

CHILDCARE CENTER LEASE

between

CITY AND COUNTY OF SAN FRANCISCO,
by and through its PUBLIC UTILITIES COMMISSION,

as Landlord

and

_____ ,

as Tenant

For the lease of
a portion of the ground floor and interconnected second floor, designated as Suite 169,
at
525 Golden Gate Avenue
San Francisco, California

_____, 20__

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- EXHIBIT A – Floor Plans
- EXHIBIT B – Notice of Commencement Date
- EXHIBIT C – Intentionally Omitted
- EXHIBIT D – Utilities and Services
- EXHIBIT E – Rules and Regulations
- EXHIBIT F – First Source Hiring Agreement
- EXHIBIT G – Childcare Center Operation Requirements
- EXHIBIT H – Monthly Reporting Template

CHILDCARE CENTER LEASE

THIS CHILDCARE CENTER LEASE (this "Lease"), dated for reference purposes only as of _____, 20__, is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), acting by and through its PUBLIC UTILITIES COMMISSION ("SFPUC") and _____, a _____ ("Tenant"). City and Tenant are sometimes collectively referred to in this Lease as the "Parties" or singularly as "Party."

RECITALS

A. City, through the SFPUC, owns and operates the San Francisco Public Utilities Headquarters Building, which is located at 525 Golden Gate Avenue in San Francisco, California ("Building").

B. The Building includes a childcare center located on a portion of the ground floor and interconnected second floor. The SFPUC issued a Request for Proposals in July 2024, and Tenant was selected to lease and operate the childcare center.

NOW, THEREFORE, IN CONSIDERATION of the foregoing, City and Tenant hereby covenant and agree as follows:

1. BASIC LEASE INFORMATION

The following is a summary of basic lease information (the "Basic Lease Information"). Each item below incorporates all of the terms in this Lease related to that item. If there is any conflict between the information in this Section and any more specific provision of this Lease, the more specific provision will control.

Lease Reference Date: _____, 20__

Landlord: CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, acting by and through its Public Utilities Commission

Tenant: _____ (and permitted successors and assigns)

Building (Section 2.1): SFPUC headquarters building located at 525 Golden Gate Avenue, San Francisco, California

Premises (Section 2.1): A portion of the ground floor and interconnected second floor of the Building, designated as Suite 169 and the adjacent enclosed outdoor space (together the "Childcare Center"), as shown on the floor plan(s) attached as Exhibit A.

Rentable Area of Premises (Section 2.1): Approximately 9,518 gross square feet of interior space and approximately 1,652 square feet of additional enclosed outdoor space

Term (Section 3.1): Estimated commencement date:
_____, 2025;

Expiration date: _____, 2030, subject to Tenant's Extension Option as provided in Section 27.1 and the Termination Right as provided in Section 27.2

Extension Option (Section 27.1) One (1) additional term of four (4) years (“**Extension Term**”), exercisable by Tenant by written notice to City given not less than two hundred forty (240) calendar days before the Expiration Date, on the terms and conditions set forth in Section 27.1.

Base Rent (Section 4.1): Annual Base Rent: One Dollar (\$1.00) per year, prepaid for the entire Term on or before the Commencement Date

Adjustments in Base Rent (Section 4.2): None.

Permitted Use (Section 5.1): Childcare facility licensed by the California Department of Social Services for approximately 75 children (as determined by licensing), including infants, toddlers, and preschoolers (1.5 months old to 5.9 years old). Tenant will comply with all requirements described in Exhibit G.

Tenant Improvements (Section 6.1): City will deliver the Premises in their then existing as-is condition.

Utilities and Services (Section 10.1): City will provide the basic Building utilities and services described in Exhibit D.

Security Deposit (Section 23): \$5,000

City’s Notice Address (Section 28.1): San Francisco Public Utilities Commission
Real Estate Services Division
525 Golden Gate Avenue, 10th Floor
San Francisco, California 94102
Attn: Real Estate Director
Re: 525 Golden Gate Avenue – Childcare Center
Telephone: (415) 487-5210
Email: RES@sfgwater.org

with a copy to:

San Francisco Public Utilities Commission
ATTN: Maria Mabutas, Facilities Director
525 Golden Gate Avenue, 13th Floor
San Francisco, California 94102
Telephone: (415) 554-1583
Email: mmabutas@sfwater.org

and to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4682
Attn: Real Estate & Finance Group
Re: 525 Golden Gate Avenue – Childcare
Center
Fax No.: (415) 554-4757

Key Contact for City:

Maria Mabutas, Facilities Director
525 Golden Gate Avenue, 13th Floor
San Francisco, California 94102
Telephone: (415) 554-1583
Email: mmabutas@sfwater.org

Alternate Contact for City:

525GGbuildingmanagement@sfwater.org
(415) 554-3155 or in an emergency (415) 551-2980

Tenant's Notice Address (Section 28.1):

ATTN: _____

Key Contact for Tenant:

Telephone No. and Email Address:

Alternate Contact for Tenant:

Telephone No. and Email Address:

Brokers (Section 28.8):

None.

Other Noteworthy Provisions:

Section 27.2: City shall have the right to terminate the Lease in the event of the enactment of universal childcare.

2. PREMISES; AS IS CONDITION

2.1. Lease Premises

Subject to the provisions of this Lease, City leases to Tenant and Tenant leases from City those premises in the building identified in the Basic Lease Information (the “**Building**”) and shown on the floor plan(s) attached as **Exhibit A** (the “**Premises**”). The Premises are located on the floor(s) of the Building specified in the Basic Lease Information. The rentable area of the Premises specified in the Basic Lease Information will be conclusive for all purposes. The Building, the land on which the Building is located, and all other improvements on and appurtenances to the land are referred to collectively as the “**Property**.” Tenant has the non-exclusive right to use, together with other tenants in the Building, the lobbies, corridors, elevators, stairways, and other public areas of the Building and the Property (collectively, the “**Common Areas**”), and the non-exclusive right of access to and from the Premises by the main entrances to the Building and the Property.

2.2. Accessibility Disclosures

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

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

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

Landlord and Tenant agree that if Tenant desires to have the Premises inspected by a CASp, then (1) Tenant will cause the inspection to occur within thirty (30) days after the Effective Date; (2) the inspection will occur during business hours on a business day; (3) Tenant will give Landlord five (5) business days prior written notice of the inspection time and date; (4) Landlord may attend the inspection; (5) the inspection may not include any destructive testing or damage to the Premises or the Building; (6) Tenant will pay for all inspection costs (including fees for any reports prepared by the CASp (collectively, the “**CASp Reports**”). Tenant will deliver any CASp Reports to Landlord within three (3)

business days after Tenant's receipt. Tenant, will be solely responsible at Tenant's cost for making improvements, alterations, modifications, and/or repairs to or within the Premises to correct violations of construction-related accessibility standards disclosed by the CASp inspection. If the CASp inspection identifies any improvements, alterations, modifications, and/or repairs necessary to correct violations of construction-related accessibility standards relating to items of the Building or the Project located outside the Premises that are Landlord's obligation to repair under this Lease, then Landlord will perform the improvements, alterations, modifications, and/or repairs as and to the extent required by applicable Laws, and Tenant will reimburse Landlord the cost of the improvements, alterations, modifications, and/or repairs within ten (10) business days after Tenant's receipt of an invoice from Landlord.

2.3. As Is Condition

TENANT ACKNOWLEDGES AND AGREES THAT THE PREMISES ARE BEING LEASED AND ACCEPTED IN THEIR "AS IS" CONDITION, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, AND SUBJECT TO ALL APPLICABLE LEGAL REQUIREMENTS (AS DEFINED IN SECTION 11.1 (COMPLIANCE WITH LEGAL REQUIREMENTS) BELOW) GOVERNING THEIR USE, OCCUPANCY, AND POSSESSION, INCLUDING BUT NOT LIMITED TO THE ABILITY TO OBTAIN ALL NECESSARY PERMITS FOR THE OPERATION OF ITS BUSINESS. TENANT REPRESENTS AND WARRANTS TO CITY THAT TENANT HAS INVESTIGATED AND INSPECTED, EITHER INDEPENDENTLY OR THROUGH AGENTS OF TENANT'S OWN CHOOSING, THE CONDITION OF THE PREMISES AND THE SUITABILITY OF THE PREMISES FOR TENANT'S INTENDED USE. BASED SOLELY ON ITS OWN INVESTIGATION, TENANT HAS DETERMINED THAT THE PREMISES ARE SUITABLE FOR TENANT'S BUSINESS AND INTENDED USE. TENANT ACKNOWLEDGES AND AGREES THAT NEITHER CITY NOR ANY OF ITS AGENTS (AS DEFINED IN SECTION 28.5 (PARTIES AND THEIR AGENTS; APPROVALS) BELOW) HAVE MADE, AND CITY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE RENTABLE AREA OF THE PREMISES, THE PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PREMISES OR THE PROPERTY, THE PRESENT OR FUTURE SUITABILITY OF THE PREMISES FOR TENANT'S BUSINESS, OR ANY OTHER MATTER WHATSOEVER RELATING TO THE PREMISES, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

2.4. Energy Consumption Disclosure

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

3. TERM

3.1. Lease Term

The Premises are leased for a term (the "**Term**") commencing on the earlier of **(a)** the date specified in the Basic Lease Information as the estimated commencement date (the "**Estimated Commencement Date**"), or **(b)** the date that City delivers and Tenant accepts possession of the Premises, subject to the provisions of Section 3.3 (Delay in Delivery of Possession) and

Section 3.4 (Delays Caused by Tenant) below. The Term will end on the expiration date specified in the Basic Lease Information, unless sooner terminated as provided in this Lease. The Term may be extended as provided in Section 27.1 (Extension Option). City will deliver the Premises to Tenant on the Commencement Date (defined in Section 3.2 (Confirmation of Commencement Date and Expiration Date) below) in their then existing asis condition as provided above, with no obligation of City to make any improvements, repairs, or alterations.

3.2. Confirmation of Commencement Date and Expiration Date

The dates that the Term commences and terminates under this Lease are, respectively, the “**Commencement Date**” and the “**Expiration Date**.” If the Commencement Date occurs on a date other than the Estimated Commencement Date, then promptly following the Commencement Date, Tenant will deliver to City a notice substantially in the form attached as **Exhibit B**, confirming the actual Commencement Date, but Tenant’s failure to do so will not affect the commencement of the Term.

3.3. Delay in Delivery of Possession

If City is unable to deliver possession of the Premises to Tenant on or before the Estimated Commencement Date, then the validity of this Lease will not be affected and City will not be liable to Tenant for any Claims (as defined in Section 18 (Waiver of Claims; Indemnification)) resulting from the delay, and Tenant waives all provisions of any Legal Requirements to the contrary. In that case, the Term and regular payments of Base Rent and Additional Charges will not commence until City delivers possession of the Premises. If the Term commences later or earlier than the Estimated Commencement Date, this Lease will nevertheless expire on the Expiration Date, unless sooner terminated under this Lease.

3.4. Delays Caused by Tenant

Notwithstanding anything to the contrary above, if City’s inability to deliver possession of the Premises on the Estimated Commencement Date results from Tenant’s or its Agents’ acts or omissions, then Base Rent and Additional Charges payable by Tenant will commence on the date when City would have delivered possession of the Premises but for those acts or omissions.

3.5. Building Closure

Notwithstanding anything to the contrary in this Lease, if City determines in its sole discretion that (a) the Building will be closed to the general public for an anticipated period over fourteen (14) days due to a pandemic or other similar health and safety reason, and (b) the Premises also is closed for such period, City will notify Tenant. This Lease will be suspended and City and Tenant will not have any obligations under this Lease, including the payment of Rent, during the period of the Building closure. The General Manager of the SFPUC will notify Tenant in writing (“**Building Closure Notice**”) of the the Building closure date and estimated reopening date. Only an official Building Closure Notice will suspend the Lease. The Building Closure Notice will not extend the length of the Term.

4. RENT

4.1. Base Rent

Tenant will pay to City the annual Base Rent specified in the Basic Lease Information (“**Base Rent**”). Tenant will prepay the Base Rent for the entire Initial Term on or before the Commencement Date. All sums payable by Tenant to City must be paid in cash or by good funds to the City and County of San Francisco. All sums payable by Tenant to City must include the

Property address and SFPUC Lease Number _____ in the Memorandum section and be mailed to:

San Francisco Public Utilities Commission
ATTN: Real Estate Billing
525 Golden Gate Avenue, 3rd Floor
San Francisco, CA 94102

4.2. Intentionally Omitted

None.

4.3. Additional Charges

Tenant will pay to City all charges and other amounts required under this Lease as additional rent, whether or not those amounts are specifically characterized as rent (collectively, “**Additional Charges**”). All Additional Charges will be payable to City at the same place and the same manner as the Base Rent. City will have the same remedies for a default in the payment of any Additional Charges as for a default in the payment of Base Rent. The term “**Rent**” means Base Rent and Additional Charges.

4.4. Late Charges

Each time Tenant fails to pay any Rent or any portion of Rent within five (5) days following the due date, the unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount. City and Tenant have agreed on the late payment charge, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur resulting from Tenant’s failure to timely pay Rent, the actual costs being extremely difficult if not impossible to determine. Tenant will pay the late charge to City together with the unpaid amount.

4.5. Default Interest

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

4.6. Costs of Collection

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

5. USE

5.1. Permitted Use

Tenant will use and continuously occupy the Premises during the Term solely to operate a childcare center (“**Childcare Center**”) serving approximately seventy-five (75) children (as determined by licensing capacity), including infants, toddlers, and preschoolers (1.5 months old to

5.9 years old) (the “**Permitted Use**”), and for no other purpose. Tenant will maintain, at all times, a valid operating license for child care services from the California Department of Social Services or any successor State agency charged with the licensing of child care centers in California. Tenant acknowledges that this prohibition on the change in use is expressly authorized by California Civil Code Section 1997.230 and is fully enforceable.

5.2. No Unlawful Uses, Nuisances or Waste

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

5.3. Covenant Regarding Use

As a material inducement to City to enter into this Lease, Tenant covenants that Tenant will comply with all enrollment and other requirements described in the attached **Exhibit G**.

