

**THIS PRINT COVERS CALENDAR ITEM NO.: 10.2**

**PARKING AUTHORITY COMMISSION  
OF THE CITY AND COUNTY OF SAN FRANCISCO**

**DIVISION:** Finance and Information Technology

**BRIEF DESCRIPTION:**

Authorizing the Director to execute a Commercial Lease Agreement with the United States Postal Service for the retail space, located at 2055 Lombard Street in the Lombard Garage, for a three-year term that will result in \$2,579,359 in revenue and includes four five-year options to extend the lease, and authorizing the Director to execute the four options to extend.

**SUMMARY:**

- The San Francisco United School District (SFUSD) owns the land on which the Lombard Garage, located at 2055 Lombard Street, is built.
- In January 1984, SFUSD and the Parking Authority of the City and County of San Francisco (Authority) entered into a Joint Powers Ground Lease Agreement (Ground Lease).
- The Ground Lease is a 60-year agreement whereby the SFUSD maintains ownership of the land, and the Authority owns and manages the building improvement.
- On June 22, 1989, the Authority entered into a lease agreement (Original Lease) with the United States Postal Service (Tenant) for approximately 13,890 square feet of ground floor commercial space in the Lombard Garage that operates as a retail postal office. The Original Lease expired on April 30, 2019.
- Since May 1, 2019, the Tenant has been leasing on a month-to-month basis and agrees to pay the increased market value rent retroactively. The Tenant will make a lump sum payment for the difference of market rent and actual rent paid, which will result in \$565,281 additional revenue to the Authority.
- The proposed lease will commence on May 1, 2021 for a three-year term that will result in \$2,579,359 in revenue and includes four five-year options to extend the lease.
- In addition, the Tenant will lease seven reserved parking spaces at the current rate that will result in \$100,753.79 in revenue.

**ENCLOSURES:**

1. Parking Authority Commission Resolution
2. Commercial Lease Agreement

**APPROVALS:**

DIRECTOR \_\_\_\_\_



SECRETARY \_\_\_\_\_



**DATE**

April 28, 2021

April 27, 2021

**ASSIGNED SFMTAB CALENDAR DATE:** May 4, 2021

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## **PURPOSE**

Authorizing the Director to execute a Commercial Lease Agreement with the United States Postal Service for the retail space, located at 2055 Lombard Street in the Lombard Garage, for a three-year term that will result in \$2,579,359 in revenue and includes four five-year options to extend the lease, and authorizing the Director to execute the four options to extend.

## **STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES**

This action is consistent with the San Francisco Municipal Transportation Agency Strategic Plan.

Goal 3: Improve the quality of life and environment in San Francisco and the region.  
Objective 3.5: Achieve financial stability for the agency.

This item does not directly address any Transit First Policy Principles, but this action does ensure the economic health in San Francisco to support and facilitate projects that enhance safety and public transportation.

## **DESCRIPTION**

### **Lombard Garage**

The San Francisco Unified School District (SFUSD) owns the land on which the Lombard Garage (Garage), located at 2055 Lombard Street (Property), is built. In January 1984, SFUSD and the Parking Authority of the City and County of San Francisco (Authority) entered into a 60-year ground lease (Ground Lease) for the Property. In 1985, pursuant to the Ground Lease, the Authority constructed the Lombard Garage on the Property. The Lombard Garage includes 205 parking spaces and one commercial retail space.

Pursuant to the Ground Lease, the SFUSD maintains ownership of the land, and the Authority owns and manages the building improvement. The Authority shares the net income that is generated from the Garage: 43% of net income to SFUSD and 57% of net income to the Authority according to the Ground Lease. The Ground Lease also provides that SFUSD has the right to review and approve any items that affect the income to the SFUSD. At the end of the Ground Lease term, ownership of the building improvements will revert to SFUSD.

On April 20, 2021, the SFUSD Chief Facilities Officer approved the proposed lease agreement

### **Current USPS Lease**

On June 22, 1989, with SFUSD's approval, the Authority entered into a lease agreement with United States Postal Service (Tenant) for approximately 13,890 square feet of ground floor commercial space in the Lombard Garage that operates as a retail postal office (Original Lease). The Lease was a 30-year agreement, which had an initial term of ten years with four five-year options to extend. The initial rent in 1989 was \$27,886 a month, and increased annually to

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\$45,462 a month in 2019, the last year of the Original Lease term. The Original Lease expired on April 30, 2019, and Tenant has been leasing the space on a month-to-month basis since.

**Appraisal for New Lease**

In October 2017, the Tenant hired an independent appraiser, Valbridge Property Advisors (Valbridge), to appraise the space. Valbridge used the direct comparison method and based on recent comparables, the range of adjusted monthly rental rate is between \$3.23 to \$6.34 per square foot, with the best comparable at \$4.50 per square foot. Valbridge determined the market rent on the lease date of May 1, 2019, for the space in its as-is condition, was estimated to be \$4.76 per square foot per month, or \$57.12 per square foot per year.

In February 2018, staff consulted with the City's Director of Real Property regarding this lease and determined it was impractical to seek an appraisal and competitive bids because the Tenant's business serves a public purpose. The space has been leased as a postal office for retail, sorting and delivering mail to the public for the last 30 years. It is in the public's interest for the space to be continuously used as a retail postal office. Staff agreed with the Director of Real Property's recommendation and accepted Valbridge's appraised market rent.

**New USPS Lease**

Staff negotiated a new lease agreement with the Tenant for a three-year term that will result in \$2,579,359 in revenue and includes four five-year options to extend the lease which may be exercised by the Tenant. For each of the four five-year options to extend, the rent due under the new lease agreement will be calculated by determining the fair market rent but shall not be less than the rent immediately prior to such extension. In addition, the Tenant will lease seven reserved parking spaces in the Lombard Garage at the current rate that will result in \$100,753.79 in revenue. The revenue from the new lease agreement will be shared with SFUSD pursuant to the Ground Lease, whereby the Authority will receive 57% of the net revenue or \$1,470,234.63 for the retail space and \$57,429.66 for the parking space.

Furthermore, the Tenant has been leasing the space on a month-to-month basis since May 1, 2019, accordingly, the Tenant has been paying \$45,462 a month since May 2019. The Tenant has agreed to pay the market value rent appraised by Valbridge for the period of May 1, 2019 to April 30, 2021. Since the market value rent was calculated as \$65,556.58 a month for 2019 and \$67,523.33 a month for 2020, the Tenant will make a lump sum payment for the difference of market value rent and actual rent paid for the period of May 1, 2019 to April 30, 2021, which will result in \$565,281 additional revenue. The Authority will receive 57% of the net revenue or \$322,210.17 under the terms of the Ground Lease.

**STAKEHOLDER ENGAGEMENT**

The United States Postal Service has been fully engaged in the negotiations. No other additional stakeholder engagement was done for this Commercial Lease Agreement.

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## **ALTERNATIVES CONSIDERED**

Staff considered alternatives such as advertising the space, arranging for a competitive bidding process and then seeking the highest bidder. However, in consultation with the City's Director of Real Property, staff determined that since the Tenant's business serves a public purpose, it is in the public's interest for the space to be continuously used as a retail postal office. Furthermore, the Tenant agrees to pay the fair market rent for the space.

## **FUNDING IMPACT**

The new lease agreement will provide positive funding to the Authority. The new lease agreement will be a three-year term and generate \$2,579,359 in revenue. Under the Original Lease, the Tenant would pay \$1,636,632 in rent over the same three-year period. Comparing to the Original Lease, the new lease agreement will increase revenue by \$942,727, and after revenue share with SFUSD, the Authority will receive \$537,354.39.

## **ENVIRONMENTAL REVIEW**

On April 6, 2021, the San Francisco Municipal Transportation Agency, under authority delegated by the Planning Department, determined that the Commercial Lease Agreement is not defined as a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Section 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Parking Authority Commission Secretary and is incorporated herein by reference.

## **OTHER APPROVALS RECEIVED**

On April 20, 2021, the SFUSD Chief Facilities Officer approved the proposed lease agreement. A copy of the approval letter is on file with the Parking Authority Commission Secretary and is incorporated herein by reference.

The City Attorney has reviewed this report.

No other approval is required.

## **RECOMMENDATION**

Staff recommends authorizing the Director to execute a Commercial Lease Agreement with the United States Postal Service for the retail space, located at 2055 Lombard Street in the Lombard Garage, for a three-year term that will result in \$2,579,359 in revenue and includes four five-year options to extend the lease, and authorizing the Director to execute the four options to extend.

SAN FRANCISCO  
PARKING AUTHORITY COMMISSION

RESOLUTION No. \_\_\_\_\_

WHEREAS, The San Francisco United School District (SFUSD) owns the land on which Lombard Garage, located at 2055 Lombard Street (Property), is built; and,

WHEREAS, In January 1984, SFUSD and the Parking Authority of the City and County of San Francisco (Authority) entered into a Joint Powers Ground Lease Agreement (Ground Lease); and,

WHEREAS, In 1985, pursuant to the Ground Lease, the Authority constructed the Lombard Garage (Garage) on the Property; and,

WHEREAS, The Ground Lease is a 60-year agreement whereby the SFUSD maintains ownership of the land and the Authority owns and manages the Garage. In accordance to the Ground Lease, the Authority shares the net income that is generated from the Garage: 43% of net income to SFUSD and 57% of net income to the Authority. The Ground Lease also provides that SFUSD has the right to review and approve any items that affect the income to the SFUSD; and,

WHEREAS, On June 22, 1989, with SFUSD's approval, the Authority entered into a lease agreement (Original Lease) with United States Postal Service (Tenant) for approximately 13,890 square feet of ground floor commercial space in the Garage that operates as a retail postal office; and,

WHEREAS, The Lease expired on April 30, 2019, and Tenant has continued leasing the space on a month-to-month basis; and,

WHEREAS, In October 2017, Tenant hired an independent appraiser, Valbridge Property Advisors (Valbridge), to appraise the space and determined the market rent on the new lease date of May 1, 2019, for the space in as-is condition, was estimated to be \$57.12 per square foot per year; and,

WHEREAS, In February 2018, the Authority consulted with the City's Director of Real Property and determined it is impractical to seek an appraisal and competitive bids because Tenant's business serves a public purpose as a retail postal office. The Authority staff agrees with the recommendation and accepted Valbridge's appraised market rent; and,

WHEREAS, The Authority negotiated a new Commercial Lease Agreement with the Tenant for a three-year term that will result in \$2,579,359 in revenue and includes four five-year options to extend the lease; and,

WHEREAS, For each of the four five-year options to extend, the rent due under the new lease agreement will be calculated by determining the fair market rent but shall not be less than

the rent immediately prior; and,

WHEREAS, The Tenant will also lease seven reserved parking spaces in the Lombard Garage at the current rate that will result in \$100,753.79 in revenue; and,

WHEREAS, The revenue from the new lease agreement will be shared with SFUSD pursuant to the Ground Lease, whereby the Authority will receive 57% of the net revenue or \$1,470,234.63 for the retail space and \$57,429.66 for the parking space; and,

WHEREAS, The Tenant has been leasing the space on a month-to-month basis since May 1, 2019 and agrees to pay the market value rent appraised by Valbridge for the period of May 1, 2019 to April 30, 2021. The Tenant will make a lump sum payment for the difference of market value rent and actual rent paid, which will result in \$565,281 additional revenue. The Authority will receive 57% of the net revenue or \$322,210.17 under the terms of the Ground Lease; and,

WHEREAS, On April 6, 2021, the San Francisco Municipal Transportation Agency, under authority delegated by the Planning Department, determined that the Commercial Lease Agreement with United States Postal Service is not defined as a “project” under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and, therefore be it,

RESOLVED, That the The San Francisco United School District Chief Facilities Officer approved the Commercial Lease Agreement with the United States Postal Service on April 20, 2021; and, be it further,

RESOLVED, That the Parking Authority Commission authorizes the Director to execute a Commercial Lease Agreement with the United States Postal Service for the retail space, located at 2055 Lombard Street in the Lombard Garage, for a three-year term that will result in \$2,579,359 in revenue and includes four five-year options to extend the lease, and authorizing the Director to execute the four options to extend.

