

LEASE

between

CITY AND COUNTY OF SAN FRANCISCO,  
as Landlord

and

LA COCINA, INC.,  
as Tenant

For the lease of  
101 Hyde Street  
San Francisco, California

March 1, 2019

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## LEASE

THIS LEASE (this "Lease"), dated for reference purposes only as of March 1, 2019, is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), and LA COCINA, INC., a California non-profit corporation ("Tenant").

City and Tenant hereby covenant and agree as follows:

### 1. BASIC LEASE INFORMATION

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

Lease Reference Date:	March 1, 2019
Landlord:	CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation
Tenant:	La Cocina, Inc. (and any permitted successors and assigns)
Building ( <u>Section 2.1</u> ):	Building located at 101 Hyde Street San Francisco, California ("Building")
Premises ( <u>Section 2.1</u> ):	The real property commonly known as 101 Hyde Street (Assessor's Block 0346 / Lot 003A ("Property")), as more particularly described and shown on <u>Exhibit A</u> , together with the Building and any other improvements located thereon
Rentable Area of Premises ( <u>Section 2.1</u> ):	Approximately 7,500 gross square feet
Term ( <u>Section 3.1</u> ):	Commencing on the full execution of this Lease ("Effective Date") and terminating on December 31, 2025
Base Rent ( <u>Section 4.1</u> ):	Annual Base Rent: \$12,000.00 Monthly payments: \$1,000.00
Percentage Rent ( <u>Section 4.2</u> ):	Annual payments ("Percentage Rent") equal to five percent (5%) of Net Income (as defined in <u>Section 4.2</u> )
Use ( <u>Section 5.1</u> ):	Operation of a restaurant, bar, and/or market hall, or any other legal use approved in advance by the Director of Property in consultation with the Director of City's Office of Workforce and Economic Development ("OEWD").
Tenant Improvements ( <u>Section 6.1</u> ):	Tenant shall perform, at its sole cost, the Tenant Improvements (as defined in <u>Section 6.1</u> ); provided, however, that City shall reimburse

Tenant up to \$1,465,000 for the Tenant Improvement construction costs incurred by Tenant on the conditions specified in the work letter attached hereto as Exhibit B ("Work Letter").

Utilities and Services (Section 10.1):

City shall provide the Standard Utilities (as defined in Section 10.1) and the Fire and Alarm System Maintenance (as defined in Section 10.1); provided, however, that Tenant shall reimburse City for such costs. Tenant shall provide, at its sole cost, all other utilities and services it wishes to receive at the Premises.

Security Deposit:

None.

Notice Address of City (Section 27.1):

Real Estate Division  
25 Van Ness Avenue, Suite 400  
San Francisco, California 94102  
Attn: Director of Property  
**Re: 101 Hyde Street – La Cocina Lease**  
Fax No.: (415) 552-9216

with a copy to:

Office of Economic and Workforce Development  
City Hall, Room 448  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4653  
Attn: Director  
**Re: 101 Hyde Street – La Cocina Lease**  
Fax No.: (415)554-6018

and to:

Office of the City Attorney  
City Hall, Room 234  
1 Dr. Carlton B. Goodlett Place  
San Francisco, California 94102-4682  
Attn: Carol Wong  
Deputy City Attorney  
**Re: 101 Hyde Street – La Cocina Lease**  
Fax No.: (415) 554-4757

Key Contact for City:

Josh Keene

Telephone No.:

(415) 554-9859

Alternate Contact for City:

Mara Blitzer

Telephone No.:

(415) 701-5544

Address for Tenant (Section 27.1):

2948 Folsom Street  
San Francisco, CA 94110

Key Contact for Tenant:

Caleb Zigas

Telephone No.:

(415) 824-2729 x 304

Alternate Contact for Tenant:

Leticia Landa

Telephone No.: (415) 824-2729

Brokers (Section 27.8): None.

## **2. PREMISES; AS IS CONDITION**

### **2.1 Lease Premises**

Subject to the provisions of this Lease, City leases to Tenant and Tenant leases from City those premises identified in the Basic Lease Information (the "Premises"). The rentable area of the Premises specified in the Basic Lease Information shall be conclusive for all purposes hereof. The Premises shall include the Property, the Building, and all other improvements on and appurtenances to the Property.

### **2.2 Accessibility Disclosures**

(a) California Civil Code Section 1938 requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist ("CASp") to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Tenant is hereby advised that the Premises have not been inspected by a CASp.

(b) Tenant acknowledges that prior to 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 7.1 (Tenant's Alterations)) that might impact accessibility to the Premises under any disability access laws.

### **2.3 As Is Condition**

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

### **2.4 Access Easements**

The Property is subject to pedestrian and vehicular access easements that benefit the properties commonly known as 125 Hyde Street and 129 Hyde Street in San Francisco, California, as further described in the grant deeds recorded in the Official Records of San Francisco County at Book 2378 Page 191, Book 3846 Page 230, and Book 2162 Page 285, and

as amended by the Easement Amendment and Agreements (together, the "Amended Easement Agreements") recorded in the Official Records of San Francisco County on August 5, 2016, as Instrument No. 2016-K302894 and Instrument No. 2016-K302895. Copies of the Amended Easement Agreements are attached as Exhibit C.

Tenant acknowledges and agrees that the easement area described in the Amended Easement Agreements (the "Easement Area") is subject to the Permitted Uses (as defined in the Amended Easement Agreements) at all times except during limited closure periods permitted under the Amended Easement Agreements. Tenant shall obtain the prior written consent of City and all the fee owners of 125 Hyde Street and 129 Hyde Street before taking any action that limits or negatively impacts the use of the Easement Area for the Permitted Uses.

## **2.5 Energy Consumption Disclosure**

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

## **3. TERM**

### **3.1 Lease Term**

The Premises are leased for a term (the "Term") commencing on the Effective Date. The Term of this Lease shall end on the expiration date specified in the Basic Lease Information, unless sooner terminated pursuant to the provisions of this Lease. City shall deliver the Premises to Tenant on the Effective Date in their then existing as is condition as further provided above, with no obligation of the City to make any improvements, repairs or alterations.

### **3.2 Confirmation of Rent Commencement Date and Expiration Date**

The "Rent Commencement Date" shall be the date the Tenant Improvement Work (as defined in Section 6.1) is completed and City's Department of Building Inspection has issued a temporary certificate of occupancy for the Building. The Term shall terminate on December 31, 2025 (the "Expiration Date"), unless sooner terminated pursuant to the provisions of this Lease. Promptly following the Rent Commencement Date, Tenant shall deliver to City a notice substantially in the form attached hereto as Exhibit D, confirming the actual Rent Commencement Date and the Expiration Date, but Tenant's failure to do so shall not affect the date of either the Rent Commencement Date or the Expiration Date.

### **3.3 Termination of 2018 Lease**

Immediately prior to the Effective Date, Tenant leased the Premises from City under a lease dated as of June 1, 2018 (the "2018 Lease"). The 2018 Lease shall automatically terminate as of 11:59 pm the day immediately preceding the Effective Date.

## **4. RENT**

### **4.1 Base Rent**

Throughout the Term beginning on the Rent Commencement Date, Tenant shall pay to City the annual Base Rent specified in the Basic Lease Information (the "Base Rent"). The Base Rent shall be paid to City in advance, without prior demand and without any deduction, setoff or counterclaim whatsoever, in equal consecutive monthly payments on or before the first day of

the Term and on or before the first day of each month thereafter. If the Rent Commencement Date occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the Base Rent for such fractional month shall be prorated based on a thirty (30) day month. Within five (5) days after the Rent Commencement Date, Tenant shall pay to City the Base Rent for the month in which the Rent Commencement Date occurs and the following month.

## **4.2 Percentage Rent**

### **(a) Definitions**

**(i)** "Books and Records" means all of Tenant's (and each of its Agent's) books, records, and accounting reports or statements relating to its business at or use of the Premises, this Lease, the Tenant Improvements, any Alterations, and the operation and maintenance of the Premises, including, without limitation, cash journals, rent rolls, general ledgers, income statements, bank statements, income tax schedules relating to Tenant's business in or use of the Premises, and any other bookkeeping documents Tenant utilizes in its business operations for the Premises. Tenant shall maintain a separate set of accounts to allow a determination of all Operating Expenses, all Operating Income generated directly from the Premises, and all exclusions therefrom.

**(ii)** "Lease Year" means the twelve (12) month period immediately following the Rent Commencement Date or any anniversary of the Rent Commencement Date.

**(iii)** "Net Income" means the Operating Income less the Expenses for a Lease Year (or portion thereof).

**(iv)** "Operating Expenses" means the following reasonable operating and routine maintenance and repair expenses incurred in the operation of the Premises for the uses permitted under this Lease and performing Tenant's obligations under this Lease: (1) commercially-reasonable administrative, payroll, security and general expenses for the Premises; (2) charges for utility services; (3) expenses for repair and maintenance of equipment and furnishings; (4) expenses for routine maintenance and repair of and for cleaning the Premises, including, without limitation, expenses related to vandalism or other damage to the Premises or Tenant's equipment or supplies at the Premises; (5) the cost of supplies and equipment reasonably necessary for the operation of the Premises for the uses permitted under this Lease; (6) license and permit fees not related to the Tenant Improvements or any Alterations; (7) the cost of the insurance policies that Tenant must carry under Article 19 below or to comply with applicable laws to otherwise reasonably insure Tenant against liability relating to the management and operation of the Premises, including workers' compensation insurance, fidelity and surety bonds, casualty insurance, business interruption insurance, and any deductible amounts required under such insurance policies; (8) sales taxes, payroll taxes and all other taxes resulting from operation of the Premises; (9) possessory interest taxes; (10) other expenses incurred by Tenant under this Lease other than the payment of Base Rent or Percentage Rent; (11) the cost of utilities incurred in connection with the use and operation of the Premises; (12) costs and fees of independent professions (including, without limitation, legal, accounting, consultants and other professional expenses), technical consultants, operational experts (including quality assurance inspectors) or other third parties retained to perform services required or permitted hereunder, except to the extent incurred with respect to the design or installation of the Tenant Improvements; and (13) all other costs and expenses that are reasonable and customary operating and maintenance expenses incurred in the operation, leasing, marketing and maintenance of the Premises for the Permitted Use and in compliance with this Lease and approved by City's Director of Property in writing. Operating Expenses shall not include any charges or allowances for depreciation or amortization of Tenant's interest in the Premises or any costs or expenses incurred by Tenant as a result of any default of its obligations under this Lease.

