

CAFE LEASE AND LICENSE AGREEMENT

between

CITY AND COUNTY OF SAN FRANCISCO,  
as Landlord

and

NEW COMMUNITY LEADERSHIP FOUNDATION,  
a California nonprofit public benefit corporation  
as Tenant

For the lease of  
The Ground Floor Cafe

and

the license of  
Ground Floor Seating Area

City Hall  
San Francisco, California

March 1, 2024

## TABLE OF CONTENTS

	<u>Page</u>
1. <b>BASIC LEASE INFORMATION</b> .....	1
2. <b>PREMISES; AS IS CONDITION</b> .....	3
2.1. <b>Lease; Premises</b> .....	3
2.2. <b>License; Ground Floor Seating Area</b> .....	3
2.3. <b>Property; Common Areas</b> .....	4
2.4. <b>As Is Condition</b> .....	5
3. <b>TERM</b> .....	5
4. <b>RENT</b> .....	5
4.1. <b>Base Rent</b> .....	5
4.2. <b>Adjustments in Base Rent</b> .....	6
4.3. <b>Additional Charges</b> .....	6
4.4. <b>Late Charges</b> .....	6
4.5. <b>Default Interest</b> .....	6
4.6. <b>Cost of Collection</b> .....	6
5. <b>USE</b> .....	7
5.1. <b>Permitted Use of Ground Floor Premises</b> .....	7
5.2. <b>Seating Area</b> .....	7
5.3. <b>Standards of Operation</b> .....	8
5.4. <b>Appearance of Cafe; Fixtures and Equipment</b> .....	9
5.5. <b>Sustainable Foods</b> .....	9
5.6. <b>Hours of Operation; Recapture Right</b> .....	9
5.7. <b>Health and Safety; Janitorial Services; Clean-Up</b> .....	10
5.8. <b>Signage and Menu Boards</b> .....	10
5.9. <b>Vending Machines and Self-Service Refrigerators</b> .....	10
5.10. <b>Change in Menu Items or Other Offerings</b> .....	10
5.11. <b>Use of Storage Space</b> .....	11
5.12. <b>No Unlawful Uses, Nuisances or Waste</b> .....	11
6. <b>TENANT IMPROVEMENTS</b> .....	11
6.1. <b>Tenant Improvement Work</b> .....	11

6.2.	<b>Local Hiring Requirements</b> .....	11
6.3.	<b>Prevailing Wages and Working Conditions</b> .....	12
7.	<b>ALTERATIONS</b> .....	13
7.1.	<b>Tenant’s Alterations</b> .....	13
7.2.	<b>Title to Improvements</b> .....	14
7.3.	<b>Tenant’s Personal Property</b> .....	14
7.4.	<b>City’s Alterations of the Building and Building Systems</b> .....	14
8.	<b>REPAIRS AND MAINTENANCE</b> .....	14
8.1.	<b>City’s Repairs</b> .....	14
8.2.	<b>Tenant’s Repairs</b> .....	14
9.	<b>LIENS AND ENCUMBRANCES</b> .....	15
9.1.	<b>Liens</b> .....	15
9.2.	<b>Encumbrances</b> .....	15
10.	<b>UTILITIES AND SERVICES</b> .....	15
10.1.	<b>Utilities and Services</b> .....	15
10.2.	<b>Water and Energy Conservation; Mandatory or Voluntary Restrictions</b> 15	
10.3.	<b>Excess Use</b> .....	16
10.4.	<b>Floor Load</b> .....	16
10.5.	<b>Interruption of Services</b> .....	16
11.	<b>COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS</b> 17	
11.1.	<b>Compliance with Laws</b> .....	17
11.2.	<b>Regulatory Approvals</b> .....	17
11.3.	<b>City Acting as Owner of Real Property</b> .....	18
11.4.	<b>Compliance with City’s Risk Management Requirements</b> .....	18
12.	<b>SUBORDINATION</b> .....	18
13.	<b>INABILITY TO PERFORM</b> .....	18
14.	<b>DAMAGE AND DESTRUCTION</b> .....	18
14.1.	<b>Damage and Destruction</b> .....	19
14.2.	<b>Waiver</b> .....	19
15.	<b>EMINENT DOMAIN</b> .....	19
16.	<b>ASSIGNMENT AND SUBLETTING</b> .....	20
16.1.	<b>Restriction on Assignment and Subletting</b> .....	20
16.2.	<b>Notice of Proposed Transfer</b> .....	20

16.3. **City’s Response** .....21

16.4. **Sublease or Recapture Space** .....21

16.5. **Effect of Sublease or Assignment** .....22

16.6. **Assumption by Transferee** .....22

16.7. **Indemnity for Relocation Benefits**.....22

17. **DEFAULT; REMEDIES**.....23

17.1. **Events of Default**.....23

17.2. **Remedies** .....23

17.3. **Waiver of Redemption**.....25

17.4. **City’s Right to Cure Tenant’s Defaults** .....25

18. **WAIVER OF CLAIMS; INDEMNIFICATION**.....26

18.1. **Limitation on City’s Liability; Waiver of Claims** .....26

18.2. **Tenant’s Indemnity**.....26

19. **INSURANCE**.....26

19.1. **Tenant’s Insurance** .....26

19.2. **Tenant’s Personal Property** .....28

19.3. **City’s Self Insurance**.....28

19.4. **Waiver of Subrogation** .....28

20. **ACCESS BY CITY** .....29

20.1. **Tenant’s Estoppel Certificates**.....29

20.2. **City’s Certificates**.....29

21. **RULES AND REGULATIONS** .....29

22. **SECURITY DEPOSIT** .....29

23. **SURRENDER OF PREMISES**.....30

24. **REMOVAL OF ELECTRICAL AND TELECOMMUNICATIONS WIRES**.....31

24.1. **City May Elect to Remove or Retain Wires** .....31

24.2. **Compliance with Legal Requirements and Discontinuance of Wire Use**..31

24.3. **Condition of Wires**.....31

24.4. **City’s Right to Retain Security Deposit** .....31

24.5. **City Can Apply Security Deposit; Survival**.....31

25. **HAZARDOUS MATERIALS**.....32

25.1. **Definitions**.....32

25.2. **No Hazardous Materials**.....32

25.3. **Tenant’s Environmental Indemnity** .....33

25.4. **Survival of Obligation**.....33

25.5. **Hazardous Substance Disclosure**.....33

26. **SPECIAL PROVISIONS** .....33

26.1. **Extension Option**.....33

27. **GENERAL PROVISIONS**.....34

27.1. Notices .....34

27.2. No Implied Waiver .....34

27.3. Amendments .....35

27.4. Authority .....35

27.5. Parties and Their Agents; Approvals .....35

27.6. Interpretation of Lease .....35

27.7. Successors and Assigns.....35

27.8. Brokers .....36

27.9. Severability .....36

27.10. Governing Law .....36

27.11. Entire Agreement .....36

27.12. Holding Over .....36

27.13. **Time of Essence** .....37

27.14. **Cumulative Remedies** .....37

27.15. **Survival of Indemnities**.....37

27.16. **Relationship of the Parties** .....37

27.17. **Non-Liability of City Officials, Employees and Agents**.....37

27.18. **Cooperative Drafting**.....38

27.19. **Light and Air**.....38

27.20. **No Recording**.....38

27.21. **Counterparts** .....38

27.22. **Effective Date** .....38

27.23. **Tenant’s Option Personal**.....38

28. **CITY REQUIREMENTS**.....38

28.1. **Compliance with City’s Food and Beverage Requirements** .....38

28.2. **Public Transit Information** .....38

28.3. **Taxes, Assessments, Licenses, Permit Fees and Liens**.....38

28.4.	<b>Wages and Working Conditions</b> .....	39
28.5.	<b>Benefits Ordinance</b> .....	40
28.6.	<b>No Relocation Assistance; Release of Claims</b> .....	40
28.7.	<b>MacBride Principles—Northern Ireland</b> .....	41
28.8.	<b>Tropical Hardwood and Virgin Redwood Ban</b> .....	41
28.9.	<b>Pesticide Prohibition</b> .....	41
28.10.	<b>First Source Hiring Agreement</b> .....	41
28.11.	<b>Sunshine Ordinance</b> .....	41
28.12.	<b>Conflicts of Interest</b> .....	42
28.13.	<b>Charter Provisions</b> .....	42
28.14.	<b>Drug-Free Workplace</b> .....	42
28.15.	<b>Prohibition of Tobacco Sales and Advertising</b> .....	42
28.16.	<b>Prohibition of Alcoholic Beverage Advertising</b> .....	42
28.17.	<b>Requiring Health Benefits for Covered Employees</b> .....	42
28.18.	<b>Notification of Prohibition on Contributions</b> .....	43
28.19.	<b>Preservative-Treated Wood Containing Arsenic</b> .....	44
28.20.	<b>Resource-Efficient City Buildings</b> .....	44
28.21.	<b>Food Service and Packaging Waste Reduction Ordinance</b> .....	44
28.22.	<b>San Francisco Packaged Water Ordinance</b> .....	45
28.23.	<b>Criminal History in Hiring and Employment Decisions</b> .....	45
28.24.	<b>Vending Machines; Nutritional Standards</b> .....	46
28.25.	<b>Consideration of Salary History</b> .....	46

LIST OF EXHIBITS

- EXHIBIT A.1 – Floor Plan – Ground Floor Premises; Storage Space; Ground Floor Seating Area
- EXHIBIT A.2 - Tenant Improvement Plan
- EXHIBIT B – Reserved
- EXHIBIT C – Reserved
- EXHIBIT D – Standard Utilities and Services
- EXHIBIT E – Rules and Regulations
- EXHIBIT F – Reserved

EXHIBIT G – Sample Menu  
EXHIBIT H – Healthy and Sustainable Food for San Francisco Directive  
EXHIBIT I – Tenant's Electrical Equipment Schedule  
EXHIBIT J – Disability Access Obligations Notice  
EXHIBIT K – “A Guide to Disabled Accessibility Compliance”

## CAFE LEASE AND LICENSE AGREEMENT

THIS CAFE LEASE AND LICENSE AGREEMENT (this "**Lease**"), dated for reference purposes only as of March 1, 2024, is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("**City**" or "**Landlord**"), and NEW COMMUNITY LEADERSHIP FOUNDATION, INC., a California nonprofit public benefit corporation DBA Café Mélange ("**Tenant**").

City and Tenant hereby covenant and agree as follows:

### 1. BASIC LEASE INFORMATION

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

Lease Reference Date:	March 1, 2024
Landlord:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation
Tenant:	NEW COMMUNITY LEADERSHIP FOUNDATION, INC., a California nonprofit public benefit corporation DBA Café Mélange
Building ( <u>Section 2.1</u> ):	San Francisco City Hall 1 Dr. Carlton B. Goodlett Place San Francisco, California
Use ( <u>Section 5.1</u> ):	Operation of one (1) café, as more particularly described in <u>Section 5.1</u> below. The Cafe shall be operated in the Ground Floor Premises described below.
Premises ( <u>Section 2.1</u> ):	The Premises are comprised of the following:  Approximately 1,426 of rentable square feet on the ground floor of the Building (Exhibit A), comprised of the "Ground Floor Premises" and the "Storage Space."
Licensed Area: Ground Floor Seating Area ( <u>Section 2.2</u> ):	Ground Floor Seating Area: Tenant has a license, as further described in <u>Section 5.2</u> , to use the common area adjacent to the Ground Floor Premises comprised of approximately 1,360 square feet depicted on <u>Exhibit A</u> , sometimes referred to as the "Ground Floor Seating Area" for seating for Tenant's customers during the times described in, and subject to the terms and conditions of, <u>Section 5.2</u> below.



Term (Section 3): Five (5) years.  
Commencement Date:  
March 1, 2024;  
Expiration date February 28,2029

Extension Option (Section 27.1) Tenant shall have one (1) 5-year option to extend the Lease in accordance with the provisions of Section 27.1

Minimum Rent (Section 4.1): Annual Minimum Rent: \$2,400.00  
Monthly payments: \$200.00

Percentage Rent (Section 4.1): Ten percent (10%) of Tenant's gross sales from Ground Floor Café operations in excess of Minimum Rent, as set forth in Section 4.1.

Rent Commencement Date (Section 3) July 1, 2024.

Tenant Improvements (Section 6.1): Initial improvements to be performed by Tenant at Tenant's sole cost as described in Section 6.1.

Utilities and Services (Section 10.1): Tenant to pay for telephone charges (local and long distance), pest control, janitorial services within the Premises, and refuse removal from the Premises to a designated location in the Building. City to pay for heating, air conditioning, lighting, refuse removal (from designated containers), water and sewer. City shall provide Building standard janitorial services to the Ground Floor Seating Area.

Security Deposit (Section 23): One Thousand Dollars (\$1,000.00)

Notice Address of City (Section 28.1): Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Attn: Director of Property  
Re: Café Mélange / City Hall Cafe  
Fax No.: (415) 552-9216

with a copy to: Real Estate Division  
City Hall, Room 8  
1 Dr. Carlton B. Goodlett Place  
San Francisco, California 94102-4682  
Attn: Building Manager  
Re: Café Mélange / City Hall Cafe  
Fax No.: (415) 554-4936

and a copy to: Office of the City Attorney  
City Hall, Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, California 94102-4682  
Attn: Real Estate/Finance Team  
Re: Café Mélangé /City Hall Café  
Fax No.: (415) 554-4755

Key Contact for City: Rob Reiter  
or any successor City Hall Building Manager  
(the "**Building Manager**")

Telephone No.: (415) 554-4939

Address for Tenant (Section 28.1): Majeid Crawford  
New Community Leadership Foundation, Inc.  
233 Eddy St,  
San Francisco, CA 94102

Key Contact for Tenant: Majeid Crawford, Executive Director, NCLF

Telephone No. and email: (415) 424-0155  
MAJEID@NCLFINC.

Alternate Contact for Tenant: Lorraine Lewis, Small Business Director  
New Community Leadership Foundation, Inc.  
233 Eddy St,  
San Francisco, CA 94102

Telephone No. and email: (415) 706-0737  
lorrainelewis@comcast.net

Brokers (Section 28.8): Not Applicable

## 2. PREMISES; AS IS CONDITION

### 2.1. Lease; Premises

Subject to the provisions of this Lease, City leases to Tenant and Tenant leases from City (i) those premises on the ground floor of the building comprised of approximately 1,426 rentable square feet commonly known as San Francisco City Hall (the "**Building**") shown outlined and labeled "Ground Floor Premises" on the floor plans attached hereto as Exhibit A (the "**Ground Floor Premises**") and (ii) the premises on the ground floor of the Building shown outlined and labeled "Storage Space" (the "**Storage Space**"). The Ground Floor Premises and the Storage Space are sometimes referred to collectively as the "**Premises**."

### 2.2. License; Ground Floor Seating Area

In addition to the lease of the Premises described in Section 2.1 above, and subject to the provisions of this Lease, City confers on Tenant for the Term of this Lease (i) a revocable, personal, unassignable, non-exclusive, and non-possessory privilege to enter on and use that portion of the common area on the ground floor of the Building comprised of approximately 1,360 square feet shown outlined and labeled "Ground Floor Seating Area" on the floor plans

attached hereto as Exhibit A-1 (the "**Ground Floor Seating Area**") for seating for patrons of Tenant's business in the Ground Floor Premises, as described below during the hours and days, and subject to the conditions, described in Section 5.2 below. The Ground Floor Seating Area is sometimes referred to as the "**Licensed Area**".

### 2.3. Property; Common Areas

The Building, land upon which the Building is located and all other improvements on and appurtenances to such land are referred to collectively as the "**Property**." Tenant shall have the non-exclusive right to use, together with other tenants and licensees in the Building, the lobbies, corridors, elevators, stairways and other public areas of the Building and the Property (collectively, the "**Common Areas**"), and the non-exclusive right of access to and from the Premises and the Licensed Area by the main entrances to the Building and the Property.

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

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

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

Landlord and Tenant agree that if Tenant desires to have the Premises inspected by a CASp, then (1) Tenant will cause the inspection to occur within thirty (30) days after the Effective Date; (2) the inspection will occur during business hours on a business day; (3) Tenant will give Landlord five (5) business days prior written notice of the inspection time and date; (4) Landlord may attend the inspection; (5) the inspection may not include any destructive testing or damage to the Premises or the Building; (6) Tenant will pay for all inspection costs (including fees for any reports prepared by the CASp (collectively, the "**CASp Reports**"). Tenant will deliver any CASp Reports to Landlord within three (3) business days after Tenant's receipt. Tenant, will be solely responsible at Tenant's cost for making improvements, alterations, modifications, and/or repairs to or within the Premises to correct violations of construction-related accessibility standards disclosed by the CASp inspection. If the CASp inspection identifies any improvements, alterations, modifications, and/or repairs necessary to correct violations of construction-related accessibility standards relating to items of the Building or the Project located outside the Premises that are Landlord's obligation to repair under this Lease, then Landlord will perform the improvements, alterations, modifications, and/or repairs as and to the extent required by applicable Laws, and Tenant will reimburse Landlord /Tenant's Percentage Share of /the cost of the improvements, alterations, modifications, and/or repairs within ten (10) business days after Tenant's receipt of an invoice from Landlord.

(b) Tenant acknowledges that before the execution of this Lease, City provided Tenant with, and Tenant signed, the Disability Access Obligations Notice described in

Section 38.3 of the San Francisco Administrative Code. Tenant and City each agree to use reasonable efforts to notify the other party if making any Alterations (as defined in Section Error! Reference source not found. (Tenant's Alterations)) that might impact accessibility to the Premises under any disability access Legal Requirements (as defined in Section Error! Reference source not found. (Compliance with Laws)).

