

**STAFF REPORT FOR CALENDAR ITEM NO.: 8.2
FOR THE MEETING OF: October 12, 2017**

TRANSBAY JOINT POWERS AUTHORITY

BRIEF DESCRIPTION:

Approve lease with Block One Property Holder, L.P. for the portion of TJPA's property known as Block 2 (200 Folsom Street; Greyhound-Amtrak site at the Temporary Terminal) following cessation of transit operations at the Temporary Terminal.

EXPLANATION:

The TJPA owns the site of the Temporary Terminal, between Howard, Main, Folsom and Beale Streets. After the new transit center is complete and the Temporary Terminal is closed, the site is planned to be divided into three Redevelopment Blocks: Block 4 on the northern third, which will be sold for residential development; Block 3 mid-block, which will be developed into Transbay Park; and Block 2 on the southern third, which will be sold for affordable housing. The ultimate disposition of the blocks is being handled by the San Francisco Office of Community Investment and Infrastructure (OCII), in coordination with TJPA, pursuant to the 2008 Option Agreement between TJPA, the City, and OCII.

Since 2010 and 2014, Greyhound and Amtrak, respectively, have operated from the about 8,760 square foot building located on the Block 2 portion of the Temporary Terminal. Both agencies will move their operations to the new transit center in 2018. Although OCII plans to issue an RFP for the development of Block 2 in 2018, OCII does not anticipate that Block 2 will be sold to an affordable housing developer until 2020. Thus, there is approximately two years of unplanned use for the Temporary Terminal site.

To activate the space and generate operating income, TJPA staff has negotiated the attached lease with Tishman Speyer, through its special purpose entity Block One Property Holder L.P., for its lease and use of Block 2 ("Lease"). Tishman Speyer is the developer of the adjacent development located on Block 1 (160 Folsom at Main). OCII selected Tishman Speyer as the Block 1 developer following a competitive process in 2014. The Block 1 development, part of the Transbay Redevelopment Project Area, broke ground earlier this year and is expected to consist of approximately 390 for-sale residential units, both market rate and below market rate, in a tower and two townhome podiums, and 10,000 square feet of neighborhood retail.

Tishman Speyer approached OCII and TJPA staff regarding an interim lease of Block 2. While OCII has an option to acquire Block 2 from the TJPA, it is amenable to the interim use proposed by Tishman Speyer, prior to sale to an affordable housing developer. The Lease has been negotiated with input from OCII, and the developer must obtain all necessary approvals from OCII for proposed uses of the site, alterations to the existing improvements, signage, etc. The lease terms stipulate that the rent to TJPA will not be affected should OCII not approve a particular use proposed by Tishman Speyer.

Some of the material provisions of the Lease are:

Term

Through March 31, 2020, approximately two years from the Commencement Date, which is

anticipated to occur between April 1, 2018 and June 30, 2018. The lease may convert to month-to-month following the original term. If the Commencement Date does not occur by June 30, 2018, a daily rent credit will be provided up to a maximum of 90 days credit; there otherwise is no penalty to TJPA if it is unable to deliver possession of the site by June 30, 2018. If the Commencement Date does not occur by August 1, 2018, tenant may terminate the Lease.

Rent

\$40 per building square foot = \$29,200 per month (\$350,400 per year) (but subject to certain potential rent credits, as noted above and below). Security deposit equal to one month's rent. Staff believes that this rent is favorable for the TJPA considering, among other things, the interim nature of the lease, the bulk of responsibility for services and maintenance falls to the tenant, the cost of constructing tenant improvements and alterations to make the premises usable for tenant's intended purpose are borne by tenant, and the TJPA's limited obligation to make structural repairs.

Property Taxes, Services, Utilities

Tenant would be responsible for all possessory interest taxes and any other taxes assessed by the City or other authorities; all janitorial, maintenance, landscaping, waste collection, security, insurance; and all utilities.

Alterations and Repairs

Tenant would be responsible for designing, securing approval for, and building any tenant improvements or alterations; to the extent tenant's approval costs exceed \$10,000, however, TJPA would allow tenant to offset up to \$10,000 in rent.

TJPA would be responsible for structural repairs to the building, but the TJPA's obligation would be capped at \$10,000 per year. In the event the cost of a structural repair exceeds the cap, and neither the TJPA nor tenant elects to fund the gap, tenant could terminate the Lease. However, TJPA, in consultation with ABM, the Temporary Terminal facility manager, believes the building is in good repair and condition and notes that a warranty for the roof remains in place until August 2020. The building has been regularly maintained over the life of the Temporary Terminal and TJPA is not aware of any deferred maintenance.

Use

Tenant explains that it intends to use the premises for a sales office/design center/contractor office space related to its development project at Block 1. The Lease would permit tenant to put the premises to any other use that is a legally permitted and approved by OCII, which could include commercial parking.

RECOMMENDATION:

As the proposed Lease will generate about \$350,000 per year to offset the first two years of transit center operational expenses, and activate a site that otherwise would likely be fenced off until sold for residential construction, staff recommends that the Board authorize the Executive Director to execute the Lease of Block 2 (200 Folsom Street) in substantially the form attached to this report.

ENCLOSURES:

1. Lease
2. Resolution

**TRANSBAY JOINT POWERS AUTHORITY
BOARD OF DIRECTORS**

Resolution No. _____

WHEREAS, The TJPA has developed a Temporary Terminal at Main, Howard, Beale, and Folsom Streets that is expected to close in 2018; and

WHEREAS, The San Francisco Office of Community Investment and Infrastructure (OCII) has an option to take possession of Block 2, the southern third of the Temporary Terminal site, to sell to an affordable housing developer for residential construction; and

WHEREAS, OCII does not anticipate exercising this option until 2020; and

WHEREAS, TJPA has no planned use for the site after closure of the Temporary Terminal and wishes to avoid the need to fence and secure Block 2 prior to its sale for affordable housing; and

WHEREAS, TJPA also desires to generate revenue to offset operational expenses at the new transit center; and

WHEREAS, The developer of the adjacent Block 1 residential development, Tishman Speyer, through its special purpose entity Block One Property Holder, L.P., approached TJPA and OCII regarding a lease of Block 2, explaining its intention to use the site for a sales office/design center/contractor office space related to its development project at Block 1 along with potential other uses; and

WHEREAS, Staff has negotiated a lease with Tishman Speyer with a term of approximately two years and monthly rent of \$29,200 (subject to certain potential rent credits), which is expected to commence between April 1 and June 30, 2018, or after cessation of Greyhound and Amtrak operations at the Temporary Terminal, which rent TJPA believes is favorable in light of the terms and conditions of the lease; and

WHEREAS, the lease is exempt from the California Environmental Quality Act under 14 California Code of Regulations Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, and Section 15301 (Exemption Class 1) because the approval is for leasing and potential minor alterations of existing facilities involving negligible or no expansion of use beyond existing uses; now, therefore, be it

RESOLVED, That the TJPA Board approves the lease with Block One Property Holder, L.P. for the portion of TJPA's property known as Block 2 in substantially the form attached, following cessation of transit operations at the Temporary Terminal; and

FURTHER RESOLVED, That the TJPA Board of Directors authorizes the Executive Director to take all actions and execute all documents as he deems reasonably necessary to implement and effectuate the above approval.

I hereby certify that the foregoing resolution was adopted by the Transbay Joint Powers Authority Board of Directors at its meeting of October 12, 2017.

Secretary, Transbay Joint Powers Authority

LEASE

THIS LEASE, dated as of **October 12, 2017**, is made and entered into by the Lessor and Lessee named herein who agree as follows:

1. BASIC LEASE PROVISIONS

LESSOR: TRANSBAY JOINT POWERS AUTHORITY, a joint exercise of powers agency duly created and existing under the Joint Exercise of Powers Act of the State of California, California Government Code Sections 6500 et seq. ("**Lessor**").

ADDRESS OF LESSOR: 201 Mission Street, Suite 2100, San Francisco, CA 94105.

LESSEE: BLOCK ONE PROPERTY HOLDER, L.P., a Delaware limited partnership ("**Lessee**").

ADDRESS OF LESSEE: c/o Tishman Speyer, 45 Rockefeller Plaza, New York, NY 10111.

BUILDING: 200 Folsom Street, San Francisco, CA 94105, consisting of about 8,760 square feet (the "**Building**").

PREMISES: The area of land, including the Building, depicted on Exhibit A attached hereto, consisting of about 50,875 square feet (collectively, the "**Premises**").

PERMITTED USES: Sales Office / Design Center / Contractor Office Space and any other use that is a legally permitted and approved by OCII (as defined below).

LEASE TERM: Approximately twenty-four (24) calendar months after the Commencement Date (as defined below).

COMMENCEMENT DATE: The date that Lessor tenders possession of the Premises to Lessee in accordance with the terms of this Lease (the "**Commencement Date**"), which is anticipated to occur between April 1, 2018 and June 30, 2018. The actual Commencement Date shall be confirmed in a notice in substantially the form set forth in Exhibit B attached hereto.