(v) "Operating Income" means, subject only to the exceptions stated below, all sales, payments, revenues, income, fees, rentals, receipts, proceeds and amounts of any kind whatsoever, whether for cash, credit or barter, received or receivable by Tenant from any business, use or occupation (but not those received or receivable by any of its subtenants or Vendors, as defined in Section 16.1 below), or any combination thereof, transacted, arranged or performed, in whole or in part, on the Premises, including without limitation, all returns and refunds, employee meals, discounted and complimentary meals, beverages and services or similar benefits and/or goodwill, the total value, based on price, for the tickets, cover charges, merchandise and any other items and the operation of any event, including any special or fundraising event, and catering or food delivery business conducted by, from or at the Premises (irrespective of where the orders therefor originated or are accepted and irrespective of where the food or beverages are consumed). Except as specified below, Operating Income shall be determined without reserve or deduction for failure or inability to collect (including, without limitation, spillage and waste) and without deduction or allowance for cost of goods sold or other costs, charges or expenses of purchasing or selling incurred by Tenant. No value added tax, no franchise or capital stock tax and no income, gross receipts or similar tax based upon income, profits or gross receipts as such shall be deducted from Operating Income. The following shall be excluded from Operating Income, provided that, Tenant provide separate records to City to support such deductions or exclusions, as the case may be, and separate notations are made for same on the Annual Statements (as defined in Section 4.2(b)):

(A) The amount of any refund made or credit allowed due to a bona fide complaint from a customer concerning the quality of food, beverages, merchandise or service by Tenant;

(B) Sales by redemption of gift certificates or like vouchers, but only to the extent previously reported as part of Operating Income;

(C) Sums collected for any sales or excise tax imposed directly upon Tenant by any duly constituted governmental authority, but only if stated separately from the selling price of the goods or merchandise, or services, and collected from customers and such amounts are in fact paid to the appropriate governmental entities for which they are collected; and

(D) All food and beverage sales to employees of Tenant, not to exceed, however, one percent (1%) of Operating Income in any single month, and provided further that said sales are at a discount; and

(E) Tips paid to Tenant's employees by its customers, so long as such tips go directly to Tenant's employees (and not Tenant or Tenant's management); and

(F) Bona fide promotional discounts to Tenant's customers for food, beverages and other sales, up to a maximum of five percent (5%) of Operating Income in any single month.

**(b) Annual Statements**

On or before the sixtieth (60<sup>th</sup>) day immediately following each anniversary of the Rent Commencement Date, Tenant shall deliver a complete statement (each, an "Annual Statement") showing the computation of the Percentage Rent for the immediately preceding Lease Year in a form approved by City. Each Annual Statement shall set forth in reasonable detail the Operating Income for the immediately preceding Lease Year, including an itemized list of any and all deductions or exclusions from Operating Income that Tenant may claim and which are expressly permitted under this Lease, the Operating Expenses for the immediately preceding Lease Year, and a computation of the Percentage Rent for the immediately preceding Lease



Year. Each Annual Statement shall be certified as accurate, complete and current by an independent certified public accounting firm acceptable to City's Director of Property in his or her sole discretion.

If Tenant fails to deliver any Annual Statement within the time period set forth in this subsection (irrespective of whether any Percentage Rent is actually paid or due to City for the preceding Lease Year) and such failure continues for three (3) days after the date Tenant receives (or refuses receipt of) written notice of such failure from City, City shall have the right, among its other remedies under this Lease, to employ a certified public accountant to make such examination of Tenant's Books and Records (and the Books and Records of any other occupant of the Premises) as may be necessary to certify the amount of the Operating Income and Operating Expenses for the period in question. Such certification shall be binding upon Tenant and Tenant shall promptly pay to City the total reasonable cost of the examination and City's other reasonable costs (including attorneys' fees) in exercising its examination rights hereunder, together with the full amount of Percentage Rent due and payable for the period in question. Tenant acknowledges that the late submittal of any Annual Statement will cause City increased costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. The parties agree that the charges set forth in this Section represent a fair and reasonable estimate of the cost that City will incur by reason of Tenant's lateness.

**(c) Payments**

On or before the one hundred twentieth (120<sup>th</sup>) day immediately following each anniversary of the Rent Commencement Date, Tenant shall pay to City, in addition to the monthly Base Rent payable by Tenant pursuant to Section 4.1 above, Percentage Rent for the Lease Year immediately preceding such payment date. Notwithstanding anything to the contrary in the foregoing sentence, if this Lease terminates prior to the anniversary of a Rent Commencement Date, Tenant shall pay to City a final payment of Percentage Rent on or before the sixtieth (60<sup>th</sup>) day immediately following such termination, which payment shall be in an amount equal to five percent (5%) of the Net Income for the period (i) between the last anniversary of the Rent Commencement Date before such termination date and (ii) the termination of this Lease.

City's acceptance of any monies paid to City by Tenant as Percentage Rent as shown by the applicable Annual Statement shall not be an admission of the accuracy of such Annual Statement or the amount of such Percentage Rent payment. City's receipt of a portion of Tenant's Net Income as Percentage Rent shall be deemed strictly as rental and nothing herein shall be construed to create the legal relation of a partnership or joint venture between City and Tenant.

**(d) Books and Records**

Tenant agrees that the business of Tenant upon the Premises shall be operated with a non-resettable register and so that a duplicate dated sales slip or such other recording method reasonably acceptable to City is issued with each sale, whether for cash, credit or exchange. Furthermore, Tenant shall keep (and shall cause its subtenants and assignees to keep) at the Premises, at all times between the Rent Commencement Date and the expiration or earlier termination of this Lease, complete and accurate Books and Records that contain all information required to permit City to verify Operating Income, deductions and exclusions therefrom, and Operating Expenses that are in accordance with this Lease and with generally accepted accounting practices consistently applied from period to period with respect to all operations of the business to be conducted in or from the Premises. Tenant shall retain (and shall cause its subtenants and assignees to retain) such Books and Records for a period (the "Audit Period") that is the later of (i) four (4) years after the end of each Lease Year (or portion thereof) to which such Books and Records apply or, (ii) if an audit is commenced or if a controversy

should arise between the parties hereto regarding the Percentage Rent payable hereunder, until such audit or controversy is terminated.

**(e) Audit**

Tenant shall make its Books and Records available to City, any City auditor, or any auditor or representative designated by City (each referred to in this subsection as "City's Audit Representative"), on no less than fifteen (15) business days' prior written notice to Tenant, for the purpose of examining said Books and Records to determine the accuracy of Tenant's reporting of Percentage Rent for a period not to exceed the Audit Period after a Percentage Statement is delivered to City. Tenant shall cooperate with the City's Audit Representative during the course of any audit, provided however, such audit shall occur at Tenant's business office, or at such other location in San Francisco where the Books and Records are kept, and no books or records shall be removed by City's Audit Representative without the prior express written consent of Tenant (provided, however, copies may be made by City's Audit Representative on site), and once commenced, with Tenant's cooperation, such audit shall be diligently pursued to completion by City within a reasonable time of its commencement, provided that Tenant makes available to City's Audit Representative all the relevant Books and Records in a timely manner. If an audit is made of the Books and Records and City claims that errors or omissions have occurred, the Books and Records shall be retained by Tenant and made available to City's Audit Representative until those matters are expeditiously resolved with Tenant's cooperation. If Tenant operates the Premises through one or more subtenants or Agents, Tenant shall require each such subtenant or Agent to provide City with the foregoing audit right with respect to its Books and Records. Upon completion of the audit, City shall promptly deliver a copy of the audit report to Tenant.

If an audit reveals that Tenant has understated its Net Income for the applicable audit period, Tenant shall pay City, promptly upon demand, the difference between the Percentage Rent payment Tenant has paid and the Percentage Rent payment it should have paid to City, plus interest from the date of the error in the payment equal to ten percent (10%) per year or, if a higher rate is legally permissible, the highest rate an individual is permitted to charge under applicable law, if City elects to charge such interest. If an audit reveals that Tenant has overstated its Net Income for the applicable audit period, Tenant shall be entitled to a credit equal to the difference between the amount Tenant has paid and the amount it should have paid to City against the next installment of Percentage Rent owed by Tenant. If Tenant understates the Net Income for any audit period by three percent (3%) or more, Tenant shall pay the reasonable cost of the audit. A second understatement of three percent (3%) or more within any three (3) Lease Year period of the first such understatement shall be considered an Event of Default.

