LEASE AGREEMENT
FOR THE
HARVEY MILK TERMINAL 1 RETAIL CONCESSION LEASE
NO. 12 - BOOKSTORE
AT SAN FRANCISCO INTERNATIONAL AIRPORT

by and between

HG SFO RETAILERS 2017 JV,
a Joint Venture of Hudson Group (HG) Retail, RDJ Enterprises, LLC and Stewart Manhattan Investments, together as joint tenants

and

CITY AND COUNTY OF SAN FRANCISCO
ACTING BY AND THROUGH ITS AIRPORT COMMISSION,
as landlord

London N. Breed
Mayor

AIRPORT COMMISSION
Hon. Larry Mazzola, President
Hon. Eleanor Johns, Vice President
Hon. Richard J. Guggenhime
Hon. Everett A. Hewlett, Jr.
Hon. Malcolm Yeung

Ivar C. Satero
Airport Director

March 17, 2020

Lease No. 20-0047

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LEASE AGREEMENT
FOR THE
HARVEY MILK TERMINAL 1 RETAIL CONCESSION LEASE No. 12 -BOOKSTORE
AT SAN FRANCISCO INTERNATIONAL AIRPORT

MAJOR LEASE TERM SUMMARY

For the convenience of Tenant and City (as such terms are defined below), this Major Lease Term Summary (this "**Summary**") summarizes certain terms of this Lease (as defined below). his Summary is not intended to be a detailed or complete description of this Lease, and reference must be made to the other Sections below for the particulars of this Lease. In the event of any inconsistency between the terms of this Summary and any other provision of this Lease, such other provision shall prevail. Capitalized terms used elsewhere in this Lease and not defined elsewhere shall have the meanings given them in this Summary.

Effective Date:	_____, 20___.
Tenant:	Hudson Group (HG) Retail, LLC, RDJ Enterprises, LLC, and Stewart Manhattan Investments, Inc., as joint tenants doing business as: HG SFO Retailers 2017 JV
Tenant's Notice Address:	One Meadowlands Plaza, 11th Floor East Rutherford, NJ 07073 Attn: Michael R. Mullaney Fax No. 201-528-2591 Tel. No. 201-939-5050.
City:	The City and County of San Francisco, a municipal corporation, acting by and through its Airport Commission.
City's Notice Address:	San Francisco International Airport International Terminal, North Shoulder Bldg., 5th Floor Attn: Airport Director P. O. Box 8097 San Francisco, CA 94128 Fax No. (650) 821-5005 Tel. No. (650) 821-5000.

City's Rent Payment Address:	San Francisco Airport Commission Attn: Accounting P.O. Box 59753 Los Angeles, CA 90074-9753 Overnight Delivery via Courier: Lockbox LAC-059753 2706 Media Center Drive Los Angeles, CA 90065 Federal Wire System or ACH: Bank of America 555 Capitol Mall, Suite 765 Sacramento, CA 95814 Branch Locator #148 Bank Account No: 14997-21907 FedWire Bank ABA: 026-009-593 ACH Bank ABA: 121-000-358 SWIFT code: BOFAUS3N
City's Sales Report Address:	SFOConcessReport@flysfo.com
City's Deposit/Annual Report Notice Address:	San Francisco International Airport Attn: Revenue Development and Management 575 N. McDonnell Road, Suite 3-329 P. O. Box 8097 San Francisco, CA 94128 Fax No. (650) 821-4519 Tel. No. (650) 821-4500
Premises: (§ 1)	Space No. T1.2.150, in Harvey Milk Terminal 1, Boarding Area B (the "**Premises**") at the San Francisco International Airport, comprised of approximately 2,107 square feet of space, as described on the attached Exhibit A.
Relevant Boarding Area: (§ 4.14)	Boarding Area(s) B
Term: (§ 2)	The Development Term, plus a twelve (12) year Operating Term, collectively. **Development Term** is the period commencing on the Commencement Date and ending at 11:59 p.m. on the day prior to the Rent Commencement Date. **Operating Term** is the twelve (12) year period commencing on the Rent Commencement Date and ending on the Expiration Date.

Commencement Date: (§ 2.1)	The date on which the Airport Director gives notice to Tenant that the Premises are ready for Tenant to take possession. _____ (actual date to be inserted upon determination)
Rent for Interim Operations During Construction Period: (§ 4.4)	In the event Tenant desires to operate a temporary Facility during the construction of its Initial Improvements for such Facility, Tenant shall pay Sixteen Percent (16%) of Gross Revenues as Base Rent during such period (the "**Construction Period Percentage Rent**").
Rent Prior to Rent Commencement Date: (§ 4.5)	In the event Tenant completes its improvements and opens for business prior to the Rent Commencement Date, Base Rent will be greater of the Percentage Rent or a pro-rated MAG based on a thirty (30) day month.
Rent Commencement Date: (§ 4)	The earlier of: (a) the first day of the first calendar month following the date on which the Initial Improvements (as defined below) are substantially complete and Tenant opens for business therein, and (b) the first day of the first calendar month following the date that is ninety (120) days after the Commencement Date. Actual Dates (to be inserted upon determination): Rent Commencement Date _____
Expiration Date: (§ 2)	11:59 p.m. on the day before the _____ (___th) anniversary of the commencement of the Operating Term. _____ (actual date to be inserted upon determination)
Reference Year: (§ 4.14)	The calendar year immediately prior to the year in which this Lease is awarded: 2019.
Permitted Use: (§ 3)	The operation of a Bookstore facility ("**Facility**") on a non-exclusive basis, as described on the attached Exhibit B.
Base Rent: (§ 4)	Per Lease Year (as defined below), the greater of the MAG (as defined below) or the following sum (such sum being referred to herein as the "**Percentage Rent**"): (a) 8% of Gross Revenues (as defined below) achieved up to and including $2,000,000.00, plus, (b) 10% of Gross Revenues achieved over $2,000,000.00.

Lease Year: (§ 4)	The period commencing on the first Rent Commencement Date and terminating on December 31 of the year in which the first Rent Commencement Date occurs, and each subsequent 12-month period except that the final Lease Year be less than 12 months.
Minimum Annual Guarantee ("MAG"): (§ 4)	Four Hundred Sixty Thousand Dollars ($460,000.00) per annum; (Thirty Eight Thousand Three Hundred Thirty Three Dollars and Thirty Three Cents ($38,333.33) per month), (a) subject to adjustments upward as described below and (b) suspension and reinstatement under certain circumstances as described herein.
MAG Adjustment Date: (§ 4.3)	The first MAG adjustment shall occur on January 1st following the first full Lease Year and every January 1st thereafter.
	_____ (to be inserted upon determination)
Rent: (§ 4)	Base Rent, together with all other amounts owing by Tenant to City hereunder.
Deposit Amount: (§ 13)	Equal to one-half (1/2) of the initial MAG (subject to mid-term adjustment).
Minimum Investment Amount: (§ 7.1)	Seven Hundred Dollars ($700.00) per square foot of the Premises, which equals One Million Four Hundred Seventy-Four Thousand Nine Hundred Dollars ($1,474,900.00). Tenant may spend less than said amount provided it complies with the Airport's Concessions Design Guidelines and receives Design Review Committee approval.
Promotional Charge (§ 11)	One Dollar ($1.00) per square foot per annum of the Premises which equals Two Thousand One Hundred and Seven Dollars ($2,107.00).
Pest Control Services Fee (§ 9.4)	Seventy-Five Dollars ($75.00) per month, subject to adjustment as described herein.
Resolution:	Number 20-0047, approved by the Airport Commission on March 17, 2020.
Initial Tenant Representative: (§ 3.11)	Michael Mullaney Tel. No. 201-939-5050
Other Agreements: (§ 13.5)	L17-0207 International Terminal Newsstand and Specialty Retail Concession Lease No. 1 L18-0367 Boarding Area C Retail Concession Lease No. 1

Exhibits: A – Premises
B – Use and Operational Requirements
C-1 – Form of Performance Bond
C-2 – Form of Letter of Credit
D – Tenant Work Letter
All such exhibits are incorporated into this Lease and made a part hereof.

Initial of Authorized Representative of City _____

Initial of Authorized Representative of Tenant MRM SRS RDJ

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AT SAN FRANCISCO INTERNATIONAL AIRPORT

THIS LEASE AGREEMENT (this "**Lease**"), dated as of the Effective Date, is entered into by and between Tenant, and the City and County of San Francisco, a municipal corporation, acting by and through its Airport Commission ("**City**"). This Lease is made with reference to the following facts:

A. City owns the San Francisco International Airport (the "**Airport**") located in the County of San Mateo, State of California, which Airport is operated by and through the Airport Commission (the "**Commission**"), the chief executive officer of which is the Airport Director ("**Director**"). The Airport's "Terminal Building Complex" is currently comprised of Terminal 1, Terminal 2, Terminal 3, and an International Terminal, together with connecting concourses, piers, boarding areas and extensions thereof, and satellite buildings now or hereafter constructed. Tenant acknowledges that, from time to time, the Airport undergoes certain construction and renovation projects. Unless otherwise specified, the term "Airport" or "Terminal Building Complex" as used herein shall mean the Airport or the Terminal Building Complex, respectively, as the same may be expanded, contracted, improved, modified, renovated, or changed in any way. Unless otherwise specified below, references to the "City" shall mean the City, acting by and through its Airport Commission.

B. Tenant desires to provide and operate the service described in the Permitted Use at the Airport, and City has determined that such service would be an accommodation and convenience for airline passengers and the public using the Terminal Building Complex or the Airport.

C. Following a competitive process, pursuant to Section 2A.173 of the San Francisco Administrative Code, the Commission has determined that Tenant is the highest or best responsible bidder or proposer. Pursuant to the Resolution, Commission has awarded this Lease to Tenant. This Lease is subject to the final approval of the San Francisco Board of Supervisors under Charter Section 9.118.

Accordingly, Tenant and City agree as follows:

1. PREMISES

1.1 Extent of Leasehold. On the terms, conditions, and covenants in this Lease, City hereby leases to Tenant and Tenant hereby leases from City, the Premises. In addition, Tenant shall possess the non-exclusive right of ingress and egress to and from the Premises as may be necessary on areas designated by Director, subject to Airport Rules and Regulations, as amended from time to time (as amended, the "**Airport Rules**"), provided that Tenant's exercise of such right shall not impede or interfere unduly with the operation of the Airport by City, its tenants, customers, and other authorized occupants. Tenant shall not place or install any racks, stands or other display of merchandise or trade fixtures in any Airport property outside the Premises, without the express prior consent of Director. In no event will Tenant engage in any activity on the Airport outside the Premises for the recruitment or solicitation of business. For purposes of this Lease relating to Tenant's responsibilities, the "**Premises**" shall mean the area(s) shown on Exhibit A, where (a) the exact boundaries are deemed to be three inches (3") inside each wall separating the Premises from the adjacent premises or the external Terminal wall, and (b) with respect to the facade and/or wall on the front of the Premises, separating the Premises from

the Terminal common areas, the exact boundary is deemed to be the external face of the facade and/or wall.

1.2 Relocation, Expansion, Contraction.

(a) At any time during the Term, City may require that (i) Tenant relocate and surrender all or part of the Premises (such change to the Premises referred to as a "**Required Relocation**"), and/or (ii) the Premises be contracted or expanded (such change to the Premises referred to as a "**Premises Change**") on the terms set forth in this Section 1.2. City shall give notice (the "**Change Notice**") setting forth a description of the Required Relocation or the Premises Change, as applicable, the approximate effective date thereof (the "**Target Effective Date**"), and with respect to a Required Relocation, the location of comparable on-Airport replacement premises. The Change Notice shall be given no less than six (6) months prior to the Target Effective Date.

(b) With respect to a Required Relocation, if the replacement premises are deemed unsatisfactory to Tenant, then Tenant may terminate this Lease by giving notice thereof to City within thirty (30) days after the Change Notice is given. In the event Tenant gives such notice of termination, then this Lease shall terminate on the Target Effective Date, and on such date, Tenant shall surrender the Premises in the condition required by this Lease. Provided Tenant does not terminate this Lease pursuant to the foregoing, Tenant shall surrender the Premises and relocate to the replacement premises on a date (the "**Surrender Date**") determined by City (which shall be no earlier than the Target Effective Date). On the Surrender Date, Tenant shall surrender the Premises in the condition required below. In the event of a relocation pursuant to this Section 1.2(b), Tenant shall refurbish, redecorate, and modernize the interiors and exteriors of the replacement premises, such that the replacement premises are of at least the same quality as the original premises. As part of City's approval of Tenant's plans and specifications and Tenant's budget for its remodeling, City may specify a maximum dollar amount to be reimbursed (the "**Maximum Reimbursement Amount**"). Once the remodeling of the replacement premises is completed, and City has approved the work, Tenant must submit to City (i) a certificate from Tenant's architect certifying that the remodeling was completed in strict compliance with the plans and specifications approved by City, (ii) copies of paid invoices showing the costs actually paid by Tenant for the remodeling of the replacement premises and Tenant's out-of-pocket moving costs, and (iii) lien releases from all contractors, subcontractors, and material suppliers entitled to payment in connection with the remodeling of the replacement premises. Following its review and approval of those submissions, City will reimburse Tenant for all reasonable costs of remodeling the replacement premises and moving its merchandise and other personal property to the replacement premises from the original Premises; provided that in no event will City be required to reimburse Tenant for more than the Maximum Reimbursement Amount and further provided that City may, in City's sole discretion, make such reimbursement by issuing Tenant a rent credit. In no event will City be obligated to pay or reimburse Tenant for any other costs or expenses, including business interruption costs.

(c) With respect to a Premises Change where the aggregate square footage of the original Premises will be expanded or contracted by more than ten percent (10%), Tenant may terminate this Lease by giving notice thereof to City within thirty (30) days after the Change Notice is given. In the event Tenant gives such notice of termination, then this Lease shall terminate on the Target Effective Date and on such date, Tenant shall surrender the Premises in the condition required below. Provided Tenant does not terminate this Lease pursuant to the foregoing, Tenant shall cause the Premises to be expanded or contracted as described in the Change Notice on or before the date described therein. As part of City's approval of Tenant's plans and specifications and Tenant's budget for its expansion/contraction work, City may specify a Maximum Reimbursement Amount. Once the expansion/contraction work is completed, and City has approved the work, Tenant must submit to City (i) a certificate from Tenant's

architect certifying that the expansion/contraction work was completed in strict compliance with the plans and specifications approved by City, (ii) copies of paid invoices showing the costs actually paid by Tenant for the remodeling and Tenant's out-of-pocket moving costs, and (iii) lien releases from all contractors, subcontractors, and material suppliers entitled to payment in connection with the expansion/contraction work. Following its review and approval of those submissions, City will reimburse Tenant for all reasonable costs of the expansion/contraction work; provided that in no event will City be required to reimburse Tenant for more than the Maximum Reimbursement Amount and further provided that City may, in City's sole discretion, make such reimbursement by issuing Tenant a rent credit. In no event will City be obligated to pay or reimburse Tenant for any other costs or expenses, including business interruption costs.

(d) With respect to a Required Relocation, the Minimum Annual Guarantee shall be increased, or decreased, as the case may be, pro rata, to reflect the increase or decrease, as the case may be, in the size of the replacement premises compared to the original premises.

(e) With respect to a Premises Change where the aggregate square footage of the original premises will be expanded or contracted by more than ten percent (10%), the Minimum Annual Guarantee shall be increased, or decreased, as the case may be, pro rata to reflect the increase or decrease, as the case may be, in the size of the expanded or contracted premises compared to the original premises.

(f) Any Required Relocation or Premises Change described herein can be effected on the terms and conditions set forth above without need for a formal amendment of this Lease.

(g) Notwithstanding anything to the contrary herein, City shall not require a Required Relocation or a Premises Change unless City shall have considered other reasonable alternatives and rejected them.

1.3 Remeasurement of Premises. At any time and from time to time, Director may cause City to conduct a space audit pursuant to which City remeasures the Premises using the Airport's then-current measurement specifications, and in such event, the Lease terms based on square footage shall be deemed automatically adjusted to reflect such remeasurement. Only if such remeasurement results in a change in the total square footage of the Premises of more than ten percent (10%) will the Minimum Annual Guarantee be adjusted to reflect such remeasurement.

1.4 Changes to Airport. Tenant acknowledges and agrees that City shall have the right at all times to change, alter, expand, and contract the Airport, including the Terminal Building Complex, and that City has made no representations, warranties, or covenants to Tenant regarding the design, construction, pedestrian traffic, enplanements, airline locations, or views of the Airport or the Premises. Without limiting the generality of the foregoing, Tenant acknowledges and agrees that the Airport is currently undergoing, and may from time to time hereafter undergo, renovation, construction, and other Airport modifications, and may from time to time adopt rules and regulations relating to security and other operational concerns that may affect Tenant's business. Although City will use reasonable efforts to minimize the effect of such changes on Tenant's business, Tenant acknowledges that such activity may have some effect on its operations located at the Airport. Such construction and renovation programs might involve barricading, materials storage, noise, the presence of workers and equipment, rearrangement, utility interruptions, and other inconveniences normally associated with construction and renovation. Although City will use reasonable efforts to minimize the effect of such changes on Tenant's business, Tenant acknowledges that such activity may have some effect on its operations located at the Airport, and Tenant shall not be entitled to any rent credit or other compensation therefor. At any time and from time to time, City may, without the consent of Tenant, and without affecting Tenant's

obligations under this Lease, at City's sole discretion, (a) change the shape, size, location, number and extent of the improvements in any portion of the Airport, including without limitation the concourses, piers, boarding areas, concession areas and security areas located within the Terminal Building, (b) build additional stories above or below the Airport buildings, including of the Terminal Building, (c) eliminate or relocate public entrances to the Premises so long as there is at all times one public entrance to the Premises, (d) construct multi-level, elevated or subterranean parking facilities, and (e) expand or contract the Airport, including redefining the Airport boundaries so as to include additional lands within the Airport or exclude lands from the Airport or both. Without limiting waivers set forth elsewhere in this Lease, Tenant hereby waives all claims against City and releases City from all Losses (as defined below) that Tenant suffers or incurs arising out of or in connection with any changes to the Airport or any portion of the Airport and Tenant further agrees that Tenant will not be entitled to any rent abatement or any other rent relief in connection with any changes to the Airport or any portion of the Airport.

1.5 Common Areas. The term "**common areas**" means all areas and facilities located within the Airport that are designated by City from time to time for the general use and convenience of the tenants of the Airport and other occupants of the airport, and airline passengers and other visitors to the Airport such as concourses, sidewalks, elevators, escalators, moving walkways, parking areas and facilities, restrooms, pedestrian entrances, driveways, loading zones and roadways. City may, in its sole discretion, and without any liability to Tenant (a) change the common areas, (b) increases or decreases the common areas (including the conversion of common areas to leaseable areas and the conversion of leasable areas to common areas), and (c) impose parking charges. City will, in its sole discretion, maintain the common areas, establish and enforce Airport Rules concerning the common areas, close temporarily portions of the common areas for maintenance purposes, and make changes to the common areas including changes in the location of security check points, driveways, entrances, exits, parking spaces, parking areas, and the direction of the flow of traffic. City reserves the right to make additional Airport Rules affecting the Airport throughout the Term, including the requirement that Tenant participate in a parking validation program.

2. TERM

2.1 Commencement and Expiration. The Term shall commence on the Commencement Date and expire on the Expiration Date, unless terminated prior thereto as provided herein.

2.2 Phased Delivery and Required Opening. Upon City's notice that the Premises is ready for Tenant to take possession, Tenant shall (a) take possession of the Premises, (b) cause the Initial Improvements to be substantially completed, and (c) causae the Facility to be open for business within one hundred and twenty (120) days.

2.3 Late Opening Charge. In the event Tenant fails to open the Premises for business on or before the Rent Commencement Date, City will incur substantial damages, the exact amount of which are extremely difficult to fix. Accordingly, for each day after the Rent Commencement Date until the day on which Tenant opens the Premises for business, Tenant shall pay to City Five Hundred Dollars ($500.00) (in addition to Rent as provided below), as liquidated damages. The parties have agreed that this amount represents a reasonable approximation of the damages likely to be suffered by City in the event Tenant shall fail to open on or before the Rent Commencement Date. In the event the Premises is not open for business on the date that is sixty (60) days after the Rent Commencement Date, City shall have the option to terminate this Lease, exercisable by notice to Tenant. Tenant shall be liable for all damages associated with such termination, including City's releasing costs.

2.4 Delivery Delay by City. If for any reason (including, without limitation, the existing tenant's failure to vacate timely the Premises) City cannot deliver possession of the Premises to Tenant on the Commencement Date, this Lease shall remain in effect, City shall not be subject to any liability, and such failure shall not extend the Term hereof. In such event, and provided such delay is not caused by the act or omission of Tenant, or Tenant's principal, affiliate, contractor, employee, agent, licensee or invitee (a "**Tenant Entity**"), the Rent Commencement Date shall be extended day for day to reflect such delay. After the Rent Commencement Date has occurred, upon Director's request, Tenant will execute a written acknowledgment of the Commencement Date and the Rent Commencement Date. In the event Tenant fails to execute and return promptly such acknowledgment to City, the dates described therein shall be deemed conclusive.

2.5 City's Right to Extend Term. *Left blank by agreement of the parties*

2.6 Holding Over. If, without objection by City, Tenant holds possession of the Premises after the Expiration Date, Tenant shall become a tenant from month to month, upon the terms of this Lease except that, the MAG shall not be applicable, and Base Rent shall be the Percentage Rent specified in the Summary during any such holdover period. No such holdover shall be deemed to operate as a renewal or extension of the Term. Such month-to-month tenancy may be terminated by City or Tenant by giving thirty (30) days' notice of termination to the other at any time. Tenant shall have no rights to renew or extend the Term of this Lease.

2.7 Early Lease Termination.

Notwithstanding the Lease provisions herein, the Director, in his sole and absolute discretion, has the authority to terminate the Lease during the Operating Term if the use of the space is required in support of the Airport's Five-Year or Ten-Year Capital Plan, as published annually (the "**Early Lease Termination**"). In the event the Director exercises this Early Lease Termination, the Airport shall provide Tenant with six (6) months' written notice of the termination date of the Lease, upon which the Lease shall terminate and Tenant shall vacate the Premises in accordance with applicable Lease provisions contained herein.

Under this provision only, Tenant is entitled to a Lease buy-out and no other monetary payment under this Lease, at law or at equity. The buy-out is computed as the unamortized investment in "hard construction costs" as defined further in Lease Section 7.1 [Minimum Investment]. In the absence of "hard construction costs," the required Minimum Investment Amount will be used. The amortization is based on a straight-line method as applied to the Operating Term. An example of the buy-out computation is as follows: Tenant invests $500,000 in hard construction costs and has a five year Operating Term, and one two-year Extension Option. During the Operating Term and with two lease years remaining of the Operating Term, the Director exercises the Early Lease Termination provision. Using the straight line method for amortization, the buy-out to Tenant shall be $200,000 ($500,000 divided by 5 years multiplied by two lease years remaining of the term).

3. USE AND OPERATION

3.1 Permitted Use. Tenant shall use the Premises for the Permitted Use and for no other purpose. Tenant shall, at all times, operate the Premises in strict conformance with the Permitted Use attached as Exhibit B herein. In the event Tenant desires to use the Premises for any purpose other than the Permitted Use (including selling an item or service outside the scope of the Permitted Use), Tenant must submit a request to Director. Director may, in his/her sole and absolute discretion approve or deny such request. Any such decision shall be binding on Tenant. Without limiting the generality of this

Section 3.1 or any of the requirements set forth on Exhibit B, Tenant shall not operate any Facility under any name or brand other than a name or brand specifically permitted or required herein, or as otherwise approved by Director. Without limiting Section 5 [Assignment or Subletting], Tenant shall not, without the prior consent of Director, engage a third-party operator to conduct the Permitted Use or otherwise operate on the Premises.

3.2 No Exclusivity. Tenant acknowledges and agrees that Tenant has no exclusive rights to conduct the business of the Permitted Use and that City may arrange with others for similar activities at the Airport.

3.3 Operation of Business. Subject to the terms of this Lease, Tenant will operate Tenant's business in the Premises so as to maximize Gross Revenues (as defined below) and in accordance with the requirements set forth on Exhibit B relating to, among other things, merchandise requirements and price requirements. Without limiting the generality of the foregoing, Tenant shall (a) conduct the business in a first-class, businesslike, safe, efficient, courteous and accommodating manner; (b) carry a wide-range stock of merchandise of top character, quantity, and quality; and (c) employ sufficient and experienced staff. In the event Director shall give notice to Tenant that any of the foregoing covenants (a) - (c) are not being satisfied, Tenant shall immediately discontinue or remedy the objectionable practice. In addition, Tenant shall make reasonable change when requested, give directions, and assist the public generally. Tenant shall take all reasonable measures in every proper manner to maintain, develop, and increase the business conducted by it. Tenant will not divert or cause to be diverted any business from the Airport.

3.4 Support Space. Tenant shall use no more than fifteen percent (15%) of its Facility for support spaces such as administrative, storage, or preparation area uses. For multiple Facilities, Tenant may not use more than fifteen percent (15%) of each Facility for such uses.

3.5 Hours of Operation. Tenant will carry on its business diligently and continuously in the Premises and will keep the Premises open for business not less than sixteen (16) consecutive hours each day seven (7) days per week, including holidays. Director or his/her representative may, from time to time, modify, expand, or reduce such required hours of operation, in which event, Tenant will remain open during such revised hours. Similarly, Tenant may, from time to time, request to revise its hours of operation. Such change must be approved by Director or his/her representative, in writing, prior to its occurrence. Tenant may not, at any time, vacate or abandon the Premises.

3.6 Prices. Tenant's prices for the merchandise comprising the Permitted Use shall be the same or comparable to prices found in Tenant's catalog, if any, and at Tenant's other retail shops, or in a local retail shop determined by Director to be comparable. Tenant will be required to submit, on an annual basis or upon request, a pricing survey of items comprising the Permitted Use showing the same or comparable prices found in Tenant's off-Airport locations, if any, or comparable retail locations within the Bay Area, as determined by Director to be comparable. The pricing survey shall contain a cross sampling of product categories chosen by the Director, and a minimum of fifty (50) items designated by the Director to be relevant and comparable within the product categories. Should any variance in prices on specific items be deemed too great, the Director will have the right to require a price adjustment on the specified items.