TERMINATION DATE: The Termination Date of this Lease for the Premises shall be March 31, 2020 (the "**Termination Date**"), subject to extension as set forth in Section 3 below.

MONTHLY RENT: \$29,200.00 per month.

**TENANT
IMPROVEMENT
ALLOWANCE:**

None. Except as expressly set forth in this Lease, the Premises is being delivered in "As-Is" condition.

**SERVICES AND
UTILITIES:**

All expenses for services to the Premises paid directly by Lessee.

SECURITY DEPOSIT:

\$29,200.00.

BROKERS:

None.

[Lease continues on the following pages]

Each reference in this Lease to any of the Basic Lease Provisions shall be construed to include the provisions set forth above as well as all of the additional terms and provisions of the applicable sections of this Lease where said Basic Lease Provisions are more fully set forth. The foregoing Basic Lease Provisions are hereby approved.

LESSOR:

TRANSBAY JOINT POWERS
AUTHORITY, a joint powers agency
created under California Government Code
sections 6500 *et seq.*

By: _____
Name: Mark Zabaneh
Title: Executive Director

LESSEE:

BLOCK ONE PROPERTY HOLDER, L.P.,
a Delaware limited partnership

By: Block One Property Holder GP L.L.C.,
a Delaware limited liability company,
its General Partner

By: _____
Name: _____
Title: _____

[Lease continues on the following pages]

2. **Premises.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises which are described in the Basic Lease Provisions in Section 1. Lessee shall have access to the Premises 24 hours a day, each day of the Lease term.

3. **Term; Renewal Options.**

(a) The term of this Lease shall commence on the Commencement Date and expire on the Termination Date specified in the Basic Lease Provisions, unless sooner terminated pursuant to the provisions hereof or extended as provided below. Notwithstanding the foregoing, this Lease shall be in full force and effect as of the full execution and delivery of this Lease by the parties hereto.

(b) The Lease may convert to a month-to-month lease at the expiration of the initial term of this Lease, upon mutual agreement of the Lessor and Lessee, which extension(s) shall be upon the same terms and conditions contained in this Lease. If Lessee desires to exercise such conversion, Lessee shall provide Lessor with written notice, no later than sixty (60) days prior to the end of the then-current Lease term. During any such month-to-month period, Lessor shall have the right to terminate the Lease upon ninety (90) days' notice.

4. **Security Deposit.** Upon execution of the Lease, Lessee shall deposit with Lessor the Security Deposit specified in the Basic Lease Provisions as security for the full and faithful performance of each and every term, provision, covenant and condition of this Lease and not as any prepayment of rent. If Lessee defaults with respect to any provision of this Lease beyond the expiration of any applicable notice and cure period, including, but not limited to, the provisions relating to the payment of rent, Lessor may (but shall not be required to) use, apply or retain all or any part of this Security Deposit for the payment of any rent or any other sum in default, for the payment of any amount which Lessor may spend or become obligated to spend by reason of Lessee's default, including, but not limited to, reasonable attorney fees, or to compensate Lessor for any other loss or damage which Lessor may suffer by reason of Lessee's default. If any portion of said Security Deposit is so used or applied, Lessee shall, within ten (10) days after Lessor's demand therefor, deposit cash with Lessor in an amount sufficient to restore the Security Deposit to its original amount, and Lessee's failure to do so shall be a material breach of this Lease. Lessor shall not be required to keep this Security Deposit separate from its general funds, and Lessee shall not be entitled to interest on such Security Deposit. If Lessee shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to the Lessee (or to the assignee of Lessee's interests hereunder) at the expiration of the Lease term. In the event of termination of Lessor's interest in this Lease, Lessor shall transfer said deposit to Lessor's successor in interest.

5. **Rental.**

(a) Lessee agrees to pay the amount specified in the Basic Lease Provisions in Section 1 above as Monthly Rent for the Premises in advance on the first day of each calendar month throughout the term of the Lease following the Commencement Date, without deduction or offset of any kind (except as expressly set forth herein), at the address of Lessor set forth in the Basic Lease Provisions.

(b) Lessee agrees that any other amount due the Lessor pursuant to this Lease shall be paid on the date due (which date due shall be not less than thirty (30) days after Lessor provides written notice of such amount), and that Lessor will incur additional expenses of management, accounting, and legal costs in an amount impossible to determine with certainty at this time and the parties therefore agree pursuant to the provisions of California Civil Code, Sections 1951.5, 1670 and 1671, that Lessor shall recover an additional five percent (5%) of the outstanding rental amount as liquidated damages and the same shall become immediately due and payable. Failure to pay any such late charge shall bear the same consequence, and Lessor shall have the same remedies as provided in the Lease for failure to pay rent.

(c) In the event the Commencement Date occurs other than on the first day of a calendar month and/or the Termination Date occurs on other than the last day of a calendar month, the first and last month's rental for the Premises, as applicable, shall be prorated accordingly.

(d) Lessee shall not have the right to offset against Monthly Rent any amounts incurred by Lessee in obtaining the approval or consent of the Office of Community Investment and Infrastructure ("**OCII**") with respect to proposed alterations at the Premises or any similar consent required of OCII by applicable law ("**Lessee Approval Costs**"), unless Lessee's actual and reasonable Lessee Approval Costs exceed \$10,000.00 in total, in which case, any Lessee Approval Costs in excess of \$10,000.00 (subject to the cap set forth below) may be offset against Monthly Rent. Lessee shall provide Lessor with reasonable supporting documentation regarding any amounts Lessee intends to offset against Monthly Rent, as described in this Section 5(d). Notwithstanding the foregoing, in no event shall the offset against Monthly Rent under this Section 5(d) exceed \$10,000.00.

6. **Possession.**

(a) Lessor shall deliver possession of the Premises to Lessee on the Commencement Date, vacant and in broom clean condition with all existing fire protection, HVAC systems, electrical, plumbing and mechanical systems in the Building and serving the Premises in good order and repair.

(b) Lessor represents and warrants that (i) to Lessor's actual knowledge, there are no hazardous materials on the Premises in violation of applicable laws in effect as of the date of this Lease, which violation, if not cured, could reasonably result in the closure of the Building or Lessee's access to the Premises, or adversely affect the health of occupants of the Premises, and (ii) the roof of building on the Premises is in good condition and repair, provided that such representation is not a representation as to the useful life of the roof. Except as expressly set forth in this Lease, Lessee acknowledges and agrees that Premises are to be leased to and accepted by Lessee in an "AS IS" condition with all faults. Lessor does not make any representations or warranties of any kind whatsoever, either express or implied, with respect to any matters related to the Premises, including, but without limitation, the following: permitted use; condition (whether physical, legal, zoning, environmental, or other); value and any effect on value as a result of any impact fee, special tax, or assessment that may be imposed; status of, need for, or ability to secure regulatory approvals; compliance with applicable statutes, laws, codes, ordinances, regulations, or requirements relating to leasing, zoning, subdivision, planning, building, fire, safety, health, or

environmental matters; suitability for Lessee's intended use; or hazardous materials. Except as expressly set forth in this Lease, Lessee acknowledges that it is entering this Lease on the basis of Lessee's own investigation of the condition of the Premises. Except as expressly set forth in this Lease, Lessee assumes the risk that adverse conditions may not have been revealed by its investigation. Lessor shall use its best efforts to facilitate removal of the "bus only" lanes on Beale Street and Main Street by the San Francisco Municipal Transportation Agency prior to the Commencement Date.

(c) The Commencement Date is anticipated to occur between April 1, 2018 and June 30, 2018. Lessor shall regularly update Lessee with regard to the status of the delivery of the Premises if the same does not occur on April 1, 2018. If the Commencement Date does not occur on or before June 30, 2018 (the "**Credit Start Date**"), then Lessee shall receive a rent credit equal to one (1) day of Monthly Rent for each day during the period which commences on the first day following the Credit Start Date and ends on the actual Commencement Date, up to a maximum of ninety (90) days rent credit. If the Commencement Date does not occur on or before August 1, 2018 (the "**Trigger Date**"), then Lessee may terminate this Lease upon written notice to Lessor given prior to the actual Commencement Date.

7. **Purpose.** Lessee agrees to use and occupy the Premises during the term hereof for the Permitted Use specified in the Basic Lease Provisions in Section 1 hereof, and for no other purpose whatsoever without the written consent of Lessor, which consent shall not be unreasonably denied, delayed or conditioned. Lessor and Lessee acknowledge that the City and County of San Francisco ("**City**") and OCII, among others, have certain independent regulatory authorities over Lessee's possession, use, and occupancy of the Premises, including proposed alterations at the Premises. Lessor makes no representations or warranties about the permissible uses of the Premises. Any income or profits received by Lessee with respect to Permitted Uses of the Premises shall be retained solely by Lessee and no portion thereof shall be required to be remitted to Lessor.