**4.3 Additional Charges**

Tenant shall pay to City any and all charges and other amounts required under this Lease as additional rent (collectively, "Additional Charges"). All such Additional Charges shall be payable to City at the same place and the same manner as the Base Rent and Percentage Rent are payable. City shall have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent or Percentage Rent. As used in this Lease, the term "Rent" shall include the Base 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**

If Tenant fails to pay any Rent or any portion of Rent within five (5) days following the due date therefor, City shall have the right to require Tenant to pay a late payment charge for such late payment equal to six percent (6%) of the unpaid amount in each instance. The late

payment charge has been agreed upon by City and Tenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur as a result of any such failure by Tenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate City for its damages resulting from such failure to pay and shall be paid to City together with such unpaid amount.

#### **4.5 Default Interest**

If any Rent or any portion of Rent is not paid within five (5) days following the due date therefor, City shall have the right to require Tenant to pay interest on such amount from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate an individual is permitted to charge under law (the "Interest Rate"). However, interest shall not be payable on late charges incurred by Tenant nor on any amounts on which late charges are paid by Tenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Tenant.

#### **4.5 Payments**

All sums payable by Tenant to City hereunder shall be paid in cash or by good (cashier's or certified) check to the City and County of San Francisco in care of the Director of Property at the primary address for City specified in the Basic Lease Information, or such other place as City may designate in writing. If Tenant pays by check and such check is not honored, then City may require Tenant to make all future payments in cash or by cashier's check.

### **5. USE**

#### **5.1 Approved Use**

Between the Effective Date and the Rent Commencement Date, Tenant shall only use the Premises to perform the Tenant Improvements and to install Tenant's Personal Property (as defined in Section 7.3 below) and for no other purpose unless approved in writing by the City's Director of Property in consultation with the Director of OEWD. Following the Rent Commencement Date, Tenant shall use and continuously occupy the Premises solely for the operation of a restaurant, bar, and/or food market hall and any other purpose approved in advance and in writing by the City's Director of Property in consultation with the Director of OEWD, all of which shall be in compliance with all applicable laws.

#### **5.2 No Unlawful Uses, Nuisances or Waste**

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

#### **5.3 Prevailing Wages for Certain Uses**

Tenant shall pay, and shall require its subtenants, and contractors and subcontractors (regardless of tier) to pay, prevailing wages, including fringe benefits or the matching equivalents thereof, to persons performing services for the following activity 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 Trade Show and Special Event (as defined in Section 21C.8), and 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).

If Tenant, or its subtenants, contractors, and subcontractors fail to comply with the applicable obligations in San Francisco Administrative Code Chapter 21C, City shall have all available remedies set forth in Chapter 21C and the remedies set forth in this Lease. City may inspect and/or audit any workplace, job site, books and records pertaining to the applicable services and may interview any individual who provides, or has provided, such services. Tenant shall provide to City (and require any subtenant, contractor or subcontractor who maintains such records to provide to City) immediate access to all workers' time sheets, payroll records, and paychecks for inspection on request to the extent they relate to such services.

- The types of covered services related to a Show includes individuals engaged in theatrical or technical services, including rigging, sound, projection, theatrical lighting, videos, computers, draping, carpentry, special effects, and motion picture services.
- The types of covered services related to a Special Event includes individuals engaged in on-site installation, set-up, assembly, and dismantling of temporary exhibits, displays, booths, modular systems, signage, drapery, specialty furniture, floor coverings, and decorative materials in connection with trade shows, conventions, expositions, and other special events on City property.
- The types of covered services related to Broadcast Services includes individuals engaged in the electronic capture and/or live transmission of on-site video, digital, and/or video content for commercial purposes through the use of a remote production or satellite trust on-site, including any technical director, video controller, assistant director, and stage manager, and individuals engaged in audio, camera, capture and playback, graphics and utility functions.

## **6. TENANT IMPROVEMENTS**

### **6.1 Tenant Improvement Work**

City hereby approves the initial plans and specifications dated November 7, 2018 prepared by LMNOP Design Inc., Tenant's architect, copies of which are attached hereto as Exhibit E, for the construction and installation of the tenant improvements at the Premises (such work is referred to as the "Tenant Improvement Work" or "Tenant Improvements" and such plans and specifications are referred to as the "Plans"). Tenant shall cause the Tenant Improvement Work to be performed in accordance with the approved Plans, the standards contained in Section 7.1 (Tenant's Alterations) below, and the requirements of the Work Letter. Tenant shall be responsible, at no cost to City, for performing the Tenant Improvement Work and for obtaining all permits and licenses required in connection with the Tenant Improvements; provided, however, that City shall reimburse Tenant up to \$1,465,000 ("Allowance") for the Tenant Improvement Work construction costs incurred by Tenant on the conditions specified in the Work Letter. No Tenant Improvement Work shall commence in the Premises unless and until the Work Letter is fully executed and this Lease is approved by the City's Board of Supervisors and Mayor as further provided herein and is fully executed. Tenant shall not make any material change to the Plans or consent to any change order during the course of construction without first obtaining City's written approval.

Tenant shall ensure that all work is performed in a manner that does not obstruct access to or through the Building or interfere with the Fire and Alarm System Maintenance or the Permitted Uses. Upon completion of the Tenant Improvements, Tenant shall furnish City with a

copy of the final as-built plans and specifications. No approval by City or any of its Agents of the Plans, any changes thereto or of any Alterations for purposes of this Lease shall be deemed to constitute approval of any federal, state or local regulatory authority with jurisdiction over the Premises or Tenant's use hereunder (including City acting in its regulatory capacity), and nothing herein shall limit Tenant's obligation to obtain all such regulatory approvals at no cost to the City. If any Tenant Improvements 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 component under City's Charter Section 5.103.

## **6.2 Local Hiring Requirements**

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

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

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

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

Tenant shall include, and shall require its subtenants, and Contractors and Subcontractors (regardless of tier), to include the Prevailing Wage Requirements and the agreement to cooperate in City enforcement actions in any Construction Contract with specific reference to San Francisco Administrative Code Section 23.61. Each such Construction Contract shall name the City and County of San Francisco, affected workers, and employee organizations formally representing affected workers as third party beneficiaries for the limited purpose of enforcing the Prevailing Wage Requirements, including the right to file charges and seek penalties against any

Contractor or Subcontractor in accordance with San Francisco Administrative Code Section 23.61. Tenant's failure to comply with its obligations under this Section shall constitute a material breach of this Lease. A Contractor's or Subcontractor's failure to comply with this Section will enable the City to seek the remedies specified in San Francisco Administrative Code Section 23.61 against the breaching party. For the current Prevailing Rate of Wages, see [www.sfgov.org/olse](http://www.sfgov.org/olse) or call the City's Office of Labor Standards Enforcement at 415-554-6235.

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

#### **6.4 Construction Insurance; Performance and Payment Bond**

Prior to commencing the Tenant Improvement Work, Tenant shall comply with the insurance requirements in Section 19.1(b) below and, at least five (5) business days prior to commencing any of the Tenant Improvement Work, Tenant shall provide, at its sole cost and expense, to City (i) a corporate surety payment bond and a performance bond substantially in the form attached hereto as Exhibit F and obtained by each of Tenant's contractors performing any of the Tenant Improvement Work, or (ii) a financial guarantee, in a form approved by City in its sole discretion, from a third party with liquid assets in an amount of no less than one hundred twenty-five percent (125%) of the cost of the Tenant Improvement Work. Each bond shall be in an amount equal to one hundred percent (100%) of the estimated costs of the Tenant Improvement Work. Each performance bond shall guarantee the contractor's faithful performance of its contract(s) with Tenant. Each payment bond shall guarantee the contractor's payment of labor, materials, supplies and equipment used in the performance of its contract(s) with Tenant. The bonds are intended to help protect City against any liability for mechanics' and materialmen's liens, stop notices and to ensure completion of the work. Corporate sureties issuing these bonds shall be legally authorized to engage in the business of furnishing surety bonds in the State of California. All sureties shall have a current A.M. Best Rating of not less than A-, VIII. Each corporate surety bond shall obligate the surety to Tenant and the City and County of San Francisco as co-obligees.

#### **6.5 Delay in Completion of Tenant Improvement Work**

If City's Department of Building Inspection does not issue a temporary certificate of completion for the Tenant Improvements on or before (i) the eighteen (18) month anniversary of the Effective Date for any reason under Tenant's reasonable control, or (ii) the twenty-fourth (24<sup>th</sup>) month anniversary of the Effective Date for any reason, City shall have the right, at its sole election, to terminate this Lease by delivering written notice of such termination to Tenant at any time prior to such issuance of such temporary certificate of completion. If City timely delivers such termination notice to Tenant, the effective date of termination shall be the date specified in such notice.

### **7. ALTERATIONS**

#### **7.1 Tenant's Alterations**

##### **(a) General**

Tenant shall not make or permit any alterations to the Building or to the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other

mechanical, electrical, communications systems of the Building ("Building Systems"), and shall not make or permit any alterations, installations, additions or improvements, structural or otherwise (collectively, with the Tenant Improvements, "Alterations"), in, to or about the Premises, without City's prior written consent in each instance. All Alterations shall be done at Tenant's expense in accordance with plans and specifications approved by City, only by duly licensed and bonded contractors or mechanics approved by City, and subject to any conditions that City may reasonably impose, including, but not limited to, requiring a performance bond with respect to the performance of such Alterations, requiring such contractors or mechanics to indemnify City with respect to Claims (as defined in Section 18.2) with respect to the Premises or such Alteration, and/or requiring the insurance described in Section 19.1(b). If any Alterations would be visible from the exterior of the Building, Tenant, shall obtain the prior written approval of City's Arts Commission to the extent the Arts Commission has jurisdiction over the design of such proposed alterations under City's Charter Section 5.103.

