.** Intentionally Omitted.

13.7 **LANDLORD ASSIGNMENT REIMBURSEMENT.** Tenant shall reimburse Landlord for Landlord's reasonable expenses in connection with any assignment of the Lease including for Landlord's attorneys' fees, accounting fees and other costs incurred by Landlord in connection with the processing and documentation of any proposed Assignment of this Lease, whether or not consented to by Landlord or consummated.

13.8 **REASONABLENESS OF RESTRICTIONS.** Tenant acknowledges and agrees that each of the rights of Landlord set forth in Section 13.3, above, in the event of a request for Landlord's consent to an Assignment is a reasonable restriction for purposes of California Civil Code, Section 1951.4.

13.9 **NO LIABILITY.** Landlord shall have no liability for damages to Tenant or to any proposed transferee if it is adjudicated that Landlord's consent has been unreasonably withheld and such unreasonable withholding of consent constitutes a breach of this Lease or other duty to Tenant, the proposed transferee or any other person on the part of Landlord. In such event, Tenant's sole remedy shall be to have the proposed Assignment declared valid as if Landlord's consent had been given.

ARTICLE 14
INTENTIONALLY DELETED

ARTICLE 15
INSURANCE

15.1 **TENANT'S INSURANCE** Tenant, at its sole cost and expense, commencing on the date Tenant is given access to the Premises, and continuing during the Term, shall procure, pay for and keep in full force and effect the following types of insurance, in at least the amounts and in the forms specified below:

(a) Commercial general liability insurance against claims and liability for personal injury, death, or property damage arising from the use, occupancy, or condition of the Premises, the improvements thereon, and any abutting public rights-of-way, which insurance shall provide protection of at least Three Million and 00/100 Dollars (\$3,000,000.00), per occurrence and a general aggregate combined single limit of bodily injury and property damage liability of at least Five Million Dollars (\$5,000,000.00). All such liability insurance shall be in no case less than, or more restrictive than, the ISO 2001 form or its equivalent and shall specifically insure the performance by Tenant of the indemnity agreement as to liability for injury to or death of persons and injury or damage to property set forth in Section 15.5. Further, all such liability insurance shall include, but not be limited to, personal injury, blanket contractual liability personal & advertising liability (including libel, slander, false arrest, and wrongful eviction), and broad form property damage liability (including fire legal liability and such other risks as Landlord may specify by written notice to Tenant), cross-liability and severability of interest clauses, products/completed operations, broad form property damage, independent contractors, owned, non-owned and hired vehicles with a combined single limit of not less than Two Million

and 00/100 Dollars (\$3,000,000.00), per occurrence an umbrella and/or excess liability policy of at least Three Million Dollars (\$5,000,000.00) which shall apply on a per location basis.

(b) Worker's compensation coverage as required by Law, including employer's liability coverage, with a limit of not less than One Million and 00/100 Dollars (\$1,000,000.00) and waiver by Tenant's insurer of any right of subrogation against Landlord by reason of any payment pursuant to such coverage.

(c) Business interruption or loss of income insurance in amounts sufficient to insure Tenant's business operations and rental obligations hereunder for a period of not less than one (1) year.

(d) Plate glass insurance covering all plate glass on the Premises at full replacement value. Tenant shall have the option either to insure this risk or to self-insure.

(e) Insurance covering all of Tenant's leasehold improvements, Alterations permitted under Article 12, trade fixtures, merchandise and personal property from time to time in, on or about the Premises in an amount not less than their full replacement value from time to time, including replacement cost endorsement, providing protection against any peril included within the classification Fire and Extended Coverage, sprinkler damage, vandalism, malicious mischief and such other additional perils as covered in an "all risks" standard insurance policy. Any policy proceeds shall be used for the repair or replacement of the property damaged or destroyed unless this Lease shall cease and terminate under the provisions of Article 16.

(f) Any insurance policies designated necessary by Landlord with regard to Tenant's, or Tenant's contractors', construction of Alterations including, but not limited to, contingent liability and "all risks" builders' risk insurance, in amounts acceptable to Landlord.

15.2 POLICY FORM. All policies of insurance required of Tenant herein shall be issued by insurance companies with general policy holder's rating of not less than A- and a financial rating of not less than Class X, as rated in the most current available "Best's Key Rating Guide", and which are qualified to do business in the State of California. All such policies, except for the Worker's Compensation coverage, shall name and shall be for the mutual and joint benefit and protection of Landlord, Tenant and Landlord's agents and mortgagee(s) or beneficiary (ies) as additional insureds. The policies described in subparagraphs (c) and (e) of Section 15.1 shall also name Landlord and Landlord's Mortgagee(s) or beneficiary (ies) as additional loss payees. Executed copies of the policies of insurance or certificates thereof shall be delivered to Landlord prior to Tenant, its agents or employees entering the Premises for any purpose. Thereafter, executed copies of renewal policies or certificates thereof shall be delivered to Landlord within thirty (30) days prior to the expiration of the term of each policy. All policies of insurance delivered to Landlord must contain a provision that the company writing the policy will give to Landlord thirty (30) days' prior written notice of any cancellation or lapse or the effective date of any reduction in the amounts of insurance. All policies required of Tenant herein shall be endorsed to read that such policies are primary policies and any insurance carried by Landlord or Landlord's property manager shall be noncontributing with such policies. No policy required to be maintained by Tenant shall have a deductible greater than Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) unless approved in writing by Landlord.

15.3 BLANKET POLICIES. Notwithstanding anything to the contrary contained in this Article 15, Tenant's obligation to carry insurance may be satisfied by coverage under a so-called blanket policy or policies of insurance; provided, however, that the coverage afforded Landlord will not be reduced or diminished and the requirements set forth in this Lease are otherwise satisfied by such blanket policy or policies.

15.4 INCREASED PREMIUMS DUE TO TENANT'S PERMITTED USE. Tenant shall not do any act in or about the Premises which will tend to increase the insurance rates upon the Premises or the Property of which the Premises are a part. Tenant agrees to pay to Landlord, upon demand, the amount of any increase

in premium for insurance resulting from Tenant's use of the Premises, whether or not Landlord shall have consented to the act on the part of Tenant.

15.5 INDEMNITY. "Landlord" for the purposes of this Section 15.5 shall mean and include Landlord and Landlord's Representatives (as such term is defined herein). To the fullest extent permitted by law, Tenant covenants with Landlord that, other than related to Landlord's gross negligence, Landlord shall not be liable for any damage or liability of any kind or for any injury to or death of persons or damage to property of Tenant or any other person occurring from and after Delivery of Possession to Tenant of the Premises (or such earlier date if Tenant is given earlier access to the Premises) from any cause whatsoever related to the use, occupancy or enjoyment of the Premises by Tenant or any person thereon or holding under Tenant including, but not limited to, damages resulting from any labor dispute. Tenant shall pay for, defend (with an attorney approved by Landlord to the extent allowed by Tenant's insurer), indemnify, and save Landlord harmless against and from any real or alleged damage or injury and from all claims, judgments, liabilities, costs and expenses, including attorney's fees and costs, arising out of or connected with Tenant's use of the Premises and its facilities, or any repairs, Alterations or improvements (including original improvements and fixtures specified as Tenant's Work) which Tenant may make or cause to be made upon the Premises, any breach of this Lease by Tenant and any loss or interruption of business or loss of rental income resulting from any of the foregoing other than related to Landlord's gross negligence; provided, however (and though Tenant shall in all cases accept any tender of defense of any action or proceeding in which Landlord is named or made a party and shall, notwithstanding any allegations of negligence or misconduct on the part of Landlord, defend Landlord as provided herein), Tenant shall not be liable for such damage or injury to the extent and in the proportion that the same is ultimately determined to be attributable to the negligence or misconduct of Landlord and shall be reimbursed for all costs of defense to the extent that the circumstances leading to the suit related to Landlord's gross negligence. This obligation to indemnify shall include all of Landlord's attorneys' fees, litigation costs, investigation costs and court costs and all other costs, expenses and liabilities incurred by Landlord or its counsel from the first notice that any claim or demand is to be made or may be made. Tenant's obligations under this Section 15.5 shall survive the termination of this Lease.

Furthermore, Landlord shall not be liable to Tenant or any of its Representatives, invitees, licensees, or customers for any loss, damage or injury to the person, business (or any loss of income therefrom), goods, wares, merchandise or other property of Tenant, its employees, contractors, invitees, customers, or any other person in or about the Premises, whether such loss, damage or injury is caused by or results from: (i) fire, earthquake, flood, explosions, falling plaster, steam, electricity, gas, water, rain or snow which may leak or flow into any part of the Premises; (ii) the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from the roof, street or subsurface resulting from dampness or from any other cause whatsoever; (iii) conditions arising in or about the Premises or upon other portions of the Property, or from other sources or places; or (iv) any act or omission of any other tenant of the Property, of occupants of adjacent property, the public, or caused by operations in construction of any private, public or quasi-public work other than related to the gross negligence of Landlord. Landlord shall not be liable for such damage or injury even though the cause of or means of repairing same are not accessible to Tenant. Landlord shall not be liable for any damages arising from (i) the failure by Landlord to enforce the provisions of any other lease in the Property except as specifically stated in this Lease, (ii) any loss or damage to any property of Tenant or others resulting directly or indirectly from any criminal act, by theft or otherwise other than related to Landlord's gross negligence, (iii) any interference with light or air other than related to Landlord's intentional conduct, or (iv) any latent defect in the Premises other than related to Landlord's gross negligence.

"Representatives" as used herein means with regard to Landlord or Tenant the officers, directors, shareholders, managers, staff, employees, members, agents, principals, any entity controlling, controlled by, or under common control with Landlord or Tenant as applies, partners, independent contractors, attorneys, accountants and representatives of the referenced entity and the predecessors, heirs, successors and assigns of all such persons.

15.6 **WAIVER OF SUBROGATION.** Landlord and Tenant each waive any rights each may have against the other on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, their respective property, the Premises or its contents, or to other portions of the Property arising from any liability, loss, damage or injury caused by fire or other casualty for which property insurance is carried or required to be carried pursuant to this Lease. The insurance policies obtained by Landlord and Tenant pursuant to this Lease shall contain endorsements waiving any right of subrogation which the insurer may otherwise have against the non-insuring party. The foregoing release and the foregoing requirement for waivers of subrogation shall be operative only so long as the same shall neither preclude the obtaining of such insurance nor diminish, reduce or impair the liability of any insurer. If Landlord has contracted with a third party for the management of the Property, the waiver of subrogation by Tenant herein shall also run in favor of such third party.