8. **Abandonment.** Lessee shall not vacate or abandon the Premises at any time during the term hereof, and if Lessee should abandon, vacate or surrender said Premises, or be dispossessed by process of law, or otherwise, it shall be a breach of this Lease and any personal property belonging to Lessee and left on the Premises shall be deemed to be abandoned, and in addition to any other rights which Lessor may have, Lessor may remove any personal property belonging to Lessee which remains on the demised Premises and store the same, the cost of such removal and storage to be charged to the account of the Lessee.

9. **Surrender of Premises.** The voluntary or other surrender of this Lease by Lessee, or a mutual cancellation thereof, shall not work as a merger, but shall, at the option of the Lessor, terminate all or any existing subleases or subtenancies, or may, at the option of the Lessor, operate as an assignment to it of any or all such subleases or subtenancies. Lessee agrees on the last day of the Lease term, or sooner termination of this Lease, to surrender to Lessor the Premises with the appurtenances therein in good condition and repair, reasonable use and wear thereof and damage by fire, Acts of God or by the elements excepted, and to remove any of Lessee's signs from said Premises. Upon the expiration or earlier termination of the Lease term, Lessee shall remove from the Premises any alterations which Lessee is required to remove pursuant to this Section 9. At the time of Lessor's approval of any alteration requested by Lessee (or within

ten (10) days after receipt of Lessee's notice to Lessor with respect to those alterations not requiring Lessee's approval, i.e. non-structural alterations), Lessor shall notify Lessee in writing whether Lessor will require the removal of the alteration and restoration of the Premises to its previous condition at the expiration or sooner termination of this Lease; provided that (i) in no event shall Lessee be required to remove any alterations that would not materially increase Lessor's cost to demolish the Building following the expiration or earlier of the Lease term, and (ii) in no event shall the following alterations be deemed to materially increase Lessor's demolition costs: (A) interior improvements; (B) exterior playground ; and (C) exterior landscaping.

10. **Assignment and Subletting.** Except as otherwise expressly set forth below in this Section 10, Lessee shall not assign this Lease or sublet the Premises without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, delayed or conditioned. Any such assignment, subletting, occupancy or use, without the prior written consent of Lessor, shall at the option of the Lessor be null and void. Notwithstanding the foregoing, Lessor agrees that its consent will not be required for (i) an assignment or other transfer of this Lease or an interest herein or in Lessee that is made by or to parties owning or controlling, owned or controlled by, or under common ownership or control with Lessee or a party to any such arrangement, (ii) a parking lot commercial operation conducted by any parking lot operator identified on Exhibit F attached hereto, or (iii) the use of a portion of the Premises by any of Lessee's sub-contractors identified on Exhibit F attached hereto. Any assignment or other transfer of this Lease, or use of the property by any subtenants, contractors, or affiliates of Lessee under this Lease, shall require such assignee, transferee, subtenant, contractor, or affiliate ("Transferee") to comply with all responsibilities and obligations as if such Transferee were an original party to this Lease, including, but not limited to, observing all prohibited uses; complying with all applicable laws; accepting all liability and holding harmless and indemnifying Lessor; and maintaining the same types and amounts of insurance required of Lessee.

11. **Uses Prohibited.** Notwithstanding the Permitted Uses specified in the Basic Lease Provisions in Section 1 hereof, Lessee shall not do or permit anything to be done in or about the Premises, including the Building, nor bring or keep anything therein which will in any way increase the existing rate of or affect any insurance, including, but not limited to, fire, extended coverage, vandalism, malicious mischief, flood, liability, etc., upon the Premises, or any of the contents of the Building, or any common areas of the Premises, or cause a cancellation of any insurance policy covering the Premises or any part thereof or any of its contents. Lessee agrees that if any such activity causes an increase in any or all insurance premium rates, it will pay such increase in premiums to Lessor within ten (10) days after the receipt by Lessee of a bill setting forth the amount of such increase. In the event of any of the Lessee's activities shall cause cancellation of any insurance policy covering the Premises, Lessee shall immediately cease to conduct such activity upon written notice.

(a) Lessee shall not conduct or permit to be conducted any sale or auction on or from said Premises.

(b) Lessee shall not use, create, store, deposit, dispose, or allow any hazardous materials on the Premises. As used in this Lease, "hazardous materials" include any "hazardous substance" as that term is defined in section 25316 of the California Health and Safety Code and any other material or substance listed or regulated by any Hazardous Materials Law or posing a

hazard to health or the environment. Fuel stored in a motor vehicle for the exclusive use in such vehicle are excepted, and household products necessary for routine cleaning and maintenance of the Premises may be kept on the Premises in quantities reasonable for Lessee's needs.

(c) Lessee shall not use or permit the Premises to be used in any manner that creates a nuisance.

12. **Signs.** Lessee shall be permitted to be place or affix any sign, marquee, awning, decoration, security bars, or other attachment on or to the roof, front, windows, doors, visible interior walls or exterior walls of the demised Premises, in compliance with all applicable laws, subject to any necessary approvals from the City, OCII, and other regulatory authorities, and pursuant to Section 16.

13. **Obstruction.** Any alterations or improvements made by Lessee to the Premises (including within the Building), including with respect to access and interior passages, shall comply with all applicable laws (including building codes) and shall be subject to the regulatory authority of the City and OCII. The halls, passages, exits, entrances, elevators, stairways, balconies and roof are not for use by the general public and the Lessor shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the reasonable judgment on the Lessor shall be prejudicial to the safety, character, reputation and interest of the Premises, provided that nothing herein contained shall be construed to prevent such access to persons with whom the Lessee normally deals in the ordinary course of Lessee's business unless such persons are engaged in illegal activities.

14. **Waste.** Lessee shall not commit, or knowingly suffer to be committed, to the extent within Lessee's reasonable control, any waste upon said Premises, or any nuisance, or other act or thing which may disturb the quiet enjoyment of any other tenant in the Premises or in any way unreasonably obstruct, interfere with, injure or annoy them, or do or permit to be done anything in any way tending to unreasonably disturb them.

15. **Compliance with Law.** Lessee shall not use the Premises or knowingly permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Lessee shall at its sole cost and expense promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force which may hereafter be in force and with the requirements of any board of fire underwriters or other similar body now or hereafter constituted relating to or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Lessee's improvements or use of the Premises as described in Section 1 of the Basic Lease Information. The judgment of any court of competent jurisdiction or the admission of Lessee in any action against Lessee, whether Lessor is a party thereto or not, that Lessee has violated any law, statute, ordinance, or governmental rule, regulation or requirement, shall be conclusive of the fact as between Lessor and Lessee.

16. **Alterations.** Lessor agrees to allow Lessee to make such non-structural alterations to the Premises as are in the reasonable opinion of Lessee necessary for the operation of Lessee's business. Lessee will not make any structural alterations to the Premises or any part thereof without first providing to Lessor the architectural plans and specifications (the "**Plans**") relating

thereto. Unless Lessor objects to the same in writing on or before ten (10) business days following its receipt of such Plans, the Plans shall be deemed approved by Lessor in all respects. Lessor agrees not to unreasonably condition or object to the Plans. If Lessor timely objects in writing to the Plans, Lessor shall detail with specificity the reason for its objection. Lessee shall not be charged a construction management fee or supervision fee by Lessor. Any alterations, additions or improvements to the said Premises shall become at once a part of the realty and belonging to the Lessor, except to the extent provided in Section 9. Notwithstanding any approval by Lessor, Lessee shall not make any alterations to the Premises except in compliance with all applicable laws and subject to any necessary approvals from the City, OCII, and other regulatory authorities.

17. **Repairs.** During the Lease term, Lessee shall, at its sole cost and expense (a) keep the Premises in good order and repair, and, (b) keep and maintain the interior portions of the Building and appurtenances and every part thereof, including fire protection, electrical, plumbing, HVAC and mechanical systems, facilities and equipment, any common areas, structural elements, including slab, foundation and posts, and sidewalks, in good and sanitary order, condition and repair. Landlord, at Landlord's sole cost and expense, shall keep and maintain in good condition and repair, all structural portions of the Building (including the roof); provided that (i) in no event shall Lessor's obligation to repair and/or replace any structural portions of the Building (including the roof or any portion thereof) exceed \$10,000 during any twelve (12) month period (the "**Structural Repair Cap**"), (ii) in no event shall Lessee be liable or responsible for any maintenance obligations with respect to the roof of the Building, and (iii) if the Structural Repair Cap has been exceeded and neither Lessor or Lessee elects to fund any shortfall in the costs of repair or maintenance of the structural portions of the Building, then Lessee shall have the right to terminate this Lease upon written notice to Lessor. In the event that the provisions of any law, ordinance, or rule now in force or after the Commencement Date enacted by Municipal, State or National authority, requires by reason of Lessee's particular manner of use of the Premises, any alterations, additions, repairs or acts of any kind to be done in connection with the Premises or any part thereof, the same shall be done at the sole cost and expense of Lessee. It is specifically understood and agreed that Lessor has no obligation and has made no promises to alter, remodel, improve, repair, decorate or paint the Premises, or any part thereof, and that no representations respecting the condition of the Premises or the Building of which the Premises are a part have been made by Lessor to Lessee, except as specifically herein set forth.