I certify that the foregoing resolution was adopted by the Parking Authority Commission at its meeting of May 4, 2021.

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Secretary, Parking Authority Commission

COMMERCIAL LEASE AGREEMENT

between

PARKING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO,  
as Landlord

and

United States Postal Service,  
as Tenant

For the lease of

Lombard Street Garage  
at 2055 Lombard Street

San Francisco, California

May 1, 2021

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## COMMERCIAL LEASE

THIS COMMERCIAL LEASE (this “Lease”), dated for reference purposes only as of the Lease Date set forth in the Basic Lease Information, is by and between the PARKING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic (“Authority” or “Landlord”), and United States Postal Service (“Tenant”).

AUTHORITY and Tenant hereby covenant and agree as follows:

### 1. BASIC LEASE INFORMATION

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

Lease Reference Date	May 1, 2021
Authority:	PARKING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic
Tenant:	United States Postal Service
Retail Center:	Retail center located in the garage known as Lombard Street Garage located at 2055 Lombard Street, San Francisco, California
Premises:	2055 Lombard Street in the Retail Center, as further described in <u>Section 2.1</u> hereof and depicted in <u>Exhibit A</u> attached hereto
Floor Area of Premises:	13,890 square feet of retail space.
Length of Term ( <u>Section 3.1</u> ):	The initial term of this Lease shall be three (3) years, subject to Tenant’s option to extend as set forth in <u>Section 28.1</u> .
Commencement Date ( <u>Section 3.2</u> ):	May 1, 2021
Expiration Date ( <u>Section 3.2</u> ):	April 30, 2024
Base Rent ( <u>Section 4.1</u> ):	Annual Base Rent: \$810,280 (\$58.34 per sq. ft.) Monthly Base Rent: \$67,523.33 (\$4.86 per sq. ft.)
Rent Commencement:	May 1, 2021
Rent Adjustment Dates ( <u>Section 4.2</u> )	Beginning on the first anniversary of the Commencement Date of this Lease and continuing on each subsequent anniversary

date (each, an "Adjustment Date"), the annual and monthly Base Rent payable hereunder shall increase according to Section 4.2

Use (Section 7.1):

To operate a public post office, for sorting mail for delivery, for the provision P.O. Box units at the premises, for collection of mail, and any other lawful purpose directly related to the forgoing activities and for no other purpose.

Utilities and Services (Section 12.1):

All utilities and services necessary for use of the Premises to be provided by Tenant at its sole cost

Security Deposit (Section 25):

N/A

Notice Address of Authority (Section 29.1):

San Francisco Municipal Transportation Agency  
1 South Van Ness Avenue, Eighth Floor  
San Francisco, CA 94103  
Attn: Manager, Strategic Real Estate  
Re: USPS  
Fax No.: (415)701-4743

with a copy to:

Office of the City Attorney  
1390 Market Street, 7th Floor  
San Francisco, California 94102  
Attn: Transportation Team  
Re: USPS  
Fax No.: (415) 255-3139

Key Contact for Authority:

Jason Gallegos

Telephone No.:

(415) 701-4622

Alternate Contact for Authority:

Pham Ngo

Telephone No.

(415) 646-2188

Address for Tenant (Section 29.1):

1300 Evans Avenue, Suite 200  
San Francisco CA 94188-8200

Key Contact for Tenant:

Diana Alvarado

Telephone No.:

(415) 550-5117

Space

Alternate Contact for Tenant: Station Manager (415) 351-2274,  
(415) 351-1875

Brokers (Section 29.8): None

Other Noteworthy Provisions: Authority and Tenant have negotiated an increased rent amount that shall be applied retroactive to May 1, 2019. Accordingly, Authority and Tenant further agree that Tenant shall pay the difference between the amount of rent paid and the increased rent amount in accordance with Section 4.1 below.

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

### **2.1. Lease Premises**

The real property upon which the Premises, as defined below, is located is owned by the San Francisco Unified School District ("SFUSD") and under the control and jurisdiction of Authority pursuant to that certain Joint Powers Ground Lease Agreement by and between the Authority and SFUSD, dated January 6, 1984 (the "Joint Powers Agreement"). Subject to the provisions of this Lease, Authority leases to Tenant and Tenant leases from Authority those premises ("Premises") identified in the Basic Lease Information and shown on the site plan ("Site Plan") attached hereto and incorporated herein by this reference as Exhibit A, located in the retail center ("Retail Center") situated on the ground floor of the parking structure located in the City and County of San Francisco, California, on Lombard Street, commonly known as the Lombard Street Garage (the "Structure"). The rentable area of the Premises specified in the Basic Lease Information shall be conclusive for all purposes hereof. The Structure, land upon which the Structure is located and all other improvements on and appurtenances to such land are referred to collectively as the "Property."

### **2.2. Accessibility Inspection Disclosure**

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

### **2.3. San Francisco Disability Access Disclosures**

Tenant is hereby advised that the Premises may not currently meet all applicable construction-related accessibility standards, including standards for public restrooms and ground floor entrances and exits. Tenant further understands and agrees that it is Tenant's obligation, at no cost to Authority, to cause the Premises and Tenant's use thereof to be in compliance with the Architectural Barriers Act (ABA). Tenant shall notify Authority if it is making any Alterations or Improvements (defined below) to the Premises that might impact accessibility standards required under federal and state disability access Laws.

### **2.4. 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 LAWS, RULES AND ORDINANCES GOVERNING THEIR USE, OCCUPANCY AND POSSESSION. TENANT REPRESENTS AND WARRANTS TO AUTHORITY THAT TENANT HAS INVESTIGATED AND INSPECTED, EITHER INDEPENDENTLY OR THROUGH AGENTS OF TENANT'S OWN CHOOSING, THE CONDITION OF THE PREMISES AND THE SUITABILITY OF THE PREMISES FOR TENANT'S INTENDED USE. TENANT HAS DETERMINED, BASED SOLELY ON ITS OWN INVESTIGATION, THAT THE PREMISES ARE SUITABLE FOR TENANT'S BUSINESS AND INTENDED USE. TENANT ACKNOWLEDGES AND AGREES THAT NEITHER AUTHORITY NOR ANY OF ITS AGENTS HAVE MADE, AND AUTHORITY HEREBY 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, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Nothing herein, however, shall remove or limit Authority's responsibilities to maintain or repair the Premises under Sections 10 and 16, or elsewhere in this Lease.

### **3. TERM OF LEASE; TERMINATION BY AUTHORITY**

#### **3.1. Lease Term**

The Premises are leased for a term (the "Term") commencing on the date specified in the Basic Lease Information as the commencement date (the "Commencement Date"). The Term of this Lease shall end on the expiration date specified in the Basic Lease Information, unless sooner terminated pursuant to the provisions of this Lease. This Lease is subject to the Extension Option set forth in Section 28.1 (Option to Extend Term). Authority shall deliver the Premises to Tenant on the Commencement Date in their then existing as-is condition as further provided above, with no obligation of the Authority to make any improvements, repairs or alterations to prepare the space for Tenant; however, nothing herein is intended to limit Landlord's maintenance and repair obligations after the Lease commences, as set forth elsewhere in the Lease.

### **4. RENT**

#### **4.1. Base Rent**

Throughout the Term beginning on the Rent Commencement Date, Tenant shall pay to Authority the annual Base Rent specified in the Basic Lease Information, provided that such sum shall be subject to escalation pursuant to Section 4.2 (Adjustments in Base Rent) (the "Base Rent"). The Base Rent shall be paid to Authority, without prior demand and without any deduction, setoff or counterclaim whatsoever, in equal consecutive monthly payments beginning on or before the commencement of the Term and on or before the first day of each month thereafter. All sums payable by Tenant to Authority hereunder shall be paid check to the Authority in care of the Manager of Strategic Real Estate at the primary address for Authority specified in the Basic Lease Information, or such other place as Authority may designate in writing. If the commencement of Base Rent payments occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the Base Rent for such fractional month shall be prorated based on a thirty (30) day

month. Notwithstanding the foregoing, Tenant agrees that the Base Rent for the period beginning May 1, 2019 and ending on April 30, 2020 shall be Seven Hundred Eighty-Six Thousand Six Hundred Seventy-Nine Dollars (\$786,679) ("Rent 1"). Accordingly, Tenant agrees to pay Authority, no later than May 1, 2021, a lump sum of Two Hundred Forty-One Thousand One Hundred Thirty-Five Dollars (\$241,135) for the difference between the Monthly Base Rent paid by Tenant in the months prior to the Commencement Date and Rent 1. Beginning May 1, 2020 and ending April 30, 2021, Tenant agrees that the annual Base Rent shall be Eight Hundred Ten Thousand Two Hundred Eighty Dollars (\$810,280) ("Rent 2"). Tenant agrees to pay Authority, no later than May 1, 2021, a lump sum of Two Hundred Sixty-Four Thousand Seven Hundred Thirty-Six Dollars (\$264,736) the difference between the Monthly Base Rent and Rent 2 for the period of May 1, 2020 through April 30, 2021.