5.4. Covenant to Provide Continuous Operations

Subject to the pendency of a Building Closure Notice, Tenant will be adequately staffed, remain open, and operate the Permitted Use in the Premises during the Minimum Days and Hours (defined below) continuously and uninterruptedly throughout the Term; provided, however, that Tenant may close for (a) school and legal holidays, staff training days, professional development days and Tenant's customary summer closure; (b) approved Alterations to the Premises by Tenant (provided that the closure for Alterations does not exceed thirty (30) days without City's prior written consent); (c) repairs following damage or destruction to the Premises; and (d) strikes, lockouts, inclement weather, labor disputes, inability to obtain labor, materials, fuels, energy or reasonable substitutes therefor, governmental restrictions, regulations, controls, actions or inaction, civil commotion, fire or other acts of God, national emergencies, acts of war, or terrorism or any other cause of any kind beyond the reasonable control of Tenant, except financial inability (individually, a “**Temporary Closure**,” and collectively, “**Temporary Closures**”). Except in the case of any Temporary Closure and during the pendency of a Building Closure Notice, if Tenant fails to adequately staff, and continuously and uninterruptedly operate the Permitted Use in the Premises for the entire Term during the Minimum Days and Hours, then in addition to all of City's other remedies, City may terminate this Lease without penalty upon sixty (60) days prior written notice. “**Minimum Days and Hours**” means Monday through Friday, excluding legal holidays, from 8:00 a.m. to 5:00 p.m. daily.

Tenant will continue to operate the Permitted Use in the Premises to the extent reasonably practicable during any period of reconstruction, alteration, or repair of the Premises, Common Areas, and/or the Building.

5.5. Permits for Use by Other Governmental Entities

Tenant will obtain all business permits and licenses necessary for the operation of the Permitted Use prior to using the Premises for the Permitted Use and maintain all required permits and licenses during the Term. Tenant will provide copies of all required permits and licenses to City prior to using the Premises for the Permitted Use. Tenant fully acknowledges that City is

entering into this Lease as the landlord and not in regulatory capacity as further described in Section 11.2 (Regulatory Approvals).

6. TENANT IMPROVEMENTS

Tenant will accept possession of the Premises in their “As Is” condition in accordance with Section 2.3 (As Is Condition).

7. ALTERATIONS

7.1. Tenant’s Alterations

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

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

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

(d) Tenant’s Improvements or Alterations that Disturb or Remove Lead-Based Paint. Tenant, on behalf of itself and its Agents or Invitees, will comply with all requirements of the San Francisco Building Code, Section 3407, and all other Legal Requirements, including the California and United States Occupational Health and Safety Acts and their implementing regulations, when the work of improvement or alteration disturbs or removes exterior lead-based or “presumed” lead-based paint (as defined below). Tenant and its Agents or Invitees (defined in Section 28.5 (Parties and Their Agents; Approvals) below) will give to City

three (3) business days' prior written notice of any disturbance or removal of exterior lead-based or presumed lead-based paint. Further, Tenant and its Agents or Invitees, when disturbing or removing exterior lead-based or presumed lead-based paint, may not use or cause to be used any of the following methods: (i) acetylene or propane burning and torching; (ii) scraping, sanding or grinding without containment barriers or a High Efficiency Particulate Air filter ("HEPA") local vacuum exhaust tool; (iii) hydroblasting or high-pressure wash without containment barriers; (iv) abrasive blasting or sandblasting without containment barriers or a HEPA vacuum exhaust tool; and (v) heat guns operating above 1,100 degrees Fahrenheit. Paint on the exterior of buildings built before December 31, 1978, is presumed to be lead-based paint unless lead-based paint testing, as defined in Section 3407 of the San Francisco Building Code, demonstrates an absence of lead-based paint on the exterior surfaces of the buildings. Under this Section, lead-based paint is "disturbed or removed" if the work of improvement or alteration involves any action that creates friction, pressure, heat, or a chemical reaction on any lead-based or presumed lead-based paint on an exterior surface so as to abrade, loosen, penetrate, cut through, or eliminate paint from that surface. Notice to City under this Lease will not constitute notice to City's Department of Building Inspection required under San Francisco Building Code Section 3407.

7.2. Title to Improvements

Except for Tenant's Personal Property (as described in the next section), or as may be specifically provided to the contrary in the approved Plans, all appurtenances, furniture, fixtures, improvements, equipment, additions, and other property attached or affixed to or installed in the Premises at the Commencement Date or during the Term, including any Alterations, will be and remain, City's property. Tenant may not remove any City property at any time during or after the Term unless City so requests as further provided in Section 24 (Surrender of Premises) below.

7.3. Tenant's Personal Property

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

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

City reserves the right at any time to make alterations, additions, repairs, deletions, or improvements to the Common Areas or any other part of the Building or the Building Systems, provided that the alterations or additions do not materially interfere with Tenant's ability to conduct the Permitted Use in the Premises; provided that in the event of an emergency, such alterations or additions may materially interfere with the Permitted Use without notice.

8. REPAIRS AND MAINTENANCE

8.1. City's Maintenance and Repairs

City will repair and maintain the structural portions of the Building, including the Building Systems, the elevators, and the Common Areas; provided, however, Tenant will reimburse City for any damage, excluding normal wear and tear, caused by any act or omission of Tenant, its Agents, or its Invitees. In making those repairs, City may use structures in the Premises where

reasonably required, provided that the work may not unreasonably block the main entrance to the Premises or unreasonably interfere with the Permitted Use. Tenant waives any claim for damages for any injury or inconvenience to or interference with the Permitted Use, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned thereby. At City's election, City will make repairs and replacements for any damage to the Building, Building Systems, Premises, and Common Areas caused by any act or omission of Tenant, its Agents, or its Invitees, normal wear and tear excepted. City's repairs and replacements will be at Tenant's sole cost and expense (including all costs of labor at City's then prevailing employee hourly rates plus benefits). Tenant will pay such charges to the City promptly after receipt of City's billing. If the cost of any repair or replacement is over Fifty Thousand Dollars (\$50,000) in any instance and results from the acts or omissions of Tenant, its Agents, or Invitees, then Tenant will pay to City an administrative fee equal to ten percent (10%) of the total "hard" costs of the work.

8.2. Tenant's Repairs

Tenant will use the Premises, and Common Areas in a clean, secure, safe, and sanitary manner and will use all portions of the Building, Building Systems, Premises and Common Areas only for the specific purposes for which they were constructed and for purposes of the Permitted Use.

At no expense to City, Tenant will maintain (and replace, if necessary) the Premises in good repair and working order and in a clean, secure, safe, and sanitary condition and in accordance with any licensing and permitting requirements for the Permitted Use. Unless City otherwise notifies Tenant in writing that City will make a repair or install a replacement under Section 8.1 (City's Maintenance and Repairs) above, Tenant will promptly make all repairs and replacements: **(a)** at no cost to City, **(b)** by licensed contractors or qualified mechanics approved by City, **(c)** so that the repairs and replacements will be at least equal in quality, value, and utility to the original work or installation, **(d)** in a manner and using equipment and materials that will not interfere with or impair the operations, use, or occupation of the Building or the Building Systems, and **(e)** in accordance with any applicable Building Rules and Regulations (as defined in Section 22 (Rules and Regulations)) and all applicable Legal Requirements. If the cost of any those repairs or replacements is over Five Thousand Dollars (\$5,000) in any instance and results from the acts or omissions of Tenant, its Agents, or Invitees, then Tenant will pay to City an administrative fee equal to ten percent (10%) of the total "hard" costs of the work. Tenant hereby waives all rights to make repairs at City's expense under Sections 1941 and 1942 of the California Civil Code or under any similar Legal Requirements. Tenant will give to City at least fifteen (15) days' prior written notice of commencement of any repair, replacement, or construction on the Premises. Replacements costing over \$5,000 will be considered an Alteration and Article 7 above will apply.

9. LIENS AND ENCUMBRANCES

9.1. Liens

Tenant will keep the Premises and the rest of the Property free from any liens arising out of any work performed, material furnished, or obligations incurred by or for Tenant. If, within five (5) days after the imposition of any lien, Tenant does not cause the lien to be released of record by payment or posting a bond, then, in addition to all other remedies, City may, but is not obligated to, cause the lien to be released in any way it deems proper, including payment of the claim giving rise to the lien. All sums paid by City and all expenses incurred by it in connection with releasing

the lien (including reasonable attorneys' fees) will be payable by Tenant to City on demand. City may post on the Premises any notices that City may deem proper for the protection of City, the Premises, and the Building from mechanics' and material supplier's liens. Tenant will Indemnify (defined in Section 18.2 (Tenant's Indemnity) below) City and its Agents from and against any Claims for mechanic's, material supplier's, or other liens in connection with any Alterations, repairs, or construction on the Premises, or materials furnished or obligations incurred by or for Tenant.

9.2. Encumbrances

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

10. UTILITIES AND SERVICES

10.1. Utilities and Services

City will provide the basic Building utilities and services described in the attached **Exhibit D** (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions stated in **Exhibit D**. At no cost to City, Tenant will be responsible for furnishing any utilities or services that Tenant may need for its use of the Premises other than or over the Standard Utilities and Services. Additionally, Tenant will be responsible for the specific responsibilities assigned to Tenant described in **Exhibit D**. Tenant acknowledges that natural gas or propane service and plumbing may not be installed in the Building, except as specifically provided in San Francisco Environment Codes Section 706.

10.2. Water and Energy Conservation; Mandatory or Voluntary Restrictions

If any Legal Requirements impose mandatory or voluntary controls on City or any part of the Property relating to the use or conservation of energy, water, gas, light, or electricity or the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this Lease, or if City is required or elects to make alterations to any part of the Building to comply with mandatory or voluntary controls or guidelines, then that compliance and making of any related alterations will not entitle Tenant to any damages, relieve Tenant of the obligation to pay the full Rent or to perform each of its other covenants under the Lease, or constitute or be construed as a constructive or other eviction of Tenant. At any time, City may install a water meter in the Premises or to otherwise measure the amount of water consumed on the Premises, and Tenant will pay for the cost of the meter or other means of measurement and its installation and maintenance.

10.3. Excess Use

If Tenant requires any utilities or services to be provided by City over the Standard Utilities and Services for the Premises, Tenant will first procure City's written consent, which City may give, condition, or withhold at its sole discretion. If City consents, then Tenant will pay to City, as Additional Charges, the cost of the excess usage. City's failure to bill Tenant for excess utilities or services will not impair City's right to bill Tenant for the costs at a later date. Without limiting the foregoing, Tenant will not: (a) connect or use any apparatus, device, or equipment that will require a dedicated circuit or that will impair the proper functioning or capacity of the Building Systems; or (b) connect any apparatus, device, or equipment through electrical outlets except in the manner the outlets are designed and without the use of any device intended to increase the plug capacity of any electrical outlet (such as power strips); or (c) maintain at any time an electrical demand load over any amount specified in the Rules and Regulations. If, at any time, City has

reason to believe that Tenant may be using any utility or service over the amount allowed to the Premises under the Standard Building Utilities or Services, City may install a separate meter in the Premises or to take other appropriate steps to measure the amount of utility or service used in the Premises, and Tenant will pay for the cost of the meter or other means of measurements, and its installation and maintenance.

10.4. Floor Load

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

10.5. Interruption of Services

City’s obligation to provide utilities and services for the Premises are subject to the Rules and Regulations of the Building, applicable Legal Requirements (including the rules or actions of the public utility company furnishing the utility or service), and shutdowns for maintenance and repairs, for security purposes, or because of acts of nature, accidents, epidemics and related governmental orders and requirements, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials, or other causes beyond City’s control. If an interruption in, or failure or inability to provide any service or utility for the Premises for any reason, then the interruption, failure, or inability will not constitute an eviction of Tenant, constructive or otherwise, or impose on City any liability whatsoever, including liability for consequential damages or loss of business by Tenant; but if the interruption, failure, or inability impairs Tenant’s ability to carry on its business in the Premises for five (5) or more consecutive business days, then Tenant will have the right, as Tenant’s sole remedy, to abate the Rent in an amount calculated by City based on the extent the interruption, failure, or inability impairs Tenant’s ability to carry on its business in the Premises. Tenant hereby waives the provisions of California Civil Code Section 1932(1) or any other applicable Legal Requirements permitting the termination of this Lease due to the interruption, failure, or inability.

11. COMPLIANCE WITH LEGAL REQUIREMENTS AND RISK MANAGEMENT REQUIREMENTS

11.1. Compliance with Legal Requirements

At no cost to City, Tenant will promptly comply with all present or future federal, state, local, and administrative laws, ordinance, resolution, regulation, requirement, proclamation, order, or decree of any municipal, county, state, or federal government or other governmental or regulatory authority, board of fire underwriters, or any directive or occupancy certificate issued under any law by any public officer or officers acting in their regulatory capacity (now or later in effect, collectively “**Legal Requirements**”) relating to the Premises or the Property or the use or occupancy of the Premises and with any and all recorded covenants, conditions, and restrictions affecting all or any portion of the Property, whether in effect at the time of the execution of this Lease or adopted or recorded at any time later and whether or not they were considered by the parties in negotiating this Lease. It is Tenant’s obligation, at no cost to City, to cause the Premises and Tenant’s uses thereof to be conducted in compliance with the Americans With Disabilities

Act, 42 U.S.C. Section 12101 et seq. and any other applicable disability access Legal Requirements. Tenant will not be required to make any structural Alterations in order to comply with disability access Legal Requirements unless the Alterations are required, in whole or in part, directly or indirectly, by any Alterations, Tenant's use of the Premises, or any act or omission of Tenant, its Agents, or Invitees. Any Alteration made by or on behalf of Tenant under the provisions of this Section will comply with the provisions of Section 8.2 (Tenant's Repairs) above. Tenant's obligation to comply with all Legal Requirements is a material part of the bargained-for consideration under this Lease. Tenant's obligation under this Section includes its responsibility to make substantial or structural repairs and Alterations to the Premises (including any of Tenant's Alterations), regardless of, among other factors, the relationship of the cost of curative action to the Rent under this Lease, the length of the then remaining Term, the relative benefit of the repairs to Tenant or City, the degree to which the curative action may interfere with Tenant's use or enjoyment of the Premises, the likelihood that the parties contemplated the particular Legal Requirements involved, and whether the Legal Requirements involved are related to Tenant's particular use of the Premises.

11.2. Regulatory Approvals

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

(b) City Acting as Owner of Real Property. City is entering into this Lease in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this Lease will limit in any way Tenant's obligation to obtain any required approvals from City officials, departments, boards, agencies, commissions, or other body having jurisdiction over the Premises. By entering into this Lease, City is not modifying or limiting Tenant's obligation to cause the Premises to be used and occupied in accordance with all applicable Legal Requirements.

11.3. Compliance with City's Risk Management Requirements

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

12. SUBORDINATION

This Lease is and will be subordinate to any reciprocal easement agreement, ground lease, facilities lease, or other underlying lease and the lien of any mortgage or deed of trust and all

renewals, modifications, consolidations, replacements, and extensions of any of the foregoing, that may now exist or later be executed by City affecting the Property or City's interest in the Property, without the necessity of executing any instrument to effectuate the subordination. Notwithstanding the foregoing, City or the holder will, in its respective discretion, may elect not to subordinate those interests to this Lease. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant will attorn to City's successor-in-interest, if desired by the successor-in-interest. The provisions of this Section are self-operative and no further instrument will be required. On City's demand, however, Tenant will execute and deliver any additional documents in the form requested by City evidencing the priority or subordination of this Lease.