18. **Services and Utilities.** All services to the Premises, including for water, HVAC, electrical, sewer and janitorial services to the Premises shall be separately metered and directly contracted for and paid by Lessee. If any portion of the Premises receives services necessary for the operation of the Premises or otherwise requested by Lessee, which services are not separately metered and are paid for by Lessor, Lessee shall reimburse Lessor for the full amount of the total actual and reasonable cost of such services paid by Lessor. Such reimbursement shall be made within 30 days after Lessor's written demand for same.

19. **Entry by Lessor.** Lessee shall permit Lessor and its agents to enter the demised Premises at all reasonable times upon not less than 24 hours' notice for any of the following reasons: To inspect the same; to maintain the Building in which the said Premises are located; to make such repairs to the demised Premises as Lessor is obligated or may elect to make; to make repairs, alterations, additions or utility installations to any other portion of the Building in which the demised Premises are located, including the erection and maintenance of such scaffolding,

ladders, fences and props as may be required; to post notices of non-responsibility for alterations, additions, repairs or utility installations. Lessor shall use commercially reasonable effort to minimize any disturbance to Lessee's business operations in exercising these rights.

Lessor, or its agent, shall have the right to use any and all means which Lessor may deem proper to open said doors without prior notice in an emergency, in order to obtain entry to the Premises, and entry to the Premises obtained by Lessor, or its agents, by any said means, or otherwise, shall not be under any circumstances be construed or deemed to be forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Lessee from the Premises or any portion thereof.

20. **Indemnification of Lessor.**

(a) Except to the extent of Lessor's gross negligence or intentional misconduct, Lessor and the Lessor parties identified in the attached Exhibit C (for purposes of this Section, "**Lessor Parties**") shall not be liable to Lessee, its officers, agents, employees, customers, invitees, or other parties (for purposes of this section, "**Lessee Parties**"), and Lessee and the Lessee Parties hereby waive all claims against Lessor and the Lessor Parties, for (i) any injury or damage to any person or property in or about the Premises by or from any cause whatsoever, and, without limiting the generality of the foregoing, whether caused by water leakage of any character from the roof, walls, basement or other portion of the Premises, or caused by gas, fire, oil, electricity or any cause whatsoever in, on or about the Premises or any part thereof, (ii) any loss or damage to property, including goods, wares and merchandise, or for injury or death to persons in, on or about the demised Premises from any cause whatsoever, or (iii) any damage by or from any act or negligence of any co-tenant or other occupant of the Premises, or by any owner or occupant of adjoining or contiguous property owned by Lessor or others.

(b) Lessee agrees to defend, indemnify and hold Lessor and the Lessor Parties harmless of and from any and all cost, expense, claims, demands, obligations and liabilities, cause or causes of action by reason of or in connection with the condition of, state of repair, or use, occupancy, or maintenance of the demised Premises or appurtenances thereto, including all adjacent sidewalks, alleys, and parking lots, if any. Lessee's agreement to hold Lessor harmless under the provisions of this paragraph shall include the obligation to pay Lessor reasonable attorney fees and costs incurred in connection with the settlement, trial or appeal of any such matter wherein the indemnifying party must defend against any such claim, demand or cause of action.

Subject to the waiver of subrogation set forth in Section 21 below, Lessee agrees to pay for all damages to the Premises, as well as to tenants or occupants, caused by Lessee, its agents, servants, employees or invitees misuse or neglect of said Premises, its apparatus and appurtenances.

21. **Lessee Insurance.** Without limiting Lessee's indemnity obligations under this Lease, Lessee shall obtain and keep in force during the entire term of this Lease insurance coverages at least as broad as: (a) a commercial general liability insurance on an occurrence basis against claims for products and completed operations, bodily injury, personal and advertising injury, property damage, and contractual liability based upon, involving or arising out of the, use, occupancy or maintenance of the Premises and all areas appurtenant thereto, in an amount not less

than Two Million Dollars (\$2,000,000) each occurrence; (b) workers' compensation, as required by the State of California in statutory requirements, and employer's liability insurance with limits not less than One Million Dollars (\$1,000,000) each accident, injury, or illness; (c) automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) per accident for bodily injury (including death) and property damage, including owned, hired, or non-owned auto coverage, as applicable; (d) property insurance against all risks of loss to any tenant improvements or betterments, at full replacement cost with no coinsurance penalty provisions; and (e) for any sublease or use agreement with a parking lot operator, the parking lot operator shall additionally keep garagekeeper's legal liability insurance with limits at least equal to the value of the maximum number of automobiles that may be in the parking lot operator's custody on the Premises. The commercial general liability insurance policy must provide the following: (x) name as additional insured the entities identified in the attached Exhibit C, and (y) that such policies are primary insurance to any other insurance available to the additional insureds, and insurance or self-insurance maintained by the additional insureds shall be excess of Lessee's insurance and shall not contribute with it, and Lessee's insurance applies severally and not collectively to each additional insured against who claim is made or suit is brought. Lessee grants to Lessor a waiver of any right to subrogation which any insurer of Lessee may acquire against Lessor by virtue of the payment of any loss under such insurance. Lessee agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not Lessor has received a waiver of subrogation endorsement from the insurer. Should any of the required insurance be provided under a claims-made form, Lessee shall maintain such coverage continuously throughout the term of this Lease, and without lapse, for a period of Five (5) years beyond the expiration of this Lease, to the effect that, should occurrences during the Lease term give rise to claims made after expiration of the Lease, such claims shall be covered by such claims-made policies. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs are included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above. Upon execution of the Lease, Lessee shall do the following: (i) furnish to Lessor certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A.M. Best's A-:VII or higher, that are authorized to do business in the State of California, and that are satisfactory to Lessor, in form evidencing all coverages set forth above, and (ii) furnish complete copies of policies promptly upon Lessor's request. All policies shall be endorsed to provide Thirty (30) days' advance written notice to Lessor of material change in coverages, or nonrenewal of coverages, or cancellation of coverages for any reasons. Notices shall be sent to the address of Lessor set forth in the Basic Lease Provisions. Approval of the insurance by Lessor shall not relieve or decrease the liability of Lessee under this Lease. Failure to maintain insurance shall constitute a substantial breach by Lessee of this Lease. Lessor reserves the right to require increases to the aforesaid limits as necessary upon the written demand of Lessor, provided that Lessor provides a written justification for the increase to Lessee, and such coverage is reasonably available and affordable. Lessee shall require any subtenant or contractor of Lessee providing construction or services to the Premises to maintain in force, during the full term of its contract, insurance coverages at least as broad as the above Lessee insurance requirements, and to satisfy all the other Lessee insurance requirements above. The parties agree that in the event of any property loss due to any peril for which they have agreed to provide insurance, or otherwise, that each party shall look solely to its insurance for recovery, and, does hereby grant to the other party, on behalf of any insurer providing insurance

with respect to the demised Premises or the Building, a waiver of any right of subrogation which any such insurer of the Premises or the Building may acquire against Lessor by virtue of payment of any loss under such insurance.

22. **Fire Or Other Casualty Clause.** In case of damage to the Premises by fire or other casualty, if the damage is so extensive as to substantially amount to the total destruction of the Premises that renders it unsuitable for continued use permitted hereunder, this Lease may, at the option of either Lessee or Lessor, be terminated, and the Monthly Rent shall be apportioned in relation to the time of the damage. If said damage has rendered the Premises untenable in part for the use permitted hereunder, the Monthly Rent shall be abated in proportion to that part of the Premises on which Lessee is unable to use the Premises during the period of damage and any repair. Lessor shall not be required to repair, reconstruct, or restore any injury or damage by fire or other cause, or to make repairs or replacements of, the Premises or any fixtures, contents, or any other property contained or installed in the Premises by Lessee.

23. **Public Appropriation.** In the event any proceedings shall be commenced by any public or quasi-public appropriation authority under the powers of eminent domain, condemnation, or otherwise, affecting the demised Premises, Lessee shall have no right to claim any valuation for his leasehold interest or otherwise by reason of his occupancy of or improvements to the Premises, and any award adjudicated or by way of settlement shall belong in its entirety to Lessor. Lessee shall, however, be entitled to any award made to him for depreciation to and cost of removal of stock, fixtures and equipment placed in the demised Premises by Lessee, provided that said award does not otherwise diminish the amount to be received by Lessor. In the event of a partial taking of the said Premises, the rent shall be reduced in the proportion that the floor area taken bears to the total floor area prior to the taking. If more than twenty-five percent (25%) of the floor area of said Premises is taken, only then may Lessee, at Lessee's option, terminate this Lease as of the date of the public or quasi-public authority takes possession of said portion by giving written notice of termination to Lessor within ten (10) days after the public or quasi-public authority takes such possession. If Lessee does not terminate this Lease as hereinabove provided, then the rent payable shall be reduced as set forth above.