**(b) Asbestos**

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

**(c) Prevailing Wage and Local Hiring Requirements**

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

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

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

unless lead-based paint testing, as defined in Section 3407 of the San Francisco Building Code, demonstrates an absence of lead-based paint on the exterior surfaces of such buildings. Under this Section, lead-based paint is "disturbed or removed" if the work of improvement or alteration involves any action that creates friction, pressure, heat or a chemical reaction upon any lead-based or presumed lead-based paint on an exterior surface so as to abrade, loosen, penetrate, cut through or eliminate paint from that surface. Notice to City under this Lease shall not constitute notice to the City's Department of Building Inspection required under Section 3407 of the San Francisco Building Code.

**(e) Design Principles**

Tenant shall ensure the Tenant Improvement Work and all Alterations result in a creative and adaptive reuse of an existing space and shall design with Crime Prevention Through Environmental Design (CPTED) principles in mind. Whenever possible, Tenant's design decisions for the Tenant Improvement Work and any Alterations shall reflect those principles.

**7.2 Title to Improvements**

Except for Tenant's Personal Property 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 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 any 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**

Except for providing the Fire and Alarm System Maintenance (as defined in Section 10.1), City shall have no obligation to repair and maintain any portion of the Premises, including, but not limited to, the structural or non-structural portions of the Building, any Building Systems and the sidewalks and curbs at the Premises, except to the extent damaged by any act or omission of Landlord or its Agents (as defined in Section 27.5 (Parties and Their Agents; Approvals) below) at the Premises or under this Lease. For the purpose of making any such repairs of damage caused by the act or omission of Landlord or its Agents, 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 unreasonably interfere with Tenant's business.



Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned thereby.

## **8.2 Tenant's Repairs**

Tenant shall maintain, at no expense to City, the Premises (including, without limitation, the floors, roof, walls, exterior, 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 same shall be at least equal in quality, value and utility to the original work or installation, **(d)** in a manner and using equipment and materials that will not interfere with or impair the operations, use or occupation of the Building or the Building Systems, and **(e)** in accordance with any applicable Building Rules and Regulations (as defined in Section 22 (Rules and Regulations)) and all applicable laws, rules and regulations. Notwithstanding the foregoing, Tenant shall not be required to correct any construction defects in the Building or the Premises in existence as of the Effective Date (an "Existing Defect"). If there is an Existing Defect that materially interferes with the Permitted Uses or threatens public health or safety, Tenant and City shall each have the right to terminate this Lease by delivering no less than thirty (30) days' written notice of such termination to the other party. Tenant hereby waives all rights to make repairs at City's expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect.

## **9. LIENS AND ENCUMBRANCES**

### **9.1 Liens**

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

### **9.2 Encumbrances**

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

## **10. UTILITIES AND SERVICES**

### **10.1 Utilities and Services**

City shall provide (i) the utilities described in the attached Exhibit G (the "Standard Utilities") to the Building, subject to the terms and conditions contained therein, and (ii) the basic Building fire sprinkler system and alarm system maintenance (the "Fire and Alarm System

Maintenance") described in the agreements listed in the attached Exhibit J (the "Maintenance Agreements"), subject to the terms and conditions contained therein. Tenant shall pay City, as additional rent, an amount equal to such the City's cost to provide the Standard Utilities and the Fire and Alarm System Maintenance within thirty (30) days of receiving City's invoice therefor. Any City failure to bill Tenant for such costs shall not impair City's right to bill Tenant for such costs at a later date.

Notwithstanding anything to the contrary in the foregoing paragraph, if Tenant reasonably determines the Building fire sprinkler system and/or alarm system must be improved to comply with any applicable laws or meet reasonable and applicable commercial standards, City shall have no obligation to provide Fire and Alarm System Maintenance to such system during the period it is being improved. Tenant shall deliver no less than thirty (30) days' prior written notice to City of any removal or improvement to the Building fire sprinkler system and Tenant shall coordinate with City's Fire and Alarm System Maintenance contractors as may be required in the Maintenance Agreements.

Tenant shall be responsible for furnishing, at Tenant's sole cost, any utilities or services other than or in excess of the Standard Utilities and Fire and Alarm System Maintenance that Tenant may need or desire for its use of the Premises, and for performing all necessary repairs or replacements to the Building fire sprinkler system and alarm system.

## **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 Premises 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 Base 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**

Tenant shall not: **(a)** connect or use any apparatus, device or equipment 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 in excess of the amount therefor allowed to the Premises pursuant to the Standard Utilities, City shall have the right to install a separate meter in the Premises or to take other appropriate steps to measure the amount of utility or service used in the Premises, and the cost of such meter and all corrective measures, and the installation and maintenance thereof, shall be paid for by Tenant.

## **10.4 Floor Load**

Without City's prior written consent, which City may give or refuse in its sole discretion, Tenant shall not place or install in the Building any equipment that weighs in excess of the normal load-bearing capacity of the floors of the Building. If City consents to the placement or

installation of any such machine or equipment in the Building, Tenant, at no cost to the City, shall reinforce the floor of the Building, 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 Building or weakening of any structural supports will be occasioned thereby.

## **10.5 Interruption of Services**

City's obligation to provide the Standard Utilities and Fire and Alarm System Maintenance 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 due to strikes, lockouts, labor disputes, fire or other casualty, acts of God, or other causes beyond the control of City. In the event of an interruption in, or failure or inability to provide any service or utility for the Premises for any reason, such interruption, failure or inability shall not constitute an eviction of Tenant, constructive or otherwise, or impose upon City any liability whatsoever, including, but not limited to, liability for consequential damages or loss of business by Tenant; provided, however, that if such interruption, failure or inability impairs Tenant's ability to carry on its business in the Premises for a period of five (5) or more consecutive business days, then Tenant shall have the right, as Tenant's sole remedy, to abate the Rent based on the extent such interruption, failure or inability impairs Tenant's ability to carry on its business in the Premises. Tenant hereby waives the provisions of California Civil Code Section 1932(1) or any other applicable existing or future Legal Requirement permitting the termination of this Lease due to such interruption, failure or inability.

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

### **11.1 Compliance with Laws**

Tenant shall promptly comply, at no cost to the City, with all present or future laws, ordinance, resolution, regulation, requirement, proclamation, order or decree of any municipal, county, state or federal government or other governmental or regulatory authority relating to the Premises or the use or occupancy thereof (the "Legal Requirements") and with any and all recorded covenants, conditions and restrictions affecting the Premises 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 laws. Tenant shall not be required to make any structural Alterations or Alterations to the Building Systems in order to comply with such laws 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, when applicable and 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 the written consent of City under this Lease. 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 Premises or City's interest therein must first be approved by City in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Tenant, and City shall have no liability, monetary or otherwise, for any such fines or penalties. Tenant shall Indemnify City and the other Indemnified Parties (as such terms are defined in Section 18.2 (Tenant's Indemnity) below) hereunder 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.

### **(b) City Acting as Owner of Real Property**

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

## **11.3 Compliance with City's Risk Management Requirements**

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

## **12. SUBORDINATION**

This Lease is and shall be subordinate to the Access Easements and any other easements, 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 Premises, or any part thereof or City's interest therein (each, a "Priority Document"), without the necessity of executing any instrument to effectuate such subordination if such Priority Document is executed before the Effective Date. Tenant shall subordinate this Lease to any Priority Document executed after the Effective Date if Tenant receives a commercially reasonable non-disturbance agreement with respect to such Priority Document. Upon City's request, Tenant, or Tenant's successor-in-interest, shall execute and deliver any and all instruments desired by City evidencing the subordination of this Lease to any Priority Document pursuant to this Section in the manner requested by City. Notwithstanding the foregoing, City or the holder of a Priority

Document shall, in its respective discretion, have the right to subordinate any such interests to this Lease. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall attorn to the successor-in-interest to City, at the option of such successor-in-interest. The provisions of this Section shall be self-operative and no further instrument shall be required except as otherwise expressly set forth in this Section. Tenant agrees, however, to execute and deliver, upon demand by City and in the form requested by City, any additional documents evidencing the priority or subordination of this Lease (subject to Tenant's receipt of a commercially reasonable non-disturbance agreement with respect to the subordination to any Priority Documents executed after the Effective Date).

### **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 God, accidents, breakage, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials or by any other reason beyond City's reasonable control, no such inability or delay shall constitute an eviction under this Lease, or impose any liability upon City or its Agents by reason of inconvenience, annoyance, interruption, injury or loss to or interference with Tenant's business or use and occupancy or quiet enjoyment of the Premises or any loss or damage occasioned thereby. Tenant hereby waives and releases any right to terminate this Lease under Section 1932, subdivision 1 of the California Civil Code or any similar law, statute or ordinance now or hereafter in effect.

### **14. DAMAGE AND DESTRUCTION**

#### **14.1 Damage and Destruction**

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

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

If at any time during the last twelve (12) months of the Term of this Lease, the Premises or the Building is damaged in a manner that cannot be repaired within sixty (60) days 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**

### **15.1 Definitions**

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

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

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

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

### **15.2 General**

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

### **15.3 Total Taking; Automatic Termination**

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

#### **15.4 Partial Taking; Election to Terminate**

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

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

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

#### **15.5 Termination of Lease; Rent and Award**

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

#### **15.6 Partial Taking; Continuation of Lease**

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

#### **15.7 Temporary Takings**

Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to all or any part of the Premises for a limited period of time not in excess of one hundred eighty (180) consecutive days, this Lease shall remain unaffected thereby, and Tenant shall continue to pay Rent and to perform all of the terms, conditions and covenants of this Lease. In the event of

such temporary Taking, Tenant shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total Rent owing by Tenant for the period of the Taking, and City shall be entitled to receive the balance of any Award.