#### 2.4. As Is Condition

Tenant acknowledges and agrees that the Premises is being leased and accepted, the Licensed Area is being licensed, and the Common Areas, are being made available in their respective "as is" condition as of the Commencement Date, without representation or warranty of any kind, and subject to all applicable laws, rules and ordinances governing their use, occupancy and possession. Tenant represents and warrants to City that Tenant has investigated and inspected, either independently or through agents of Tenant's own choosing, the condition of the Premises and the Licensed Area and the suitability of the Premises and the Licensed Area for Tenant's intended use. Tenant has determined, based solely on its own investigation, that the Premises and the Licensed Area are suitable for Tenant's business and intended use. Tenant acknowledges and agrees that neither City nor any of its agents have made, and City hereby disclaims, any representations or warranties, express or implied, concerning the rentable area of the Premises, the physical or environmental condition of the Premises, the Licensed Area or the Property, the present or future suitability of the Premises or the Licensed Area for Tenant's business, or any other matter whatsoever relating to the Premises or the Licensed Area, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

### 3. LEASE TERM; LEASE COMMENCEMENT DATE; LEASE EXPIRATION DATE; RENT COMMENCEMENT DATE

The commencement date of the Lease is March 1, 2024 ("**Lease Commencement Date**") and the expiration of the lease is February 28, 2029 ("**Expiration Date**"), establishing a five (5)-year lease term ("**Term**"). Notwithstanding anything to the contrary in this Section, Rent payments will commence July 1, 2024 ("**Rent Commencement Date**").

### 4. RENT

#### 4.1. Minimum Rent; Percentage Rent

(a) Throughout the Term beginning on the Rent Commencement Date specified in the Basic Lease Information, Tenant shall pay to City the annual Minimum Rent specified in the Basic Lease Information (the "**Minimum Rent**"), as combined rent and license fee. The Minimum Rent shall be paid to City in advance, without prior demand and without any deduction, setoff or counterclaim whatsoever, in equal consecutive monthly payments on or before the first day of the Term and on or before the first day of each month thereafter. Beginning ninety (90) days after the first anniversary of the Commencement Date, and annually ] ninety (90) days after each anniversary of the Commencement Date thereafter, Tenant shall pay to the City, upon the conditions and at the times hereinafter set forth, percentage rent equal to ten percent (10%) of Tenant's gross sales (as hereinafter defined) ("**Percentage Rent**") from Tenant's operations of the Ground Floor Café for the prior year, to the extent such Percentage Rent exceeds the annual Minimum Rent for the prior year. The annual Percentage Rent shall be paid by Tenant to the City within ninety (90) days after the end of each Lease year. Each such payment shall be accompanied by a statement signed by an authorized representative of Tenant setting forth Tenant's gross sales for such lease year. For purposes of permitting verification by the City of the gross sales reported by Tenant, the City shall have the right, not more than one (1) time per lease year, upon not less than five (5) business days' notice to Tenant, to audit

during normal business hours in Tenant's corporate office, Tenant's books and records relating to Tenant's gross sales for a period of two (2) years after the end of each lease year. City agrees that no contingency fee auditor shall be employed by Landlord for the purpose of conducting any such audit. If such an audit reveals that Tenant has understated its gross sales by more than three percent (3%) for any Lease year, Tenant, in addition to paying the additional Percentage Rent due, shall pay the reasonable cost of the audit within thirty (30) days of Tenant's receipt of City's demand for the audit and copies of all bills or invoices on which such cost is based.

All sums payable by Tenant to City hereunder shall be paid in cash or by good (cashier's or certified) check to the City and County of San Francisco in care of the Director of Property at the primary address for City specified in the Basic Lease Information, or such other place as City may designate in writing.

#### **4.2. Adjustments in Minimum Rent - Intentionally Omitted**

#### **4.3. Additional Charges**

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

#### **4.4. Late Charges**

Each time Tenant fails to pay any Rent or any portion of Rent within five (5) days following the due date, such unpaid amount shall be subject to a late payment charge equal to One Hundred Fifty Dollars (\$150) in each instance. The late payment charge has been agreed upon by City and Tenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur as a result of any such failure by Tenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate City for its damages resulting from such failure to pay and shall be paid to City together with such unpaid amount.

#### **4.5. Default Interest**

Any Rent, if not paid within five (5) days after the due date, will bear interest from the due date until paid the Prime Rate most recently announced by Bank of America, for the immediately preceding month, plus four percent (4%), which rate will automatically be reduced if it is higher than the rate an individual is permitted to legally charge (the "**Interest Rate**"). Interest will not be payable on late charges or on any amounts on which Tenant paid late charges to the extent this interest would cause the total interest to be more than lawfully permitted. Payment of interest will not excuse or cure any default by Tenant.

#### **4.6. Cost of Collection**

In addition to any later charges or interest under Sections 4.4 (Late Charges) and Section 4.5 (Default Interest) above, if Tenant fails to pay Rent in immediately available funds or by good check (if Tenant is permitted to pay by personal or business check), to the extent that the costs incurred by City because of Tenant's failure exceed the late charges applicable to that failure, then Tenant will pay to City immediately upon demand as Additional Charges the amount of any fees, charges, or other costs incurred by City, including dishonored check fees, increased staff time, and any costs of collection

## 5. USE

### 5.1. Permitted Use of Ground Floor Premises

**(a) Generally.** Tenant shall continuously use the Ground Floor Premises solely for the operation of a cafe serving moderately priced fresh, nutritious and wholesome food items to the public for on-premises consumption and take-out, and for no other purpose. The café is sometimes referred to herein as the "**Ground Floor Cafe**". Tenant shall operate the Ground Floor Cafe as a full scale cafe, with a menu generally as set forth in the attached **Exhibit G**, provided that in all events the items served must include, without limitation, coffee, espresso, other coffee specialty beverages, tea, juice, soft drinks, breakfast items, pastries and desserts (including a variety of low-fat, sugar-free, vegan, and gluten-free items), soup, made-to-order sandwiches, wraps and salads, one or more hot entrees and vegetarian options. Tenant may, at Tenant's election, provide additional food items. Tenant shall emphasize low-fat, healthy option in the cafe menu, and shall comply with the requirements of **Section 5.5 (Sustainable Foods)** below. If, due to the size of the Ground Floor Premises, Tenant's customers are required to stand in a line which extends outside the Ground Floor Premises, Tenant shall comply with City's reasonable requirements with regard to the direction and control of such line.

**(b) No Exclusive Use.** Tenant acknowledges that Tenant does not have the exclusive right to operate a food service establishment in the Building or the exclusive right to sell any item which Tenant is permitted to sell hereunder.

**(c) Trade Name.** The trade name under which Tenant operates the Ground Floor Cafe shall be subject to Landlord's approval, which approval shall not be unreasonably withheld. In no event shall the trade name give the appearance that Tenant is an official City agency or department. City hereby approves Tenant's use of the name, Café Mélange.

**(d) Limits on Cooking and Baking and Odors.** Cooking and baking are not permitted in the Ground Floor Premises or the Licensed Area; cooking and baking must be performed off site, although warming of prepared foods shall be permitted on site, and Tenant may use steam tables, microwave ovens, toasters and soup kettles, provided that no cooking odors are emitted from the Ground Floor Premises which are noticeable in other areas of the Building. Tenant acknowledges that the Building is one of the most prestigious and historic buildings in the city, and odors which might be unobjectionable or even welcome in other settings may be considered inappropriate in the Building. If at any time during the term hereof City, in City's sole discretion, determines that the odors emitted from the Ground Floor Premises and are noticeable in other areas of the Building or are too intense, City may notify Tenant thereof and Tenant shall thereupon promptly correct the problem to City's satisfaction.

**(e) Prohibited Items.** Tenant shall not sell merchandise that is not related to the use described above without the prior written approval of City, which may be granted or denied in City's sole discretion. Without limiting the foregoing, the sale of such items as lottery tickets and the use of electronic game machines are prohibited. Sound amplification equipment producing sound audible outside of the Ground Floor Premises, Ground Floor Seating Area is prohibited.

### 5.2. Ground Floor Seating Area

**(a) Ground Floor Seating Area Furniture.** Landlord shall provide the tables and chairs for the Ground Floor Seating Area. The furniture used in the Ground Floor Seating Area shall be good quality, attractive and in keeping with the image and operation of the Building as a first-class City Hall. The tables and chairs in the Ground Floor Seating Area shall be configured so that there are walkways and sufficient area for pedestrian ingress and egress on either side of the tables and to minimize any potential tripping or other hazards.

**(b) General Use and Operation of Ground Floor Seating Area.** Tenant shall not do anything in the Ground Floor Seating Area which will conflict with any law, and shall not use the Ground Floor Seating Area in a manner which has been identified in writing as being unsafe by Tenant's or City's insurance carrier. During Tenant's hours of operation, Tenant shall keep the Ground Floor Seating Area and the furniture free of dishes, utensils, food, debris and spills and in a neat, clean, orderly and attractive condition at all times and shall, as necessary, provide and empty garbage receptacles serving such area. If Tenant fails to maintain the Ground Floor Seating Area in the condition required hereunder, the City Hall Building Manager may provide written or oral notice to the manager or senior employee then on duty in the cafe adjacent to such Ground Floor Seating Area (an "**Informal Cleaning Request**"), describing such deficiency (the "**Cleaning Default**"), and Tenant shall promptly correct the deficiency. If City provides Tenant with written notice at the address given in for notices to City in the Basic Lease Information that the City Hall Building Manager has provided four (4) or more Informal Cleaning Requests in any calendar month, then, without limiting City's remedies under this Lease, upon any subsequent Cleaning Default in such calendar month, at the election of the Building Manager City may cause such Cleaning Default to be corrected by a City employee, vendor or contractor, and Tenant shall reimburse City for the reasonable cost of such services plus a fifteen percent (15%) administration fee within ten (10) days of City's invoice therefor.

**(c) Limitations on Use of the Ground Floor Seating Area.** Tenant acknowledges that the Ground Floor Seating Area is open to the public, and Tenant cannot limit use of the Ground Floor Seating Area to Tenant's customers, and cannot prohibit the consumption of outside food and beverages in the Ground Floor Seating Area.

**(d) Occasional City Use of Ground Floor Seating Area.** From time to time during the Term, City may require the Ground Floor Seating Area for the operation of one or more of City's municipal functions, such as vote tallying by the Department of Elections, or law enforcement use, and in such event the Ground Floor Seating Area shall not be available to Tenant's customers during the period of City's use. City shall use reasonable efforts provide Tenant with reasonable advance written notice City's intention to use the Ground Floor Seating Area, together with City's estimate of the number of hours or days the Ground Floor Seating Area will be required for such City use. City shall use reasonable efforts to relocate not less than ten (10) of the tables from the Ground Floor Seating Area to another location in City Hall for the use of the public, including Tenant's customers, during the period of such City use.

### **5.3. Standards of Operation**

Tenant covenants that it will operate Tenant's business in the Ground Floor Premises in a first-class manner as quality establishments in accordance with reputable business standards and practices. Tenant will carry on its business diligently and continuously at the Ground Floor Premises throughout the Lease Term. Tenant shall maintain a sufficient selection of palatable, nutritious, wholesome food and beverages, sold at competitive prices and stocked in sufficient quantity, adequate to ensure successful operation of Tenant's business. All take out items shall be wrapped and bagged or boxed, and all take out beverages shall be sold in lidded containers only. Tenant shall carefully supervise and control the operation of its business in the Ground Floor Premises, and shall employ a competent and adequate staff therefor, all of whom shall be Tenant's employees and none of whom shall be deemed for any purpose whatsoever to be City's employees. Tenant acknowledges that the identity of Tenant and its principals and the specific character of Tenant's businesses presently operated in other locations within the City and County of San Francisco have been material considerations to City's entry into this Lease. Any material change in the character of Tenant's business or use which is made without the prior written consent of City, which may be withheld in City's sole discretion, shall constitute a default under this Lease.

#### 5.4. Appearance of Cafe; Fixtures and Equipment

Tenant shall install and maintain at all times in the Ground Floor Premises high quality fixtures, furnishing, fittings and equipment adequate, appropriate and properly laid out to sustain Tenant's business and such items must not overload the floor and must not create any objectionable noise. All articles in the Ground Floor Premises and the arrangement, style, color and general appearance thereof which are visible to the public from the public areas of the Building, including advertising matter, signs, merchandise and fixtures, shall be attractive, dignified and uncluttered and shall be maintained in a first-class manner in keeping with the character and standards of the Building. All displays, arrangements, signage and advertising visible to the public shall be subject to City's approval, in City's sole discretion.

#### 5.5. Sustainable Foods

Sustainable foods are those which, through their production, purchase, and consumption, enhance the health of the environment, producers and consumers through one or more of these methods: growing, processing and distributing locally; using low or no synthetic agricultural chemicals; fairly trading with developing countries; meeting animal welfare standards; processing minimally; no genetic modification; no unnecessary antibiotics; and no added growth hormones. Tenant shall use commercially reasonable efforts to incorporate sustainable food concepts into everyday operations of the Ground Floor Cafe. Without limiting the foregoing, Tenant shall use local and organic fruits and vegetables in the preparation of menu items when reasonably available, use Bay Area bakeries for bread and pastries, use fair trade, locally roasted coffee if commercially available, and use local meat, cheese and dairy vendors to the extent reasonably available.

#### 5.6. Hours of Operation; Recapture Right

##### (a) Minimum Hours; Permitted Hours of Operation; Liquidated Damages.

Tenant shall continuously operate the Ground Floor Cafe during the hours of 7:00 AM to 4:00 PM on City Hall Business Days (as defined below). As used in this Section 5.6, "**City Hall Business Days**" are Mondays through Fridays other than days on which the Building is not open to the public, and the hours during which Tenant is required to operate are referred to herein as the "**Minimum Hours**." Tenant shall have sufficient access to the Ground Floor Premises prior to, during, and after the hours that the Building is open to the public, to conduct business efficiently. Tenant shall not operate the Ground Floor Cafe on the days that the Building is closed to the public, whether such closure is due to scheduled holidays, budgetary conditions or any other reason. The Building is currently closed on the following holidays:

- New Year's Day
- Martin Luther King Day
- Lincoln's Birthday
- President's Day
- Cesar Chavez Birthday
- Memorial Day
- Fourth of July
- Labor Day
- Columbus Day
- Veteran's Day
- Thanksgiving Day
- Friday after Thanksgiving Day
- Christmas

Tenant acknowledges that its failure to operate the Ground Floor Cafe on the days and during the Minimum Hours set forth above, will result in City incurring costs, expenses and damages that are not contemplated by this Lease as a result of the adverse impact such violation shall have on other tenants and users of the Building. Tenant also acknowledges that the exact



amounts of such costs, expenses and damages are extremely difficult to ascertain. Accordingly, for each day, or part of a day, that Tenant violates the Minimum Hour requirements contained in this Section 5.6(a), Tenant shall pay immediately on demand the sum of Two Hundred Dollars (\$200.00), as liquidated damages, which sum shall be payable in addition to all other rent and all other rights and remedies available to City as Landlord. The parties agree that such amounts represents a fair and reasonable estimate of the costs, expenses and damages that Landlord shall incur by reason of Tenant violating the provisions of Section 5.6(a), but that payment of such amount shall not be deemed to waive any of City's other rights and remedies under this Lease or at law by reason of such failure.

If Tenant from time to time desires to operate the Ground Floor Cafe outside of Minimum Hours on any City Hall Business day, Tenant may make a written request to the Building Manager to operate the cafe(s) during such additional hours (which request may be made for one or more specific days or for a longer period), and such additional operating hours shall be subject to the Building Manager's prior written approval. The hours which Tenant are allowed to operate are sometimes referred to as the "Permitted Hours of Operation".

**(b) Recapture Right.** Without limiting City's other rights and remedies under this Lease at law, if Tenant ceases operations in the Ground Floor Premises for sixty (60) consecutive days, then City may, at its option, upon notice to Tenant given during the period Tenant has ceased operations in the Ground Floor Premises, elect to recapture the Ground Floor Premises, whereupon this Lease shall terminate on the fifteenth (15<sup>th</sup>) days after notice of such election has been given to Tenant.

#### **5.7. Health and Safety; Janitorial Services; Clean-Up**

Tenant shall maintain high standards of sanitation and shall maintain the Premises and the Licensed Area at all times in a clean and sanitary manner in compliance with all applicable health and sanitation laws and with any reasonable health and safety guidelines promulgated by City, and shall clean with reasonable frequency the interior and exterior surfaces of the windows in the Ground Floor Premises. During Tenant's hours of operation, Tenant shall keep the Ground Floor Premises, and the tables in the Ground Floor Seating Area free of dishes, utensils, food, debris and spills and in a neat, clean, orderly and attractive condition and shall provide and empty garbage receptacles. Tenant shall remove all waste from the Ground Floor Premises and Ground Floor Seating Area daily, or more frequently as required for good order. All such waste shall be properly separated and bagged and shall be deposited in a location designated by City in the Building or on the Property. Tenant, at Tenant's sole cost and expense, shall provide janitorial services to the Premises, and City shall have no responsibility therefor. Tenant shall ensure that the janitors used by Tenant shall not cause any labor disturbance in or at the Building. Tenant shall clean up and repair, as necessary, any areas of the Building that are dirtied or damaged as a result of Tenant's activities, and shall reimburse City on demand for all cleaning, repair and other expenses incurred by City resulting from Tenant's operations.

#### **5.8. Wi-Fi (Intentionally Omitted)**

#### **5.9. Signage and Menu Boards**

Tenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Ground Floor Premises which are visible in or from public corridors or other portions of any common areas of the Building or from the exterior of the Ground Floor Premises, without City's prior written consent, which City may withhold or grant in its sole discretion. All signs and menu boards in the Ground Floor Premises, other than a whiteboard or similar sign listing daily specials, shall be professionally lettered.

#### **5.10. Vending Machines and Self-Service Refrigerators - Reserved**

#### **5.11. Change in Menu Items or Other Offerings**

City has approved the menu items listed on the sample menu attached to this Lease as Exhibit G. If Tenant desires to make substantial changes in the menu items or other items sold from the Ground Floor Cafe, such changes shall be subject to City's approval, which approval shall not be unreasonably withheld or delayed.

### 5.12. Use of Storage Space

Tenant may use the Storage Space solely for the purpose of storing fixtures, equipment, furnishings and merchandise used in the operation of the Ground Floor Cafe, and for no other use or purpose. Items stored by Tenant shall be stacked in a safe manner. City shall provide lighting to the Storage Space, but no other utility or service. From time to time during the Term, City shall have the right to designate replacement storage space provided that the replacement space is not materially smaller than the Storage Space. Tenant shall not store perishable merchandise in the Storage Space, and any foodstuffs shall be properly wrapped and stored in a manner calculated to discourage pests and rodents.