15.7 **FAILURE BY TENANT TO MAINTAIN INSURANCE.** If Tenant refuses or neglects to secure and maintain insurance policies complying with the provisions of this Article 15, Landlord may, at Landlord's sole option, procure said insurance and pay the requisite premiums, in which event Tenant shall pay all sums so expended to Landlord together with a fifteen percent (15%) handling charge, payable upon demand together with interest thereon at the Interest Rate as defined in Article 27 from the date of payment by Landlord for such insurance until Landlord receives the payment described hereinabove from Tenant.

15.8 **SUFFICIENCY OF COVERAGE.** Neither Landlord nor any of Landlord's agents make any representation that the types of insurance and limits specified to be carried by Tenant under this Lease are adequate to protect Tenant. If Tenant believes that any such insurance coverage is insufficient, Tenant shall provide, at its own expense, such additional insurance as Tenant deems adequate. Nothing contained herein shall limit Tenant's liability under this Lease.

ARTICLE 16 **DAMAGE**

16.1 **REPAIR.** Except as hereinafter set forth, in the event the Premises or the Building is damaged from any cause, Landlord shall forthwith repair such damage and this Lease shall remain in full force and effect. Provided such damage was not caused by Tenant's, or by its agents, employees, contractors, invitees or licensees, negligent or willful act, Tenant shall be entitled to a proportionate reduction of Rent while such repairs are being made in an amount not to exceed the applicable rental interruption insurance proceeds received by Landlord, and that is in the same proportion to the Rent as the rentable area of the portion of the Premises so damaged and is unusable bears to the total rentable area of the Premises.

16.1 **UNINSURED CASUALTY; INADEQUATE PROCEEDS.** In the event the cost of repairing such damage is not covered by Landlord's insurance, or in the event the cost of repairs exceeds the insurance proceeds payable, Landlord may elect, at its option, not to make such repairs, in which event this Lease may be terminated at the option of either party upon the giving of notice and without liability to the other party. In the event the Premises are rendered un-tenantable for more than Three Hundred and Sixty (360) days as a result of any such damage, Landlord or Tenant may elect to terminate this Lease provided notice thereof is given to the other party hereto within Thirty (30) days following the date such party is notified that such damage may not be repaired within said Three Hundred and Sixty (360) day period. Landlord shall under no circumstances be required to repair any damage to the property of Tenant, or to any improvements installed in, on or about the Premises by Tenant. Tenant hereby specifically waives the provisions of Section 1932, Subdivision 2 and Section 1933, Subdivision 4, of the California Civil Code. In the event the Building is damaged to the extent of more than Twenty Percent (20%) of the then replacement cost thereof, Landlord may elect to terminate this Lease, whether the Premises are damaged or not and without liability to Tenant. A total destruction of the Building shall terminate this Lease without liability to Landlord or Tenant.

16.3 **WAIVER OF TERMINATION.** Tenant hereby specifically waives the provisions of Section 1932, Subdivision 2 and Section 1933, Subdivision 4, of the California Civil Code.

ARTICLE 17
EMINENT DOMAIN

17.1 **TAKING.** The term "Taking", as used in this Article 17, shall mean an appropriation or taking under the power of eminent domain by any public or quasi-public authority or a voluntary sale or conveyance in lieu of condemnation but under threat of condemnation.

17.2 **TOTAL TAKING.** In the event of a Taking of the entire Premises, this Lease shall terminate and expire as of the date possession is delivered to the condemning authority and Landlord and Tenant shall each be released from any liability accruing pursuant to this Lease after the date of such termination, but Minimum Annual Rental and Additional Rental for the last month of Tenant's occupancy shall be prorated and Landlord shall refund to Tenant any Minimum Annual Rental and Additional Rental paid in advance.

17.3 **PARTIAL TAKING.** If there is a Taking that by reason of the condemnation an alteration of the Building is required, and such alteration materially interferes with Tenant's business in the Premises, then Tenant shall be entitled to a reasonable abatement in Rent during the period of such modification or alteration to the extent such work interferes with Tenant's business.

17.4 **OPTION TO TERMINATE.** In the event a portion of the Premises is permanently condemned and taken, and such condemnation and taking materially affects Tenant's business in the Premises, then Tenant shall have the option of either terminating all of its obligations under this Lease or continuing this Lease in full force and effect with respect to such portion of the Premises not taken. In such latter event, Rent for the remainder of the Term shall be reduced in the proportion which the rentable square footage of the Premises taken bears to the total rentable square footage of the original Premises.

17.5 **AWARD.** The entire award or compensation in any such condemnation proceeding, whether for a total or partial Taking, or for diminution in the value of the leasehold or for the fee, shall belong to and be the property of Landlord; and, in any event, the holder of any mortgage or deed of trust encumbering the Property shall have a first priority to the extent of the unpaid balance of principal and interest on its loan. Without derogating the rights of Landlord or said lender under the preceding sentence, Tenant shall be entitled to recover from the condemning authority such compensation as may be separately awarded by the condemning authority to Tenant or recoverable from the condemning authority by Tenant in its own right for the taking of trade fixtures and equipment owned by Tenant and for the expense of removing and relocating its trade fixtures and equipment, but only in the event that the compensation awarded to Tenant shall be in addition to and shall not diminish the compensation awarded to Landlord as provided above.

17.6 **CONTINUATION OF LEASE.** In the event of a Taking, if Landlord and Tenant elect not to terminate this Lease as provided above (or have no right to so terminate), Landlord agrees, at Landlord's cost and expense as soon as reasonably possible after the Taking, to restore the Premises (to the extent of the condemnation proceeds) on the land remaining to a complete unit of like quality and character as existed prior to the Taking and, thereafter, Minimum Annual Rental shall be reduced on an equitable basis, taking into account the relative value of the portion taken as compared to the portion remaining, and Landlord shall be entitled to receive the total award or compensation in such proceedings:

ARTICLE 18
DEFAULTS BY TENANT

18.1 **EVENTS OF DEFAULT.** Should Tenant at any time be in default with respect to:

(a) Any payment of Minimum Annual Rental, Additional Rental or any other charge payable by Tenant pursuant to this Lease ("**Monetary Obligation**") for a period of five (5) days after written notice from Landlord to Tenant (provided, however, any notice shall be in lieu of, and not in addition to, any

notice required under Section 1161 of the Code of Civil Procedure of California or any similar, superseding statute), or

(b) Should Tenant be in default in the prompt and full performance of any other of its promises, covenants or agreements herein contained for more than a reasonable time (in no event to exceed ten (10) days) after written notice thereof from Landlord to Tenant specifying the particulars of the default (provided, however, any notice shall be in lieu of, and not in addition to, any notice required under Section 1161 of the Code of Civil Procedure of California or any similar, superseding statute), or

(c) Should Tenant be in default of a Monetary Obligation more than two (2) times in any twelve (12) month period, or

(d) Should Tenant vacate or abandon the Premises, or

(e) Should Tenant make any general assignment for the benefit of creditors, or

(f) Should there be filed against Tenant a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any Law relating to bankruptcy (unless, in the case of a petition filed against Tenant, same is dismissed within sixty (60) days), or should Tenant institute any proceedings under the Bankruptcy Code or any similar or successor statute, code or act, or should an appointed trustee or receiver take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where possession is not restored to Tenant within thirty (30) days, or should substantially all of Tenant's assets located at the Premises or Tenant's interest in this Lease be attached or judicially seized where the seizure is not discharged within thirty (30) days,

Then Landlord may treat the occurrence of any one (1) or more of the foregoing events as a breach of this Lease and, in addition to any or all other rights or remedies of Landlord by Law provided, Landlord shall have the right, at Landlord's option, without further notice or demand of any kind to Tenant or any other person, (i) to declare the Term ended and to re-enter and take possession of the Premises and remove all persons therefrom, or (ii) without declaring this Lease terminated and without terminating Tenant's right to possession, to re-enter the Premises and occupy the whole or any part for and on account of Tenant and to collect any unpaid rentals and other charges which have become payable or which may thereafter become payable, or (iii) even though it may have re-entered the Premises as provided in Section 18.1 (ii) above, to thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises. In any case in which Landlord shall re-enter and occupy the whole or any part of the Premises, by unlawful detainer proceedings or otherwise, Landlord, at its option, may repair, alter, subdivide or change the character of the Premises from time to time in such manner as Landlord deems best, may relet the Premises or any part thereof and receive the rents therefor, and none of such actions shall constitute a termination of this Lease, a release of Tenant from any liability hereunder, or result in the release or exoneration of any Guarantor. Landlord shall not be deemed to have terminated this Lease or terminated the liability of Tenant to pay any Minimum Annual Rental, Additional Rental or other charges later accruing by any re-entry of the Premises pursuant to Section 18.1(ii) above, or by any action in unlawful detainer or otherwise to obtain possession of the Premises, unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Lease.

18.2 TERMINATION OF LEASE. Should Landlord elect to terminate this Lease pursuant to the provisions of Sections 18.1(i) or (iii) above, Landlord may recover from Tenant, as damages, the following: (a) The worth at the time of award of any unpaid rental which had been earned at the time of the termination, plus (b) the worth at the time of award of the amount by which the unpaid rental which would have been earned after termination until the time of award exceeds the amount of rental loss Tenant proves could have been reasonably avoided, plus (c) the worth at the time of award of the amount by which the unpaid rental for the balance of the Term after the time of award exceeds the amount of rental loss that Tenant proves could be reasonably avoided, plus (d) any other amounts necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom including, but not limited to, any costs or expenses incurred by Landlord in (i) retaking possession of the Premises, including reasonable attorneys' fees therefor, (ii) maintaining or preserving the Premises after any default, (iii) preparing the Premises for reletting to a new tenant, including repairs or alterations to the Premises, (iv) respecting unamortized leasing commissions incurred

in connection with this Lease, if any (the leasing commissions shall be amortized on a straight-line basis over the Term for purposes of computing the foregoing), or (v) any other costs necessary or appropriate to relet the Premises, plus (e) at Landlord's election, any other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the Laws of the State of California.

As used in subparagraphs (a) and (b) above, the "worth at the time of award" is computed by allowing interest at the maximum lawful rate. As used in subparagraph (c) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank situated nearest to the location of the Property at the time of award plus one percent (1%).