3.7 References to Airport. Tenant shall not, without the prior written consent of Director, reference City or the Airport for any purpose other than the address of the business to be conducted by Tenant in the Premises, nor will Tenant do or permit anything in connection with Tenant's business or advertising which in the judgment of City may reflect unfavorably on City or the Airport, or confuse or mislead the public as to the relationship between City and Tenant.

3.8 Other Operational Requirements.

(a) Tenant must keep the display cases and windows within the Premises presentable, clean, and suitably illuminated at all times.

(b) Tenant must dispose of all trash and debris in areas and in containers designated by Director. If City provides common trash areas, Tenant may request a permit to use the same for a charge determined by Director from time to time. Tenant may not place or leave or permit to be placed or left in or upon any part of the common areas or corridors adjacent to the Premises any garbage, debris or refuse.

(c) City shall have the right to implement a consolidated distribution center for delivery of merchandise to Tenant. If City elects to implement such a consolidated distribution center, Tenant must use the service and pay any associated fees.

(d) Tenant acknowledges that the operational requirements of the Airport as an airport facility, including without limitation security requirements, are of paramount importance. Tenant acknowledges and agrees that it must conduct its business in a manner that does not conflict with the operational requirements of the Airport as an airport facility and that fully accommodates those requirements. Without limiting other waivers herein, Tenant waives all claims for any Losses arising out of or connected to the operation of the Airport as an airport facility. Without limitation on the foregoing, Tenant must:

(i) comply with the Airport Rules;

(ii) cause all deliveries and dispatches of merchandise, supplies, fixtures, equipment and furniture to be made and conveyed to or from the Premises by means and during hours established by Director in Director's sole discretion. City has no responsibility regarding the delivery or dispatch of Tenant's merchandise, supplies, fixtures, equipment and furniture. Tenant may not at any time park its trucks or other delivery vehicles in common areas; and

(iii) not park within the parking areas of the Airport except in those areas, if any, designated by City pursuant to permits obtained from the Airport's Permit Bureau. Nothing herein shall imply that Tenant shall be able to secure any on-Airport parking privileges.

3.9 Prohibited Activities. Without limiting any other provision herein, Tenant shall not, without the prior written consent of Director: (a) use or permit the use of the Premises for the conduct of an outlet store or a second-hand store; (b) advertise any distress, fire, bankruptcy, liquidation, relocation, closing, or going-out-of-business sales; (c) use or permit the use on the Premises of any pinball machines, videogames, or other devices or equipment for amusement or recreation, or any vending machines, newspaper racks, pay telephones, or other coin, token, or credit card-operated devices; (d) cause or permit anything to be done in or about the Premises, or bring or keep anything thereon, which might (i) increase in any way the rate of fire insurance on the Terminal Building Complex or any of its contents; (ii) create a nuisance; (iii) in any way obstruct or interfere with the rights of others in the Terminal Building Complex or injure or annoy them; (e) commit or suffer to be committed any waste upon the Premises; (f) use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose; (g) place any loads upon the floor, walls or ceiling which endanger the structure or obstruct the sidewalk, passageways, stairways or escalators, in front of, within, or adjacent to the Terminal Building Complex; (h) use any advertising or promotional medium that may be seen, heard, or otherwise experienced outside

the Premises (such as searchlights, barkers or loudspeakers); (i) distribute handbills or circulars to Airport patrons or to cars in the parking lots, or engage in any other advertising in the Airport; (j) engage in any activity on the Airport outside the Premises for the recruitment or solicitation of business; or (k) do or permit to be done anything in any way tending to injure the reputation of City or appearance of the Airport.

3.10 Audit of Operations. At any time and from time to time, City may conduct an audit of Tenant's operations at the Airport (in addition to City's right to audit pursuant to Section 4.9 [Books and Records; Audit Rights]) to confirm that such operations comply with the requirements set forth in this Lease. Tenant shall cooperate with such audit. In the event such audit shows that Tenant is not complying with such requirements, without limiting City's ability to call a default hereunder, City may require that Tenant reimburse City for the costs of such audit. Tenant shall promptly remedy any noncompliance shown in any such audit.

3.11 Representative of Tenant. Tenant shall at all reasonable times retain in the Terminal Building Complex at least one qualified representative authorized to represent and act for it in matters pertaining to its operation, and shall keep Director informed in writing of the identity of each such person. The initial person so designated is the Initial Tenant Representative.

3.12 Investigation Reports. Tenant shall, if required by Director, employ, at its own cost and expense, an investigative organization approved by Director for the purpose of making investigations and observations and preparing a written report of the carrying out of any pricing policies, revenue control, and operational techniques being used on the Premises. Tenant shall cause such investigation and observation to be made at such reasonable times and in the manner directed by Director, and the investigator shall deliver forthwith to Director a true and complete written copy of any such reports made to Tenant.

3.13 Compliance with Laws. Tenant shall promptly, at its sole expense, cause the Premises (including any permitted Alterations (as defined below)), and Tenant's and any Tenant Entity's use of the Premises and operations at the Airport under the Lease, to comply at all times with all Laws (as defined below). Notwithstanding the foregoing, this Section 3.13 shall not impose on Tenant any liability to make any structural alterations to the Terminal's roof, foundation, bearing and exterior walls and subflooring; or heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other mechanical, electrical and communications systems of the Terminal (collectively "**Building Systems**"), except to the extent the same is (i) installed by Tenant or Tenant Entity, or (ii) necessitated by Tenant's Alterations or by any act or omission of Tenant or any Tenant Entity. As used herein, the term "**Laws**" shall mean all applicable present and future laws, ordinances, rules, judgments, decrees, injunctions, regulations, permits, authorizations, orders and requirements, to the extent applicable to Tenant or the Premises or any portion of any of them whether or not in the contemplation of the parties, including, without limitation, all consents or approvals required to be obtained from, and all rules and regulations of, and all building and zoning laws of, all federal, state, county and municipal governments, the departments, bureaus, agencies or commissions thereof, authorities, board of officers, any national or local board of fire underwriters, or any other body or bodies exercising similar functions, including the Occupational Safety and Health Act and all other applicable laws relating to workplace safety or toxic materials, substances or wastes, Title XV (commencing with Section 3082) of the California Civil Code relating to works of improvement and all other applicable laws relating to construction projects, the provisions of the American with Disabilities Act, 42 U.S.C. Section 12101 et seq. and any governmental regulations with respect thereto (the "**ADA**") (including, without limitation, the requirements under the ADA for the purposes of "public accommodations", as that term is used in the ADA), the provisions of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794 et seq.) and any governmental

regulations with respect thereto, Title 24 of the California Administrative Code, all Environmental Laws, the Airport Rules, the Tenant Improvement Guide (including any design criteria) as the same may be amended from time to time (the "**TI Guide**"), and the requirements referenced in Section 19 [City and Other Governmental Provisions] hereof.

4. RENT

4.1 Definitions. For purposes of this Lease, the following capitalized terms shall have the following meanings:

(a) "**Gross Revenues**" means:

(i) The retail price of all merchandise sold and services rendered in, on, about or from the Premises or from such other locations on the Airport where Tenant operates, whether through a subtenant, concessionaire, or by any other person or entity herein permitted, to include catering and internet sales, as permitted herein, and any other receipts, credits, rebates, allowance or revenues of any type arising out of or in connection with Tenant's operations at the Premises, regardless of where or by whom any such merchandise is prepared, whether such sales be for cash or on credit, and in case of sales on credit, whether or not payment is actually made; provided, however, that in the event merchandise is returned by a customer and the sale is canceled, the selling price shall be excluded; plus,

(ii) The full amount of all deposits forfeited by customers in connection with any business of Tenant in, on, about or from the Premises; plus,

(iii) The full amount of all orders for goods or services accepted by Tenant in, on, about or from the Premises, whether or not to be filled or performed at any other place, and the full amount of all orders accepted by Tenant elsewhere, but to be filled or performed in, on, about or from the Premises or from such other locations on the Airport where Tenant operates. In determining Gross Revenues, retail sales taxes shall not be included; plus,

(iv) The retail price of all merchandise orders placed on the Premises from Tenant's catalog; plus,

(v) Branding fees, marketing fees, merchandising fees, promotional allowances, retail display allowances (RDA) and any type of ancillary advertising or product placement fees/allowances arising out of or in connection with Tenant's operations at the Premises.

The following shall not be included in Gross Revenues:

(i) Any exchange of merchandise between facilities of Tenant where such exchange is made solely for the convenient operation of Tenant's business and not for the purpose of consummating a sale made in, at or from the demised premises, or for the purpose of depriving City of the benefit of sales which would otherwise be made in or at the Premises;

(ii) Returns to the shippers or manufacturers;

(iii) Cash or credit refunds to customers on transactions (not to exceed the actual selling price of the item returned) otherwise included in Gross Revenues;

(iv) Discount sales to employees, to the extent of the discount; and

(v) Any Employee Benefits Surcharge approved by the Airport.

(b) "**MAG Adjustment Date**" has the meaning given it in the Summary.

(c) "**Enplanements**" means the total number of passengers boarding airline carriers.

(d) "**First Month**" means the month in which the first Rent Commencement date occurs.

(e) "**Lease Year**" means the period commencing on the first Rent Commencement Date and terminating on December 31st of the year in which the first Rent Commencement Date occurs, and each subsequent 12 month period except that the final Lease Year may be less than 12 months.

(f) "**Consumer Price Index**" means that index published by the United States Department of Labor, Bureau of Labor Statistics known as ***"All Urban Consumers-Not Seasonally Adjusted- San Francisco/Oakland/San Jose, CA"***. In the event such index is discontinued, then "**Consumer Price Index**" shall mean an index chosen by Director which is, in Director's reasonable judgment, comparable to the index specified above.

(g) "**Base Index**" means the most recent Consumer Price Index published immediately prior to the first Rent Commencement Date.

(h) "**Comparison Index**" means the most recent Consumer Price Index available at the time of MAG Adjustment review.

4.2 Monthly Rent Payments. Tenant shall pay, as rent for the Premises, estimated monthly Base Rent in advance, on or before the first (1st) day of each calendar month of the Term, as set forth below:

(a) On or before the Rent Commencement Date and the first (1st) day of each calendar month thereafter, Tenant shall pay the current monthly Minimum Annual Guarantee to the City's Rent Payment Address.

(b) On or before the twentieth (20th) day of each calendar month after the First Month, concurrently with its submission of the Sales Reports described below covering the prior calendar month, Tenant shall pay to City the deficiency, if any, between the Base Rent payable by Tenant with respect to such prior calendar month (based on the Gross Revenues achieved with respect to such prior month), and the amount actually paid by Tenant pursuant to the foregoing subsection (a) with respect to such month.

(c) All payments hereunder shall be paid to City's Rent Payment Address, or at such other place as City may from time to time designate in writing.

(d) All Rent shall be paid in lawful money of the United States, free from all claims, demands, setoffs, or counterclaims of any kind.

(e) Any Rent not paid when due shall be subject to a service charge equal to the lesser of the rate of one and one-half percent (1½%) per month, and the maximum rate permitted by law.

Acceptance of any service charge shall not constitute a waiver of Tenant's default on the overdue amount or prevent City from exercising any of the other rights and remedies available to City.

4.3 Adjustments to Minimum Annual Guarantee. On each MAG Adjustment Date, the Minimum Annual Guarantee will be adjusted such that the Minimum Annual Guarantee with respect to the upcoming Lease Year shall be increased to equal the following amount:

$$\text{MAG} \times \frac{\text{Comparison Index}}{\text{Base Index}}$$

Notwithstanding anything to the contrary herein, in no event will the Minimum Annual Guarantee for any Lease Year be lower than the Minimum Annual Guarantee with respect to the prior Lease Year.

4.4 Construction Period Operations. In the event Tenant desires to operate and conduct operations constituting the Permitted Use in a temporary facility prior to substantial completion of the Initial Improvements and the Rent Commencement Date, then prior to the Commencement Date, Tenant shall give notice thereof to Director requesting Director's approval of such interim operations. Such notice shall specify the nature of such operations, including the proposed area for such operations, the hours of such operations, and the inventory to be offered for sale. Director shall have the right to grant or deny such approval in Director's sole and absolute discretion. In the event Director grants approval of such interim operations, then such operations shall be on such terms and conditions required by Director, including: (a) Director may revoke Director's approval at any time, and following such revocation, Tenant must immediately cease such operations until the Rent Commencement Date; (b) Such interim operations may be conducted only in the area designated by Director; (c) Tenant's responsibilities and liabilities with respect to such designated area shall be the same responsibilities and liabilities that Tenant has with respect to the Premises, except that Tenant shall not be obligated to perform the Initial Improvements or any other Alterations on such designated area; (d) As Base Rent for the interim period, Tenant shall pay to City the Construction Period Percentage Rent identified in the Summary based on Gross Revenues achieved from such designated area during each month of such interim period. All such rent shall be due and payable on the twentieth (20th) day of the month following each month of operation, and otherwise as provided in Section 4 of the Lease. Tenant shall report all Gross Revenues achieved during such interim period and such Gross Revenues shall not be included as Gross Revenues for the purposes of calculation of Base Rent following the Rent Commencement Date; and (e) Tenant shall be solely responsible for making the designated area useable for Tenant's interim operations, and for protecting such area from construction and other activities in the Premises. At Director's request, Tenant shall restore such area to the condition existing prior to Tenant's use thereof.

4.5 Rent Prior to Rent Commencement Date. In the event Tenant completes its improvements and opens for business prior to the Rent Commencement Date, Base Rent will be greater of the Percentage Rent or a pro-rated MAG based on a thirty (30) day month. In the event this Lease covers more than one Facility, upon the Rent Commencement Date for the first and each successive Facility, Base Rent will be the greater of the Percentage Rent or a pro-rated MAG based on the percentage of each such Facility's square footage against the total square footage of the Premises. For example, if the aggregate square footage of the Premises equals 1,000 square feet, and the newly constructed Facility equals 500 square feet, the pro-rated MAG will be fifty percent (50%) of the total MAG, since 500 square feet is fifty percent of the aggregate square footage of 1,000 square feet. If the pro-rated MAG amount is less than the Percentage Rent however, then the Percentage Rent amount will supersede the pro-rated MAG.

4.6 Sales Reports. On or before the twentieth (20th) calendar day of each month after the First Month, Tenant shall submit to City, at City's Sales Report Address, a report (the "**Sales Report**") showing all Gross Revenues achieved with respect to the prior month by location, segregated by each source or general type of article sold or service rendered. Such report shall be certified as being true and correct by Tenant and shall otherwise be in form and substance satisfactory to Director. As described below, City shall have the right, in addition to all other rights herein, to impose a fine in the event Tenant shall fail to submit such Sales Report timely.

4.7 Annual Certification of Sales and Adjustment. Within ninety (90) days after the end of each Lease Year, Tenant shall submit to Director at City's Deposit/Annual Report Notice Address a year-end revenue report certified by an independent Certified Public Accountant or senior officer showing Gross Revenues achieved with respect to the prior Lease Year ("**Annual Report**"). If such report shows that the total Base Rent actually paid by Tenant with respect the prior Lease Year was less than the Base Rent payable with respect to such year, then Tenant shall immediately pay to City such deficiency. If such report shows that the total Base Rent actually paid by Tenant with respect to such prior Lease Year exceeded the Base Rent payable with respect to such year, then such excess shall be applied as a rent credit to amounts next coming due. Notwithstanding anything to the contrary herein, in no event will the Base Rent payable to City be less than the Minimum Annual Guarantee. In addition, Tenant shall submit to City such other financial or other reports as Director may reasonably require. Tenant shall also certify any Gross Revenues earned prior to the Rent Commencement Date and a true-up for that period alone will take place in the manner stated immediately above.

4.8 Point of Sale Requirements. Tenant shall install in the Premises a Point of Sale (POS) system with at least one POS unit, which includes mobile POS or other similar electronic devices. All POS used on the Premises shall meet current industry standards for transmitting, capturing and recording transactions and data in a secure fashion while protecting Card Holder Data, and shall register every transaction made in, on, about or from the Premises, including every type of Gross Revenue in real time, and an electronic or hard copy record of each. Tenant shall comply and remain current with all Payment Card Industry Data Security Standard (PCI-DSS) requirements as detailed in Exhibit B hereto. Said POS shall be accessible to and subject to inspection or audit by Director or his/her designee upon request. All cash receipts must include Tenant's identification thereon. Each sale or other transaction from the Premises must be recorded at the time of each sale or other transaction, in the presence of the customer, unless otherwise approved by the Director. Each customer must be offered a receipt or sales slip for each transaction, which transaction must be recorded on a digital record produced by the POS. The POS may also provide customer the option of having receipts emailed, in addition or in lieu of a printed receipt, at the option of the customer. City shall have the right to: (a) examine during business hours the totals of any POS used on the Premises and to inspect such POS for compliance with this Section; (b) implement an hourly or daily reporting system with which Tenant shall comply; and (c) implement a common-use POS, in which event, Tenant must, at its cost, purchase and install the necessary equipment, train its employees, and thereafter use, such equipment to take part in such system. Additionally, Tenant shall ensure a capability within its mobile POS for the installation of Airport and Airport partner applications that can be integrated with Tenant's POS to exchange data and make possible future opportunities to support passengers and airlines with vouchers, coupons and other mutually beneficial marketing programs.

4.9 Books and Records; Audit Rights.

(a) Tenant shall maintain for a period of five (5) years after the Expiration Date, or, in the event of a claim by City, until such claim of City for payments hereunder shall have been fully ascertained, fixed and paid, separate and accurate daily records of Gross Revenues, whether for cash,

credit, or otherwise. Tenant must require each subtenant, concessionaire, licensee, and assignee to maintain the same records. All such books and records shall be kept in accordance with "generally accepted accounting principles," consistently applied, showing in detail all business done or transacted in, on, about or from or pertaining to the Premises, and Tenant shall enter all receipts arising from such business in regular books of account, and all entries in any such records or books shall be made at or about the time the transactions respectively occur. The books and source documents to be kept by Tenant must include records of inventories and receipts of merchandise, daily receipts from all sales and other pertinent original sales records and records of any other transactions conducted in or from the Premises by all persons or entities conducting business in or from the Premises. Pertinent original sales records include: (i) cash register tapes, including tapes from temporary registers, (ii) serially pre-numbered sales slips, (iii) the original records of all mail and telephone orders at and to the Premises, (iv) settlement report sheets of transactions with subtenants, concessionaires, licensees and assignees, (v) original records indicating that merchandise returned by customers was purchased at the Premises by such customers, (vi) memorandum receipts or other records of merchandise taken out on approval, (vii) detailed original records or any exclusions or deductions from Gross Revenues, (viii) sales tax records, and (ix) all other sales records, if any, that would normally be examined by an independent accountant pursuant to generally accepted auditing standards in performing an audit of Gross Revenues. Tenant must keep the required books, source documents and records of Gross Revenues available for inspection by City and its agents and employees at the Premises or at another location within the continental United States at all times during regular business hours. In addition, Tenant shall maintain monthly and annual reports of Gross Revenues derived from its operation under this Lease, using a form and method as is directed by Director. Such forms and methods shall be employed by Tenant throughout the term of this Lease. Upon Director's written request, Tenant shall make available immediately to City and/or its auditors any and all books, records and accounts pertaining to its operations under this Lease. The intent and purpose of the provisions of this section are that Tenant shall keep and maintain records which will enable City and City's Controller to ascertain, determine and audit, if so desired by City, clearly and accurately, Gross Revenues achieved, and the adequacy of the form and method of Tenant's reporting thereof.

(b) Should any examination, inspection, and audit of Tenant's books and records by City disclose an underpayment by Tenant of the total Base Rent due, Tenant shall promptly pay to City such deficiency, and if such deficiency exceeds two percent (2%) of the total Base Rent due, Tenant shall also promptly reimburse City for all costs incurred in the conduct of such examination, inspection, and audit. Further, should any examination, inspection, and audit of Tenant's books and records by City disclose an underpayment by Tenant of the total Base Rent due and such deficiency exceeds five percent (5%) of the total Base Rent due, City shall have the right to terminate this Lease. In the event that City deems it necessary to utilize the services of legal counsel in connection with collecting the reimbursement for such examination, inspection, and audit, then Tenant shall reimburse City for reasonable attorneys' fees and litigation expenses as part of the aforementioned costs incurred.

4.10 Other Reports and Submissions. Tenant shall furnish City with such other financial or statistical reports as Director or his/her representative from time to time may reasonably require. Upon request by Director, Tenant shall furnish to City copies of its quarterly California sales and use tax returns covering the Premises operations as well as that pertinent portion of both the California and Federal income tax returns and possessory interest tax returns on the Premises operations at the time of filing, and any amendments thereto. All copies of such returns must be certified as exact copies of the original documents by a Certified Public Accountant. Tenant and all subtenants (to the extent permitted) shall also promptly notify Director of and furnish to City copies of any audit reports covering this facility conducted by the California Franchise Tax Board or the Board of Equalization.

4.11 Food and Beverage Cleaning Fee. *Left blank by agreement of the parties*

4.12 Food Court Infrastructure Fee. *Left blank by agreement of the parties*

4.13 Additional Rent. Tenant shall pay to City any and all charges and other amounts under this Lease as additional rent, at the same place where Base Rent is payable. City shall have the same remedies for a default in the payment of any such additional charges as for a default in the payment of Base Rent.

4.14 Prepay Rent. Notwithstanding anything to the contrary herein, in the event Tenant shall fail to pay any Rent when due hereunder, Director shall have the right to require Tenant to pay estimated monthly Rent (including Base Rent, utility charges, and all other amounts) one (1) month in advance of when such payment would otherwise be due. Such prepayment would be based on the highest monthly Rent previously due from Tenant. Such right shall be exercised by a notice from Director to Tenant, which notice may be given any time after such default by Tenant, regardless of whether the same is cured by Tenant.

4.15 Nature of Lease. Under no circumstances will City be expected or required to make any payment of any kind with respect to Tenant's use or occupancy of the Premises, except as may be otherwise expressly set forth herein. Except as may be specifically and expressly provided otherwise in this Lease, no occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, shall relieve Tenant from its liability to pay all of the sums required by this Lease, or relieve Tenant from any of its other obligations under this Lease, or give Tenant the right to terminate this Lease in whole or in part. Tenant waives any rights now or hereafter conferred upon it by any existing or future Law to terminate this Lease or to receive any abatement, diminution, reduction, or suspension of payment of such sums, on account of such occurrence or situation. Except as otherwise expressly provided herein, this Lease shall continue in full force and effect, and the obligations of Tenant hereunder shall not be released, discharged or otherwise affected, by reason of: (a) any damage to or destruction of the Premises or any portion thereof or any improvements thereon, or any taking thereof in eminent domain; (b) any restriction or prevention of or interference with any use of the Premises or the improvements or any part thereof; (c) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other proceeding relating to City, Tenant or any constituent partner of Tenant or any sublessee, licensee or concessionaire or any action taken with respect to this Lease by a trustee or receiver, or by any court, in any proceeding; (d) any claim that Tenant or any other person has or might have against City; (e) any failure on the part of City to perform or comply with any of the terms hereof or of any other agreement with Tenant or any other person; (f) any failure on the part of any sublessee, licensee, concessionaire, or other person to perform or comply with any of the terms of any sublease or other agreement between Tenant and any such person; (g) any termination of any sublease, license or concession, whether voluntary or by operation of law; or (h) any other occurrence whatsoever, whether similar or dissimilar to the foregoing in each case whether or not Tenant shall have notice or knowledge of any of the foregoing. The obligations of Tenant hereunder shall be separate and independent covenants and agreements. Tenant hereby waives to the full extent permitted by applicable law, all rights now or hereafter conferred by statute, including without limitation the provisions of Civil Code Sections 1932 and 1933, to quit, terminate or surrender this Lease or the Premises or any part thereof, or to any abatement, suspension, deferment, diminution or reduction of any rent hereunder.

4.16 Severe Decline in Enplanements.

(a) Defined Terms. For purposes of this Section, the following capitalized terms shall have the following meanings:

(i) "**Relevant Boarding Area**" shall have the meaning given it in the Summary.

(ii) "**Enplanements**" shall mean the total number of passengers boarding airline carriers. For purposes of this Section 4.14, all Enplanement comparisons shall be done by Relevant Boarding Area.

(iii) "**Reference Month(s)**" shall mean the corresponding month in the Reference Year.

(iv) "**Reference Year**" shall have the meaning given it in the Summary.

(v) "**Percentage Rent**" shall have the meaning given it in the Summary.

(vi) "**Severe Decline in Enplanements for Three Months**" shall mean that the actual Enplanements achieved during a one-month period is less than 80% of the actual Enplanements of the same Reference Month in the Reference Year, and such shortfall continues for three (3) consecutive months.

(vii) "**Enplanement Stabilization for Two Months**" means that actual Enplanements for a particular month equals or exceeds 80% of the actual Enplanements of the same Reference Month in the Reference Year, and such threshold is achieved for two (2) consecutive months.

(b) MAG Suspension. If at any time during the term, there is a Severe Decline in Enplanements for Three Months, then the MAG shall be temporarily suspended as follows:

(i) The MAG suspension shall be effective on the first day of the month immediately following the Severe Decline in Enplanements for Three Months.

(ii) During such MAG suspension period, Tenant shall be required to pay only the Percentage Rent, unless and until the MAG is reinstated as provided below. On or before the 20th day of each month, Tenant will submit to City a Sales Report showing Tenant's Gross Revenues achieved with respect to the prior month, together with the Percentage Rent calculated on such Gross Revenues, cumulated by Lease Year.

(iii) If the Lease provides that the Percentage Rent is based on a tiered gross revenue structure, for purposes of determining the Percentage Rent payable, the annual Gross Revenues shall continue to cumulate as provided in the Lease. For example, if Tenant's Lease Year is November 1 through October 31, then for purposes of calculating Percentage Rent for April 2003, all gross revenues achieved to date (from November 1 through April 30) will be cumulated.