#### **4.2. Adjustments in Base Rent**

As specified in the Basic Lease Information for adjustment of the Base Rent (an "Adjustment Date"), the Base Rent payable by Tenant under this Lease shall be increased by an amount equal to three percent (3%) of the Base Rent in effect immediately prior to the Adjustment Date, which results in the following:

\$834,588.00 ("Rent 3") beginning May 01, 2021 and ending April 30, 2022

\$859,626.00 ("Rent 4") beginning May 01, 2022 and ending April 30, 2023

\$885,145.00 ("Rent 5") beginning May 01, 2023 and ending April 30, 2024

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

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

(b) In addition to the leasing the Premises, Tenant also leases seven (7) reserved parking spaces in the Structure from Authority. Tenant agrees that the parking charge (the "Parking Charge") for the period beginning May 1, 2019 and ending April 30, 2020 shall be Twenty-Eight Thousand Nine Hundred Eighty Dollars (\$28,980) ("Parking Charge 1"). Tenant agrees to pay Authority the Parking Charge 1, in a lump sum, no later than May 1, 2021. Tenant further agrees that for the period beginning May 1, 2020 and ending April 30, 2021, the Parking Charge shall be Thirty Thousand Four Hundred Twenty-Nine Dollars (\$30,429) ("Parking Charge 2"). Tenant shall pay Parking Charge 2 in one lump sum no later than May 1, 2021.

The Parking Charge payable by Tenant under this Lease shall be increased by an amount equal to five percent (5%) of the Parking Charge in effect on April 30 of the preceding year, which results in the following:

\$31,950.45 ("Parking Charge 3") beginning May 1, 2021 and ending April 31, 2022

\$33,547.97 ("Parking Charge 4") beginning May 1, 2022 and ending April 31, 2023

\$35,255.37 ("Parking Charge 5") beginning May 1, 2023 and ending April 30, 2024

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

The provisions of the Prompt Payment Act, 31 U.S.C. 3901 shall apply to all Tenant payment obligations under this Lease, including any interest or penalties for late payments.

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

The provisions of the Prompt Payment Act, 31 U.S.C. 3901 shall apply to all Tenant payment obligations under this Lease, including any interest or penalties for late payments.

### **5. TAXES AND ASSESSMENTS**

#### **5.1. Payment of Taxes**

Tenant agrees to pay and discharge all applicable taxes and assessments which, during the term of this Lease or any extensions or renewals thereof, may be levied or imposed by the state, or any county or city or other political entity having the power to tax, upon the interest in the improvements constructed or to be constructed upon the demised premises. Except that all applicable taxes are to be paid before they become delinquent, Tenant reserves the right to contest the legality or amount of any tax paid pursuant to this paragraph. Nothing herein is intended to be construed as a waiver of Tenants' sovereign immunity.

### **6. INTENTIONALLY LEFT BLANK**

### **7. USE**

#### **7.1. Permitted Use**

Tenant shall use and continuously occupy (except in the case of untenability while repairs are diligently being pursued) the Premises during the Term solely for the use specified in the Basic Lease Information, and for no other purpose.

#### **7.2. No Unlawful Uses, Nuisances or Waste**

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

### **8. TENANT IMPROVEMENTS**

#### **8.1. Tenant Improvement Work**

Tenant shall be responsible, at no cost to the Authority, for the construction and installation of any tenant improvements in the Premises (such work shall be referred to as the "Tenant Improvement Work" or "Tenant Improvements" and such plans and specifications are referred to as the "Plans"). Tenant shall be responsible, at no cost to the Authority, for performing the Tenant Improvement Work in accordance with the approved Plans and the standards contained in Section 9.1 (Tenant's Alterations) below. Tenant shall further be responsible, at no cost to the Authority, for obtaining all applicable permits and licenses required in connection with the Tenant Improvements. No Tenant Improvement Work shall commence in the Premises unless and until this Lease is approved by the Authority and is fully executed.

Tenant shall not make any material change to the approved Plans or consent to any change order during the course of construction without first obtaining Authority's written approval, which shall not be unreasonably withheld, conditioned or delayed. Tenant shall ensure that all work is performed in a manner that does not obstruct access to or through the Structure/Common Area and that does not interfere either with Authority's business being conducted in the Structure, other tenant's use of their premises or with any other work being undertaken within the Structure. Upon completion of the Tenant Improvements, Tenant shall furnish Authority with a copy of the final as-built plans and specifications. No approval by Authority or any of its Agents of the Plans, any changes thereto or of any Alterations for purposes of this Lease shall be deemed to constitute approval of any applicable federal, state or local regulatory authority with jurisdiction over the Premises or Tenant's use hereunder, and nothing herein shall limit Tenant's obligation to obtain all such regulatory approvals at no cost to the Authority. Nothing herein shall be deemed or construed as a waiver of the Tenants' sovereign immunity.

## **8.2. Intentionally Left Blank**

## **8.3. Removal of Non-Permitted Improvements**

If Tenant constructs any Alterations or Improvements without Authority's prior written consent or without complying Section 8.1, then, in addition to any other remedy available to Authority, Authority may require Tenant to remove, at Tenant's expense, any or all such Alterations or Improvements and to promptly repair, at Tenant's expense and in good workmanlike fashion, any damage occasioned thereby. Tenant shall pay to Authority all special inspection fees set forth in any applicable building code, standard or regulation for inspection of work performed without required permits. The foregoing obligation of Tenant to reimburse Authority for all cost and expenses incurred by Authority in connection with Tenant's failure to comply with the provisions of Section 8 shall survive the expiration or earlier termination of this Lease.

## **9. ALTERATIONS**

### **9.1. Tenant's Alterations**

Tenant shall not make or permit any alterations to the Structure or to the heating, ventilating, air conditioning, plumbing, electrical, fire protection, life safety, security and other mechanical, electrical, communications systems of the Retail Center ("Retail Center Systems"), and shall not make or permit any alterations, installations, additions or improvements, structural or otherwise (collectively, "Alterations"), in, to or about the Premises, without Authority's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, in each instance. All Alterations shall be done at Tenant's expense in accordance with plans and specifications approved by Authority, which shall not be unreasonably withheld, conditioned or delayed, with respect to any Alterations which would be visible from the exterior of the Retail Center, Tenant, shall obtain the prior written approval of City's Arts Commission to the extent the Arts Commission has jurisdiction over the design of such proposed alterations under City's Charter Section 5.103. If the cost of any Alterations is in excess of Five Thousand Dollars (\$5,000), then Tenant shall pay to Authority a review fee equal to ten percent (10%) of the total "hard" costs of the work to compensate Authority for the costs of review, which will be paid at the time of submission of the plans and specifications. As part of the review, Tenant may submit a written request that Authority determine and provide written response regarding whether Tenant will be required to remove such alterations at the termination of the Lease. If Tenant fails to request a determination from Authority at the time of approval, Authority may advise Tenant at any time prior to the Expiration Date or earlier termination of this Lease.

## **9.2. Asbestos**

Without limiting Section 27.2 (No Hazardous Materials) below, in the event that asbestos-containing materials ("ACM") are determined to exist in or about the Premises, Tenant shall ensure that all Alterations and any asbestos related work, as defined in California Health & Safety Code Section 25914.1(b), is performed in compliance with all laws relating to asbestos, including but not limited to California Occupational Safety and Health (OSHA) regulations found in Title 8 of the California Code of Regulations, Sections 1502 and 1529. Additionally, Tenant shall distribute notifications to all employees and contractors as required pursuant to California Health & Safety Code Section 25915 et seq. informing them of the existence of ACM and that moving, drilling, boring, or otherwise disturbing ACM may present a health risk and should not be attempted by an unqualified employee. No Alterations affecting ACM-containing areas or any asbestos related work shall be performed without Authority's prior written consent in each instance.

## **9.3. Intentionally Left Blank**

## **9.4. Title to Improvements**

Except for Tenant's Personal Property (as described in the next section), or as may be specifically provided to the contrary in the approved Plans, all appurtenances, fixtures, improvements, equipment, additions, and other property attached or affixed to or installed in the Premises at the Commencement Date or during the Term, including, without limitation, the Tenant Improvements and any Alterations, shall be and remain Authority's property. Tenant may not remove any such property at any time during or after the Term unless Authority so requests as further provided in Section 26 (Surrender) below.

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

All furniture, trade fixtures, (including but not limited to post office boxes, etc.), office equipment and articles of movable personal property installed in the Premises by or for the account of Tenant, without expense to Authority, and that can be removed without structural or other damage to the Premises (collectively, "Tenant's Personal Property") shall be and remain Tenant's property. Tenant may remove its Personal Property at any time during the Term, subject to the provisions of Section 26 (Surrender of Premises) below. Nothing herein shall be deemed or construed as a waiver of the Tenants' sovereign immunity.

## **9.6. Authority's Alterations of the Structure, Retail Center and Retail Center Systems**

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

# **10. REPAIRS AND MAINTENANCE**

## **10.1. Authority's Repairs**

Authority shall repair and maintain the structural portions of the Structure, including the Retail Center Systems, the elevators and the common areas; provided, however, Tenant shall reimburse Authority for any damage, excluding normal wear and tear, caused by any act or omission of Tenant or its Agents (as such terms are defined in Section 29.5 (Parties and Their

Agents) below). For the purpose of making any such repairs, Authority may use structures in the Premises where reasonably required by the character of the work to be performed, provided that such work shall not block the main entrance to the Premises nor unreasonably interfere with Tenant's business. Tenant waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss occasioned thereby.

## **10.2. Tenant's Repairs**

The Tenant shall maintain the Premises (including repair and replacement of items, if necessary), including, without limitation, the windows, floors, interior plumbing, electrical wiring, fixtures and equipment, at their sole cost and expense, except for those items specifically made the responsibility of the Authority, as stated in the above paragraph 10.1. The responsibility of the Tenant as state herein will be fulfilled at such time and in such manner as the Tenant Reasonable considers necessary to keep the Premises in proper condition during the Lease term.

Tenant shall promptly make all repairs and replacements: (a) at no cost to the Authority, (b) by licensed contractors or qualified mechanics, (c) so that the same shall be at least equal in quality, value and utility to the original work or installation, (d) in a manner and using equipment and materials that will not interfere with or impair the operations, use or occupation of the Structure, Retail Center or the Retail Center Systems, and (e) in accordance with any applicable Building Rules and Regulations (as defined in Section 24 (Rules and Regulations)) and all applicable laws, rules and regulations. Tenant hereby waives all rights to make repairs at Authority's expense under Sections 1941 and 1942 of the California Civil Code or under any similar California or local law, statute or ordinance now or hereafter in effect.

## **11. LIENS AND ENCUMBRANCES**

### **11.1. Liens**

Tenant shall keep the Premises and the rest of the Property free from any liens arising out of any work performed, material furnished or obligations incurred by or for Tenant. Authority shall have the right to post on the Premises any notices that Authority may deem proper for the protection of Authority, the Premises, and the Retail Center, from mechanics' and material supplier's liens. Tenant shall give to Authority at least fifteen (15) days' prior written notice of commencement of any Alteration, repair or construction on the Premises. Tenant agrees to indemnify, and hold Authority and its Agents harmless from and against any claims for mechanic's, material supplier's or other liens in connection with any Alterations, repairs or construction on the Premises, or materials furnished or obligations incurred by or for Tenant.