18.3 DEFINITION OF RENTAL. For purposes of this Article 18 only, the term "rental" shall be deemed to be Minimum Annual Rental, Additional Rental and all other sums required to be paid by Tenant pursuant to the terms of this Lease. All sums, other than Minimum Annual Rental, shall, for the purpose of calculating any amount due under the provisions of Section 18.1(c) above, be computed on the basis of the average monthly amount accruing during the immediately preceding sixty (60) month period, except that if it becomes necessary to compute these sums before the sixty (60) month period has occurred, then these sums shall be computed on the basis of the average monthly amount accruing during the shorter period. The acceptance of any rental payments by Landlord shall not be deemed a waiver of Landlord's right to enforce any term or provision hereof.

18.4 ALTERNATIVE DAMAGES. Should Landlord elect to maintain Tenant's right to possession of the Premises pursuant to the provisions of clause (ii) of Section 18.1, Landlord shall be entitled, in addition to all other rights and remedies available under this Lease or at law or in equity, to recover Minimum Annual Rental and Additional Rental as it becomes due. It is specifically acknowledged and agreed that Landlord has the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due without the need to re-enter or re-lease the Premises). The parties acknowledge that in the event Landlord attempts to lease the Premises to any third party without terminating this Lease in an effort to mitigate damages and otherwise in accordance with Section 1951.4, that such attempted reletting shall not be considered as a termination of Tenant's right to possession of the Premises.

18.5 NONMONETARY DEFAULTS. Notwithstanding any other provision of this Article 18, if the default complained of, other than a default for the payment of monies, cannot be rectified or cured within the period requiring rectification or curing, as specified in the written notice relating to the default, then, as to a default susceptible to being cured, the default shall be deemed to be rectified or cured if Tenant, within the notice period, shall have commenced to rectify or cure the default and shall thereafter diligently and continuously prosecute same to completion.

18.6 ASSIGNMENT OF RENTS AND PROFITS. In the event of default by Tenant hereunder, Tenant hereby grants to and confers upon Landlord the right, power and authority, at Landlord's sole option and without affecting any of Landlord's other rights or remedies hereunder, to collect all rents and profits received by Tenant as a result of the possession by Tenant of the Premises. Such amounts shall include, but shall not be limited to, amounts due under sublease, license or concession arrangements. Upon any such default, Landlord shall have the right to collect such rents and profits, including those past due and unpaid. The collection of such rents and profits shall not cure, waive or satisfy any default or notice of default hereunder.

18.7 ABANDONMENT. Tenant shall not vacate, cease doing business in, or abandon the Premises at any time during the Term. If Tenant abandons, vacates or surrenders the Premises, or is dispossessed by process of law or otherwise, any personal property belonging to Tenant and left in or on the Premises shall be deemed to be abandoned and, at the option of Landlord, such property may be removed and stored in any public warehouse or elsewhere at the cost of and for the account of Tenant.

ARTICLE 19
DEFAULTS BY LANDLORD

19.1 **LANDLORD'S LIABILITY.** If Landlord fails to perform any of the covenants, provisions or conditions contained in this Lease on its part to be performed within thirty (30) days after written notice of default (or if more than thirty (30) days shall be required because of the nature of the default, if Landlord shall fail to diligently proceed to commence to cure the default after written notice), then Landlord shall be liable to Tenant for all damages sustained by Tenant as a direct result of Landlord's breach and Tenant shall not be entitled to terminate this Lease as a result thereof. Tenant agrees that as to Landlord, Tenant shall not have any right to sue for or collect, and Landlord shall never have any liability or responsibility whatsoever for, any consequential or indirect damages including, without limitation, lost profits, whether proximately or remotely related to any default of Landlord under this Lease or any act, omission or negligence of Landlord, its agents, contractors or employees, and Tenant hereby waives any and all such rights. It is expressly understood and agreed that any judgment against Landlord resulting from any default or other claim under this Lease shall be satisfied only by Landlord, and Tenant shall have no claim against any principal or owner, member, or manager of Landlord (as Landlord is defined in Section 15.5) or any of any principal of Landlord's personal assets for satisfaction of any judgment with respect to this Lease. With respect to any provision of this Lease which provides, in effect, that Landlord shall not unreasonably withhold or unreasonably delay any consent or any approval, Tenant, in no event, shall be entitled to make, nor shall Tenant make, any claim for, and Tenant hereby waives any claim for money damages; nor shall Tenant claim any money damages by way of setoff, counterclaim or defense, based on any claim or assertion by Tenant that Landlord has unreasonably withheld or unreasonably delayed any consent or approval; Tenant's sole remedy shall be an action or proceeding to enforce any such provision, or for specific performance, injunction or declaratory relief.

19.2 **CURE BY ASSIGNEE.** If any part of the Premises is at any time subject to a first mortgage or a first deed of trust, and this Lease or the rentals due from Tenant hereunder are assigned by Landlord to a mortgagee, trustee or beneficiary ("Assignee" for purposes of this Article 19 only) and Tenant is given written notice of the assignment including the post office address of Assignee, then Tenant shall also give written notice of any default by Landlord to Assignee, specifying the default in reasonable detail and affording Assignee a reasonable opportunity to make performance for and on behalf of Landlord. If and when Assignee has made performance on behalf of Landlord, the default shall be deemed cured.

ARTICLE 20
ATTORNMEN AND TENANT'S CERTIFICATE

20.1 **NO AUTOMATIC ATTORNMEN.** In the event that David, Todd and Scott transfer the Property to any party other than a party owned by or controlled solely by David, Todd and Scott, Tenant shall have the right, but not the obligation, to declare this Lease null and void and of no further force and effect by giving written notice to Landlord within ninety (90) days of written notice by Landlord to Tenant of such transfer, or of such intent to transfer, the Property. Such written notice by Landlord shall advise Tenant of the party to whom the Property has been or shall be transferred, the date of such transfer, and that Tenant has the right to declare the Lease null and void pursuant to this Section 20.2. In the event that the Property is transferred but to a party not specifically named in such written notice, such written notice shall not meet the requirements of this Section 20.2. Tenant requires the assurances set forth in this Section 20.2 as a material inducement to enter into the Lease, and Landlord recognizes that without the assurance by Landlord that Tenant may declare the Lease void and of no further force and effect under the circumstances set forth herein, Tenant would not execute this Lease. Tenant and Landlord agree that this Section 20.1 is reasonable given that a party not a party to this Lease has for reasons unknown to Landlord and Tenant, refused to give up a conditional right to purchase the Property on certain conditions. Landlord has no intent of selling or transferring the Building and wishes to continue owning the Building. Tenant agrees to execute and deliver to Landlord Tenant's Estoppel in the form and within the content of Exhibit C attached hereto ("Tenant's Estoppel") within five (5) days of request by Landlord confirming the rights and obligations under this Lease.

ARTICLE 21
SECURITY DEPOSIT

21.1 **SECURITY DEPOSIT.** Upon execution of this Lease, Tenant shall deposit with Landlord the sum specified in Section 1.18 ("Security Deposit"). The Security Deposit shall be held by Landlord, without obligation or liability for payment of interest thereon, as security for the faithful performance by Tenant of all of the terms of this Lease to be observed and performed by Tenant. Landlord shall not be required to keep the Security Deposit separate from its general funds. Tenant specifically waives any rights Tenant might otherwise have pursuant to California Civil Code Section 1950.7 with respect to the time periods by which the Security Deposit must be returned or which may otherwise limit Landlord's right to apply all or any part of the Security Deposit to cure any default by Tenant hereunder, or to compensate Landlord for any damage suffered hereunder, including Landlord's retention of the Security Deposit as an offset against the amount of anticipated future damages.

21.2 **APPLICATION OF SECURITY DEPOSIT.** Should Tenant be in default of any provision of this Lease at any time during the Term hereof, Landlord may, at its option and without prejudice to any other remedy which Landlord may have at law or in equity, apply the Security Deposit or any portion thereof same toward payment of Minimum Annual Rental, Additional Rental and/or to any loss or damage sustained by Landlord due to the default on the part of Tenant. Within five (5) days after written demand by Landlord, Tenant shall deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the original sum deposited, and Tenant's failure to do so shall constitute a material default under this Lease.

21.3 **REFUND.** Should Tenant perform all of its obligations under this Lease, the Security Deposit or any balance thereof then remaining shall be returned to Tenant within sixty (60) days of the expiration of the Term or the earlier termination of this Lease. Tenant hereby expressly waives the benefit of any statutory right to the return of any unused portion of the Security Deposit earlier than sixty (60) days after the expiration of the Term or earlier termination of this Lease.

21.4 **SALE OF PREMISES.** Landlord may deliver the Security Deposit to the purchaser of Landlord's interest in the Premises and Landlord shall then be discharged from any further liability with respect to the Security Deposit. This Section 21.4 shall also apply to any subsequent transfer of Landlord's interest in the Premises.

ARTICLE 22
QUIET ENJOYMENT; ABSENCE OF WARRANTIES

(a) Upon Tenant's payment of Minimum Annual Rental and Additional Rental and its observation and performance of all of the covenants, terms and conditions of this Lease to be observed and performed by Tenant, Tenant shall peacefully and quietly hold and enjoy the Premises from and after delivery thereof to Tenant; subject, however, to (i) the rights of the parties as set forth in this Lease, (ii) any mortgage or deed of trust to which this Lease is subordinate, (iii) all matters of record, and (v) disturbances, odors and similar inconveniences which are commonly associated with design professional office properties of the type and size of the Property and/or with tenants located in such design professional office properties.

(b) Tenant acknowledges and agrees that Landlord has not made, nor has Tenant relied upon, any representation or warranty regarding the (i) Permitted Use set forth in Section 1.16 and Tenant's ability to engage therein; (ii) effect of any Restrictions; (iii) physical condition to the Premises; (iv) prior, current, or future occupancy of any other tenant or occupant of any part of the Property, or (v) any other aspect of the Premises or the Property. Tenant's taking possession of the Premises shall be deemed to be Tenant's acceptance of the Premises and the Property in all its aspects.