### 5.13. No Unlawful Uses, Nuisances or Waste

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

## 6. TENANT IMPROVEMENTS

### 6.1. Tenant Improvement Work

City has approved the plans and specifications dated March 15, 2024 prepared by the City, a copy of which are attached as Exhibit A.2, for the construction and installation of the tenant improvements in the Premises (that work is referred to as the “**Tenant Improvement Work**” or “**Tenant Improvements**” and the plans and specifications are referred to as the “**Tenant Improvement Plan**”). Tenant is responsible, at no cost to City, for (a) performing the Tenant Improvement Work in accordance with the approved Plans and the standards contained in Section Error! Reference source not found. (Tenant’s Alterations) below and (b) obtaining all permits and licenses required in connection with the Tenant Improvements. No Tenant Improvement Work may commence in the Premises unless and until this Lease is approved by City’s Board of Supervisors and Mayor as further provided in Section 28.22 (Effective Date) below and is fully executed, unless otherwise approved by a City-issued and executed permit. Tenant may not make any material change to the approved Plans or consent to any change order during the course of construction without first obtaining City’s written approval. Tenant will ensure that the Tenant Improvement Work does not obstruct access to or through the Building/Common Area and that it does not interfere with City’s business being conducted in the Building, other tenant’s use of their premises, or with any other work being done in the Building. On completion of the Tenant Improvements, Tenant will provide City a copy of the final as-built plans and specifications. No approval by City or any of its Agents of the Plans, any changes, or of any Alterations under this Lease will be deemed to constitute approval of any federal, state, or local regulatory authority with jurisdiction over the Premises or Tenant’s use of the Premises, and nothing in this Lease limits Tenant’s obligation to obtain all needed regulatory approvals at no cost to City.

### 6.2. Local Hiring Requirements

(a) Any undefined, initially-capitalized term used in this Section has the meaning given to that term in San Francisco Administrative Code Section 23.62 (the “**Local**”

**Hiring Requirements**”). Tenant Improvements and Alterations (as defined in **Section Error! Reference source not found.** (Tenant’s Alterations)) are subject to the Local Hiring Requirements unless the cost for the work is **(i)** estimated to be less than \$750,000 per building permit or **(ii)** meets any of the other exemptions in the Local Hiring Requirements. Tenant will comply with the Local Hiring Requirements to the extent applicable. Before starting any Tenant Improvement Work or any Alteration, Tenant will contact City’s Office of Economic Workforce and Development (“**OEWD**”) to verify if the Local Hiring Requirements apply to the work (i.e., whether the work is a “**Covered Project**”).

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

### **6.3. Prevailing Wages and Working Conditions**

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

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

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

## 7. ALTERATIONS

### 7.1. Tenant's Alterations

#### (a) General

Tenant shall not make or permit any alterations, installations, additions or improvements, structural or otherwise (collectively, "**Alterations**"), (i) in, to or about the Premises, (ii) to the Building or (iii) to the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other mechanical, electrical, communications systems of the Building ("**Building Systems**"), without City's prior written consent in each instance. All Alterations shall be done at Tenant's expense in accordance with plans and specifications approved by City, only by duly licensed and bonded contractors or mechanics approved by City, and subject to any conditions that City may reasonably impose. With respect to any Alterations which would be visible from the exterior of the Building, Tenant, shall obtain the prior written approval of City's Arts Commission to the extent the Arts Commission has jurisdiction over the design of such proposed alterations under City's Charter Section 5.103. If the cost of any Alterations is in excess of Five Thousand Dollars (\$5,000), then Tenant shall pay to City an administrative fee equal to ten percent (10%) of the total "hard" costs of the work to compensate City for the costs of review.

#### (b) Asbestos

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

#### (c) Prevailing Wage and Local Hiring Requirements.

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

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

Tenant, on behalf of itself and its Agents or Invitees, shall comply with all requirements of the San Francisco Building Code, Section 3407, and all other Legal Requirements, including, without limitation, the California and United States Occupational Health and Safety Acts and their implementing regulations, when the work of improvement or alteration disturbs or removes exterior lead-based or "presumed" lead-based paint (as defined below). Tenant and its Agents or Invitees shall give to City three (3) business days prior written notice of any disturbance or removal of exterior lead-based or presumed lead-based paint. Further, Tenant and its Agents or Invitees, when disturbing or removing exterior lead-based or presumed lead-based paint, shall not use or cause to be used any of the following methods: (a) acetylene or propane burning and torching; (b) scraping, sanding or grinding without containment barriers or a High Efficiency Particulate Air filter ("**HEPA**") local vacuum exhaust tool; (c) hydroblasting or high-pressure wash without containment barriers; (d) abrasive blasting

or sandblasting without containment barriers or a HEPA vacuum exhaust tool; and (e) heat guns operating above 1,100 degrees Fahrenheit. Paint on the exterior of buildings built before December 31, 1978, is presumed to be lead-based paint unless lead-based paint testing, as defined in Section 3407 of the San Francisco Building Code, demonstrates an absence of lead-based paint on the exterior surfaces of such buildings. Under this Section, lead-based paint is "disturbed or removed" if the work of improvement or alteration involves any action that creates friction, pressure, heat or a chemical reaction upon any lead-based or presumed lead-based paint on an exterior surface so as to abrade, loosen, penetrate, cut through or eliminate paint from that surface. Notice to City under this Lease shall not constitute notice to the City's Department of Building Inspection required under Section 3407 of the San Francisco Building Code.

## **7.2. Title to Improvements**

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

## **7.3. Tenant's Personal Property**

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

## **7.4. City's Alterations of the Building and Building Systems**

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

# **8. REPAIRS AND MAINTENANCE**

## **8.1. City's Repairs**

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

## **8.2. Tenant's Repairs**

Tenant shall maintain (and replace if necessary), at no expense to City, the Premises (including, without limitation, the floors, interior plumbing, electrical wiring, fixtures and

equipment) in good repair and working order and in a clean, secure, safe and sanitary condition. Tenant shall promptly make all repairs and replacements: **(a)** at no cost to the City, **(b)** by licensed contractors or qualified mechanics approved by City, **(c)** so that the repairs and replacements will be at least equal in quality, value and utility to the original work or installation, **(d)** in a manner and using equipment and materials that will not interfere with or impair the operations, use or occupation of the Building or the Building Systems, and **(e)** in accordance with any applicable Building Rules and Regulations (as defined in Section 22 (Rules and Regulations)) and all applicable Legal Requirements. If the cost of any such repairs or replacements is in excess of Five Thousand Dollars (\$5,000) in any instance and results from the acts or omissions of Tenant, its Agents or Invitees, then Tenant shall pay to City an administrative fee equal to ten percent (10%) of the total "hard" costs of the work. Tenant hereby waives all rights to make repairs at City's expense under Sections 1941 and 1942 of the California Civil Code or under any similar Legal Requirements. Tenant will give City at least fifteen (15) days' prior written notice of commencement of any repair, replacement, or construction on the Premises. Replacements costing over \$5,000 will be considered an Alteration and Article 7 above will apply.

## 9. LIENS AND ENCUMBRANCES

### 9.1. Liens

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

### 9.2. Encumbrances

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

## 10. UTILITIES AND SERVICES

### 10.1. Utilities and Services

City shall provide the basic Building utilities and services described in the attached Exhibit D (the "**Standard Utilities and Services**") to the Premises, subject to the terms and conditions contained therein. Tenant shall be responsible for furnishing, at no cost to the City, any utilities or services other than or in excess of the Standard Utilities and Services that Tenant may need for its use of the Premises. **[including telecom, janitorial services and pest control]**

### 10.2. Water and Energy Conservation; Mandatory or Voluntary Restrictions

In the event any law, ordinance, code or governmental or regulatory guideline imposes mandatory or voluntary controls on City or the Property or any part thereof, relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this Lease, or in the event City is required or elects to make alterations to any part of the Building in order to comply with such mandatory or voluntary controls or guidelines, such compliance and the

making of such alterations shall in no event entitle Tenant to any damages, relieve Tenant of the obligation to pay the full Minimum Rent, Percentage Rent and Additional Charges reserved hereunder or to perform each of its other covenants hereunder or constitute or be construed as a constructive or other eviction of Tenant. City shall have the right at any time to install a water meter in the Premises or otherwise to measure the amount of water consumed on the Premises, and the cost of such meter or other corrective measures and the installation and maintenance thereof shall be paid for by Tenant.

### **10.3. Excess Use**

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

### **10.4. Floor Load**

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

### **10.5. Interruption of Services**

City's obligation to provide utilities and services for the Premises are subject to the Rules and Regulations of the Building, applicable Legal Requirements (as defined below) (including the rules or actions of the public utility company furnishing the utility or service), and shutdowns for maintenance and repairs, for security purposes, or because of acts of nature, accidents, epidemic and related government orders and requirements, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials, or other causes beyond the City's control. In the event of an interruption in, or failure or inability to provide any service or utility for the Premises for any reason, such interruption, failure or inability shall not constitute an eviction of Tenant, constructive or otherwise, or impose upon City any liability whatsoever, including, but not limited to, liability for consequential damages or loss of business by Tenant; provided, however, that if such interruption, failure or inability impairs Tenant's ability to carry on its business in the Premises for a period of five (5) or more consecutive business days, then Tenant shall have the right, as Tenant's sole remedy, to abate the Rent in an amount calculated by City based on the extent the interruption, failure or inability impairs Tenant's ability to carry on its business in the Premises. Tenant hereby waives the provisions of

California Civil Code Section 1932(1) or any other applicable Legal Requirements permitting the termination of this Lease due to such interruption, failure or inability.

## **11. COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS**

### **11.1. Compliance with Laws**

Tenant shall promptly comply, at no cost to the City, with all present or future federal, state local, and administrative laws, ordinance, resolution, regulation, requirement, proclamation, order or decree of any municipal, county, state or federal government or other governmental or regulatory authority, board of fire underwriters, or any directive or occupancy certificate issued under any law by any public officer or officers acting in their regulatory capacity (now or later in effect, collectively "**Legal Requirements**") relating to the Premises or the Property or the use occupancy of the Premises and with any and all recorded covenants, conditions and restrictions affecting the Property or any portion thereof, whether in effect at the time of the execution of this Lease or adopted or recorded at any time thereafter and whether or not within the present contemplation of the parties. Tenant further understands and agrees that it is Tenant's obligation, at no cost to the City, to cause the Premises and Tenant's uses thereof to be conducted in compliance with the Americans With Disabilities Act, 42 U.S.C. Section 12101 et seq. and any other applicable disability access Legal Requirements. Tenant shall not be required to make any structural Alterations in order to comply with disability access Legal Requirements unless such Alterations shall be occasioned, in whole or in part, directly or indirectly, by the Tenant Improvements or any other Alterations, Tenant's use of the Premises, or any act or omission of Tenant, its Agents or Invitees. Any Alteration made by or on behalf of Tenant pursuant to the provisions of this Section shall comply with the provisions of Section 8.2 (Tenant's Repairs) above. The parties acknowledge and agree that Tenant's obligation to comply with all Legal Requirements as provided herein is a material part of the bargained for consideration under this Lease. Tenant's obligation under this Section shall include, without limitation, the responsibility of Tenant to make substantial or structural repairs and Alterations to the Premises (including any of the Tenant Improvements or any of Tenant's Alterations), regardless of, among other factors, the relationship of the cost of curative action to the Rent under this Lease, the length of the then remaining Term hereof, the relative benefit of the repairs to Tenant or City, the degree to which the curative action may interfere with Tenant's use or enjoyment of the Premises, the likelihood that the parties contemplated the particular Legal Requirement involved, and whether the Legal Requirement involved is related to Tenant's particular use of the Premises.

### **11.2. Regulatory Approvals**

#### **(a) Responsible Party**

Tenant understands and agrees that Tenant's use of the Premises and construction of the Tenant Improvements permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant shall be solely responsible for obtaining any and all such regulatory approvals. Tenant shall not seek any regulatory approval without first obtaining City's written consent. Tenant shall bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Property or City's interest in the Property will first be approved by City in its sole discretion. Tenant will immediately pay and discharge any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval, and City shall have no liability, monetary or otherwise, for any such fines or penalties. Tenant shall Indemnify City and the other Indemnified Parties defined in Section 18.2 (Tenant's Indemnity) below) against all Claims



arising in connection with Tenant's failure to obtain or failure by Tenant, its Agents or Invitees to comply with the terms and conditions of any regulatory approval.

### **11.3. City Acting as Owner of Real Property**

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

### **11.4. Compliance with City's Risk Management Requirements**

Tenant shall not do anything, or permit anything to be done, in or about the which would be prohibited by or increase rates under a standard form fire insurance policy or subject City to potential premises liability. At no cost to City, Tenant shall faithfully observe any and all requirements of City's Risk Manager with respect to Tenant's use and occupancy of the Premises.

## **12. SUBORDINATION**

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

## **13. INABILITY TO PERFORM**

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

## **14. DAMAGE AND DESTRUCTION**

### 14.1. Damage and Destruction

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

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

If at any time during the last twelve (12) months of the Term of this Lease, the Premises, or the Building is damaged or destroyed, then either City or Tenant may terminate this Lease by giving written notice to the other party of its election to do so within thirty (30) days after the date of the occurrence of such damage; provided, however, Tenant may terminate only if such damage or destruction substantially impairs its use or occupancy of the Premises for the uses permitted hereunder. The effective date of termination shall be specified in the notice of termination, which date shall not be more than thirty (30) days from the date of the notice.

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

### 14.2. Waiver

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

## 15. EMINENT DOMAIN

If the Premises or any portion of it is taken under the power of eminent domain or sold under threat of exercise of eminent domain (collectively, "**Condemnation**") this Lease will terminate as to the part taken as of the date the condemning authority takes title or possession, whichever occurs first. Each party will promptly notify the other of any pending or threatened Condemnation. If more than 10% of the Premises or convenient access to the Premises is taken by Condemnation, then either party may, at its option, terminate this Lease by giving written notice to the other party within ten (10) days after receiving any resolution of necessity (or notice

of any similar action by the condemning authority) (“**Condemnation Notice**”) regarding a pending or threatened Condemnation. If all or any portion of the Building is taken by Condemnation, then, at its option, City may terminate this Lease by giving written notice to Tenant within thirty (30) days after receiving Condemnation Notice. Any termination will be effective the earlier of thirty (30) days after the termination notice and the date the condemning authority takes title or possession, whichever occurs first. If neither party terminates this Lease, then this Lease will remain in full force and effect as to the portion of the Premises remaining, and City will proportionally reduce the Rent. Condemnation awards will be City’s property, whether the award is made as compensation for the reduction in value of the leasehold, the value of the part taken, or for severance damages, but Tenant may petition for a separate award for Tenant’s relocation expenses or Tenant’s Personal Property. All Alterations or improvements made to the Premises will be considered City’s property for the purposes of any Condemnation and City will be entitled to the Condemnation award. If this Lease is not terminated under this paragraph, then City will repair any damage to the Premises caused by the Condemnation.

City and Tenant intend that the provisions of this Section Error! Reference source not found. govern fully in the event of a Condemnation and accordingly, the parties each waive any right to terminate this Lease in whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar Legal Requirements.

## 16. ASSIGNMENT AND SUBLETTING

### 16.1. Restriction on Assignment and Subletting

Tenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Tenant), voluntarily or by operation of law, sell, assign, encumber, pledge, sublicense or otherwise transfer any part of its interest in or rights with respect to the Premises or the Licensed Area or its leasehold estate or license hereunder (collectively, an “**Assignment**”), or permit or license any portion of the Premises or Licensed Area to be used or occupied by anyone other than itself, or sublet any portion of the Premises or sublicense any part of the Licensed Area (collectively, “**Sublease**” or “**Sublet**”), without City’s prior written consent in each instance, as provided hereinbelow. Notwithstanding the foregoing, Tenant may Assign this Lease or Sublet any or all portions of the Premises or Licensed Area to any Tenant’s Affiliate (as defined below) without obtaining the consent of City by giving City written notice of its intent thereof at least fifteen (15) business days before the proposed effective date of such transfer. As used in this Section, the term “Tenant’s Affiliate” shall mean, any of the following: **(1)** any person or entity owning, directly or indirectly, fifty percent (50%) or more of the ownership interests of Tenant (an “**Owning Person**”), **(2)** any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by any Owning Person, **(3)** any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by Tenant. Tenant will provide any Assignment and Sublease documents (whether City’s consent is required or not) to the City Assessor-Recorder within sixty (60) days of execution of such document, as provided in Section 29.2 below.

### 16.2. Notice of Proposed Transfer

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

### 16.3. City's Response

(a) Within twenty (20) business days after City's receipt of the Notice of Proposed Transfer (the "**Response Period**"), City may elect, by written notice to Tenant, to: (i) sublease (or sublicense) the portion of the Premises or Licensed Area specified in the Notice of Proposed Transfer on the terms and conditions set forth in such notice, except as otherwise provided in Section 16.4 (Sublease or Recapture Space), or (ii) terminate this Lease as to the portion (including all) of the Premises or Licensed Area that is specified in the Notice of Proposed Transfer, with a proportionate reduction in Minimum Rent (a "**Recapture**").

(b) If City declines to exercise either of its options provided above, then Tenant shall have ninety (90) days following the earlier of (i) City's notice that it will not elect either such option or (ii) the expiration of the Response Period, to enter into such Assignment or Sublease, subject to City's prior written approval of the proposed assignee or subtenant (in either case, a "**Transferee**") and the terms and conditions of the proposed Sublease or Assignment. However, fifty percent (50%) of any rent or other consideration realized by Tenant under any such Assignment or Sublease in excess of the Minimum Rent, Percentage Rent and Additional Charges payable hereunder (or the amount thereof proportionate to the portion of the Premises or Licensed Area subject to such Sublease or Recapture) shall be paid to City, after Tenant has recovered any reasonable brokers' commissions and the reasonable cost of any leasehold improvements that Tenant has incurred in connection with such Sublease or Assignment. Tenant shall provide City with such information regarding the proposed Transferee and the Assignment or Sublease as City may reasonably request. City agrees that it will not unreasonably withhold its approval of any proposed Transferee. If Tenant does not enter into the Assignment or Sublease within ninety (90) days after the earlier of the events described in clauses (i) or (ii) above, then Tenant will submit a new Notice of Proposed Transfer for any Assignment or Sublease.