### **11.2. Encumbrances**

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

## **12. UTILITIES AND SERVICES**

### **12.1. Utilities and Services**

(a) All electrical utility services for the Structure, including the Retail Center and any other portion(s) of the Structure leased by Authority from time to time to commercial tenants ("Other Retail Spaces"), shall be contracted for by Authority with (i) Pacific Gas &

Electric Company ("PG&E) or such other utility provider as may be selected by Authority from time to time for the provision of interconnection and wheeling services ("Utility Provider") and (ii) PG&E or such other energy provider as may be selected by Authority from time to time for the provision of electrical energy services ("Electrical Energy Provider"). Tenant agrees that Authority has the exclusive right and discretion to select both Utility Provider and Electrical Energy Provider and, notwithstanding any contrary provision in this Lease, Tenant may not obtain (A) electrical interconnection or wheeling services directly or indirectly from any utility provider other than Utility Provider nor (B) electrical energy services directly or indirectly from any energy provider other than Electrical Energy Provider. All of the Tenant Spaces together with any Other Retail Spaces are referred to herein collectively as the "Retail Spaces". Tenant acknowledges and agrees that Authority may, from time to time at Authority's election, select an Electrical Energy Provider for the Retail Spaces which differs from the Electrical Energy Provider selected by Authority for the portions of the Structure excluding the Retail Spaces. The Electrical Energy Provider for the Retail Spaces so selected by Authority is referred to herein as the "Retail Energy Provider".

(b) Tenant, at its sole cost, shall arrange for, and contract directly with, the appropriate service provider for garbage collection services required by Tenant for its use of the Premises.

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

**13.1. Compliance with Law.** Tenant shall promptly comply, at no cost to the Authority, with all applicable present or future laws, ordinance, resolution, regulation, requirement, proclamation, order or decree of any municipal, county, state or federal government or other governmental or regulatory authority relating to the Premises or the use or occupancy thereof (the "Legal Requirements") and with any and all recorded covenants, conditions and restrictions affecting the Property or any portion thereof, whether in effect at the time of the execution of this Lease. Tenant further understands and agrees that it is Tenant's obligation, at no cost to the Authority, to cause the Premises and Tenant's uses thereof to be conducted in compliance with the Architectural Barriers Act and any other applicable disability access laws. Tenant shall not be required to make any structural Alterations in order to comply with such laws unless such Alterations shall be occasioned, in whole or in part, directly or indirectly, by the Tenant Improvements or any other Alterations, Tenant's use of the Premises, or any act or omission of Tenant, or its Agents. Any Alteration made by or on behalf of Tenant pursuant to the provisions of this Section shall comply with the provisions of Section 10.2 (Tenant's Repairs) above. The parties acknowledge and agree that Tenant's obligation to comply with all applicable Legal Requirements as provided herein is a material part of the bargained for consideration under this Lease. Tenant's obligation under this Section shall include, without limitation, the responsibility of Tenant to make substantial repairs and Alterations to the Premises (including any of the Tenant Improvements or any of Tenant's Alterations), regardless of, among other factors, the relationship of the cost of curative action to the Rent under this Lease, the length of the then remaining Term hereof, the relative benefit of the repairs to Tenant or Authority, the degree to which the curative action may interfere with Tenant's use or enjoyment of the Premises, the likelihood that the parties contemplated the particular Legal Requirement involved, and whether the Legal Requirement involved is related to Tenant's particular use of the Premises. Nothing herein shall be deemed or construed as a waiver of the Tenant's sovereign immunity.

#### **13.2. Regulatory Approvals**

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

Tenant understands and agrees that Tenant's use of the Premises and construction of the Tenant Improvements permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises, including, without limitation, City agencies. Tenant shall be solely responsible for obtaining any and all applicable regulatory approvals. Tenant shall not seek any regulatory approval without first obtaining the written consent of Authority, which shall not be unreasonably withheld, conditioned or delayed, under this Lease. Tenant shall bear all costs associated with applying for and obtaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval; provided, however, any such condition that could affect use or occupancy of the Property or Authority's interest therein must first be approved by Authority in its sole discretion. Any fines or penalties levied as a result of Tenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Tenant, and Authority shall have no liability, monetary or otherwise, for any such fines or penalties. Tenant shall Indemnify Authority and the other Indemnified Parties hereunder against all Claims (as such terms are defined in Section 20.2 below) arising in connection with Tenant's failure to obtain or failure by Tenant, its Agents or Invitees to comply with the terms and conditions of any regulatory approval. Nothing herein shall be deemed or construed as a waiver of the Tenant's sovereign immunity.

**(b) Authority Acting as Owner of Real Property**

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

**13.3. Compliance with City's Risk Management Requirements**

Tenant shall not do anything, or permit anything to be done, in or about the Premises which would be prohibited by or increase rates under a standard form fire insurance policy or subject Authority to potential premises liability.

**14. SUBORDINATION**

This Lease is and shall be subordinate to any reciprocal easement agreement, ground lease, facilities lease or other underlying lease and the lien of any mortgage or deed of trust and all renewals, modifications, consolidations, replacements and extensions of any of the foregoing, that may now exist or hereafter be executed by Authority affecting the Property, or any part thereof, or Authority's interest therein, without the necessity of executing any instrument to effectuate such subordination; provided, however, upon Authority's request, Tenant, or Tenant's successor-in-interest, shall execute and deliver any and all instruments desired by Authority evidencing such subordination in the manner requested by Authority. Notwithstanding the foregoing, Authority or the holder shall, in its respective discretion, have the right to subordinate any such interests to this Lease. If any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall attorn to the successor-in-interest to Authority, at the option of such successor-in-interest. The provisions of this Section shall be in accordance with Section 30,



(Authority's Interest). Tenant may exercise its right to terminate the Lease if Authority assigns or otherwise transfers the lease to a party that Tenant cannot do business with, including, but not limited to, any person or entity that has been debarred, and any Prohibited Party, which shall mean any person or entity forbidden from conducting business in the United States, as well as entities considered terrorists. Tenant agrees, however, to execute and deliver, upon demand by Authority and in the form requested by Authority, any additional documents evidencing the priority or subordination of this Lease.

## **15. INABILITY TO PERFORM**

No actual or constructive eviction, in whole or in part, shall entitle Tenant to any abatement or diminution of Rent or relieve Tenant from any of its obligations under this Lease. If Authority is unable to perform or is delayed in performing any of Authority's obligations under this Lease, by reason of acts of God, accidents, breakage, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials or by any other reason beyond Authority's reasonable control, no such inability or delay shall constitute an eviction under this Lease, or impose any liability upon Authority or its Agents by reason of inconvenience, annoyance, interruption, injury or loss to or interference with Tenant's business or use and occupancy or quiet enjoyment of the Premises or any loss or damage occasioned thereby.

## **16. DAMAGE AND DESTRUCTION**

### **16.1. Damage and Destruction**

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

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

If at any time during the last twelve (12) months of the Term of this Lease, the Premises or the Retail Center is damaged or destroyed, then either Authority or Tenant may terminate this Lease by giving written notice to the other party of its election to do so within thirty (30) days after the date of the occurrence of such damage; provided, however, Tenant may terminate only if such damage or destruction substantially impairs its use or occupancy of the Premises for the

uses permitted hereunder. The effective date of termination shall be specified in the notice of termination, which date shall not be more than thirty (30) days from the date of the notice. In case of termination, the Base Rent and Additional Charges shall be reduced or abated in an amount proportionate to which such damage materially interferes with Tenant's use or occupancy of the Premises, effective the date of the casualty, and until the date of the termination.

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

## **16.2. Waiver**

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

## **17. INTENTIONALLY LEFT BLANK**

## **18. ASSIGNMENT AND SUBLETTING**

Tenant shall not assign, sublet, encumber, or otherwise transfer, whether voluntary or involuntary, or by operation of law, the Premises or any part thereof, or any interest therein.

## **19. DEFAULT; REMEDIES**

### **19.1. Events of Default**

Default by Tenant. The occurrence of any one of more of the following events shall constitute a default and breach of this Lease by the Tenant:

(i) The failure by the Tenant to make any payment of Rent or any other payment required to be made by the Tenant under this Lease, as and when due, where such failure shall continue for a period of 30 days after Landlord notifies the Tenant in writing of such failure; or

(ii) The failure by the Tenant to observe or perform any of the provisions of this Lease to be observed or performed by the Tenant, other than the payment of sums due hereunder, where such failure shall continue for a period of 30 days after written notice thereof from the Landlord to the Tenant; provided, however, that if the nature of the Tenant's default is such that more than 30 days are reasonably required for its cure, then the Tenant shall not be deemed to be in default if the Tenant commences such cure within such 30 day period and thereafter diligently pursues such cure to completion.

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

(a) a failure to pay Base Rent or Additional Charges when due, and such failure continues in violation of the Prompt Payment Act for more than thirty (30) days after the date of written notice by Authority. However, Authority shall not be required to provide such notice more than twice during any twelve (12)-month period, and any such failure by Tenant after Tenant has received two (2) such notices in such twelve (12)-month period shall constitute a default by Tenant hereunder without any further action by Authority or opportunity of Tenant to cure except as may be required by Section 1161 of the California Code of Civil Procedure;

(b) a failure to comply with any other covenant, condition or representation made under this Lease and such failure continues for thirty (30) days after the date of written notice by Authority, provided that if such default is not capable of cure within such thirty (30)-day period, Tenant shall have a reasonable period to complete such cure if Tenant promptly undertakes action to cure such default within such thirty (30)-day period and thereafter diligently prosecutes the same to completion within sixty (60) days after the receipt of notice of default from Authority. Authority shall not be required to provide such notice more than twice in any twelve (12)-month period with respect to any material non-monetary defaults and after the second notice in any calendar year, any subsequent failure by Tenant during such twelve (12)-month period shall constitute an Event of Default hereunder; or

(c) a vacation or abandonment of the Premises for a continuous period in excess of five (5) business days when the Premises is otherwise tenantable.

## **19.2. Remedies**

(a) This lease shall be governed by federal law, including but not limited to the Contract Disputes Act of 1978 (41 U.S.C. 7101-7109) (the “Act”)

(b) Except as provided in the Act, all disputes arising under or relating to this Lease must be resolved under this clause.

(c) “Claim”, as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this Lease. However, a written demand or written assertion by the Landlord seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph d below. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act by complying with the submission and certification requirements of this clause, if it is disputed either as to a liability or amount or is not acted upon in a reasonable time.