ARTICLE 23
NOTICES

Every notice, demand or request (collectively "Notice") required hereunder or by Law to be given by either party to the other shall be in writing. Every provision of this Lease which provides that either party shall notify the other of any particular matter shall be governed by this Section. Notices shall be given by personal service or by United States certified or registered mail, postage prepaid, return receipt requested, or by same day or overnight private courier, addressed to the party to be served at the address indicated in Section 1.20 or such other address as the party to be served may from time to time designate in a Notice to the other party. Notice personally served shall be effective when delivered to the party upon whom such Notice is served. If served by registered or certified mail, Notice shall be conclusively deemed given on the date shown on the return receipt, but if delivery is refused or the Notice is unclaimed, Notice shall conclusively be deemed given forty eight (48) hours after mailing. If served by private courier, Notice to the addressee shall be conclusively deemed given as confirmed by the private courier service making delivery. Copies of any Notice shall be sent to the addresses, if any, designated for service of copies of Notices in Section 1.20; but the inadvertent failure to serve a copy of a Notice, either to the address so designated or in the manner provided in this Section, shall not render service of Notice invalid if the original Notice is served in accordance with this Section. Notice given by facsimile or telecopy shall not be effective unless receipt of such Notice is acknowledged by the recipient in writing, in which case the effective date of such Notice shall be the date of such written acknowledgement.

ARTICLE 24
INTENTIONALLY OMITTED

ARTICLE 25
INTENTIONALLY OMITTED

ARTICLE 26
HAZARDOUS MATERIALS

26.1 **HAZARDOUS MATERIALS LAWS; HAZARDOUS MATERIALS.** "Hazardous Materials Laws" means any and all federal, state or local Laws, relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under or about the Premises, or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended, 42 U.S.C. §9601, et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §6901, et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq., any amendments to the foregoing, and any similar federal, state or local Laws. "Hazardous Materials" means any chemical, compound, material, substance or other matter that: (i) is a flammable explosive, asbestos, radioactive material, nuclear medicine material, drug, vaccine, bacteria, virus, hazardous waste, toxic substance, gasoline, petroleum product, polychlorinated biphenyls or related injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials; (ii) is controlled, designated in or governed by any Hazardous Materials Law; (iii) gives rise to any reporting, notice or publication requirements under any Hazardous Materials Law; or (iv) gives rise to any liability, responsibility or duty on the part of Tenant or Landlord with respect to any third Person under any Hazardous Materials Law.

26.2 **USE.** Tenant, at its sole cost and expense, shall comply with all Laws relating to the storage, use, handling and disposal of Hazardous Materials and mold. Tenant shall not allow any Hazardous Material to be used, generated, released, stored or disposed of on, under or about, or transported from, the Premises or the Property, unless: (i) such use is specifically disclosed to and approved by Landlord (which approval may be granted or withheld in Landlord's sole discretion) prior to such use; and (ii) such use is conducted in compliance with the provisions of this Article 26. Landlord may approve such use subject to conditions to protect the Property, the Premises and Landlord's interests. Landlord may, without limitation, withhold approval if Landlord determines that such proposed use involves a risk of a release or discharge of Hazardous Materials that

may be a health risk to persons in violation of any Hazardous Materials Laws or that Tenant has not provided adequate assurances of its ability to remedy such a violation and fulfill its obligations under this Article 26. Notwithstanding the foregoing, this provision shall not be construed or understood to prohibit Tenant from allowing Hazardous Materials to be brought upon the Premises so long as they are Hazardous Materials which are customary and common to the normal course of business of such design professional use and so long as such Hazardous Materials are used, stored and disposed of in strict accordance with all applicable Hazardous Materials Laws. Upon the expiration of the Term or sooner termination of this Lease, Tenant shall remove any equipment, improvements or storage facilities utilized by Tenant or any assignee or subtenant of Tenant or their respective agents, contractors, employees, concessionaires, licensees, or invitees in connection with any Hazardous Materials and shall clean up, detoxify, repair and otherwise restore the Premises to a condition free of those Hazardous Materials.

26.3 COMPLIANCE WITH LAWS. Tenant and its agents, contractors, employees, assignees, sublessees, licensees, concessionaires, and invitees shall strictly comply with, and shall maintain the Premises in compliance with, all Hazardous Materials Laws and free of mold. Tenant shall obtain and maintain in full force and effect all permits, licenses and other governmental approvals required for Tenant's operations on the Premises under any and all Hazardous Materials Laws and all laws related to Tenant's business. At Landlord's request, Tenant shall deliver copies of, or allow Landlord to inspect, all such permits, licenses and approvals. Tenant shall not perform any monitoring, investigation, clean-up, removal or other remedial work including, without limitation, the preparation and implementation of any closure, remedial action or other required plans in connection therewith (collectively, "Remedial Work") in response to the presence of any Hazardous Materials or mold in or about the Premises or the Property, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials and/or mold in any way connected with the Premises or the Property, without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear or otherwise appropriately assert and protect Landlord's interest with respect thereto. Landlord shall have the right to intervene in any governmental action or proceeding involving any Remedial Work, and to approve performance of the work, in order to protect Landlord's interests. Upon Landlord's approval of the work to be performed and provided that Landlord does not elect to perform said work as provided herein below, Tenant shall perform any Remedial Work required as a result of any release or discharge by Tenant or any assignee or sublessee of Tenant or their respective agents, contractors, employees, licensees, concessionaires, or invitees of Hazardous Materials and/or the presence of mold affecting the Premises or the Property due to any act or omission of, or any violation of Hazardous Materials Laws or any other Laws by Tenant or any assignee or sublessee of Tenant or their respective agents, contractors, employees, licensees, concessionaires, or invitees. Landlord shall have the right, but not the obligation, to remedy any violation by Tenant of the provisions of this Article 26 or to perform any Remedial Work which is necessary or appropriate as a result of any governmental order, investigation or proceeding and Tenant shall pay, upon demand, all costs (including attorneys' fees and other costs) incurred by Landlord in remedying such violations or performing all Remedial Work, together with interest thereon at the Interest Rate defined in Article 27 from the date of payment by Landlord.

26.4 NOTICE; REPORTING. Tenant shall notify Landlord within two (2) days after any of the following: (i) a release or discharge of any Hazardous Material or discovery of mold, whether or not the release or discharge or discovery is in quantities that would otherwise be reportable to a public agency or; (ii) Tenant's receipt of any order of a governmental agency requiring any Remedial Work pursuant to any Hazardous Materials Laws or laws governing mold; (iii) Tenant's receipt of any warning, notice of inspection, notice of violation or alleged violation, or Tenant's receipt of notice or knowledge of any proceeding, investigation or enforcement or regulatory action, pursuant to any Hazardous Materials Laws or laws governing mold; (iv) Tenant's receipt of notice or knowledge of any report made to any environmental agency arising out of or in connection with any Hazardous Materials or mold in or about the Premises or the Property or removed therefrom, including any complaints, notices, warnings or asserted violations in connection therewith; or (v) Tenant's receipt of notice or knowledge of any claims made or threatened by any third Person against Landlord, Tenant, the Property or the Premises relating to any loss or injury resulting from Hazardous Materials or mold. Tenant shall deliver to Landlord copies of all test results, reports and business or management plans

required to be filed with any governmental agency pursuant to any Hazardous Materials Laws or laws related to mold, including without limitation copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials or mold removed from the Premises. In connection with any Hazardous Materials or mold involving the Premises or the Property with respect to which Tenant is responsible hereunder, Tenant shall make all reports and filings required by any Law, including without limitation, pursuant to California Water Code Section 13260 and California Health and Safety Code Section 25220, and provide Landlord with the same for Landlord's review and approval prior to filing.

26.5 ADDITIONAL INSURANCE. If at any time it reasonably appears to Landlord that Tenant is not maintaining sufficient insurance or other means of financial capacity to enable Tenant to fulfill its obligations to Landlord under this Article 26, whether or not then accrued, liquidated, conditional or contingent, Tenant shall procure and thereafter maintain in full force and effect such insurance or other form of financial assurance, with or from companies or persons and in forms reasonably acceptable to Landlord, as Landlord may from time to time reasonably request.

26.6 LANDLORD INDEMNITY. Tenant shall be solely responsible for, shall pay for, defend (with an attorney reasonably acceptable to Landlord), indemnify and hold Landlord harmless against and from all claims, judgments, liabilities, penalties, costs and expenses, including attorneys' fees and costs arising out of or connected with Tenant's storage, use, handling or disposal of Hazardous Materials or mold on or from the Premises. In addition, except with respect to any Hazardous Materials installed in or placed on the Premises by Landlord or any agent, employee or contractor of Landlord, Tenant shall be solely responsible for, shall pay for, defend, indemnify and hold Landlord, and the Premises harmless against and from all claims, judgments, liabilities, penalties, liens, costs and expenses, including attorneys' fees and costs, arising out of or connected with the removal, clean-up and/or restoration work and materials necessary to return the Premises, and any other property of whatever nature, to their condition existing prior to the appearance of the Hazardous Materials or mold on the Premises. Tenant's obligations under this Article 26 shall survive the expiration or earlier termination of this Lease.

ARTICLE 27 MISCELLANEOUS

27.1 WAIVER. Any waiver by either party of a breach by the other party of a covenant of this Lease shall not be construed as a waiver of a subsequent breach of the same covenant. The consent or approval by either party to anything requiring such party's consent or approval shall not be deemed a waiver of such party's right to withhold consent or approval of any subsequent similar act. No breach of a covenant of this Lease shall be deemed to have been waived by the other party unless the waiver is in writing and is signed by such party.

27.2 RIGHTS CUMULATIVE. Except as provided herein to the contrary, and subject to the specific limitations contained in Article 19, the respective rights and remedies of the parties specified in this Lease shall be cumulative and in addition to any rights and remedies not specified in this Lease.

27.3 ENTIRE AGREEMENT/LIMITATION OF ACTIONS. It is understood that this Lease with the Memorandum of Lease executed herewith supersede and cancel any and all previous negotiations, arrangements, representations, brochures, agreements and understandings between Landlord and Tenant including that certain lease between Landlord and Tenant executed on or about May 1, 2018 for the Basement. Any claim, demand, cause of action or defense of any kind by Tenant which is based on the negotiations prior to execution of this Lease, or any asserted statement, representation, arrangement, agreement or understanding between Landlord and Tenant which is not expressly stated in this Lease shall be barred unless Tenant commences an action thereon, or interposes in a legal proceeding a defense based thereon, within six (6) months after the date of the asserted inaction or omission, or the date of the occurrence of the event or action to which the claim, demand, cause of action or defense relates, whichever applies.

27.4 **NO REPRESENTATION.** Landlord reserves the absolute right to effect such other tenancies in the Property as Landlord, in the exercise of its sole business judgment, shall determine to best promote the interests of the Property. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or number of tenants shall, during the Term of this Lease, occupy any space in the Building.

27.5 **AMENDMENTS IN WRITING.** No provision of this Lease may be amended except by an agreement in writing signed by Landlord and Tenant.