13. INABILITY TO PERFORM

No actual or constructive eviction, in whole or in part, will entitle Tenant to any abatement or reduction of Rent or relieve Tenant from any of its obligations under this Lease. If City is unable to perform or is delayed in performing any of City's obligations under this Lease by reason of acts of nature, accidents, epidemics and related governmental orders and requirements, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials, or by any other reason beyond City's reasonable control, then that inability or delay will not constitute an eviction under this Lease, or impose any liability on City or its Agents because of the inconvenience, annoyance, interruption, injury, or loss to or interference with Tenant's business or use and occupancy or quiet enjoyment of the Premises or any other loss or damage due to City's inability or delay. Tenant waives and releases any right to terminate this Lease under Section 1932, subdivision 1 of the California Civil Code or any similar Legal Requirements.

14. DAMAGE AND DESTRUCTION

If all or any portion of the Premises are damaged by casualty but the Premises remain tenantable for the Permitted Use, then the damage will be repaired in accordance with Section 8 (Repairs and Maintenance) above. If the Premises or any portion of it or the Building are completely destroyed by any cause, or are so damaged that the Premises are untenable, then, within forty-five (45) days after the date the destruction or damage, City will give Tenant written notice whether or not City will repair the Premises or Building so that the Premises are in a tenantable condition for Tenant's Permitted Use (the "**Repairs**") within one hundred eighty (180) days after the date of the destruction or damage. If City's notice states that the Repairs will not be made within one hundred eighty (180) days after the date of the damage or destruction, then either City or Tenant may terminate this Lease by written notice given to the other within thirty (30) days after receipt of City's Repair notice. If neither Party terminates this Lease, then, with due diligence, City will repair the Premises for the Permitted Use, and City will proportionally reduce the Base Rent (based upon the extent that the damage and the Repairs materially interferes with Tenant's Permitted Use of the Premises) that would be payable between the date of the damage and the date the repairs are substantially completed.

In addition, if more than twenty-five percent (25%) of the replacement value of the Building is destroyed, then City may terminate this Lease by written notice to Tenant given within ninety (90) days after the damage or destruction, which termination will be effective as of the date of the notice.

Notwithstanding anything to the contrary in this Lease, if the Building or the Premises are damaged or destroyed in the last twelve (12) months of the Term, then either Party may terminate

this Lease upon written notice to the other Party given within thirty (30) days after the damage or destruction occurs.

City and Tenant intend that in the event of any damage or destruction to the Premises or the Building that this Section 14 will govern the rights and obligation of the parties; accordingly, Tenant waives the provisions of Subdivision 2 of Section 1932 of the California Civil Code and the provisions of Subdivision 4 of Section 1933 of the California Civil Code, and all similar Legal Requirements.

15. EMINENT DOMAIN

If the Premises or any portion of it is taken under the power of eminent domain or sold under threat of exercise of eminent domain (collectively, “**Condemnation**”) this Lease will terminate as to the part taken as of the date the condemning authority takes title or possession, whichever occurs first. Each party will promptly notify the other of any pending or threatened Condemnation. If more than 10% of the Premises or convenient access to the Premises is taken by Condemnation, then either party may, at its option, terminate this Lease by giving written notice to the other party within ten (10) days after receiving any resolution of necessity (or notice of any similar action by the condemning authority) (“**Condemnation Notice**”) regarding a pending or threatened Condemnation. If all or any portion of the Building is taken by Condemnation, then, at its option, City may terminate this Lease by giving written notice to Tenant within thirty (30) days after receiving Condemnation Notice. Any termination will be effective the earlier of thirty (30) days after the termination notice and the date the condemning authority takes title or possession, whichever occurs first. If neither party terminates this Lease, then this Lease will remain in full force and effect as to the portion of the Premises remaining, and City will proportionally reduce Base Rent. Condemnation awards will be City’s property, whether the award is made as compensation for the reduction in value of the leasehold, the value of the part taken, or for severance damages, but Tenant may petition for a separate award for Tenant’s relocation expenses or Tenant’s Personal Property. All Alterations or improvements made to the Premises will be considered City’s property for the purposes of any Condemnation and City will be entitled to the Condemnation award. If this Lease is not terminated under this paragraph, then City will repair any damage to the Premises caused by the Condemnation.

City and Tenant intend that the provisions of this Section 15 govern fully in the event of a Condemnation and accordingly, the parties each waive any right to terminate this Lease in whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar Legal Requirements.

16. ASSIGNMENT AND SUBLETTING

As a material consideration to City entering into this Lease, Tenant will comply with the following restrictions on Assignment and Subleasing.

16.1. Restriction on Assignment and Subletting

Tenant may not directly or indirectly (including by merger, acquisition, or other transfer of any controlling interest in Tenant), voluntarily or by operation of law, sell, assign, encumber, pledge, or otherwise transfer any part of its interest in or rights with respect to the Premises or its leasehold estate hereunder (collectively, an “**Assignment**”), or permit or license any portion of the

Premises to be used or occupied by anyone other than itself, or sublet any portion of the Premises (collectively, “**Sublease**”), without City’s prior written consent in each instance, as provided below. Notwithstanding the foregoing, Tenant may Assign this Lease or Sublet any or all portions of the Premises to any Tenant’s Affiliate (as defined below) without obtaining City’s consent by giving City written notice of its intent thereof at least fifteen (15) business days before the proposed effective date of the transfer. As used in this Section, the term “**Tenant’s Affiliate**” means any of the following: (a) any person or entity owning, directly or indirectly, fifty percent (50%) or more of the ownership interests of Tenant (an “**Owning Person**”), (b) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by any Owning Person, (c) any entity, fifty percent (50%) or more of the ownership interests of which are owned, directly or indirectly, by Tenant. Tenant will provide any Assignment and Sublease documents (whether City’s consent is required or not) to the City Assessor-Recorder within sixty (60) days of execution of such document, as provided in Section 29.2 below.

16.2. Notice of Proposed Transfer

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

16.3. City’s Response

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

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

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

(d) If City elects either of the options provided in subsection (a), City may enter into a lease, sublease, or assignment agreement for the Premises (or portion specified in the Notice of Proposed Transfer) with any party, including the proposed Transferee identified in Tenant's notice.

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

16.4. City Sublease or Recapture Space

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

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

(b) In the case of Recapture, (i) the portion of the Premises subject to the Recapture (the "**Recapture Space**") will be deleted from the Premises for all purposes under this Lease, and Tenant and City will be relieved of all their rights and obligations under this Lease with respect to the Recapture Space, unless those rights and obligations expressly survive the Expiration Date or other termination of this Lease, and (ii) City will pay any cost incurred in physically separating the Recapture Space (if less than the entire Premises) from the balance of the Premises and in complying with any applicable Legal Requirements relating to the separation.

16.5. Effect of Sublease or Assignment

No Sublease or Assignment by Tenant or any consent by City will relieve Tenant, or any guarantor, of any obligation to be performed by Tenant under this Lease. Any Sublease or Assignment not in compliance with this Section will be void and, at City's option, will constitute

a material default by Tenant under this Lease. City's acceptance of any Base Rent or other payments from a proposed Transferee will not constitute City's consent to any Sublease or Assignment or a recognition of any Transferee, or City's waiver of any failure of Tenant or other transferor to comply with this Section. If there is an Assignment or Sublease, whether in violation of or in compliance with this Section, and a Transferee or any successor of Tenant defaults in the performance or observance of any of the terms of this Lease or any Sublease or Assignment agreement, City may proceed directly against Tenant without the necessity of exhausting remedies against the Transferee or successor.

16.6. Assumption by Transferee

Each Transferee will assume all obligations of Tenant under this Lease and will be liable jointly and severally with Tenant for the payment of the Rent, and for the performance of all of Tenant's obligations under this Lease. No Assignment will be binding on City unless Tenant or Transferee has delivered to City a counterpart of the Assignment and an instrument in recordable form that contains a covenant of assumption by the Transferee satisfactory in form and substance to City. Transferee's failure or refusal under an Assignment to execute the instrument of assumption, however, will not release the Transferee from its liability under this Lease, as set forth above. Tenant will reimburse City on demand for any reasonable costs that may be incurred by City in connection with any proposed Sublease or Assignment, including the costs of making investigations as to the acceptability of the proposed Transferee and legal costs incurred in connection with the granting of any requested consent.

16.7. Indemnity for Relocation Benefits

Without limiting Section 16.6 (Assumption by Transferee) above, Tenant will cause any Transferee to expressly waive entitlement to any and all relocation assistance and benefits in connection with this Lease. Tenant will Indemnify City for any and all Claims (as defined in Section 18.2 (Tenant's Indemnity)) arising out of any relocation assistance or benefits payable to any Transferee. Tenant's obligation to Indemnify City will survive the expiration or termination of this Lease and any Assignment or Sublease.

17. DEFAULT; REMEDIES

17.1. Events of Default

Any of the following will constitute an event of default (the "**Event of Default**") by Tenant under this Lease:

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

(b) a failure to comply with any other covenant, condition, representation, or warranty made under this Lease that continues for fifteen (15) days after the date of written notice by City, provided that if the default is not capable of cure within the fifteen (15)-day period, Tenant will have a reasonable period to complete the cure if Tenant promptly undertakes action to cure the default within the fifteen (15)-day period and thereafter diligently prosecutes the same to completion within sixty (60) days after the receipt of City's notice of default. City will not be required to provide a written notice of default more than twice in any twelve (12)-month period

for any material non-monetary defaults and after the second notice in any twelve (12)-month period, any subsequent failure by Tenant during that twelve (12)-month period will constitute an Event of Default;

(c) a failure to continuously use and operate any portion of the Premises solely for the Permitted Use and such failure continues for a period of five (5) business days following written notice from City;

(d) a failure by Tenant to comply with Section 5.4 (Covenant Regarding Use) that continues for thirty (30) days after the date of written notice by City, provided that if the default is not capable of cure within the thirty (30)-day period, Tenant will have a reasonable period to complete the cure if Tenant promptly undertakes action to cure the default within the thirty (30)-day period and thereafter diligently prosecutes the same to completion within sixty (60) days after the receipt of City's notice of default. City will not be required to provide a written notice of default more than twice in any twelve (12)-month period for any material non-monetary defaults and after the second notice in any twelve (12)-month period, any subsequent failure by Tenant during that twelve (12)-month period will constitute an Event of Default;

(e) the construction or installation of any Alteration without City's written approval as required by Section 7 (Alterations) of this Lease;

(f) a failure by Tenant to execute and deliver to City the estoppel certificate within the time period and in the manner required by Section 21.1 (Tenant's Estoppel Certificates) and Tenant's failure to cure the foregoing default within five (5) days following written notice from City;

(g) a Transfer, or attempted Transfer, of this Lease or the Premises by Tenant contrary to the provisions of Section 16 (Assignment and Subletting);

(h) a failure by Tenant to provide evidence of insurance coverage complying with the provisions of Section 19 (Insurance) below, failure to maintain any insurance required to be maintained by Tenant under this Lease, or if any such insurance is canceled or terminated or expires or is reduced or materially changed, except as permitted in this Lease, and Tenant fails to deliver evidence of such coverage or fails to reinstate such coverage, all within five (5) business days following written notice from City;

(i) a vacation or abandonment of the Premises for a continuous period over five (5) business days; or

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

17.2. Remedies

On the occurrence of an Event of Default City will have the following remedies, which are not exclusive but are cumulative and in addition to any other remedies now or later allowed by law or in equity:

(a) City may terminate Tenant's right to possession of the Premises at any time by written notice to Tenant. Tenant expressly acknowledges that in the absence of a written notice from City, no other act of City, including its re-entry into the Premises, its efforts to relet the

Premises, its reletting of the Premises for Tenant's account, its storage of Tenant's Personal Property and trade fixtures, its acceptance of keys to the Premises from Tenant, its appointment of a receiver, or its exercise of any other rights and remedies under this Section 17.2 or otherwise under Legal Requirements, will constitute an acceptance of Tenant's surrender of the Premises or constitute a termination of this Lease or of Tenant's right to possession of the Premises.

(b) On a written termination of Tenant's right to possession of the Premises, this Lease will terminate and City will be entitled to recover damages from Tenant as provided in California Civil Code Section 1951.2 or any other applicable existing or future Legal Requirement providing for recovery of damages for a breach, including the following:

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

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

(iii) All unpaid Rent due or earned under this Lease before the date of termination, less the proceeds of any reletting or any rental received from subtenants before the date of termination, together with interest at the Interest Rate, on those amounts from the date the Rent is due and payable until the date of the award of damages; plus

(iv) The amount by which the Rent which would be payable by Tenant under this Lease, as reasonably estimated by City, from the date of termination until the date of the award of damages, exceeds the amount of the rental loss that Tenant proves could have been reasonably avoided, together with interest at the Interest Rate on those amounts from the date the Rent is due and payable until the date of the award of damages; plus

(v) The amount by which the Rent which would be payable by Tenant under this Lease, as reasonably estimated by City, for the remainder of the Term, after the date of the award of damages exceeds the amount the rental loss that Tenant proves could have been reasonably avoided, discounted at the discount rate published by the Federal Reserve bank of San Francisco for member banks at the time of the award plus one percent (1%); plus

(vi) Other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Legal Requirements, including any other amount necessary to compensate City for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease that, in the ordinary course of things, would be likely to result therefrom.

(c) City has the remedy described in California Civil Code Section 1951.4 (a landlord may continue the lease in effect after the tenant's breach and abandonment and recover rent as it becomes due, if the tenant has the right to sublet and assign subject only to reasonable limitations), and may continue this Lease in full force and effect and may enforce all of its rights and remedies under this Lease, including the right to recover Rent as it becomes due. After the occurrence of an Event of Default, City may enter the Premises without terminating this Lease and sublet all or any part of the Premises for Tenant's account to any person, for a term (which may be a period beyond the remaining Term), at rents, and on other terms and conditions that City deems advisable. If City sublets, rents received by City from the subletting will be applied **(i)** first, to the payment of the costs of maintaining, preserving, altering, and preparing the Premises for subletting, the other costs of subletting, including brokers' commissions, attorneys' fees, and expenses of removal of Tenant's Personal Property, trade fixtures, and Alterations; **(ii)** second, to the payment of Rent then due and payable under this Lease; **(iii)** third, to the payment of future

Rent as it becomes due and payable under this Lease; and (iv) fourth, the balance, if any, will be paid to Tenant on (but not before) expiration of the Term. If the rents received by City from any subletting, after application as provided above, are insufficient in any month to pay the Rent due under this Lease for the month, Tenant will pay the deficiency to City on demand. Notwithstanding any subletting for Tenant's account without termination, at any time thereafter, by written notice to Tenant, City may elect to terminate this Lease by virtue of a previous Event of Default.