## **16. ASSIGNMENT AND SUBLETTING**

### **16.1 Restriction on Assignment and Subletting**

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

Tenant shall have the right to enter into an Assignment or Sublease without obtaining the consent of City to any Tenant's Affiliate (as defined below), provided Tenant gives City written notice of its intent thereof at least fifteen (15) business days before the proposed effective date of such transfer. In addition, City acknowledges that Tenant's intended use of the Premises is as a market hall with multiple small vendors that cultivates low-income food entrepreneurs. Accordingly, Tenant shall have the right to Sublease any or all portions of the Premises to vendors (each, a "Vendor") without obtaining the consent of City; provided, however, that Tenant shall use commercially reasonable efforts to select Vendors that are low-income, local businesses, and shall charge commercially reasonable rates to Vendors that are reasonably capable of paying them.

As used in this Section, the term "Tenant's Affiliate" shall mean, any of the following: (a) any person or entity owning, directly or indirectly, fifty percent (50%) or more of the ownership interests of Tenant (an "Owning Person"), (b) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by any Owning Person, (c) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by Tenant.

### **16.2 Notice of Proposed Transfer**

If Tenant desires to enter into an Assignment or a Sublease that requires City's consent pursuant to Section 16.1 above, it shall give written notice (a "Notice of Proposed Transfer") to City of its intention to do so. The Notice of Proposed Transfer shall identify the proposed transferee and state the terms and conditions of the proposed Assignment or Sublease. Tenant shall deliver to City with its request for City's consent the proposed Assignment or Sublease and current financial statements of the proposed transferee, prepared by an independent certified public accountant, and promptly upon City's request for same, any additional documents or information reasonably related to the proposed transaction or transferee.

### **16.3 City's Response**

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



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 (each, a "Transferee") and the terms and conditions of the proposed Sublease or Assignment. However, one hundred percent (100%) of any rent or other consideration realized by Tenant under any such Assignment or Sublease in excess of the Base Rent and Additional Charges payable hereunder (or the amount thereof proportionate to the portion of the Premises 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 Recapture. 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 after City declines to exercise any of the foregoing options Tenant desires to enter into such Assignment or Sublease **(A)** on terms and conditions materially more favorable to Tenant than those contained in the Notice of Proposed Transfer or **(B)** 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.

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 portion thereof specified in such new Notice of Proposed Transfer) with the proposed Transferee identified in Tenant's notice.

Notwithstanding the foregoing, if any event of default by Tenant is outstanding hereunder 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 a 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) the following shall apply:

**(a)** In the case of a Sublease, **(i)** City shall have the right to use the portion of the Premises covered by the Notice of Proposed Transfer (the "Sublease Space") for any legal purpose, **(ii)** the rent payable by City to Tenant shall be the lesser of **(A)** the amount in the Notice of Proposed Transfer or **(B)** the Base Rent payable by Tenant under this Lease at the time of the Sublease (or the amount thereof proportionate to the Sublease Space if for less than the entire Premises), **(iii)** City may make alterations and improvements to the Sublease Space and may remove any such alterations or improvements, in whole or in part, prior to or upon the expiration of the Sublease, provided that City shall repair any damage or injury to the Sublease Space caused by such removal, **(iv)** City shall have the right to further sublease or assign the Sublease Space to any party, without the consent of Tenant, and **(v)** Tenant shall pay to City on demand any costs incurred by City in physically separating the Sublease Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable laws or regulations relating to such separation.

**(b)** In the case of Recapture, **(i)** the portion of the Premises subject to the Recapture (the "Recapture Space") shall be deleted from the Premises for all purposes hereunder, and Tenant and City shall be relieved of all their rights and obligations hereunder with respect to

the Recapture Space except to the extent the same would survive the Expiration Date or other termination of this Lease pursuant to the provisions hereof, and (ii) City shall pay any cost incurred in physically separating the Recapture Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable governmental laws or regulations relating to such separation.

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

No Sublease or Assignment by Tenant nor any consent by City thereto shall relieve Tenant, or any guarantor, of any obligation to be performed by Tenant under this Lease. Any Sublease or Assignment not in compliance with this Section shall be void and, at City's option, shall constitute a material default by Tenant under this Lease. The acceptance of any 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 Sublease, whether in violation of or in compliance with this Section, in the event of default by any Transferee, Tenant's Affiliate, Vendor, 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, Tenant's Affiliate, Vendor, or successor.

### **16.6 Assumption by Transferee**

Each Transferee (other than City), Tenant's Affiliate, and Vendor shall assume all obligations of Tenant under this Lease and shall be liable jointly and severally with Tenant for the payment of the Base Rent, 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, Tenant's Affiliate, and Vendor 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 Affiliate, or Vendor.

## **17. DEFAULT; REMEDIES**

### **17.1 Events of Default**

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

(a) a failure to pay Base Rent, 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 a default by Tenant hereunder without any further action by City or opportunity of Tenant to cure except as may be required by Section 1161 of the California Code of Civil Procedure;

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

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

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

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

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

(iii) All unpaid rent due or earned hereunder prior to the date of termination, less the proceeds of any reletting or any rental received from subtenants prior to the date of termination applied as provided in Section 17.2(b) below, together with interest at the

Interest Rate, on such sums from the date such rent is due and payable until the date of the award of damages; plus

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

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

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

(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 without terminating this Lease and sublet all or any part of the Premises for Tenant's account to any person, for such term (which may be a period beyond the remaining term of this Lease), at such rents and on such other terms and conditions as City deems advisable. In the event of any such subletting, rents received by City from such subletting shall be applied (i) first, to the payment of the costs of maintaining, preserving, altering and preparing the Premises for subletting, the other costs of subletting, including but not limited to brokers' commissions, attorneys' fees and expenses of removal of Tenant's Personal Property, trade fixtures and Alterations; (ii) second, to the payment of rent then due and payable hereunder; (iii) third, to the payment of future rent as the same may become due and payable hereunder; and (iv) fourth, the balance, if any, shall be paid to Tenant upon (but not before) expiration of the term of this Lease. If the rents received by City from such subletting, after application as provided above, are insufficient in any month to 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.

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

(c) During the continuance of an Event of Default, City may enter the Premises without terminating this Lease and remove all Tenant's Personal Property, Alterations and trade fixtures from the Premises and store them at Tenant's risk and expense. If City removes such property from the Premises and stores it at Tenant's risk and expense, and if Tenant fails to pay the cost of such removal and storage after written demand therefor and/or to pay any rent then due, then after the property has been stored for a period of thirty (30) days or

more City may sell such property at public or private sale, in the manner and at such times and places as City deems commercially reasonable following reasonable notice to Tenant of the time and place of such sale. The 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 reentering and taking possession of the Premises or removing and storing Tenant's Personal Property pursuant to this Section 17.2, and Tenant shall indemnify, defend and hold City harmless from and against any and all Claims resulting from any such act. No reentry by City shall constitute or be construed as a forcible entry by City.

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

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

### **17.5 Reimbursement of Allowance**

If Tenant fails to fully cure an Event of Default under Section 17.1(a) or Section 17.1(b), Tenant shall reimburse the Allowance to City within thirty (30) days of receiving City's written demand for such reimbursement.

## **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 for, any injury, loss or damage to any person or property in or about the Premises by or from any cause whatsoever including,

without limitation, **(a)** any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Premises, **(b)** theft, **(c)** explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, **(d)** stopped, leaking or defective Building Systems, **(e)** Building defects, and **(f)** any other acts, omissions or causes. Nothing in this Section shall relieve City from liability caused solely and directly by the gross negligence or willful misconduct of City or its Agents, but City shall not be liable under any circumstances for any consequential, incidental or punitive damages.

## **18.2 Tenant's Indemnity**

Tenant, on behalf of itself and its successors and assigns, shall indemnify, defend and hold harmless ("Indemnify") City including, but not limited to, all of its boards, commissions, departments, agencies and other subdivisions, including, without limitation, its Real Estate Division, OEWD, Mayor's Office of Housing and Community Development, and all of its and their Agents, and their respective heirs, legal representatives, successors and assigns (individually, an "Indemnified Party" and collectively, the "Indemnified Parties"), and each of them, from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses, including, without limitation, direct and vicarious liability of every kind (collectively, "Claims"), incurred in connection with or arising in whole or in part from: **(a)** any accident, injury to or death of a person, including, without limitation, employees of Tenant, or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Premises; **(b)** any default by Tenant in the observation or performance of any of the terms, covenants or conditions of this Lease to be observed or performed on Tenant's part; **(c)** the use or occupancy or manner of use or occupancy of the Premises by Tenant, its Agents or Invitees or any person or entity claiming through or under any of them; **(d)** the condition of the Premises from and after the Effective Date; **(e)** any construction or other work undertaken by Tenant on the Premises whether before or during the Term of this Lease; or **(f)** any acts, omissions or negligence of Tenant, its Agents or Invitees, in, on or about the Premises, all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that such Indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Lease and further except only to the extent such Claims are caused by or result from the willful misconduct or negligence of an Indemnified Party. 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)** Tenant, at no cost to the City, shall procure and keep in effect at all times during the Term insurance as follows:

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

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

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

**(iv)** Licensed professionals (i.e., architects, engineers, certified public accountants, etc.) shall provide professional liability insurance to Tenant 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.