27.6 **NO PRINCIPAL/AGENT RELATIONSHIP.** Nothing contained in this Lease shall be construed as creating the relationship of principal and agent or of partnership or joint venture between Landlord and Tenant.

27.7 **LAWS OF CALIFORNIA TO GOVERN.** This Lease shall be governed by and construed in accordance with the laws of the State of California without giving effect to the choice of law provisions thereof.

27.8 **SEVERABILITY.** If any provision of this Lease or the application of such provision to any person, entity or circumstance is found invalid or unenforceable by a court of competent jurisdiction, such determination shall not affect the other provisions of this Lease and all other provisions of this Lease shall be deemed valid and enforceable.

27.9 **SUCCESSORS.** All rights and obligations of Landlord and Tenant under this Lease shall extend to and bind the respective heirs, executors, administrators and the permitted concessionaires, successors, subtenants and assignees of the parties. If there is more than one (1) Tenant hereunder, each shall be bound jointly and severally by the terms, covenants and agreements contained in this Lease.

27.10 **TIME OF THE ESSENCE.** Time is of the essence of all provisions of this Lease of which time is an element.

27.11 **WARRANTY OF AUTHORITY.** If Tenant is a corporation or partnership or limited liability company, each individual executing this Lease on behalf of the corporation or partnership represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the corporation or partnership and that this Lease is binding upon the corporation or partnership. If Tenant is a corporation or a limited liability company, Tenant hereby covenants and warrants that (a) Tenant is a duly qualified corporation or limited liability company and all steps have been taken prior to the date hereof to qualify Tenant to do business in the State of California, and (b) all franchise and corporate taxes and limited liability company taxes have been paid to date.

27.12 **MORTGAGE CHANGES.** Tenant shall not unreasonably withhold its consent to changes or amendments to this Lease requested by the holder of a mortgage or deed of trust or such similar financing instrument encumbering Landlord's fee interest in the Premises so long as such changes do not materially alter the economic terms of this Lease or materially diminish the rights, or materially increase the obligations, of Tenant.

27.13 **WAIVER OF RIGHTS OF REDEMPTION.** Tenant waives any and all rights of redemption granted under any present and future Laws in the event Landlord obtains the right to possession of the Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease or otherwise.

27.14 **HEADINGS.** The section and Article headings and subheadings within this Lease are for convenience-of-reference only, and do not define, limit, or describe the scope or intent of any provision of this Agreement.

27.15 **TRANSFER OF LANDLORD'S INTEREST.** Should Landlord sell, exchange or assign this Lease (other than a conditional assignment as security for a loan), then Landlord, as transferor, shall be relieved of any and all obligations on the part of Landlord accruing under this Lease from and after the date of such transfer provided that Landlord's successor in interest shall assume such obligations from and after such date. No holder of a mortgage or deed of trust to which this Lease is subordinate shall be responsible in connection with the Security Deposit unless the mortgagee or holder of such deed of trust actually receives the Security Deposit.

27.16 **INTEREST ON PAST DUE OBLIGATIONS.** Except where another rate of interest is specifically provided for in this Lease, any amount due from either party to the other under this Lease which is not paid when due, shall bear interest at the rate per annum ("**Interest Rate**") equal to the prime interest rate charged by Wells Fargo Bank plus two (2) percentage points (but in no event to exceed the maximum lawful rate) from the date ten (10) days after such amount was originally due to and including the date of payment.

27.17 **RIGHT TO SHOW PREMISES.** During the last two hundred seventy (270) days of the Term, earlier termination of this Lease, or service of a Termination Notice, Landlord shall have the right to go upon the Premises to show same to prospective tenants or purchasers and to post appropriate signs, during normal business hours and upon reasonable notice to Tenant.

27.18 **INDEPENDENT CONTRACTORS.** Whenever in this Lease it provides that Landlord shall perform certain work or services, Landlord shall be entitled to contract with an independent contractor to perform said work or services or may provide the services itself.

27.19 **TRADE FIXTURES, PERSONAL PROPERTY AND ALTERATIONS.** Upon the expiration or earlier termination of the Term, Tenant shall remove from the Premises all of Tenant's trade fixtures, furniture, equipment, signs, improvements, additions and Alterations to the extent such items are not permanently affixed to the Premises, and immediately repair any damage occasioned to the Premises by reason of such removal so as to leave the Premises in a neat and clean condition. Upon the removal of Tenant's exterior signage, Tenant shall, at its sole cost, restore the Building fascia to its original condition. In the event of any entry or taking possession of the Premises as provided in this Lease, Landlord shall have the right, but not the obligation, to remove therefrom all or any part of the personal property located therein and may place the same in storage at a public warehouse at the expense, cost and risk of the Tenant or the owner or owners thereof.

27.20 **FORCE MAJEURE.** Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, environmental or other challenges to the development or operation of all or any portion of the Property and other causes (except financial) beyond the reasonable control of the party obligated to perform, shall excuse the performance by that party for a period equal to the prevention, delay or stoppage, except the obligations imposed with regard to Minimum Annual Rental and Additional Rental to be paid by Tenant pursuant to this Lease; provided the party prevented, delayed or stopped shall have given the other party written notice thereof within thirty (30) days of such event causing the prevention, delay or stoppage. A party wishing to invoke this Section shall notify the other party to this Lease of that intention within ten (10) days of the commencement of any such cause for delay and shall, at that time, specify the reasons therefor, the specific provision of this Lease which will be delayed as a result, and the period of such extension, if known, or if not known, a reasonable estimate thereof. The failure to so notify the other party within said 10-day period as to the cause for delay shall constitute a waiver of any right to later rely upon this Section with respect to that cause. Notwithstanding anything to the contrary contained in this Section 27.20, in the event any work performed by Tenant or Tenant's contractor results in a strike, lockout and/or labor dispute, the strike, lockout and/or labor dispute shall not excuse the performance by Tenant of the provisions of this Lease.

27.21 **TERMINATION; SURRENDER OF PREMISES AND HOLDING OVER.** This Lease shall terminate without further notice upon the expiration of the Term (as the Term may be extended by Article

28). Tenant shall have no right to extend or renew this Lease upon the expiration of the Term. Upon the expiration or earlier termination of the Term, Tenant shall peaceably and quietly surrender the Premises broom-clean and in the same condition (including, at Landlord's option, the demolition and removal of any improvements made by Tenant to the Premises as part of Tenant's Work or otherwise) as the Premises were in upon delivery of possession of same to Tenant by Landlord, reasonable wear and tear and any damage to the Premises which Tenant is not required to repair pursuant to Article 16 excepted. Should Tenant hold over in the Premises beyond the expiration or earlier termination of this Lease, the holding over shall not constitute a renewal or extension of this Lease or give Tenant any rights under this Lease. In such event, Landlord may, in its sole discretion, treat Tenant as a tenant at will, subject to all of the terms and conditions in this Lease, except that Minimum Annual Rental shall be an amount equal to the greater of (a) Two Hundred Percent (200%) the sum of Minimum Annual Rental and which was payable by Tenant for the twelve (12) month period immediately preceding the expiration or earlier termination of this Lease, or (b) the then currently scheduled rental for comparable space in the Property, as the same is reasonably determined in Landlord's sole business judgment. In the event Tenant fails to surrender the Premises upon the expiration or earlier termination of this Lease, Tenant shall indemnify and hold Landlord harmless from all loss or liability which may accrue therefrom including, without limitation, any claims made by any succeeding tenant founded on or resulting from Tenant's failure to surrender and/or to remove any property required to be removed by Tenant pursuant to this Lease. Acceptance by Landlord of any Minimum Annual Rental or Additional Rental after the expiration or earlier termination of this Lease shall not constitute a consent to a holdover hereunder, constitute acceptance of Tenant as a tenant at will, or result in a renewal of this Lease.

Upon the expiration or earlier termination of this Lease, Tenant shall, within ten (10) days after request by Landlord, execute, acknowledge and deliver to Landlord such instruments of further assurance as in the opinion of Landlord are necessary or desirable to confirm or perfect Landlord's right, title and interest in and to the Premises, and any other property surrendered to Landlord pursuant to this Lease, free and clear of any claim by Tenant. Tenant's obligations under this Section 27.21 shall survive the expiration of the Term or earlier termination of this Lease.

27.22 ATTORNEYS' FEES AND PROCESSING CHARGES. In the event that, at any time after the date of this Lease, Landlord shall (i) consult with and/or retain an attorney as a result of Tenant's breach of this Lease, (ii) prepare and/or serve a valid notice of default under this Lease and seek the cure of such default, or (iii) institute any action or proceeding against Tenant relating to or arising from the provisions of this Lease or any default hereunder, Tenant shall reimburse Landlord for its expenses, actual attorneys' fees, and all fees, costs and expenses incurred in connection with such consultation, pursuit of rights, action or proceeding, including, without limitation, any post-judgment fees, costs or expenses incurred on any appeal or in collection of any judgment. Landlord shall be entitled to such reimbursement even if Tenant cures the default, including, but not limited to, by paying the sums allegedly due, performing the covenants allegedly breached or giving consideration substantially equal to the relief sought, prior to (y) the institution of any action or proceeding or (z) the entry of any award or judgment.

If at the request of Tenant or in connection with any such transaction initiated by Tenant, Landlord shall prepare, review or execute any amendment, modification, consent to Assignment, approval, fixture subordination, waiver or other agreement or instrument relating to this Lease or the Premises, but excepting any Extension Amendment pursuant to Section 28.4 of this Lease, Tenant agrees to pay to Landlord, as Additional Rental, (i) a reasonable processing charge in accordance with the schedule of charges from time to time established by Landlord, and (ii) Landlord's reasonable attorneys' fees and expenses incurred in connection with the evaluation and documentation thereof. Landlord may, at its option, require the payment of all or a portion of such charges and/or fees in advance.

27.23 SERVICE CHARGE. Tenant acknowledges that Tenant's failure to submit any required document, certificate, report, statement of Gross Sales, insurance policy or certificate as and when required in this Lease will cause Landlord to incur additional costs of administration, and agrees that in the event Tenant fails to submit any required document, certificate, report, statement of Gross Sales, insurance policy or certificate

as and when required in this Lease, Tenant shall pay to Landlord, as Additional Rental, a "Service Charge" in the amount of One Hundred and 00/100 Dollars (\$100.00) for each week or portion thereof that said failure continues. Tenant agrees that such Service Charge shall not constitute damages, and that neither Tenant's payment of such Service Charge nor Landlord's acceptance of such payment shall result in a cure of any default under this Lease, or waiver of any default under this Lease by Landlord.