(c) MAG Reinstatement. Once there is Enplanement Stabilization for Two Months, then the MAG is reinstated, and will continue unless and until there is another Severe Decline in Enplanements for Three Months, as follows:

(i) Such MAG reinstatement will be effective on the first day of the month following an Enplanement Stabilization for Two Months.

(ii) In the event the MAG is reinstated after the commencement of a "Lease Year" or other period of time for annual gross revenue accumulation specified in the Lease, the MAG will be pro-rated accordingly.

(d) Determination of Enplanements and "True-Ups". The parties acknowledge that Enplanements for a particular month are not usually determined as of the first day of the following month. Accordingly, unless and until the MAG is suspended as provided herein, Tenant shall continue to pay the MAG as and when required hereunder. If and when a MAG is later suspended pursuant to Section 4.12(b), then City shall issue a rent credit to reflect any resulting overpayment in rent. If and to the extent Tenant has any outstanding obligations to City hereunder, City may decline to issue such rent credit or reduce the rent credit by the amount outstanding. If and when the MAG is reinstated, Tenant shall pay to City within five (5) days after City shall have given notice to Tenant of such reinstatement, the deficiency, if any, between the Percentage Rent paid by Tenant and the MAG, for the month(s) following such reinstatement.

(e) Enplanement Determinations. Director shall have the sole discretion as to the Enplanement calculations, and whether there exists a Severe Decline in Enplanements for Three Months and/or an Enplanement Stabilization for Two Months.

(f) No Effect. The MAG suspension shall have no effect on (i) any adjustments specified in this Lease to be made to the MAG; or (ii) the Deposit Amount.

(g) Effect of Default. Notwithstanding anything to the contrary herein, in the event Tenant shall default under this Lease or any Other Agreement, the Director may immediately reinstate the MAG, without giving to Tenant the benefit of any notice or right to cure as may otherwise be provided under this Lease or Other Agreement.

(h) Subtenants. Without limiting the provisions of Section 5 [Assignment or Subletting] if Tenant subleases any portion of the Premises, Tenant shall offer to such subtenant(s) the same types of MAG suspension as are provided herein.

(i) Example. The following is intended merely to provide an example of the mechanics of the foregoing provisions, and the numbers provided are not intended to be projections or guarantees. Assume (a) the Premises are in Boarding Area F, (b) the Lease is awarded on February 15, 2003, and (c) Reference Year Enplanements for Boarding Area F, by Reference Month in the Reference Year (January 1-December 31, 2002) are:

	Jan 2002	Feb 2002	Mar 2002	Apr 2002	May 2002	Jun 2002	Jul 2002	Aug 2002	Sep 2002	Oct 2002	Nov 2002	Dec 2002
Enp ('000)	800	800	800	900	1,100	1,200	1,300	1,200	1,100	900	800	900

Assume further that actual Enplanements for Boarding Area F by Reference Month for 2005 are as follows:

	Jan 2005	Feb 2005	Mar 2005	Apr 2005	May 2005	Jun 2005	Jul 2005	Aug 2005	Sep 2005	Oct 2005	Nov 2005	Dec 2005
Enp ('000)	900	900	700	700	800	800	900	1100	700	800	700	800
% of Ref. Month	112.5	112.5	87.5	77.8	72.2	72.2	69.2	91.7	63.6	88.9	87.5	88.9

(j) Then, there occurs a Severe Decline in Enplanements for Three Months with respect to the months April 2005 – June 2005, and the MAG shall be suspended effective July 1, 2005. There occurs an Enplanement Stabilization for Two Months with respect to the months October 2005 – November 2005, and the MAG shall be reinstated effective December 1, 2005.

5. ASSIGNMENT OR SUBLETTING

5.1 No Assignment. Tenant shall not assign, sublet, encumber, or otherwise transfer, whether voluntary or involuntary or by operation of law, the Premises or any part thereof, or any interest herein, without City's prior written consent, which consent may be granted or denied in City's sole and absolute discretion (the term "**Transfer**" shall mean any such assignment, subletting, encumbrance, or transfer). City's consent to one Transfer shall not be deemed a consent to subsequent Transfers. Any Transfer made without City's consent shall constitute a default hereunder and shall be voidable at City's election. Notwithstanding or limiting the foregoing, the City will allow a Tenant, including an individual or entity with any level of ownership in an Airport tenancy, to hold a maximum of eight (8) retail or food and beverage, or a combination therein, leases at the Airport at any given time. This policy does not include subleases. Any transfer made without the City's consent shall constitute a default hereunder and shall be voidable at the City's election.

5.2 Changes in Tenant. The merger of Tenant with any other entity or the transfer of any controlling ownership interest in Tenant, or the assignment or transfer of a substantial portion of the assets of Tenant, whether or not located on the Premises, shall constitute a Transfer. Without limiting the generality of the foregoing, if Tenant is a partnership, a withdrawal or change, voluntary, involuntary or by operation of law of the partner or partners owning twenty-five percent (25%) or more of the partnership, or the dissolution of the partnership, or the sale or transfer of at least twenty-five percent (25%) of the value of the assets of Tenant, shall be deemed a Transfer. If Tenant is a corporation or limited liability company, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock or membership interests of Tenant, or the sale or transfer of at least twenty-five percent (25%) of the value of the assets of Tenant, shall be deemed a Transfer. The phrase "**controlling percentage**" means the ownership of, and the right to vote, stock or interests possessing at least twenty-five percent (25%) of the total combined voting power of all classes of Tenant's capital stock or interests issued, outstanding and entitled to vote for the election of directors. Without limiting the restrictions on asset transfers, this paragraph shall not apply to stock or limited liability company interest transfers of corporations or limited liability companies the stock or interests of which is traded through an exchange or over the counter.

5.3 No Release. In no event will City's consent to a Transfer be deemed to be a release of Tenant as primary obligor hereunder.

5.4 Subleasing. Without limiting City's discretion in approving or disapproving a proposed Transfer, if and to the extent City permits Tenant to sublease the Premises, the following shall apply: (a) Prior to negotiating a sublease agreement, Tenant must submit to City a sublease proposal for City's approval, which approval may be granted or withheld in City's absolute and sole discretion; (b) Every sublease must be on a Standard Sublease Agreement form approved by Director, and the actual sublease must be approved by Director; (c) Each and every covenant, condition or obligation imposed upon Tenant by this Lease and each and every right, remedy or benefit afforded City by this Lease will not be impaired or diminished as a result of any sublease agreement; (d) No subtenant shall be obligated to pay to Tenant, and Tenant shall not be permitted to charge any rent, percentage rent, bonus rent, key money, administration fee, or the like, which exceeds, in the aggregate, the total sums that Tenant pays to City under this Lease for the portion of the Premises subleased by the subtenant under its sublease agreement (the "**Excess Rent**"). If, notwithstanding the foregoing prohibition, Tenant receives any Excess Rent, Tenant shall pay the same to City; (e) Tenant assigns to City all rent and other payments due from all subtenants under any sublease agreements; provided however, Tenant is hereby granted a license to collect rents and other payments due from subtenants under their sublease agreements until the occurrence of an Event of Default, regardless of whether a notice of that default has been given by City. At any time,

at Director's option, City may notify a subtenant of this assignment and upon such notice the subtenant will pay its rent other payments directly to City. City will credit Tenant with any rent received by City under such assignment, but the acceptance of any payment on account of rent from any subtenants as a result of an Event of Default will in no manner whatsoever serve to release Tenant from any liability under this Lease. No payment of rent or any other payment by a subtenant directly to City or other acceptance of such payments by City, regardless of the circumstances or reasons therefor, will in any manner whatsoever be deemed an attornment by the subtenants to City in the absence of either a specific written agreement signed by City to such an effect.

5.5 Excess Rent. City shall receive fifty percent (50%) of all Excess Rent payable in connection with any Transfer. "**Excess Rent**" means the excess of (a) all consideration received by Tenant from a Transfer over (b) Rent payable under this Lease after deducting reasonable tenant improvements paid for by Tenant, reasonable attorneys' fees and any other reasonable out-of-pocket costs paid by Tenant as a result of the Transfer (but specifically excluding any Rent paid to City while the Premises is vacant).

5.6 Acceptance of Rent. The acceptance of rent by City from any person or entity does not constitute a waiver by City of any provision of this Lease or a consent to any Transfer. City's consent to one Transfer will not be deemed to be a consent to any subsequent Transfer. If Tenant defaults in the performance of any of the terms of this Lease, City may proceed directly against the transferor (or if there has been more than one Transfer, then each transferor) without necessity of exhausting remedies against Tenant. City may consent to subsequent Transfers or amendments or modifications to this Lease with transferees, without notifying transferor (or if there has been more than one Transfer, then each transferor) and without obtaining its or their consent thereto and such action shall not relieve any transferor of liability under this Lease as amended.

5.7 Waiver. Tenant waives the provisions of Civil Code Section 1995.310 with respect to remedies available to Tenant should City fail to consent to a Transfer.

6. TAXES, ASSESSMENTS AND LIENS

6.1 Taxes.

(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. Tenant further recognizes and understands that any Transfer permitted under this Lease and any exercise of any option to renew or other extension of this Lease may constitute a change in ownership for purposes of property taxation and therefore may result in a revaluation of any possessory interest created hereunder. Tenant shall pay all 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, all of which shall be paid when the same become due and payable and before delinquency.

(b) Tenant shall report any Transfer, or any renewal or extension hereof, to the County of San Mateo Assessor within sixty (60) days after such Transfer transaction, or renewal or extension. Tenant further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements under applicable law with respect to possessory interests and any applicable rules and regulations of the Internal Revenue Service and the Securities and Exchange Commission in connection with any tax-exempt Airport revenue bonds financing the property leased to

Tenant hereunder. Tenant agrees to make an irrevocable election not to claim depreciation or an investment credit with respect to any property leased hereunder.

6.2 Other Liens. Tenant shall not permit or suffer any liens to be imposed upon the limitation, mechanics', material suppliers' and tax liens, as a result of its activities without promptly discharging the same. Notwithstanding the foregoing, Tenant may in good faith contest any such lien if Tenant provides a bond in an amount and form acceptable to City in order to clear the record of any such liens. Tenant shall assume the defense of and indemnify and hold harmless City against any and all liens and charges of any and every nature and kind which may at any time be established against said premises and improvements, or any part thereof, as a consequence of any act or omission of Tenant or as a consequence of the existence of Tenant's interest under this Lease.

7. INVESTMENTS; ALTERATIONS

7.1 Minimum Investment. Prior to the Rent Commencement Date, Tenant, at Tenant's sole cost and expense, shall refurbish, redecorate and modernize the interiors and exteriors of the Premises, and otherwise complete the initial improvements necessary and appropriate to commence operations in the Premises (the "**Initial Improvements**"), at a minimum cost of the Minimum Investment Amount or less than said amount provided Tenant complies with the Concessions Design Guidelines and receives Design Review Committee approval. As-Built drawings of fire sprinkler and fire alarm systems must be submitted to Building Inspection and Code Enforcement ("**BICE**") in AUTOCAD ".DWG" format within 30 days of issuance of a Temporary Certificate of Occupancy (TCO). Within ninety (90) days after substantial completion of the Initial Improvements, Tenant must provide to City an AUTOCAD file and an electronic PDF file in accordance with the requirements as specified in the Tenant Improvement Guide and an affidavit, signed under penalty of perjury by both Tenant *and* Tenant's general contractor, architect or construction manager, stating the hard construction costs paid by Tenant to complete the Initial Improvements, together with copies of paid invoices and lien waivers substantiating the costs stated in the affidavit. Such "hard construction costs," which must equal or exceed the Minimum Investment Amount, may include architectural and engineering fees, provided the credit for such costs against the Minimum Investment Amount shall not exceed fifteen percent (15%) of the Minimum Investment Amount. The minimum investment may not include financial costs, interest, inventory, pre-opening expenses, inter-company charges related to construction, business interruption, overhead, or debt service on any construction loan, or any charges paid by Tenant to an affiliate. If Director disputes the amount of investment claimed by Tenant, Director may, at City's expense, hire an independent appraiser to determine the cost of the investment. If the independent appraiser determines that the investment is less than the Minimum Investment Amount, the deficiency, as well as City's costs of hiring such independent appraiser, will be paid to City by Tenant within sixty (60) days of City's written notice of the appraiser's determination. At any time, upon three (3) business days' notice, City or its representatives may audit all of Tenant's books, records and source documents related to the hard construction costs paid by Tenant to complete the Initial Improvements. If the audit reveals that the hard construction costs paid by Tenant were less than those stated in Tenant's affidavit, then Tenant must pay City for the costs incurred by City in connection with the audit plus any additional deficiency discovered between the hard construction costs paid by Tenant and the Minimum Investment Amount. City, at City's sole discretion, may require that Tenant comply with the terms of a Tenant Work Letter setting forth additional terms relating to Tenant's construction of the Initial Improvements, and Tenant hereby agrees to comply with any such Tenant Work Letter.

7.2 City's Approval Rights. Tenant shall not make or suffer to be made any alterations, additions, or improvements to the Premises or any part thereof or attach any fixtures or equipment thereto, including the Initial Improvements (collectively, "**Alterations**") without City's prior written consent.

Without limiting the generality of the foregoing, the initial layout and design of all Alterations shall conform to Commission's established architectural design scheme for the Terminal Building Complex, the Airport's Concessions Design Guidelines and the provisions of Airport's TI Guide. Prior to the construction of any Alterations (including the Initial Improvements), Tenant shall submit detailed plans and specifications to the Airport's Design Review Committee and BICE for approval. Tenant shall include with its plans and specifications schematic renderings of the public retail area, materials, a color board(s) and a detailed layout of the overall merchandising plan. All decisions by the Airport's Design Review Committee shall be made subject to the approval of the Airport Commission. City's approval rights will extend to and include architectural and aesthetic matters and City reserves the right to reject any designs submitted and to require Tenant to resubmit designs and layout proposals until they meet City's approval. The Rent Commencement Date shall not be extended if City elects to reject any designs or layout proposals submitted. In the event of disapproval by City of any portion of the plans and specifications, Tenant will promptly submit necessary modifications and revisions thereof. No changes or alterations will be made in said plans or specifications after approval by City. City agrees to act within a reasonable period of time upon such plans and specifications and upon requests for approval of changes or alterations in said plans or specifications. One copy of plans for all improvements or subsequent changes therein or alterations thereof will, within fifteen (15) days after approval thereof by City, be signed by Tenant and deposited with City as an official record thereof. In the event Tenant fails to have its Initial Improvement designs approved by the Airport's Design Review Committee and BICE by the date that is thirty (30) days in advance of the Commencement Date, the Director may elect to impose fines of two hundred fifty dollars ($250) per day until such time that approvals are received. All Alterations shall be effected through the use of contractors approved by City who shall furnish to City upon demand such completion bonds and labor and material bonds as City may require so as to assure completion of the Alterations on a lien-free basis. If the estimated cost of any Alterations exceeds $750,000 per building permit, unless otherwise exempt, Tenant agrees to comply with the Local Hiring Requirements as described in Section 19.28 of this Lease. Without limiting the requirements set forth above, Tenant acknowledges and agrees that Tenant may be required to obtain approvals for any desired Alterations from BICE.

7.3 Structures and Fixtures. Tenant shall, at its sole cost and expense, design, erect, construct and install all fixtures, furnishings, carpeting, decorations, finishings, equipment, counters, or other necessary Alterations for its operation under this Lease. All construction shall be in conformity with the latest edition of the Airport TI Guide, and in conformity with the approved plans and specifications submitted by Tenant, and shall meet all applicable local building codes and ordinances as well as all other Laws. Tenant shall submit complete plans and specifications to Director, and prior to the commencing any construction work, obtain Director's written approval of said plans and specifications. Tenant shall make no change or alteration in the plans and specifications without prior written approval of Director. If Tenant fails to construct, furnish or decorate the premises in accordance with the approved plans and specifications, Tenant shall be given up to sixty (60) days to bring the premises to the condition described in the plans and specifications after which time the Director may impose a two hundred fifty dollars ($250) per day fine until such time that the premises, fixtures and furnishings are brought in accordance with the approved plans and specifications. In the event that Tenant fails to submit plans and specifications which meet the approval of City within thirty (30) days after the Effective Date, City may terminate this Lease. Nothing herein contained shall be construed to delay or otherwise affect the Commencement Date or the Rent Commencement Date.

7.4 Notice and Permits. Tenant shall give written notice to Director not less than seven (7) days prior to the commencement of any work in construction, alteration or repairs of the Premises, in order that City may post appropriate notices of non-responsibility, and agrees that such notices may remain posted until the acceptance of such work by City. Tenant shall obtain, and pay all fees for all

permits required by the City or other legal jurisdictions, for improvements that it is required to construct or install, and it shall furnish copies of all such permits to City prior to the commencement of any work.

7.5 Title to Alterations. Title to all Alterations of such a nature as cannot be removed without damage to the Terminal, including all carpeting, decorations, finishings, and counters, shall vest in City on the Expiration Date. All other equipment of such nature as to constitute trade fixtures shall remain the property of Tenant. On the Expiration Date, Tenant may remove said trade fixtures or Director may require that Tenant remove same at Tenant's expense. Prior to the Rent Commencement Date, Tenant shall submit to Director a proposed list of such trade fixtures; said list may be subsequently amended during the term of this Lease to reflect any changes in said trade fixtures. Tenant agrees and understands that "**fixture**" is defined as a thing affixed to premises that is bolted, nailed, screwed, cemented and/or plastered. For the purpose of this Lease, fixtures shall include slat wall, counters and the like, attached to the physical structure of the premises in any matter whatsoever. On the Expiration Date, all fixtures, other than those deemed trade fixtures by City, shall become the property of City. Tenant shall be liable to City for City's costs for storing, removing and disposing of Tenant's personal property, and of restoration of the Premises.

7.6 Effect of Alterations on Airport. If and to the extent that Tenant's activities or proposed Alterations trigger an obligation or requirement on the part of City to make changes to the Airport premises (including ADA requirements), Tenant shall indemnify, defend, and hold harmless City from and against any and all Losses (as defined below) arising out of such activities or Alterations.

7.7 Mid-Term Refurbishment

(a) Tenant shall refurbish, redecorate and modernize the interior and exterior of the public retail area of the Premises after the sixth (6th) anniversary of the Rent Commencement Date (the "**Mid-Term Refurbishment Date**"). On or before the date that is thirty (30) days before the Mid-Term Refurbishment Date, Tenant shall give notice to Director of its intended plan with respect to such mid-term refurbishment requirements. All such mid-term refurbishments will be subject to the requirements of this Lease, including Director's approval rights under this Section 7. Tenant shall invest Thirty-five (35%) of the Minimum Investment Amount. Tenant shall complete all such refurbishments on or before the date that is six (6) months after the Mid-Term Refurbishment Date.

(b) The Director shall be authorized to waive, reduce or delay such requirement provided Director is satisfied that Tenant has developed and shall implement a maintenance program necessary or appropriate to keep the facilities in good condition throughout the term of the Lease.

(c) Upon completion of the mid-term refurbishment, Tenant shall provide City with documentation of expenses as specified in Section 7.1 [Minimum Investment] for mid-term refurbishment investment.

7.8 Labor Harmony. The parties acknowledge that it is of the utmost importance to City, Tenant, and all those occupying or to occupy space in the Domestic and International Terminals that there be no interruption in the progress of the construction work. Accordingly, City and Tenant agree as follows:

(a) In any contract or undertaking which Tenant may make with a contractor for work in the Premises, provision shall be made for the dismissal from the job of workmen whose work is unskilled or otherwise objectionable, in the Director's (and, for this purpose, "**the Director**" shall include a reference to the Airport's Architect) reasonable judgment. Tenant shall cause any such workmen to be

discharged from the project within twenty-four (24) hours after Director shall give notice to Tenant requiring such discharge.

(b) Tenant shall use, and Tenant shall require its contractor and subcontractors to use, their respective best efforts to prevent work stoppages on the Premises, and/or elsewhere on the Airport, to the extent attributable to work being performed on the Premises, irrespective of the reason of any such stoppage. In the event that the conduct or presence of any employee(s) of Tenant or Tenant's contractor(s) or subcontractor(s) causes a labor dispute or work stoppage, Tenant shall have such employee(s) immediately removed from the Airport upon Director's request.

(c) Tenant shall include, and shall cause its contractor to include, the following clause in all contracts with its general contractors and subcontractors:

Harmony Clause

> There shall be no manifestations on the project of any dispute between any labor organization and any Tenant contractor or subcontractor, including but not limited to, any area standards picketing against said contractor or subcontractor. Should there be any manifestation of a labor dispute between any Tenant contractor or subcontractor and any union, which results in a stoppage of work on the part of said contractor or subcontractor's employees or the employees of any other employer or supplier on the project or at the Airport, which in the sole judgment of the Director will cause, or is likely to cause, unreasonable delay in the progress of construction or operation of any business at the Airport, then upon written notice from Director, Tenant shall declare the contractor or subcontractor in default of its contract, and upon such notice, Tenant shall have the right to take such steps as are necessary to finish the uncompleted portion of the work to be performed by the contractor or subcontractor.

(d) Without limiting the generality of indemnities elsewhere in this Lease, Tenant shall indemnify, defend, and hold harmless City and each City Entity for any and all Losses which arise from the actions taken pursuant to this Section 7.8.

8. UTILITIES

8.1 Services Provided. City shall provide in the Terminal Building Complex the following utility services: reasonable amounts of water, electricity, telephone, sewage outlets, heating, ventilation, and air conditioning, to a point determined by the Director. All extensions of the facilities requested by Tenant for said utility services from said points shall be at the sole cost and expense of Tenant. In the event of any change desired by Tenant as to said points of supply by City, the expense of making such changes or alterations shall be at the sole cost of Tenant.

8.2 Utility Costs. Tenant shall pay the whole cost for all utility services as invoiced to Tenant by City and for such other special services which it may require in the Premises, and Tenant hereby expressly waives the right to contest any utility rates.

8.3 Shared Telecommunications Services. Tenant acknowledges that City has implemented a shared telecommunications service program ("**STS Program**") to provide telecommunications services. The STS Program may involve City's provision of telephone, telefacsimile, local access, long distance service, internet, intranet, and other computer and telecommunications services. In such event, at City's

option, Tenant shall participate in the STS Program by engaging City or its agent to provide such services at Tenant's expense, provided that the charges for such services are generally competitive. Further, Tenant shall pay to City when invoiced, the Airport Communication Infrastructure Charge, as the same may be modified from time to time. All payments for STS services shall be due and payable when invoiced by City.

8.4 Waiver of Damages. Tenant hereby expressly waives any and all claims for damages arising or resulting from failures or interruptions of utility services to the Premises, including electricity, gas, water, plumbing, sewage, telephone, communications, heat, ventilation, air conditioning, or for the failure or interruption of any public or passenger conveniences. Without limiting the generality of the foregoing, Tenant shall have no rights to abate Rent or terminate this Lease in the event of any interruption or failure of utility services.

9. MAINTENANCE AND REPAIR

9.1 "As-Is" Condition. TENANT SPECIFICALLY ACKNOWLEDGES AND AGREES THAT CITY IS LEASING THE PREMISES TO TENANT ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT TENANT IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM CITY OR ITS AGENTS, AS TO ANY MATTERS CONCERNING THE PREMISES, INCLUDING: (i) the quality, nature, adequacy and physical condition and aspects of the Premises, including, but not limited to, landscaping, utility systems, (ii) the quality, nature, adequacy, and physical condition of soils, geology and any groundwater, (iii) the existence, quality, nature, adequacy and physical condition of utilities serving the Premises, (iv) the development potential of the Premises, and the use, habitability, merchantability, or fitness, suitability, value or adequacy of the Premises for any particular purpose, (v) the zoning or other legal status of the Premises or any other public or private restrictions on use of the Premises, (vi) the compliance of the Premises or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions of any governmental or quasi-governmental entity or of any other person or entity, (vii) the presence of Hazardous Materials on, under or about the Premises or the adjoining or neighboring property, (viii) the quality of any labor and materials used in any improvements on the real property, (ix) the condition of title to the Premises, and (x) the agreements affecting the Premises, including covenants, conditions, restrictions, ground leases, and other matters or documents of record or of which Tenant has knowledge.

9.2 Accessibility Disclosure. 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. Pursuant to California Civil Code Section 1938(e), City provides the following disclosure to Tenant: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." In the event Tenant elects to obtain a CASp inspection of the Premises, Tenant shall provide notice of such to City, and Tenant agrees that Tenant shall bear the cost of the inspection and any necessary repairs within the Premises.

9.3 Tenant's Maintenance Obligations. Tenant, at all times during the Term and at Tenant's sole cost and expense, shall keep the Premises and every part thereof in good condition and repair, and in compliance with applicable Laws, including the replacement of any facility of City used by Tenant which requires replacement by reason of Tenant's use thereof, excepting (a) ordinary wear and tear, and (b) damage due to casualty with respect to which the provisions of Section 14 [Damage or Destruction] shall apply. Tenant hereby waives all right to make repairs at the expense of City or in lieu thereof to vacate the Premises as provided by California Civil Code Section 1941 and 1942 or any other law, statute or ordinance now or hereafter in effect. In addition, if it becomes reasonably necessary during the term of this Lease, as determined by Director, Tenant will, at its own expense, redecorate and paint fixtures and the interior of the Premises and improvements, and replace fixtures, worn carpeting, curtains, blinds, drapes, or other furnishings. Without limiting the generality of the foregoing, at all times, Tenant shall be solely liable for the facade of the Premises separating the Premises from the Terminal common areas, including the external face thereof, all windows and display areas therein, and all finishes thereon. As provided below in Section 15.4 [City's Right to Perform], in the event Tenant fails to perform its maintenance and repair obligations hereunder, City shall have the right to do so, at Tenant's expense. The parties acknowledge and agree that Tenant's obligations under this Section are a material part of the bargained-for consideration under this Lease. Tenant's compliance obligations shall include, without limitation, the obligation to make substantial or structural repairs and alterations to the Premises (including the Initial Improvements), 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 curative action may interfere with Tenant's use or enjoyment of the Premises, the likelihood that the parties contemplated the particular requirement involved, or the relationship between the requirement involved and Tenant's particular use of the Premises. No occurrence or situation arising during the Term, nor any present or future requirement, whether foreseen or unforeseen, and however extraordinary, shall relieve Tenant of its obligations hereunder, nor give Tenant any right to terminate this Lease in whole or in part or to otherwise seek redress against City. Tenant waives any rights now or hereafter conferred upon it by any existing or future requirement to terminate this Lease, to receive any abatement, diminution, reduction or suspension of payment of Rent, or to compel City to make any repairs to comply with any such requirement, on account of any such occurrence or situation.