24. **Insolvency or Bankruptcy.** The appointment of a trustee or receiver to take possession of all or substantially all of the assets of Lessee or of the operation of Lessee in the demised Premises, or a general assignments by Lessee for the benefit of creditors, or the filing of proceedings in insolvency or bankruptcy by or against Lessee shall at the option of Lessor constitute a default of this Lease by Lessee, and Lessor shall have all the remedies available under the "Default" paragraph herein; provided that in the case of an involuntary filing or bankruptcy, Tenant shall have a period of ninety (90) days after the filing thereof to have the same dismissed.

25. **Default.** With respect to any monetary default, Lessor shall provide Lessee with notice and five (5) days to cure such default. With respect to any nonmonetary default, Lessor shall provide Lessee with notice and thirty (30) days', or, for so long as Lessee commences and is diligently prosecuting a cure of such default, such additional time as may be reasonably necessary to cure such default. In the event of any default of this Lease by Lessee extending beyond any applicable notice and cure period, such event shall be a "default" or "breach" as used below and in the rest of this Lease, and Lessor, beside other rights or remedies it may have, shall have the right of re-entry and may remove all persons and property from the Premises pursuant to legal

proceedings or pursuant to any notice provided for by law, and may store any such property removed in a public warehouse or elsewhere, at the cost of, and for the account of Lessee. Further, pursuant to legal proceedings, Lessor may either terminate this Lease or may, from time to time, without terminating this Lease, re-let said Premises or any part thereof for such terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as Lessor in its sole discretion may deem advisable, with the right to make alterations and repairs to said Premises. Upon each such re-letting (a) Lessee shall be immediately liable to pay Lessor, in addition to any indebtedness other than rent due hereunder, the cost and expenses of such re-letting and of such alterations and repairs incurred by Lessor, and the amount, if any, by which the rent reserved in this Lease for the period of re-letting (up to, but not beyond the term of this Lease) exceeds the amount agreed to be paid as rent for the demised Premises for such period; or (b) at the option of Lessor, rents received by Lessor from such re-letting shall be applied: first, to the payment of any indebtedness, other than rent due hereunder from Lessee to Lessor; second, to the payment of any costs and expenses of such re-letting and of such alterations and repairs; third, to the payment of rent due and unpaid hereunder and the residue, if any, shall be held by Lessor and applied in payment of future rent as the same may become due and payable hereunder. If Lessee has been credited with any rent to be received by such re-letting under Option (a), and such rent shall not promptly paid to Lessor by the new tenant, or if such rentals received from re-letting under Option (b) during any month be less than that paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of said Premises by Lessor shall be construed as an election on its part to terminate this Lease, unless a written notice of such intention is given to Lessee, or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any such re-letting without termination. Lessor may at any time thereafter elect to terminate this Lease for such previous breach. No such termination of this Lease shall relieve Lessee of its liabilities and obligations under this Lease, and such liabilities and obligations shall survive any such termination. In the event of any such termination, whether or not the demised Premises or any part thereof shall have been re-let, Lessor may recover from Lessee all damages Lessor may incur by reason of such termination, specifically, including the costs of recovering the demised property and including, as provided in California Civil Code 1951.2: (A) The worth at the time of award of any unpaid rent which had been earned at the time of termination; plus (B) the worth at the time of 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 Lessee proves could have been reasonably avoided; plus (C) 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 Lessee proves could be reasonably avoided; plus (D) any other amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom.

The term "rent", as used in this section, shall be deemed to be and to mean the rental, rental adjustment payments, costs of operation and maintenance payments, percentage rent payments, and all other sums required to be paid by Lessee pursuant to the terms of this Lease. The term "rental loss," as used in this section, shall be deemed to include, but shall not be limited by implication to, all repossession costs, brokerage commissions, legal expenses, reasonable attorney fees, alteration costs and expenses of preparation of the demises Premises or parts thereof for re-leasing.

As used in Subsections (A) and (B) above, the "worth at the time of the award" is computed by allowing interest at the rate of ten percent (10%) per annum. As used in Subsection (C) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%).

Nothing herein contained shall limit or prejudice the right of the Lessor to prove and obtain as liquidated damages by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount of the damages referred to above.

Subject to the requirements of applicable law, Lessee hereby waives all claim for damages that may be caused by Lessor's re-entering and taking possession of the Premises or removing and storing furniture and property, as herein provided, and will hold Lessor harmless from loss, costs or damages occasioned by Lessor thereby, and no such re-entry shall be considered or construed to be a forcible entry as the same is defined in the Code of Civil Procedure of the State of California.

26. **Attorneys' Fees.** In the event of any action at law or in equity between Lessor and Lessee to enforce any of the provisions and/or rights hereunder, the unsuccessful party to such litigation covenants and agrees to pay to the successful party, and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses, and attorney fees shall be included in and as part of such judgment.

27. **Sale by Lessor.** In the event of a sale or conveyance by Lessor of the Premises, or conveyance of its interest in the demised Premises, the same shall operate to release Lessor from any future liability upon any of its covenants or conditions, expressed or implied, herein contained in favor of Lessee, and in such event Lessor agrees to look solely to the responsibility of the successor in interest of Lessor in and to this Lease, provided that Lessor shall deliver any Security Deposit provided by Lessee hereunder to such successor Lessor. This Lease shall not be affected by any such sale, and Lessor agrees to attorn to the purchaser or assignee.

28. **Excuse of Performance.** Anything in this agreement to the contrary notwithstanding, providing such cause is not due to the willful act or neglect of the defaulting party, such party shall not be deemed in default, with respect to the performance of any of its terms, covenants and conditions of this Lease other than Lessee's monetary obligations hereunder, if the same shall be due to any strike, labor disturbance, lockout, civil commotion, war-like operation, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, inability to obtain any material or service, difficulty, delay or inclement weather, fire, flood, or other casualty, Act of God, or other cause beyond the control of the defaulting party.

29. **Subordination.** This Lease is and shall always be subordinate to any Mortgage, Deed of Trust, Master Lease, Ground lease, or any other lien which may result from any form of financing or otherwise, which is now or shall at any time be placed upon the demised Premises or any part thereof or the Building of which the demised Premises are a portion, including those items described in the attached Exhibit D and Lessee agrees to execute and deliver any instrument, without cost, which may be deemed necessary to further effect the subordination of this Lease to

any such Mortgage, Deed of Trust, Master Lease, Ground Lease, or any other lien which may result from any form of financing or otherwise, to any purchaser thereof or successor thereto. This Lease shall not terminate if Lessee is not in default, but Lessee shall attorn to said new owner as if a party hereto, regardless of any rule or law to the contrary or absence of privity of contract.

30. **Offset Statements.** Lessee shall at any time and from time to time, within ten (10) days of request by Lessor, execute, acknowledge, and deliver to Lessor a statement in writing, and in recordable form, certifying the date of commencement of this Lease, that this Lease is unmodified and in full force and effect (or if there has been a modification, that the same is in full force and effect as modified and stating the date of the modification) and further stating the dates to which the rent and other charges have been paid, and setting forth such other matters as may reasonably be requested by Lessor.

31. **Waiver.** The waiver by Lessor or Lessee of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition or any subsequent breach of the same or any other term, covenant, or condition therein contained. The subsequent acceptance of rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant, or condition of this Lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such rent.

32. **Partial Invalidity.** This Lease is subject to the laws of the State of California, and it is agreed between the parties hereto that if any word, phrase, clause, sentence, article, provision, or paragraph of this Lease is or shall be held invalid or unlawful under the laws of the State of California for any reason, the same shall be deemed severed from the remainder hereof, and stricken therefrom, and shall in no way affect or impair the validity of this Lease or any partition thereof, and this lease shall otherwise remain in full force and effect.

33. **Notices.** All notices required by law or by this Lease shall be in writing, and shall be sufficiently given and served upon the other party when delivered in person, or sent by United States Mail, registered or certified, with postage prepaid, addressed to Lessor or Lessee at the addresses specified in the Basic Lease Provisions in Section I hereof, or to such other addresses as the parties may from time to time designate by written notice.

34. **Successors.** All the terms, covenants, and conditions hereof shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the parties hereto, provided that nothing in this paragraph shall be deemed to permit any assignments, subletting, occupancy, or use contrary to the provisions of Paragraph 10. No assignee for the benefit of creditors, trustee, receiver or referee in bankruptcy shall acquire any rights under this Lease by virtue of this paragraph.

35. **Authority.** If Lessor is a corporation, trust, limited liability company, partnership or other entity, each individual executing this Amendment on behalf of Lessor hereby represents and warrants that Lessor is a duly formed and existing entity qualified to do business in California and that Lessor has full right and authority to execute and deliver this Lease and that each person signing on behalf of Lessor is authorized to do so. Lessor shall, within ten (10) days after demand

by Lessee, deliver to Lessee satisfactory evidence of (i) such authority, (ii) good standing in Lessor's state of formation and (iii) qualification to do business in California.