(d) During the continuance of an Event of Default, for so long as City does not terminate Tenant's right to possession of the Premises and subject to Section 16 (Assignment and Subletting) and the rights granted to City under that Section, City will not unreasonably withhold its consent to an Assignment or Sublease of Tenant's interest in the Premises or in this Lease.

(e) During the continuance of an Event of Default, City may enter the Premises without terminating this Lease and remove all Tenant's Personal Property, Alterations, and trade fixtures from the Premises and store them at Tenant's risk and expense. If City removes Tenant's Personal Property, Alterations, and trade fixtures from the Premises and stores it at Tenant's risk and expense, and if Tenant fails to pay the cost of the removal and storage after written demand and/or to pay any Rent then due, then, after the property has been stored for a period of thirty (30) days or more, City may sell it at public or private sale, in the manner and at the times and places as City deems commercially reasonable following reasonable notice to Tenant of the time and place of the sale. The sale proceeds will be applied first to the payment of the expenses for removal and storage of the property, the preparation for and conducting of the sale, and for attorneys' fees and other legal expenses incurred by City, and the balance will be applied as provided in Section 17.2(b) above. Tenant waives all Claims that may be caused by City's reentering and taking possession of the Premises or removing and storing Tenant's Personal Property under this Section 17.2, and Tenant will Indemnify City for all Claims resulting from City's reentering and taking possession of the Premises or removing and storing Tenant's Personal Property. No reentry by City will constitute or be construed as a forcible entry by City.

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

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

17.3. Waiver of Redemption

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

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

If Tenant defaults in the performance of any of its obligations under this Lease, then, at City's sole option, City may remedy the default for Tenant's account and at Tenant's expense by providing Tenant with three (3) days' prior written or oral notice of City's intention to cure the default (except that no prior notice will be required in the event of an emergency as determined by City). No City action to cure Tenant's default will be construed as a waiver of Tenant's default or

any of City’s rights or remedies, and nothing in this Section implies any duty on City to do any act that Tenant is obligated to perform. Tenant will pay to City on demand, as Additional Charges, all costs, damages, expenses, or liabilities incurred by City, including reasonable attorneys’ fees, in remedying or attempting to remedy the default. Tenant’s obligations under this Section will survive the expiration or termination of this Lease.

17.5. Special Administrative Charges

Without limiting City’s other rights and remedies set forth in this Lease, at law, or in equity, on the occurrence of an Event of Default as specified in the table below and upon written notice from City, Tenant will pay, as Additional Charges, the amount specified in the table below in consideration of City’s administrative cost and expense in providing notice or performing inspections. If Tenant fails to cure the Event of Default within the time period set forth in such notice and City delivers to Tenant an additional written notice, then Tenant will pay to City, as Additional Charges, the respective amount specified in the table below for each additional written notice that City delivers to Tenant requesting such corrective action.

<u>Violation</u>	<u>Lease Section</u>	<u>Initial inspection and/or notice</u>	<u>Follow up inspection and/or notice</u>
Failure to maintain continuous operation	5.5	\$500.00	\$600.00
Construction of Alterations that are not approved by City (in addition to alteration fees in <u>Section 7.1</u> (Tenant’s Alterations))	7	\$700.00	\$800.00
Failure to perform required maintenance or repairs	8	\$600.00	\$700.00
Failure to obtain/maintain insurance	19	\$600.00	\$700.00

Such administrative fees will be due and payable as Additional Charges. The Parties agree that the charges set forth in this Section represent a fair and reasonable estimate of the administrative cost and expense that City will incur in connection with providing notices or performing inspections as set forth above and that City’s right to impose the foregoing charges will be in addition to and not in lieu of any and all other rights under this Lease, at law or in equity. The administrative charges set forth in this Section 17.5 will be increased on each Adjustment Date by three percent (3%).

18. WAIVER OF CLAIMS; INDEMNIFICATION

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

City will not be responsible for or liable to Tenant, and Tenant hereby assumes the risk of, and waives and releases City and its Agents from all Claims for any injury, loss, or damage to any person or property in or about the Premises by or from any cause whatsoever including: **(a)** any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Premises; **(b)** theft; **(c)** explosion, fire, steam, oil, electricity, water, gas, rain, pollution, or contamination; **(d)** stopped, leaking, or defective Building Systems; **(e)** Building defects; and **(f)** any other acts, omissions, or causes. Nothing in this Section will relieve City from liability caused solely and directly by the active gross negligence or willful misconduct of City or

its Agents, but City will not be liable under any circumstances for any consequential, incidental, or punitive damages.

In connection with the foregoing releases, Tenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Tenant acknowledges that the releases contained in this Lease include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated Claims. Tenant understands and acknowledges that it has agreed upon this Lease in light of this understanding and, being fully aware of this situation, it nevertheless intends to waive the benefit of California Civil Code Section 1542, or any statute or other similar law now or later in effect. The releases contained in this Lease will survive any termination of this Lease.

18.2. Tenant's Indemnity

Tenant, on behalf of itself and its successors and assigns, will indemnify, defend, and hold harmless ("**Indemnify**") City, including all of its boards, commissions, departments, agencies, and other subdivisions, including the San Francisco Public Utilities Commission, and all of its and their Agents, and their respective heirs, legal representatives, successors, and assigns (individually and collectively, the "**Indemnified Parties**"), and each of them, from and against all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties, and expenses, including direct and vicarious liability of every kind (collectively, "**Claims**"), incurred in connection with or arising in whole or in part from: **(a)** any accident, injury to or death of a person (including Tenant's employees), or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Premises; **(b)** any default by Tenant in the observation or performance of any of the terms, covenants, or conditions of this Lease to be observed or performed on Tenant's part; **(c)** the use or occupancy or manner of use or occupancy of the Premises by Tenant, its Agents, its Invitees, or any person or entity claiming through or under any of them; **(d)** the condition of the Premises; **(e)** any construction or other work undertaken by Tenant on the Premises whether before or during the Term; or **(f)** any acts, omissions, or negligence of Tenant, its Agents, or its Invitees, in, on, or about the Premises or the Property, all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that the Indemnity is void or otherwise unenforceable under applicable Legal Requirements and further except only those Claims as are caused exclusively by the willful misconduct or active gross negligence of the Indemnified Parties. The foregoing Indemnity includes reasonable fees of attorneys, consultants, and experts and related costs and City's costs of investigating any Claim. Tenant expressly acknowledges that Tenant has an immediate and independent obligation to defend City from any Claim that actually or potentially falls within this indemnity provision even if the allegation is or may be groundless, fraudulent, or false, which obligation arises at the time the Claim is tendered to Tenant by City and continues at all times thereafter. Tenant's obligations under this Section will survive the expiration or termination of this Lease.

19. INSURANCE

19.1. Tenant's Insurance

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

(i) Commercial general liability insurance with limits not less than Five Million Dollars (\$5,000,000) each occurrence combined single limit for bodily injury and property damage, including contractual liability, independent contractors, broad-form property damage, fire damage legal liability (of not less than Fifty Thousand Dollars (\$50,000)), personal injury, and premises and operations liability. The policy will include an endorsement for physical abuse and sexual molestation coverage with limits of not less than Two Million Dollars (\$2,000,000) each occurrence. Additionally, the policy will provide for fire legal liability in which the insurer will pay those sums that the named insured becomes legally obligated to pay as damages because of direct physical loss to covered property caused by accident and arising out of any covered cause of loss.

(ii) Worker's Compensation Insurance with Employer's Liability limits not less than One Million Dollars (\$1,000,000) each accident, injury, or illness. The Worker's Compensation policy will be endorsed with a Waiver of Subrogation in favor of the City for all work performed by the Tenant, its employees, agents, and any subcontractors.

(iii) Business automobile liability insurance with limits not less than Five Million Dollars (\$5,000,000) each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, as applicable, if Tenant uses automobiles in connection with its use of the Premises.

(iv) Property Insurance coverage, on an all-risk form, or an equivalent form acceptable to City, for one hundred percent (100%) of the full insurable value of the furniture, trade fixtures, office equipment and other personal property used by Tenant in the Premises and any permitted Alterations, with the amount of any deductible to be subject to City's approval, which shall not be unreasonably withheld. Such insurance shall include Tenant and City as named insureds as their respective interests may appear. "Full insurable value" shall mean the actual replacement cost of any personal property and permitted Alterations but without deduction for physical depreciation. It shall be determined at inception and each renewal by an insurer selected and paid by Tenant and reasonably acceptable to City; provided, however, that City shall have the right, at any time, to ascertain the full insurable value at its own expense, except that in the event such full insurance value exceeds the value of the then existing amount of insurance coverage procured by Tenant, Tenant shall increase the insurance coverage to cover the full insurable value.

(v) Tenant will also ensure that any janitorial service retained by Tenant to clean the Premises will provide all necessary insurance including Commercial General Liability Insurance and Workers' Compensation Insurance with a Waiver of Subrogation in favor of the City and will name the City and County of San Francisco, the San Francisco Public Utilities Commission, and their officers, agents, employees as additional insureds, as their respective interests may appear hereunder.

(vi) **[To be determined:** Licensed professionals (i.e., architects, engineers, certified public accountants, etc.) will provide professional liability insurance with limits not less than \$1,000,000 each claim with respect to negligent acts, errors, or omissions in

connection with professional services to be provided under this Lease or to the Premises, provided the requirements of Section 19.1(d) will not apply to such insurance.]

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

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

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

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

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

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

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

(f) All insurance policies required to be maintained by Tenant will be endorsed to provide thirty (30) days' prior written notice to City of cancellation, intended non-renewal, or reduction or depletion in coverages ("**Insurance Change**"), except for non-payment for which no less than ten (10) days' notice will be provided to City. Within one (1) business day of receiving any Insurance Change notice from its insurance provider or broker, Tenant will provide a copy of such notice to City and take prompt action to prevent the Insurance Change, to reinstate or replenish the canceled, reduced, or depleted coverage, or obtain the full coverage required by this Section 19 (Insurance) from a different insurer.

(g) Before the Effective Date (as defined in Section 28.24 (Effective Date) and at any other time promptly after City's request, Tenant will deliver to City certificates of insurance and additional insured policy endorsements from insurers in a form satisfactory to City, evidencing the coverage required under this Lease, together with complete copies of the policies. During the Term, Tenant will provide City with certificates or policies at least thirty (30) days before the expiration dates of expiring policies. Tenant and its contractors will submit or cause their respective insurance brokers to submit requested information through the Exigis insurance verification program designated by City or any successor program used by City for verification of Tenant and contractor insurance coverage. If Tenant fails to procure the required insurance, or to deliver the policies or certificates, then at its option and without waiving any rights or remedies

that City may have for Tenant's default, City may procure the insurance for Tenant's account, and Tenant will pay the cost to City within five (5) days after delivery to Tenant of invoices therefor.

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

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

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

19.2. Tenant's Personal Property

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

19.3. City's Self Insurance

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

19.4. Waiver of Subrogation

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

20. ACCESS BY CITY

City reserves for itself and any of its designated Agents the right to enter the Premises as follows: (a) on a regular basis without advance notice to supply any necessary or agreed-upon service provided by City under this Lease; (b) on an occasional basis, at all reasonable times after giving Tenant reasonable advance written or oral notice, to show the Premises to prospective tenants or other interested parties; to post notices of non-responsibility; to conduct any environmental audit of Tenant's use of the Premises; to repair, alter, or improve any part of the Building, Building Systems, or the Premises; and for any other lawful purpose; and (c) on an emergency basis without notice whenever City believes that emergency access is required. City will have the right to use any means that it deems proper to open doors in an emergency to obtain access to any part of the Premises, and that entry will not be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion of the Premises. Tenant will not alter any lock or install any new

or additional locking devices without City's prior written consent. All locks installed in the Premises will be keyed to the Building master key system, and City will at all times have a key with which to unlock all doors in the Premises (excluding Tenant's vaults, safes, or special security areas, if any, designated by Tenant in writing to City).

21. CERTIFICATES

21.1. Tenant's Estoppel Certificates

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

21.2. City's Certificates

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

22. RULES AND REGULATIONS

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

23. SECURITY DEPOSIT

(a) Before the Effective Date (as defined in Section 28.24 (Effective Date), Tenant will pay to City the sum specified as the security deposit in the Basic Lease Information (the "**Security Deposit**"), by good check, to secure Tenant's faithful performance of all terms, covenants, and conditions of this Lease. City may apply (but will not be required to apply) the Security Deposit in whole or in part to remedy any damage to the Premises caused by Tenant, its Agents, or its Invitees, or any failure of Tenant to perform any other terms, covenants, or conditions in this Lease (including the payment of Rent either before or after a default), without waiving any of City's other rights and remedies under this Lease or under applicable Legal Requirements. Tenant waives the provisions of Section 1950.7 of the California Civil Code or any similar Legal Requirements now or hereafter in effect and agrees that City may retain any portion of Security Deposit reasonably necessary to compensate it for any foreseeable or unforeseeable loss or damage caused by the acts or omissions of Tenant, its Agents, or its

Invitees. Without limiting the foregoing, City may apply some or all of the Security Deposit to the payment of future Rent following a Tenant default.

(b) If City uses any portion of the Security Deposit to cure any default by Tenant, Tenant will immediately replenish the Security Deposit to the original amount. If the Base Rent is increased under any of the provisions of this Lease, Tenant will increase the amount of the Security Deposit by the same percentage increase. City's obligations regarding the Security Deposit are solely that of debtor and not trustee. City will not be required to keep the Security Deposit separate from its general funds, and Tenant will not be entitled to interest on the Security Deposit. The amount of the Security Deposit will in no way limit the liabilities of Tenant under any provision of this Lease.

24. SURRENDER OF PREMISES

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

(b) Concurrently with the surrender of the Premises, if requested by City, Tenant will execute, acknowledge, and deliver to City a quitclaim deed to the Premises and any other instrument reasonably requested by City to evidence the termination of Tenant's leasehold estate and to effect the transfer or vesting of title to the Alterations or other improvements or equipment that remain part of the Premises.

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

25. REMOVAL OF ELECTRICAL AND TELECOMMUNICATIONS WIRES

25.1. City May Elect to Remove or Retain Wires

Within thirty (30) days after the expiration or sooner termination of this Lease or at any time that the Wires (as defined below) are no longer in active use by Tenant, by written notice to Tenant, City may elect to: **(a)** retain any or all wires, cables, and similar installations appurtenant to such wires or cable (collectively, the “**Wires**”) installed by or on behalf of Tenant within the Premises or any portion of the Building outside the Premises, including the plenums or risers of the Building; **(b)** remove any or all of the Wires and restore the Premises or the Building, as the case may be, to their condition existing before the installation of the Wires (the “**Wire Restoration Work**”), at Tenant’s sole cost and expense; or **(c)** require Tenant to perform all or part of the Wire Restoration Work, at Tenant’s sole cost and expense.