(d) A claim by the Landlord must be made in writing and submitted to the Tenant’s Contracting Officer, as identified in the Basic Lease Information, for a written decision. A claim by the Tenant against the Landlord is subject to a written decision by the Tenant Contracting Officer. For Landlord claims exceeding \$100,000, the Landlord must submit with the claim the following certification:

“I certify that the claim is made in good faith, that the support data are accurate and complete to the best of my knowledge and belief, that the amount requested accurately reflects the contract adjustment for which the Landlord believes the Tenant is liable, and that I am duly authorized to certify the claim on behalf of the Landlord.”

The certification may be executed by any person duly authorized to bind the Landlord with respect to the claim.

(e) For Landlord claims of \$100,000 or less, the Tenant Contracting Officer, must, if requested in writing by the Landlord, render a decision within 60 days of the request. For Landlord-certified claims over \$100,000, the Tenant Contracting Officer must, within 60 days, decide the claim or notify the Landlord of the date by which the decision will be made.

(f) The Tenant Contracting Officer's decision is final unless the Landlord appeals or files a suit as provided in the Act.

(g) When a claim is submitted by or against a Landlord, the parties by mutual consent may agree to use an alternative dispute resolution (ADR) process to assist in resolving the claim. A certification as described in subparagraph d of this clause must be provided for any claim, regardless of dollar amount, before ADR is used.

(h) The Tenant will pay interest on the amount found due and unpaid from:

(1) the date the Tenant Contracting Officer receives the claim (properly certified if required); or

(2) the date payment otherwise would be due, if that date is later, until the date of payment.

(i) Simple interest on claims will be paid at the rate determined in accordance with the Act.

(j) Landlord must proceed diligently with performance of this Lease, pending final resolution of any request for relief, claim, appeal, or action arising under this Lease, and comply with any decision of the Tenant Contracting Officer.

(k) In the event of an alleged Tenant default where the Tenant has vacated the Premises, Landlord shall in all events have an affirmative obligation to obtain another tenant for the Premises at a fair market rental to otherwise mitigate its damages. In no event shall the Tenant be liable for any consequential, punitive, or special damages under this Lease. The parties agree that this restriction shall not apply to liquidated damages, if any, provided for in any work letter or other rider or attachment to this Lease.

## **20. WAIVER OF CLAIMS; INDEMNIFICATION**

### **20.1. Limitation on Authority's Liability; Waiver of Claims**

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

### **20.2. Tenant's Indemnity**

The Tenant hereby agrees to save harmless and indemnify the Authority from all claims, losses, damages, actions, cause of action, expenses, and/or liabilities resulting from the use of said property by the Tenant whenever such claim, loss, damage, action, cause of action, expenses, and/or liability arises from the negligent or wrongful act or omission by an employee of the Tenant while acting within the scope of his or her employment, under circumstances where the Tenant, if a private person, would be liable in accordance with the law of the place where the negligent or wrongful act or omission occurred. Notwithstanding the above, the Tenant is in no obligation to save harmless and indemnify the landlord where any negligent or wrongful act or omission by the landlord, its employees or agents, in any way causes or contributes to the claim, loss, damage, action, cause of action, expense and/or liability.

## **21. INSURANCE**

### **21.1. Tenant's Insurance**

Authority acknowledges that Tenant does not routinely purchase commercial insurance or maintain a separate account for potential claims, as it is required to technically be considered "self-insured." Rather, Tenant is authorized to pay proper claims against it out of its general revenue fund and available credit, and is subject to suit for damages. Liability claims against Tenant are governed by the Federal Tort Claims Act, 39 U.S.C. §409(c), with the specific provisions being set forth at 28 U.S.C. §§1346(b), 2401(b), and 2671-2680. with respect to the issue of Workers' Compensation coverage, pursuant to 39 U.S.C. §1005(c), the Federal Employees' Compensation Act ("FECA"), 5 U.S.C. §§88101 et seq., is the exclusive remedy for all postal employees who sustain personal injuries on the job. While Authority is hereby waiving its standard insurance requirements for Tenant, if at any time Tenant assigns or subleases any portion of the demised premises in accordance with the terms of this Lease to a non-governmental entity, Authority may impose standard insurance requirements on the assignee and/or subtenant.

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

Authority is not obligated to insure Tenant Personal Property.

### **21.3. Authority's Self Insurance**

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

### **21.4. Waiver of Subrogation**

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

## **22. ACCESS BY AUTHORITY**

Landlord may enter upon the demised premises at any reasonable time for any purpose necessary, by requesting access 24 hours in advance, incidental to or connected with the performance of Tenant's obligations and purposes hereunder, including but not limited to, entry for the purpose of conducting an inspection of Tenant's operations to confirm that such operations comply with the requirements set forth herein, or in the exercise of Landlord's governmental or proprietary functions. Landlord shall be provided with a Tenant contact person and phone number to request access. Landlord shall use reasonable efforts to minimize interference with Tenant's business operations in the premises.

Notwithstanding the foregoing, Landlord may access the premises without 24 hours' notice when emergency access is required after-hours, by calling the Postal Inspection Service at 1-877-876-2455, Option 2 "Emergency" prior to entry.

## **23. CERTIFICATES**

### **23.1. Tenant's Estoppel Certificates**

Tenant, at any time and from time to time upon not less than ten (14) days' prior notice from Authority, shall execute and deliver to Authority or to any party designated by Authority a certificate stating: (a) that Tenant has accepted the Premises, (b) the Commencement Date and Expiration Date of this Lease, (c) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (d) whether or not there are then existing any defenses against the enforcement of any of Tenant's obligations hereunder (and if so, specifying the same), (e) whether or not there are any defaults then existing under this Lease (and if so specifying the same), (f) the dates, if any, to which the Base Rent and Additional Charges have been paid.

## **24. RULES AND REGULATIONS**

Tenant shall faithfully comply with the rules and regulations attached to this Lease as Exhibit E (Building Rules and Regulations) and all modifications thereof and additions thereto that are not inconsistent with the provisions of this Lease as are now or may hereafter be established by Authority (the "Rules and Regulations"). Authority shall not be responsible for the non-performance of the Rules and Regulations by any other tenant or occupant of the Structure or the Retail Center. In the event of any conflict between any provision of this Lease and any provision of the Rules and Regulations, this Lease shall control.

## **25. SECURITY DEPOSIT**

Requirement of a security deposit is waived due to the Federal status of USPS.

## **26. SURRENDER OF PREMISES**

Upon the Expiration Date or other termination of the Term of this Lease, Tenant shall peaceably quit and surrender to Authority the Premises together with the Tenant Improvements and all Alterations approved by Authority in good order and condition, except for normal wear and tear after Tenant having made the last necessary repair required on its part under this Lease, and further except for any portion of the Premises condemned and any damage and destruction for which Tenant is not responsible hereunder. The Premises shall be surrendered free and clear of all liens and encumbrances other than liens and encumbrances existing as of the date of this

Lease and any other encumbrances created or permitted by Authority. Immediately before the Expiration Date or other termination of this Lease, Tenant shall remove all of Tenant's Personal Property as provided in this Lease, and repair any damage resulting from the removal; provided, Authority in its sole discretion shall have the right to reserve ownership of any telecommunications wire, cabling and/or conduit installed in the Premises or any other portion of the Retail Center by or on behalf of Tenant. If such removal is not completed at the expiration or other termination of this Lease, Authority may remove the same at Tenant's expense, subject to the notice requirements in Section 19 (Default). For reimbursement, Authority must provide the invoice detailing the actual, reasonable expenses for such removal, along with satisfactory proof of payment (e.g. receipt for payment, or a copy of the front and back of the canceled payment check) by Authority. Notwithstanding anything to the contrary in this Lease, Authority can elect, as set forth in Section 9.1 above, to require Tenant to remove, at Tenant's sole expense, all or part of the Tenant Improvements, Alterations or other improvements or equipment constructed or installed by or at the expense of Tenant including, but not limited to, any telecommunications equipment, wires, cabling and/or conduit installed in the Premises or any other portion of the Structure or Retail Center by or on behalf of Tenant. Tenant shall promptly remove such items and shall repair, at no cost to the Authority, any damage to the Premises or the Retail Center resulting from such removal, or if Tenant fails to repair, Authority may do so, at Tenant's expense. Tenant's obligations under this Section shall survive the Expiration Date or other termination of this Lease. Any items of Tenant's Personal Property remaining in the Premises after the Expiration Date or sooner termination of this Lease may, at Authority's option, be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by law. Reasonable time spent restoring the Premises if Authority elects to require removal shall not be considered a holdover.

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

## **27. HAZARDOUS MATERIALS**

### **27.1. Definitions**

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

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

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

"hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

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

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

### **27.2. No Hazardous Materials**

Excluding Hazardous Materials that may be contained within the mail stream. Tenant covenants and agrees that neither Tenant nor any of its Agents or Invitees shall cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated or disposed of in, on or about the Property, or transported to or from the Property, with the sole exception that Tenant may keep and use such substances in the Premises in such reasonably limited amounts as are customarily used for general office or postal purposes so long as such storage and use are in compliance with all applicable Environmental Laws at all times. Tenant shall give immediate written notice to Authority of: (a) any action, proceeding or inquiry by any governmental authority (including, without limitation, the California State Department of Health Services, the State or any Regional Water Quality Control Board, the Bay Area Air Quality Management district or any local governmental entity) against Tenant with respect to the presence or Release or suspected presence or Release of Hazardous Material on the Premises, Structure, Retail Center 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, Retail Center, Structure 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 has occurred that may require any Investigation or Remediation; and (d) all matters of which Tenant is required to give notice pursuant to Section 25359.7 of the California Health and Safety Code.

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

If Tenant breaches any of its obligations contained in this Section, or, if any act or omission of Tenant, its Agents or Invitees, results in any Release of Hazardous Material in, on, under or about the Premises or any other part of the Property in violation of any applicable Environmental Laws, then, without limiting Tenant's Indemnity contained in Section 20.2, Tenant shall, on behalf of itself and its successors and assigns, Indemnify the Indemnified Parties, and each of them, from and against all Claims (including, without limitation, 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 of this Lease and relating to such Release. The foregoing Indemnity includes, without limitation, costs incurred in connection with activities undertaken to Investigate and Remediate Hazardous Material and to restore the Property to its prior condition, fines and penalties assessed for the violation of any applicable Environmental Laws, and any natural resource damages. Without limiting the foregoing, if Tenant or any of its Agents or Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or any other part of the Property, Tenant shall immediately and at no expense to Authority take any and all appropriate actions to return the Premises or the Property affected thereby to the condition existing prior to



such Release and otherwise Investigate and Remediate the Release in accordance with all Environmental Laws. Tenant shall afford Authority 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.

#### **27.4. Survival of Obligation**

Tenant's obligations under this Section 27 shall survive the Expiration Date or other termination of this Lease.

#### **27.5. Hazardous Substance Disclosure**

California law requires 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 such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. By execution of this Lease, Tenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Section 25359.7 and related statutes.