(c) If after City declines to exercise any of the foregoing options Tenant desires to enter into such Assignment or Sublease (i) on terms and conditions materially more favorable to Tenant than those contained in the Notice of Proposed Transfer or (ii) with a Transferee that is currently a tenant or other occupant of the Building, then Tenant shall give City a new Notice of Proposed Transfer, which notice shall state the terms and conditions of such Assignment or Sublease and identify the proposed Transferee, and City shall again be entitled to elect one of the options provided in clauses (a) and (b) at any time within twenty (20) business days after City's receipt of such new Notice of Proposed Transfer.

(d) In the event City elects either of the options provided in clauses (a) or (b), City shall be entitled to enter into a lease, sublease or assignment agreement with respect to the Premises or Licensed Area (or portion thereof specified in such new Notice of Proposed Transfer) with any party, including the proposed Transferee identified in Tenant's notice.

(e) Notwithstanding the foregoing, if any event of default by Tenant has occurred and is continuing at the time of Tenant's Notice of Proposed Transfer (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such an Event of Default), then City may elect by notice to Tenant to refuse to consent to Tenant's proposed Transfer and pursue any of its right or remedies hereunder or at law or in equity.

### 16.4. Sublease or Recapture Space

If City elects to Sublease or Recapture from Tenant as described in Section 16.3 (City's Response) then the following shall apply:

(a) In the case of a Sublease, (i) City shall have the right to use the portion of the Premises or Licensed Area covered by the Notice of Proposed Transfer (the "**Sublease Space**") for any legal purpose, (ii) the rent payable by City to Tenant shall be the lesser of (A) the amount in the Notice of Proposed Transfer or (B) the Minimum Rent payable by Tenant under this Lease at the time of the Sublease (or the amount thereof proportionate to the Sublease

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

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

#### **16.5. Effect of Sublease or Assignment**

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

#### **16.6. Assumption by Transferee**

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

#### **16.7. Indemnity for Relocation Benefits**

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

## 17. DEFAULT; REMEDIES

### 17.1. Events of Default

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

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

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

(c) a vacation or abandonment of the Premises or the Licensed Area for a continuous period in excess of five (5) business days; or

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

### 17.2. Remedies

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

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

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

plus (i) The reasonable cost of recovering the Premises and Licensed Area;

(ii) The reasonable cost of removing Tenant's Alterations, trade fixtures and improvements; plus

(iii) All unpaid rent due or earned hereunder prior to the date of termination, less the proceeds of any reletting or any rental received from subtenants prior to the date of termination applied as provided in Section 17.2(b) below, together with interest at the Interest Rate, on such sums from the date such rent is due and payable until the date of the award of damages; plus

(iv) The amount by which the rent which would be payable by Tenant hereunder, including Additional Charges under Section 4.3 above, as reasonably estimated by City, from the date of termination until the date of the award of damages, exceeds the amount of such rental loss as Tenant proves could have been reasonably avoided, together with interest at the Interest Rate on such sums from the date such rent is due and payable until the date of the award of damages; plus

(v) The amount by which the rent which would be payable by Tenant hereunder, including Additional Charges under Section 4.3 above, as reasonably estimated by City, for the remainder of the then term, after the date of the award of damages exceeds the amount such rental loss as Tenant proves could have been reasonably avoided, discounted at the discount rate published by the Federal Reserve bank of San Francisco for member banks at the time of the award plus one percent (1%); plus

(vi) Such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Legal Requirements, including, without limitation, any other amount necessary to compensate City for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease which in the ordinary course of things would be likely to result therefrom.

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

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

(d) During the continuance of an Event of Default, City may enter the Premises and Licensed Area without terminating this Lease and remove all Tenant's Personal Property, Alterations and trade fixtures from the Premises and Licensed Area and store them at Tenant's risk and expense. If City removes Tenant's Personal Property, Alterations and trade fixtures from the Premises and Licensed Area and stores it at Tenant's risk and expense, and if Tenant fails to pay the cost of such removal and storage after written demand therefor and/or to pay any rent then due, then after the property has been stored for a period of thirty (30) days or more City may sell such property at public or private sale, in the manner and at such times and places as City deems commercially reasonable following reasonable notice to Tenant of the time and place of such sale. The proceeds of any such sale shall be applied first to the payment of the expenses for removal and storage of the property, the preparation for and the conducting of such sale, and for attorneys' fees and other legal expenses incurred by City in connection therewith, and the balance shall be applied as provided in Section 17.2(b) above.

Tenant hereby waives all claims for damages that may be caused by City's re-entering and taking possession of the Premises and Licensed Area or removing and storing Tenant's Personal Property pursuant to this Section 17.2, and Tenant Indemnify City for all Claims resulting from City reentering and taking possession of the Premises or the Licensed Area and storing Tenant's Personal Property. No reentry by City shall constitute or be construed as a forcible entry by City.

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

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

### **17.3. Waiver of Redemption**

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

### **17.4. City's Right to Cure Tenant's Defaults**

If Tenant defaults in the performance of any of its obligations under this Lease, then City may, at its sole option, remedy such default for Tenant's account and at Tenant's expense by providing Tenant with three (3) days' prior written or oral notice of City's intention to cure such default (except that no such prior notice shall be required in the event of an emergency as determined by City). Such action by City shall not be construed as a waiver of such default or any rights or remedies of City, and nothing herein shall imply any duty of City to do any act that Tenant is obligated to perform. Tenant shall pay to City upon demand, as additional rent, all costs, damages, expenses or liabilities incurred by City, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such default. Tenant's obligations under this Section shall survive the termination of this Lease.



## 18. WAIVER OF CLAIMS; INDEMNIFICATION

### 18.1. Limitation on City's Liability; Waiver of Claims

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

### 18.2. Tenant's Indemnity

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

## 19. INSURANCE

### 19.1. Tenant's Insurance

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

**(i)** Commercial general liability insurance with limits not less than Two Million Dollars (\$2,000,000) each occurrence combined single limit for bodily injury and property

damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, products and completed operations, and explosion, collapse, and underground (XCU).

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

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

(iv) Business interruption insurance insuring that the Rent will be paid to City for a period of at least one (1) year if Tenant is unable to operate its business at the Premises. Business Interruption Insurance will also cover business interruptions due to failures or interruptions in telecommunications services, strikes, employee lockouts, riots, or other civil commotion. To calculate Rent during any interruption of business, the Rent for the twelve (12)-month period immediately preceding the incident causing the business interruption will be used.

(v) Licensed professionals (i.e., architects, engineers, certified public accountants, etc.) will provide professional liability insurance with limits not less than \$1,000,000 each claim with respect to negligent acts, errors, or omissions in connection with professional services to be provided under this Lease or to the Premises, provided the requirements of Section 19.1(d) will not apply to such insurance.

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

(b) If any of the required insurance is provided under a claims-made form, Tenant will maintain the coverage continuously throughout the Term and, without lapse, for a period of three (3) years beyond the expiration or termination of this Lease, to the effect that, if occurrences during the Term give rise to claims made after expiration or termination of this Lease, those claims will be covered by the claims-made policies. Tenant's obligations under this Section will survive the expiration or termination of this Lease.

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

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

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

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

(e) Each insurance policy required under Section **Error! Reference source not found.**(a) above will be issued by an insurance company licensed in the State of California and

with a general policyholders' rating of "A-" or better and a financial size ranking of "Class VIII" or higher in the most recent edition of Best's Insurance Guide.

(f) All insurance policies required to be maintained by Tenant will be endorsed to provide thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to both Tenant and City. If Tenant's insurer refuses to offer this endorsement, Tenant will promptly provide the thirty (30) day's prior written notice of cancellation, intended non-renewal, or reduction in coverage to City. Notice to City will be mailed to the addresses for City set forth in the Basic Lease Information.

(g) On or before the Commencement Date, Tenant will deliver to City certificates of insurance and additional insured policy endorsements from insurers in a form satisfactory to City, evidencing the coverage required under this Lease, together with complete copies of the policies and at any other time promptly after City's request. During the Term, Tenant will provide City with certificates or policies at least thirty (30) days before the expiration dates of expiring policies. If Tenant fails to procure the required insurance, or to deliver the policies or certificates, then at its option and without waiving any rights or remedies that City may have for Tenant's default, City may procure the insurance for Tenant's account, and Tenant will pay the cost to City within five (5) days after delivery to Tenant of invoices therefor.

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

(i) Tenant's compliance with the provisions of this Section will in no way relieve or decrease Tenant's liability under Section Error! Reference source not found. (Tenant's Indemnity), or any of Tenant's other obligations under this Lease.

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

## **19.2. Tenant's Personal Property**

At no cost to City, Tenant is responsible for separately insuring Tenant's Personal Property.

## **19.3. City's Self Insurance**

Tenant acknowledges that City self-insures against casualty, property damage, and public liability risks and agrees that, at City's sole election (but without obligation to do so), City may carry any third-party insurance coverage for the Building, the Premises, or otherwise.

## **19.4. Waiver of Subrogation**

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

## 20. ACCESS BY CITY

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

### 20.1. Tenant's Estoppel Certificates

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

### 20.2. City's Certificates

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

## 21. RULES AND REGULATIONS

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

## 22. SECURITY DEPOSIT

**(a)** Upon execution of this Lease, Tenant shall deposit with City the sum specified as the security deposit in the Basic Lease Information (the "**Security Deposit**"), in

cash, to secure Tenant's faithful performance of all terms, covenants and conditions of this Lease. Tenant agrees that City may (but shall not be required to) apply the Security Deposit in whole or in part to remedy any damage to the Premises, Licensed Area or Building caused by Tenant, its Agents or Invitees, or any failure of Tenant to perform any other terms, covenants or conditions contained herein (including, but not limited to, the payment of Rent or other sum due hereunder either before or after a default), without waiving any of City's other rights and remedies hereunder or at law or in equity and without any obligation. Tenant waives the provisions of Section 1950.7 of the California Civil Code or any similar law, statute or ordinance now or hereafter in effect and agrees that Landlord may retain any portion of Security Deposit reasonably necessary to compensate Landlord for any other foreseeable or unforeseeable loss or damage caused by the acts or omissions of Tenant, its Agents or Invitees. Without limiting the foregoing, Tenant understands and agrees that Landlord may apply some or all of the Security Deposit to the payment of future Rent following a Tenant default.

(b) Should City use any portion of the Security Deposit to cure any default by Tenant hereunder, Tenant shall immediately replenish the Security Deposit to the original amount. If the Minimum Rent is increased pursuant to any of the provisions of this Lease, Tenant shall increase the amount of the Security Deposit accordingly. City's obligations with respect to the Security Deposit are solely that of debtor and not trustee. City shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on the Security Deposit. The amount of the Security Deposit shall in no way limit the liabilities of Tenant under any provision of this Lease.

## **23. SURRENDER OF PREMISES**

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

(b) Concurrently with the surrender of the Premises and Licensed Area, Tenant shall, if requested by City, execute, acknowledge and deliver to City a quitclaim deed to the

Premises and Licensed Area and any other instrument reasonably requested by City to evidence or otherwise effect the termination of Tenant's leasehold estate hereunder and to effect such transfer or vesting of title to the Tenant Improvements or other improvements or equipment which remain part of the Premises or the Licensed Area.

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

## **24. REMOVAL OF ELECTRICAL AND TELECOMMUNICATIONS WIRES**

### **24.1. City May Elect to Remove or Retain Wires**

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

### **24.2. Compliance with Legal Requirements and Discontinuance of Wire Use**

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

### **24.3. Condition of Wires**

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

### **24.4. City's Right to Retain Security Deposit**

Notwithstanding anything in this Lease to the contrary, City may retain Tenant's Security Deposit after the expiration or sooner termination of this Lease until one of the following events has occurred with respect to all of the Wires: (a) City elects to retain the Wires pursuant to Section 25.1(a); (b) City elects to perform the Wire Restoration Work pursuant to Section 25.1(b) and the Wire Restoration Work is complete and Tenant has fully reimbursed City for all costs related thereto; or (c) City elects to require Tenant to perform the Wire Restoration Work pursuant to Section 25.1(c), the Wire Restoration Work is complete, and Tenant has paid for all costs related thereto.

### **24.5. City Can Apply Security Deposit; Survival**

If Tenant fails or refuses to pay all costs of the Wire Restoration Work within thirty (30) days of Tenant's receipt of City's notice requesting Tenant's reimbursement for or payment of such costs or otherwise fails to comply with the **provisions** of this Section, City may apply all or any portion of Tenant's Security Deposit toward the payment of any costs or expenses relating to the Wire Restoration Work or Tenant's obligations under this Section. The retention or application of the Security Deposit by City pursuant to this Section does not constitute a

limitation on or waiver of City's right to seek further remedies under law of equity. The terms of this Section shall survive the expiration or sooner termination of this Lease.

## 25. HAZARDOUS MATERIALS

### 25.1. Definitions

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

(a) "**Environmental Laws**" shall mean any present or future Legal Requirements relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage), or to health and safety, industrial hygiene or the environment, including, without limitation, soil, air and groundwater conditions.

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

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

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

### 25.2. No Hazardous Materials

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

or Remediation; and **(d)** all matters of which Tenant is required to give notice pursuant to Section 25359.7 of the California Health and Safety Code.

### **25.3. Tenant's Environmental Indemnity**

If Tenant breaches any of its obligations contained in this Section, or, if any act or omission of Tenant, its Agents or Invitees, results in any Release of Hazardous Material in, on, under or about the Premises, Licensed Area or any other part of the Property in violation of any applicable Environmental Laws, then, without limiting Tenant's Indemnity contained in Section 18.2 (Tenant's Indemnity) above, Tenant shall, on behalf of itself and its successors and assigns, Tenant will Indemnify the Indemnified Parties, and each of them, from and against all Claims (including, without limitation, damages for decrease in value of the Premises, Licensed Area or the Property, the loss or restriction of the use of rentable or usable space or of any amenity of the Premises, Licensed Area or the Property and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees and costs) arising during or after the Term of this Lease and relating to such Release. The foregoing Indemnity includes, without limitation, costs incurred in connection with activities undertaken to Investigate and Remediate Hazardous Material and to restore the Property to its prior condition, fines and penalties assessed for the violation of any applicable Environmental Laws, and any natural resource damages. Without limiting the foregoing, if Tenant or any of its Agents or Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises, Licensed Area or any other part of the Property, Tenant shall immediately and at no expense to City take any and all appropriate actions to return the Premises, Licensed Area or the Property affected thereby to the condition existing prior to such Release and otherwise Investigate and Remediate the Release in accordance with all Environmental Laws. Tenant expressly acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Tenant by the City and continues at all times thereafter. Tenant shall afford City a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, or other compromise or proceeding involving Hazardous Material.

### **25.4. Survival of Obligation**

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

### **25.5. Hazardous Substance Disclosure**

California Legal Requirements require landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Tenant is hereby advised that occupation of the Premises and use of the Licensed Area may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. By execution of this Lease, Tenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Section 25359.7 and related statutes and, to the extent permitted by Legal Requirements, Tenant waives any and all rights Tenant may have to assert that City has not complied with the requirements of the state.

## **26. SPECIAL PROVISIONS**

### **26.1. Extension Option**

#### **(a) Option to Extend Term**



City grants to Tenant a one-time option to extend the Term of this Lease as to the entire Premises and Licensed Area only (the "**Extension Option**") for an additional five (5) years (the "**Extension Term**") commencing upon the Expiration Date upon the following terms and conditions. Tenant may exercise the Extension Option at any time during the Term but if it determines to do so it must give written notice to City thereof not less than one hundred eighty (180) days prior to the Expiration Date. Any such notice by Tenant shall be irrevocable by Tenant. If any event of default by Tenant is outstanding hereunder either at the time of Tenant's exercise of the Extension Option or at any time prior to the first day of the Extension Term (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), then City may elect by notice to Tenant to reject Tenant's exercise of the Extension Option, whereupon the Extension Option shall be null and void. City shall also have the right to void Tenant's Extension Option if Tenant has assigned its interest hereunder of sublet or sublicensed more than fifty percent (50%) of the Premises or Licensed Area.

### **(b) Minimum Rent and Other Terms**

If Tenant elects to exercise the Extension Option, then the lease and license for the Extension Term shall cover the entire Premises and Licensed Area and shall be upon all of the terms, covenants and conditions of this Lease with Minimum Rent being adjusted as set forth herein.

## **27. GENERAL PROVISIONS**

### **27.1. Notices**

Any notice given under this Lease will be effective only if in writing and delivered in person or by sending it first-class mail or certified mail with a return receipt requested or by overnight courier, return receipt requested, with postage prepaid, to: **(a)** Tenant, **(i)** at Tenant's address set forth in the Basic Lease Information, if sent before Tenant takes possession of the Premises, or **(ii)** at the Premises if sent on or after Tenant takes possession of the Premises, or **(iii)** at any place where Tenant or any Agent of Tenant may be found if sent after Tenant vacates, abandons, or surrenders the Premises; or **(b)** City, at City's address set forth in the Basic Lease Information; or **(c)** to any other address that either City or Tenant designates as its new address by notice given to the other in accordance with the provisions of this Section at least ten (10) days before the effective date of the change. A properly addressed notice transmitted by one of the foregoing methods will be deemed to have been given two (2) days after the date it is mailed by first class or certified mail, one day after the date it is deposited with an overnight courier for overnight delivery, or on the date of personal delivery. For convenience of the parties, copies of notices may also be given by email to the email address set forth in the Basic Lease Information or as may be provided from time to time; however, neither no official or binding notice may be given by email; a notice will only be deemed given and effective when sent as provided in the first two (2) sentences of this Section. Tenant will promptly provide City with copies of all notices received regarding any alleged violation of Legal Requirements or insurance requirements or any alleged unsafe condition or practice.