9.4 Tenant's Pest Management Obligations. Tenant shall, at all times during the Term of the Lease and at Tenant's sole cost and expense, keep the Premises and every part thereof in a clean and sanitary condition, including having a pest control program in place in accordance to the Airport's standards. Tenant shall contract with the Airport to provide pest control services and shall pay a monthly Pest Control Services Fee for such services. The Pest Control Services Fee may be adjusted from time to time at the sole discretion of the Director. Tenant must adhere to the following set of standards in accordance with the City and County of San Francisco (CCSF) Environment Code, Chapter 3, including but not limited to the following:

(a) Using pesticides on the CCSF allowed list only when application is made on City property, i.e. SFO.

(b) Any pesticide exemption must be granted by the San Francisco Department of Environment before using non-approved pesticides.

(c) All posting requirements regarding pesticide application must be adhered to prior to use.

(d) Pesticide use reports shall be made to Airport IPM (Integrated Pest Management) staff by the 10th of the month following application.

10. SIGNS AND ADVERTISING

10.1 Signs and Advertising. Tenant may, at its own expense, install and operate necessary and appropriate identification signs on the Premises, subject to the approval of Director and the requirements of the TI Guide, including but not limited to, the approval of the number, size, height, location, color and general type and design. Such approval shall be subject to revocation by Director at any time. Without express written consent of Director, Tenant shall not display any advertising, promotional, or informational pamphlets, circulars, brochures or similar materials.

10.2 Prohibition of Tobacco Advertising. Tenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on the Premises. This advertising prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This advertising prohibition does not apply to any advertisement sponsored by a state, local, nonprofit or other entity designed to (i) communicate the health hazards of cigarettes and tobacco products, or (ii) encourage people not to smoke or to stop smoking.

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

11. PROMOTIONAL PROGRAM

City, at City's election, may conduct, or cause to be conducted, advertising, promotional and public relations program for the general purpose of promoting the name and identity of the Airport and the concession business conducted in the Airport. If City elects to do so, City will determine in its sole discretion the composition and manner of implementation of that program, and Tenant must participate in promotions, advertising and public relations, and cause its store manager to attend promotional program meetings. In such event, from and after the Rent Commencement Date (but prorated for any partial month), Tenant must pay to City, as a contribution to the cost of the promotional program, the Promotional Charge, in advance on the first (1st) day of each month during the Term.

12. WAIVER; INDEMNITY; INSURANCE

12.1 Waiver. Tenant, on behalf of itself and its assigns, waives its rights to recover from and releases and discharges City and all City Entities and their respective heirs, successors, personal representatives and assigns, from any and all Losses whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise on account of or in any way connected with (a) the physical or environmental condition of the Premises or any law or regulation applicable thereto, (b) any damage that may be suffered or sustained by Tenant or any person whosoever may at any time be using or occupying

or visiting the Premises, or in or about the Airport, or (c) any act or omission (whether negligent, non-negligent or otherwise) of Tenant or any Tenant Entity, whether or not such Losses shall be caused in part by any act, omission or negligence of any of City, Commission, its members, or any officers, agents, and employees of each of them, and their successors and assigns (each, a "**City Entity**"), except if caused by the sole gross negligence or willful misconduct of City. In connection with the foregoing waiver, Tenant expressly waives the benefit of Section 1542 of the California Civil Code, which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

12.2 Indemnity. In addition to, and not in limitation of the foregoing, Tenant shall forever indemnify, defend, hold and save City and each City Entity free and harmless of, from and against any and all Losses caused in whole or in part by or arising out of (a) any act or omission of Tenant or any Tenant Entity, including Tenant's contractors and/or agents, (b) Tenant's use of the Premises or operations at the Airport, or (c) any default by Tenant or any Tenant Entity hereunder, whether or not Losses shall be caused in part by any act, omission or negligence of City or any City Entity. The foregoing indemnity shall not extend to any Loss caused by the sole gross negligence or willful misconduct of City.

12.3 Losses. For purposes hereof "**Losses**" shall mean any and all losses, liabilities, judgments, suits, claims, damages, costs and expenses (including reasonable attorneys' fees, investigation costs, remediation costs, and court costs), of any kind or nature.

12.4 Immediate Obligation to Defend. Tenant specifically acknowledges that it has an immediate and independent obligation to defend City or the City Entity from any claim which is actually or potentially within the scope of the indemnity provision of this Section 12 or any other indemnity provision under this Lease, even if such allegation is or may be groundless, fraudulent or false, and such obligation arises at the time such claim is tendered to Tenant and continues at all times thereafter.

12.5 Notice. Without limiting the foregoing waiver and indemnity, each party hereto shall give to the other prompt and timely written notice of any Loss coming to its knowledge which in any way, directly or indirectly, contingently or otherwise, affects or might affect either, and each shall have the right to participate in the defense of the same to the extent of its own interest.

12.6 Insurance. Tenant shall procure and maintain during the Term the following insurance:

(a) Workers' Compensation Insurance with Employer's Liability limits not less than $1,000,000 each accident.

(b) Commercial General Liability Insurance with limits not less than $1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products Liability and Completed Operations Coverages.

(c) Commercial Automobile Liability Insurance with limits not less than $2,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including owned, non-owned, and hired auto coverages.

(d) Property Insurance on all causes of loss-special form covering all Premises tenant improvements, fixtures, and equipment insuring against the perils of fire, lightning, extended coverage perils, vandalism and malicious mischief in the demised premises in an amount equal to the full replacement value of tenant improvements, fixtures and equipment.

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

12.7 Form of Policies. Before commencing the Initial Improvements or other operations under this Lease, Tenant shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Tenant's liability hereunder. City may, upon reasonable notice and reasonable grounds increase or change the required insurance hereunder, in which event Tenant shall obtain such required insurance. Without limiting the generality of the foregoing, all Commercial General Liability Insurance and Commercial Automobile Liability Insurance policies shall be endorsed to provide the following:

(a) Name as additional insured the City and County of San Francisco, the Airport Commission and its members, and all of the officers, agents, and employees of each of them (collectively, "**Additional Insureds**");

(b) 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.

(c) The insurance company shall give thirty (30) days prior written notice to the City for cancellation, non-renewal, or reduction in scope of limits or coverage, except for 10 days prior written notice of cancellation for nonpayment of premiums.

12.8 Subrogation. Notwithstanding anything to the contrary herein, Tenant waives any right of recovery against City for any loss or damage to the extent the same is required to be covered by Tenant's insurance hereunder. Tenant shall obtain from its insurer a waiver of subrogation the insurer may have against City or any City Entity in connection with any Loss covered by Tenant's property insurance and worker's compensation insurance policies.

13. DEPOSIT

13.1 Form of Deposit. On or before the date specified by the Director, Tenant will deliver to Director, at City's Deposit/Annual Report Notice Address, a security deposit (the "**Deposit**") in the Deposit Amount. Such Deposit shall be in the form of (a) a surety bond payable to City, naming City as obligee, in the form attached as Exhibit C-1, and otherwise in form satisfactory to City's City Attorney, and issued by a surety company satisfactory to Director, or a (b) letter of credit naming City as beneficiary, in the form attached as Exhibit C-2, and otherwise in form satisfactory to City's City Attorney, issued by a bank satisfactory to Director. Notwithstanding the foregoing, as may be provided in the Airport Commission Policy on Concession Deposits (Resolution No. 04-0153, August 3, 2004) as the

same may be amended from time to time, Tenant shall be permitted to submit as the Deposit alternative forms of deposit as specified therein. Such Deposit shall be kept in full force and effect during the Term to ensure the faithful performance by Tenant of all covenants, terms, and conditions of this Lease, including payment of Rent. The sum designated as the "Deposit" is and will remain the sole and separate property of City until actually repaid to Tenant (or at City's option, the last assignee (if any) of Tenant's interest hereunder), said sum not being earned by Tenant until all provisions precedent for its payment to Tenant have been fulfilled. For Deposits in the form of a bond or letter of credit, Tenant shall cause the surety company or bank issuing such bond or letter of credit to give Director notice in writing by registered mail at least forty-five (45) days prior to the expiration date of such bond or letter of credit of its intention not to renew said bond or letter of credit.

13.2 Maintenance of Deposit. Tenant shall cause the Deposit to be increased on January 1st following the fourth full Lease Year to an amount equal to one-half (1/2) of the adjusted MAG, all at Tenant's cost, except that during any holdover period, the Deposit Amount shall equal one-half (1/2) of Tenant's previous 12 months' Rent. Tenant shall cause the bond or letter of credit to be kept in full force and effect during the Term and any holdover period to ensure the faithful performance by Tenant of all covenants, terms, and conditions of this Lease, including payment of Rent. If and to the extent City accepts a Deposit which has an expiration date or cancellation/termination provision, Tenant shall cause the surety company or bank issuing such bond or letter of credit to give Director notice in writing by registered mail at least forty-five (45) days prior to the expiration date of such bond or letter of credit of its intention not to renew or to cancel or terminate said bond or letter of credit. Tenant shall cause such bond or letter of credit to be renewed, extended, or replaced, at Tenant's sole cost, at least thirty (30) days before the expiration date or cancellation date of the bond or letter of credit, with another bond or letter of credit that complies with the requirements herein. If Tenant fails to do so, City may, without notice to Tenant, draw on the entirety of the Deposit and hold the proceeds thereof as security hereunder. Tenant shall cause all notices to be given to City under this Section 13 to be given to City at City's Deposit/Annual Report Notice Address.

13.3 Use of Deposit. If Tenant fails to pay Rent or otherwise defaults with respect to any provision of this Lease, City may use, apply or retain all or any portion of the Deposit for the payment of Rent or other charge in default or for the payment of any other sum to which City may become obligated by reason of Tenant's default or to compensate City for any loss or damage which City may suffer thereby. If City so uses or applies all or any portion of the Deposit, Tenant, within ten (10) days after request therefore, shall deposit other security acceptable to Director with City in an amount sufficient to restore the Deposit to the full amount thereof, and Tenant's failure to do so shall be a breach of this Lease. City shall not be required to keep the Deposit or any proceeds thereof, as applicable, separate from its general accounts. Any proceeds of the Deposit is and will remain the sole and separate property of City until actually repaid to Tenant, said sum not being earned by Tenant until all provisions precedent for its payment to Tenant have been fulfilled. If Tenant performs all of Tenant's obligations hereunder, the Deposit, or the proceeds thereof, or so much thereof as has not theretofore been applied by City, shall be returned, without payment of interest or other increment for its use, to Tenant (or, at City's option, to the last assignee, if any, of Tenant's interest hereunder) within sixty (60) days after the expiration of the Term, and after Tenant has vacated the Premises. No trust relationship is created herein between City and Tenant with respect to the Deposit or any proceeds thereof. Tenant waives to the fullest extent permitted by law the provisions of California Civil Code Section 1950.7 or other similar laws, which provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy a default in the payment of rent, to repair damage caused by a tenant, or to clean the premises.

13.4 Other Agreements. If Tenant defaults with respect to any provision of any other agreement between City and Tenant, including the Other Agreements, City may use, apply or retain all or

any portion of the Deposit for payment of any sum owing to City or to which City may become obligated by reason of Tenant's default or to compensate City for any loss or damage which City may suffer thereby. Likewise, if Tenant defaults with respect to any provision under this Lease, City may use, apply, or retain all or any portion of any deposit provided under any other agreement between City and Tenant, including the Other Agreements, for payment of any sum owing to City or to which City may become obligated by reason of Tenant's default or to compensate City for any loss or damage which City may suffer thereby. In the event the Deposit or any other deposit is so used, Tenant shall deposit other security acceptable to Director with City in an amount sufficient to restore the Deposit to the full amount thereof.

14. DAMAGE OR DESTRUCTION

14.1 Partial Destruction of Premises.

(a) In the event the improvements on the Premises are damaged by any casualty which is required to be insured against pursuant to this Lease, then Tenant shall repair such damage as soon as reasonably possible, at its own cost, and this Lease shall continue in full force and effect.

(b) In the event such improvements are damaged by any casualty not covered under an insurance policy required to be maintained pursuant to this Lease, then City may, at City's option, either (i) repair such damage as soon as reasonably possible at City's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Tenant within sixty (60) days after the date of occurrence of such damage of City's intention to terminate this Lease. Such termination shall be effective as of the date specified in such notice.

(c) Notwithstanding the foregoing, if such damage is caused by an act or omission to act of Tenant or a Tenant Entity, then Tenant shall repair such damage, promptly at its sole cost and expense.

(d) In the event City elects to terminate this Lease pursuant to this Section 14.1, Tenant shall have the right within ten (10) days after receipt of the required notice to notify City of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from City, in which event this Lease shall continue in full force and effect and Tenant shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within the ten (10) day period, this Lease shall be terminated as of the date specified in City's notice. City shall not be required to repair any injury or damage by fire or other cause, or to make any restoration or replacement of any paneling, decorations, office fixtures, partitions, railings, ceilings, floor covering, equipment, machinery or fixtures or any other improvements or property installed in the Premises by Tenant or at the direct or indirect expense of Tenant. Tenant shall be required to restore or replace same in the event of damage.

14.2 Total Destruction of Premises. If the improvements on the Premises are totally destroyed during the Term from any cause whether or not covered by the insurance required herein (including any destruction required by any authorized public authority), this Lease shall automatically terminate as of the date of such total destruction.

14.3 Partial Destruction of Terminal Building. If fifty percent (50%) or more of the Terminal Building shall be damaged or destroyed by an insured risk, or if fifteen percent (15%) or more of the Terminal Building shall be damaged or destroyed by an uninsured risk, notwithstanding that the Premises may be unaffected thereby, each of City and Tenant may elect to terminate this Lease by giving notice to the other within ninety (90) days from the date of occurrence of such damage or destruction, in which event the Term of this Lease shall expire on a mutually agreed upon date and Tenant shall thereupon surrender the Premises to City as required hereunder.

14.4 Damage Near End of the Term. If during the last year of the Term the improvements on the Premises are partially destroyed or damaged, City may at City's option terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of City's election to do so within thirty (30) days after the date of occurrence of such damage. In the event City elects to terminate this Lease pursuant hereto, Tenant shall have the right within ten (10) days after receipt of the required notice to notify City in writing of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from City, in which event this Lease shall continue in full force and effect and Tenant shall proceed to make such repairs as soon as reasonably possible.

14.5 No Abatement of Rent; Tenant's Remedies.

(a) If the Premises are partially destroyed or damaged, Tenant shall have no claim against City for any damage suffered by reason of any such damage, destruction, repair or restoration. Tenant waives California Civil Code Sections 1932(2) and 1933(4) providing for termination of hiring upon destruction of the thing hired.

(b) In no event will Tenant be entitled to an abatement of Rent resulting from any damage, destruction, repair, or restoration described herein.

15. DEFAULT; REMEDIES

15.1 Event of Default. The occurrence of any one or more of the following events shall constitute a breach of this Lease and an "**Event of Default**" hereunder:

(a) Tenant shall fail duly and punctually to pay Rent, or to make any other payment required hereunder, when due to City, and such failure shall continue beyond the date specified in a written notice of such default from Director, which date shall be no earlier than the third (3rd) day after the effective date of such notice. Notwithstanding the foregoing, in the event there occurs two (2) defaults in the payment of Rent or other payment during the Term, thereafter Tenant shall not be entitled to, and City shall have no obligation to give, notice of any further defaults in the payment of Rent or other payment. In such event, there shall be deemed to occur an Event of Default immediately upon Tenant's failure to duly and punctually pay Rent or other payment hereunder; or

(b) Tenant shall become insolvent, or shall take the benefit of any present or future insolvency statute, or shall make a general assignment for the benefit of creditors, or file a voluntary petition in bankruptcy, or a petition or answer seeking an arrangement for its reorganization, or the readjustment of its indebtedness under the federal bankruptcy laws, or under any other law or statute of the United States or of any state thereof, or consent to the appointment of a receiver, trustee, or liquidator of any or substantially all of its property; or

(c) A petition under any part of the federal bankruptcy laws, or an action under any present or future insolvency law or statute, shall be filed against Tenant and shall not be dismissed within thirty (30) days after the filing thereof; or

(d) There shall occur a Transfer without the prior approval of the City; or

(e) Tenant shall voluntarily abandon, desert or vacate the Premises; or

(f) Any lien shall be filed against the Premises as a result of any act or omission of Tenant, and shall not be discharged or contested by Tenant in good faith by proper legal proceedings within twenty (20) days after receipt of notice thereof by Tenant; or

(g) Tenant shall fail to provide, maintain, increase, or replace, the Deposit as required herein; or

(h) Tenant shall fail to obtain and maintain the insurance required hereunder, or provide copies of the policies or certificates to City as required herein; or

(i) Tenant shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in this Lease, and such failure shall continue for a period of more than three (3) days after delivery by Director of a written notice of such failure (the "**First Notice**"); or if satisfaction of such obligation requires activity over a period of time, if Tenant fails to commence the cure of such failure within three (3) days after receipt of the First Notice, or thereafter fails to diligently prosecute such cure, or fails to actually cause such cure within one hundred twenty (120) days after the giving of the First Notice; or

(j) Tenant shall use or give its permission to any person to use any portion of Airport or the Terminal Buildings used by Tenant under this Lease for any illegal purpose, or any purpose not approved by Director; or

(k) There shall occur a default under any other agreement between Tenant and City, including the Other Agreements, if any, and such default is not cured as may be provided in such agreement; provided, however, that nothing herein shall be deemed to imply that Tenant shall be entitled to additional notice or cure rights with respect to such default other than as may be provided in such other agreement.

15.2 Statutory Notices. Notwithstanding anything to the contrary in this Section 15, any written notice, other than as specifically set forth in this Section 15, required by any statute or law now or hereafter in force is hereby waived by Tenant to the fullest extent available under law. Any notice given by City pursuant to Section 15.1 may be the notice required or permitted pursuant to Section 1161 et seq. of the California Code of Civil Procedure or successor statutes, and the provisions of this Lease will not require the giving of a notice in addition to the statutory notice to terminate this Lease and Tenant's right to possession of the Premises. The periods specified in Section 15.1 within which Tenant is permitted to cure any default following notice from City will run concurrently with any cure period provided by applicable laws.

15.3 Remedies. Upon the occurrence and during the continuance of an Event of Default, City shall have the following rights and remedies in addition to all other rights and remedies available to City at law or in equity:

(a) City shall have the rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including the right to terminate Tenant's right to possession of the Premises. In the event this Lease is so terminated, City may recover from Tenant the following damages:

(i) The "**worth at the time of the award**" of the unpaid Rent earned to the time of termination hereunder;

(ii) The "**worth at the time of the award**" of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided;

(iii) The "**worth at the time of the award**" of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate City for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

For purposes of the foregoing, the "**worth at the time of award**" of the amounts referred to in clauses (i) and (ii) above is computed by allowing interest at the lower of 18% per annum and the highest rate legally permitted under applicable law. The "**worth at the time of award**" of the amount referred to in clause (iii) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1% (one percent). Notwithstanding any other provisions hereof, any efforts by City to mitigate damages caused by Tenant's breach of this Lease shall not constitute a waiver of City's right to recover damages hereunder and shall not affect the right of City to indemnification pursuant to the provisions of Section 12 [Waiver; Indemnity; Insurance] hereof. For purposes of calculating City's damages comprising Base Rent based on Gross Revenues, that amount will be computed by determining the highest Base Rent accruing in any Lease Year during the immediately preceding three Lease Years or such shorter period if the Term prior to termination was less than three Lease Years. Tenant agrees that Tenant's obligations under this Lease, including the payment of Base Rent, are independent covenants and are not conditioned on the covenants or warranties of City.

(b) City shall have the right and remedy described in California Civil Code Section 1951.4. City may elect not to terminate this Lease and let this Lease continue, in which case City may enforce all its rights and remedies under this Lease, including the right to recover Rent as it becomes due under this Lease. Acts of maintenance or preservation or efforts to relet the Premises or the appointment of a receiver upon the initiative of City to protect City's interest under this Lease shall not constitute a termination of Tenant's right to possession.

(c) City shall have the right and power, as attorney in fact for Tenant, to enter and to sublet the Premises, to collect rents from all subtenants and to provide or arrange for the provision of all services and fulfill all obligations of Tenant (as permitted in accordance with the terms of this Lease) and City is hereby authorized on behalf of Tenant, but shall have absolutely no obligation, to provide such services and fulfill such obligations and to incur all such expenses and costs as City deems necessary in connection therewith. Tenant shall be liable immediately to City for all costs and expenses City incurs in collecting such rents and arranging for or providing such services or fulfilling such obligations. City is hereby authorized, but not obligated, to relet the Premises or any part thereof on behalf of Tenant, to incur such expenses as may be necessary to effect a relet and make said relet for such term or terms, upon such conditions and at such rental as City in its sole discretion may deem proper. Tenant shall be liable immediately to City for all reasonable costs City incurs in reletting the Premises required by the reletting, and other costs. If City relets the Premises or any portion thereof, such reletting shall not relieve Tenant of any obligation hereunder, except that City shall apply the rent or other proceeds actually collected by it as a result of such reletting against any amounts due from Tenant hereunder to the extent that such rent or other proceeds compensate City for the nonperformance of any obligation of Tenant hereunder. Such payments by Tenant shall be due at such times as are provided elsewhere in this Lease, and City need not wait until the termination of this Lease, by expiration of the Term hereof or otherwise, to recover them by legal action or in any other manner. City may execute any lease made pursuant hereto in its own name, and the lessee thereunder shall be under no obligation to see to the application by City of any rent or other proceeds, nor shall Tenant have any right to collect any such rent or other proceeds. City shall not by any

reentry or other act be deemed to have accepted any surrender by Tenant of the Premises or Tenant's interest therein, or be deemed to have otherwise terminated this Lease, or to have relieved Tenant of any obligation hereunder, unless City shall have given Tenant express written notice of City's election to do so as set forth herein.

(d) City shall have the right to have a receiver appointed upon application by City to take possession of the Premises and to collect the rents or profits therefrom and to exercise all other rights and remedies pursuant to this Section 15.3.

(e) City shall have the right to enjoin, and any other remedy or right now or hereafter available to a landlord against a defaulting tenant under the laws of the State of California or the equitable powers of its courts, and not otherwise specifically reserved herein.

(f) City may elect to terminate any other agreement between Tenant and City, including the Other Agreements, if any.

15.4 City's Right to Perform. All agreements and provisions to be performed by Tenant under any of the terms of this Lease shall be at its sole cost and expense and without any abatement of Rent. If Tenant shall fail to make any payment or perform any act on its part to be performed hereunder and such failure shall continue for ten (10) days after notice thereof by City, City may, but shall not be obligated to do so, and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. All sums so paid by City and all necessary incidental costs shall be deemed additional rent hereunder and shall be payable to City on demand, and City shall have (in addition to any other right or remedy of City) the same rights and remedies in the event of the nonpayment thereof by Tenant as in the case of default by Tenant in the payment of Rent.

15.5 Rights Related to Termination. In the event of any termination based on any breach of the covenants, terms and conditions contained in this Lease, City shall have the option at once and without further notice to Tenant to enter upon the Premises and take exclusive possession of same. City may remove or store any personal property located therein, at the sole cost and expense of Tenant without City being liable to Tenant for damage or loss thereby sustained by Tenant. Upon such termination by City, all rights, powers and privileges of Tenant hereunder shall cease, and Tenant shall immediately vacate any space occupied by it under this Lease, and Tenant shall have no claim of any kind whatsoever against City or any City Entity by reason of such termination, or by reason of any act by City or any City Entity incidental or related thereto. In the event of the exercise by City of such option to terminate, Tenant shall have no right to or claim upon any improvements or the value thereof, which may have been previously installed by Tenant in or on the Premises.

15.6 Cumulative Rights. The exercise by City of any remedy provided in this Lease shall be cumulative and shall in no way affect any other remedy available to City under law or equity.

15.7 Prepayment. As provided in Section 4.12 [Prepay Rent], if Tenant defaults in the payment of Rent, City may require prepayment of Rent. Such right shall be in addition to and not in lieu of any and all other rights hereunder, or at law or in equity.

15.8 Fines. If Tenant defaults under any of the Lease terms specified below, Director may elect to impose the fines described below on the basis of per violation per day:

Violation	Section	Fine
Violation of Premises Clause	1	$300
Violation of Use Section	3	$300
Failure to open Facility by the Rent Commencement Date	2.3	$500
Failure to cause operations or Premises to comply with Laws	3.13	$300
Failure to submit required documents and reports, including Sales Reports and Annual Reports	4	$100
Construction or Alterations without City approval	7	$500
Failure to submit any as-built drawings on a timely basis	7.1	$500
Failure to obtain DRC and BICE approval 30 days prior to Commencement Date	7.2	$250
Failure to build to DRC approved plans	7.3	$250
Failure to make required repairs	9	$300
Unauthorized advertising or signage	10	$100
Failure to obtain/maintain insurance	12	$300
Failure to obtain or maintain Deposit	13	$300
Failure to abide by any other term in this Lease		$300

Director's right to impose the foregoing Fines shall be in addition to and not in lieu of any and all other rights hereunder, in the Airport Rules, or at law or in equity. City shall have no obligation to Tenant to impose Fines on or otherwise take action against any other tenant at the Airport. Such Fines shall constitute "**Additional Rent**."