### **28. SPECIAL PROVISIONS**

#### **28.1. Extension Option**

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

Authority grants to Tenant four options to extend the Term of this Lease as to the entire Premises only (each, an "Extension Option"), each for an additional five (5) years (the "Extension Term") commencing upon the Expiration Date (or expiration of the prior Extension Term, as the case may be) upon the following terms and conditions. Tenant may exercise the Extension Option at any time during the Term but if it determines to do so it must give written notice to Authority thereof not less than three hundred sixty-five (365) days prior to the Expiration Date, and will provide Tenant's opinion of the appropriate market value rent of the Premises, which shall be stated for the renewal option period. This opinion shall be based on an appraisal procured by Tenant at its sole cost and performed by a "Qualified Appraiser (as defined herein) prepared in accordance with the professional appraisal standards and practices outlined in the Uniform Appraisal Standards for Federal Land Acquisitions, Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) of 1989 and current version of the Uniform Standards of Professional Appraisal Practice (USPSP), as applicable (as applicable, each an "Appraisal Standard"). If certain approaches or requirements outlined in the applicable Appraisal Standard are not applicable to the subject assignment, such appraisal report must identify that approach or requirement, together with a brief explanation for its omission. A "Qualified Appraiser" is an individual who holds a Certified General Appraiser License in the state or territory where the subject property is located and currently holds an MAI designation from the Appraisal Institute. Tenant shall provide a copy of the appraisal's summary page/transmittal letter stating what the proposed annual lease rate for the renewal option. Any such notice by Tenant shall be only be revocable by Tenant in the event does not obtain the necessary funding approval. If any event of default by Tenant is outstanding hereunder either at the time of Tenant's exercise of the Extension Option or at any time prior to the first day of the Extension Term (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), then Authority may elect by notice to Tenant to reject Tenant's exercise of the Extension Option, whereupon the Extension Option shall be null and void.

**(b) Base Rent and Other Terms**

If Tenant elects to exercise the Extension Option, then the lease for the Extension Term shall cover the entire Premises and shall be upon all of the terms, covenants and conditions of this Lease, except that Base Rent hereunder shall be no less than the current rental rate being paid in the last year prior to the next renewal option or the Prevailing Market Rate, which shall be determined as follows, and thereafter adjusted annually in accordance with Section 4.2 (Adjustments in Base Rent).

**(i)** No later than two hundred seventy (270) days prior to Expiration Date, Authority shall notify Tenant in writing of Authority's determination made in good faith of the Prevailing Market Rate for the Premises to be used to calculate the Base Rent for the Extension Term. As used herein, the term "Prevailing Market Rate" for the Premises shall mean the rental and all other monetary payments and escalations, including, without limitation, consumer price indexing, that Authority could obtain from a third party desiring to lease the Premises for the Extension Term taking into account the age of the Retail Center, the size, location and floor levels of the Premises, the quality of construction of the Retail Center and the Premises, the services provided under the terms of this Lease, the rental then being obtained for new leases of space comparable to the Premises in the locality of the Retail Center, and all other factors that would be relevant to a third party desiring to lease the Premises for the Extension Term in determining the rental such party would be willing to pay therefor; provided, however, no allowance for the construction of tenant improvements shall be taken into account in determining Prevailing Market Rate, except that there shall be a reasonable allowance for repainting and re-carpeting the Premises as determined by Authority.

**(ii)** Within fifteen (15) days after receipt of Authority's determination of the Prevailing Market Rate, Tenant shall notify Authority in writing of Tenant's acceptance of such determination, in which case such determination shall constitute the new Base Rent as of the commencement of the Extension Term.

**(iii)** If within such consultation period Authority and Tenant cannot reach agreement as to the Prevailing Market Rate, then promptly after the end of the 15 days as specified in Paragraph (ii) Authority and Tenant shall submit the matter to arbitration by a single appraiser in accordance with the following procedure.

**(1) Appointment of Appraisers**

Authority shall appoint one (1) appraiser within thirty (30) days after the final date for agreement on the Prevailing Market Rate in accordance with Section 28.1(b)(iii) above. Upon selecting its appraiser, Authority shall promptly notify the Tenant in writing of the name of the appraiser selected. The appraiser shall be competent, licensed, qualified by training and experience in the City and County of San Francisco, and shall be a member in good standing of the Appraisal Institute and designated as a MAI, or, if the Appraisal Institute no longer exists, shall hold the senior professional designation awarded by the most prominent organization of appraisal professionals then awarding such professional designations. Each such MAI appraiser may have a prior working relationship with either or both of the parties, provided that such working relationship shall be disclosed to both parties. Without limiting the foregoing, the appraiser shall have at least ten (10) years' experience valuing commercial real estate in the City and County of San Francisco. If Authority fails to appoint its appraiser within such thirty (30)-day period, the appraiser appointed by the other party shall individually determine the Prevailing Market Rate in accordance with the provisions hereof.

**(2) Appraisal Instructions**

The Authority appraiser shall complete, sign and submit its written appraisal setting forth the Prevailing Market Rate (to the nearest half percentage point) to the parties within thirty (30) days. If the higher appraised Prevailing Market Rate is not more than one hundred ten percent (110%) of the lower appraised Prevailing Market Rate between the Tenant appraisal and the Authority appraisal, then the Prevailing Market Rate shall be the average of such two (2) Prevailing Market Rate figures (to the nearest half percentage point).

### **(3) Baseball Appraisal**

If the higher appraised Prevailing Market Rate is more than one hundred ten percent (110%) of the lower appraised Prevailing Market Rate, then the first two appraisers shall agree upon and appoint an independent third appraiser within thirty (30) days after both of the first two (2) appraisals have been submitted to the parties, in accordance with the following procedure. The third appraiser shall have the minimum qualifications as required of an appraiser pursuant to subsection (i) above, and shall also have experience acting as a third appraiser of disputes involving commercial real estate or real estate development opportunities, including ground leases and rental valuation. The two appraisers shall inform the parties of their appointment at or before the end of such thirty (30)-day appointment period. Each party shall have the opportunity to question the proposed third appraiser, in writing only, as to his or her qualifications, experience, past working relationships with the parties, and any other matters relevant to the appraisal set forth in this Lease. Either party may, by written notice to the other party and the two appraisers, raise a good faith objection to the selection of the third appraiser based on his or her failure to meet the requirements of this Section, or due to a conflict of interest. In such event, if the two (2) appraisers determine that the objection was made in good faith, the two (2) appraisers shall promptly select another third appraiser, subject again to the same process for the raising of objections. If neither party raises a good faith objection to the appointment of the third appraiser within ten (10) days after notice of his or her appointment is given, each such party shall be deemed to have waived any issues or questions relating to the qualifications or independence of the third appraiser or any other matter relating to the selection of the third appraiser under this Lease. If for any reason the two appraisers do not appoint such third appraiser within such thirty (30)-day period (or within a reasonable period thereafter not to exceed twenty (20) days in the event a good faith objection is made as provided above), then either party may apply to the American Arbitration Association, or any similar provider of professional commercial arbitration services, for appointment in accordance with the rules and procedures of such organization of an independent third appraiser meeting the foregoing qualifications.

Such third appraiser shall consider the appraisals submitted by the first two appraisers as well as any other relevant written evidence which the third appraiser may request of either or both of the first two appraisers. If either of the first two appraisers shall submit any such evidence to such third appraiser, it shall do so only at the request of the third appraiser and shall deliver a complete and accurate copy to the other party, the appraiser such party selected, and to both the Authority and Tenant at the same time it submits the same to the third appraiser. Neither party, nor the appraisers they appoint, shall conduct any ex parte communications with the third appraiser regarding the subject matter of the appraisal. Within thirty (30) days after his or her appointment, the third appraiser shall select the appraised Prevailing Market Rate determined by one or the other of the first two (2) appraisers that is the closer, in the opinion of the third appraiser, to the actual Prevailing Market Rate. The determination of the third appraiser shall be limited solely to the issue of deciding which of the appraisals of the two appraisers is closest to the actual Prevailing Market Rate. The third appraiser shall have no right to propose a middle ground or to modify either of the two appraisals, or any provision of this Lease.

### **(4) Conclusive Determination**

The determination of the Prevailing Market Rate by the accepted appraisal shall be conclusive, final and binding on the parties. Neither of the first two (2) appraisers nor the third appraiser shall have any power to modify any of the provisions of this Lease and must base their decision on the definitions, standards, assumptions, instructions and other provisions contained in this Lease. Subject to the provisions of this Section, the parties will cooperate to provide all appropriate information to the appraisers and the third appraiser. The appraisers (but not the third appraiser) can utilize the services of special experts, including experts to determine such things as property condition, market rates, leasing commissions, renovation costs and similar matters. The appraisers and the third appraiser will each produce their determination in writing, supported by the reasons for the determination.

## **(5) Fees and Costs; Waiver**

Each party shall bear the fees, costs and expenses of the appraiser it selects under Section 28.1(b)(iv)(1) and of any experts and consultants used by that appraiser. The fees, costs and expenses of the third appraiser under Section 28.1(b)(iv)(3) shall be shared equally by Authority and Tenant. Each party waives any claims against the appraiser appointed by the other party, and against the third appraiser, for negligence, malpractice or similar claims in the performance of the appraisals or arbitration contemplated by this Section.

**(iv)** If, either by agreement of the parties or by the arbitration procedure provided herein, the Prevailing Market Rate is not finally determined by the commencement of the Extension Term, then Tenant shall pay the current rental rate until such time as the Prevailing Market Rate is finally determined by agreement of the parties or by the appraisal procedure set forth in this Section, at which time Tenant shall pay any shortage to Authority. No such delay in the determination of Prevailing Market Rate shall be deemed to constitute a waiver by either party of the adjustment of Prevailing Market Rate as provided in this Section.

## **28.2. Intentionally Left Blank**

## **29. GENERAL PROVISIONS**

### **29.1. Notices**

Nothing contained in this Section 29 (and its subsections) or elsewhere in the Lease shall be considered or construed as a waiver of the Tenant's sovereign immunity. The parties acknowledge that the Tenant is not subject to state and local codes and ordinances, or the penalties associated therewith; but rather, the Tenant is subject to federal laws and regulations relating to, for example, non-discrimination laws, environmental protection, and employee benefits and protections.

Any notice given under this Lease shall be effective only if in writing and given by delivering the notice in person or by sending it first-class mail or certified mail with a return receipt requested or by overnight courier, return receipt requested, with postage prepaid, to: (a) Tenant, (i) at Tenant's address set forth in the Basic Lease Information, if sent prior to Tenant's taking possession of the Premises, or (ii) at any place where Tenant or any Agent of Tenant may be found if sent subsequent to Tenant's vacating, abandoning or surrendering the Premises; or (b) Authority, at Authority's address set forth in the Basic Lease Information; or (c) to such other address as either Authority or Tenant may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Section at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day

after the date it is made if sent by overnight courier, or upon the date personal delivery is made. For convenience of the parties, copies of notices may also be given by telefacsimile to the telephone number set forth in the Basic Lease Information or such other number as may be provided from time to time; however, neither party may give official or binding notice by facsimile. Tenant shall promptly provide Authority with copies of any and all notices received regarding any alleged violation of laws or any alleged unsafe condition or practice related to Tenant's use of the Premises.