25.2. Compliance with Legal Requirements and Discontinuance of Wire Use

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

25.3. Condition of Wires

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

25.4. City’s Right to Retain Security Deposit

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

25.5. City Can Apply Security Deposit; Survival

If Tenant fails or refuses to pay all costs of the Wire Restoration Work within thirty (30) days after City’s notice requesting Tenant’s reimbursement for or payment of the costs or otherwise fails to comply with the provisions of this Section, then City may apply all or any portion of the Security Deposit toward the payment of any costs or expenses relating to the Wire Restoration Work or Tenant’s obligations under this Section. The retention or application of the Security Deposit by City under this Section does not constitute a limitation on or waiver of City’s right to seek further remedies under law or equity. The terms of this Section will survive the expiration or sooner termination of this Lease.

26. HAZARDOUS MATERIALS

26.1. Definitions

As used in this Lease:

(a) “**Environmental Laws**” means all present or future Legal Requirements relating to Hazardous Material (including its use, handling, transportation, production, disposal, discharge, or storage), or to health and safety, industrial hygiene, or the environment, including soil, air, and groundwater conditions.

(b) “**Hazardous Material**” means any material that, because of its quantity, concentration, or physical or chemical characteristics, is at any time, now or later, deemed by any federal, state, or local governmental authority to pose a present or potential hazard to human health, welfare, or safety or to the environment. Hazardous Material includes any material or substance defined as a “hazardous substance,” “pollutant,” or “contaminant” under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”, also commonly known as the “Superfund” law), as amended, (42 U.S.C. Section 9601 et seq.) or under Section 25281 of the California Health & Safety Code; any “hazardous waste” listed under Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas, or natural gas liquids.

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

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

26.2. No Hazardous Materials

Neither Tenant nor any of its Agents or Invitees will cause or permit any Hazardous Material to be brought on, kept, used, stored, generated or disposed of in, on, or about the Property, or transported to or from the Property, with the sole exception that Tenant may keep and use Hazardous Material in the Premises in reasonably limited amounts as are customarily used for general office purposes (such as copy toner and other normal office and cleaning supplies) so long as the storage and use are in compliance with all applicable Environmental Laws at all times. Tenant will give City immediate written notice of: (a) any action, proceeding, or inquiry by any governmental authority (including the California State Department of Health Services, the State or any Regional Water Quality Control Board, the Bay Area Air Quality Management District, or any local governmental entity) against Tenant with respect to the presence or Release or suspected presence or Release of Hazardous Material on the Premises, Building, or Property or the migration thereof from or to other property; (b) all demands or claims made or threatened by any third party against Tenant or the Premises, Building, or Property relating to any loss or injury resulting from any Hazardous Materials; (c) any Release of Hazardous Material on or about the Premises or any other part of the Property that has occurred and may require any Investigation or Remediation; and (d) all matters of which Tenant is required to give notice under Section 25359.7 of the California Health and Safety Code.

26.3. Tenant’s Environmental Indemnity

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

26.4. Survival of Obligation

Tenant’s obligations under this Section 26 will survive the expiration or earlier termination of this Lease.

26.5. Hazardous Substance Disclosure

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

27. SPECIAL PROVISIONS

27.1. Extension Option

(a) Option to Extend Term. City grants to Tenant a one-time option to extend the Term as to the entire Premises only (the “**Extension Option**”) for an additional four (4) years (the “**Extension Term**”) commencing on the Expiration Date on the following terms and conditions. Tenant may exercise the Extension Option at any time during the Term but at least

two hundred forty (240) days before the Expiration Date by giving written notice to City. Once given, Tenant may not revoke its notice exercising the Extension Option. If any Event of Default by Tenant is outstanding either at the time Tenant exercises the Extension Option or at any time before the first day of the Extension Term (or if any event has occurred that, with the giving of notice or the passage of time or both, would constitute an Event of Default), then City may elect by notice to Tenant to reject Tenant's exercise of the Extension Option, in which case, the Extension Option will be null and void. City may also void Tenant's Extension Option if Tenant has assigned its interest under this Lease or sublet more than fifty percent (50%) of the Premises.

(b) **Base Rent and Other Terms.** If Tenant elects to exercise the Extension Option, then the lease for the Extension Term will cover the entire Premises and be on all of the terms, covenants, and conditions of this Lease, including Base Rent.

27.2. City's Option to Terminate

(a) **City's Option to Terminate related to Universal Childcare Legislation.** If a governmental entity enacts legislation at any time during the Term to provide universal childcare at governmental cost which covers all children in San Francisco ("**Universal Childcare Legislation**"), City shall have the right to (i) increase the rent to the Prevailing Market Rate or (ii) if City and Tenant fail to agree on the Prevailing Market Rate as described in Section 27.2(b), terminate this Lease.

(b) **Prevailing Market Rate.** As soon as practical after the enactment of Universal Childcare Legislation, City will notify Tenant in writing of City's good faith determination of the Prevailing Market Rate for the Premises. "**Prevailing Market Rate**" for the Premises means the rent and all other payments and escalations, including consumer price indexing, that City could obtain from a third party desiring to lease the Premises for the permitted Use taking into account the age of the Building, the size, location, and floor levels of the Premises, the quality of construction of the Building and the Premises, the services provided under the terms of this Lease, the rent then being obtained for new childcare leases of space comparable to the Premises in the same general area as the Building, and all other factors that would be relevant to a third party desiring to lease the Premises in determining the rent the third party would be willing to pay in its As Is condition.

(i) Within fifteen (15) days after receiving City's determination of the Prevailing Market Rate, Tenant will notify City in writing either of (A) Tenant's acceptance of the determination, in which case that determination will constitute the new Base Rent as of the commencement of an amendment to the Lease, or (B) Tenant's own good faith determination of the Prevailing Market Rate, including written justification for its determination. In no event shall Tenant's good faith determination be less than six percent (6%) of Tenant's new projected revenues under the Universal Childcare Legislation.

(ii) If Tenant provides City with its determination of the Prevailing Market Rate under Section 27.2(b) above, then within thirty (30) days after Tenant's notice to City, the parties will attempt in good faith to meet no less than two (2) times, at a mutually agreeable time and place, to attempt to resolve any disagreement on the Prevailing Market Rate. The parties may mutually agree in writing to extend the thirty (30) day consultation period for a reasonable period to resolve their disagreement if the parties are negotiating in good faith and would be unable to resolve their differences within thirty (30) days.

(iii) If, within the consultation period, City and Tenant cannot reach agreement on the Prevailing Market Rate, then City shall have the right to terminate this Lease by providing written notice to Tenant and the Lease shall terminate on the date which is one hundred eighty (180) day following City's notice of termination.

28. GENERALLY APPLICABLE PROVISIONS

28.1. Notices

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

28.2. No Implied Waiver

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

28.3. Amendments

Neither this Lease nor any of its terms or provisions may be changed, waived, discharged, or terminated, except by a written instrument signed by the Party against which the enforcement of the change, waiver, discharge, or termination is sought. Whenever this Lease requires or permits

City's consent or approval, the General Manager of the SFPUC or their designee will be authorized to provide the consent or approval, except as otherwise provided by applicable Legal Requirements, including the Charter. Any amendments or modifications to this Lease, including amendments to or modifications to the exhibits to this Lease, are subject to the mutual written agreement of City and Tenant, and City's agreement may be made upon the sole approval of the General Manager of the SFPUC, or their designee; provided, however, (a) changing the legal description of the Premises, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Premises from the use authorized under Section 5.1 (Permitted Use) of this Lease, and (e) any other amendment or modification that materially increases City's liabilities or financial obligations under this Lease may also require the approval of the San Francisco Public Utilities Commission and/or the City's Board of Supervisors.

28.4. Authority

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

28.5. Parties and Their Agents; Approvals

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

28.6. Interpretation of Lease

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

28.7. Successors and Assigns

Subject to the provisions of this Lease relating to Assignment and Subletting, the terms, covenants, and conditions contained in this Lease will bind and benefit City and Tenant and their successors and assigns; provided, however, that on any sale, assignment, or transfer by City (or by any subsequent landlord) of its interest in the Premises, including any transfer by operation of law, City (or any subsequent landlord) will be relieved from all obligations and liabilities arising under this Lease after the sale, assignment, or transfer.

28.8. Brokers

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

28.9. Severability

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

28.10. Governing Law

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

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

28.11. Entire Agreement

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

28.12. Holding Over

(a) If Tenant retains possession of any portion of the Premises after the expiration or the earlier termination of this Lease, then unless City expressly agrees to the holdover

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

(b) Any holding over after the expiration of the Term with City's express written consent will be construed to automatically extend the Term on a month-to-month basis at a Base Rent as provided by written notice from the General Manager of the SFPUC, together with an amount estimated by City for the monthly Additional Charges, and will otherwise be on the terms and conditions specified in this Lease so far as applicable (except for those pertaining to the Term and any Extension Options).

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

28.13. Time of Essence

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

28.14. Cumulative Remedies

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

28.15. Survival of Indemnities

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

28.16. Signs

Tenant will not erect or maintain, or permit to be erected or maintained, any signs, notices, or graphics on or about the Premises that are visible in or from public corridors or other portions of any Common Areas of the Building or from the exterior of the Premises without City's prior written consent, which City may withhold, grant, or condition at its sole discretion.

Relationship of the Parties

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

28.17. Payments to Tenant

Tenant acknowledges that City cannot make any payments to Tenant unless Tenant is qualified as an approved vendor in City's financial and payment system. Therefore, City will not be in default of any monetary obligation to Tenant if City is required to make a payment to Tenant but Tenant is not an approved vendor with City. More information about being an approved vendor is available at <https://sfcitypartner.sfgov.org/Vendor/BecomeSupplier>.

28.18. Light and Air

No diminution of light, air, or view by any structure that may later be erected (whether or not by City) will entitle Tenant to any reduction of the Base Rent or Additional Charges under this Lease, result in any City liability to Tenant, or in any other way affect this Lease or Tenant's obligations under the Lease.

28.19. No Recording

Tenant may not record this Lease or any memorandum of this Lease in the public records.

28.20. Options Personal

Any right or option to extend the Term or renew this Lease is personal to the original named Tenant and may be exercised only by the original named Tenant while occupying the Premises without the intent of then making an Assignment of this Lease or Subletting of all or any portion of the Premises. No right or option to extend the Term or renew this Lease may be exercised by or assigned, voluntarily or involuntarily, by or to any person or entity other than the original named Tenant. The options, if any, granted to Tenant are not assignable separate and apart from this Lease, and no option may be separated from this Lease in any manner, either by reservation or otherwise.

28.21. Non-Liability of City Officials, Employees, and Agents

No elected or appointed board, commission, member, officer, employee, or other Agent of City will be personally liable to Tenant or its successors and assigns for any City default or breach or for any amount that may become due to Tenant or its successors and assigns, or for any City obligation under this Lease.

28.22. Cooperative Drafting

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

28.23. Counterparts

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

28.24. Effective Date

This Lease will be effective on the date on that **(a)** City's Public Utilities Commission at its sole and absolute discretion, adopt a resolution approving this Lease in accordance with all applicable Legal Requirements and **(b)** this Lease is duly executed and delivered by the parties.

28.25. Intentionally Omitted

29. CITY REQUIREMENTS

29.1. Public Transit Information

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

29.2. Taxes, Assessments, Licenses, Permit Fees, and Liens

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

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

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

(d) San Francisco Administrative Code Sections 23.38 and 23.39 require that certain information relating to the creation, renewal, extension, assignment, sublease, or other transfer of this Lease be provided to the County Assessor within sixty (60) days after the transaction. Accordingly, Tenant must provide a copy of this Lease, and any renewals, extensions, Assignment documents, Sublease documents, or any other transfers of the Premises or the Lease to the County Assessor not later than sixty (30) days after the full execution of the foregoing, and any failure of Tenant to timely provide a copy of this Lease, and any renewals, extensions, Assignment document, Sublease documents, or any other transfers of the Premises or the Lease to the County Assessor will be a default under this Lease. Tenant will also provide

any information requested by City to ensure compliance with this or any other reporting requirement within thirty (30) days.

29.3. Non-Discrimination in City Contracts and Benefits Ordinance

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

(b) Subleases and Other Subcontracts. Tenant will include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to the Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Tenant will incorporate by reference in all subleases and other subcontracts the provisions of San Francisco Labor and Employment Code, Article 131, Sections 131.2(a), 131.2(c)-(k), and Article 102, Section 102.3, and require all subtenants and other subcontractors to comply with those provisions. Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

(c) Non-Discrimination in Benefits. Tenant does not as of the date of this Lease and will not during the Term, in any of its operations in San Francisco, on real property owned by City, or where the work is being performed for City elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits, or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of the employees, where the domestic partnership has been registered with a governmental entity under the Legal Requirements authorizing that registration, subject to the conditions set forth in Section 131.2(b) of the San Francisco Labor and Employment Code.

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

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

29.4. No Relocation Assistance; Release of Claims

Tenant acknowledges that it will not be a displaced person at the time this Lease is terminated or expires by its own terms, and Tenant fully RELEASES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors, and employees, and all persons acting by, through or under each of them, under any Legal Requirements, including any and all claims for relocation benefits or assistance from City under federal and state relocation assistance Legal Requirements (including California Government Code Section 7260 et seq.), except as otherwise specifically provided in this Lease with respect to a Taking/Condemnation.

29.5. MacBride Principles—Northern Ireland

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

29.6. Tropical Hardwood and Virgin Redwood Ban; Preservative-Treated Wood Containing Arsenic

City urges companies not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant will not provide any items to the construction of Alterations or otherwise in the performance of this Lease, that are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. If Tenant fails to comply with any of the provisions of Chapter 8 of the San Francisco Environment Code, Tenant will be liable for liquidated damages for each violation in an amount equal to Tenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater. Tenant may not purchase preservative-treated wood products containing arsenic in the performance of this Lease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment.

29.7. Restrictions on the Use of Pesticides

(a) Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or "**IPM Ordinance**") describes an integrated pest management ("**IPM**") policy to be implemented by all City departments. Tenant may not use or apply or allow the use or application of any pesticides on the Premises or contract with any party to provide pest abatement or control services to the Premises without first receiving City's written approval of an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the Term, (ii) describes the steps Tenant will take to meet City's IPM Policy described in Section 300 of the IPM Ordinance, and (iii) identifies, by name, title, address, and telephone number, an individual to act as the Tenant's primary IPM contact person with City. Tenant will comply, and will require all of Tenant's contractors to comply, with the IPM plan approved by City and will comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Tenant were a City department. Among other matters, the provisions of the IPM Ordinance: (i) provide for the

use of pesticides only as a last resort, **(ii)** prohibit the use or application of pesticides on City property, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City’s Department of the Environment), **(iii)** impose certain notice requirements, and **(iv)** require Tenant to keep certain records and to report to City all pesticide use at the Premises by Tenant’s staff or contractors.