36. **Brokers.** Lessee warrants that unless otherwise stated in writing, it has had no dealings with any real estate brokers or agents in connection with the negotiations of this Lease.

37. **Miscellaneous.**

(a) The paragraph titles in this Lease are for convenience only and shall not in any way limit or be deemed to construe or interpret the terms and provisions hereof.

(b) Time is of the essence in this Lease and of all provisions hereof, except in respect to the delivery of possession of the demised Premises.

(c) The words "**Lessor**" and "**Lessee**", as used herein, shall include the plural, as well as the singular. Words used in the neuter gender include the masculine and feminine. If there be more than one Lessor or Lessee, the obligations hereunder imposed upon Lessor or Lessee shall be joint and several.

(d) This Lease shall be construed and enforced in accordance with the laws of the State of California. The parties agree that any state or federal district court located in the City and County of San Francisco, State of California shall have exclusive jurisdiction over any case or controversy arising from, under or in connection with this Lease and shall be the sole and exclusive forum in which to adjudicate any such dispute(s).

(e) Lessee, if it is engaged in professional practice, agrees to conduct that practice in compliance with the code of ethics of the national association of his respective profession.

(f) Clauses, plats, riders, if any, signed by Lessor and Lessee and endorsed on or affixed to this Lease are a part hereof.

(g) This Lease may be executed in counterparts, and all such executed counterparts shall constitute the same agreement.

38. **Additional Requirements.** Lessee shall faithfully observe and comply with the requirements set forth in Exhibit E attached hereto.

39. **Real Property Taxes.** Lessor and Lessee are informed and believe that the Premises are currently owned by Lessor which is a public agency generally exempt from taxation, the Premises are located within "Zone 1" of the Redevelopment Plan for the Transbay Redevelopment Project Area (dated June 21, 2005), the Premises are part of the area identified by OCII as "Block 2", and OCII has proposed to develop Block 2 with a certain number of affordable housing units in the future. Lessee shall be responsible for any Possessory Interest Tax or any other taxes or assessments with respect to the Premises and this Lease. As of the date hereof, Lessee estimates that the Possessory Interest Tax will be approximately \$8,000.00 per year. Notwithstanding anything to the contrary contained herein, if the Possessory Interest Tax exceeds (i) \$11,000.00 for any year during the Term, or (ii) \$5,500.00 for any semi-annual period during

the Term, then Lessee shall have the right to terminate this Lease upon written notice to Lessor, in which case, this Lease shall terminate on the date set forth in Lessee's written notice. Upon such termination of this Lease, the parties shall be relieved of any and all obligations under this Lease except those obligations which expressly survive the expiration or earlier termination of the Term.

40. **Entire Agreement.** This lease may be modified in writing only. It constitutes the entire agreement of the parties who acknowledge that no oral or other representations have been made by themselves or any agent of either of them, with respect to the condition of said Premises or any obligation of the Lessor hereunder or otherwise. The parties agree to execute any documents necessary to carry this Lease into effect.

41. **Exculpations.** Notwithstanding anything appearing to the contrary in this Lease and any other documents executed by Lessee and Lessor in connection with this Lease (collectively, the "**Agreement Documents**"), no direct or indirect partner, member or shareholder of Lessee (or any officer, director, agent, member, manager, personal representative, trustee or employee of any such direct or indirect partner, member or shareholder) shall be personally liable for the performance of the obligations of, or in respect of any claims against, Lessee arising under the Agreement Documents. No personal judgment shall be sought or obtained against any of the foregoing in connection with this Lease. In no event shall Lessee be liable for, and Lessor, on behalf of itself and all other Lessor Parties, hereby waives any claim for, any indirect, consequential or punitive damages, including loss of profits or business opportunity, arising under or in connection with the Agreement Documents.

42. **Tax Status of Beneficial Owner.** Lessor recognizes and acknowledges that Lessee and/or certain beneficial owners of Lessee may from time to time qualify as real estate investment trusts pursuant to Sections 856 et seq. of the Tax Code and that avoiding (a) the loss of such status, (b) the receipt of any income derived under any provision of this Lease that does not constitute "rents from real property" (in the case of real estate investment trusts), and (c) the imposition of income, penalty or similar taxes (each an "**Adverse Event**") is of material concern to Lessee and such beneficial owners. In the event that this Lease, or any document contemplated hereby could, in the opinion of counsel to Lessee, result in or cause an Adverse Event, Lessor agrees to cooperate with Lessee in negotiating an amendment or modification of this Lease and shall at the request of Lessee execute and deliver such documents reasonably required to effect such amendment or modification. Any amendment or modification pursuant to this Section 42 shall be structured so that the economic results to Lessee and Lessor shall be substantially similar to those set forth in this Lease, without regard to such amendment or modification. Without limiting any of Lessee's other rights under this Section 42, Lessee may waive the receipt of any amount payable to Lessee hereunder and such waiver shall constitute an amendment or modification of this Lease with respect to such payment.

[Signatures appear on the following page]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease the day and year first above written.

LESSOR:

TRANSBAY JOINT POWERS
AUTHORITY, a joint powers agency
created under California Government Code
sections 6500 *et seq.*

By: _____
Name: Mark Zabaneh
Title: Executive Director

LESSEE:

BLOCK ONE PROPERTY HOLDER, L.P.,
a Delaware limited partnership

By: Block One Property Holder GP L.L.C.,
a Delaware limited liability company,
its General Partner

By: _____
Name: _____
Title: _____

EXHIBIT A
PREMISES

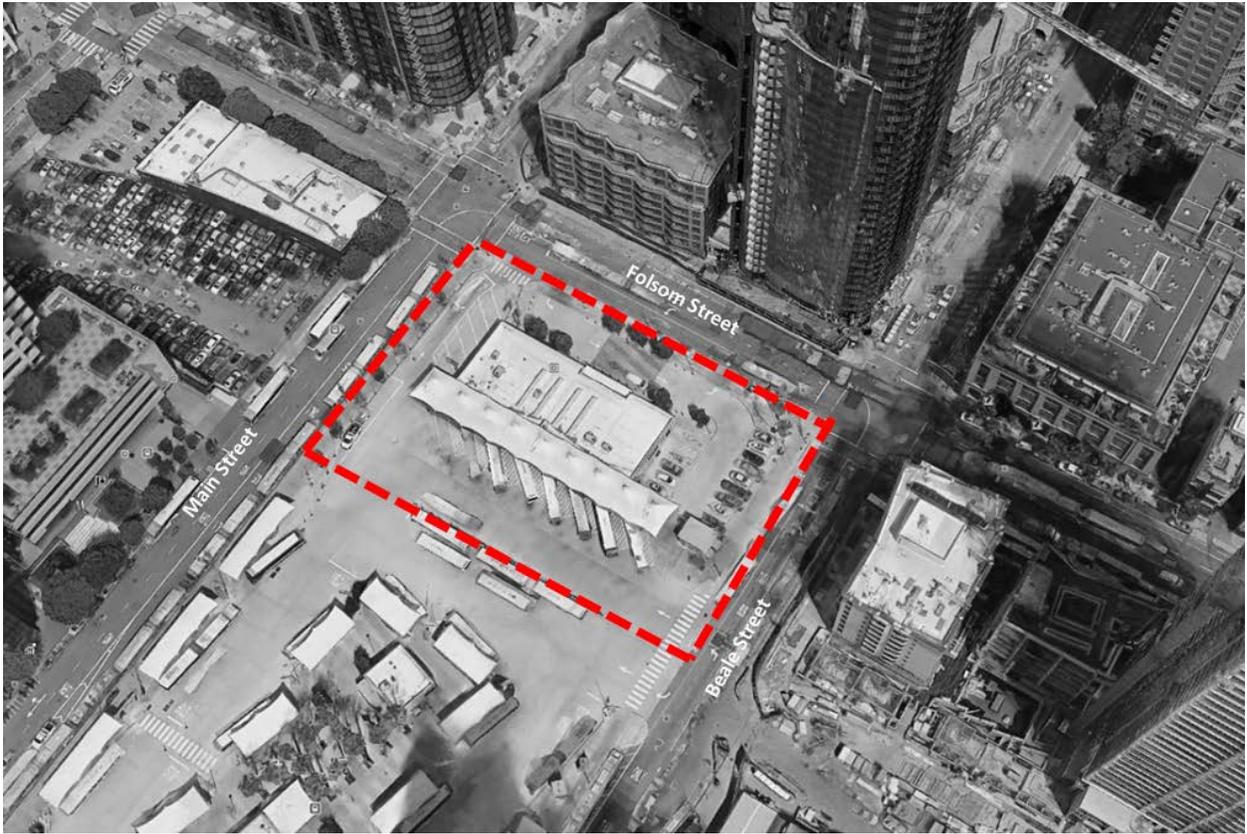


EXHIBIT B

COMMENCEMENT DATE MEMORANDUM FORM

VIA HAND DELIVERY

_____, 20__

RE: Lease ("**Lease**") dated _____, 20__ between, Block One Property Holder, L.P. as "**Lessee**", and Transbay Joint Powers Authority as "**Lessor**", for the premises generally located at 200 Folsom Street, San Francisco, California

Dear _____:

The Premises referred to in the above-referenced Lease are in the condition required by the Lease for delivery of possession of the same to Lessee. In accordance with Section 1 of the Lease, this letter is to confirm the following:

1. The Premises as described in the Lease are hereby delivered by the Lessor as of _____.
2. The Commencement Date as defined in the above-referenced Lease is _____.