27.24 WAIVER OF TRIAL BY JURY. Landlord and Tenant desire and intend that any disputes arising between them with respect to or in connection with this Lease be subject to expeditious resolution in a court trial without a jury. Therefore, Landlord and Tenant each hereby waive the right to a trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding or other hearing brought by either Landlord against Tenant or Tenant against Landlord on any matter whatsoever arising out of, or in any way connected with, this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises or any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect.

27.25 COMPLIANCE WITH LAWS AND REGULATIONS. Tenant, at its sole cost and expense, shall comply, and shall cause the Premises to comply with (a) all federal, state, regional, county, municipal and other Laws affecting any part of the Premises, or the use thereof, including, but not limited to, those which require the making of any structural, unforeseen or extraordinary changes required as a condition to the issuance of a building permit applied for by Tenant or resulting from Tenant Alterations, and (b) all rules, orders and regulations of the National Fire Protection Association, Landlord's casualty insurer(s) and other applicable insurance rating organizations or other bodies exercising similar functions in connection with the prevention of fire or the correction of hazardous conditions which apply to the Premises (collectively herein, "Restrictions"). Notwithstanding the foregoing, nothing in this Section 27.25 relieves Landlord from Landlord's duties to Tenant under Articles 11, 12, or 16.

27.26 OFFICE OF FOREIGN ASSETS CONTROL CERTIFICATION. Tenant represents and warrants that Tenant and all persons and entities owning (directly or indirectly) an ownership interest in Tenant: (i) are not, and shall not become, a person or entity with whom Landlord is restricted from doing business with under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, but not limited to, the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action; (ii) are not knowingly engaged in, and shall not engage in, any dealings or transactions or be otherwise associated with such persons or entities described in (i) above; and (iii) are not, and shall not become, a person or entity whose activities are regulated by the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001 or the regulations or orders thereunder.

27.27 NON-DISCRIMINATION. Tenant herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through the grantee, that this Lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, age, disability, marital status, ancestry, or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises nor shall the Tenant, or any person claiming under or through the Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants or vendees in the Premises.

27.28 CASP INSPECTION. To Landlord's knowledge, the Premises have not undergone inspection by a Certified Access Specialist ("CASP"), as such term is defined in Section 1938 of the California Civil Code. However, a CASp can inspect the Premises and determine if the Premises comply with all applicable construction-related accessibility standards under State law. Although State law does not require a CASp inspection of the Premises, Landlord shall not prohibit Tenant from obtaining a CASp inspection prior to the occupancy by Tenant if Tenant requests same in writing. Upon Landlord's receipt of Tenant's written request,

the parties shall agree upon the time and manner of such inspection, and the parties agree that the payment of the CASP inspection shall be made by Tenant. The parties shall mutually agree on any costs to Tenant of making any repairs necessary to correct violations of construction-related accessibility standards within the Premises, provided, Landlord's obligations under this Section shall not affect Landlord's right to recover from Tenant the costs for any damage or repair to the Building for which Tenant is liable hereunder, nor relieve Tenant from Tenant's obligations as to any Tenant alterations in the Premises.

ARTICLE 28 OPTION

28.1 **OPTION TO EXTEND.** So long as Tenant is not in default, Tenant shall have the right to extend the Term for the number of months set forth in Section 1.12.

28.2 **EXERCISE OF OPTION.** Tenant may exercise its right to so extend the Term only by delivering written notice to Landlord of Tenant's desire to so extend the Term no later than two hundred forty (240) days prior to expiration of the Term ("**Extension Notice**").

28.3 **CALCULATION OF EXTENDED TERM MINIMUM ANNUAL RENTAL.** For each of the two extension periods, which shall be referred to as the "First Extension" and the "Second Extension" Minimum Rent payable shall be set at the lesser of ninety five percent (95%) of the prevailing Fair Market Rental Rate or 103% of the previous 12 month period's rental rate. On each anniversary of such date during the Extension Period, the annual Minimum Rent shall increase by THREE percent (3%), and such increased annual Minimum Rent shall be payable in equal monthly installments.

28.6 **EXTENSION AMENDMENT.** Within ten (10) days of the date Landlord and Tenant reach agreement as to all of the other criteria in Section 28.1 and Section 28.2 having been met, Landlord shall prepare and deliver to Tenant at least two (2) counterparts of an amendment to this Lease ("**Extension Amendment**"). Within ten (10) days after delivery to Tenant of the Extension Amendment, Tenant shall execute and return to Landlord all counterparts of same. Landlord shall execute same and deliver to Tenant one (1) fully-executed counterpart original. The Extension Amendment shall provide for an increase in Minimum Annual Rental effective upon the commencement of the option Term as shown in Section 28.3.

28.5 **TIME OF THE ESSENCE.** Time shall be of the essence in regard to all of the periods set forth in Section 28.2 as to exercise of the option and in Section 28.4 as to execution and delivery of the Extension Amendment. The failure of Tenant to timely comply with any of the provisions of Section 28.2 or Section 28.4 shall cause this option to automatically cease and terminate and, in such event, this Lease shall terminate at the expiration of the initial Term, without extension.

28.6 **NONTRANSFERABLE OPTION.** The option granted herein and the right to occupy the Premises during the option are granted solely to Tenant and are not assignable or transferable except with the written consent of Landlord.

28.7 **Counterparts.** This Lease may be executed in any number of counterparts and in such event shall be of the same force and effect as if all parties executed a single copy of this Agreement.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease on the day and year first above written.

LANDLORD

David Chritton
David Chritton

Todd Chritton
Todd Chritton

Scott Chritton
Scott Chritton

TENANT

Microbiz Service Company, a California corporation

By: David Chritton
Name: DAVID CHRITTON
Its: CEO MAIZ

Microbiz Service Company, a California corporation

By: Todd Chritton
Name: TODD CHRITTON
Its: CEO MAIZ

04/29/2019

MARCO ESCOBAR ORSI
President Microbiz
4/29/19

See Attached Certificate

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

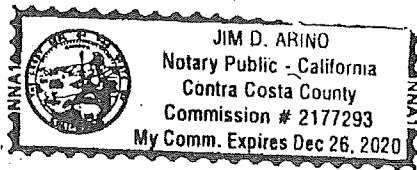
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Francisco)
On 4/29/2019 before me, Jim D. Arino
Date Here Insert Name and Title of the Officer
personally appeared David Charlton, Todd Charlton,
Name(s) of Signer(s) Marco Escobar

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Jim D. Arino
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Landlord

Document Date: Number of Pages:

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer(s)

Signer's Name:

Corporate Officer - Title(s):

Partner - Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other:

Signer Is Representing:

Signer's Name:

Corporate Officer - Title(s):

Partner - Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other:

Signer Is Representing:

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF HAWAII)
) ss.
COUNTY OF Hawaii

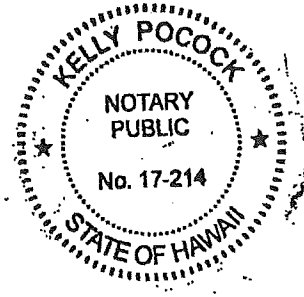
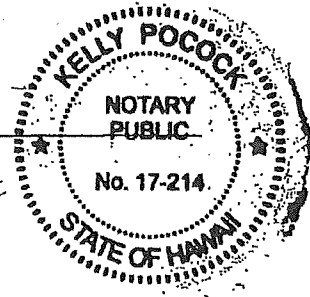
On April 25, 2019 before me, Kelly Pocock, Notary Public, personally appeared Scott Chritton, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity/ies, and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

[Signature]

Notary Public Kelly Pocock



Doc. Date: 4/25/19 # Pages 48
Notary Name: Kelly Pocock 3rd Circuit
Doc. Description: San Francisco
Lease
[Signature] 4/25/19
Notary Signature Date
NOTARY CERTIFICATION

EXHIBIT A

The land referred to is situated in the County of San Francisco, City of San Francisco, State of California, and is described as follows:

PARCEL ONE:

Commencing at a point on the Southeasterly line of Stevenson Street, distant thereon 297 feet 6 inches Southwesterly from the Southwesterly line of 5th Street; running thence Southwesterly and along said line of Stevenson Street 45 feet; thence at a right angle Southeasterly 155 feet to the Northwesterly line of Jessie Street; thence at a right angle Northeasterly along said line of Jessie Street 45 feet; thence at a right angle Northwesterly 155 feet to the point of commencement.

Being part of 100 Vara Lots Nos. 200 and 201.

PARCEL TWO:

Commencing at a point on the Northwesterly line of Jessie Street, distant thereon 342 feet and 6 inches Southwesterly from the Southwesterly line of 5th Street; running thence Southwesterly and along said line of Jessie Street 24 feet and 6 inches; thence at a right angle Northwesterly 80 feet; thence at a right angle Northeasterly 24 feet and 6 inches; thence at a right angle Southwesterly 80 feet to the point of commencement.

Being part of 100 Vara Lot No. 201.

Assessor's Lot 035; Block 3704

4040
4363

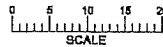
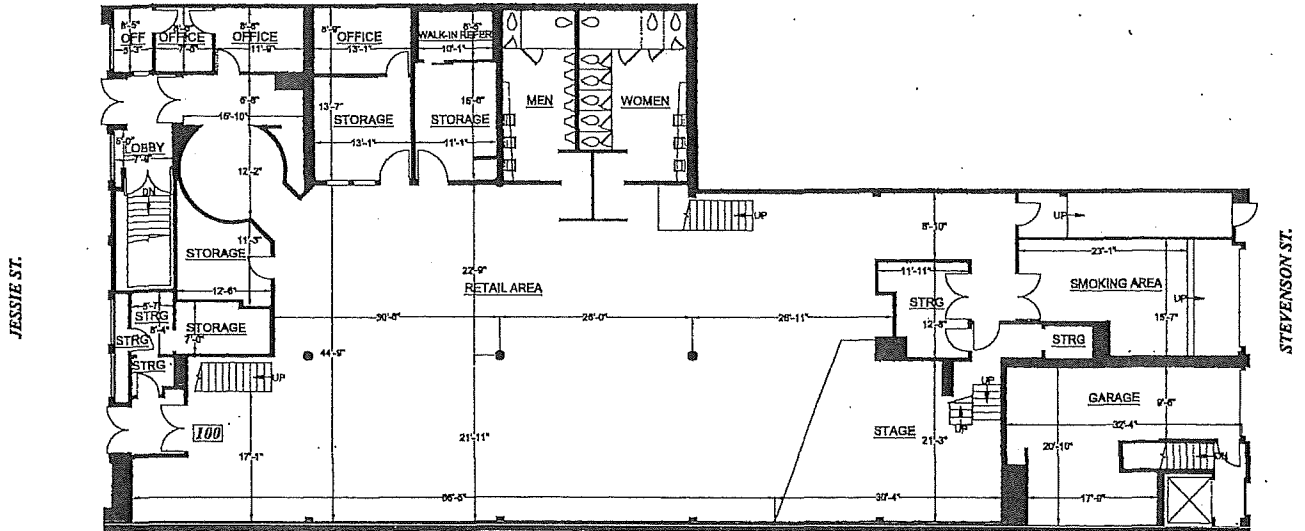
DC M²
M²

PREPARED FOR:
 Colton Commercial and Partners
 565 Commercial Street, 4th Floor
 San Francisco, CA 94111
 Tel (415) 590-7877

Exhibit A-2
FLOOR PLAN

DC
 M
 2/11/11
 444 JESSIE STREET
 SAN FRANCISCO, CA
FIRST FLOOR
 (As Measured: December 2010)

Measured Area: 8,482 s.f.
 Garage: 517 s.f.