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

29.8. First Source Hiring Agreement

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

29.9. Sunshine Ordinance

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

29.10. Conflicts of Interest

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

29.11. Charter Provisions

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

29.12. Drug-Free Workplace

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

29.13. Prohibition of Tobacco Sales and Advertising

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

29.14. Prohibition of Alcoholic Beverage Advertising

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

29.15. Requiring Health Benefits for Covered Employees

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

(b) For each Covered Employee, Tenant will provide the appropriate health benefit set forth in the HCAO. If Tenant chooses to offer the health plan option, the health plan must meet the minimum standards set forth by the San Francisco Health Commission.

(c) Notwithstanding the above, if the Tenant is a small business as defined in the HCAO, it will have no obligation to comply with subsection (a) above.

(d) Tenant’s failure to comply with the HCAO will constitute a material breach of this Lease. City may notify Tenant if a breach has occurred. If, within thirty (30) days after receiving City’s written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure the breach or, if the breach cannot reasonably be cured within the thirty (30) days period, and Tenant fails to commence efforts to cure within that period, or fails diligently to pursue the cure to completion, then City will have the right to pursue the remedies set forth in the HCAO. Each of these remedies will be exercisable individually or in combination with any other rights or remedies available to City.

(e) Any Subcontract entered into by Tenant will require the Subcontractor to comply with the requirements of the HCAO and contain contractual obligations substantially the same as those set forth in this Section. Tenant will notify City’s Purchasing Department when it enters into a Subcontract and will certify to the Purchasing Department that it has notified the

Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Tenant will be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, City may pursue the remedies set forth in this Section against Tenant based on the Subcontractor's failure to comply, provided that City has first provided Tenant with notice and an opportunity to cure the violation.

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

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

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

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

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

(k) City may conduct random audits of Tenant to ascertain its compliance with HCAO. Tenant will cooperate with City when it conducts the audits.

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

29.16. Notification of Prohibition on Contributions

For the purposes of this Section, a "City Contractor" is a party that contracts with, or seeks to contract with, the City for the sale or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves. Through its execution of this Agreement, Tenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits a City Contractor from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for that contract or twelve (12) months after the date that contract is approved. Tenant acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$100,000 or more. Tenant further acknowledges that (i) the prohibition on contributions applies to Tenant, each member of Tenant's

board of directors, Tenant's chief executive officer, chief financial officer and chief operating officer, any person with an ownership interest of more than ten percent (10%) in Tenant, any subcontractor listed in the contract, and any committee that is sponsored or controlled by Tenant, and (ii) within thirty (30) days of the submission of a proposal for the contract, the City department seeking to enter into the contract must notify the Ethics Commission of the parties and any subcontractor to the contract. Additionally, Tenant certifies it has informed each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126 by the time it submitted a proposal for the contract to the City, and has provided the names of the persons required to be informed to the City department seeking to enter into that contract within thirty (30) days of submitting its contract proposal to the City department receiving that submittal, and acknowledges the City department receiving that submittal was required to notify the Ethics Commission of those persons.

29.17. Resource-Efficient City Buildings

Tenant acknowledges that City has enacted San Francisco Environment Code Sections 700 to 705 relating to green building requirements for the design, construction, and operation of buildings owned or leased by City. Tenant will comply with all applicable provisions of those code sections.

29.18. Food Service and Packaging Waste Reduction Ordinance

Tenant will comply with and is bound by all of the applicable provisions of the Food Service and Packaging Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated into this Lease by reference and made a part of this Lease as though fully set forth. Accordingly, Tenant acknowledges that City contractors and lessees may not use Food Service Ware for Prepared Food in City Facilities and while performing under a City contract or lease (1) where the Food Service Ware is made, in whole or in part, from Polystyrene Foam, (2) where the Food Service Ware is not Compostable or Recyclable, or (3) where the Food Service Ware is Compostable and not Fluorinated Chemical Free. The capitalized terms (other than Tenant and City) in the previous sentence are defined in San Francisco Environment Code Section 1602.

29.19. San Francisco Packaged Water Ordinance

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

29.20. Criminal History in Hiring and Employment Decisions

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

(b) Tenant will incorporate by reference the provisions of Article 142 in all subleases of some or all of the Premises and require all subtenants to comply with those provisions.

Tenant's failure to comply with the obligations in this subsection will constitute a material breach of this Lease.

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

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

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

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

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

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

29.21. Vending Machines; Nutritional Standards

Tenant may not install or permit any vending machine on the Premises without the prior written consent of the SFPUC Real Estate Director. Any permitted vending machine will comply with the food and beverage nutritional standards and calorie labeling requirements set forth in San Francisco Administrative Code Section 4.9-1(c), as may be amended from time to time (the "**Nutritional Standards Requirements**"). Tenant will incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the Nutritional Standards Requirements or to otherwise comply with this Section 29.21 will be a material breach

of this Lease. Without limiting Landlord's other rights and remedies under this Lease, Landlord will have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements.

29.22. All-Gender Toilet Facilities

If applicable, Tenant will comply with San Francisco Administrative Code Section 4.1-3 requiring at least one all-gender toilet facility on each floor of the Building where extensive renovations are made. An "all-gender toilet facility" means a toilet that is not restricted to use by persons of a specific sex or gender identity by means of signage, design, or the installation of fixtures, and "extensive renovations" means any renovation where the construction cost exceeds 50% of the cost of providing the toilet facilities required by Administrative Code Section 4.1-3. If Tenant has any question about applicability or compliance, Tenant should contact the Director of the Department of Building Inspection for guidance.

29.23. Employee Signature Authorization Ordinance

City has adopted an Employee Signature Authorization Ordinance (San Francisco Administrative Code Sections 23.50–23.56). That ordinance requires employers of employees in hotel or restaurant projects on public property with fifty (50) or more employees (whether full-time or part-time) to enter into a "card check" agreement with a labor union regarding the preference of employees to be represented by a labor union to act as their exclusive bargaining representative. Tenant will comply with the requirements of the ordinance, if applicable, including any requirements in the ordinance with respect to its subtenants, licensees, and operators.

29.24. Tenant's Compliance with City Business and Tax Regulations Code

Tenant acknowledges that under Section 6.10-2 of the San Francisco Business and Tax Regulations Code, the City Treasurer and Tax Collector may require the withholding of payments to any vendor that is delinquent in the payment of any amounts that the vendor is required to pay the City under the San Francisco Business and Tax Regulations Code. If, under that authority, any payment City is required to make to Tenant under this Lease is withheld, then City will not be in breach or default under this Lease, and the Treasurer and Tax Collector will authorize release of any payments withheld under this paragraph to Tenant, without interest, late fees, penalties, or other charges, upon Tenant coming back into compliance with its San Francisco Business and Tax Regulations Code obligations.

29.25. Consideration of Salary History

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

Tenant is subject to the posting, enforcement, and penalty provisions in Article 141. Information about Article 141 is available on the web at <https://www.sf.gov/departments/office-labor-standards-enforcement>.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, TENANT ACKNOWLEDGES AND AGREES THAT NO CITY OFFICER OR EMPLOYEE HAS AUTHORITY TO COMMIT CITY TO THIS LEASE UNLESS AND UNTIL THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION HAS DULY ADOPTED A RESOLUTION APPROVING THIS LEASE AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY CITY OBLIGATIONS OR LIABILITIES UNDER THIS LEASE ARE CONTINGENT ON ADOPTION OF SUCH A RESOLUTION , AND THIS LEASE WILL BE NULL AND VOID IF THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION DOES NOT APPROVE THIS LEASE, AT ITS SOLE DISCRETION. APPROVAL OF THIS LEASE BY ANY CITY EMPLOYEE OR AGENT WILL NOT BE DEEMED TO IMPLY THAT A RESOLUTION WILL BE ENACTED, AND NO APPROVAL WILL CREATE ANY BINDING CITY OBLIGATIONS.

SIGNATURES ON FOLLOWING PAGE

DRAFT

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

[Tenant also acknowledges that they have read and understood the City's statement urging companies doing business in Northern Ireland to move toward resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.]

TENANT:

_____,
a _____

By: _____

Its: _____

By: _____

Its: _____

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, by and through its PUBLIC
UTILITIES COMMISSION

By: _____
DENNIS J. HERRERA
General Manager
San Francisco Public Utilities Commission

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Nancy Taylor
Deputy City Attorney

Authorized by San Francisco Public Utilities Commission
Resolution No.:
Adopted:

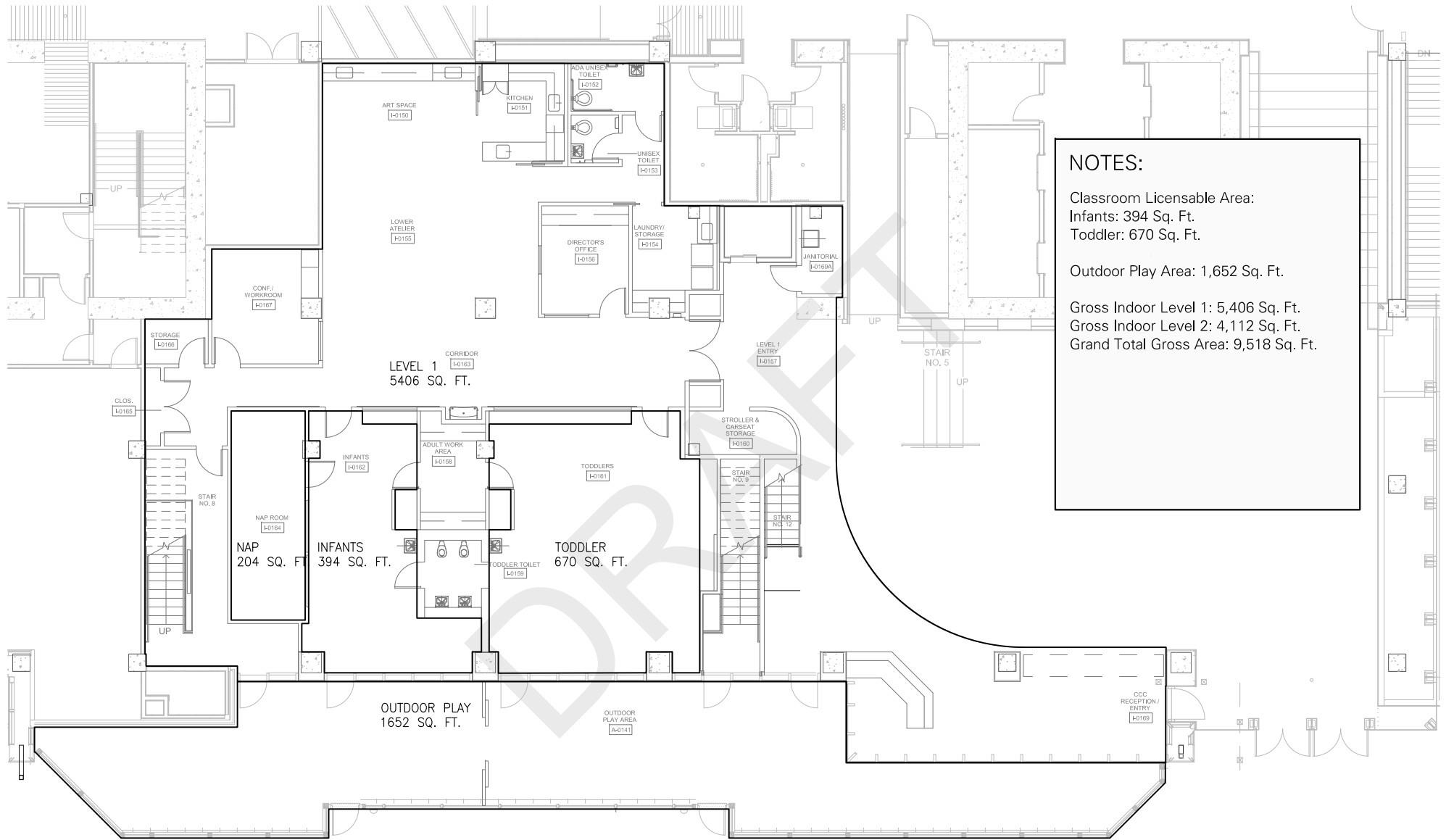
DRAFT

EXHIBIT A

FLOOR PLANS

CONSISTING OF TWO (2) PAGES

DRAFT

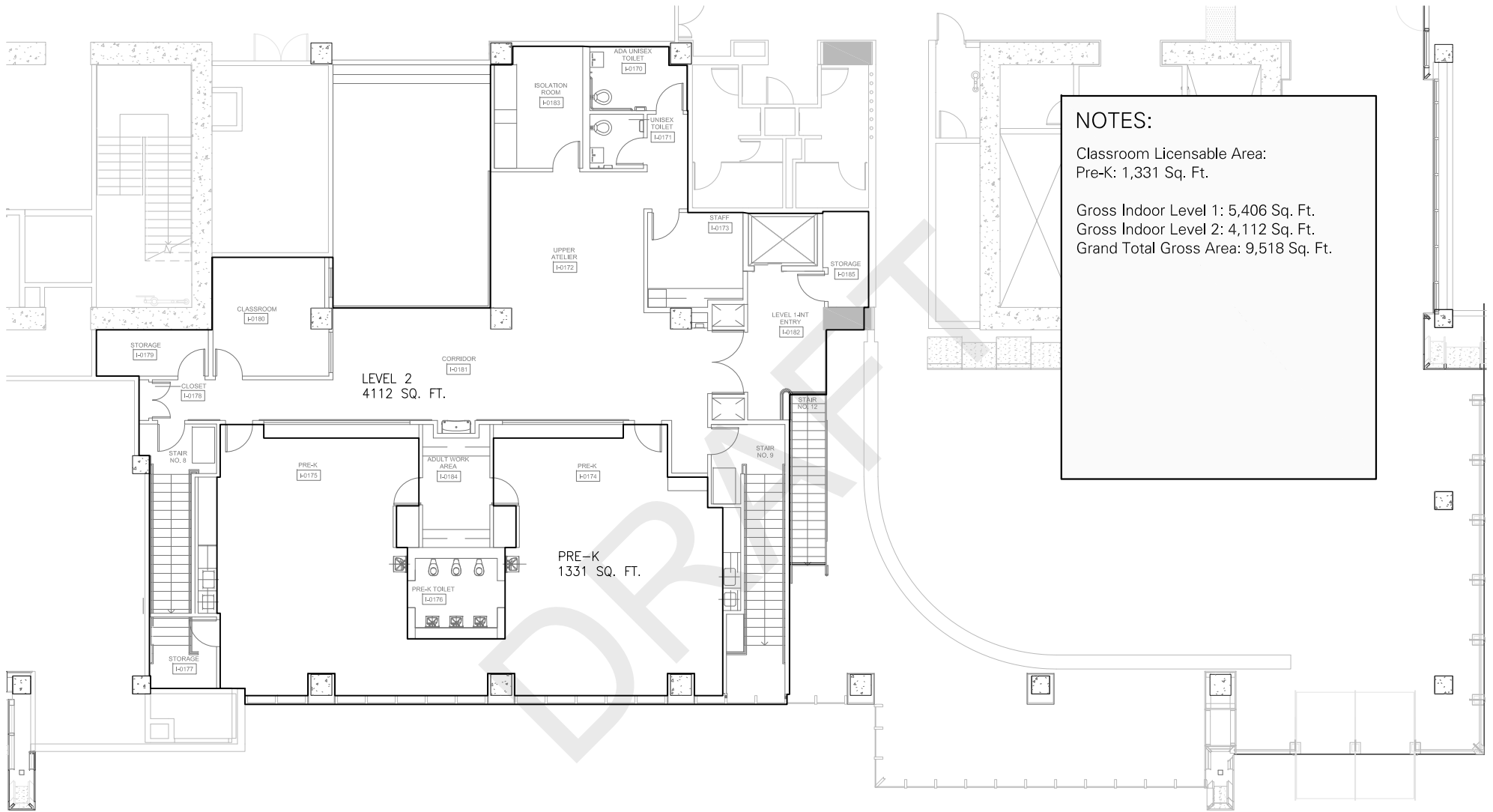


NOTES:

Classroom Licensable Area:
 Infants: 394 Sq. Ft.
 Toddler: 670 Sq. Ft.