### **29.2. No Implied Waiver**

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

### **29.3. Amendments**

Neither this Lease nor any terms or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the party against which the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then-existing or subsequent breach thereof. Whenever this Lease requires or permits the giving by Authority of its consent or approval, the Director of Transportation of the San Francisco Municipal Transportation Agency ("SFMTA Director of Transportation"), or his or her designee shall be authorized to provide such approval, except as otherwise provided by applicable law, including the City Charter. Any amendments or modifications to this Lease, including, without limitation, amendments to or modifications to the exhibits to this Lease, shall be subject to the mutual written agreement of Authority and Tenant, and Authority's agreement may be made upon the sole approval of the Director of Transportation, or his or her designee; provided, however, material amendments or modifications to this Lease (a) changing the legal description of the Premises, (b) increasing the Term, (c) increasing the Rent, (d) changing the general use of the Premises from the use authorized under Section 7.1 of this Lease, and (e) any other amendment or modification which materially increases the Authority's liabilities or financial obligations under this Lease may additionally require the approval of the Authority's Commission, and where applicable, City's Board of Supervisors.

### **29.4. Authority**

If Tenant signs as a corporation or a partnership, each of the persons executing this Lease on behalf of Tenant does hereby covenant and warrant that Tenant is a duly authorized and existing entity, that Tenant has full right and authority to enter into this Lease, and that each and all of the persons signing on behalf of Tenant are authorized to do so. Upon Authority's request,

Tenant shall provide Authority with evidence reasonably satisfactory to Authority confirming the foregoing representations and warranties.

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

The words "Authority" and "Tenant" as used herein shall include the plural as well as the singular. If there is more than one Tenant, the obligations and liabilities under this Lease imposed on Tenant shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party. All approvals, consents or other determinations permitted or required by Authority hereunder shall be made by or through SFMTA's Director of Transportation unless otherwise provided in this Lease, subject to applicable law. All approvals, consents or other agreements on behalf of the Tenant shall be made only by the Contracting Officer, unless the Contracting Officer specifically designates another individual in writing to bind Tenant, subject to applicable law.

#### **29.6. Interpretation of Lease**

The captions preceding the articles and sections of this Lease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Lease. This Lease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the parties, without any presumption against the party responsible for drafting any part of this Lease. Provisions in this Lease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or City holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Lease, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

#### **29.7. Intentionally Left Blank**

#### **29.8. Brokers**

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

#### **29.9. Severability**

If any provision of this Lease or the application thereof to any person, entity or circumstance shall be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Lease shall be valid

and be enforceable to the fullest extent permitted by law, except to the extent that enforcement of this Lease without the invalidated provision would be unreasonable or inequitable under all the circumstances or would frustrate a fundamental purpose of this Lease.

#### **29.10. Governing Law**

This Lease shall be deemed to have been made in, and be construed in accordance with Federal Law, and if not relevant to the dispute, then California law shall control, but nothing herein shall be construed as a waiver of USPS's sovereign immunity.

#### **29.11. Entire Agreement**

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

#### **29.12. Attorneys' Fees**

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

#### **29.13. Holding Over**

If Tenant retains possession of any portion of the Premises after the expiration or the earlier termination of this Lease, Tenant shall pay Authority, on a month-to-month basis Base Rent equal to one hundred percent (100%) of the latest Base Rent payable by Tenant hereunder prior to such expiration, together with an amount estimated by Authority for the monthly Additional Charges payable under this Lease, and shall otherwise be on the terms and conditions herein specified so far as applicable (except for those pertaining to the Term and any Extension

Options). Any failure by Tenant to surrender or discontinue using the Premises, shall constitute continuing possession for purposes hereof. Tenant acknowledges that the foregoing provisions shall not serve as permission for the Tenant to hold over, nor serve to extend the term of this Lease beyond the end on the term hereof. Any holding over without Authority's consent shall constitute a default by Tenant and entitle Authority to exercise any or all of its remedies as provided herein, notwithstanding that Authority may elect to accept one or more payments of Rent, and whether or not such amounts are at the holdover rate specified above or the rate in effect at the end of the Term of this Lease.

Payment of the Base Rent equal to 100% and other Additional Charges authorized under this Lease shall be in full and complete satisfaction of the Landlord's damages resulting from any holdover.

#### **29.14. Time of Essence**

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

#### **29.15. Cumulative Remedies**

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

#### **29.16. Survival of Indemnities**

Termination of this Lease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Lease, nor shall it affect any provision of this Lease that expressly states it shall survive termination hereof.

#### **29.17. Signs**

Tenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Retail Center or from the exterior of the Premises, without Authority's prior written consent, which Authority may withhold or grant in its sole discretion. Tenant's signage installed during its occupancy under the prior lease for the Premises has been approve and can remain.

#### **29.18. Relationship of the Parties**

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

#### **29.19. Light and Air**

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



**29.20. No Recording**

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

**29.21. Intentionally Left Blank**

**29.22. Public Transit Information**

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

**29.23. Taxes, Licenses, and Charges**

Tenant agrees to reimburse the Authority for all applicable taxes and assessments which, during the term of this Lease or any extensions or renewals thereof, may be levied or imposed by state, or any county or city or other political entity having the power to tax, upon the interest in the improvements constructed or to be constructed upon the demised premises. All applicable taxes are to be paid before they become delinquent. Authority will provide copies of the front and back of the complete tax bill issued by the taxing authority, along with satisfactory proof of payment, e.g., (i) a receipt for payment shown on the face of the tax bill or (ii) a copy of the front and back of the cancelled payment check. Tenant reserves the right to contest the legality or amount of any tax paid pursuant to this paragraph. Nothing herein is intended to be construed as a waiver of Tenant's sovereign immunity.

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

No elective or appointive board, commission, member, officer, employee or other Agent of City and/or Authority shall be personally liable to Tenant, its successors and assigns, in the event of any default or breach by City and/or Authority or for any amount which may become due to Tenant, its successors and assigns, or for any obligation of City and/or Authority under this Agreement. Under no circumstances shall Authority, City, or their respective Agents be liable under any circumstances for any consequential, incidental or punitive damages.

**29.25. Intentionally Left Blank**

**29.26. Intentionally Left Blank**

**29.27. No Relocation Assistance; Waiver of Claims**

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

**29.28. MacBride Principles - Northern Ireland**

The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1 et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Tenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland. Nothing herein shall be deemed or construed as a waiver of the Tenants' sovereign immunity.

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

The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product. Except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code, Tenant shall not provide any items to the construction of Tenant Improvements or the Alterations, or otherwise in the performance of this Lease which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Tenant fails to comply in good faith with any of the applicable provisions of Chapter 8 of the San Francisco Environment Code. Nothing herein shall be deemed or construed as a waiver of the Tenant's sovereign immunity.

### **29.30. Restrictions on the Use of Pesticides**

Chapter 3 of the San Francisco Environment Code (the Integrated Pest Management Program Ordinance or "IPM Ordinance") describes an integrated pest management ("IPM") policy to be implemented by all City departments. Tenant shall not use or apply or allow the use or application of any pesticides on the Premises or contract with any party to provide pest abatement or control services to the Premises without first receiving City's written approval of an IPM plan that (i) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Tenant may need to apply to the Premises during the term of this Lease, (ii) describes the steps Tenant will take to meet the City's IPM Policy described in Section 300 of the IPM Ordinance and (iii) identifies, by name, title, address and telephone number, an individual to act as the Tenant's primary IPM contact person with the City. Tenant shall comply, and shall require all of Tenant's contractors to comply, with the IPM plan approved by the City and shall comply with the requirements of Sections 300(d), 302, 304, 305(f), 305(g), and 306 of the IPM Ordinance, as if Tenant were a City department. Among other matters, such provisions of the IPM Ordinance: (a) provide for the use of pesticides only as a last resort, (b) prohibit the use or application of pesticides on property owned by the City, except for pesticides granted an exemption under Section 303 of the IPM Ordinance (including pesticides included on the most current Reduced Risk Pesticide List compiled by City's Department of the Environment), (c) impose certain notice requirements, and (d) require Tenant to keep certain records and to report to City all pesticide use at the Premises by Tenant's staff or contractors.

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

### **29.31. Intentionally Left Blank**

### **29.32. 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 Authority and/or City and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

### **29.33. Conflicts of Interest**

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

### **29.34. Charter Provisions**

Only to the extent applicable to Tenant this Lease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

### **29.35. Drug-Free Workplace**

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

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

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

### **29.37. Counterparts**

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

### **29.38. Effective Date**

This Lease shall become effective on the date upon which this Lease is duly executed and delivered by the parties hereto.

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

Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Lease as though fully set forth. The text of the HCAO is available on the web at <http://www.sfgov.org/olse/hcao>. Capitalized terms used in this Section and not defined in this Lease shall have the meanings assigned to such terms in Chapter 12Q.

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

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

(c) Tenant's failure to comply with the HCAO shall constitute a material breach of this Lease. City shall notify Tenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Lease for violating the HCAO, Tenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Tenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

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

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

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

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

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

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

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

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

#### **29.40. Notification of Limitations on Contributions**

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

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

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

#### **29.42. Resource Efficient City Buildings**

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

#### **29.43. Intentionally Left Blank**

#### **29.44. Resource Efficient City Buildings**

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

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

Tenant shall not install or permit any vending machine on the Premises without the prior written consent of the Authority. Any permitted vending machine must comply with the food nutritional and calorie labeling requirements set forth in San Francisco Administrative Code section 4.9-1(c), as may be amended from time to time (the "Nutritional Standards Requirements"). Tenant agrees to incorporate the Nutritional Standards Requirements into any contract for the installation of a vending machine on the Premises or for the supply of food and beverages to that vending machine. Failure to comply with the National Standards Requirements or to otherwise comply with this Section 28.48 shall be deemed a material breach of this Lease. Without limiting City's other rights and remedies under this Lease, City shall have the right to require the immediate removal of any vending machine on the Premises that is not permitted or that violates the Nutritional Standards Requirements. In addition, any restaurant located on the Premises is encouraged to ensure that at least 25% of Meals offered on the menu meet the nutritional standards set forth in San Francisco Administrative Code section 4. 9-1(e), as may be amended. Tenant hereby agrees that it shall comply with all applicable provisions of such Code Sections. Nothing herein shall be deemed or construed as a waiver of the Tenant's sovereign immunity.