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

**(b)** At all times during any period of Tenant's construction of Tenant Improvements or any Alterations (to the extent City is requiring the following insurance during the construction of such Alteration), Tenant shall, at no cost to the City, comply with the following additional insurance requirements:

**(i)** Tenant shall require Tenant's contractor to maintain (a) commercial general liability insurance with limits of not less than Three Million Dollars (\$3,000,000) combined single limit for bodily injury and property damage (including personal injury and death), and contractor's protective liability; and products and completed operations coverage in an amount not less than Five Hundred Thousand Dollars (\$500,000) per incident, One Million Dollars (\$1,000,000) in the aggregate; (b) comprehensive automobile liability insurance with a policy limit of not less than One Million Dollars (\$1,000,000) each accident for bodily injury and property damage, providing coverage at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, "any auto", and insuring against all loss in connection with the ownership, maintenance and operation of automotive equipment that is owned, hired or non-owned; (c) worker's compensation with statutory limits and employer's liability insurance with limits of not less than One Hundred Thousand Dollars (\$100,000) per accident, Five Hundred Thousand Dollars (\$500,000) aggregate disease coverage and One Hundred Thousand Dollars (\$100,000) disease coverage per employee; and (d) contractor's pollution liability insurance with limits not less than \$1,000,000 each occurrence combined single limit.

**(ii)** Tenant shall cause Tenant's Agents (other than Tenant's contractor) to carry such insurance as shall be reasonably approved by City taking into account the nature and scope of the work and industry custom and practice.

**(iii)** Tenant shall carry "Builder's All Risk" insurance on a form reasonably approved by City, in the amount of one hundred percent (100%) of the completed value of all new construction, insuring all new construction, including all materials and equipment incorporated in, on or about the Premises, and in transit or storage off-site, that are or will be part of the permanent Improvements, against "all risk" and "special form" hazards, water damage (including groundwater damage and water damage resulting from backed up sewers and drains), and flood insurance.

**(iv)** Tenant shall require all providers of professional services, including architectural, design, engineering, geotechnical, and environmental professionals under contract with Tenant for any Tenant Improvements or any Alterations to maintain professional liability (errors or omissions) insurance, with limits not less than One Million Dollars (\$1,000,000.00) each claim and aggregate, with respect to all professional services provided to Tenant therefor.

(v) Should any of the insurance required to be maintained by Tenant (i.e., not by professionals retained by Tenant) be provided under a claims-made form, Tenant shall maintain such coverage continuously throughout the Term and, without lapse, for a period of three (3) years beyond the expiration or termination of this Lease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Lease, such claims shall be covered by such claims-made policies.

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

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

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

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

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

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

(g) Tenant shall deliver to City certificates of insurance and additional insured policy endorsements from insurers for the policies required in Section 19.1(a) in a form satisfactory to City, evidencing the coverage required hereunder, on or before the Effective Date, together with complete copies of the policies promptly upon City's request, and Tenant shall provide City with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. Tenant shall deliver to City certificates of insurance and additional insured policy endorsements from insurers for the policies required in Section 19.1(b) in a form satisfactory to City, evidencing the coverage required hereunder, on or before the commencement of construction for the applicable Tenant Improvements or Alterations, together with complete copies of the policies promptly upon City's request, and Tenant shall provide City with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. If Tenant fails to timely procure such insurance, or to timely deliver such policies or certificates, City may procure, at its option, without waiving any rights or remedies which City may have for Tenant's default hereunder, the same for the account of Tenant, and the cost thereof shall be paid to City within five (5) days after delivery to Tenant of bills therefor.

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



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

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

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

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

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

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

### **19.4 Waiver of Subrogation**

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

## **20. ACCESS BY CITY**

City reserves for itself and any of its designated Agents, the right to enter the Premises as follows: (a) on a regular basis without advance notice to supply any necessary or agreed-upon service to be provided by City hereunder; (b) on an occasional basis, at all reasonable times after giving Tenant reasonable advance written or oral notice, to show the Premises to prospective tenants or other interested parties, to post notices of non-responsibility, to conduct any environmental audit of Tenant's use of the Premises, to repair, alter or improve any part of the Building, Building Systems or the Premises, and for any other lawful purpose; and (c) on an emergency basis without notice whenever City believes that emergency access is required. City 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 (excluding Tenant's vaults, safes or special security areas, if any, designated by Tenant in writing to City) shall be keyed to the Building master key system, and City shall at all times have a key with which to unlock all such doors.

## **21. CERTIFICATES**

### **21.1 Tenant's Estoppel Certificates**

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

### **21.2 City's Certificates**

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

## **22. RULES AND REGULATIONS**

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

**23.** [Intentionally deleted]

## **24. SURRENDER OF PREMISES**

City anticipates demolishing the Building following the Expiration Date. Upon the Expiration Date or other termination of this Lease, Tenant shall peaceably quit and surrender to City the Premises in broom clean condition, together with the Tenant Improvements and all Alterations approved by City, except for any portion of the Premises condemned and any damage and destruction for which Tenant is not responsible hereunder. If this Lease terminates prior to the Rent Commencement Date, Tenant shall cause the Leasehold Improvement Work completed as of such termination date to be in a safe condition. 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. Except as otherwise set forth in Section 25, 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, using commercially reasonable efforts to avoid any damage to any portion of the Premises. If such removal is not completed at the expiration or other termination of this Lease, City may remove the same at Tenant's expense. Tenant's obligations under this Section shall survive the Expiration Date or other termination of this Lease. Any items of Tenant's Personal Property remaining in the Premises after the Expiration Date or sooner termination of this Lease may, at

City's option, be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by law.

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

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

### **25.1 City May Elect to Remove or Retain Wires**

Within thirty (30) days after the expiration or sooner termination of this Lease or at any time that the Wires (as defined below) are no longer in active use by Tenant, City may elect by written notice to Tenant to: **(a)** retain any or all wires, cables and similar installations appurtenant thereto (the "Wires") installed by or on behalf of Tenant within the Premises or any portion of the Building outside the Premises, including, without limitation, the plenums or risers of the Building; or **(b)** remove any or all of the Wires.

### **25.2 Compliance with Laws and Discontinuance of Wire Use**

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

### **25.3 Condition of Wires**

Tenant covenants that as of the expiration or sooner termination of this Lease, Tenant will be the sole owners of the Wires, Tenant will have the sole right to surrender the Wires, and the Wires shall be free of all liens and encumbrances.

### **25.4 Survival**

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

## **26. HAZARDOUS MATERIALS**

### **26.1 Definitions**

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

**(a)** "Environmental Laws" shall mean any present or future federal, state, local or administrative law, rule, regulation, order or requirement relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage), or to health and safety, industrial hygiene or the environment, including, without limitation, soil, air and groundwater conditions.

**(b)** "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health, welfare or safety or to the environment. Hazardous Material includes, without limitation,

any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

(c) "Investigate and Remediate" ("Investigation" and "Remediation") 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 Premises or that has been, are being or threaten to be Released into the environment, and 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 Building, or in, on, under or about any other part of the Premises or into the environment.

## **26.2 No Hazardous Materials**

Tenant acknowledges there is asbestos in the black mastic used to affix the mirrors to the walls in the restrooms and may be other Hazardous Material at the Premises. 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 Premises, or transported to or from the Premises, with the sole exception that Tenant may keep and use such substances in the Building in such reasonably limited amounts as are customarily used for general office, cleaning, janitorial and cooking purposes and may generate such substances as a result of measures taken pursuant to Articles 7 or 8 of this Lease that disturb or remove lead-based or presumed lead-based paint from the exterior or interior surfaces of the Premises so long as such generation, storage, transportation, use, and disposal are in compliance with all applicable Environmental Laws at all times. Tenant shall give immediate written notice to City of: (a) any action, proceeding or inquiry by any governmental authority (including, without limitation, the California State Department of Health Services, the State or any Regional Water Quality Control Board, the Bay Area Air Quality Management district or any local governmental entity) against Tenant with respect to the presence or Release or suspected presence or Release of Hazardous Material on the Premises 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 relating to any loss or injury resulting from any Hazardous Materials; (c) any Release of Hazardous Material on or about the Premises 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.

## **26.3 Tenant's Environmental Indemnity**

If Tenant breaches any of its obligations contained in this Section, or, if any act or omission of Tenant, its Agents or Invitees, results in any Release of Hazardous Material in, on, under or about the Premises in violation of any applicable Environmental Laws, including but not limited to Chapter 36 of the San Francisco Building Code, then, without limiting Tenant's Indemnity contained in Section 18.2 (Tenant's Indemnity), Tenant shall, on behalf of itself and its successors and assigns, Indemnify the Indemnified Parties, and each of them, from and against all Claims (including, without limitation, 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 Premises to its prior condition, fines and penalties assessed for the violation of any applicable Environmental Laws including but not limited to Chapter 36 of the

San Francisco Building Code, 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, Tenant shall immediately and at no expense to City take any and all appropriate actions to return the Premises affected thereby to the condition existing prior to such Release and otherwise Investigate and Remediate the Release in accordance with all Environmental Laws. Tenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the City from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Tenant by the City and continues at all times thereafter. Tenant shall afford City a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, or other compromise or proceeding involving Hazardous Material.

#### **26.4 Survival of Obligation**

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

### **27. GENERAL PROVISIONS**

#### **27.1 Notices**

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

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

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

subsequent default or performance. Any consent by City hereunder shall not relieve Tenant of any obligation to secure the consent of City in any other or future instance under the terms of this Lease.