Outdoor Play Area: 1,652 Sq. Ft.

Gross Indoor Level 1: 5,406 Sq. Ft.
 Gross Indoor Level 2: 4,112 Sq. Ft.
 Grand Total Gross Area: 9,518 Sq. Ft.



NOTES:

Classroom Licensable Area:
Pre-K: 1,331 Sq. Ft.

Gross Indoor Level 1: 5,406 Sq. Ft.
Gross Indoor Level 2: 4,112 Sq. Ft.
Grand Total Gross Area: 9,518 Sq. Ft.

EXHIBIT B

NOTICE OF COMMENCEMENT DATE

_____, 2025

Rosanna S. Russell
Real Estate Director
San Francisco Public Utilities Commission
525 Golden Gate Avenue, 10th Floor
San Francisco, California 94102

RE: Acknowledgement of Commencement Date, Lease Between _____
(Tenant), and the City and County of San Francisco, by and through its Public Utilities
Commission (City), for the Premises located at 525 Golden Gate Avenue, San Francisco.

Dear Ms. Russell:

This letter will confirm that for all purposes of the Lease, the Commencement Date (as
defined in Section 3.2 of the Lease) is _____, 2025.

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

Very truly yours,

By: _____
Title: _____

Accepted and Agreed:

By: _____
Rosanna S. Russell
Real Estate Director

Dated: _____

EXHIBIT C

INTENTIONALLY OMITTED

DRAFT

EXHIBIT D

STANDARD UTILITIES AND SERVICES

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

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

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

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

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

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

E. **Pest Control.** Routine pest control in amounts typical for a San Francisco office building.

F. **Janitorial Service.** Building standard janitorial service to the Premises, only as provided below, on a five-day per week basis, Monday through Friday, except holidays generally recognized in the City of San Francisco, provided the Premises are kept reasonably in order by

Tenant. Tenant will pay to City any cost incurred by City over the services generally provided for other tenants in the Building. Tenant will pay City the cost of removal of any of Tenant's extraordinary refuse or rubbish.

Specification of Janitorial Services to be performed by City - Scope of Work:

City will provide the following services at its sole cost and expense:

Daily Services:

1. Empty diaper containers, replace the soiled liners.
2. Replenish hand soap, paper towel, seat cover and toilet tissue dispensers.
3. Empty, clean, and disinfect the landfill, recycle, and compost receptacles. Change trash and compostable liners. Wipe clean and disinfect the interior and exterior surface of the waste containers.
4. Wipe clean and disinfect doors, door handles and the high-touch areas.
5. Dust, wipe clean, and disinfect horizontal surfaces, chairs, tables, shelves, wall fixtures, etc. Only the exposed areas will be serviced. Papers, toys, stationary and personal items on all surfaces for cleaning will not be removed.
6. Remove fingerprints, smudges, stains, spills, and black marks from the vertical surfaces.
7. Dust and spot clean walls, signage, and vertical fixtures.
8. Dust and spot clean furniture and fixtures. Disinfect the high touch areas.
9. Spot clean windows and glass wall panels, which can be reached from floor or ground level, by hand and using the extended window cleaning squeegees. Remove dust, dirt, fingerprints, and smudges. Dust and wipe clean windowsills and ledges.
10. Vacuum carpet floors. Spot clean and remove residuals from spills and footprints.
11. Properly arrange furniture, as required and instructed.
12. Outdoor Play Area – Sweep, clean, and hose down the floors.
13. Kitchen/Pantry Area – Wipe clean, disinfect doors, door handles, and push/kick plates; empty, clean, and sanitize the landfill, recycle and compost containers, replace soiled liners, spot clean interior and exterior surface of containers as necessary; clean, sanitize countertops and sinks, disinfect furniture and faucet handles; wipe down, disinfect tables and chairs; spot clean walls, doors, and cabinets (exterior only), disinfect high touch areas; replenish hand towels and hand soap dispensers; sweep, spot mop or wet mop floors as needed and required; arrange tables and chairs; vacuum and spot clean floor mats (if any).
14. Restrooms – Wipe clean, disinfect doors, door handles and push/kick plates; empty, clean and disinfect receptacles, remove waste to designated area, empty compost receptacles; replenish hand soap, paper towel, seat cover and toilet tissue dispensers; clean, disinfect automatic dispensers, replace batteries as needed; wash, disinfect sinks, urinals and

toilets, disinfect high touch areas; wipe clean mirrors, bright work and enameled surfaces, wipe, spot clean partitions, tile walls, doors and surfaces; sweep and wet mop floor. Ensure floor drain is clean of hair or any debris; report mechanical and plumbing problems and other deficiencies to the Engineer or Building Manager.

Semiannual Service:

1. Carpet extraction and shampooing.

TENANT’S RESPONSIBILITIES

II. Tenant, at its sole cost and expense, will be responsible for the following services to the Premises:

Specification of Janitorial Services to be performed by Tenant – Scope of Work

- A. Tenant’s employees will furnish all labor, materials and equipment required to perform general cleaning services described in the table below, five (5) days a week, Monday through Friday, excluding City holidays, in accordance with these specifications,
- B. All services will be performed during normal working hours.
- C. Tenant will abide by all current and future composting, recycling and refuse rules established by Building and City. Tenant will establish a recycling and composting program within the Premises. Tenant will establish and actively maintain a centrally located recycling area for the proper collection and City’s removal of such materials.
- D. Tenant will make good faith efforts to ensure Tenant and its Invitees and Agents avoid littering, blocking of hallways and exits, and other activities and events that incur additional time or costs to the City.

Area of Service	Frequency of Service and Type
Throughout Premises	<p>Daily: Put away toys and equipment daily to avoid clutter and trip hazards.</p> <p>Weekly: Deep clean all spaces by moving and cleaning behind/under indoor and outdoor furnishings/toys, etc. Wash linens/bedding.</p>
Outdoor Play Area	<p>Weekly: Pressure wash the outdoor play area in order to prevent grime and dirt from accumulating and do not wash any outdoor toys and equipment in sinks as it can lead to clogs.</p>
Laundry Room	<p>Weekly: Clean dryer and vents to avoid clogs, condensate leakage, equipment damage and possible fire.</p>

EXHIBIT E

RULES AND REGULATIONS

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

2. No sign, placard, picture, name, advertisement, or notice visible from the exterior of the Premises may be installed or displayed by Tenant on any part of the outside or inside of the Building without City's prior written consent. At Tenant's expense and without notice, City may remove any sign installed or displayed in violation of this rule. All approved signs or lettering on doors will be printed, painted, affixed, or inscribed at Tenant's expense by a person approved by City, which approval will not be unreasonably withheld. Material visible from outside the Building will not be permitted. Notwithstanding the foregoing, reasonably tidy displays of children's artwork are permitted within the Premises without City's prior written consent; however, City reserves the right to require that Tenant relocate or modify displays that are visible from outside the Premises. No materials can be installed or affixed in a manner that can cause damage to the Premises.

3. The Premises may not be used for the storage of merchandise held for sale to the general public or for lodging. Tenant may not cook or permit cooking on the Premises, except that Tenant's use of Underwriters' Laboratory-approved microwave oven and portable equipment for brewing coffee, tea, hot chocolate, and similar beverages is permitted if done in accordance with all applicable Legal Requirements. Tenant may use a counter top convection oven in the Premises, provided that the appliance meets the Building's energy standards and subject to the provisions of Section 10 (Utilities and Services), Section 20 (Access By City), and Exhibit C (Standard Utilities and Services).

4. With City's prior written consent, Tenant may install appliances, such as a refrigerator, freezer, dishwasher, washer/dryer, in the Premises, provided that the appliance meets the Building's energy standards and subject to the provisions of Section 10 (Utilities and Services), Section 20 (Access By City), and Exhibit C (Standard Utilities and Services). Tenant will not employ any person or persons other than City's janitor to clean the Premises, unless City otherwise agrees in writing, which approval may be conditioned on prior proof of appropriate insurance. Except with City's written consent, no person or persons other than those approved by City will be permitted to enter the Building to clean. Tenant will not cause any unnecessary labor because of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Tenant will not use dirt or sandboxes in the outdoor area. Janitor service will not be furnished on nights when rooms are occupied after 9:00 p.m. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.

5. Tenant will not employ any person or persons other than City's maintenance staff to repair the Premises unless City otherwise agrees in writing which approval may be conditioned on prior proof of appropriate insurance. Except with City's written consent, no person or persons other than those approved by City will be permitted to enter the Building for any addition, alteration, or repair of the Premises. Tenant will not cause any unnecessary labor because of Tenant's carelessness or indifference in the preservation of good order and appropriate use of Building Systems.

6. City will furnish each of Tenant's employees one (1) badge (also known as a keycard) to the Premises, free of charge. Tenant will be required to sign a separate Badge Procedures Agreement. City will require a reasonable charge for badges that are lost, misplaced, or damaged. Tenant will coordinate with City to ensure that only Tenant's current employees possess active badges. Tenant must notify City when Tenant no longer employs an employee in order for City to deactivate the badge. Tenant must return deactivated employee badges to City within three (3) business days of any employee's cessation of employment. Tenant will not alter any lock, clone any badge, or install any new or additional locking devices or access control measures to the Premises. On the Expiration Date or other termination of this Lease, Tenant will return to City all badges to the Premises and will be charged a reasonable fee for each badge not returned to City.

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

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

9. City reserves the right to exclude from the Building between the hours of 6 p.m. and 8 a.m. and at all hours on Saturdays, Sundays, and legal holidays all persons who do not present a pass to the Building signed by City and properly in the possession of the person presenting the pass.

City will furnish passes to persons as requested by Tenant in writing. Tenant will be responsible for all persons for whom it requests passes and will be liable to City for all acts of those persons. City will in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement, or other circumstances rendering action advisable in City's opinion, City reserves the right to prevent access to the Building by any action as City may deem appropriate, including closing any doors in the Building.

10. Tenant may not cut or bore holes for wires in the partitions, concrete columns, woodwork, plaster, or walls of the Premises. Tenant may not hang items from fixtures, pipes, or ceiling tiles. Tenant may not affix any floor covering to the floor of the Premises in any manner except as approved by City.

11. No curtains, draperies, blinds, shutters, shades, screens, or other coverings, hangings or decorations may be attached to, hung or placed in, or used in connection with any window of the Building without City's prior written consent.

12. Tenant will ensure that any doors of the Premises are closed and locked and that all water faucets, water apparatus, and utilities are shut off before Tenant leaves the Premises each day, to prevent waste or damage. Tenant must not leave doors propped open at any time to prevent pests from entering the Building. For any Tenant default or carelessness, Tenant will pay for, repair, or otherwise compensate for all injuries and damages sustained by other tenants or occupants of the Building or City. On multiple-tenancy floors, all tenants will keep the doors to the Building corridors closed at all times except for ingress and egress, and all tenants will at all times comply with any rules or orders of the fire department with respect to ingress and egress.

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

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

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

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

- 17.** Tenant will store all its trash and garbage within the Premises until it is removed to the trash collection area. No material may be placed in the Building or Common Area trash boxes or receptacles if the material is of a nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the City of San Francisco without being in violation of any Legal Requirements governing its disposal.
- 18.** All loading and unloading of merchandise, supplies, materials, garbage, and refuse will be made only through the Golden Gate Avenue loading dock and at the times as City may designate. In its use of the loading areas of the Building, Tenant may not obstruct or permit the obstruction of the loading areas, and at no time may Tenant park vehicles in the loading areas except for immediate loading and unloading purposes. The Property loading area will be shared with the Building and other tenants. Tenant will be responsible for adequately protecting the floors, corners, and corridor walls used in the delivery or moving of equipment, materials, supplies, furniture, or other items brought into or out of the Building.
- 19.** Canvassing, soliciting, peddling, or distribution of handbills or any other written material in the Building is prohibited and Tenant will cooperate to prevent the forgoing.
- 20.** Upon City's request (which request need not be in writing), Tenant will immediately reduce its lighting in the Premises for temporary periods designated by City, when required in City's judgment to prevent overloads of the mechanical or electrical systems of the Building.
- 21.** City reserves the right to select the name of the Building and change of name as it deems appropriate from time to time, and Tenant will not refer to the Building by any name other than **(a)** the name as selected by City (as the same may be changed from time to time), or **(b)** the postal address approved by the United States Post Office. Tenant will not use the name of the Building in any respect other than as an address of its operation in the Building without City's prior written consent.
- 22.** Tenant assumes all responsibility for protecting its Premises from theft, robbery, pilferage, and damage, which includes keeping doors locked and other means of entry closed.
- 23.** No vending machine may be maintained or operated within the Premises or the Building without City's prior written consent.
- 24.** All incoming mail and package deliveries will be received at the area in the Building designated by City for that purposes and distributed through means established by City. No messenger or other delivery personnel will be permitted to enter any area of the Building other than the area designated by City for the pick-up and receipt of deliveries.
- 25.** City reserves the right to exclude or expel from the Building any person who is, in City's judgment, intoxicated or under the influence of alcohol or other drug or who is in violation of any of the Rules or Regulations of the Building.
- 26.** No animal or bird is permitted in the Premises or the Building, except for service animals when in the company of their masters.