### **27.2. No Implied Waiver**

No failure by City to insist on the strict performance of any obligation of Tenant under this Lease or to exercise any right, power, or remedy arising out of a breach, regardless of the length of time that the breach continues, no acceptance of full or partial Rent or Additional Charges during any breach, and no acceptance of the keys to or possession of the Premises before the expiration of the Term by any Agent of City, will constitute a waiver of the breach or of City's right to demand strict compliance with any term, covenant, or condition or operate as a surrender of this Lease. No express written waiver of any default or the performance of any provision of this Lease will affect any other default or performance, or cover any other period of time, other than the default, performance, or period of time specified in the express waiver. One or more written waivers of a default or the performance of any provision of this Lease will not be deemed to be a

waiver of a subsequent default or performance. Any City consent under this Lease will not relieve Tenant of any obligation to secure City's consent in any other or future instance as required by this Lease.

### **27.3. Amendments**

Neither this Lease nor any of its terms or provisions may be changed, waived, discharged, or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought. Whenever this Lease requires or permits City's consent or approval, the Director of Property or his or her designee will be authorized to provide the consent or approval (except where this Lease specifically provides that approval may be given by the Building Manager), except as otherwise provided by applicable Legal Requirements, including the Charter. Any amendments or modifications to this Lease, including amendments to or modifications to the exhibits to this Lease, are subject to the mutual written agreement of City and Tenant, and City's agreement may be made upon the sole approval of the Director of Property, or his or her designee; provided, however, **(a)** changing the legal description of the Premises, **(b)** increasing the Term, **(c)** increasing the Rent, **(d)** changing the general use of the Premises from the use authorized under Section Error! Reference source not found. (Permitted Use of Ground Floor Premises) of this Lease, and **(e)** any other amendment or modification that materially increases City's liabilities or financial obligations under this Lease may also require the approval of City's Board of Supervisors.

### **27.4. Authority**

If Tenant signs as a corporation, a limited liability company, or a partnership, then each of the persons executing this Lease on behalf of Tenant represents and warrants that Tenant is a duly authorized and validly existing entity, in good Standing with and is qualified to do business in California, Tenant has full right and authority to enter into this Lease, and each and all of the persons signing on behalf of Tenant are authorized to do so. On City's request, Tenant will provide City with evidence reasonably satisfactory to City confirming these representations and warranties.

### **27.5. Parties and Their Agents; Approvals**

The words "**City**" and "**Tenant**" include the plural as well as the singular. If there is more than one entity that comprises Tenant, Tenant's obligations and liabilities under this Lease are joint and several. The term "**Agents**" when used with respect to either party includes the agents, employees, officers, contractors, and representatives of the party, and the term "**Invitees**" when used with respect to Tenant includes the clients, customers, invitees, guests, licensees, assignees, or subtenants of Tenant. All approvals, consents, or other determinations permitted or required by City will be made by or through City's Director of Property in his or her sole discretion unless otherwise provided in this Lease, subject to applicable Legal Requirements.

### **27.6. Interpretation of Lease**

The captions preceding the articles and sections of this Lease and in the table of contents have been inserted for convenience of reference only and in no way define or limit the scope or intent of any provision of this Lease. Provisions in this Lease relating to number of days are calendar days, unless otherwise specified, but if the last day of any period to give notice, reply to a notice, or to undertake any other action occurs on a Saturday, Sunday, or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice will be the next succeeding business day. Use of the word "**including**" or similar words will not be construed to limit any general term, statement, or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

### **27.7. Successors and Assigns**

Subject to the provisions of this Lease relating to Assignment and Subletting, the terms, covenants, and conditions contained in this Lease will bind and benefit City and Tenant and their successors and assigns; provided, however, that on any sale, assignment, or transfer by City (or by

any subsequent landlord) of its interest in the Premises, including any transfer by operation of law, City (or any subsequent landlord) will be relieved from all obligations and liabilities arising under this Lease after the sale, assignment, or transfer.

### **27.8. Brokers**

Neither party has had any contact or dealings regarding leasing the Premises and licensing of the Licensed Area to Tenant, or any communication in connection that leasing, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated in this Lease except as identified in the Basic Lease Information, whose commission, if any is due, will be paid under a separate written agreement between the broker and the party through which the broker contracted. If any broker or finder perfects a claim for a commission or finder's fee based on a contact, dealings, or communication, then the party through whom the broker or finder makes a claim will be responsible for the commission or fee and will Indemnify the other party from any and all Claims incurred by the indemnified party in defending against the broker's or finder's claim. The provisions of this Section will survive the expiration or any earlier termination of this Lease.

### **27.9. Severability**

If any provision of this Lease or its application to any person, entity, or circumstance is invalid or unenforceable, then the remainder of this Lease, or the application of the provision to persons, entities, or circumstances other than those as to which it is invalid or unenforceable, will not be affected thereby, and each other provision of this Lease will be valid and enforceable to the fullest extent permitted by Legal Requirements, except to the extent that enforcement of this Lease without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Lease.

### **27.10. Governing Law**

This Lease will be construed and enforced in accordance with the Legal Requirements of the State of California and City's Charter.

Any legal suit, action, or proceeding arising out of or relating to this Lease shall be instituted in the Superior Court for the City and County of San Francisco, and each party agrees to the exclusive jurisdiction of such court in any such suit, action, or proceeding (excluding bankruptcy matters). The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action, or proceeding in such court and irrevocably waive and agree not to plead or claim that any suit, action, or proceeding brought in San Francisco Superior Court relating to this Lease has been brought in an inconvenient forum.

### **27.11. Entire Agreement**

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

### **27.12. Holding Over**

(a) If Tenant retains possession of any portion of the Premises or continues to operate in the Licensed Area after the expiration or the earlier termination of this Lease, then unless City expressly agrees to the holdover in writing, Tenant will pay City, on a month-to-

month basis, Rent equal to two hundred percent (200%) of the Minimum Rent payable by Tenant before the expiration or termination of the Lease, together with an amount estimated by City for the monthly Additional Charges, and will otherwise be on the terms and conditions specified in this Lease so far as applicable (except for those pertaining to the Term and any Extension Options). Any failure by Tenant to surrender, discontinue using, or, if required by City, any failure to remove any property or equipment following written demand by City, will constitute continuing possession for purposes of this Section. Tenant acknowledges that the foregoing provisions do not serve as permission for the Tenant to hold over, or serve to extend the Term. Any holding over without City's consent will constitute a default by Tenant and entitle City to exercise any or all of its remedies, notwithstanding that City may elect to accept one or more payments of Rent, and whether or not the amounts are at the holdover rate specified above or the rate in effect at the end of the Term.

(b) Any holding over after the expiration of the Term with City's express written consent will be construed to automatically extend the Term on a month-to-month basis the Minimum Rent in amount equal to one hundred fifty percent (150%) of the Minimum Rent payable by Tenant before the expiration, together with an amount estimated by City for the monthly Additional Charges, and will otherwise be on the terms and conditions specified in this Lease so far as applicable (except for those pertaining to the Term and any Extension Options).

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

#### **27.13. Time of Essence**

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

#### **27.14. Cumulative Remedies**

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

#### **27.15. Survival of Indemnities**

Termination of this Lease will not affect the either party's right to enforce any indemnities and representations and warranties given or made to the other party under this Lease, or affect any provision of this Lease that expressly states it will survive expiration or termination of the Lease.

#### **27.16. Relationship of the Parties**

City is not, and none of the provisions in this Lease will be deemed to render City, a partner in Tenant's business, or a member in any joint enterprise or venture with Tenant. Neither party may act as the agent of the other party for any purpose under this Lease. This Lease is not intended and it will not be construed to create any third-party beneficiary rights in any party, unless otherwise expressly provided.

#### **27.17. Non-Liability of City Officials, Employees, and Agents**

No elected or appointed board, commission, member, officer, employee, or other Agent of City will be personally liable to Tenant or its successors and assigns for any City default or breach

or for any amount that may become due to Tenant or its successors and assigns, or for any City obligation under this Lease.

**27.18. Cooperative Drafting**

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

**27.19. Light and Air**

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

**27.20. No Recording**

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

**27.21. Counterparts**

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

**27.22. Effective Date**

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

**27.23. Tenant's Option Personal**

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

**28. CITY REQUIREMENTS**

**28.1. Compliance with City's Food and Beverage Requirements**

Tenant will be required to comply with all applicable City requirements in effect including, but not limited to, Local Business Ordinance, the applicable City composting recycling and refuse rules established by City and set forth in Administrative Code Chapter 19, and the applicable landfill diversion provisions of Environment Code Chapter 14.

**28.2. Public Transit Information**

At its sole expense, Tenant will establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Tenant employed on the Premises, including the distribution of written materials to personnel explaining the convenience and availability of public transportation facilities adjacent or near the Building and encouraging use of them.

**28.3. Taxes, Assessments, Licenses, Permit Fees, and Liens**

(a) Tenant recognizes and understands that this Lease may create a possessory interest subject to property taxation and Tenant may be subject to the payment of property taxes levied on its possessory interest. In addition, if the Term, including any extension options, is thirty-five (35) years or more, then Tenant will be obligated to pay real property transfer tax upon execution of the Lease.

(b) Tenant will pay to the proper authority on or before when due all taxes and assessments of every kind, including, but not limited to, possessory interest taxes lawfully assessed on the leasehold interest created by this Lease or any subleasehold interest in the Premises, real property transfer taxes, real and personal property taxes, general and special assessments, and all license fees, permit fees, and all other governmental charges of any kind or nature whatsoever, and to pay all other taxes, excises, licenses, permit charges, and assessments based on Tenant's use of the Premises or any transfer of a leasehold interest or subleasehold interest in the Premises (including, but not limited to, any transfer of the leasehold interest in the Premises pursuant to this Lease) and imposed by Legal Requirements, whether in effect at the time this Lease is entered into or that become later effective. Without limiting the foregoing, Tenant will pay all real property transfer taxes imposed on any transfer of a leasehold interest or subleasehold interest in the Premises (including but not limited to the transfer of the Premises pursuant to this Lease). Tenant further recognizes and agrees that its leasehold interest may be subject to the payment of special taxes, including without limitation a levy of special taxes to finance energy efficiency, water conservation, water pollution control and similar improvements under the Special Tax Financing Law in Chapter 43 Article X of the Administrative Code.

(c) Tenant will not allow or suffer a lien for any taxes, assessments, or other charges to be imposed on the Premises or Licensed Area or upon any equipment or property located thereon without promptly discharging the lien, provided that Tenant, if it desires, may have reasonable opportunity to contest the legal validity or the amount of any tax, assessment, or similar charge so long as the tax, assessment, or charge does not become a defaulted lien. In the event of any disputed tax, assessment, or similar charge, Tenant will Indemnify City, and their Agents from and against all resulting Claims.

(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Lease be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Tenant must provide a copy of this Lease, and any renewals, extensions, Assignment documents, Sublease documents, or any other transfers of the Premises or the Lease to the County Assessor not later than sixty (60) days after the full execution of the foregoing, and any failure of Tenant to timely provide a copy of this Lease, and any renewals, extensions, Assignment document, Sublease documents, or any other transfers of the Premises or the Lease to the County Assessor will be a default under this Lease. Tenant will also timely provide any information that City may request to ensure compliance with this or any other reporting requirement.

#### **28.4. Wages and Working Conditions**

Tenant agrees that any person performing labor in the construction of the Tenant Improvements and any Alterations to the Premises or Licensed Area, which Tenant provides under this Lease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Tenant shall include in any contract for construction of such Tenant Improvements and Alterations a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Tenant shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing labor in the construction of such Tenant Improvement Work or any Alterations to the Premises or Licensed Area.

## 28.5. Non-Discrimination in City Contracts and Benefits Ordinance

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

**(b) Subleases and Other Subcontracts.** Tenant will include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Tenant will incorporate by reference in all subleases and other subcontracts the provisions of Sections 131.2 and 132.3 of the San Francisco Labor and Employment Code and require all subtenants and other subcontractors to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

**(c) Non-Discrimination in Benefits.** Tenant does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for City elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of the employees, where the domestic partnership has been registered with a governmental entity under the Legal Requirements authorizing that registration, subject to the conditions set forth in Section 131.22(b) of the San Francisco Labor and Employment Code.

**(d) CMD Form.** As a condition to this Lease, Tenant will execute the City's Declaration: Nondiscrimination in Contracts and Benefits form with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division (the "CMD"). Tenant represents that before execution of this Lease, **(i)** Tenant executed and submitted to the required form with supporting documentation, and **(ii)** the CMD approved the form.

**(e) Incorporation of Labor and Employment Code Provisions by Reference.** The provisions of Sections 131.2 and 132.3 of Articles 131 and 132, respectively, of the San Francisco Labor and Employment Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Lease as though fully set forth in this Lease. Tenant will comply fully with and be bound by all of the provisions that apply to this Lease under those Chapters of the Administrative Code, including the remedies provided in those Chapters. Without limiting the foregoing, Tenant understands that under Section 132.2(h) of the San Francisco Labor and Employment Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which the person was discriminated against in violation of the provisions of this Lease may be assessed against Tenant and/or deducted from any payments due Tenant.

## 28.6. No Relocation Assistance; Release of Claims

Tenant acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Tenant fully RELEASES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers,

directors, and employees, and all persons acting by, through or under each of them, under any Legal Requirements, including any and all claims for relocation benefits or assistance from City under federal and state relocation assistance Legal Requirements (including California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Condemnation.

### **28.7. MacBride Principles—Northern Ireland**

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

### **28.8. Tropical Hardwood and Virgin Redwood Ban**

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

### **28.9. Pesticide Prohibition**

Tenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "**Pesticide Ordinance**") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Tenant to submit to City's Real Estate Division an integrated pest management ("**IPM**") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the terms of this Lease, (b) describes the steps Tenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as the Tenant's primary IPM contact person with the City. In addition, Tenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

### **28.10. First Source Hiring Agreement**

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

### **28.11. Sunshine Ordinance**

In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure



of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement, or benefit. Information provided that is covered by this Section will be made available to the public on request.

#### **28.12. Conflicts of Interest**

Through its execution of this Lease, Tenant acknowledges that it is familiar with the provisions of Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and California Government Code Section 87100 et seq. and Section 1090 et seq., and certifies that it does not know of any facts that would constitute a violation of those provisions, and agrees that if Tenant becomes aware of any violation during the Term, Tenant will immediately notify City.

#### **28.13. Charter Provisions**

This Lease is governed by and subject to the provisions of City's Charter.

#### **28.14. Drug-Free Workplace**

Tenant acknowledges that under the Federal Drug-Free Workplace Act of 1988, the unlawful manufacture, distribution, possession, or use of a controlled substance under federal Legal Requirements is prohibited on City premises. Any violation of this prohibition by Tenant, its Agents, or assigns will be a material breach of this Lease.

#### **28.15. Prohibition of Tobacco Sales and Advertising**

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

#### **28.16. Prohibition of Alcoholic Beverage Advertising**

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

#### **28.17. Requiring Health Benefits for Covered Employees**

Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Labor and Employment Code Article 121 ("**Article 121**"), including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Article 121 are incorporated herein by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Article 121.

**(a)** For each Covered Employee, Tenant shall provide the appropriate health benefit set forth in Section 121.3 of the HCAO. If Tenant chooses to offer the health plan

option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Tenant is a small business as defined in Section 121.3(g) of the HCAO, it shall have no obligation to comply with subsection (a) above.

(c) Tenant's failure to comply with the HCAO shall constitute a material breach of this Lease. City shall notify Tenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Tenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in Section 121.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

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

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

(f) Tenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Tenant shall keep itself informed of the current requirements of the HCAO.

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

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

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

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

### **28.18. Notification of Prohibition on Contributions**

For the purposes of this Section, a "City Contractor" is a party that contracts with, or seeks to contract with, the City for the sale or leasing of any land or building to or from the City

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

#### **28.19. Preservative-Treated Wood Containing Arsenic**

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

#### **28.20. Resource-Efficient City Buildings**

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

#### **28.21. Food Service and Packaging Waste Reduction Ordinance**

Tenant will comply with and is bound by all of the applicable provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated into this Lease by reference and made a part of this Lease as though fully set forth. Accordingly, Tenant acknowledges that City contractors and lessees may not use Food Service Ware for Prepared Food in City Facilities and while performing under a City contract or lease (1) where the Food Service Ware is made, in whole or in part, from Polystyrene Foam, (2) where the Food Service Ware is not Compostable or

Recyclable, or (3) where the Food Service Ware is Compostable and not Fluorinated Chemical Free. The capitalized terms (other than Tenant and City) in the previous sentence are defined in San Francisco Environment Code Section 1602.

### **28.22. San Francisco Packaged Water Ordinance**

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

### **28.23. Criminal History in Hiring and Employment Decisions**

(a) Unless exempt, Tenant will comply with and be bound by all of the provisions of San Francisco Labor and Employment Code Article 142 (Criminal History in Hiring and Employment Decisions), as amended from time to time (“**Article 142**”), which are incorporated into this Lease as if fully set forth, with respect to applicants and employees of Tenant who would be or are performing work at the Premises.

(b) Tenant will incorporate by reference the provisions of Article 142 in all subleases of some or all of the Premises, and require all subtenants to comply with those provisions. Tenant’s failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

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

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

(e) Tenant and subtenants will state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment with Tenant or subtenant at the Premises, that the Tenant or subtenant will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Article 142.

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

(g) Tenant and subtenants understand and agree that on any failure to comply with the requirements of Article 142, City will have the right to pursue any rights or remedies available under Article 142 or this Lease, including a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant, or other person as to whom a violation occurred or continued, or termination of this Lease in whole or in part.

(h) If Tenant has any questions about the applicability of Article 142, it may contact City's Real Estate Division for additional information. City's Real Estate Division may consult with the Director of City's Office of Contract Administration who may also grant a waiver, as set forth in Section 142.8.

#### **28.24. Vending Machines; Nutritional Standards**

Tenant may not install or permit any other vending machines on the Premises without the prior written consent of the Director of Property, which may be granted or denied in their sole discretion. Any permitted vending machine will comply with the food and beverage nutritional standards and calorie labeling requirements set forth in San Francisco Administrative Code Section 4.9-1(c), as may be amended from time to time (the "**Nutritional Standards Requirements**"). Tenant will incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 29.24 will be a material breach of this Lease. Without limiting Landlord's other rights and remedies under this Lease, Landlord will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements. In addition, any restaurant located on the Premises is encouraged to ensure that at least 25% of Meals offered on the menu meet the nutritional standards set forth in San Francisco Administrative Code Section 4.9-1(e), as may be amended.