If you concur with the aforementioned, please execute and return one original copy to my attention.

Thank you.

ACCEPTED AND AGREED:

Sincerely,

LESSOR:

LESSEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT C

LESSOR PARTIES/ADDITIONAL INSUREDS

Transbay Joint Powers Authority

City and County of San Francisco

Alameda-Contra Costa Transit District

Peninsula Corridor Joint Powers Board - Caltrain

State of California, Department of Transportation

Trustee, the Series 1 Holders, the LC Banks and the Direct Placement Banks, and their officers, agents and employees, as those terms are defined in the "Sublease – TJPA Property, dated as of January 1, 2017, by and between U.S. Bank National Association, in its capacity as Trustee, as Sublessor, and City and County of San Francisco, as Sublessee" recorded in the official records of the City and County of San Francisco on January 17, 2017 as document number 2017-K395369

United States Department of Transportation, an agency of the United States of America, acting by and through the Executive Director of the Build America Bureau

Salesforce.com and all legal entities controlling, controlled by, or under common control with, directly or indirectly, salesforce.com

All of the officers, directors, agents, representatives, permitted assigns, and employees of each of the above.

The Lessor Parties/Additional Insureds listed in this Exhibit shall also include such other parties as the TJPA may request from time to time.

EXHIBIT D

SUBORDINATION

The Lease and all rights of Lessee hereunder shall be expressly subject and subordinate to the following:

- TIFIA Loan Agreement, dated as of January 1, 2010, by and between the Transbay Joint Powers Authority and the United States Department of Transportation, as amended by the First Amendment thereto, dated as of May 8, 2014, the Second Amendment thereto, dated as of December 1, 2014, and the Third Amendment thereto, dated as of January 1, 2017.
- Site Lease – TJPA Property, dated as of January 1, 2017, by and between the Transbay Joint Powers Authority, as Lessor, and U.S. Bank National Association, in its capacity as Trustee, as Lessee, recorded in the Official Records of the City and County of San Francisco on January 17, 2017 as Document No. 2017-K395368.
- Sublease – TJPA Property, dated as of January 1, 2017, by and between U.S. Bank National Association, in its capacity as Trustee, as Sublessor, and City and County of San Francisco, as Sublessee, recorded in the Official Records of the City and County of San Francisco on January 17, 2017 as Document No. 2017-K395369.
- Leaseback Lease, dated as of January 1, 2017, by and between City and County of San Francisco, as Sublessor, and the Transbay Joint Powers Authority, as sublessee.

EXHIBIT E

ADDITIONAL REQUIREMENTS

1. MacBride Principles - Northern Ireland. Pursuant to San Francisco Administrative Code Section 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. The person executing this Lease on behalf of Lessee acknowledges that he or she has read and understood this Section.

2. Tropical Hardwood and Virgin Redwood Ban. Pursuant to Section 804(b) of the San Francisco Environment Code, Lessor urges Lessee 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 Section 802(b) and 803(b) of the San Francisco Environment Code, Lessee shall not provide any items for the construction of Lessee improvements or alterations in the Premises, or otherwise in the performance of this Lease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products.

3. Preservation-Treated Wood Containing Arsenic. Lessee may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of San Francisco Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "**preservative-treated wood containing arsenic**" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combinations, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Lessee may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment.

4. Graffiti Removal. Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City and County of San Francisco's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti. Lessee shall remove all graffiti from the Premises within forty eight (48) hours of the earlier of Lessee's (a) discovery or notification of the graffiti or (b) receipt of notification of the graffiti from the City's Department of Public Works or Lessor. The term "**graffiti**" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only

and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include (a) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (b) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. Sections 101 et seq.).

5. Federal Nondiscrimination, Affirmative Action, and Other Requirements.

(a) Lessee shall comply with 49 C.F.R. Section 26.7 (as may subsequently be amended), portions of which are summarized as: Lessee must never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the rights and permissions granted under the Lease on the basis of race, color, sex, or national origin.

(b) Lessee shall comply with 49 C.F.R. Section 27.7 (as may be subsequently amended), portions of which are summarized as: (a) General. No qualified handicapped person shall, solely by reason of his disability, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination in connection with the rights and permissions granted under the Lease. (b) Discriminatory actions prohibited. (1) Lessee, in providing any aid, benefit, or service, may not, directly or through contractual, licensing, or other arrangements, on the basis of disability: (i) Deny a qualified handicapped person the opportunity to participate in or benefit from the aid, benefit, or service; (ii) Afford a qualified handicapped person an opportunity to participate in or benefit from the aid, benefit, or service that is not substantially equal to that afforded persons who are not handicapped; (iii) Provide a qualified handicapped person with an aid, benefit, or service that is not as effective in affording equal opportunity to obtain the same result, to gain the same benefit, or to reach the same level of achievement as persons who are not handicapped; (iv) Provide different or separate aid, benefits, or services to handicapped persons or to any class of handicapped persons unless such action is necessary to provide qualified handicapped persons with aid, benefits or services that are as effective as those provided to persons who are not handicapped; (v) Aid or perpetuate discrimination against a qualified handicapped person by providing financial or other assistance to an agency, organization, or person that discriminates on the basis of disability in providing any aid, benefit, or service to beneficiaries of the recipient's program or activity; (vi) Deny a qualified handicapped person the opportunity to participate in conferences, in planning or advising recipients, applicants or would-be applicants, or (vii) Otherwise limit a qualified handicapped person in the enjoyment of any right, privilege, advantage, or opportunity enjoyed by others receiving an aid, benefit, or service. As required by 49 C.F.R. 27.9(b), Lessee agrees to comply with the requirements of 49 C.F.R. Part 27.

(c) Lessee shall comply with 49 C.F.R. Part 37 (as may be subsequently amended), portions of which are summarized as: In constructing and altering transit facilities, Lessee shall comply with the regulations of the Department of Justice implementing Title III of the ADA (28 CFR part 36).

(d) Lessee shall comply with U.S. Department of Transportation Federal Transit Administration Master Agreement FY 2017 (as annually updated), particularly relating to conflicts of interest, debarment and suspension.

6. City and County of San Francisco Equal Employment Opportunity / Nondiscrimination Ordinance.

(a) Lessee Shall Not Discriminate. In the performance of this Lease, Lessee agrees not to discriminate against any employee, Lessor employee working with Lessee, applicant for employment with Lessee, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Lessee, 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.

Such action shall include, but shall not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; lay-offs or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Lessee further agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. Lessee is encouraged to actively recruit minorities and women for its workforce and take other steps, such as on-the-job training and education, to ensure nondiscrimination in the Lessee's employment practices.

(b) Subcontracts. Lessee 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, Lessee 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 sublessees and other subcontractors to comply with such provisions. Lessee's failure to comply with the obligations in this subsection shall constitute a material breach of this Lease.

(c) Nondiscrimination in Benefits. Lessee 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 Lessor, 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) Condition to Contract. As a condition to this Agreement, Lessee shall execute the appropriate "San Francisco Administrative Code Chapters 12B & 12C Declaration:

Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and file the form with Lessor.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to nondiscrimination by parties contracting for the lease of property are incorporated in this Section by reference and made a part of this Lease as though fully set forth herein. The parties agree that the San Francisco law applies to this Lease as if Lessor were the City and County of San Francisco for purposes of application of the law to this Lease. Lessee 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, Lessee 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 Lessee and/or deducted from any payments due Lessee.

7. Conflict of Interest. Through its execution of this Lease, Lessee acknowledges that it is familiar with the provisions of Section 15.103 of City and County of San Francisco Charter, Article III, Chapter 2 of San Francisco'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 Lease it shall immediately notify Lessor. The parties agree that the San Francisco law applies to this Lease as if Lessor were the City and County of San Francisco for purposes of application of the law to this Lease

8. Prevailing Rates of Wage. Lessee agrees that any person performing labor in the construction of any Lessee improvements or alterations to the Premises, which Lessee provides under this Lease, shall pay be paid not less than the highest prevailing rates of salaries, wages, and employee benefits, to its employees working at the Premises pursuant to this Lease consistent with federal and local requirements, and shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work in San Francisco, California. Lessee shall include, in any contract for construction of such Lessee improvements and alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed.