Note: All dimensions shown are rounded to the nearest inch, for informational purposes only. All measurements are recorded to 1/8" accuracy as documented in the final CAD drawing supplied.

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TEL: (888) 383-8855
 FILE: 16-571

Building Summary	SQ.FT.
Measured Area:	22,280
Exterior Area:	65

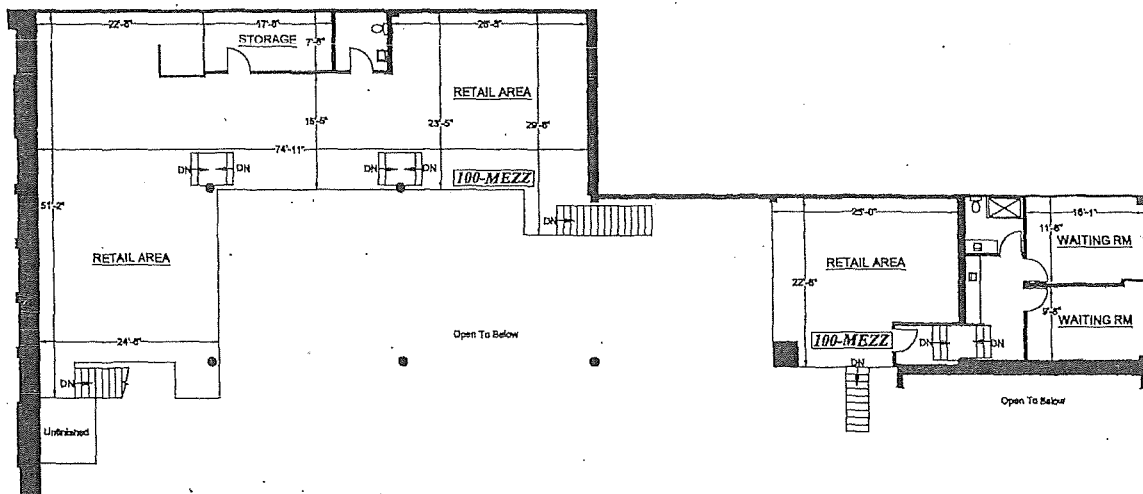
Survey Accuracy: +/- 0.12%

PREPARED FOR:
 Colton Commercial and Partners
 565 Commercial Street, 4th Floor
 San Francisco, CA 94111
 Tel (415) 590-7877

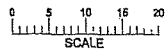
Measured Area: 3,834 s.f.
 Exterior Area: 65 s.f.

Exhibit A-2
FLOOR PLAN

AC MS
 444 JESSIE STREET
 SAN FRANCISCO, CA
MEZZANINE
 (As Measured: December 2018)



42



Note: All dimensions shown are rounded to the nearest inch, for informational purposes only. All measurements are recorded to 1/8" accuracy as documented in the final CAD drawing supplied.

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Survey Accuracy: +/- 0.13%

LASERTECH
 FLOORPLANS
 TEL: (888) 393-8855
 FILE: 16-571

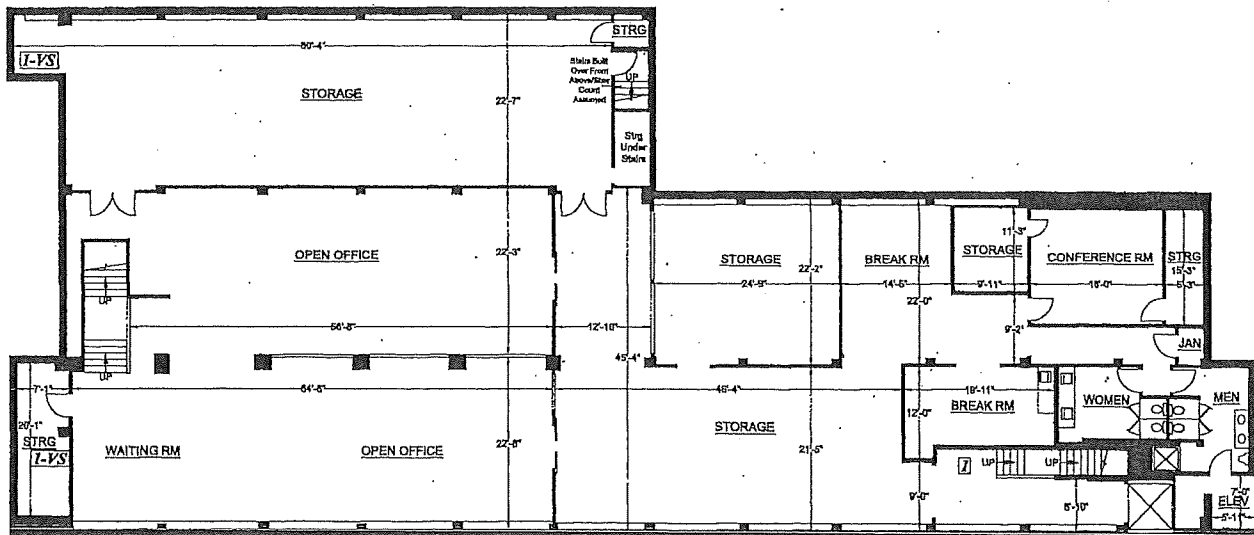
PREPARED FOR:
Colton Commercial and Partners
565 Commercial Street, 4th Floor
San Francisco, CA 94111
Tel (415) 590-7877

Exhibit A-2

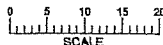
AC
MS
3/1
**444 JESSIE STREET
SAN FRANCISCO, CA**
BASEMENT
(As Measured: December 2018)

FLOOR PLAN

Measured Area: 9,452 s.f.



42



Note: All dimensions shown are rounded to the nearest inch, for informational purposes only. All measurements are recorded to 1/8" accuracy as documented in the final CAD drawing supplied.

LASERTECH is a registered US trademark of LaserTECH Properties Ltd.
Copyright 1998 LaserTECH Properties Ltd. All Rights Reserved.

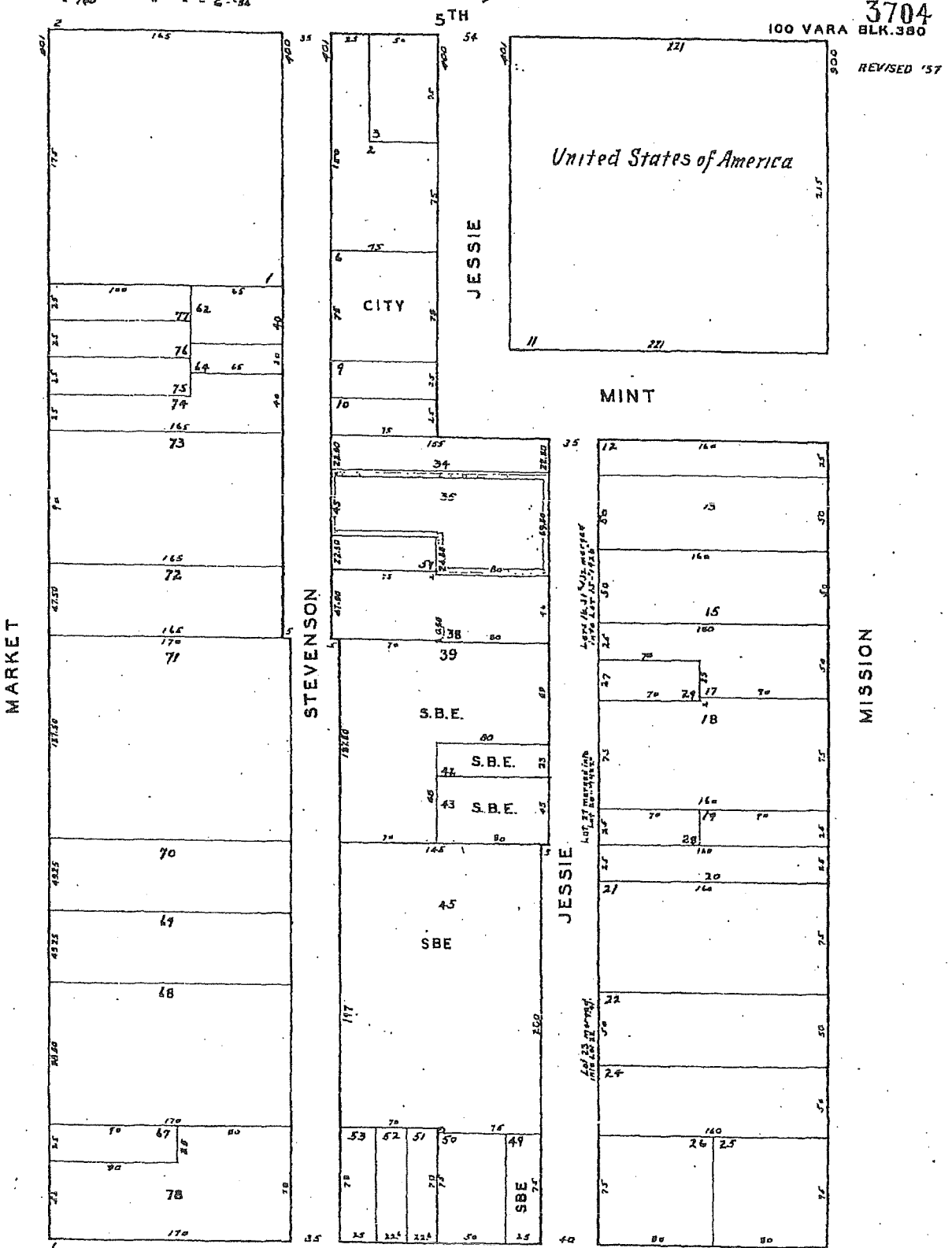


TEL: (888) 383-6855
FILE: 16-571

Survey Accuracy: +/- 0.14 %

Exhibit A-3 Parcel Plat Parcel in Yellow Highlight

LOTS MERGED
 Lots 4-5 merged into Lot 3
 11-12-13-14-15-16-17-18-19-20-21-22-23-24-25-26-27-28-29-30-31-32-33-34-35-36-37-38-39-40-41-42-43-44-45-46-47-48-49-50-51-52-53-54-55-56-57-58-59-60-61-62-63-64-65-66-67-68-69-70-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86-87-88-89-90-91-92-93-94-95-96-97-98-99-100



3704
 100 VARA BLK. 380
 REVISED '57

6TH

44
 4367

PC
 ME
 M.E.