#### **28.25. Consideration of Salary History**

In addition to Tenant's obligations as an employer under San Francisco Police Code Article 33J, Tenant must comply with San Francisco Labor and Employment Code Article 141. For each employment application to Tenant for work of eight (8) or more hours per week at the Premises, Tenant must not consider the applicant's current or past salary (a "**Salary History**") in deciding whether to hire the applicant or what salary to offer the applicant unless the applicant voluntarily discloses that Salary History without prompting. In addition, Tenant must not (1) ask those applicants about their Salary History, (2) refuse to hire, or otherwise disfavor, injure, or retaliate against applicants that do not disclose their Salary History, or (3) disclose a current or former employee's Salary History without that employee's authorization unless it is required by law, publicly available, or subject to a collective bargaining agreement.

Tenant is subject to the posting, enforcement, and penalty provisions in Article 141. Information about Article 141 is available on the web at <https://sfgov.org/olse/consideration-salary-history>.

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

***SIGNATURES ON FOLLOWING PAGE***

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

**TENANT:** NEW COMMUNITY LEADERSHIP FOUNDATION, INC., a California nonprofit public benefit corporation DBA Café Mélange

By: Majeid Crawford 5/1/2024  
Name: Majeid Crawford  
Its: Executive Director

**CITY:** CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation

By: \_\_\_\_\_  
ANDRICO Q. PENICK  
Director of Property

APPROVED AS TO FORM:  
DAVID CHIU, City Attorney

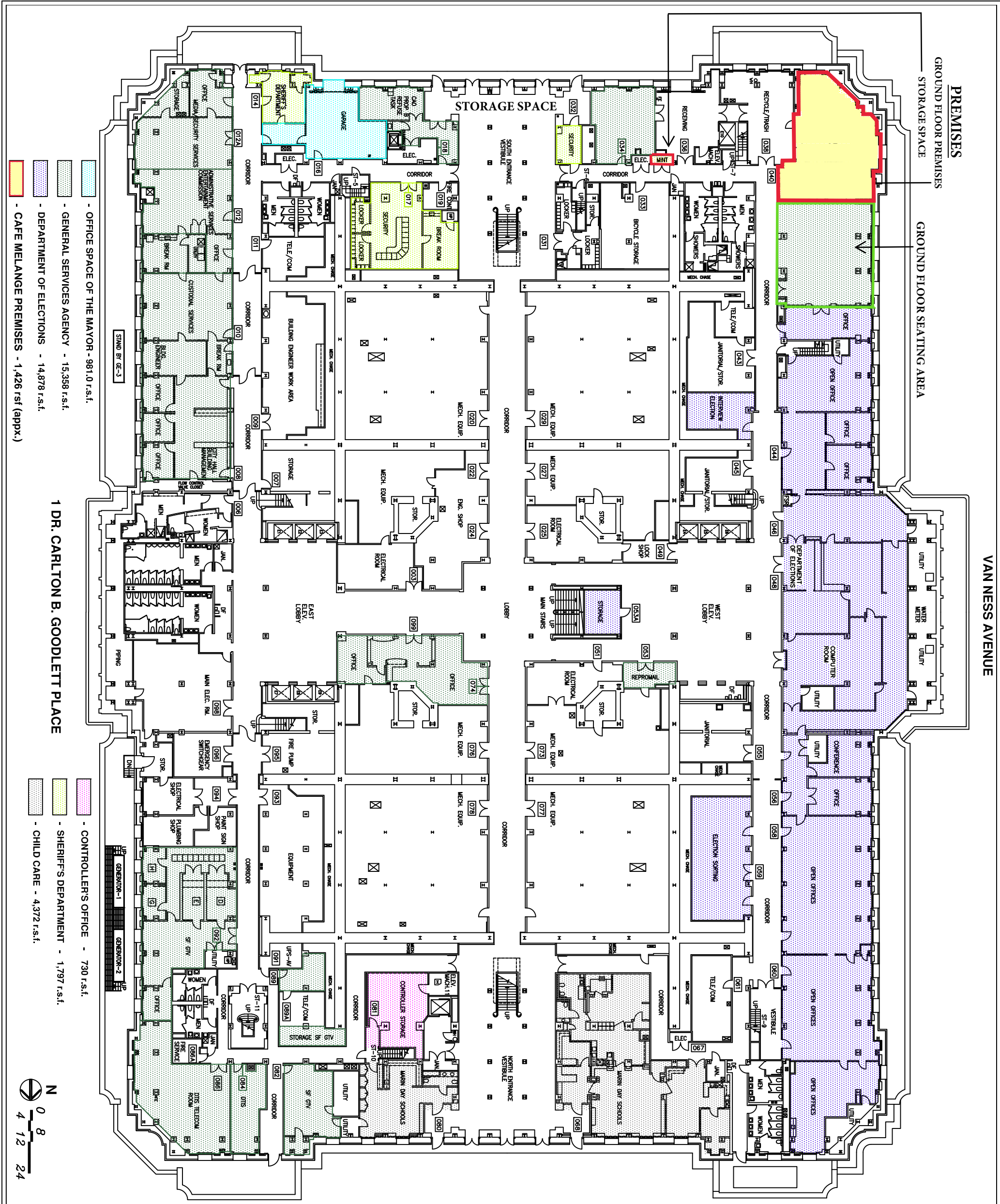
By: \_\_\_\_\_  
Vincent L. Brown  
Deputy City Attorney

**EXHIBIT A**

**FLOOR PLAN OF PREMISES; GROUND FLOOR SEATING AREA**

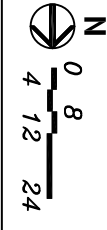
[Attached]

FLOOR PLAN - PREMISES; GROUND FLOOR SEATING AREA



- OFFICE SPACE OF THE MAYOR - 981.0 r.s.f.
- GENERAL SERVICES AGENCY - 15,358 r.s.f.
- DEPARTMENT OF ELECTIONS - 14,878 r.s.f.
- CAFE MELANGE PREMISES - 1,426 r.s.f. (appx.)

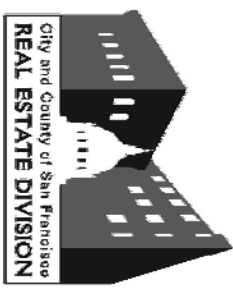
- CONTROLLERS OFFICE - 730 r.s.f.
- SHERIFF'S DEPARTMENT - 1,797 r.s.f.
- CHILD CARE - 4,372 r.s.f.



1 DR. CARLTON B. GOODLETT PLACE

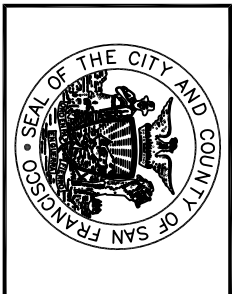
PREMISES  
GROUND FLOOR PREMISES  
GROUND FLOOR SEATING AREA

VAN NESS AVENUE



CITY HALL  
1 DR. CARLTON B.  
GOODLETT PLACE  
SAN FRANCISCO, CA

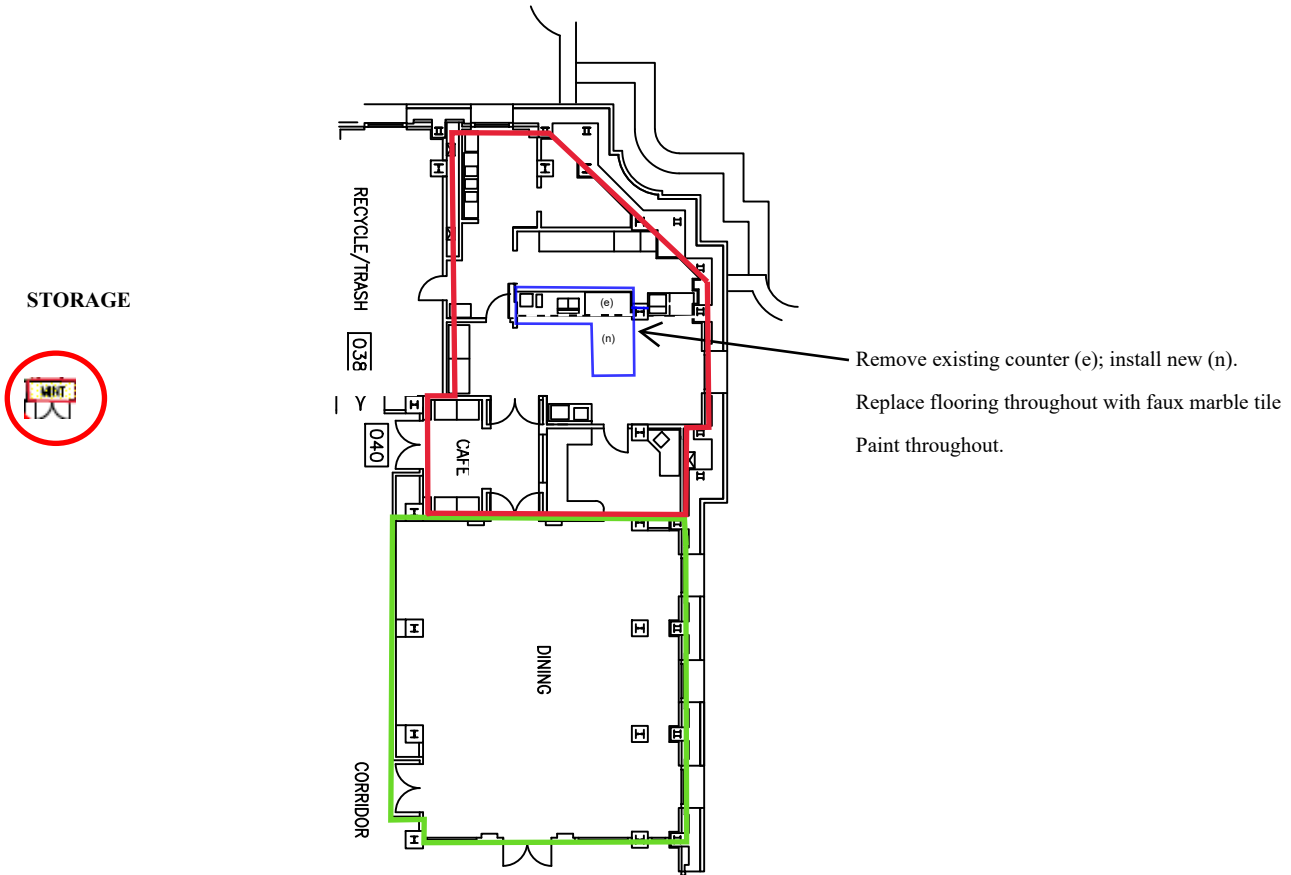
REVISION	NO.	DATE	BY	DESCRIPTION



ISSUE/ISSUE  
DATE: 12/17/2021  
SCALE: AS SHOWN  
DRAWN BY: J. GELMAN  
CHECKED BY: L. GIOVANNELLI  
PROJECT NUMBER: 1015  
TITLE: GROUND FLOOR  
SHEET: A-G



## EXHIBIT A.2 TENANT IMPROVEMENTS



LEASED PREMISES

LICENSED AREA

**EXHIBIT B**

**[Reserved]**

**EXHIBIT C**

**[Reserved]**

## EXHIBIT D

### STANDARD UTILITIES AND SERVICES

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

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

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

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

**C. Electricity.** Electric current to the Premises and the Licensed Area on a 24-hours a day, 7-days a week basis, in a quantity as reasonably determined by City to service standard café equipment listed on the equipment schedule attached hereto as Exhibit K ("**Tenant's Equipment**"). If Tenant's electrical installation or consumption exceeds the quantity described above, Tenant will reimburse City monthly for the additional consumption. Tenant will not connect any apparatus or device with wires, conduits, or pipes, or other means by which the services are supplied, for the purpose of using additional or extraordinary amounts of the services without City's prior written consent. At all times, Tenant's use of electric current may not exceed the capacity of feeders to the Building or the risers or wiring installation, except as provided in working drawings to City.

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

**E. Janitorial Service.** Building standard janitorial service to the Ground Floor Seating Area 5-day per week basis, Monday through Friday, except holidays generally recognized in the City of San Francisco, provided the Ground Floor Seating Area and the common area are kept reasonably in order by Tenant (to the extent Tenant is responsible therefor). Tenant will pay to City any cost incurred by City in excess of the services generally provided for other tenants in the Building. Tenant will pay City the cost of removal of any of Tenant's extraordinary refuse or rubbish.

## EXHIBIT E

### RULES AND REGULATIONS

1. Tenant may not obstruct the sidewalks, halls, passages, exits, entrances, elevators, and stairways of the Building or use them for any purpose other than for ingress to and egress from the Premises. City retains the right to control and prevent access to the halls, passages, exits, entrances, elevators, escalators, and stairways that are not for the use of the general public, and City retains the right to control and prevent access of all persons whose presence in City's judgment would be prejudicial to the safety, character, reputation, and interests of the Building and its tenants, but that nothing in these Rules and Regulations may construed to prevent access to persons with whom Tenant normally deals in the ordinary course of its business, unless those persons are engaged in illegal activities. Tenant may not go on the roof of the Building, except in areas that City may designate as "Common Areas" from time to time.

2. No sign, placard, picture, name, advertisement, or notice visible from the exterior of the Premises may be installed or displayed by Tenant on any part of the outside or inside of the Building without City's prior written consent. At Tenant's expense and without notice, City may remove any sign installed or displayed in violation of this rule. All approved signs or lettering on doors will be printed, painted, affixed, or inscribed at Tenant's expense by a person approved by City, which approval will not be unreasonably withheld. Material visible from outside the Building will not be permitted.

3. The Premises may not be used for lodging. Tenant may not cook or permit cooking on the Premises, except that Tenant's use of Underwriters' Laboratory-approved microwave oven and portable equipment for brewing coffee, tea, hot chocolate, and similar beverages is permitted if done in accordance with all applicable Legal Requirements.

4. Tenant will not employ any person or persons other than City's janitor to clean the Premises, unless City otherwise agrees in writing. Except with City's written consent, no person or persons other than those approved by City will be permitted to enter the Building to clean. Tenant will not cause any unnecessary labor because of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Janitor service will not be furnished on nights when rooms are occupied after 9:00 p.m. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.

5. City will furnish Tenant with two (2) initial keys to the Premises, free of charge. City may make a reasonable charge for additional keys and for having locks changed. Tenant will not make or have made additional keys without City's prior written consent, which consent will not be unreasonably withheld or delayed. Tenant will not alter any lock or install any new or additional locking devices without City's prior written consent. All locks installed in the Premises, excluding Tenant's vaults and safes, or special security areas (which will be designated by Tenant in a written notice to City), will be keyed to the Building master key system. City may make reasonable charge for any additional lock or any bolt (including labor) installed on any door of the Premises. Tenant, on the termination of its tenancy, will deliver to City all keys to doors in the Premises. If Tenant loses any keys, Tenant will pay City for the cost of re-keying the Premises.

6. The elevators to be used for the loading of freight will be available to Tenant in accordance with reasonable scheduling as City may deem appropriate. Tenant will schedule with

City, by written notice given no less than forty-eight (48) hours in advance, its move into or out of the Building. Moving may occur only on weekend days unless otherwise permitted by City. Tenant will reimburse City on demand for any additional security or other charges incurred by City as a consequence of Tenant's moving. The persons employed by Tenant to move equipment or other items in or out of the Building must be acceptable to City. The floors, corners, and walls of elevators and corridors used for the moving of equipment or other items in or out of the Building will be adequately covered, padded, and protected, and City may provide padding and protection, at Tenant's expense, if City determines that Tenant's measures or Tenant's movers are inadequate. City may prescribe the weight, size, and position of all equipment, materials, supplies, furniture, or other property brought into the Building. If considered necessary by City, heavy objects will stand on wood strips of thickness necessary to properly distribute the weight of the objects. City will not be responsible for loss of or damage to any of Tenant's property from any cause, and all damage done to the Building by moving or maintaining Tenant's property will be repaired at the expense of Tenant.

7. Tenant may not use or keep in the Premises or the Building any kerosene, gasoline, or flammable, combustible, or noxious fluid or materials or use any method of heating or air conditioning other than those limited quantities necessary for the operation and maintenance of normal office equipment. Tenant will not use, keep, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to City or other occupants of the Building because of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business in the Building.

8. City reserves the right to exclude from the Building between the hours of 6 p.m. and 8 a.m. and at all hours on Saturdays, Sundays, and legal holidays all persons who do not present a pass to the Building signed by City and properly in the possession of the person presenting the pass. City will furnish passes to persons as requested by Tenant in writing. Tenant will be responsible for all persons for whom it requests passes and will be liable to City for all acts of those persons. City will in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement, or other circumstances rendering action advisable in City's opinion, City reserves the right to prevent access to the Building by any action as City may deem appropriate, including closing any doors in the Building.

9. The directory of the Building will be provided for the display of the name and location of tenants and a reasonable number of the principal officers and employees of tenants, but City reserves the right to exclude any other names from the directory. City must approve any additional name that Tenant desires to place on the directory and, if so approved, a charge will be made for each name.

10. Tenant may not cut or bore holes for wires in the partitions, woodwork, or plaster of the Premises. Tenant may not affix any floor covering to the floor of the Premises in any manner except as approved by City.

11. No curtains, draperies, blinds, shutters, shades, screens, or other coverings, hangings or decorations may be attached to, hung or placed in, or used in connection with any window of the Building without City's prior written consent. In any event, with City's prior written consent, the items will be installed on the office side of City's standard window covering and will in no way be visible from the exterior of the Building.

**12.** Tenant will ensure that the doors of the Premises are closed and locked and that all water faucets, water apparatus, and utilities are shut off before Tenant leave the Premises each day, to prevent waste or damage. For any Tenant default or carelessness, Tenant will pay for, repair, or otherwise compensate for all injuries and damages sustained by other tenants or occupants of the Building or City. On multiple-tenancy floors, all tenants will keep the doors to the Building corridors closed at all times except for ingress and egress, and all tenants will at all times comply with any rules or orders of the fire department with respect to ingress and egress.

**13.** The toilet rooms, toilets, urinals, wash bowls, and other apparatus may not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever may be deposited in them. The expense of any breakage, stoppage, or damage resulting in any violation of this rule will be borne by Tenant.