15.9 City Lien. Tenant hereby grants to City a lien upon and security interest in all fixtures, chattels and personal property of every kind now or hereafter to be placed or installed in or on the Premises, and agrees that in the event of any default on the part of Tenant City has all the rights and remedies afforded the secured party by the chapter on "Default" of the Uniform Commercial Code in the state wherein the Premises are located on the date of this Lease and may, in connection therewith, also (a) enter on the Premises to assemble and take possession of the collateral, (b) require Tenant to assemble the collateral and make its possession available to the City at the Premises, (c) enter the Premises, render the collateral, if equipment, unusable and dispose of it in a manner provided by the Uniform Commercial Code on the Premises. Tenant agrees to execute such instruments as City may request to perfect such lien, and designates also Director his attorney-in-fact for purposes of executing such documents.

15.10 Commencement of Legal Actions. Any legal action by City to enforce any obligation of Tenant or in the pursuit of any remedy hereunder shall be deemed timely filed if commenced at any time prior to one (1) year after the expiration or termination of the Term hereof or prior to the expiration of the statutory limitation period that would be applicable except for this Section 15.10, whichever period expires later.

15.11 Waiver of Notice. Except as otherwise expressly provided in this Section 15, Tenant hereby expressly waives, so far as permitted by law, the service of any notice of intention to enter or re-enter provided for in any statute, or of the institution of legal proceedings to that end, and Tenant, for and

on behalf of itself and all persons claiming through or under Tenant, also waives any right of redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 or 1179, or under any other present or future law, if Tenant is evicted or City takes possession of the Premises by reason of any default by Tenant hereunder.

16. SURRENDER

Tenant shall at the end of the Term surrender to City the Premises in "broom clean" condition with all Alterations, additions and improvements thereto in the same condition as when received, ordinary wear and tear and damage by fire, earthquake, act of God, or the elements excepted. Tenant shall abide by the vacating instructions in the Tenant Improvement Guide and shall remove all trade dress, signage inserts, equipment and furnishings not permanently affixed to the base building or chattels. Additionally, Tenant shall be responsible for ensuring that its telecommunications cables and all other low voltage special systems cables are capped off and service discontinued. If Tenant utilized a hood, grease receptacle, or grease interceptor in the operation of its business, all items must be professionally cleaned with a receipt for same submitted to City. Subject to City's right to require removal pursuant to Section 7 [Investments; Alterations] hereof, all Alterations and improvements installed in the Premises by Tenant (other than Tenant's trade fixtures), shall, without compensation to Tenant, then become City's property free and clear of all claims to or against them by Tenant or any third person. In the event that Tenant shall fail to remove its personal property, including trade fixtures, on or before the Expiration Date, such personal property shall become City's property free and clear of all claims to or against them by Tenant or any third person. In such event, City shall not be responsible for any Losses related to such personal property, and City may sell or otherwise dispose of such personal property. If any of the surrender requirements of this Section are not met, City may at its sole discretion deduct reasonable costs for the work from the Tenant's Deposit.

17. HAZARDOUS MATERIALS

17.1 Definitions. As used herein, the following terms shall have the meanings hereinafter set forth:

(a) "**Environmental Laws**" shall mean any federal, state, local or administrative law, rule, regulation, order or requirement relating to industrial hygiene, environmental conditions or Hazardous Materials, whether now in effect or hereafter adopted, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resources Conservation and Recovery Act of 1976 (42 U.S.C. Section 9601, et seq.), the Clean Water Act (33 U.S.C. Section 1251, et seq.), the Safe Drinking Water Act (14 U.S.C. Section 401, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.), the Toxic Substance Control Act (15 U.S.C. Section 2601, et seq.), the California Hazardous Waste Control Law (California Health and Safety Code Section 25100, et seq.), the Porter-Cologne Water Quality Control Act (California Water Code Section 13000, et seq.), and the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code Section 25249.5, et seq.)

(b) "**Hazardous Material**" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health 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 any Environmental Law; any asbestos and asbestos containing materials; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and any materials listed in the Airport's TI Guide.

(c) "**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 the Property.

(d) "**Pre-Existing Condition**" means the existence of any Hazardous Materials on the Premises immediately prior to the Commencement Date.

17.2 Tenant's Covenants.

(a) Neither Tenant nor any Tenant Entity shall cause any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or the Airport, or transported to or from the Premises or the Airport; provided that Tenant may use such substances as are customarily used in retail sales so long as such use is in compliance with all applicable Environmental Laws and the Airport's TI Guide.

(b) Tenant shall handle Hazardous Materials discovered or introduced on the Premises during the Term in compliance with all Environmental Laws and the Airport's TI Guide. Tenant shall protect its employees and the general public in accordance with all Environmental Laws.

(c) In the event Tenant becomes aware of the actual or possible Release of Hazardous Materials on the Premises or elsewhere on the Airport, Tenant shall promptly give notice of the same to City. Without limiting the generality of the foregoing, Tenant shall give notice to City of any of the following: (i) notice of a Release of Hazardous Materials given by Tenant, any subtenant, or other occupant to any governmental or regulatory agency; (ii) notice of a violation or potential or alleged violation of any Environmental Law received by Tenant, any subtenant, other occupant on the Premises from any governmental or regulatory agency; (iii) any inquiry, investigation, enforcement, cleanup, removal, other action that is instituted or threatened by a government or regulatory agency; (iv) any claim that is instituted or threatened by a third party against Tenant, any subtenant, or other occupant on the Premises that relates to Hazardous Materials; and (v) any notice of termination, expiration, or material amendment to any environmental operating permit or license necessary for the use of the Premises.

(d) Any items containing Hazardous Materials in use by Tenant, which are customarily used in retail, must be disposed of in a manner consistent with all applicable Environmental Laws.

(e) At Director's request, Tenant shall provide information necessary for City to confirm that Tenant is complying with the foregoing covenants.

17.3 Environmental Indemnity. Tenant shall indemnify, defend, and hold harmless City from and against any and all Losses arising during or after the Term as a result of or arising from: (a) a breach by Tenant of its obligations contained in the preceding Section 17.2 [Tenant's Covenants], or (b) any Release of Hazardous Material from, in, on or about the Premises or the Airport caused by the act or omission of Tenant or any Tenant Entity, or (c) the existence of any Hazardous Materials on the Premises, except to the extent that Tenant can demonstrate that such Hazardous Materials constitutes a Pre-Existing Condition.

17.4 Environmental Audit. Upon reasonable notice, Director shall have the right but not the obligation to conduct or cause to be conducted by a firm acceptable to Director, an environmental audit or any other appropriate investigation of the Premises for possible environmental contamination. Such investigation may include environmental sampling and equipment and facility testing, including the testing of secondary contamination. No such testing or investigation shall limit Tenant's obligations

hereunder or constitute a release of Tenant's obligations therefor. Tenant shall pay all costs associated with said investigation in the event such investigation shall disclose any Hazardous Materials contamination as to which Tenant is liable hereunder.

17.5 Closure Permit. Prior to the termination or expiration of this Lease, Director shall have the right to require Tenant to file with the City an application for a Closure Permit for decontamination of the site and investigation and removal of all Hazardous Materials in compliance with the Airport's TI Guide, the Airport Rules, and all Laws. The Closure Permit may require a plan for long-term care and surveillance of any contamination allowed to remain at the Premises or Airport property and an acknowledgment of responsibility and indemnification for any and all Losses associated with any such contamination. Without limiting the foregoing provision, City reserves the right to require Tenant to, and in such event Tenant shall, at Tenant's sole cost and expense, decontaminate the Premises and remove any Hazardous Materials discovered during the Term, except those Hazardous Materials which constitute Pre-Existing Conditions. Such removal shall be performed to the Director's reasonable satisfaction.

18. EMINENT DOMAIN

18.1 Definitions. For purposes of this Section 18, the following capitalized terms shall have the following meanings:

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

(b) "***Date of Taking***" means the earlier of: (a) the date upon which title to the portion of the Premises taken passes to and vests in the condemnor, and (b) the date on which Tenant is dispossessed

(c) "***Taking***" means a taking or damaging, including severance damage, by eminent domain, inverse condemnation or for any public or quasi-public use under applicable Laws. 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.

18.2 General. If during the Term or during the period between the execution of this Lease and the Commencement Date, any Taking of all or any part of the Premises or any interest in this Lease occurs, the rights and obligations of the parties hereunder shall be determined pursuant to this Section 18. City and Tenant intend that the provisions hereof govern fully in the event of a Taking and accordingly, the Parties each hereby waives any right to terminate this Lease in whole or in part under Sections 1265.120 and 1265.130 of the California Code of Civil Procedure or under any similar Law now or hereafter in effect.

18.3 Total Taking; Automatic Termination. If a total Taking of the Premises occurs, then this Lease shall terminate as of the Date of Taking.

18.4 Partial Taking; Election to Terminate.

(a) If a Taking of any portion (but less than all) of the Premises occurs, then this Lease shall terminate in its entirety if all of the following exist: (i) the partial Taking renders the remaining portion of the Premises untenantable or unsuitable for continued use by Tenant for the Permitted Use; (ii) the condition rendering the Premises untenantable or unsuitable either is not curable or is curable but City is unwilling or unable to cure such condition; and (iii) City elects to terminate.

(b) If a partial Taking of a material portion of the Terminal occurs, City shall have the right to terminate this Lease in its entirety.

(c) City's elections to terminate this Lease pursuant to this Section 18 shall be exercised by City's giving notice to Tenant on or before the date that is one hundred twenty (120) days after the Date of Taking, and thereafter this Lease shall terminate upon on the thirtieth (30th) day after such notice is given.

18.5 Tenant's Monetary Obligations; Award. Upon termination of this Lease pursuant to an election under Section 18.4 [Partial Taking; Election to Terminate] above, then: (a) Tenant's obligation to pay Base 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 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 Tenant's personal property.

18.6 Partial Taking; Continuation of Lease. If a partial Taking of the Premises occurs and this Lease is not terminated in its entirety under Section 18.4 [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) the Minimum Annual Guarantee shall be adjusted by Director to reflect the 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). 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. Tenant shall retain any Award made specifically to Tenant for Tenant's relocation expenses or the interruption of or damage to Tenant's business or damage to Tenant's personal property.

18.7 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, City shall be entitled to receive any Award.

19. CITY AND OTHER GOVERNMENTAL PROVISIONS

19.1 MacBride Principles - Northern Ireland. Pursuant to San Francisco Administrative Code §12.F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Tenant acknowledges that he or she has read and understood this section.

19.2 Charter. The terms of this Lease shall be governed by and subject to the budget and fiscal provisions of the Charter of the City and County of San Francisco.

19.3 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 Environmental Code, Tenant shall not provide any items to the construction of 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 Environmental 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.

19.4 No Representations. Tenant acknowledges and agrees that neither City nor any person on behalf of City has made, and City hereby disclaims, any representations or warranties, express or implied, regarding the business venture proposed by Tenant at the Airport, including any statements relating to the potential success or profitability of such venture. Tenant represents and warrants that it has made an independent investigation of all aspects of the business venture contemplated by this Lease and the Permitted Use.

19.5 Effect of City Approvals. Notwithstanding anything to the contrary herein, Tenant acknowledges and agrees that City is entering into this Lease as a landowner, and not as a regulatory agency with police powers. Accordingly, any construction, alterations, or operations contemplated or performed by Tenant hereunder may require further authorizations, approvals, or permits from governmental regulatory agencies, including the Airport's Quality Control Department. Nothing in this Lease shall limit Tenant's obligation to obtain such other authorizations, approvals, or permits. No inspection, review, or approval by City pursuant to this Lease shall constitute the assumption of, nor be construed to impose, responsibility for the legal or other sufficiency of the matter inspected, reviewed, or approved. In particular, but without limiting the generality of the foregoing, in approving plans and specifications for Alterations, City (a) is not warranting that the proposed plan or other action complies with applicable Laws, and (b) reserves its right to insist on full compliance in that regard even after its approval has been given or a permit has been issued.

19.6 Limitation on Damages. Notwithstanding anything to the contrary herein, in no event will City or any City Entity be liable to Tenant or any Tenant Entity for any consequential, incidental, or special damages, or special damages, or lost revenues or lost profits.

19.7 Sponsor's Assurance Agreement. This Lease shall be subordinate and subject to the terms of any "**Sponsor's Assurance Agreement**" or any like agreement heretofore or hereinafter entered into by City and any agency of the United States of America.

19.8 Federal Nondiscrimination Regulations.

(a) Tenant understands and acknowledges that City has given to the United States of America, acting by and through the Federal Aviation Administration, certain assurances with respect to nondiscrimination, which have been required by Title VI of the Civil Rights Act of 1964, as effectuated by Title 49 of the Code of Federal Regulations, Subtitle A - Office of the Secretary of Transportation, Part 21, as amended, as a condition precedent to the government making grants in aid to City for certain Airport programs and activities, and that City is required under said Regulations to include in every agreement or concession pursuant to which any person or persons other than City, operates or has the right to operate any facility on the Airport providing services to the public, the following covenant, to which Tenant agrees as follows: "*Tenant in its operation at and use of San Francisco International Airport, covenants that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that the grantee, licensee, permittee, etc., shall use the Premises in compliance with all other*

requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Subtitle A, Office of the Secretary of Transportation, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation Effectuations of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended."

(b) This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR part 23. (i) The concessionaire or contractor agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR part 23. (ii) The concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR part 23 that it enters and cause those businesses to similarly include the statements in the further agreements.

(c) This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR part 27, which require, among other things, that all televisions and audio-visual displays installed in passenger areas have high-contrast captioning capability, which is at all times enabled.

19.9 Federal Affirmative Action Regulations. Tenant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Tenant assures that it will require that its covered sub-organizations provide assurances to Tenant that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

19.10 City's Nondiscrimination Ordinance.

(a) In the performance of this agreement, Tenant agrees not to discriminate against any employee, City and County employee working with Tenant, 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 operated by Tenant, 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) Tenant shall include in all subleases and other subcontracts relating to the Premises hereunder a nondiscrimination clause 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) Tenant does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco, where the work is being performed for the City, or 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) Tenant hereby represents that prior to execution of this Lease (i) Tenant executed and submitted to the Contract Monitoring Division of the City and County of San Francisco (the "**CMD**") the Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits form (Form CMD-12B-101), with supporting documentation, and (ii) the CMD approved such form.

(e) The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to nondiscrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Lease as though fully set forth 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 $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.

19.11 Conflict of Interest. Through its execution of this Agreement, Tenant acknowledges that it is familiar with the provisions of section 15.103 of City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and sections 87100 et seq. and sections 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provision and agrees that if it becomes aware of any such fact during the term of this Agreement it shall immediately notify Landlord.

19.12 Prevailing Rates of Wage. Intentionally Left Blank. See Section 19.21(j).

19.13 Declaration Regarding Airport Private Roads. Tenant hereby acknowledges and agrees that all roads existing at the date of execution hereof within the boundaries of the Airport, as shown on the current official Airport plan and as it may be revised, are the private property and private roads of the City and County of San Francisco, with the exception of that portion of the old Bayshore Highway which runs through the southern limits of the City of South San Francisco and through the northern portion of the Airport to the intersection with the North Airport Road as shown on said Airport Plan, and with the exception of that portion of the North Airport Road which runs from the off and on ramps of the State Bayshore Freeway to the intersection with said old Bayshore Highway as shown on said Airport Plan. It further acknowledges that any and all roads hereafter constructed or opened by City within the Airport boundaries will be the private property and road of City, unless otherwise designated by appropriate action.

19.14 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 or other Losses, against and covenants not to sue City or any City Entity under any Laws, including any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws. Without limiting Section 5 [Assignment or Subletting], Tenant shall cause any Transferee to expressly waive entitlement to any and all relocation assistance and benefits in connection with this Lease. Tenant shall indemnify, defend, and

hold harmless City for any and all Losses arising out of any relocation assistance or benefits payable to any Transferee.

19.15 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. Any violation of this prohibition by Tenant or any Tenant Entity shall constitute a default hereunder.

19.16 Compliance with Americans With Disabilities Act. Tenant acknowledges that, pursuant to the ADA, programs, services and other activities provided by a public entity, whether directly or through a contractor, must be accessible to the disabled public. Tenant shall provide the services specified in this Lease in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation, including but not limited to, Titles II and III of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794 et seq.), 28 CFR Parts 35 and 36, and 49 CFR Parts 27, 37 and 38. Tenant agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Lease, and further agree that any violation of this prohibition on the part of Tenant, its employees, agents or assigns shall constitute a material breach of this Lease.

19.17 Sunshine Ordinance. In accordance with S.F. Administrative Code Section 67.24(e), contractors' bids, responses to RFPs and all other records of communications between the City and persons or firms seeking contracts shall 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 or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

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

19.19 First Source Hiring Ordinance. Tenant shall comply with the San Francisco First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264-98, as amended by Board of Supervisors Ordinance Nos. 32-09 and 149-09) in cooperation with the Airport Commission Office of Employment and Community Partnerships pursuant to the First Source Hiring Agreement entered into between the Airport Commission and the Tenant concurrently herewith, and incorporated herein by reference.

19.20 Labor Peace/Card Check Rule. Without limiting the generality of other provisions herein requiring Tenant to comply with all Airport Rules, Tenant shall comply with the Airport's Labor Peace/Card Check Rule, adopted on February 1, 2000, pursuant to Airport Commission Resolution No. 00-0049 (the "**Labor Peace/Card Check Rule**"). Capitalized terms not defined in this provision are defined in the Labor Peace/Card Check Rule. To comply with the Labor Peace/Card Check Rule, Tenant shall, among other actions: (a) Enter into a Labor Peace/Card Check Agreement with any Labor

Organization which requests such an agreement and which has registered with the Director or his/her designee, within thirty (30) days after the Labor Peace/Card Check Agreement has been requested; (b) Not less than thirty (30) days prior to the modification of this Lease, Tenant shall provide notice by mail to any Labor Organization or federation of labor organizations which have registered with the Director or his/her designee ("**registered labor organization**"), that Tenant is seeking to modify or extend this Lease; (c) Upon issuing any request for proposals, invitations to bid, or similar notice, or in any event not less than thirty (30) days prior to entering into any Subcontract, Tenant shall provide notice to all registered labor organizations that Tenant is seeking to enter into such Subcontract; and (d) Tenant shall include in any subcontract with a Subcontractor performing services pursuant to any Covered Contract, a provision requiring the Subcontractor to comply with the requirements of the Labor Peace/Card Check Rule. If the Director determines that Tenant shall have violated the Labor Peace/Card Check Rule, the Director shall have the option to terminate this Lease, in addition to exercising all other remedies available to him/her.

19.21 Requiring Minimum Compensation.

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

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

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

(d) Tenant shall maintain employee and payroll records as required by the MCO. If Tenant fails to do so, it shall be presumed that the Tenant paid no more than the minimum wage required under State law.

(e) The City is authorized to inspect Tenant's premises and conduct interviews with employees and conduct audits of Tenants.

(f) Tenant's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Tenant fails to comply with these requirements. Tenant agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are

reasonable estimates of the loss that the City and the public will incur for Tenant's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

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

(h) 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 MCO.

(i) If Tenant is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than $25,000, but Tenant later enters Tenant an agreement or agreements that cause Tenant to exceed that amount in a fiscal year, Tenant shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Tenant and this department to exceed $25,000 in the fiscal year.

(j) In the event that the MCO is repealed and not replaced with successor legislation, or is otherwise ever not in force or effect at the Airport generally or applicable to Tenant for any reason, Tenant shall, nevertheless abide by Airport Commission Policy No. 80-0031, requiring that Tenant pay prevailing rates of salaries, wages, and employee benefits to all of its employees working at the Airport.

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

19.23 Requiring Health Benefits for Covered Employees. 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 by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. Capitalized terms used in this Section and not defined in this Agreement 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(e) of the HCAO, it shall have no obligation to comply with part (a) above.

(c) Tenant's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Tenant if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of 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 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

(d) Any Subcontract entered into by Tenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Tenant shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration 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 noncompliance or anticipated noncompliance 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 maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

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

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

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

(k) Tenant shall allow City to inspect Tenant's premises and have access to Tenant's employees in order to monitor and determine compliance with HCAO.

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

(m) If Tenant is exempt from the HCAO when this Agreement is executed because its amount is less than $25,000 ($50,000 for nonprofits), but Tenant later enters into an agreement or agreements that cause Tenant's aggregate amount of all agreements with City to reach $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 City to be equal to or greater than $75,000 in the fiscal year.

19.24 Notification of Limitations on Contributions. By executing this Agreement, Tenant acknowledges its obligations under section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who leases, or seeks to lease, to or from any department of the City any land or building from making any campaign contribution to (a) a City elected official if the lease must be approved by that official, (b) a candidate for that City elective office, or (c) a committee controlled by that elected official or a candidate for that office, at any time from the submission of a proposal for the lease until the later of either the termination of negotiations for the lease or twelve (12) months after the date the City approves the lease. Tenant acknowledges that the foregoing restriction applies only if this Agreement or a combination or series of leases or other contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of one hundred thousand dollars ($100,000) or more. Tenant further acknowledges that (i) the prohibition on contributions applies to each prospective party to the lease; any person on Tenant's board of directors, any of Tenant's principal officers (including its chairperson, chief executive officer, chief financial officer, chief operating officer) and any person with an ownership interest of more than 10 percent (10%) in Tenant; any subtenant listed in the lease; and any committee that is sponsored or controlled by Tenant; and (ii) within thirty (30) days of the submission of a proposal for the lease, the City department with whom Tenant is leasing is obligated to submit to the Ethics Commission the parties to the lease and any subtenant. Additionally, Tenant certifies that it informed any member of its board of directors and any of its principal officers, including its chairperson, chief executive officer, chief financial officer, chief operating officer, any person with an ownership interest of more than 10% in Tenant, and any subtenant listed herein of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for this Agreement, and has provided the names of the persons required to be informed to the City department with whom it is leasing.

19.25 Food Service Waste Reduction Ordinance. San Francisco's Food Service Waste Reduction Ordinance, Ordinance No. 295-06, SF Environment Code Chapter 16 (Ordinance) requires restaurants, retail food vendors, City departments, City contractors and City lessees to use biodegradable/compostable or recyclable disposable food service ware when selling or distributing prepared foods, unless there is no "affordable" alternative. The Ordinance also prohibits such businesses and the City from using disposable food service ware made from polystyrene (Styrofoam™). Violation of the Ordinance may result in contractual damages, a criminal fine, administrative penalty, or other civil enforcement action.

19.26 Multi-Employer Bargaining Group Participation. *Left blank by agreement of the parties*

19.27 Worker Retention Policy. Tenant acknowledges the Airport's Worker Retention Policy and agrees to comply with its requirements.

19.28 Local Hire Policy. 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"). All Alterations under this Lease are subject to the Local Hiring Requirements unless the cost for such work is (a) estimated to be less than $750,000 per building permit or (b) meets any of the other exemptions in the Local Hiring Requirements. Tenant agrees that it shall comply with the Local Hiring Requirements to the extent applicable. Before starting any Alteration, Tenant shall contact City's Office of Economic Workforce and Development ("OEWD") to verify if the Local Hiring Requirements apply to the work (i.e., whether the work is a "Covered Project"). Tenant shall include, and shall require its subtenants to include, a requirement to comply with the Local Hiring Requirements in any contract for a Covered Project with specific reference to San Francisco Administrative Code Section

23.62. Each such contract shall name the City and County of San Francisco as a third party beneficiary for the limited purpose of enforcing the Local Hiring Requirements, including the right to file charges and seek penalties. Tenant shall cooperate, and require its subtenants to cooperate, with 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 City to seek the remedies specified in San Francisco Administrative Code Section 23.62 against the breaching party.

19.29 Green Building Requirements. Tenant acknowledges that the City and County of San Francisco has enacted Chapter 7 of the San Francisco Environment Code relating to green building requirements. Tenant hereby agrees that it shall comply with all applicable provisions of Chapter 7, including but not limited to those relating to Leadership in Energy and Environmental Design (LEED) certification.

19.30 Bottled Water Requirements. The Airport issued Airport Operations Bulletin 19-03-AOB, which prohibits Airport tenants, vendors and permittees from providing or Selling Bottled Water in containers that contain plastic or aseptic paper packaging, including in vending machines. Instead, reusable, single-use and multi-use recyclable aluminum and glass, and BPI-certified compostable products, pre-approved by the Airport, may be sold. "Bottled Water" means drinking water in a sealed box, bag, can, bottle, or other container intended primarily for single-service use and having a capacity of one liter or less. Drinking water includes mineral water, carbonated or sparkling water, and electrolyte enhanced water. This policy is effective August 20, 2019 and will be incorporated into the Airport Rules and Regulations to become effective January 1, 2020. The Airport has compiled a list of compliant Bottled Water on https://sfoconnect.com/zero-waste-concessions.

20. GENERAL PROVISIONS

20.1 Notices. Except as otherwise specifically provided in this Lease, any notice, consent, request, demand, or other correspondence given under this Lease shall be in writing and given by delivering the notice in person or by commercial courier, or by sending it by first-class mail, certified mail, return receipt requested, or overnight courier, return receipt requested, with postage prepaid or by electronic mail (if an electronic mail address is provided), to: (a) Tenant at Tenant's Notice Address; or (b) City at City's Notice Address; or (c) such other address as either Tenant or City may designate as its new address for such purpose by notice given to the other in accordance with this Section. Any notice hereunder shall be deemed to have been given and received and effective two (2) days after the date when it is mailed, if sent by first-class, certified mail, one day after the date when it is mailed if sent by overnight courier, or upon the date personal or electronic mail delivery is made. For convenience of the parties, copies of notices may also be given by facsimile to the number set forth in the Summary or such other number as may be provided from time to time; provided, however, neither party may give binding notice by facsimile.

20.2 No Implied Waiver. No failure by either party to insist upon the strict performance of any obligation of the other party under this Lease or to exercise any right, power or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of such term, covenant or condition. 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.

20.3 Entire Agreement. The parties intend that this Lease (including all of the attached exhibits, which are made a part of this Lease) shall be the final expression of their agreement with respect to the subject matter hereof and may not be contradicted by evidence of any prior or contemporaneous written or oral agreements or understandings. 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.

20.4 Amendments. Except as specifically provided herein, neither this Lease nor any term 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.