### **27.3 Amendments**

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

### **27.4 Authority**

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

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

The words "City" and "Tenant" as used herein shall include the plural as well as the singular. If there is more than one Tenant, the obligations and liabilities under this Lease imposed on Tenant shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party, and the term "Invitees" when used with respect to Tenant shall include the clients, customers, invitees, guests, licensees, assignees or subtenants of Tenant. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through City's Director of Property unless otherwise provided in this Lease, subject to applicable law.

### **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 such captions shall in no way define or limit the scope or intent of any provision of this Lease. This Lease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this Lease. Provisions in this Lease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving

or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

### **27.7 Successors and Assigns**

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

### **27.8 Brokers**

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

### **27.9 Severability**

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

### **27.10 Governing Law**

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

### **27.11 Entire Agreement**

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

no rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise unless expressly set forth herein.

### **27.12 Attorneys' Fees**

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

### **27.13 Holding Over**

Tenant acknowledges that if it holds over at the Premises following the expiration or earlier termination of this Lease without City's consent could result in substantial City costs and expenses with respect to the development or other use of the Premises. Without limiting City's other rights and remedies set forth in this Lease, at law, or in equity, if Tenant retains possession of any portion of the Premises after the expiration or the earlier termination of this Lease, then unless City expressly agrees to the holdover in writing, Tenant shall pay City, on a month-to-month basis the Base Rent payable by Tenant hereunder prior to such expiration or termination, together with monthly payments equal to forty percent (40%) of Net Income (the "Holdover Payment") and an amount estimated by City for the monthly Additional Charges payable under this Lease, and shall otherwise be on the terms and conditions herein specified so far as applicable (except for those pertaining to the Term). Any failure by Tenant to surrender, discontinue using, or, if required by City, any failure to remove any property or equipment following written demand for the same by City, shall constitute continuing possession for purposes hereof. Tenant acknowledges that the foregoing provisions shall not serve as permission for the Tenant to hold over, nor serve to extend the term of this Lease beyond the end on the term hereof. Any holding over without City's consent shall constitute a default by Tenant and entitle City to exercise any or all of its remedies as provided herein, notwithstanding that City may elect to accept one or more payments of Rent, and whether or not such amounts are at the holdover rate specified above or the rate in effect at the end of the Term of this Lease. Any holding over after the expiration of the Term with the express consent of City shall be construed to automatically extend the Term of this Lease on a month-to-month basis at a Base Rent equal to the latest Base Rent payable by Tenant hereunder prior to such expiration, together with Percentage Rent and the amount estimated by City for the monthly Additional Charges payable under this Lease, and shall otherwise be on the terms and conditions herein specified so far as applicable (except for those pertaining to the Term).

During any period of holding over, Tenant shall provide monthly statements (each, a "Monthly Statement") for the immediately preceding month in a form approved by City and setting forth in reasonable detail the Gross Revenues for the immediately preceding month,



including an itemized list of any and all deductions or exclusions from Gross Revenues that Tenant may claim and which are expressly permitted under this Lease, the Expenses for the immediately preceding month, and a computation of the Percentage Rent or the Holdover Payment, as applicable, for the immediately preceding month. Each Monthly Statement shall be certified as accurate, complete and current by Tenant's president and chief financial officer. Within the sixty (60) day period immediately following Tenant's vacation of the Premises after any period of holding over, Tenant shall provide a final statement (the "Final Statement"), certified as accurate, complete and current by an independent certified public accounting firm acceptable to City's Director of Property in his or her sole discretion and in a form approved by City, setting forth in reasonable detail the Gross Revenues for such period, including an itemized list of any and all deductions or exclusions from Gross Revenues that Tenant may claim and which are expressly permitted under this Lease, the Expenses for such period, and a computation of the Percentage Rent or Holdover Payments, as applicable, for such period. If the Final Statement shows Tenant underpaid the Percentage Rent or Holdover Payments, as applicable, for the holdover period, Tenant shall deliver the remaining amount owed to City within thirty (30) days of receiving City's invoice therefor, together with interest from the date of the error in the payment equal to ten percent (10%) per year or, if a higher rate is legally permissible, the highest rate an individual is permitted to charge under applicable law, if City elects, in its sole discretion, to charge such interest. If an audit reveals that Tenant has overpaid Percentage Rent or Holdover Payments, as applicable, for the holdover period, within sixty (60) days of receiving the Final Statement, City shall reimburse Tenant in an amount equal to the amount Tenant has overpaid.

If Tenant fails to deliver any Monthly Statement or Final Statement within the time period set forth in this Section (irrespective of whether any Percentage Rent or Holdover Payment, as applicable, is actually paid or due to City for the applicable period) and such failure continues for three (3) days after the date Tenant receives (or refuses receipt of) written notice of such failure from City, City shall have the right, among its other remedies under this Lease, to employ a certified public accountant to make such examination of the Books and Records of Tenant and of any other occupant of the Premises as may be necessary to certify the amount of the Gross Revenues and Expenses for the period in question. Such certification shall be binding upon Tenant and Tenant shall promptly pay to City the total reasonable cost of the examination and City's other reasonable costs (including attorneys' fees) in exercising its examination rights hereunder, together with the full amount of Percentage Rent or Holdover Payment, as applicable, due and payable for the period in question. Tenant acknowledges that the late submittal of any Monthly Statement or Final Statement will cause City increased costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. The parties agree that the charges set forth in this Section represent a fair and reasonable estimate of the cost that City will incur by reason of Tenant's lateness.

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

#### **27.14 Time of Essence**

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

#### **27.15 Cumulative Remedies**

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

#### **27.16 Survival of Indemnities**

Termination of this Lease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease,

nor shall it affect any provision of this Lease that expressly states it shall survive termination hereof.

### **27.17 Signs**

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

### **27.18 Relationship of the Parties**

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

### **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 Base 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 Public Transit Information**

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

### **27.22 Taxes, Assessments, Licenses, Permit Fees and Liens**

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

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

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

(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that the City and County of San Francisco report certain information relating to this Lease, and any

renewals thereof, to the County Assessor within sixty (60) days after any such transaction, and that Tenant report certain information relating to any assignment of or sublease under this Lease to the County Assessor within sixty (60) days after such assignment or sublease transaction. Tenant agrees to provide such information as may be requested by the City to enable the City to comply with this requirement.

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

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

### **27.24 Non-Discrimination in City Contracts and Benefits Ordinance**

#### **(a) Covenant Not to Discriminate**

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

#### **(b) Subleases and Other Subcontracts**

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

#### **(c) Non-Discrimination in Benefits**

Tenant does not as of the date of this Lease and will not during the term of this Lease, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for the City elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

#### **(d) CMD Form**

As a condition to this Lease, Tenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division. Tenant hereby represents that prior to execution of this Lease, (i) Tenant executed and

submitted to the CMD Form CMD-12B-101 with supporting documentation, and (ii) the CMD approved such form.

**(e) Incorporation of Administrative Code Provisions by Reference**

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

**27.25 No Relocation Assistance; Waiver of Claims**

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

**27.26 MacBride Principles - Northern Ireland**

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

**27.27 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.

**27.28 Restrictions on the Use of Pesticides**

Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or "IPM Ordinance") describes an integrated pest management ("IPM") policy to be implemented by all City departments. Tenant shall not use or apply or allow the use or application of any pesticides on the Premises or contract with any party to provide pest abatement or control services to the Premises without first receiving City's written approval of

an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the term of this Lease, (ii) describes the steps Tenant will take to meet the City's IPM Policy described in Section 300 of the IPM Ordinance, and (iii) identifies, by name, title, address and telephone number, an individual to act as the Tenant's primary IPM contact person with the City. Tenant shall comply, and shall require all of Tenant's contractors to comply, with the IPM plan approved by the City and shall comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Tenant were a City department. Among other matters, such provisions of the IPM Ordinance: (a) provide for the use of pesticides only as a last resort, (b) prohibit the use or application of pesticides on property owned by the City, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City's Department of the Environment), (c) impose certain notice requirements, and (d) require Tenant to keep certain records and to report to City all pesticide use at the Premises by Tenant's staff or contractors.

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

#### **27.29 First Source Hiring Agreement**

Tenant and City are parties to the First Source Agreement attached to this Lease as Exhibit G pursuant to San Francisco Administrative Code, Chapter 83 (the "First Source Agreement"). Any default by Tenant under the First Source Agreement shall be a default under this Lease.

#### **27.30 Sunshine Ordinance**

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

#### **27.31 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 Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Tenant becomes aware of any such fact during the term of this Lease Tenant shall immediately notify the City.

#### **27.32 Charter Provisions**

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

### **27.33 Drug-Free Workplace**

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

### **27.34 Prohibition of Tobacco Sales and Advertising**

Tenant acknowledges and agrees that no advertising or sale of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product.

### **27.35 Counterparts**

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

### **27.36 Effective Date**

This Lease shall become effective on the date upon which (a) City's Board of Supervisors and the Mayor, in their sole and absolute discretion, adopt a resolution or enact an ordinance approving this Lease in accordance with all applicable laws and (b) this Lease is duly executed and delivered by the parties hereto.

### **27.37 Acceptance of Lease by Tenant**

This Lease shall be null and void unless Tenant accepts it and returns to City three (3) fully executed counterparts hereof on or before 5:00 p.m. San Francisco Time on February 16, 2018.

### **27.38 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 Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12Q.

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

(b) Notwithstanding the above, if the Tenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with subsection (a) above.