**14.** Except with City's prior consent, Tenant may not sell, or permit the sale from the Premises of, or use or permit the use of any sidewalk or mall area adjacent to the Premises for the sale of, newspapers, magazines, periodicals, theater tickets, or any other goods, merchandise, or service. Tenant may not carry on, or permit, or allow any employee or other person to carry on, business in or from the Premises for the service or accommodation of occupants or any other portion of the Building, and the Premises may not be used for manufacturing of any kind, or for any business or activity other than that specifically provided for in Tenant's lease.

**15.** Tenant may not install any radio or television antenna, loudspeaker, or other device on or about the roof area or exterior walls of the Building. Tenant will not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

**16.** Tenant will not use in any space, or in the Common Areas of the Building, any hand-trucks except those equipped with rubber tires and side guards or other material-handling equipment as City may approve. No other vehicles of any kind may be brought by Tenant into the Building or kept in or about the Premises.

**17.** Tenant will store all its trash and garbage within the Premises until it is removed to the location in the Building as designated from time to time by City. No material may be placed in the Building trash boxes or receptacles if the material is of a nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the City of San Francisco without being in violation of any Legal Requirements governing its disposal.

**18.** All loading and unloading of merchandise, supplies, materials, garbage, and refuse will be made only through the entryways and freight elevators and at the times as City may designate. In its use of the loading areas of the Building, Tenant may not obstruct or permit the obstruction of the loading areas, and at no time may Tenant park vehicles in the loading areas except for immediate loading and unloading purposes.

**19.** Canvassing, soliciting, peddling, or distribution of handbills or any other written material in the Building is prohibited and Tenant will cooperate to prevent the forgoing.

**20.** Upon City's request (which request need not be in writing), Tenant will immediately reduce its lighting in the Premises for temporary periods designated by City, when required in City's judgment to prevent overloads of the mechanical or electrical systems of the Building.

**21.** City reserves the right to select the name of the Building and change of name as it deems appropriate from time to time, and Tenant will not refer to the Building by any name other than **(a)** the name as selected by City (as the same may be changed from time to time), or **(b)** the postal address approved by the United States Post Office. Tenant will not use the name of the Building in any respect other than as an address of its operation in the Building without City's prior written consent.

**22.** Tenant assumes all responsibility for protecting its Premises from theft, robbery, and pilferage, which includes keeping doors locked and other means of entry closed.

**23.** No vending machine may be maintained or operated within the Premises or the Building without City's prior written consent.

**24.** All incoming mail and package deliveries will be received at the area in the Building designated by City for that purposes and distributed through means established by City. No messenger or other delivery personnel will be permitted to enter any area of the Building other than the area designated by City for the pick-up and receipt of deliveries.

**25.** City reserves the right to exclude or expel from the Building any person who is, in City's judgment, intoxicated or under the influence of alcohol or other drug or who is in violation of any of the Rules or Regulations of the Building.

**26.** No animal or bird is permitted in the Premises or the Building, except for service animals when in the company of their masters.

**27.** The requirements of Tenant will be attended to only on request received by telephone or writing or in person at the management office of the Building. City employees will not perform any work or do anything outside of their regular duties unless under special instructions from City.

**28.** City may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no waiver by City may be construed as a waiver of these Rules and Regulations in favor of any other tenant or tenants, or prevent City from later enforcing any Rules and Regulations against any or all of the tenants of the Building.

**29.** Wherever the word "Tenant" occurs in these Rules and Regulations, it means Tenant's associates, agents, clerks, employees, and visitors. Wherever the word "City" occurs in these Rules and Regulations, it means City's assigns, agents, officers, employees, and visitors.

**30.** These Rules and Regulations are in addition to, and will not be construed in any way to modify, alter, or amend, in whole or part, the terms, covenants, agreements, and conditions of any lease of premises in the Building.

**31.** City reserves the right to make other and reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care, and cleanliness of the Building, and for the preservation of good order.

**32.** Tenant will be responsible for the observance of all the Rules and Regulations by Tenant's employees, agents, clients, customers, invitees, and guests.



**EXHIBIT F**

**[Reserved]**

**EXHIBIT G**  
**SAMPLE MENU**  
**[Attached]**

Cafe Melange, City Hall							
Menu Item Grid Summary							
Dish		Meal Type	Restaurant	Category			Notes
Advocado Toast		Breakfast	Talios	Refrigerator	Storage		
Pastry		Breakfast	Talios	Refrigerator	Storage		
Plain Bagel		Breakfast	Talios	Refrigerator	Storage		
Cream Cheese		Breakfast	Talios	Refrigerator	Storage		
Oatmeal		Breakfast	Talios	Refrigerator	Storage		
Boiled Eggs		Breakfast	Talios	Refrigerator	Storage		
Chickee and Sausage Gumbo		Main Meal	Gumbo Social	Refrigerator	Storage		
Vegan Gumbo		Main Meal	Gumbo Social	Refrigerator	Storage		
Coconut Curry Butternut Squash Soup Vegan-Soup		Soup	Gumbo Social	Refrigerator	Storage		
Kale Sausage Potato Soup		Soup	Gumbo Social	Refrigerator	Storage		
Cauliflower Bacon Soup		Soup	Gumbo Social	Refrigerator	Storage		
Miso Soup With Chicken & Scallion Dumplings-Soup		Soup	Gumbo Social	Refrigerator	Storage		
Corn & Pepper Chowder-Soup		Soup	Gumbo Social	Refrigerator	Storage		
Arugula,Beets,Tomatoes,Sumac-Parmesan-Salad	GF, NN	Main Meal	Radio Afrika & Kitchen	Refrigerator	Storage		
Saffron Prawns,Couscous,Veg&Harissa	ND, NN	Main Meal	Radio Afrika & Kitchen	Refrigerator	Storage		
Chicken Jamabalaya,Turkey,Bacon,Veg,Rice	GF,NN,NS,NF	Main Meal	Radio Afrika & Kitchen	Refrigerator	Storage		
Sauteed Lamb,Couscous,Mixed Veg,Chermoula	ND, NN	Main Meal	Radio Afrika & Kitchen	Refrigerator	Storage		
Beef Meatballs,Ethiopian Veg, Aliche, Quinoa,Spiced Tom Sauce	ND, GF, NN	Main Meal	Radio Afrika & Kitchen	Refrigerator	Storage		
French Green Lentils,Saffron Rice,Wilted Spinach Borani	GF,NN	Main Meal	Radio Afrika & Kitchen	Refrigerator	Storage		
Seven Veg Tagine,Quinoa,Rotating Beans,Zhoug	V, GF	Main Meal	Radio Afrika & Kitchen	Refrigerator	Storage		
Baklava-Pistachio-Chocolate,Agave Syrup		Main Meal	Radio Afrika & Kitchen	Refrigerator	Storage		
Chips		Side	Radio Afrika & Kitchen		Storage		
Fruit		Side	Radio Afrika & Kitchen		Storage		
Pecan Pie		Dessert	Yvonne's Southern Desserts	Refrigerator	Storage		
Sweet Potato Pie		Dessert	Yvonne's Southern Desserts	Refrigerator	Storage		
Peach Cobbler		Dessert	Yvonne's Southern Desserts	Refrigerator	Storage		
Pecan Praline		Dessert	Yvonne's Southern Desserts	Refrigerator	Storage		
Red Velvet Cupcake		Dessert	Yvonne's Southern Desserts	Refrigerator	Storage		
Butter Pecan Cookie		Dessert	Yvonne's Southern Desserts	Refrigerator	Storage		
Old School Butter Cookie		Dessert	Yvonne's Southern Desserts	Refrigerator	Storage		
Old School Butter Cookie-Sugar Free	SF	Dessert	Yvonne's Southern Desserts	Refrigerator	Storage		
Banana Pudding		Dessert	Yes Pudding	Refrigerator	Storage		
Bourbon Caramel Pudding		Dessert	Yes Pudding	Refrigerator	Storage		
Cheesecake Pudding (seasonal)		Dessert	Yes Pudding	Refrigerator	Storage		
Apple--Cranberry Crisp Pudding		Dessert	Yes Pudding	Refrigerator	Storage		
Raspberry Meyer Lemon Pudding		Dessert	Yes Pudding	Refrigerator	Storage		
Triple chocolate & Walnut Pudding		Dessert	Yes Pudding	Refrigerator	Storage		
Chocolate Custard Pudding		Dessert	Yes Pudding	Refrigerator	Storage		
Mushroom & Fontina Pudding		Side	Yes Pudding	Refrigerator	Storage		
Fillmore Classic		Breakfast	Fillmore St Cafe	Refrigerator	Storage		
Caesar Salad		Salad	Fillmore St Cafe	Refrigerator	Storage		
California Salad		Salad	Fillmore St Cafe	Refrigerator	Storage		
Chicken Caesar Salad		Salad	Fillmore St Cafe	Refrigerator	Storage		

BBQ Chicken Sandwich		Sandwich	Fillmore St Cafe	Refrigerator	Storage		
Boneless Skinless Chicken Sandwich		Sandwich	Fillmore St Cafe	Refrigerator	Storage		
Buffalo Chicken Sandwich		Sandwich	Fillmore St Cafe	Refrigerator	Storage		
Chicken Sandwich		Sandwich	Fillmore St Cafe	Refrigerator	Storage		
Roast Beef Sandwich		Sandwich	Fillmore St Cafe	Refrigerator	Storage		
Tuna Sandwich		Sandwich	Fillmore St Cafe	Refrigerator	Storage		
Turkey Sandwich		Sandwich	Fillmore St Cafe	Refrigerator	Storage		
Veggie Sandwich		Sandwich	Fillmore St Cafe	Refrigerator	Storage		
Fruit		Side			Storage		
Chips		Side			Storage		
Yogurt		Tea/Coffee		Refrigerator			
Coffee-Drip		Tea/Coffee	Talios				
Coffee-Latte		Tea/Coffee	Talios				
Coffee-Cappucino		Tea/Coffee	Talios				
Tea		Tea/Coffee	Talios				
Juice		Soft Drink					
Soda		Soft Drink					
Water		Soft Drink					
Milk-Soy-Oat-Almond		Soft Drink					
	Gulten Free	GF					
	No Nuts	NN					
	Non Dairy	ND					
	No-Soy	NS					
	No Fish	NF					
	Sugar Free	SF					
	Vegan	V					

**EXHIBIT H**  
**HEALTHY AND SUSTAINABLE FOOD FOR SAN FRANCISCO DIRECTIVE**

**Office of the Mayor**  
City & County of San Francisco



**Gavin Newsom**

**Executive Directive 09-03**

**Healthy and Sustainable Food for San Francisco**

July 9, 2009

By virtue of the power and authority vested in me by Section 3.100 of the San Francisco Charter to provide administration and oversight of all departments and governmental units in the executive branch of the City and County of San Francisco, I do hereby issue this Executive Directive to become effective immediately:

**1. The City declares its commitment to increasing the amount of healthy and sustainable food.**

Access to safe, nutritious, and culturally acceptable food is a basic human right and is essential to both human health and ecological sustainability. The City and County of San Francisco recognizes that hunger, food insecurity, and poor nutrition are pressing health issues that require immediate action. Further we recognize that sustainable agricultural ecosystems serve long-term economic prosperity and ability of future generations to be food self-sufficient. In our vision, sustainable food systems ensure nutritious food for all people, shorten the distance between food consumers and producers, protect workers health and welfare, minimize environment impacts, and strengthen connections between urban and rural communities. The long-term provision of sufficient nutritious, affordable, culturally appropriate, and delicious food for all San Franciscans requires the City to consider the food production, distribution, consumption and recycling system holistically and to take actions to preserve and promote the health of the food system. This includes setting a high standard for food quality and ensuring city funds are spent in a manner consistent with our social, environmental and economic values.

**2. The following principles guide this Directive on Healthy and Sustainable Food:**

- a. To ensure quality of life, as well as environmental and economic health in San Francisco, the food system must promote public health, environmental sustainability and social responsibility.
- b. Eliminating hunger and ensuring access to healthy and nutritious food for all residents, regardless of economic means, is a concern of all city departments. Investments should be allocated to ensure no San Franciscan goes hungry.
- c. San Francisco's neighborhood food environments must allow residents the opportunity to make healthy food choices and reduce environmental causes of diet related illnesses.
- d. To reduce the environmental impacts associated with food production, distribution, consumption, and disposal, whenever possible, city resources will be used to purchase and promote regionally produced and sustainably certified food.

- e. Food production and horticulture education will be encouraged within the City and, to the extent feasible, on City owned land, through urban agriculture including community, backyard, rooftop, and school gardens; edible landscaping, and agricultural incubator projects.
- f. The City and County shall promote economic opportunities in the food sector that create green jobs and local food businesses.
- g. The ability of the City and County to reduce the environmental impacts of the food system depends on the region's fertile farmland. The City and County shall support policies that conserve the region's prime agricultural land.
- h. The City and County shall promote regional agriculture through increasing marketing opportunities for regionally grown agricultural products in San Francisco.
- i. The City and County shall recycle all organic residuals, eliminate chemical use in agriculture and landscaping and use sustainable practices that enhance natural biological systems throughout the City.
- j. The City and County shall promote innovative programs that educate food system stakeholders and the general public on the value of healthy food, and an equitable and sustainable food system.
- k. The City and County shall advocate for federal and state policies that support the principles of this Food Policy.

**3. The Healthy and Sustainable Food Directive will be monitored and advanced by a newly created Food Policy Council consisting of both public and private members.**

- a. The following departments will participate in the Food Policy Council:
  - Mayor's Office
  - DPH Office of Food Systems
  - Shape Up Program representative
  - Department of Recreation and Parks Director or designee
  - San Francisco Redevelopment Agency Director or designee
  - Human Service Agency Director or designee
  - Director of Department of Aging and Adult Services
  - Director of Department of Children Youth and Their Families or designee
- b. A representative from the following stakeholder groups will be invited to participate in the Food Policy Council:
  - Urban Agriculture
  - Nutrition expert
  - Food Retail
  - Restaurants
  - Distributor
  - Food Security Task Force
  - Southeast Food Access Working Group
  - Tenderloin Hunger Task Force

- San Francisco Unified School District, Student Nutrition Services
- c. The Food Policy Council will begin meeting immediately and will meet bi-monthly.
  - The immediate goal of the Food Policy Council will be to integrate the principles of this Directive on Healthy and Sustainable Food as well as existing recommendations and plans for food policy into the municipal code, General Plan, and other relevant planning and policy documents.
  - The Food Policy Council will also monitor progress of this Executive Directive on Healthy and Sustainable Food and provide an annual report on departmental efforts to implement this directive. This report will include at minimum:
    1. Evaluation of current activities prescribed by this directive; and
    2. Review of any food system related recommendations from other task forces, and a prioritized list of recommendations for future research, policies and initiatives that advance the Directive.

**4. Departments shall advance the Healthy and Sustainable Food Directive by taking the following actions:**

- a. All departments having jurisdiction over property will conduct an audit of their land suitable for or actively used for food producing gardens or other agricultural purposes and prepare a report with the findings to my office and a copy to the Office of Food Systems within 180 days of the signing of this directive.
- b. All departments having jurisdiction over nutrition assistance programs including federally funded programs will ensure adequate staffing to maximize the City's use of federal funding.
- c. The Human Service Agency shall maximize food stamp enrollment by launching a public-facing internet application for online eligibility screening and enrollment of Food Stamps, Medi-Cal benefits; seek to add additional programs including WIC, National School Lunch Program, Working Families Credit and other benefits. HSA shall also contract with ten community-based partners to become Food Stamp Remote Sites.
- d. City departments entering into lease agreements or permitting mobile food vendors shall either issue requirements for the sale of healthy and sustainably produced foods or give preferences to businesses who sell such food. City departments shall provide documentation of requirements and preferences to the Food Policy Council and must begin to institute these requirements or preferences within 6 months after the issuance of this Directive. Staff from the Department of the Environment and Department of Public Health will provide guidance and technical support.
- e. Mayor's Office of Economic and Workforce Development and the Real Estate Division shall work with the San Francisco Wholesale Produce Market to finalize plans for new and expanded facilities that provide long-term stability for the market past its current 2013 lease expiration so that it may continue to play an

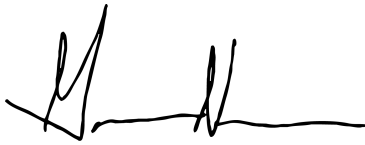


essential role in the distribution of quality food from its source to San Francisco restaurants, groceries and dining tables.

- f. City funding for food purchases or food programs shall meet nutritional guidelines developed by the City of San Francisco. DPH, DAAS and DCYF will develop nutritional criteria for any food purchased or any food program funded using city funds, and will deliver these criteria to my office within 120 days of the signing of this directive. Within 150 days, these guidelines shall be distributed to all city departments and shall be incorporated into all city contracts for programs which serve food.
- g. Beginning immediately, all city departments and agencies purchasing food for events or meetings using city funds will utilize guidelines for “healthy meetings” and purchase healthy, locally produced and/or sustainably certified foods to the maximum extent possible. (See [www.sffood.org](http://www.sffood.org): Healthy Meeting Guidelines and Guidelines To Increase The Use Of Local Foods At Meetings/Conferences.)
- h. Coordinators of the Shape Up At Work program will develop nutrition standards for all vending machines on city property within 60 days of the signing of this directive and prepare recommendations for implementing these nutrition standards in all vending machines on city property.
- i. San Francisco Planning Department, with support from the Department of Public Health and the Department of the Environment shall, to the greatest extent feasible, integrate policies and implementing actions to support San Francisco’s food policy goals into elements of the City and County of San Francisco’s General Plan, whenever such elements are updated.
- j. The Department of Public Health will work with local food retailers to create a Sustainable Food Business Recognition Program to encourage and support locally owned food businesses that incorporate more healthy and sustainable food and business practices.
- k. San Francisco Redevelopment Agency will develop a Food Business Action Plan to identify strategies, such as enterprise zones, permit expediting, tax incentives, regulatory streamlining or other policies to recruit and incubate new food businesses, and ensure existing food businesses are fully utilizing economic incentives and technical support to advance the goals of this Directive. This Plan will be delivered to my office and the DPH Office of Food Systems within 180 days of the signing of this Directive.
- l. The Department of Recreation and Parks with support from the Department of the Environment will coordinate urban agriculture including facilitating access to gardening materials and tools, with emphasis on composts, mulches, and other materials produced as byproducts of other city programs; organizing community events and outreach efforts related to urban agriculture; connecting volunteer and educational programs to urban agriculture programs; seek funding to support urban agriculture; and generally serve as an advocate to increase the production of food within the City of San Francisco

- m. The Department of the Environment will draft a local and sustainable food procurement ordinance aimed at City government food purchases and prepare recommendations within 60 days of the signing of this Directive.
- n. The San Francisco Agricultural Commissioner will develop rules and regulations for local farmers markets that support healthy neighborhoods, regional farmers, and ensure equitable access to local food. These rules will be due to my office within 180 days of the signing of this Directive.
- o. The Department of Children, Youth and their Families and the Department of Public Health will collaborate with the Food Policy Council and the Food Security Task Force to host a hearing to explore ways to increase funding to the school meals program and prepare a report on alternative mechanisms to increase funding to the program.
- p. All departments will designate a contact for advancing the food policy principles of this Directive and submit the contact information to my office and the DPH Office of Food Systems within 30 days. All departments are responsible for developing preliminary plans to execute this directive. These plans are due to the DPH Office of Food Systems and my office within 60 days of the signing of this directive.