20.5 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. Use of the word "**including**" shall mean "including, without limitation." References to statutes, sections, ordinances or regulations are to be construed as including all statutory, ordinance, or regulatory provisions consolidating, amending, replacing, succeeding or supplementing the statute, section, ordinance or regulation. Whenever the singular number is used in this Lease and when required by the context, the same includes the plural, the plural includes the singular, and the masculine gender includes the feminine and neuter genders, and the word "**person**" shall include corporation, partnership, firm, limited liability company, and association.

20.6 Successors and Assigns. Subject to the provisions of Section 5 [Assignment or Subletting], the terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Tenant and City and, except as otherwise provided herein, their personal representatives and successors and assigns.

20.7 No Third-Party Beneficiaries. There are no third-party beneficiaries to this Lease.

20.8 No Joint Venture. It is expressly agreed that City is not, in any way or for any purpose, a partner of Tenant in the conduct of Tenant's business or a member of a joint enterprise with Tenant, and does not assume any responsibility for Tenant's conduct or performance of this Lease.

20.9 Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, nor 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. 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 his/her claim shall be responsible for such commission or fee and shall indemnify, defend, and hold harmless the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination or expiration of this Lease.

20.10 Severability. If any provision of this Lease or the application thereof to any person, entity or circumstance shall, to any extent, 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 full extent permitted by law.

20.11 Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of California and the Charter of the City and County of San Francisco.

20.12 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 party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For 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. Without limiting the generality of the foregoing, Tenant shall also pay all costs and expenses incurred by City related to City's participation in or monitoring of any Tenant bankruptcy, insolvency, or similar proceeding involving creditors' rights generally and any proceeding ancillary thereto. This Section shall survive expiration or earlier termination of this Lease.

20.13 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.

20.14 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.

20.15 Reservations by City. City may (a) at any time, upon reasonable advance written or oral notice, enter the Premises to show the Premises to prospective tenants or other interested parties, to post notices of non-responsibility, to re-measure the Premises, to repair any part of the Premises or adjoining areas, to install equipment for adjoining areas, and for any other lawful purpose; (b) without advance notice, enter the Premises to conduct an environmental audit, operational audit, or general inspection, or in an emergency. City shall use reasonable efforts to minimize disruption in Tenant's business. Such entry shall not constitute a forcible or unlawful entry into or a detainer of the Premises, or an eviction, actual or constructive of Tenant from the Premises. City reserves the exclusive right to use all areas of the Airport not comprising the Premises, and the exterior walls and roofs the Premises. City reserves the exclusive right to use such areas together with the right to install, maintain, use, repair, and replace pipes, ducts, conduits, wires, columns, and structural elements serving other parts of the Airport in and through the Premises. This reservation in no way affects maintenance obligations imposed in this Lease.

20.16 Survival of Indemnities. Expiration or 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 effect any provision of this Lease that expressly states it shall survive termination hereof. Each party hereto specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Lease, the indemnitor has an immediate and independent obligation to defend the indemnitees from any claim which actually or potentially falls within the 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 the indemnitor by the indemnitee. Further, Tenant's obligation to make payments to City in respect of accrued charges (including those which have not yet been billed) and to make repairs (including those relating to the return of the Premises to City) which are accrued at

the expiration or earlier termination of this Lease shall survive the expiration or earlier termination of this Lease.

20.17 Quiet Enjoyment and Title. Tenant, upon paying the Rent hereunder and performing the covenants hereof, shall peaceably and quietly have, hold and enjoy the Premises and all appurtenances during the full Term as against all persons or entities claiming by and through City. Tenant expressly acknowledges that Tenant's right to quiet possession of the Premises does not preclude City's right to make changes and additions to the Airport, including the Premises, and to do work in the Premises as permitted by this Lease.

20.18 No Right of Redemption. Tenant waives any right of redemption or reinstatement of Tenant under any present or future case law or statutory provision (including Code of Civil Procedure Sections 473 and 1179 and Civil Code Section 3275) in the event Tenant is dispossessed from the Premises for any reason. This waiver applies to future statutes enacted in addition or in substitution to the statutes specified herein.

20.19 Accord and Satisfaction. The payment by Tenant or the receipt by City of a lesser amount than the rent stipulated in this Lease may be, at City's sole option, deemed to be on account of the earliest due stipulated rent, or deemed to be on account of rent owing for the current period only, notwithstanding any instructions by or on behalf of Tenant to the contrary, which instructions shall be null and void, and no endorsement or statement on any check or any letter accompanying any such check or payment will be deemed an accord and satisfaction, and City may accept such check or payment without prejudice to City's right to recover the balance of such rent or payment or pursue any other remedy available in this Lease, at law or in otherwise, including possession of the Premises. City may accept any partial payment from Tenant without invalidation of any contractual notice required to be given herein (to the extent such contractual notice is required) and without invalidation of any notice given or required to be given pursuant to applicable law. In such event, if City shall receive any such partial payment after it shall have commenced an action against Tenant, City may amend its action as contemplated by Section 1161.1(c) of the California Civil Code to reflect any such partial payment, and no such payment shall limit any of City's rights to continue the action.

20.20 Joint and Several Liability. The liabilities hereunder of the entities and/or person(s) comprising Tenant shall be joint and several.

20.21 Estoppel Statements. Within ten (10) days after request therefor by City, Tenant shall deliver, in recordable form, an estoppel statement certifying that this Lease is in full force and effect; the date of Tenant's most recent payment of Rent, and that Tenant has no defenses or offsets outstanding, or stating those claimed, and any other information reasonably requested. Failure to deliver said statement within the specified period shall be conclusive upon Tenant that: (i) this Lease is in full force and effect, without modification except as may be represented by City; (ii) there are no uncured defaults in City's performance and Tenant has no right of offset, counterclaim or deduction against Rent hereunder; and (iii) no more than one month's Base Rent has been paid in advance. Notwithstanding the conclusiveness of Tenant's failure to deliver such statement, Tenant's failure shall constitute a breach of this Lease.

20.22 Authority. If Tenant signs as a corporation, a limited liability company, 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 duly 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 evidence reasonably satisfactory to City confirming the foregoing representations and warranties.

20.23 Consents. If City is required to reasonably grant consent or approval, but does not do so, Tenant's sole and exclusive remedy is to seek specific performance and in no event will City be liable for any monetary damages.

20.24 Options Personal. If and to the extent Tenant has an option to extend the Term of this Lease, such option is personal to the original Tenant and may be exercised only by the original Tenant while occupying the Premises who does so without the intent of thereafter making any Transfer, and may not be exercised by or assigned, voluntarily or involuntarily, by or to any person or entity other than Tenant, unless the foregoing prohibition is waived by Director. The options, if any, herein granted to Tenant are not assignable separate and apart from this Lease, nor may any option be separated from this Lease in any manner, either by reservation or otherwise.

20.25 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.

/ / /

/ / /

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

JOINT TENANTS, doing business as:
[signatories also to initial Summary]

HG SFO Retailers 2017 JV

Hudson Group (HG) Retail, LLC

By: Michael R Mullaney

Name: Michael R. Mullaney
(type or print)

Title: EVP, Corporate Strategy & Business Development

RDJ Enterprises, LLC

By: Dwayne Jones

Name: Rudolph Dwayne Jones
(type or print)

Title: President

Stewart Manhattan Investments, Inc.

Simeon R. Stewart II
By:

Name: Simeon Washington
(type or print)

Title: President

APPROVED AS TO FORM:
HUDSON GROUP LEGAL DEPARTMENT
BY:_____
Natalie Aronov, Senior Counsel

CITY:
[signatories to also initial Summary]

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

_____
Ivar C. Satero
Airport Director

AUTHORIZED BY AIRPORT COMMISSION

Resolution No.: 20-0047

Adopted: March 17, 2020

Attest:_____
Secretary
Airport Commission

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

By:_____
Deputy City Attorney

X:\TENANTS\Hudson_HG\Agreements\Working Docs\HMT1 Lease #20-0047- Cws Edits - Ovo Revised V1 Final.Docx

LIST OF EXHIBITS

EXHIBIT A – Description of Premises

EXHIBIT B – Use and Operational Requirements

EXHIBIT C-1 – Form of Performance Bond

EXHIBIT C-2 – Form of Letter of Credit

EXHIBIT D – Tenant Work Letter

EXHIBIT A
PREMISES

A single leased facility with a premises comprised of approximately 2,107 square feet of space located in Terminal 1, Boarding Area B San Francisco International Airport, as described on the attached drawings, broken down as follows:

Location No./Description of Facility	Approx. Square Footage
T1.2.150	2,107 sq. ft.

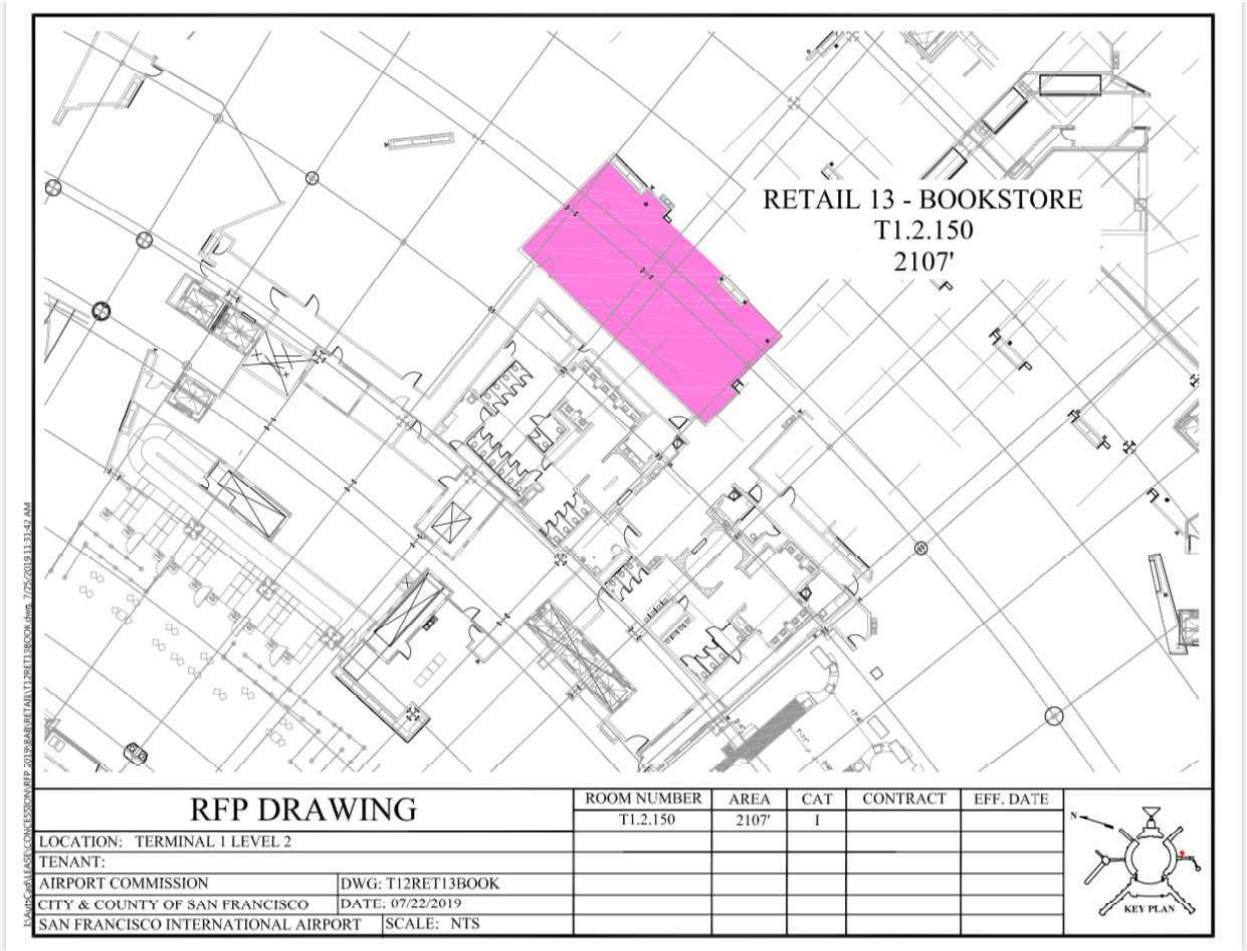


EXHIBIT B
USE AND OPERATIONAL REQUIREMENTS

1) **GENERAL REQUIREMENTS:** All products are sold on a non-exclusive basis, and Airport reserves the right to sell and to permit other Airport tenants to sell the same or similar products. All such items must be sold at retail. Tenant may not display, sell, rent, or otherwise offer any product without Director's written prior consent.

2) **REQUIRED/OPTIONAL PRODUCTS:** In the event Director permits any product to be sold or offered that is not listed below, changes the required or optional offerings listed below, or otherwise modifies the Permitted Use or operational requirements under this Lease, this Exhibit shall be deemed amended without need for a formal amendment of this Lease.

Required
Tenant shall operate a Bookstore specializing in the sale of, on a nonexclusive basis, merchandise reflective of the Tenant's proposed concept.

Tenant shall display and sell on a nonexclusive basis:

- Hardcover and Paperback Books in a wide range of categories
- Newspapers
- Periodicals
- Magazines
- Children's Books
- Vinyl, CDs and audiobooks
- Gifts
- Artwork
- Electronic Devices
- Bookmarks
- Reading Glasses
- Greeting Cards
- Electronic Accessories
- Book Covers
- Book Lights
- Note Cards
- Souvenirs
- Games
- Candy/Confections
- Tote Bags
- Pens and Pencils

Optional

3) **AIRPORT MATERIALS MANAGEMENT PROGRAM:** Tenants must comply with Airport Commission Rules and Regulations, which require the separation of all materials into recyclables, compostables and landfill materials. All tenants are required to minimize materials going to landfill and place source separated materials in the Materials Recovery Area receptacle designated for that type of compostable (green bin), recyclable (blue bin) or landfill (black bin) material. Via lease agreements, tenant must use certified compostable to-go containers and utensils. Tenant must donate un-used food that is fit for human consumption to the Airport's food donation program to the fullest extent possible. All waste transported from Tenant premises through the terminals must be contained in a leak-proof rolling plastic utility cart and transported materials must remain source separated until placed in the proper color-coded bin in the Material Recovery Area.

4) **OTHER OPERATIONAL REQUIREMENTS:**

[based upon Tenant's proposal]

Staffing Plan

GREEN APPLE Books

Saturday-Thursday	Friday	Shift
Sales team members in the store during each shift		
4	4	AM
3	4	PM
Supervisors overseeing store during each shift		
1		ALL

Customer Service

Tenant will ensure a three-step service-recovery process:

- Apologize to the customer
- Resolve the problem to the customer's complete satisfaction
- Impress customers with fast, efficient and effective solutions for each situation

Tenant will ensure to monitor all social media channels regularly to support customer feedback team

Tenant will ensure to place toll-free customer-service phone number and Hudson web address on the back of every receipt

Daily Maintenance and Cleanliness

Tenant will ensure that they meet the following standards:

- Public Areas: Clean, well-lit, safe, tidy, well-maintained, fully stocked and ready to rock!
- Floors Clean: free of debris and stains, washed regularly
- Doors and Glass: Free of smudges, grime and fingerprints
- Trash & Recycling: Tenant will adhere to all SFO trash and sustainability practices
- Pests Never: Tenant will manage pest infestation through their Integrated Pest Management System program
- Sales Counters: Organized, tidy and enticing
- Health Department Standards: Exceeded at all times!
- Cleaning supplies and materials: Well-stocked and centrally stored
- Managing Products: Tenant will move delivered products quickly, with minimal disruptions
- Repairs: Tenant will fix what they can immediately report more complicated issues for quick resolution
- Early Birds: Tenant's opening managers arrive at least one hour earlier than scheduled to inspect units and get ready

Product Placement & Passenger Flow

Tenant will ensure that store design as well as fixture and product placement guidelines make movement easy for a range of customers including those with children, rolling luggage, carry-ons and all of their designs are ADA compliant.

- Special area for kids' picture books, plush and fits featuring neat stepped fixturing for seating and product display
- Music and art area with books and gifts

5) PAYMENT CARD INDUSTRY (PCI) DATA SECURITY STANDARD REQUIREMENTS:

A. For purposes of this subsection, the term "Cardholder Data" means personally identifiable data about the cardholder (i.e. the plastic card number, card expiration date in combination with the plastic card number, cardholder name in combination with the plastic card number and/or sensitive authentication data (track data/magnetic stripe, verification numbers CVV2, CVC2, CID, and PIN Block). This term also accounts for other personal insights gathered about the cardholder (i.e., addresses, telephone numbers, and so on), assigned by the card issuer that identifies the cardholder's account or other cardholder personal information. For purposes of this section, a "Tenant" means any person or entity that stores, processes, transmits or otherwise is permitted access to Cardholder Data, while performing the Permitted Uses authorized in this Lease. Customer Information shall include cardholder data and such other customer information as may be defined elsewhere in this Lease.

B. As a Merchant or Service Provider as defined by the PCI Security Council, Tenant must be familiar with and adhere to the Payment Card Industry Data Security Standards (PCI DSS). This requirement includes, but is not limited to, full compliance with the twelve (12) DSS Security Standards as published by the PCI Security Standards Council at all times. The current standards may be found at https://www.pcisecuritystandards.org/index.php. Tenant is responsible for keeping informed about any and all modifications to the PCI DSS, and shall

validate yearly compliance with PCI DSS by completing the appropriate Self-Assessment Questionnaire (SAQ) or Report On Compliance (ROC) and accompanying Attestation of Compliance (AOC). Tenant must provide copy of the compliance validation documentation to San Francisco International Airport Revenue Development and Management office every 12 months. Should any assessment result in evidence of non-compliance with PCI DSS standards, Tenant shall immediately: (1) provide written notification to the Airport regarding the specific compliance failures and a Remediation Action Plan Tenant intends to undertake to come into compliance; and (2) immediately remediate operations to come into compliance.

i. Tenant represents and warrants that it shall implement and maintain Payment Card Industry Data Security Standard Requirements ("PCI Data Security Standard Requirements") for Cardholder Data, as they may be amended by the PCI Security Standards Council from time to time. The current PCI Data Security Standard Requirements are available on the following internet site; https://www.pcisecuritystandards.org/. As evidence of compliance with PCI DSS, Tenant shall provide current evidence of compliance with these data security standards certified by a third-party authority recognized by the payment card industry for that purpose.

ii. Tenant shall maintain and protect in accordance with all applicable federal, state, local and PCI laws, rules and regulations the security of all Cardholder Data when performing the Permitted Uses under this Lease. Tenant will use reasonable precautions, including but not limited to, physical, software and network security measures, employee screening, training, and supervision and appropriate agreements with employees, to prevent anyone other than City or its authorized employees from monitoring, using, gaining access to or learning the import of the Cardholder Data; protect appropriate copies of Cardholder Data from loss, corruption or unauthorized alteration; and prevent the disclosure of passwords and other access control information to anyone.

iii. Tenant shall indemnify, defend, protect and hold City harmless from and against any and all claims, losses, damages, notices and expenses, including without limitation, any fines which City may be required to pay, which result from Tenant's breach of the provisions of this Section. Without limiting the generality of the foregoing, it is expressly agreed that if City pays any fine in connection with a breach by Tenant of the provisions of this Section, the foregoing indemnity obligation shall require Tenant to reimburse City the full amount of such fine within thirty (30) days of City delivering written notice to Tenant of City's payment of such fine. Tenant, at its sole cost and expense, shall fully cooperate with any investigation of any data loss or other breach of Tenant's obligations under this Section.

iv. The use of Cardholder Data is specifically restricted to only those applications directly pertaining to payments, including transaction authentication, or as required by applicable law.

v. If there is a breach or intrusion of, or otherwise unauthorized access to Cardholder Data stored at or for Tenant, Tenant shall immediately notify City and the acquiring financial institution, in the manner required by the PCI Data Security Standard Requirements, and provide City and the acquiring financial institution and their respective designees access to Tenant's facilities and all pertinent records to conduct an

audit of Tenant's compliance with the PCI Data Security Standard Requirements. Tenant shall fully cooperate with any audits of their facilities and records provided for in this paragraph. Any costs incurred as a result of the breach or audit shall be the responsibility of Tenant.

vi. Tenant shall maintain appropriate business continuity procedures and systems to ensure availability and security of Cardholder Data in the event of a disruption, disaster or failure of Tenant's primary data systems.

vii. Tenant's and its successors' and assigns' compliance with the PCI Data Security Standard Requirements expressly survives termination or expiration of this Lease.

viii. Destruction of Cardholder Data must be completed in accordance with section 9 of the PCI DSS.

EXHIBIT C-1
FORM OF PERFORMANCE BOND FOR AIRPORT LEASES

_____ (Surety)

KNOW ALL MEN BY THESE PRESENT:

That we, _____, as Principal, and _____, a corporation duly organized and existing under and by virtue of the laws of the State of , as Surety, are held and firmly bound unto the City and County of San Francisco, acting by and through its Airport Commission, as Obligee, in the sum of _____ Dollars ($_____) lawful money of the United States of America, to be paid to the City and County of San Francisco, acting by and through its Airport Commission, for which payment, well and truly to be made, we bind ourselves, our heirs, executors and successors, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into one or more leases, permits, or agreements with the City and County of San Francisco, Airport Commission (collectively, the "**Agreements**").

NOW, THEREFORE, the condition of this obligation is such that if the Principal shall perform all terms of the Agreements (which by reference are made a part hereof), including the payment of rent or fees, in accordance with the terms of such Agreements, then this obligation shall be null and void, otherwise to remain in full force and effect; and shall be effective _____.

This bond may be called upon by Obligee by a notice sent to the Surety in person or by registered mail, overnight mail, overnight courier service, or other courier service sent to our offices at: _____.

Any such call by Obligee shall include a statement signed by the Airport Director of the Airport Commission of the City and County of San Francisco, or his/her designee, to the effect that any of the following events has occurred or is continuing:

a) Principal has defaulted under one or more of the Agreements; or

b) Principal has become insolvent, or has taken the benefit of any present or future insolvency statute, or has made a general assignment for the benefit of creditors, or has filed a voluntary petition in bankruptcy, or a petition or answer seeking an arrangement for its reorganization, or the readjustment of its indebtedness under the federal bankruptcy laws, or under any other law or statute of the United States or any state thereof, or any jurisdiction available to Principal, or has consented to the appointment of a receiver, trustee, or liquidator of any or substantially all of its property; or

c) A petition under any of the federal bankruptcy laws or an action under any present or future insolvency law or statute has been filed against Principal.

We shall honor and pay on such call within ten (10) days after receipt.

We shall give you notice in writing by registered mail at least forty-five (45) days prior to the cancellation date, termination date or expiration date of this bond, if any is stated, of our intention to cancel, terminate, or non-renew this bond. In the event we fail to give such notice promptly, then this bond shall be deemed renewed for an additional one-year period.

Signed, sealed and dated this ___ day of _____, 20__.

Principal: By: _____

Title: _____

Seal: _____

Surety Company: By: _____

Title: _____

Seal:

(Attach Notary Public Certificate and Attorney-in-Fact form)

EXHIBIT C-2
FORM OF LETTER OF CREDIT FOR AIRPORT LEASES

Date _____

Irrevocable Letter of Credit No. _____

Airport Commission
City and County of San Francisco
Attn: Chief Business and Finance Officer
San Francisco International Airport
International Terminal, No. Shoulder Bldg., 5/F
PO Box 8097
San Francisco, CA 94128

Ladies and Gentlemen:

We hereby establish an irrevocable letter of credit in your favor in the amount of _____ United States Dollars (US$_____) for the account of _____("**Account Party**"), available by your draft at sight, when accompanied by the following document:

A statement signed by the Airport Director of the Airport Commission of the City and County of San Francisco, or his/her designee, to the effect that any of the following events has occurred or is continuing:

a) Account Party has defaulted under the one or more agreements with the City and County of San Francisco, acting by and through its Airport Commission at San Francisco International Airport; or

b) Account Party has become insolvent, or has taken the benefit of any present or future insolvency statute, or has made a general assignment for the benefit of creditors, or has filed a voluntary petition in bankruptcy, or a petition or answer seeking an arrangement for its reorganization, or the readjustment of its indebtedness under the federal bankruptcy laws, or under any other law or statute of the United States or any state thereof, or any jurisdiction available to Account Party, or has consented to the appointment of a receiver, trustee, or liquidator of any or substantially all of its property; or

c) A petition under any of the federal bankruptcy laws or an action under any present or future insolvency law or statute has been filed against Account Party.

Drafts drawn under and in compliance with the terms of this letter of credit will be duly honored by us upon presentation and delivery of the statement specified above. Partial draws are permitted. Such drafts may be presented in person or by registered mail, overnight mail, overnight courier service, or other courier service sent to our offices at:

_____.

We shall give you notice in writing by registered mail at least forty-five (45) days prior to the cancellation date or expiration date of this letter of credit, if any is stated, of our intention to cancel or non-renew this letter of credit. In the event we fail to give such notice promptly, then this letter of credit shall be deemed renewed for an additional one-year period. Subject to the foregoing, this letter of credit shall expire on _____, 20_.

Sincerely,

_____

HARVEY MILK TERMINAL 1 BOARDING AREA B – PHASES 3 & 4 TENANT WORK LETTER

This **HARVEY MILK TERMINAL 1 BOARDING AREA B PHASES 3 & 4 TENANT WORK LETTER** (this "**Tenant Work Letter**") is incorporated by reference into the Lease by and between Tenant and City. Capitalized terms not defined herein shall have the meanings given them in the Lease. This Tenant Work Letter is a specific work letter applicable to The Harvey Milk Terminal 1, Boarding Area B, although should be reviewed and complied consistent with the Tenant Improvement Guide (the "**TIG**"), which may be accessed at https://sfoconnect.com/tenant-improvement-guide-0.