(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 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

(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 Fifty Thousand Dollars (\$50,000), but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with City to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Tenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

### **27.39 Notification of Limitations on Contributions**

Through its execution of this Lease, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require 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, from making any campaign contribution to (a) the City elective officer, (b) a candidate for the office held by such individual, or (c) 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 such contract or six months after the date the 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 \$50,000 or more. Tenant further acknowledges that the prohibition on contributions applies to each Tenant; each member of Tenant's board of directors, and Tenant's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Tenant; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Tenant. Additionally, Tenant acknowledges that Tenant must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Tenant further agrees to provide to City the name of each person, entity or committee described above.

#### **27.40 Preservative-Treated Wood Containing Arsenic**

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.

#### **27.41 Resource-Efficient City Buildings**

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

#### **26.42 Food Service and Packaging Waste Reduction Ordinance**

All undefined, initially-capitalized terms used in this Section shall have the meanings given to them in Chapter 15 of the San Francisco Environment Code (the "Food Service and Packaging Waste Reduction Ordinance"), which among other things, prohibits the provision of Prepared Food in Food Service Ware made, in whole or part, from Polystyrene Foam or in Food Service Ware that is not Compostable or Recyclable. Tenant agrees to comply fully with and be bound by all of the provisions of the Food Service and Packaging Waste Reduction Ordinance, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Lease as though fully set forth herein. This provision is a material term of this Lease. By entering into this Lease, Tenant agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Tenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Lease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Tenant's failure to comply with this provision.



### **26.43 San Francisco Packaged Water Ordinance**

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

### **27.44 Criminal History in Hiring and Employment Decisions**

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

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

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

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

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

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

(g) Tenant and subtenants understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T or this Lease, including but not limited to a penalty of

\$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Lease.

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

#### **27.45 Cooperative Drafting**

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

#### **27.46 Vending Machines; Nutritional Standards**

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

#### **27.47 All-Gender Toilet Facilities**

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

#### **27.48 Employee Signature Authorization Ordinance**

City has adopted an Employee Signature Authorization Ordinance (S.F. Admin Code Sections 23.50-23.56). That ordinance requires employers of employees in hotel or restaurant projects on public property with fifty (50) or more employees (whether full-time or part-time) to enter into a "card check" agreement with a labor union regarding the preference of employees to be represented by a labor union to act as their exclusive bargaining representative. Tenant shall comply with the requirements of such ordinance, if applicable, including, without limitation, any requirements in the ordinance with respect to its subtenants, licensees, and operators.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS LEASE UNLESS AND UNTIL CITY'S BOARD OF SUPERVISORS SHALL HAVE DULY ADOPTED A RESOLUTION OR ENACTED AN ORDINANCE APPROVING THIS LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION OR ORDINANCE, AND THIS LEASE SHALL 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 DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION OR ORDINANCE WILL BE ENACTED, NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

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

**TENANT:**

LA COCINA, INC.,  
a California non-profit organization

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

**CITY:**

CITY AND COUNTY OF SAN FRANCISCO,  
a municipal corporation

By: \_\_\_\_\_

ANDRICO Q. PENICK  
Director of Property

Date: \_\_\_\_\_

**RECOMMENDED:**

\_\_\_\_\_

**APPROVED AS TO FORM:**

DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
Carol Wong, Deputy City Attorney

**EXHIBIT A**

**DEPICTION AND DESCRIPTION OF PREMISES**

*[TO BE INSERTED BY CITY PRIOR TO CITY'S LEASE EXECUTION]*

**EXHIBIT B**

**WORK LETTER**

*[TO BE INSERTED BY CITY AND TENANT PRIOR TO BOS APPROVAL]*

**EXHIBIT C**

**AMENDED EASEMENT AGREEMENTS**

*[TO BE INSERTED BY CITY PRIOR TO CITY'S LEASE EXECUTION]*

**EXHIBIT D**

**NOTICE OF RENT COMMENCEMENT DATE**

[Date]

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

RE: Acknowledgement of Rent Commencement Date and Expiration Date, Lease Between \_\_\_\_\_ (Tenant), and the City and County of San Francisco (Landlord), for the Premises located at \_\_\_\_\_

Dear Mr. Penick:

This letter will confirm that for all purposes of the Lease, the Rent Commencement Date (as defined in Section 3.2 of the Lease) is \_\_\_\_\_, 20\_\_ and the Expiration Date (as defined in Section 3.2 of the Lease) is \_\_\_\_\_, 20\_\_.

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

Very truly yours,

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted and Agreed:

By: \_\_\_\_\_  
Andrico Q. Penick  
Director of Property

Dated: \_\_\_\_\_



**EXHIBIT E**

**APPROVED TENANT'S PLANS AND SPECIFICATIONS**

*[FINAL PLANS TO BE INSERTED PRIOR TO CITY'S EXECUTION OF LEASE]*

**EXHIBIT F**

**FORM OF PERFORMANCE BOND**

PERFORMANCE BOND AND PAYMENT (LABOR & MATERIALS) BOND

WHEREAS, La Cocina, Inc. ("Tenant") and the City and County of San Francisco ("City") are parties to a Lease dated as of \_\_\_\_\_, 20\_\_ ("Lease") for the property commonly known as 101 Hyde Street, San Francisco, California ("Property"); and

WHEREAS, Tenant is required to make certain improvements to the Property pursuant to Article 6 of the Lease, and Tenant has entered into a \_\_\_\_\_ [name of contract] ("Contract") with \_\_\_\_\_ [name of contractor] ("Principal") dated as of \_\_\_\_\_, 20\_\_, for the performance of such improvements, as further described in the Contract ("Work"); and

WHEREAS, The Lease requires that Principal furnish a Bond for the faithful performance of the Contract and to furnish a separate Bond for the payment of any materials, provisions, or other supplies, used in, upon, for or about the performance of the work contracted to be done under the Contract ("Work").

NOW, THEREFORE, we the Principal and

\_\_\_\_\_

as Surety, are firmly bound unto Tenant and the City in the penal sum of

(PERFORMANCE BOND)

(PAYMENT BOND)

\_\_\_\_\_ and \_\_\_\_\_

lawful money of the United States for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally firmly by these presents for the penal sum for a performance bond and an equal and separate penal sum for a separate payment bond.

(PERFORMANCE BOND)

THE CONDITION OF THIS OBLIGATION IS SUCH, that if the above bounded Principal, its heirs, executors, administrators, successors or assigns, shall in all things stand to and abide by, and well and truly keep and perform the covenants, conditions and agreements in the said Contract, including the provisions for liquidated damages in the said Contract, any changes, additions or alterations thereof made as therein provided, on its part, to be kept and performed at the time and in the manner therein specified, and in all respects according to their true intent and meaning, and shall indemnify and save harmless the City, its officers and agents, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and effect.

(PAYMENT BOND)

THE CONDITION OF THIS OBLIGATION IS SUCH, that if Principal, its heirs, executors, administrators, successors or assigns, or its subcontractors, shall fail to pay (i) any of the persons named in California Civil Code Section 9100 for any materials, provisions, or other supplies used in, upon, for or about the performance of work under the Contract, or for any work or labor performed under the Contract; or (ii) amounts due under the California Unemployment Insurance Code with respect to work or labor performed under the Contract; or (iii) for any amounts required to be deducted, withheld, and paid over to the State of California Employment Development Department from the wages of employees of Principal and subcontractors pursuant to Section 13020 of the California Unemployment Insurance Code with respect to such work or labor, that Surety will pay for the same in an amount not exceeding the sum specified in this Bond. In the event that suit is brought upon this Payment Bond, the parties not prevailing in such suit shall pay reasonable attorney's fees and costs incurred by the prevailing parties in such suit.

This Payment Bond shall inure to the benefit of any of the persons named in California Civil Code Section 9100 as to give a right of action to such persons or their assigns in any suit brought against this Bond.

Should the condition of this Payment Bond be fully performed, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

Surety, for value received, hereby expressly agrees that no change, extension of time, modification, alteration or addition to the undertakings, covenants, terms, conditions and agreements of the Contract, or to the work to be performed thereunder, or to the specifications accompanying the same, and no inadvertent overpayment of progress payments, shall in any way affect its obligations on these Bonds; and it does hereby waive notice of any such change, extension of time, modification, alteration or addition to the undertakings, covenants, terms, conditions and agreements of the Contract, or to the Work to be performed thereunder, or to the specifications, or of any inadvertent overpayment of progress payments.

IN WITNESS WHEREOF, the above-bounden parties have executed this instrument under their seal this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

Approved as to form:  
Dennis J. Herrera  
City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

\_\_\_\_\_  
Principal

By: \_\_\_\_\_

\_\_\_\_\_  
Surety

By: \_\_\_\_\_

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

State of California             )  
  ) ss  
County of San Francisco        )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

## **EXHIBIT G**

### **STANDARD UTILITIES**

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

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

**A. Ventilation; Heating and Air-Conditioning.** Ventilation to the Building, and air-conditioning and heating to the Building in season, in conformance with approved operating hours and at such temperatures and in such amounts as City deems reasonably necessary for the comfortable occupancy of the Building, subject to applicable governmental laws, ordinances, rules and regulations. Tenant shall not alter, adjust, tamper with or in any manner affect the installations or facilities supplying climate control to the Building without City's consent.

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

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

**EXHIBIT H**

**RULES AND REGULATIONS**

*[TO BE INSERTED BY CITY AND TENANT PRIOR TO CITY'S LEASE EXECUTION]*

**EXHIBIT I**

**FIRST SOURCE HIRING AGREEMENT**

*[TO BE EXECUTED BY LA COCINA AND OEWD AND ATTACHED]*

**EXHIBIT J**

**MAINTENANCE AGREEMENTS**

*[ATTACHED, TO THE EXTENT AVAILABLE]*