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

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

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

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

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

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

EXHIBIT F

FIRST SOURCE HIRING AGREEMENT

**Form B: First Source Hiring Agreement
For Tenant/Concessionaire/Franchisee/Easement Holder of City Property**

This First Source Hiring Agreement (this “**Agreement**”), is made as of _____, by and between _____ (“**Tenant**”), and the First Source Hiring Administration, (“**FSHA**”), collectively the “**Parties**”:

RECITALS

WHEREAS, Tenant plans to occupy a portion of building on the property owned or controlled by the City and County of San Francisco (“**City**”), by and through its Public Utilities Commission, at 525 Golden Gate Avenue in San Francisco, California (“**Premises**”) under a lease between Tenant and City dated [insert date of Lease] (“**Lease**”), which requires a First Source Hiring Agreement between Tenant and FSHA; and,

WHEREAS, as a material part of the consideration given by Tenant under the Lease, Tenant has agreed to execute this Agreement and the First Source Employer’s Projection of Entry-Level Positions form attached to this Agreement as Exhibit A (“**Projection Form**”) and participate in the Workforce System managed by the Office of Economic and Workforce Development (“**OEWD**”) as established by the City and County of San Francisco under Chapter 83 of the San Francisco Administrative Code (“**Chapter 83**”); and

WHEREAS, Tenant is required to provide notice of the requirements of Chapter 83 in leases, subleases and other occupancy contracts for use of the Premises;

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Parties covenant and agree as follows:

1. DEFINITIONS

For purposes of this Agreement, initially capitalized terms are defined as follows:

- (a) **Entry Level Position:** Any non-managerial position that requires no education above a high school diploma or certified equivalency, and less than two (2) years training or specific preparation, and will include temporary, permanent, trainee and intern positions.
- (b) **Workforce System:** The First Source Hiring Administrator established by the City and managed by OEWD.
- (c) **Referral:** A member of the Workforce System who has been identified by OEWD as having the appropriate training, background and skill sets for a Tenant specified Entry Level Position.

2. OEWD WORKFORCE SYSTEM PARTICIPATION

- (a) Tenant will notify OEWD’s Business Team of every available Entry Level Position and provide OEWD 10 business days to recruit and refer qualified candidates before advertising such position to the general public. Tenant will provide feedback

including but not limited to job seekers interviewed, including name, position title, starting salary and employment start date of those individuals hired by the Tenant no later than 10 business days after date of interview or hire. Tenant will also provide feedback on reasons as to why referrals were not hired. Tenant will have the sole discretion to interview any Referral by OEWD and will inform OEWD's Business Team why specific persons referred were not interviewed. Hiring decisions will be entirely at the discretion of Tenant.

(b) This Agreement will be in full force and effect throughout the term of the Lease.

3. GOOD FAITH EFFORT TO COMPLY WITH ITS OBLIGATIONS UNDER THIS LEASE

Tenant will make good faith efforts to comply with its obligations under this Agreement. Determination of good faith efforts will be based on all of the following:

- (a) Tenant will execute and deliver this Agreement and the Projection Form to OEWD upon entering into the Lease. Tenant will also accurately complete and submit the Projection Form annually to reflect employment conditions.
- (b) Tenant agrees to register with OEWD's Referral Tracking System, upon execution of this Agreement.
- (c) Tenant will notify OEWD's Business Services Team of all available Entry Level Positions 10 business days before posting with the general public. The Tenant must identify a single point of contact responsible for communicating Entry-Level Positions and take active steps to ensure continuous communication with OEWD's Business Services Team.
- (d) If Tenant's operations create Entry Level Positions, Tenant will use good faith efforts to meet the hiring goals established by the FSHA for filling open Entry Level Positions with First Source referrals. Specific hiring decisions will be the sole discretion of the Tenant.
- (e) Nothing in this Agreement will be interpreted to prohibit the continuation of existing workforce training agreements or to interfere with consent decrees, collective bargaining agreements, or existing employment contracts. In the event of a conflict between this Agreement and an existing agreement, the terms of the existing agreement will supersede this Agreement.

Tenant's failure to meet the criteria set forth in this Section 3 does not impute "bad faith" and will trigger a review of the referral process and compliance with this Agreement. Failure and noncompliance with this Agreement will result in penalties as defined in Chapter 83, Tenant agrees to review Chapter 83, and execution of this Agreement denotes that Tenant agrees to its terms and conditions.

4. NOTICE

All notices to be given under this Agreement will be in writing and sent via mail or email as follows:

ATTN: Business Services, Office of Economic and Workforce Development
1 South Van Ness Avenue, 5th Floor
San Francisco, CA 94103
Email: Business.Services@sfgov.org

5. MISCELLANEOUS

This Agreement contains the entire agreement between the parties as to the subject matter hereof and will not be modified in any manner except by an instrument in writing executed by the parties or their respective successors. If any term or provision of this Agreement will be held invalid or unenforceable, the remainder of this Agreement will not be affected. If this Agreement is executed in one or more counterparts, each will be deemed an original and all, taken together, will constitute one and the same instrument. This Agreement will inure to the benefit of and will be binding upon the parties to this Agreement and their respective heirs, successors and assigns. If there is more than one person comprising Tenant, their obligations will be joint and several. Section titles and captions contained in this Agreement are inserted as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any of its provisions. This Agreement will be governed and construed by laws of the State of California.

IN WITNESS WHEREOF, the following have executed this Agreement as of the date set forth above.

Signature: _____
Name: _____
Company: _____
Address: _____

Phone: _____
Email: _____



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF ECONOMIC AND WORKFORCE
DEVELOPMENT



FIRST SOURCE HIRING
PROGRAM

WORKFORCE PROJECTIONS FORM

EXHIBIT A – WORKFORCE PROJECTIONS
FOR BUSINESS, COMMERCIAL, OPERATION AND LEASE OCCUPANCY

Business

Name: _____ **Phone:** _____

Main Contact: _____ **Email:** _____

Signature of authorized representative*

Date

**By signing this form, the Tenant agrees to participate in the Workforce System managed by the Office of Economic and Workforce Development (OEWD) and comply with the provisions of its First Source Hiring Agreement under San Francisco Administrative Code Chapter 83.*

Instructions:

- Upon entering into leases for the commercial space of the building, the Tenant must submit to OEWD, a signed First Source Agreement, including its signature to Exhibit A thereto. Tenant will also complete and submit Exhibit A annually to reflect employment conditions.
- The employer must notify the First Source Hiring Program (Contact Info below) If an **Entry Level Position** becomes available.

Section 1: Select your Industry

- | | | |
|--|---|--|
| <input type="checkbox"/> Auto Repair | <input type="checkbox"/> Entertainment | <input type="checkbox"/> Personal Services |
| <input type="checkbox"/> Business Services | <input type="checkbox"/> Elder Care | <input type="checkbox"/> Professionals |
| <input type="checkbox"/> Consulting | <input type="checkbox"/> Financial Services | <input type="checkbox"/> Real Estate |
| <input type="checkbox"/> Construction | <input type="checkbox"/> Healthcare | <input type="checkbox"/> Retail |
| <input type="checkbox"/> Government Contract | <input type="checkbox"/> Insurance | <input type="checkbox"/> Security |
| <input type="checkbox"/> Education | <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Wholesale |
| <input type="checkbox"/> Food and Drink | <input type="checkbox"/> I don't see my industry (<i>Please Describe</i>) | |

Section 2: Describe Primary Business Activity

Section 3: Provide information on all Entry Level Positions

Entry-Level Position Title	Job Description	Number of New Hires	Projected Hiring Date

Please email, fax, or mail this form SIGNED to:

ATTN: Business Services

Office of Economic and Workforce Development

1 South Van Ness Avenue, 5th Floor

San Francisco, CA 94103

Tel: 415-701-4848

Fax: 415-701-4897

email to: Business.Services@sfgov.org

Website: www.workforcedevelopmentsf.org

DRAFT

EXHIBIT G

REQUIREMENTS FOR OPERATION OF THE CHILDCARE CENTER

Tenant is responsible for the ongoing operation of the Childcare Center and for funding its day-to-day operations. Tenant will comply with the following requirements in addition to all of the other Tenant obligations under the Lease:

I. Enrollment Policies

The Childcare Center will prioritize serving the children of SFPUC employees, the children of other City employees, and the children of the community surrounding the SFPUC Headquarters which includes children in the 94102 (Tenderloin) and 94103 (South of Market) zip codes. Most of the census tracts within these two zip codes are considered either disadvantaged or environmental justice communities according to demographic and environmental data presented in local¹, state², and federal³ screening tools, and should be prioritized accordingly.

- A. Subsidized Enrollment Spaces. After the fourth month of the Lease Term, Tenant will maintain an enrollment that ensures at least 25 percent (25%) of the Childcare Center enrollment (“**25% Enrollment Threshold**”) is comprised of children whose households can access subsidized services through a [California Title 5 Subsidized Child Care](#)⁴ contract, tuition subsidy vouchers, or the City-funded [Early Learning San Francisco \(ELS\) program](#)⁵. ELS sets the income eligibility threshold by using a percentage of the Maximum Income by Household Size published by the Mayor’s Office of Housing and Community Development and derived from Unadjusted Area Median Income (AMI) for the U.S. Department of Housing and Urban Development Metropolitan Fair Market Rent Area for San Francisco (“**ELS AMI Threshold**”). Tenant must obtain government and/or private contracts and/or grants sufficient to maintain such enrollment.
- B. If beginning in the sixth (6th) month of the Term, Tenant’s monthly reporting to the SFPUC for any given calendar month shows that the Childcare Center Enrollment has not achieved the 25% Enrollment Threshold for the prior two calendar months, Tenant’s Director will, without prompting from the SFPUC, immediately meet with the San Francisco Department of Early Childhood (“**DEC**”) to obtain DEC support and develop a plan to achieve the 25%

¹ Environmental Justice Communities Map, *SF Planning*, https://generalplan.sfplanning.org/images/environmental-justice-framework/Environmental_Justice_Communities-Map.pdf

² CalEnviroScreen 4.0, *California Environmental Protection Agency's Office of Environmental Health Hazard Assessment*, https://experience.arcgis.com/experience/11d2f52282a54ceebeac7428e6184203/page/CalEnviroScreen-4_0/

³ Climate and Economic Justice Screening Tool, *White House Council on Environmental Quality*, <https://screeningtool.geoplatform.gov/en/#3/33.47/-97.5>

⁴ California Title 5 Subsidized Child Care (Title 5) is funding by the State of California provided directly to childcare centers for a fixed number of childcare slots. Title 5 offers a variety of contracted program such as the General Child Care Program for infants-to-twelve-years-olds, and the California State Preschool Program .

⁵The Early Learning San Francisco program is administered by the San Francisco Department of Early Childhood and funded by [Proposition C](#) to support early care and education for infants-to-five-year-olds.

Enrollment Threshold. Tenant will work with the DEC in diligent good faith until Tenant's monthly reporting to the SFPUC shows that Tenant has achieved the 25% Enrollment Threshold for the prior two (2) calendar months.

- C. The Parties agree that the 25% Enrollment Threshold may be renegotiated to reflect changes in the ELS AMI Threshold or changes in tuition subsidy programs.
- D. Full Cost Enrollment Spaces. Tenant will periodically publish its Full Cost Space fee schedule and will not charge more than its published fees.
- E. Enrollment Priorities. For both the Subsidized Spaces and Full Cost Spaces, Tenant's enrollment priorities will be as follows:
 - 1. the first priority will be the children of SFPUC employees;
 - 2. the second priority will be the children of other City employees;
 - 3. the third priority will be the children whose households reside within the 94102 or 94103 zip codes *and* whose family income is equal to or less than the ELS AMI Threshold;
 - 4. the fourth priority will be the children whose households reside in other City zip codes *and* whose family income is equal to or less than the ELS AMI Threshold; and

II. Ongoing Operations. Tenant covenants to:

- A. provide the highest quality early childhood education based on established criteria related to educational requirements for teaching staff, ongoing professional development, curriculum, family involvement, etc.;
- B. oversee the day-to-day operations of the Childcare Center;
- C. operate the Childcare Center in compliance with the California Department of Social Services Community Care Licensing Division regulations and respond to requests and/or concerns of any regulatory agency;
- D. hire and maintain qualified staff (no waiver permitted for the hiring of any person with a criminal record);
- E. train and evaluate staff;
- F. provide daily structured learning activities;
- G. provide nutritional meals (breakfast and lunch) and snacks (There is no cooking on the Premises but Tenant may install a warming oven to keep meals warm.);

- H. maintain a clean and hygienic Childcare Center to ensure safe and sanitary conditions and to meet the health and safety requirements of State licensing regulations;
- I. provide supervision of Childcare Center staff by the Director or Assistant Director during all hours the Childcare Center is operating;
- J. maintain the Department of Early Childhood standards for Early Learning San Francisco program teacher-child ratios for the proper supervision of children at all times;
- K. ensure that all persons providing services to the Childcare Center, including subcontractors, successfully undergo a criminal background check using the California Department of Justice's Live Scan service or an equivalent fingerprint-based review;
- L. implement fiscal cost controls to ensure cost-effectiveness while maintaining high-quality Childcare Center operations;
- M. administer the enrollment process: applications for enrollment, waitlist, orientation, and collection of all fees and tuition payments from families;
- N. collect, bill, and deposit all fees from families;
- O. follow and participate in the SFPUC's emergency preparedness plan;
- P. provide the Childcare Center annual operating cost budgets to the SFPUC;
- Q. submit monthly reports to the SFPUC, as provided in **Exhibit H**;
- R. allow its childcare program to be evaluated by the Department of Early Childhood (DEC), using agreed-upon measures to determine the program's effectiveness. The DEC reserves the right to have evaluators, using agreed-upon measures, review and evaluate the Tenant's program to determine whether quality standards are being met;
- S. provide an audited annual report (or similar audited financial statement) that indicates the Provider's annual revenues and expenses relating to the operation of the Childcare Center. The Provider will not be reimbursed for the cost of the audited annual report; and
- T. oversee the assessment of children's development and the development of the program in each room and the Childcare Center as a whole.

EXHIBIT H

MONTHLY REPORTING TEMPLATE

[attached]

DRAFT

SFPUC Childcare Center Lease Monthly Report

Reports should be emailed to _____ by the 10th day of each month of the Lease Term.

Report Month and Year:

Student Enrollment in Total

Total Enrollment for the Center:

Number of Infants:

Number of Toddlers:

Number of Preschoolers:

SFPUC and City Employee Enrollment

Number of Children of SFPUC Employees:

Number of Children of other City Employees (non-SFPUC parent):

Tuition Subsidized Enrollment

Number of Subsidized Enrolled Children:

Percentage of Subsidized Enrolled Children compared to Total Enrollment

#DIV/0!

Number of Subsidized Enrolled Children in 94102 Zip Code:

Number of Subsidized Enrolled Children in 94103 Zip Code:

Waitlisted Children

Number of Waitlisted Children:

Number of SFPUC Employee Waitlisted Children:

Number of Other City Employee Waitlisted Children:

Number of Subsidized Enrolled Waitlisted Children:

Miscellaneous

Anticipated Transitions from One Room to the Next:

Maintenance Problems:

Classroom Highlights:

Special Events and Visits:

Any other issues to be reported?