1. BASE BUILDING CONSTRUCTION

A. **Overview.** San Francisco International Airport (the "**Airport**" or "**SFO**") is currently under contract with a Base Building Contractor ("**BBC**") for construction and/or renovation of The Harvey Milk Terminal 1 (the "**T1 Project**") in which Tenant's Premises will be located (the "**Terminal**"). It is anticipated that Tenant will undertake design and construction of its Premises ("**Tenant's Work**") prior to the Airport's completion of the overall T1 Project. Tenant and other entities hired by the Tenant, including Tenant's contractor and design professionals, must cooperate at all times with the Airport's in-house base building work project team (the "**Airport Project Team**") and the BBC during the design and construction of Tenant's Work. Access to the Premises may be limited or restricted at times. Tenant's design, construction and operational teams will need to coordinate with modifications to the BBC logistics plan as modified over the course of fit-out and start up operations. Tenant construction must coordinate with BBC for any planned interruptions for base building systems testing as required for base building occupancy. A tenant coordinator ("**Tenant Coordinator**") from the Airport Project Team and a Property Manager from SFO Revenue and Development ("**Property Manager**") will facilitate Tenant interaction with the base building construction ("**Base Building Construction**").

B. **Right of Way.** The BBC will provide a reasonable right-of-way within, above and below all Tenant spaces to accommodate Tenant's mechanical equipment, grease exhaust system, sanitary and grease waste lines. Tenant plumbing and waste lines will not be allowed to cross above or go through special systems rooms, tenant wiring closets, elevator machine rooms or electrical rooms. Tenant may be required to provide access to a limited number of base building systems through their Premises. The Tenant Coordinator, the Airport Project Team and the BBC will work with the Tenant to advise and coordinate as to any base building utility requirements that require access within the shell of the Premises so as to limit impact to Tenant use or design intent.

2. TENANT LEASEHOLD DESIGN AND CONSTRUCTION

Tenant shall design, engineer and construct, at its sole expense, all Tenant's Work necessary for Tenant to conduct the Permitted Use in the Premises, in accordance with the Lease, this Tenant Work Letter, all applicable Laws and other requirements designated by Airport. Any work not specifically described as the "**Airport's Work**" shall be performed by Tenant at the sole expense of Tenant without reimbursement or other compensation from the Airport. Workshops and meetings are provided for in this Tenant Work Letter that will provide information about the process, criteria and schedule that should enable Tenant and its consultants to accomplish their responsibilities in a timely, cost effective manner. Tenant shall have sole responsibility to manage its project, consultants and contractors. The Airport Project Team and/or the BBC will host workshops, coordination calls and meetings throughout the duration of Tenant's Work. Participation from Tenant's construction team (including all design professionals) is mandatory. Tenant must also provide written updates from time to time to their Airport Property Manager and the Tenant Coordinator on Tenant Work progress, including design documentation, modifications to Tenant's Work throughout the project, construction schedules and progress and alignment with communicated Airport milestone dates.

3. DESIGN REVIEW PROCESS

A. General. Tenant shall complete the design review process in a timely manner allowing Tenant to start construction in time to be operational upon opening day of the Terminal/Concourse or other date designated by the Director. Upon full execution of the Lease, the Airport will provide Tenant with the estimated opening date and will update Tenant in writing of any changes to said date (the "**Estimated Opening Date**"). Tenant must engage architectural/engineering professionals licensed by the State of California, experienced in food, retail or other concession service design (as applicable), to prepare plans for Tenant's Work. Tenant and Tenant's design professional shall meet with the Property Manager, the Airport's Project Team and the BBC to understand the design intent of Tenant's Work. If the Tenant's design professional is out-of-state, a local representative must be readily available for onsite meetings with the Base Build Team through the duration of the entire construction of Tenant's Work.

B. Governing Documents and Requirements. All of Tenant's Work shall comply with all applicable federal, state and local laws, including but not limited to, the applicable requirements of the California Building Standards Code (California Code of Regulations (CCR) Title 24), the San Francisco Environment Code, and Americans with Disabilities Act (the "**ADA**"). In addition to the requirements of this Tenant Work Letter, Tenant's Work must also comply with all requirements of the following:

- The TIG (at the link provided above);
- San Francisco International Airport Design Review Committee Guidelines- T1B ("**T1 Design Guidelines**"), a copy of which may be accessed on the following web page: https://sfoconnect.com/tenant-design-guidelines;

- Architecture and Engineering Standards governing some aspects of tenant construction ("**A&E Standards**"), a copy of which may be accessed here: https://www.sfoconstruction.com/ae-standards-and-guidance-documents

- Airport's Sustainability Requirements, which must be coordinated through the Airport's Zero Committee, as further set forth below in the Section 6 below: "SFO Sustainability Requirements";

- the California Uniform Retail Food Facilities Law (CURFFL) (for food and beverage concession tenants); and

- the terms and conditions of the Lease, including but not limited to Section 7 of the Lease [Investments; Alterations].

C. Specific Approvals. Prior to commencing Tenant's Work, Tenant must obtain the following (as further discussed below):

- Approval of construction plans from the Airport's Design Review Committee (the "**DRC**") and the Zero Energy and Resilient Outcomes Committee (the "**ZERO Committee**").
- Upon approval from the DRC and the Zero Committee, Tenant must obtain a building permit from SFO Building Inspection and Code Enforcement ("**BICE**").
- All food and beverage concession tenants must also complete plan review and obtain a health permit from the San Mateo County Environmental Health Department.

D. Design Review and Permitting Workshop. Upon the written notification to Tenant of the Estimated Opening Date, the Property Manager and Tenant Coordinator will host an informational workshop for Tenant to provide insight into the review and approval process of the DRC and Zero Committee, as well as the permitting process under BICE. The presentation includes a period for questions and answers. In preparation of design drawings for Tenant's Work, Tenant is advised of the following:

(i) Lease Outlines, Point of Connection, and Base Building Drawings. The Airport will distribute Tenant Lease Outline Drawings and Point of Connection Drawings in PDF format. The BBC will provide access to base building construction documents in PDF format and models in AutoDesk Revit format to enable Tenant's design consultants to prepare design plans for Tenant's Work.

(ii) Tenant Verification of Existing Conditions. Tenant shall physically survey the Premises at the earliest opportunity after executing the Lease to verify existing conditions and acknowledge the results in writing on an Airport-provided form.

(iii) Tenant Signage Requirements. Tenant shall refer to the Tenant Design Guidelines for requirements on tenant signage.

E. DRC, Zero Committee, BICE Approvals and Permits. Design review steps and required permits include, but are not limited to, the following:

(i) **Preliminary Review by Property Manager.** Upon completion of Tenant's schematic designs for the Premises, Tenant shall submit such plans to the

Property Manager and Tenant Coordinator for review by the Airport Project Team. The Property Manager will review plans to ensure Tenant's design meets space requirements, adhere to the T1 Design Guidelines and the Permitted Use. If Tenant's plans meet Lease requirements, and have met project sustainability requirements and ZERO Committee requirements described in the Design Review and ZERO Committee Guidelines, the Property Manager will schedule a preliminary review with the DRC and the ZERO Committee. To expedite the conceptual design phase Tenant is encouraged to schedule informal meetings as soon as possible with the DRC after execution of the Lease. At such early informal meetings, Tenant may provide rough sketches and floor plans.

(ii) **DRC Approval.** After approval of the conceptual design palate for the Premises, Tenant may proceed with the formal design review process. Tenant shall submit six copies of plans and an electronic copy for preliminary and subsequent DRC reviews. Full material boards, renderings, plans and elevations are required for DRC meetings (sequence of steps and meeting requirements are outlined in the T1 Design Guidelines). Additional DRC reviews may be required to obtain final design approval. In the event Tenant needs to change the design after DRC approval has been given, Tenant must return to the DRC for approval of any changes, including substitutions of materials that would modify the appearance of the approved design.

(iii) **ZERO Committee Approval.** SFO's ZERO (Zero Energy & Resilient Outcomes) Committee is responsible for ensuring all projects align with the Guiding Principles of Sustainability and contribute to the attainment of the Airport's 5-Year Strategic Plan goals of becoming a zero net energy, zero carbon and zero waste to landfill campus. A Zero Tenant Subcommittee drawing approval may be pursued after DRC Approval. The drawings do not need to be 100% CDs.–In order to commence ZERO Committee approval, Tenants must electronically submit the forms and checklists set forth in Section 6 of this Tenant Work Letter. In addition, only if the Tenant Work is over 10,000 square feet, the Tenant will need to present their project to the ZERO Committee early in design. A PowerPoint template and further instructions can be found here: https://sfoconnect.com/zero-energy-and-resilient-outcomes-zero-committee#sfoc-tab-2. ***For complete sustainability requirements applicable to Tenant Work, please refer to Section 6 of this Tenant Work Letter***.

(iv) **Base Building Construction Coordination.** Simultaneously with the submittal to DRC and the Zero Committee, Tenant shall submit to Tenant Coordinator one electronic set and design models or CAD files (Revit Compatible) of the following sets of plans: 50% construction, permit set and all revisions to permit set for coordination with the Airport's base building systems. Tenant shall coordinate with the Airport Project Team to ensure that the design is not in conflict with the base building design infrastructure, utilities, or architectural finishes.

(v) **BICE Review and Permitting.** Upon approval of the Tenant's design plans from DRC and the Zero Committee, Tenant shall submit complete construction documents to BICE for review and permitting, with a clear designation for any deferred submittals. BICE will review Tenant's plans for conformance with local, state and federal code requirements. Upon satisfaction of BICE reviews and requirements, including submittal of the "Conformed Drawings" in AutoDesk Revit format, Tenant will be issued a building permit ("**Tenant Work Building Permit**"). Construction inspection requirements will be defined in the Tenant Work Building Permit. Tenant must provide

the Tenant Coordinator with one electronic set of permit drawings prior to starting construction on site. Tenant must also provide Tenant Coordinator with a copy of all revisions sent to BICE, including those after the receipt of the Tenant Work Building Permit.

(v) **San Mateo County Health Permit**. Food and beverage tenants shall submit an application to the County of San Mateo for a Health Permit, concurrent with their BICE review. San Mateo County Health Permit requirements and processes can be found at www.co.sanmateo.ca.us.

(vi) **ABC Liquor License Permit.** Tenants seeking a transfer, renewal, or new Liquor License may go to: http://www.abc.ca.gov/. For information regarding zoning as it applies to ABC forms, contact Tiare Pena at the San Mateo County Planning Department (650) 363-1850. Posting of liquor license notices shall be coordinated with the Tenant Coordinator.

4. PRIOR TO COMMENCEMENT OF CONSTRUCTION

The Airport shall provide written notification to Tenant that the Premises are ready for commencement of Tenant's Work. Upon notification that the Tenant may commence Tenant's Work, Tenant and Tenant's contractor will physically survey the Premises with the Property Manager and the Tenant Coordinator and acknowledge in writing to the Airport that the space is acceptable. In addition to the foregoing, prior to commencement of construction, Tenant shall satisfy the following requirements:

A. Local Hiring Ordinance. Pursuant to the San Francisco Local Hiring Ordinance, construction cannot start on any projects with an estimated cost of $750,000 or more per building permit, until Tenant has submitted the appropriate forms to the Airport Employment Quality & Standards office.

B. Tenant Contractor Insurance.

(i) Prior to the issuance of a building permit from BICE, Tenant's contractor shall obtain the following insurance in accordance with the following:

(a) Workers' Compensation Insurance with Employer's Liability limits not less than $1,000,000 each accident, illness or injury.

(b) Commercial General Liability Insurance with limits not less than $1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products Liability and Completed Operations Coverage's.

(c) Commercial Automobile Liability Insurance with limits not less than $2,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Employer's non-ownership liability and hired auto coverage's.

(d) Builder's Risk Insurance on an all risk form, with coverage and limits equal to one hundred percent (100%) of the completed value to date of the work to be completed under this Tenant Work Letter.

(ii) All insurance required by Tenant's contractor hereunder shall be pursuant to policies in form and substance and issued by companies satisfactory to City and City's City Attorney. City may, upon reasonable notice and reasonable grounds increase or change the required insurance hereunder, in which event Tenant's contractor shall obtain such required insurance. Without limiting the generality of the foregoing, all Commercial General Liability Insurance, and Commercial Automobile Liability Insurance, policies shall be endorsed to provide the following:

(a) Name as additional insured the Tenant, the City and County of San Francisco, the Airport Commission and its members, and all of the officers, agents, and employees of each of them (collectively, "**Additional Insureds**");

(b) Name as additional insured the Base Building Contractor (collectively, "**Additional Insureds**");

(c) 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.

(d) That the insurance company shall give thirty (30) days prior written notice to City of cancellation, non-renewal or reduction in coverage or limits, delivered to City at City's Insurance/Deposit Notice Address.

(iii) Delivery of Certificates. Upon request by the Airport, Tenant's contractor shall submit copies of its insurance certificates and additional insured endorsements evidencing the above insurance requirements for review and approval to the following address:

San Francisco International Airport

Attn: Revenue Development and Management

575 N. McDonnell Road, Suite 3-329

P. O. Box 8097

San Francisco, CA 94128

(iv) Subrogation. Tenant's contractor insurance policy must provide for a waiver of any right of recovery against City for any loss or damage to the extent the same is required to be covered by Tenant's contractor's insurance hereunder.

5. CONSTRUCTION

A. **Cooperation with Base Building Contractor.** Tenant and other entities hired by the Tenant including Tenant's contractor and design professionals must cooperate with the BBC at all times. This includes compliance with all Airport Rules and Regulations and adherence to the Prohibited Activities restrictions pursuant to the Lease. Failure to comply may result in fines up to $300.00 per day

per incident, as stated in Section 15.8 [Fines]. Tenant's contractor must coordinate with the BBC contractor for all construction activities, including overtime work. Tenant's contractor must accommodate the BBC during the installation of any time intensive work, such as the installation of terrazzo flooring. Access to the Premises may be limited or restricted at times as directed by the Airport and/or the BBC.

B. **Debris Removal.** Tenant's contractor is responsible for proper trash and debris disposal. Tenant is required to submit an SFO-approved debris management plan prior to starting work. ***For complete debris removal requirements, please see Sustainability Requirements set forth in Section 6 of this Letter***.

C. **Site Logistics.** Tenant contractors must plan for lay down space within the Premises. The BBC will supply and maintain the following items on site for the use of all tenant contractors:

- Lavatory facilities.
- Debris boxes.
- Temp power – Tenants requiring welding will need to provide for their power; Tenants shall coordinate with BBC on the duration Temp power availability.
- Parking – Limited parking within, and adjacent to, the construction site may be available, provided there is no conflict with BBC construction logistics, milestones, or Airport Operations. All parking must be coordinated with BBC and/or Airport Operations.

D. **Construction Safety.** Tenant's contractor must comply with all local, state and federal OSHA guidelines to support the Airport's core value "Safety and Security is our first priority." A base building jobsite construction safety orientation program shall be required of all tenant construction workers prior to starting work at the Airport. The jobsite construction safety orientation program will be made available to Tenant's contractor through the BBC. In addition, an SDS binder shall be on site at all times with up-to-date chemical information on all products being installed in case of an emergency.

E. **Preconstruction Meeting.** The BBC, Tenant and Tenant's contractor shall attend a preconstruction meeting on site prior to beginning construction.

F. **Construction Coordination Meetings.** The BBC, Tenant and/or Tenant's contractor is required to attend weekly construction coordination meetings to ensure coordination of Tenant's Work with the base building construction work.

G. **Concessions Partnering Sessions.** The BBC, Tenant, Tenant's Designer, and Tenant's contractor is required to attend monthly Structured Collaborative Partnering Sessions.

H. **Deliveries.** All Tenant deliveries will be coordinated with the BBC and the Airport Project Team during the weekly construction meeting. Any large Tenant items will need to be stored off-Airport until such items are ready to be installed within the Premises. Lay down and staging areas outside of the Premises are limited and requests for laydown or staging will be reviewed on a case-by-case basis.

H. **Airport ID Badging.** All construction workers will have to have an Airport ID badge while working in the terminal (whether before or after the buildings where the work spaces are located are secure), making deliveries from the airfield, or once the site becomes sterile.

I. **Tenant Construction Schedule.** Tenant shall submit a construction schedule at the preconstruction meeting. Tenant shall submit schedule updates to the Tenant Coordinator on a bi-weekly basis until completion of Tenant's Work.

J. **Barricades.** Upon receipt of written notification from the Airport that the Premises are ready for Tenant's Work, Tenant shall install a construction barricade along openings at the lease line. Tenant shall coordinate with the BBC prior to installation of the barricade. Tenant is responsible for maintenance, demolition, and disposal at completion of Tenant's Work. Tenant is responsible for mitigation dust control.

K. **Security.** Tenant and Tenant's contractor are responsible for storing and security of all equipment and materials on the construction site. Neither Airport nor the BBC shall have any liability for the security of such items.

L. **Demolition, Cutting, Patching, and Fireproofing**

(i) **BBC Scope.** The Premises will be delivered with bare demised metal stud walls and/or curtain walls, and a contiguous, monolithic concrete floor, broom cleaned. There may be integral base building systems including, but not necessarily limited to, mechanical ductwork, electrical or telecommunication conduits, hot and cold-water piping and rain water leaders within the demised premises that will become part of the existing conditions.

(ii) **Tenant's Scope. Tenant** will notify the base building contractor at least one week in advance of any demolition, cutting and or patching that may be necessary outside the confines of the Premises to facilitate Tenant's construction. The Airport's designated roofing contractor will perform the repair of any Tenant contractor's roof penetrations at the sole cost of Tenant. Tenant and their contractor shall coordinate the final location and loads to base building structure of all rooftop equipment and penetrations with the BBC and Airport prior to cutting the roof membrane. Tenant is responsible for maintaining the integrity of any required fire caulking and fireproofing within the confines of the Premises. Any fireproofing that is removed by Tenant or its subcontractors will need to be repaired by the base building fireproofing subcontractor at the soul cost to the tenant. Tenant must keep the exterior floor and areas adjacent to the construction barricade clean and free of dust and debris.

M. **Demising Walls**

(i) BBC Scope. The Airport will construct all demising walls that separate the Premises from adjoining tenancies or other Airport space. The wall will be constructed of 6" steel studs. Demising walls between tenants spaces will be constructed of double 6" bare stud walls. The base building side of the wall will be finished, insulated and fire stopped (if required) at the top and bottom track. All other required finishes and fire stopping shall be performed by Tenant, at Tenant's expense. Tenant will repair any damage to the demising wall assembly resulting from Tenant's construction.

(ii) Tenant's Scope. Finished demising walls must extend from the floor to the roof deck. Any wall finishes and furnishings must meet the flame-spread requirements as defined in Table 8B of the California Building Code.

N. **Ceilings and Access Doors.** Tenant shall install finished ceilings throughout the Premises. Tenant is responsible for providing access doors for base building systems that may exist within the Premises.

O. **Floor Finishes.** Tenant shall install finish flooring throughout the Premises. Tenant shall install a waterproof membrane under Tenant's finish flooring in all areas that have water service, such as kitchens, bars, etc. Tenant's finished floor shall conform to adjoining Airport floor finishes.

P. **Record Drawings.** One (1) set of record drawings depicting the fire sprinkler and fire alarm system must be submitted in electronic PDF format to BICE within 30 days of issuance of the Temporary Certificate of Occupancy ("**TCO**"). One (1) set of all other record drawings must be

submitted in electronic PDF, BIM/Revit and CADD format to the designated Airport Property Manager within ninety (90) days of issuance of TCO. Electronic files on either a CD or Travel Disk in BIM/Revit and CADD format should be mailed to Tenant's Property Manager at: Revenue Development and Management, San Francisco International Airport, 575 North McDonnell Road, Suite 3-329, San Francisco, CA. 94128

Q. **Indemnity**. Tenant's release and indemnification of the Airport as set forth in Sections 12.1 and 12.2 of the Lease also shall apply with respect to any and all Losses related in any way to any act or omission of Tenant, its contractor, subcontractor, engineer, consultant, employee or agent, or anyone directly or indirectly employed by any of them, with respect to Tenant's Work, or in connection with Tenant's non-payment of any amount arising out of or related to Tenant's Work.

6. SUSTAINABILITY REQUIREMENTS

A. General. SFO is committed to prudent environmental stewardship and has integrated sustainable planning, design, construction, and operational strategies into its physical facilities. It is anticipated that this process will result in exceptional project outcomes that provide long-term positive environmental, social, and financial benefits. Tenant is encouraged to contribute to these sustainable development efforts, and to use creative and innovative design, construction, and operational strategies to create aesthetically pleasing and environmentally responsible space in alignment with SFO's sustainability goals.

B. Base Building Contract. The BBC will design and construct the building where the Premises are located such that when completed it will at a minimum: (i) be energy and water efficient, (ii) use materials and products that are environmentally preferable and that support improved indoor environmental quality, (iii) comply with the current version of CALGreen, the SF Environment Code, and (iv) designed to achieve a LEED BD+C or C+S minimum Gold certification.

C. Tenant's Work. In connection with the planning, design and construction of Tenant's Work, Tenant is required to comply with the following:

(i) ZERO Committee Process: Tenant shall review SFO's sustainability goals and guidelines. Tenant shall submit to ZERO Committee (and/or ZERO Tenant Subcommittee) for its approval, an Intake Form found on the ZERO Committee website, a narrative describing how Tenant's design and operations will meet these goals and guidelines. The drawing review should take place after the Design Review. Relevant Airport documents include:

- Guiding Principles of Sustainability as described in San Francisco International Airport's Delivering Exceptional Projects – Our Guiding Principles (pg. 49-54), located at http://www.sfoconstruction.com/.
- SFO Sustainable Planning, Design and Construction Guidelines located at http://www.flysfo.com/community-environment/environmental-sustainability-reports.
- Zero Energy and Resilient Outcomes (ZERO) Committee website: https://sfoconnect.com/zero-energy-and-resilient-outcomes-zero-committee#sfoc-tab-0

(ii) California Building Standards and Codes. Tenant shall provide documentation to the ZERO Committee to demonstrate compliance with the California Building Standards Code

(California Code of Regulations (CCR) Title 24) Part 6 (Energy) and Part 11 (CALGreen). In addition to and without limiting the foregoing sustainability requirements, Tenant shall comply with all applicable green building laws, codes, ordinances, rules and regulations, including but not limited to, those required under the San Francisco Environment Code and the ~~2016~~ current version of the California Building Standards Code (Title 24 of the California Code of Regulations), Part 6 (Energy Code) and Part 11- (CALGreen). https://law.resource.org/pub/us/code/bsc.ca.gov/.

(iii) Green Business Program. Tenant shall register its business with the California Green Business Program (http://greenbusinessca.org/), complete all applicable requirements for certification, including but not limited to those related to energy conservation and performance, and provide a checklist to the ZERO Committee. Tenants that are certified through the Green Business Program will be recognized on program websites, receive a certificate to display and electronic logo for use, and be recognized at an annual Airport event.

(v) Construction and Demolition Debris Management. Tenant shall divert a minimum of 75% construction and demolition debris from landfill. Tenant's Contractor shall be required to prepare a Construction and Demolition Debris Management Plan (CDDMP), submit monthly Construction and Demolition Debris Recovery Worksheets, and submit a Final Diversion Report (Construction and Demolition Debris Report) consistent with the standards set forth in Sections 7 and 14 of the San Francisco Environment Code along with providing copies to the ZERO Committee. Tenant shall obtain the required City Construction and Demolition Debris Forms from The ZERO Committee website found at https://sfoconnect.com/zero-energy-and-resilient-outcomes-zero-committee#sfoc-tab-4

(vi) Toxics Reduction and Pollution Prevention. All projects that include furniture and/or interior surfaces (e.g., countertops, doorknobs, handles, wall paints, carpet) within the project scope shall comply with the attributes defined within the Chapter 7 of the San Francisco Environment Code (e.g., emission of volatile organic compounds, fluorinated chemicals, antimicrobial chemicals, required ecolabels, etc.).

(vii) Green Cleaning: Tenant's Contractor shall use green cleaning methods in conformance with the product manufacturers' recommendations and in compliance with the Airport's Green Cleaning Program. For Tenant's normal operations in the Premises, Tenant shall develop a Green Cleaning Plan in compliance with the Airport's Green Cleaning Program and shall provide regular staff training in the implementation of this program.

(viii) Green Business Certification. The Airport has been registered with Green Business Certification Inc. ("**GBCI**") using the Campus Master Site Program. The Airport will provide Tenant with access to the GBCI online website for use by Tenant in registering and certifying its project. Tenant shall be responsible for adding its team to this website and for providing LEED administration for its project on this website. Once Tenant has registered the project on this website, it will be able to utilize a number of pre-approved LEED ~~v4~~ ID+C pre-requisites and credits.

(ix) LEED Scorecard for Projects of 10,000 Square Feet or More. Tenant shall coordinate with BICE, San Francisco Department of the Environment ("**SF Environment**") and the ZERO Committee on the preparation and submission of a "LEED Scorecard" (Green Submittal 6 (GS-6)) to demonstrate compliance of Tenant's Work with Chapter 7 of the San

Francisco Environment Code. For tenant improvement projects of 10,000 gross square feet or more LEED ~~v4~~ ID+C minimum Gold level certification is required. In connection with such certification, Tenant is advised of the following:

- Tenant shall be responsible for all work and costs related to the LEED certification.

- Tenant will present all required materials to the ZERO Committee at regularly scheduled meeting during the design process prior to the approval of the ZERO Committee.

- The LEED Scorecard must be submitted at the conclusion of each design phase and at project close-out, along with required documentation and a copy of the project LEED certificate.

- Tenant shall demonstrate that the project achieves the following LEED credits required through Chapter 7 of the San Francisco Environment Code: (i) LEED prerequisite Fundamental Commissioning and Verification and Enhanced and Monitoring-Based Commissioning; (ii) LEED credit for Construction and Demolition (C&D) Debris Management - diverting 75% C&D Material from the landfill; (iii) LEED credit for Enhanced Indoor Air Quality Strategies; (iv) LEED credit for Construction Indoor Air Quality Management Plan; (v) LEED credit Indoor Air Quality Assessment Option 2: Air Testing; and (vi) LEED credit for Low Emitting Materials.

(x) LEED Scorecard for Projects Less than 10,000 Square Feet. For tenant improvement projects less than 10,000 gross square feet, Tenant is not required to achieve LEED certification but is required to submit the LEED Scorecard that demonstrates the maximum LEED credits that are practicable for Tenant's Work and pursue these credits through the design and construction process as required by Chapter 7 of the San Francisco Environment Code. The LEED Scorecard is to be submitted to the BICE, SF Environment and ZERO Committee during the conceptual design phase and as a final as-built indicating all LEED credits that would be achieved if the project had been certified.