EXHIBIT B

CERTIFICATE OF DELIVERY OF POSSESSION

RE: That certain Lease by and between **DAVID CHRITTON, TODD CHRITTON AND SCOTT CHRITTON DBA CHRITTON BROTHERS PROPERTIES** ("Landlord") and **MICROBIZ SERVICE COMPANY**, a California corporation ("Tenant") dated April 22, 2019 ("Lease").

Landlord and Tenant hereby confirm that Landlord has delivered possession of the entire Building to Tenant as of _____ (for purposes of this Certificate, the "Delivery of Possession date") in accordance with the terms and provisions of the Lease.

Landlord and Tenant have executed this Certificate as of the dates set forth below.

LANDLORD

David Chritton
Date: _____

Scott Chritton
Date: _____

Scott Chritton
Date: _____

TENANT

Microbiz Service Company, a California corporation

By: _____
Name: _____
Its: _____
Date: _____

EXHIBIT C

TENANT'S ESTOPPEL

TENANT: Microbiz Service Company, a California corporation

PREMISES: 440-444 Jessie Street aka 439-441 Stevenson Street, San Francisco CA 94103

LEASE DATE: April 22, 2019 EXECUTION DATE: _____

Tenant represents, warrants, certifies and states each of the following:

1. Except as specifically provided in the Lease, no representation, warranty, or other agreement whatsoever has been made to Tenant, its agents, representatives or other party acting for or on behalf of Tenant, by Landlord, its agents, representatives, or other party acting for or on behalf of Landlord, in connection with the Lease, the Property, the Premises or otherwise, including, without limitation, any representation, warranty or other agreement concerning prospective tenants for the Property, rights of first refusal or offer for other premises within the Property, or other representations, warranties or agreements, express or implied, which would induce Tenant to execute the Lease or lease the Premises.

2. Tenant agrees and acknowledges that Landlord is relying on Tenant's execution of this Tenant's Estoppel and would not execute the Lease but for Tenant's execution hereof.

3. Tenant has reviewed and understands this document and has had an opportunity to discuss this with counsel or has waived such opportunity.

TENANT

Microbiz Service Company, a California corporation

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT D

PROHIBITED USES

The following shall be Prohibited Uses under the Lease and no portion of the Premises shall be used for such uses listed below. The listing of these prohibited uses is in no way intended to limit Tenant's obligation to obtain Landlord's prior express consent to any proposed change in the Permitted Use.

1. Any purpose which is not within the scope of the Permitted Use, which is unlawful or does not comply with the reasonably promulgated Rules and Regulations for the Property or Building;
2. Any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Premises, or any portion thereof;
3. The commission of waste on the Premises;
4. Coin or token operated vending machines, pay telephones or any gaming or amusement machines;
5. Sound amplification equipment producing sound audible outside of the Premises or any other use, noise or sound which is unreasonably loud or objectionable due to intermittence, beat, frequency or shrillness or which otherwise unreasonably interferes with any other tenant's use of the its premises;
6. Any sign except as approved by Landlord pursuant to the terms of this Lease;
7. Lights, advertising material, or anything else within the Premises which may be seen, heard, smelled or otherwise experienced outside the Premises and otherwise inconsistent with the normal operations of the Permitted Use;
8. Any business which is noxious or unreasonably offensive because of the emission or creation of excessive quantities of noise, smoke, dust, dirt, fly ash or odors;
9. Any use, storage, transportation, handling, manufacture, or emission of any noxious, toxic, caustic or corrosive fuel or gas or other Hazardous Materials (as defined in this Lease and subject to the provisions of this Lease) other than in the ordinary parking of service vehicles;
10. Operation of data transmission equipment or emission, of microwave, radio wave, or other similar electronic, light or noise radiation at levels which are dangerous to health or which interfere with the proper operation of electronic, telephone, computer or other business equipment of tenants;
11. Any unusual fire, explosion or other damaging or dangerous hazard, including the storage, display or sale of explosives or fireworks;
12. Any drilling for and/or removal of subsurface substances;
13. Any dumping of garbage or refuse or waste (other than in dumpsters or compactors designed for such purpose);
14. Industrial use or as an industrial plant;
15. A processing or rendering plant;
16. Any governmental use other than a USPS post office;
17. The operation of an adult entertainment facility, or book, video or other store or business selling or renting sexually explicit materials including, without limitation, magazines, books, movies and photographs or rendering sexually explicit entertainment or services;
18. A tavern, pub, bar or cocktail lounge
19. An amusement center (including, but not limited to, skating rink, billiard room or parlor, carnival, circus, dance hall, ballroom, discotheque, bowling alley, health spa/club or aerobic studio, exercise club, or other similar operations);
20. A hotel, motor inn, sleeping quarters or dwelling room;
21. A theater;
22. A funeral parlor or similar service establishment;
23. A meeting hall or banquet hall;

24. A video, pinball or other game arcade or room;
25. A flea market, thrift store or liquidation outlet, or a swap show or "outlet store" selling merchandise that is used, damaged or discontinued;
26. A church or other place of religious worship;
27. A storage operation or warehouse (except for storage or warehouse facilities incidental to primary design professional office operations);
28. An auto, truck, mobile home or boat sales or repair facility (or similar enterprise) (which sell/repair new and/or used vehicles as well as trailers therefor);
29. A commercial laundry, dry cleaners or Laundromat;
30. An automobile body and/or fender repair shop or service station, or any facility for the storage or sale of gasoline or diesel fuel in or from tanks or distillate or other petroleum products or any other substance or material of any explosive, inflammable or radiological nature;
31. A car washing establishment;
32. A veterinary hospital;
33. A "head shop", so-called, or other business devoted to the sale of articles or merchandise normally used or associated with illegal or unlawful activities (including those which may be allowed by state law but illegal under federal law) such as but not limited to the sale of paraphernalia used in connection with marijuana, cocaine or other controlled drugs or substances;
34. An off-track betting parlor or other gambling establishment; or
35. Any other use as other than a design professional office use.

The listing of the foregoing prohibited uses is in no way intended to limit Tenant's obligation to obtain Landlord's prior express consent to any proposed change in the Permitted Use.

BOARD of SUPERVISORS



City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

NOTICE OF PUBLIC HEARING
BOARD OF SUPERVISORS OF THE CITY AND COUNTY OF SAN FRANCISCO
LAND USE AND TRANSPORTATION COMMITTEE

NOTICE IS HEREBY GIVEN THAT the Land Use and Transportation Committee will hold a public hearing to consider the following proposal and said public hearing will be held as follows, at which time all interested parties may attend and be heard:

Date: Monday, July 15, 2019

Time: 1:30 p.m.

Location: Legislative Chamber, Room 250, located at City Hall
1 Dr. Carlton B. Goodlett Place, San Francisco, CA

Subjects: File No. 190689. Resolution imposing an interim zoning control for an 18-month period requiring conditional use authorization for a change in use from nighttime entertainment to any other use allowed in the area South of Market Street bounded by the southwest side of 12th Street to the southwest side of 5th Street and the south side of Market Street to the south side of Harrison Street; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the eight priority policies of Planning Code, Section 101.1.

In accordance with Administrative Code, Section 67.7-1, persons who are unable to attend the hearing on this matter may submit written comments to the City prior to the time the hearing begins. These comments will be made part of the official public record in this matter, and shall be brought to the attention of the members of the Committee. Written comments should be addressed to Angela Calvillo, Clerk of the Board, City Hall, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco, CA 94102. Information relating to this matter are available in the Office of the Clerk of the Board. Agenda information relating to this matter will be available for public review on Friday, July 12, 2019.


f Angela Calvillo, Clerk of the Board

DATED/PUBLISHED/POSTED: July 3, 2019

BOARD of SUPERVISORS



City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
Fax No. 554-5163
TDD/TTY No. 554-5227

June 19, 2019

File No. 190689

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On June 11, 2019, Supervisor Haney submitted the proposed legislation:

File No. 190689

Resolution imposing an interim zoning control for an 18-month period requiring conditional use authorization for a change in use from nighttime entertainment to any other use allowed in the area South of Market Street bounded by the southwest side of 12th Street to the southwest side of 5th Street and the south side of Market Street to the south side of Harrison Street; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the eight priority policies of Planning Code, Section 101.1.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

A handwritten signature in cursive script, appearing to read "Erica Major".

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning
Laura Lynch, Environmental Planning

Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED
BOARD OF SUPERVISORS
SAN FRANCISCO

2019 JUN 11 PM 3:48

Time stamp

BY 3 or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. []
- 9. Reactivate File No. []
- 10. Topic submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Haney

Subject:

Interim Zoning Control - Conditional Use Authorization Required for a Change of Use from Nighttime Entertainment to Another Use Allowed in the Defined South of Market Area

The text is listed:

Resolution imposing an interim zoning control for an 18-month period requiring conditional use authorization for a change in use from nighttime entertainment to any other use allowed in the area South of Market Street bounded by the southwest side of 12th Street to the southwest side of 5th Street and the south side of Market Street to the south side of Harrison Street; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the eight priority policies of Planning Code, Section 101.1.

Signature of Sponsoring Supervisor: []

or Clerk's Use Only