9. No Relocation Assistance; Waiver of Claims. Lessee acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Lessee fully releases, waives, and discharges forever any and all claims or other Losses, against and covenants not to sue Lessor, OCII, or any Lessor entity under any Laws, including any and all claims for relocation benefits or assistance from Lessor under federal and state relocation assistance laws. Without limiting the terms of the Lease regarding Assignment and Subletting, Lessee shall cause any Transferee to expressly waive entitlement to any and all relocation assistance and benefits in connection with this Lease. Lessee shall indemnify, defend, and hold harmless Lessor, OCII, and each Lessor entity for any and all Losses arising out of any relocation assistance or benefits payable to any Transferee.

10. Drug-Free Workplace. Lessee 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 Lessor premises. Any violation of this prohibition by Lessee or any Lessee entity shall constitute a default hereunder.

11a. Compliance with Americans With Disabilities Act. Lessee 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. Lessee 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. Lessee agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Lease, and further agrees that any violation of this prohibition on the part of Lessee, its employees, agents or assigns shall constitute a material breach of this Lease.

11b. Required Disclosures. This notice is given pursuant to California Civil Code Section 1938. The Premises have not undergone an inspection by a Certified Access Specialist (CASp). A CASp can inspect the Premises and determine whether the 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 Premises, Lessor may not prohibit Lessee from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of Lessee, if requested by Lessee. If Lessee elects to perform a CASp inspection, Lessee will provide written notice to Lessor, and Lessor may elect, in Lessor's sole discretion, to retain a CASp to perform the inspection. If Lessor does not so elect, the time and manner of the CASp inspection is subject to the prior written approval of Lessor. In either event, the payment of the fee for the CASp inspection shall be borne by Lessee. The cost of making any repairs necessary to correction violations of construction-related accessibility standards within the Premises shall be allocated as provided in the Lease. In accordance with Chapter 38 of the San Francisco Administrative Code, the Disability Access Obligations Notice attached hereto as Schedule 1 (the "**Access Notice**") is incorporated herein by this reference. Execution of this Lease by the parties hereto shall be deemed to constitute and represent the parties' acknowledgement and execution of the Access Notice, notwithstanding that such Access Notice may not be separately executed. The terms of the Lease set forth the parties' respective obligations regarding the performance of and payment for disability access improvements. Further, each party shall use reasonable efforts to notify the other of alterations the notifying party may make to or which may affect the Premises that might impact accessibility under federal and state disability access laws. Such notification regarding alterations shall in no event be construed to limit Lessee's obligations or to expand Lessee's rights under this Lease, and, without limiting the generality of the foregoing, in no event shall such notification be deemed to constitute any notice required to be given by Lessee to Lessor under any other provision of this Lease. The Premises may not currently meet all applicable construction-related accessibility standards, including standards for public restrooms and ground floor entrances and exits.

12. Public Records. Lessee acknowledges that Lessor is a public agency and the requirements of the California Public Records Act, California Government Code Section 6250 et seq., are applicable to Lessor's records.

13. Pesticide Prohibition. Lessee 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 certain property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage, and (iii) require Lessee to submit an integrated pest management ("**IPM**") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Lessee may need to apply to the Premises during the terms of this Lease, (b) describes the steps Lessee will take to meet the City and County of San Francisco'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 Lessee's primary IPM contact person with the Lessor. In addition, Lessee shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance. The parties agree that the San Francisco law applies to this Lease as if Lessor were the City and County of San Francisco for purposes of application of the law to this Lease

14. Requiring Minimum Compensation.

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

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

(c) Lessee 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 ninety (90) days after the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

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

(e) The Lessor is authorized to inspect Lessee's premises and conduct interviews with employees and conduct audits of Lessees.

(f) Lessee's commitment to provide the minimum compensation is a material element of the Lessor's consideration for this Lease. The Lessor in its sole discretion shall determine whether such a breach has occurred. The Lessor and the public will incur and suffer substantial damages, the exact amount of which are impractical or extremely difficult to determine if the Lessee fails to comply with these requirements. Lessee agrees that the sums set forth in Section 12P.6.1 of the MCO represent a reasonable approximation of the damages likely to be suffered by Lessor. Lessee agrees that the sums as liquidated damages are not a penalty, but are reasonable estimates of the loss that the Lessor and the public will incur for Lessee's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

(g) Lessee understands and agrees that if it fails to comply with the requirements of the MCO, the Lessor 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 thirty (30) days after receiving Lessor's written notice of a breach of this Lease for violating the MCO, Lessee fails to cure such breach or, if such breach cannot reasonably be cured within such period, Lessee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Lessor 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 Lessor.

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

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

15. Requiring Health Benefits for Covered Employees. Lessee 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 ("**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 Lease as though fully set forth herein. The text of the HCAO is available on the web at www.sfgov.org/olse. A partial listing of some of Lessee's obligations under the HCAO is set forth in this Section. Lessee is required to comply with all the provisions of the HCAO, irrespective of the listing of obligations in this Section.

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

(b) Notwithstanding the above, if the Lessee 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) Lessee's failure to comply with the HCAO shall constitute a material breach of this Lease. Lessor shall notify Lessee if such a breach has occurred. If, within thirty (30) days after receiving Lessor's written notice of a breach of this Lease for violating the HCAO, Lessee fails to cure such breach or, if such breach cannot reasonably be cured within such period, Lessee fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Lessor shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 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 Lessor.

(d) Any Subcontract entered into by Lessee 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. Lessee shall notify Lessor when it enters into such a Subcontract and shall certify to Lessor 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 Lessee shall be responsible for its Subcontractors' compliance. If a Subcontractor fails to comply, the Lessor may pursue the remedies set forth in this Section against Lessee based on the Subcontractor's failure to comply, provided that Lessor has first provided Lessee with notice and an opportunity to obtain a cure of the violation.

(e) Lessee shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Lessor with regard to Lessee'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) Lessee represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Lessee 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 Lessor Contract.

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

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

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

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

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

(m) If Lessee is exempt from the HCAO when this Lease is executed because its amount is less than Twenty Five Thousand Dollars (\$25,000) (Fifty Thousand Dollars (\$50,000) for nonprofits), but Lessee later enters into an agreement or agreements that cause Lessee's aggregate amount of all agreements with Lessor to reach Seventy Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Lessee and the Lessor to be equal to or greater than Seventy Five Thousand Dollars (\$75,000) in the fiscal year.

16. Limitations on Contributions. Through its execution of this Lease, Lessee acknowledges that it is familiar with the provisions of Article III, Chapter 2 of San Francisco'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 provisions and agrees that if it becomes aware of any such fact during the term of this Lease it shall immediately notify Lessor.

Through execution of the Lease, the Lessee acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with Lessor for the rendition of personal services, for the furnishing of any material, supplies or equipment, or for the sale or lease of any land or building, from making any campaign contribution to (1) Lessor's elective officers if the contract must be approved by the individual, a board on which that individual serves, or a board on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Lessee acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Lessee further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Lessee's board of directors; Lessee's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Lessee; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Lessee. Additionally, Lessee acknowledges that Lessee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126.

17. Submitting False Claims; Monetary Penalties. Pursuant to San Francisco Administrative Code Chapter 6, Article V, Lessee or any subcontractor or consultant who submits a false claim shall be liable to Lessor for three times the amount of damages which Lessor sustains because of the false claim, plus a civil penalty of up to Ten Thousand Dollars (\$10,000), and other damages as provided by statute. Lessor or any such subcontractor or consultant will be deemed to have submitted a false claim to Lessor if Lessee or such subcontractor or consultant (a) knowingly presents or causes to be presented to an officer or employee of Lessor a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or

statement to get a false claim paid or approved by Lessor; (c) conspires to defraud Lessor by getting a false claim allowed or paid by Lessor; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to Lessor; or (e) is a beneficiary of an inadvertent submission of a false claim to Lessor, subsequently discovers the falsity of the claim, and fails to disclose the false claim to Lessor within a reasonable time after discovery of the false claim.

18. Disallowance; Debarment. If Lessee claims or receives payment from Lessor for a service, reimbursement for which is later disallowed by the State of California or United States Government, Lessee shall promptly refund the disallowed amount to Lessor upon Lessor's request. At its option, Lessor may offset the amount disallowed from any payment due or to become due to Lessee under this Lease or any other agreement. By executing this Lease, Lessee certifies that Lessee is not suspended, debarred or otherwise excluded from participation in federal assistance programs. Lessee acknowledges that this certification of eligibility to receive federal funds is a material term of the Lease.

19. OFAC. Lessor and Lessee each represent and warrant to the other (for themselves, only) that each is currently in compliance with, and shall at all times during the term of this Lease remain in compliance with, the applicable regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) and any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action relating thereto.

EXHIBIT F

PRE-APPROVED SUBTENANTS AND CONTRACTORS

- Permasteelisa (PNA)
- Marelich
- Cupertino Electric (CEI)
- Critchfield Mechanical Inc (CMI)
- Pacific Structures
- J&J Drywall
- United SF Parking Inc.