(xi) Sustainable Innovation Credit. Tenants who show considerable effort in incorporating sustainability into their design and operation are eligible to submit for a Sustainable Innovation Credit through Airport Revenue and Development, however, the Airport does not guarantee acceptance of Sustainable Innovation Credit to any tenant prior to applying.

(xii) PG&E Tracking of Natural Gas Use. If the Premises will utilize natural gas, Tenant must submit to the ZERO Committee an executed PG&E Authorization to Receive Customer Information to allow the Airport's tracking of natural gas used onsite, and keep such authorization active during the term of the tenancy.

(xiii) Building Electrification. The Airport is moving towards 100% building electrification by eliminating natural gas throughout its entire infrastructure. Natural gas usage introduces a fire risk to the Airport, and affects healthy indoor air quality while contributing to greenhouse gas emissions. Existing buildings are being evaluated for energy reduction opportunities as part of the Energy Benchmarking Study. From there, we will need to incorporate decarbonization opportunities in our business processes, including the ZERO Committee,

sustainable building techniques, "reach" codes (i.e. building codes that exceed present-day energy standards), energy audits, and our Green Business program. The Airport will need to work with tenants to migrate existing gas uses like cooking, water heating, and other processes to zero-carbon equipment.

(xiii) Energy Efficiency. Tenant shall whenever practicable reduce lighting power density below code required levels; purchase only ENERGY STAR rated equipment and appliances; purchase and install lamps that are light emitting diode (LED); purchase closed refrigerated merchandisers as opposed to energy intensive open refrigerated merchandisers; and specify heat pump water heaters (HPWH) whenever feasible:

a.

Storage Water Examples by Type	Capacity (gal)	Efficiency (UEF)	Input (btu/hr)	Recovery (gal/hr)	FHR (gal)
Gas-Fired	48	.64	40k	40	77
Resistance Electric	45	.93	15k	20	61
Electric Heat Pump*	45	3.4	15k	20	65
RRHPWH (theoretical)	30	3	9k	12	25

* With resistance electrical element.

7. **BUILDING SYSTEMS**

A. Domestic Cold Water

(i) General. Tenant is required to reduce onsite water use through the installation of low-flow (<1.15gpm) pre-rinse spray valves, (<.5gpm) faucet aerators, and related commercial kitchen equipment.). Potable cold water will be available to food and beverage tenants and select other tenant locations in the Terminal. Tenant water usage is metered by the Airport and the meter is provided and installed by the BBC. All meters will be read in cubic feet and located in an accessible and readable location and connected to the Airport SCADA system.

(ii) BBC Scope. The BBC will provide domestic cold water service terminated at a gate valve within the Premises for Tenant's exclusive use.

(iii) Tenant's Scope. Tenant shall extend water service into the Premises as needed. Tenant's domestic water system must be chlorinated and approved prior to connection to the Airport's water system. Hot water shall be provided by Tenant.

B. Sanitary Sewer

(i) General. Sanitary sewer is available to food and beverage tenants and select other tenant locations in the Terminal.

(ii) BBC Scope. The BBC will provide a 4-inch sanitary sewer line below the slab within the confines of the Premises designated to receive sanitary sewer service and this pipe will be installed in a manor to which the POC will accommodate drainage from any point within the lease premises. The piping shall be labeled with the space number every 10 feet and at point of connection. The BBC will also provide a 3-inch vent pipe within the Premises for Tenant's use.

(iii) Tenant's Scope. Tenant shall install a complete sanitary system to tie into the designated POC connection for SS and vent. All Floor penetrations must be imaged by an Airport approved imaging method (i.e., x-ray or sonograph) at Tenant's sole cost prior to core drilling. Tenant contractor shall submit plans for review by the BBC for coordination of core locations and supplemental structure required to accommodate the tenant design.

C. **Grease Waste.**

(i) General. The Terminal's grease waste will be serviced by an Airport-contracted provider at the expense of Tenant. In addition to grease waste, Tenant shall provide for disposal of cooking oil waste, as further described in Section 9 "Cooking Oil Waste" below.

(ii) BBC Scope. The BBC will provide a 4-inch grease waste line below the slab designated to receive grease waste. This piping will be installed in a manor to which the POC will accommodate drainage from any point within the lease premises, and this piping will be of materials that will not allow grease to coat the interior of the pipe line. These lines will be labeled with the space number every 10 feet and at point of connection. The BBC will also provide a 4-inch line at a designated ramp level location connected to the sanitary sewer system and a vent line connection in proportion for the tenant grease interceptor.

(iii) Tenant's Scope. Tenant is responsible for installing a complete grease waste interceptor system in an approved location. The grease interceptor unit itself shall have a plaque with the space name and a 24-hour contact number attached to it. This designated location is where the Tenant-provided grease waste interceptor will be installed by the Tenant's plumbing contractor. Tenant shall make the necessary inter-connections to the sanitary sewer, grease waste lines and vent from its grease waste interceptor. The kitchen area floor drains and prep sinks of food and beverage tenants shall be tied to the grease waste line POC provided by the BBC. Tenant is responsible for installing grease waste lines with the same material as the base building material within the Premises and label these lines ever 10' with the space number Tenant contractor shall submit plans for review by the BBC for coordination of core locations and supplemental structure required to accommodate the tenant design.

D. **Natural Gas.**

(i) **General.** SFO is committed to reducing greenhouse gas emissions across its operations, including among its tenants. The Airport operates using the San Francisco Public Utilities Commission greenhouse gas-free electric power and promotes the use of electric commercial cooking equipment over emission-intensive natural gas alternatives. Natural gas will be provided upon request to tenants operating concessions designated as food and beverage tenants and other select tenant locations within the Terminal. Food and beverage uses designated as Specialty Coffee or Café will not have gas service available. The Airport's natural gas system is designed to support up to a maximum of 1,500cf/hr at 0.25 psig. Each Food and Beverage space has a designated "Maximum Connected Load" associated with the space, determined on the size of lease premise and identified in the BBC construction documents. Additional infrastructure may be added by the tenant as required. The natural gas system operates at 7" water column or 0.25 psig pressure and is available at Tenant's lease line. Tenant gas usage is metered by the Airport. The gas meter will be provided and installed by the base building contractor. All meters will be read in cubic feet and located in an accessible and readable location. The Tenant shall be responsible for integrating all meters into the local BMS and making those points available through the Airport Energy Management Control System (EMCS). The Tenant contractor shall label this line with the space name and number every 10 feet and at a point of connection.

(ii) BBC Scope. The BBC will provide gas service to the Premises terminated at a gate valve for Tenant's exclusive use.

(iii) Tenant's Scope. Tenant is responsible for extending the gas service into the Premises as needed and acquiring an acceptance green tag for the installed system from BICE. Tenant shall submit its mechanical, electrical and plumbing (MEP) design no later than two weeks following the Airport's request. Tenant contractor shall submit plans for review by the BBC for coordination of core locations and supplemental structure required to accommodate the tenant design.

E. **Fire Sprinklers**

(i) General. The Airport will provide a "wet type" Fire Sprinkler System complying with the requirements of the NFPA 13 and the Airport Fire Marshal. A scheduled shut down will be enacted for Tenant's subcontractors to allow for connection to the Airport sprinkler system.

(ii) BBC Scope. The BBC will provide an adequately sized fire sprinkler main lateral or riser POC to the Premises with a valve at the POC. Tenant may use Airport-installed piping if appropriate for Tenant's sprinkler needs, and adequate for Airport needs.

(iii) Tenant's Scope. Tenant shall install a hydraulically calculated fire sprinkler system throughout the Premises, reviewed and approved by the Airport Fire Marshal. Sprinklers shall be concealed or flush pendant quick response type heads.

Tamper switches shall be provided for all valves normally in the open position and shall be PPDT self-storing type devices. All components of the fire sprinkler system shall be UL listed and comply with the requirements of NFPA 13.

F. **HVAC Systems & Controls**

(i) General. The Terminal is serviced by a central heating, ventilation, and air conditioning ("**HVAC**") system. The system is a variable volume conditioned air system fed from multiple air handlers, designed as either an overhead supply air system (mixing ventilation) or displacement ventilation depending on location within the Terminal (refer to utility point of connection drawings). The Premises will be designed as an overhead supply air system. Tenants located within areas served by central displacement ventilation (i.e., concourse level concessionaires) will be provided with ventilation, chilled water, and heating hot water connections to serve tenant-provided and -installed fan coil units. Tenants located within areas served by central overhead supply air systems (i.e. apron level storage cages and mezzanine level lounges) will be provided supply air, return air, and heating hot water connections to serve tenant provided and installed variable-air volume terminal units. Victaulic couplings will not be permitted on the hot water system. The Premises will not be monitored by the base building BMS.

(ii) BBC Scope. For Premises located in areas served by central displacement ventilation, the BBC will provide a point of connection to the 100% OSA system with an allowance of up to 0.4 CFM/ft^2 of ventilation air between 65°F and 75°F. The BBC will also provide points of connection to the chilled water and hot water supply and return at isolation valves. A means to drain condensate will be provided (either sanitary or condensate drain) to areas receiving tempered ventilation air. Cooling loads are sized to provide 150 sf/ton for food and beverage tenants and 250 sf/ton for retail tenants. Heating loads are sized to provide 30 BTU/sf of heating for food and beverage tenants and 30 BTU/sf of heating for retail tenants. For Premises located in areas served by central overhead supply air systems, the BBC will provide points of connection to the supply and return ducts. If the Premise is located on the apron level, cooling supply air allowance will be 0.85 CFM/ft^2. If the Premise is located at the interior of the mezzanine level, cooling supply air allowance will be 1.0 CFM/ft^2. If the Premises is located at the exterior of the mezzanine level, cooling supply air allowance will be 1.5 CFM/ft^2. The BBC will also provide 30 Btuh/SF of heating to food and beverage tenants and 30 Btuh/SF of heating to retail tenants. The BBC will install chilled and hot water BTU meters at the points of connection to the Premises. The BTU meters will be specified by the BBC for connection to the EMCS monitoring and control system.

(iii) Tenant's Scope. Tenant will connect Tenant's HVAC system at the designated location(s) of the base building's central HVAC systems and extend systems as necessary through the Premises. Tenant is to provide fan coil units, VAV terminal boxes and necessary DDC controls in order to address anticipated loads to maintain proper temperature and maximize energy conservation in the space. Should Tenant need additional cooling or heating beyond the capacity of the base building hydronic or airflow provisions, Tenant must install its own supplemental rooftop equipment at a location

approved by the Airport. Tenant is responsible for contracting with the base building roofing subcontractor for any repairs to the roof. If Tenant operates a food and beverage concession, Tenant is responsible for providing make-up air system interlocked with Tenant's grease exhaust system so that the exhaust system cannot operate without the make-up air system operating. To control odor migration, the make-up air system is to be designed such that the make-up air quantity plus outside air capacity of Tenant's HVAC system equals 80 percent of the exhaust air quantity. The Premises (enclosed spaces) are to be 0.05" water column negative pressure with respect to the Terminal or concourse area. Tenant's mechanical equipment shall be sound and vibration attenuated. Tenant shall prepare an Air Balance Report for its mechanical systems as part of the required BICE permit closeout submittals. Tenant is required to use the base building air balancing subcontractor.

G. **Grease Exhaust**

(i) General. Food and beverage tenants will be required to install a grease exhaust system (Smog Hog) at their own expense where hamburgers or other grease-producing foods are a main menu item.

(ii) BBC Scope. The BBC will work with Tenant to determine an appropriate location for Tenant's roof equipment. The BBC will provide a right-of-way to pass through occupied space above Tenant's Premises.

(iii) Tenant's Scope. Where required, Tenant will furnish and install a grease exhaust system "Smog Hog" or approved equal that complies with NFPA 96, CBC requirements, including hood design, duct design, equipment mounting requirements and fire extinguishing system. The hoods must be UL rated, and capable of capturing 90% of the grease from the exhaust air at the hood. As part of the BICE permitting process, the system manufacturer must warrant in writing that the proposed system will extract, at a minimum, 90% of the air laden grease prior to the issuance of a building permit. Tenant is responsible for contracting with the base building roofing subcontractor for any repairs to the roof, and Tenant shall coordinate exhaust vent location design with base building designers. Tenant is responsible for screening any rooftop equipment from public view, and this screen must be reviewed with the base building design team. Tenant is responsible for installing walk off mats around all roof equipment and the maintenance of the grease exhaust systems. Tenant contractor shall submit plans for review by the BBC for coordination of roof penetration locations and supplemental structure required to accommodate the tenant design.

H. Electrical

(i) General. Electrical service for tenants will be 3 phase, 4 wires. Food & beverage tenants will receive 480Y/277V service with a maximum provision of 200A service. Retail spaces will receive 208Y/120V service with a maximum provision of 50A electrical service. Tenant shall provide all electrical information on proposed tenant equipment to the BBC prior to BICE submittal to verify the actual load with the available service. If Tenant requires electrical service greater than noted above, BBC staff will work with the Tenant's designer on a case by case basis to provide the capacity required.

Any additional electrical equipment and associated work necessary to accommodate the request shall be provided by Tenant.

(ii) BBC Scope. BBC shall provide an empty 2" conduit with pull string from the Airport's Tenant's Distribution Panels, either the Tenant 277/480V panel that shall be sized appropriately to accommodate the tenant provided GFI breakers or the Tenant 120/208V panel to a point of connection within each Premises. Tenant shall be responsible for procurement and installation of all other work required to provide a complete electrical distribution system including main circuit breaker at the Tenant metering board and electrical meter circuit transformers (CT's) in the Airport's Tenant Metering Switchboard and feeder wiring from the Switchboard to the Tenant's Distribution Panel. The BBC shall provide 20 percent spares for future expansion in Tenant Distribution Boards. The BBC will install the Tenant Meter and energize both Tenant distribution panels.

(iii) Tenant's Scope. To limit the number of electrical shutdowns and associated coordination during construction, a "shutdown week" will be scheduled by the BBC during which all pertinent Tenant electrical contractors must install their CTs and main breaker and install and terminate their feeders from the Tenant's Distribution Panel to the Airport's Tenant Metering Switchboard. From that week forward, Tenant's electrical contractor can lock-out/tag-out the main breaker and continue with its work at its own pace. Tenant contractor shall submit plans for review by the BBC for coordination of core locations and supplemental structure required to accommodate the tenant design. The Airport specifies all products to purchase to ensure a match at the Airport Electrical Rooms including, but not limited to the following:

(a) For a 277/480V electrical service connection, Tenant shall install a maximum of 200A feeder circuit breaker in the Tenant Metering Switchboard. Ground fault breakers within the Airport's 277/480V Tenant Metering Switchboard shall be Square D model Power Pact type HJ with GFM (ground fault module add-on). Tenant may transform the 480V service to another voltage from the Tenant's Distribution Panel. Tenant's Distribution Panel and all other Tenant-installed electrical equipment shall be located within the lease line as indicated on the Tenant's lease outline drawings.

(b) For a 120/208V electrical service connection, Tenant shall install a maximum 50A feeder circuit breaker in the Tenant Metering Switchboard. Breakers within the Airport's Tenant Metering Switchboard shall be Square D model SE R ET. Tenant's Distribution Panel and all other Tenant-installed electrical equipment shall be located within the lease line as indicated on the Tenant's lease outline drawings.

Electrical meter circuit transformers (CTs) are sized according to the service load: for 100A service use 100:5 CT. CT wiring should be lengthened when necessary with color coded twisted pair #16 gauge using butt splices (not wire nuts) and clearly labeled where terminated at the shorting block. CT ratio shall be labeled at the shorting block where the CTs are terminated.

I. Fire Alarm

(i) General. The Terminal will have a fire alarm system that covers the base building and leased spaces in compliance with applicable codes.

(ii) BBC Scope. The BBC will install one empty ¾" conduit with pull strings from the base building fire alarm distribution panel to within the Premises. The BBC will provide the connection from the distribution panel to the Airport's Fire Command Center.

(iii) Tenant's Scope. Tenant shall provide a fire alarm terminal box inside the Premises and connect all required fire alarm devices to allow for Airport monitoring and control functions of both the Airport's and Tenant's fire alarm equipment. Tenant's fire alarm devices and equipment must connect to SFO base building fire alarm system and/or fire alarm network. Tenant is required to use the same fire alarm system as the base building's fire alarm system and must be able to communicate with the base building Fire Alarm Control Panel (FACP). Signal wiring to leasehold sensing devices will be in a separate conduit from signal wiring from leasehold sensing devices. Storage cages are excluded. Tenant must use the base building fire alarm subcontractor for all tie-ins to the base building fire alarm system. Tenant shall meet interim fire alarm requirements and conditions per the A&E until Tenant's system is tied-in to the base building fire alarm system.

J. Communications Infrastructure.

(i) General. The Airport's Information Technology and Telecommunication Department (ITT) provides a multitude of services via the Airports Passive Infrastructure and Active Systems. Services include but are not limited to: Airport Shared Tenant Services (STS); (Voice, Ethernet, Common Use Connectivity, etc.), Extension of Service Provider WAN Services, and DirecTV services via IP (IPTV) throughout the Airport Campus. For all provisioning of New Services, Moves, Adds or Changes (MAC) to existing services please contact the Airport ITT Provisioning Group at 650-821-HELP (4357) Option 1, or sfohelpdesk@flysfo.com.

(ii) BBC Scope. The BBC will install an empty 2" conduit with pull string from the Premises to the designated Airport Tenant Wiring Closet (TWC). This Utility Conduit will need to be extended as part of Tenant's Work, to Tenant's designated Communications Backboard or Space within their Premises.

(iii) Tenant's Scope. Tenant is responsible for the installation of the required backbone infrastructure from the Premises to the designated Airport TWC utilizing the Airport-provided Communications Utility conduit. Tenant will also be responsible for the build-out of all horizontal infrastructure and installation of the necessary active equipment to support its operations within the Premises. Tenant contractor shall submit plans for review by the BBC for coordination of core locations and supplemental structure required to accommodate the tenant design.

- All infrastructure installed within the Premises and extending to the designated Airport TWC will need to follow Airport Standards set forth within the A&E and must meet all applicable codes and industry standards.

- Below you will find general technical recommendations on Voice and Data Backbone Infrastructure. Please consult with the Airport ITT Provisioning Group at 650-821-HELP (4357) Option 1, or sfohelpdesk@flysfo.com to verify what type of cabling will be required so that SFO can extend the necessary services to the Premises.

- **NOTE:** All Tenant Backbone Infrastructure terminating within an Airport TWC will need to be coordinated with SFO ITT Infrastructure Engineer (650) 821-4361 so that termination locations can be assigned prior to final termination by the Tenant's Contractor.

- Copper Feeder Cable from the Premises for Voice and SONET Transport Service: Tenant is recommended to furnish and install a single 25 pair (or greater) copper feeder cable, inside of a dedicated Tenant Communications Utility Conduit, from the Airport TWC to a Tenant backboard located inside of the Premises. The 25-pair cable inside of the Airport TWC will need to be terminated on an Airport provided 110 style termination block by Tenant. Inside the Premises, it is recommended that the feeder cable be terminated on a 66 or 110 style termination block. Tenant shall install the termination block on an accessible communication backboard or 19-inch relay rack.

- If Ethernet or Internet Services will be required within the Premises in addition to the Voice Feeder Cable, individual CAT 6A Data Cables or Single Mode Fiber shall be installed within the dedicated Tenant Communications Utility Conduit so Data services from SFO can be distributed into this space. If more than four (4) individual connections are required then a router/network switch shall be installed in the Premises by Tenant which can be fed by fiber or copper to the closest Airport TWC for Ethernet/Internet Service.

- The individual CAT6A and/or Single Mode Fiber cabling inside of the Airport TWC will need to be terminated on an Airport provided Ethernet Patch Panel and/or Fiber LIU by Tenant. Inside the Premises, it is recommended that the cable be terminated on an Ethernet Patch Panel and/or Fiber LIU on an accessible communication backboard or 19-inch relay rack.

- If IPTV Services will be required within the Premises in addition to the cables referenced above a dedicated CAT 6A Cable per Set Top Box shall be installed within the dedicated Tenant Communications Utility Conduit so IPTV services from SFO can be distributed into this space. If more than four (4) individual connections are required then a router/network switch shall be installed in the Premises which can distribute multiple IPTV connections. The individual CAT 6A cabling inside of the Airport TWC will need to be terminated on an Airport

provided Ethernet Patch Panel by Tenant. Inside the Premises, it is recommended that the cable be terminated on an Ethernet Patch Panel on an accessible communication backboard or 19-inch relay rack or physically at the TV location on a modular type outlet.

- Horizontal Station Cabling inside of the Premises is Tenant's responsibility and shall be installed in a manner that follows applicable codes and industry standards. If for any reason the horizontal infrastructure within the Premises is not installed in an acceptable manner or non-accessible this will need to be addressed by Tenant prior to final extension of Airport Services.

- Tenant shall provide the following information in its Communication Drawings within its BICE submittal package: (1) a space plan which identifies the location of the Tenant Communications Backboard, Voice, Data and Cable TV WAO with callouts identifying what cable will be installed at each location within the Premises. (2) a single line riser diagram showing the Airport Communication Utility conduit(s) run from the Premises to the designated Airport TWC, including what will be installed within the conduit.

K. Solid Waste Management

(i) General. San Francisco has adopted a goal of zero waste by 2020. Tenant is required to divert as much waste generated through its operations from the landfill as possible by maximizing the rate of onsite composting, recycling and source separation. The Airport is currently required by City Ordinance to achieve a municipal solid waste (MSW) diversion rate of 75% from the landfill. In addition, the Airport's tenants are required to develop strategies and techniques to divert 100% from the landfill by 2020 (zero waste).

(ii) BBC Scope. The Project will supply specially designed compost, recyclables and landfill waste containers for depositing source separated materials in Material Recovery Areas in the terminal and share a map to easily distinguish these areas. The Airport will ensure that all food and beverage concessions have access to adequate composting facilities to ensure that food waste and compostable service ware can be collected and reclaimed in these Material Recovery Areas. The Airport will also make available signage to distinguish recycling, composting, and landfill materials to tenants for use within their leasehold area that mirrors signage present throughout the terminals and in the Materials Recovery Areas.

(iii) Tenant's Scope. Tenant is required to minimize solid waste to landfill and maximize composting and recycling and shall submit to the ZERO Committee a Construction Waste Management Plan to achieve zero waste (See Section 6 for complete Sustainability Requirements). Tenant is required to work with both the Airport's Sustainability Projects Specialist and the Environmental Operations Team to comply with the City's Waste Ordinances. The Airport provides resources and training to guide and support tenants to achieve zero waste. Tenant shall design the space for source separation of the following minimum materials (during construction and throughout

operations): (a) Compostable; (b) Recyclable; (c) Cardboard; and (d) Landfill. Tenant is required to provide recycling, composting and landfill receptacles within its Premises and shall ensure these source separated materials go to the appropriate construction and demolition debris facilities, and are deposited in the appropriate collection container within the designated courtyard / Materials Recovery Area during operations. Tenants must identify users and coordinate with the Airport to request training of procedures and use of Material Recovery Area equipment.

L. Cooking Oil Waste

The Airport will provide cooking oil storage tanks located within the Materials Recovery Area, which are serviced by an Airport contractor. All food and beverage tenants are required to purchase and store within their space a model 2500C Oil Caddy from Darling International to transport cooking oil waste from their kitchens to the storage tanks, and shall be responsible for transporting caddy oil material from their kitchen to the storage tank location. Caddies are available from Darling International at (415) 647-4890, or https://www.darpro-solutions.com/restaurant-supermarket-solutions/restaurant-services-grease-collection-trap-cleaning.

M. Tenant Doors and Locks

Tenant is responsible for maintaining the rating of all of its base-building doors. Any modification of a door by Tenant which changes the rating of a door is prohibited. It will be the responsibility of Tenant to furnish and install a replacement door of equal or greater quality to replace any base-building door which it may have modified for its own use. Any added doors, door hardware or modifications to doors which open on public, or secure common areas such as lobbies, Tenant corridors, or storage areas, must match the existing SFIA hardware in appearance and standard. Cylindrical and tubular locks, or any lock requiring an ANSI 161 prep, are prohibited. Only mortise locks are permitted.

Locks must conform to the SFIA standard:

- SCHLAGE L-9000 Series, with 17A lever trim and 630 or 318 finish
- VON DUPRIN 98, 98XP or 35 Series panic devices
- ALLEGION AD-200 Series mortise cipher locks

No SFIA lock or security device shall be removed or altered in any way without the written consent of the SFIA Lock shop.

Installation of doors and locks will follow the standards established by the Airport Carpenter and Locksmith Shops. It is Tenant's responsibility to inform its locksmith contractors of the standards.

All locks which are for the exclusive use of Tenant shall be rekeyed and

combinated by Tenant's locksmith, unless the Airport requires access, or if the door accesses a secure or sterile area.

N. Storage Cage Areas

(i) General. The Airport has limited areas set up for leasable tenant product storage. These are usually either 150 sf or 300 sf chain link fenced cages that have a lockable gate. The height of each fence will stand at 3" max below the ceiling height of the caged areas.

(ii) BBC Scope. These caged areas will have a sealed concrete floor with floor sinks shared between the cages for future tenant condensate lines. The storage areas will be fully conditioned spaces with capacity for added heat loads by tenant walk-in refrigerators. These spaces shall have fire protection per code. The ceiling tiles will be normal tiles for retail cages and washable type for all Food & Beverage cages. A 120/208VAC distribution panel set up with a Branch Circuit Power Meter (BCPM) will power and meter the cage areas. Each cage will be assigned a maximum of four 20A circuits, three outlets and one lighting circuit with a switch per cage feed from the distribution panel. Corridors and elevator lobby crash protection shall be installed from the floor to 3' high along each wall and include corner guards. Some retail cages will be provided with an empty ¾" conduit with a pull string above the ceiling tile. Each conduit will terminate within the nearest TWC for tenant data use.

(iii) Tenant's Scope. If Tenant requires additional power within its cage, the power shall be supplied by Tenant's main distribution panel within its Premises. This work must be performed by Tenant's contractor.

END OF TENANT WORK LETTER