For questions concerning this Executive Directive and its implementation, please contact: Paula Jones, Director of Food Systems, Department of Public Health (paula.jones@sfdph.org, 415-252-3853.)

A handwritten signature in black ink, appearing to read 'Gavin Newsom', with a long horizontal line extending to the right.

Gavin Newsom  
MAYOR

**EXHIBIT I**

**TENANT'S ELECTRICAL EQUIPMENT SCHEDULE**

**[Attached]**

Equipment		Power Requirement	Volts
Espresso Machine	Espresso Machine: A commercial-grade espresso machine for making espresso-based beverages.	Espresso Machine: Typically requires 220-240 volts with a power range of 3,000 to 6,000 watts.	220-240
Coffee Grinder	Coffee Grinder: A high-quality grinder to grind coffee beans to the desired consistency.	Coffee Grinder: Generally operates on 120 volts	120
Drop Coffee Maker	Drip Coffee Maker: A coffee maker for brewing larger batches of coffee.	Drip Coffee Maker: Runs on 120 volts	120
Commercial Blender	Commercial Blender: For making blended beverages such as smoothies or frappes.	Commercial Blender: Typically requires 120 volts	120
Refrigerators	Refrigeration Units: Refrigerators and freezers for storing ingredients, dairy products, and perishable items.	Refrigeration Units: Refrigerators and freezers generally operate on 120 volts	120
Commercial Oven	Commercial Oven: An oven for baking or heating food items like pastries or sandwiches.	Commercial Oven: Typically requires 220-240 volts	220-240
Panini Press/Grill	Panini Press or Grill: To prepare grilled sandwiches and paninis.	Panini Press or Grill: Generally operates on 120 volts	120
Food Processor	Food Processor: For tasks such as chopping, slicing, or pureeing ingredients.		220-240
Commercial Dishwasher	Commercial Dishwasher: To effectively clean and sanitize dishes, utensils, and other equipment.		240
Hot Water Tower	Hot Water Tower	Hot Water Tower: Electricity: 220v	220
Ice Machine	Ice Machine: An ice maker to supply ice for cold beverages.	Ice Machine: The power requirements for ice machines can vary depending on the size and production capacity.	120
POS System	POS System: A point-of-sale system for processing customer orders, tracking sales, and managing inventory.		120
Cash Register	Cash Register: A cash register for cash transactions.		
Display Counters/Shelves	Display Counters and Shelving: To showcase merchandise and store supplies.		
Furniture	Furniture: Tables, chairs, and seating arrangements for customers.		
Storage Shelves/Cabinets	Storage Shelves and Cabinets: To store non-perishable items, supplies, and equipment.		
Safety Equipment	Safety Equipment: Fire extinguishers, first aid kits, and safety signage.		

**EXHIBIT J**  
**DISABILITY ACCESS OBLIGATIONS NOTICE**  
**SAN FRANCISCO ADMINISTRATIVE CODE CHAPTER 38<sup>1</sup>**

Before you, as the Tenant, enter into a lease with us, the Landlord, for the following property San Francisco City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, California (the "Property"), please be aware of the following important information about the lease:

**You May Be Held Liable for Disability Access Violations on the Property.** Even though you are not the owner of the Property, you, as the tenant, as well as the Property owner, may still be subject to legal and financial liabilities if the leased Property does not comply with applicable Federal and State disability access laws. You may wish to consult with an attorney prior to entering this lease to make sure that you understand your obligations under Federal and State disability access laws. The Landlord must provide you with a copy of the Small Business Commission Access Information Notice under Section 38.6 of the Administrative Code in your requested language. For more information about disability access laws applicable to small businesses, you may wish to visit the website of the San Francisco Office of Small Business or call 415-554-6134.

**The Lease Must Specify Who Is Responsible for Making Any Required Disability Access Improvements to the Property.** Under City law, the lease must include a provision in which you, the Tenant, and the Landlord agree upon your respective obligations and liabilities for making and paying for required disability access improvements on the leased Property. The lease must also require you and the Landlord to use reasonable efforts to notify each other if they make alterations to the leased Property that might impact accessibility under federal and state disability access laws. You may wish to review those provisions with your attorney prior to entering this lease to make sure that you understand your obligations under the lease.

By signing below I confirm that I have read and understood this Disability Access Obligations Notice.

DocuSigned by:  
*Majeid Crawford*  
FEA441A4508C4A8...

Signed: \_\_\_\_\_, Tenant

Signed: \_\_\_\_\_, Landlord

(c) If the Commercial Landlord does not ensure that existing public restrooms, ground floor

<sup>1</sup> Chapter 38 applies to Leases of property of 7,500 – 5,001 square feet of space, and to the parties to those leases, entered into, or amended, on or after January 1, 2013, and on or after June 1, 2013 expanding to Leases of properties of 5000 square feet of space or less.

entrances, and ground floor exits are accessible as provided in subsection (a)(1) and instead proceeds under subsection (a)(2), the Commercial Landlord shall include the following statement in Disability Access Obligations Notice required under subsection (b):

**"PLEASE NOTE:** The Property may not currently meet all applicable construction-related accessibility standards, including standards for public restrooms and ground floor entrances and exits."

(d) The Commercial Landlord must sign, and obtain the Small Business Tenant's signature on, the Disability Access Obligations Notice under subsections (b) and (c) on or before execution or amendment of the Lease and shall provide the tenant with a copy of the Small Business Commission's Access Information Notice as defined under Section 38.6 in the tenant's requested Language.

**EXHIBIT K**  
**“A GUIDE TO DISABILITY COMPLIANCE”**  
**(ATTACHED)**





## LOW BARRIERS

obstacles to accessibility that are minor, and most likely can be "readily achievable"

### A. Service Counter Height and Visibility

A portion specified by local codes of the counter must be between 28" - 34" above the floor.

### B. Path of Travel Clearance

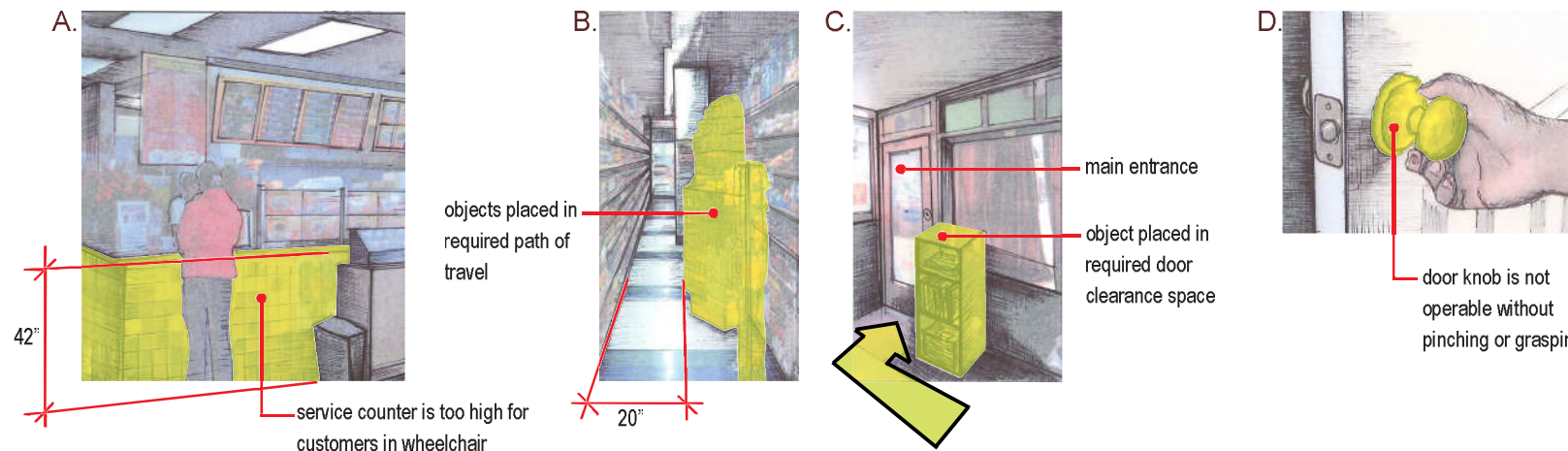
All aisles to public zones must be at least 36" wide and remain unobstructed.

### C. Door Clearance

The pull side of doors must have a clearance specified by local codes.

### D. Door Hardware

All doors must be operable without action of pinching or grasping.



## MEDIUM BARRIERS

obstacles that require more attention, and likely professional guidance

### A. Step at Entrance

The entrance must be accessible for occupants in wheelchairs, with sloping and clearance requirements specified by local codes.

### B. Restroom Vanity Clearance

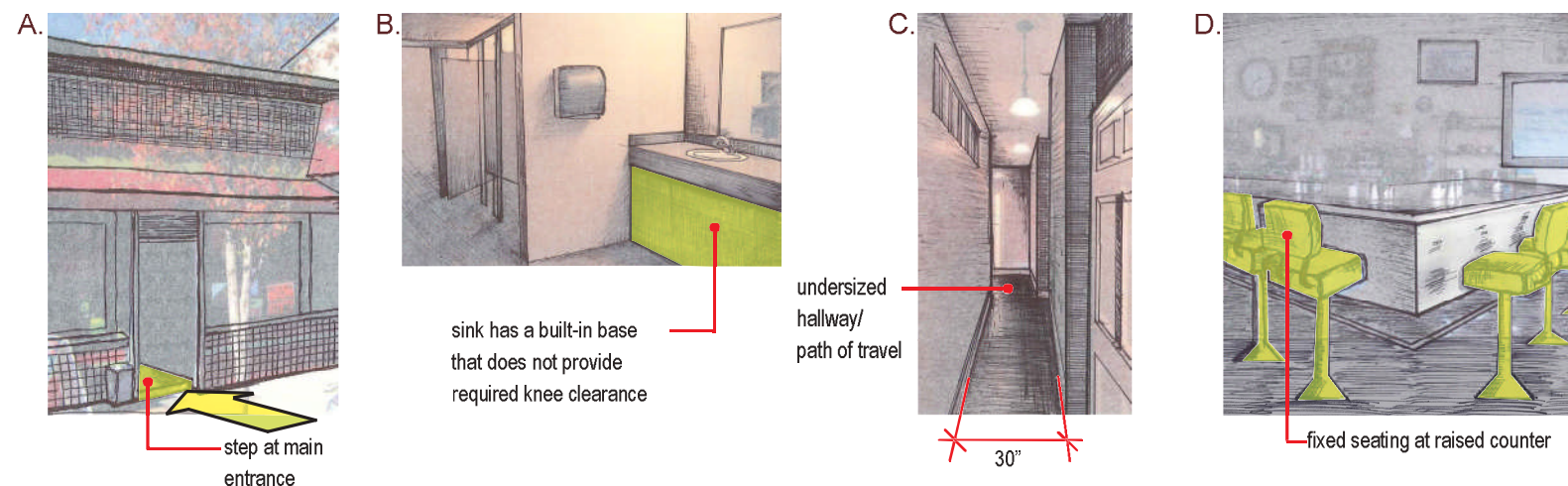
The sink must provide knee clearance specified by local codes.

### C. Undersized Path of Travel

All aisles to public zones must be at least 36" wide.

### D. No Accessible Seating

A portion specified by local codes of seating must be accessible.



## HIGH BARRIERS

obstacles that require a lot of attention, and definite professional guidance

### A. Multiple Steps at Entrance

The entrance must be accessible for occupants in wheelchairs, with sloping and clearance requirements specified by local codes.

### B. Step in Dining/Customer Space

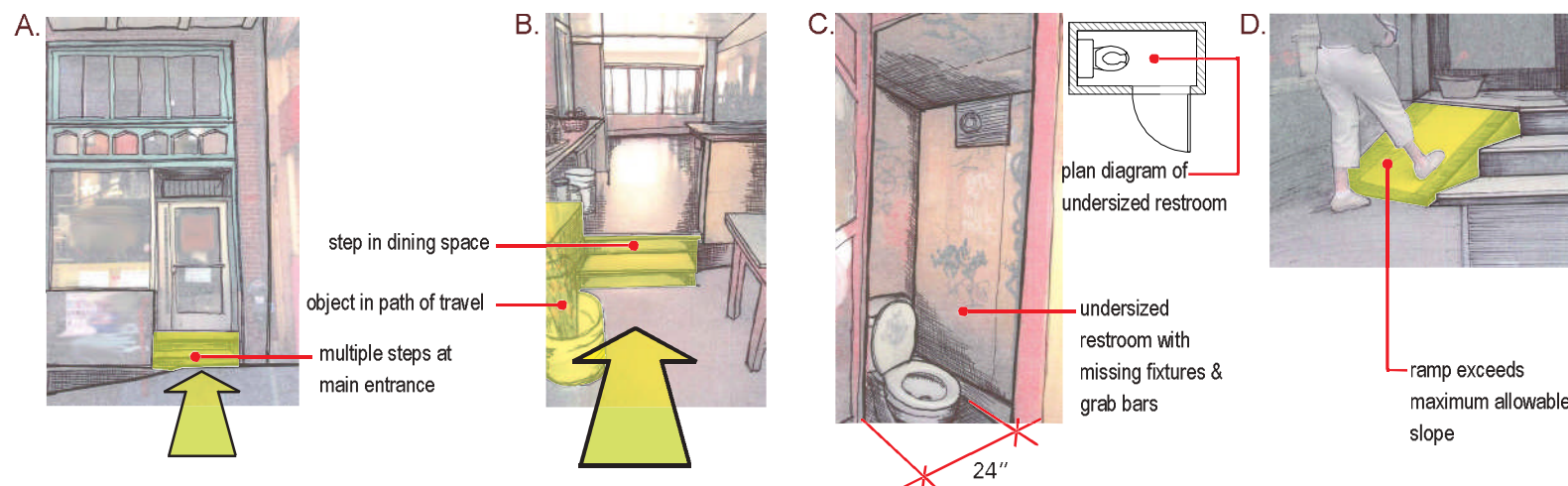
Public zones must be accessible for occupants in wheelchairs, see note A.

### C. Undersized or Lack of Restroom

The correct number of accessible restrooms must be provided.

### D. Ramp Exceeds Maximum Slope Allowed

Businesses must be accessible for occupants in wheelchairs, see note A.



## ADA COMPLIANCE

barriers are minimized or removed

### A. Compliant Entry

The entrance is accessible by stairs and a compliant ramp.

### B. Path of Travel Clearance

All aisles to public zones, including seating, restrooms, and food pick-up are at least 36" wide and remain unobstructed.

### C. Compliant Counters

Service counter is between 28" - 34" above the floor.

### D. Compliant Restroom

The accessible restroom has the required fixtures, dimensions and clearances/



## COMMON MISCONCEPTIONS

### I am exempt from compliance or "grandfathered"

The answer is "NO". A place of public accommodation must remove barriers when it is "readily achievable" to do so. Although the facility may be "grandfathered" according to the local building code, the federal ADA does not have a provision to "grandfather" a facility. While a local building authority may not require any modifications to bring a building "up to code" until a renovation or major alteration is done, the federal ADA requires that a place of public accommodation remove barriers that are readily achievable even when no alterations or renovations are planned. As a business you have an on-going obligation to bring your business into compliance.

### I am exempt since my building has historic designation

Neither State nor Federal laws exempt historical buildings from compliance, but there are specific guidelines. In San Francisco, any building over 50 years old is considered as a potentially significant historical resource. Accessibility improvements to the entrance or exterior of these buildings may require additional review by Historic Preservation staff and may lengthen the permitting process. Another common misconception is that City staff will deny your application if the building is considered historic. This is extremely rare, though during the review process you will be required to find alternatives that respect historic designs and materials while also providing disabled access. Historically sensitive accessibility improvements may add cost to your project but are generally worth the investment over the long run.

### Settling the lawsuit will relieve me of my responsibilities

Business owners need to know that the ADA is now a part of our society and that there is no limit to the number of times a business can be sued regarding accessible barriers. The best solution is to make the "readily achievable" physical changes and to understand that compliance is ongoing. If a business is sued over a physical barrier(s) to accessibility, they can still be sued for that same barrier in the future if it still exists.

### Tenant vs. Landlord (Owner)

The federal ADA law states that any private entity who owns, leases, leases to, or operates a place of public accommodation shares in the obligation to remove barriers. Tenants and property owners also share in the obligation, so often times a negotiation must take place to determine who pays what costs, or percentage of costs for access compliance and/or litigation defense. Effective January 1, 2013, San Francisco law requires property owners of a commercial space of 7,500 square feet or less to provide a "Disabled Access Obligation Notice" before entering into or amending a lease. Effective July 1, 2013, State law requires a commercial property owner to state on a lease or rental agreement whether the property has undergone inspection by a certified access specialist (CASp). These two laws were passed to help ensure businesses are informed of their on-going obligation and aid in the prevention of lawsuits. There are also tax benefits that are available to each party in some cases to help pay for barrier removal.