#### **29.46. Bottled Drinking Water**

Unless exempt, Tenant agrees to comply fully with and be bound by all of the provisions of the San Francisco Bottled Water Ordinance, as set forth in San Francisco Environment Code Chapter 24, including the administrative fines, remedies, and implementing regulations provided therein, as the same may be amended from time to time. The provisions of Chapter 24 are incorporated herein by reference and made a part of this Lease as though fully set forth.

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

Unless exempt due to Tenant's sovereign status, the following provisions shall apply:

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

(b) Tenant shall incorporate by reference the provisions of Chapter 12T in all subleases of some or all of the Premises, and shall require all subtenants to comply with such

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

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

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

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

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

(g) Tenant and subtenants understand and agree that upon any failure to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T or this Lease, including but not limited to a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Lease.

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

#### **29.48. All-Gender Toilet Facilities**

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

applicability or compliance, Tenant should contact Authority for guidance. Nothing herein shall be construed as a waiver of Tenant's sovereign immunity.

#### **29.49. Cooperative Drafting**

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

### **30. AUTHORITY'S INTEREST**

**30.1.** Authority represents and warrants to the Tenant that as of the Effective Date (i) it has the right and authority to enter into this Lease; (ii) there are no encumbrances, liens, agreements, covenants in effect that would materially interfere with the Tenant's ability to operate its operations, materially impair the Tenant's rights under this Lease, or materially increase the Tenant's obligations under this Lease; and (iii) Authority is unaware of any existing or impending condemnation plans, proposed special assessments or other adverse physical conditions relation to the Property.

**30.2.** If this Lease provides for payments aggregating \$10,000 or more to Authority, claims for monies due or to become due from the Tenant under it may be assigned by Authority to a bank, trust company, or other financing institution, including any federal lending agency, and may thereafter be further assigned and reassigned to any such institution. Any assignment or reassignment must cover all amounts payable and must not be made to more than one party at a time, except that assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in finance this Lease. No assignment or reassignment by Authority will be recognized as valid and binding upon Tenant unless a written notice of the assignment or reassignment, together with a true copy of the instrument of assignment and other reasonable documentation, including without limitation, a W-9, is filed with:

- (a) The Tenant's Contracting Officer; and
- (b) The surety or sureties, if any, upon any bond.
- (c) Assignment by Authority of this Lease or any interest in this Lease other than in accordance with the provisions of this clause will be grounds for termination of this Lease by the Tenant.

**30.3.** Nothing contained herein shall be construed so as to prohibit transfer of ownership of the Premises by SFUSD, provided that:

- (a) Such transfer is subject to this Lease;
- (b) A copy of the recorded deed or other official transfer instrument evidencing the transfer is provided to Tenant; and
- (c) SFUSD shall cause its assignee or transferee to assume the provisions of this Lease and SFUSD shall deliver notice of such assignment or transfer and a copy of the effective instrument of transfer to the Tenant within 45 days after the date of transfer. In addition, both SFUSD and the successor landlord shall execute the standard Certificate of Transfer of Title to Leased Property and Lease Assignment and Assumption form to be provide



by the Tenant within 30 days after receipt of such form from Tenant. Tenant shall be entitled to continue to pay rent and give all notices to Authority until it has received the foregoing from either SFUSD or Authority. Authority shall delivery all such funds in which the Tenant has an interest to Authority's successor or assignee. Provided Authority's successor or assignee expressly assumes Authority's duties and covenants under this Lease as required hereunder, Authority shall be released from all liability toward Tenant arising from this Lease because of any act, occurrence or omission of Authority's successor occurring after the transfer of Authority's interest in this Lease. Nothing herein shall be deemed to relieve Authority of any liability for its acts, omissions or obligations occurring or accruing up to and including the date of such transfer, and the Tenant shall be free to exercise any and all remedies for a Authority default against either the Authority or a successor landlord, at the election of the Tenant.

### **31. REAL ESTATE CONFLICT OF INTEREST CERTIFICATION**

As condition to the effectiveness of this Lease, Authority shall complete and return the "Real Estate Conflict of Interest" from attached to this Lease at the time of Authority's execution and delivery of this Lease. If Authority's certification in such form is false, or Authority breaches the certification and fails to notify the Tenant Contracting Officer as provided therein, then the Tenant may (i) withhold rent and all other payments and reimbursements until Authority remedies the misrepresentation or the Tenant waives such conflict of interest, (ii) terminate the Lease on a date set forth in the notice to Authority without penalty, or (iii) exercise any other remedy it may have for damages or injunctive relief. The Tenant may exercise any or all of the foregoing remedies.

### **32. CLAUSES REQUIRED TO IMPLEMENT POLICIES, STATUES, OR EXECUTIVE ORDERS**

The flowing clauses are incorporated in this Lease by reference. The text of incorporated terms may be found in Tenant's Supplying Principles and Practices, accessible at <http://about.usps.com/manuals/spp/html/spp10.htm> or by searching [www.usps.com](http://www.usps.com).

Clause 1-1, Privacy Protection (October 2014)

Clause 1-5, Gratuities or Gifts (March 2006)

Clause 1-6, Contingent Fees (March 2006)

Clause 4-2, Contract Terms and Conditions Required to Implement Policies, Statues or Executive Orders (July 2014)

Clause 9-3, Davis-Bacon Act (March 2006) – 1

Clause 9-7, Equal Employment (March 2008) - 2

Clause 9-13, Affirmative Action for Handicapped Workers (February 2010) - 3

Clause 9-14, Affirmative Action for Disabled Veterans of the Vietnam Era (March 2006) - 4

Clause B-25, Advertising of Contract Awards (February 2013)

Note: for purposes of apply the above standard clauses to this Lease, the terms "supplier", "contractor", and "lessor" are synonymous with "Landlord," and the term "contract" is synonymous with "Lease".

1 – For premises with net interior space in excess of 6,500 SF and involving construction work over \$2,000.

2 – For leases aggregating payments of \$10,000 or more.

- 3 – For leases aggregating payments of \$10,000 or more.
- 4 – For leases aggregating payments of \$25,000 or more.

IN WITNESS WHEREOF, Authority and Tenant have executed this Lease as of the date first written above.

TENANT: UNITED STATES POSTAL SERVICE  
By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

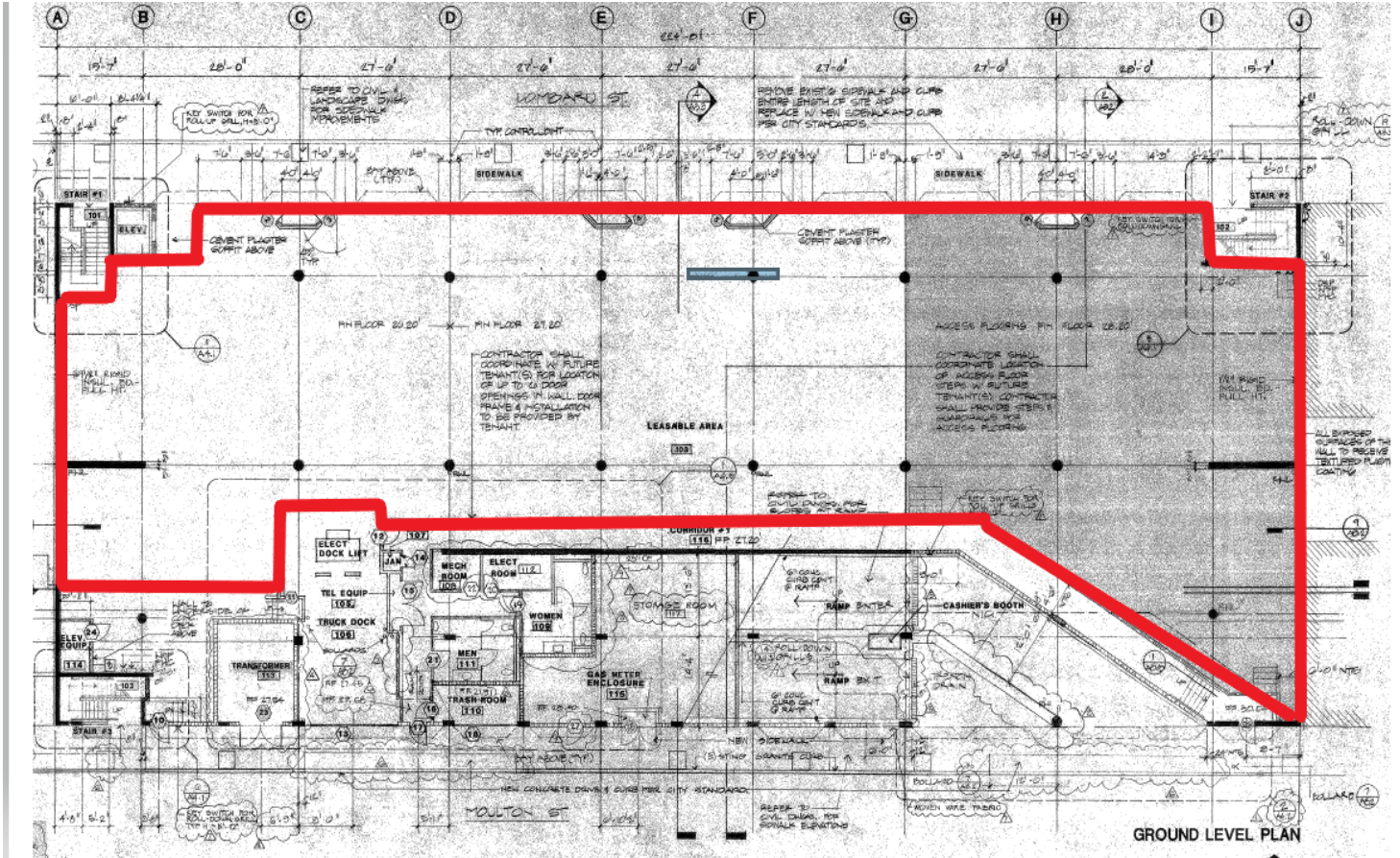
AUTHORITY: PARKING AUTHORITY OF THE CITY AND COUNTY OF SAN FRANCISCO, a public body corporate and politic  
By: \_\_\_\_\_  
Jeffrey Tumlin  
Executive Director  
Date: \_\_\_\_\_

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney  
By: \_\_\_\_\_  
Stephanie Stuart, Deputy City Attorney

PARKING AUTHORITY COMMISSION  
Resolution No. \_\_\_\_\_  
Adopted: \_\_\_\_\_  
Attest: \_\_\_\_\_  
Secretary, Parking Commission

# EXHIBIT A

## LEASE PREMISES



**EXHIBIT B**

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**EXHIBIT C**

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**EXHIBIT D**

**INTENTIONALLY LEFT BLANK**

## EXHIBIT E

### RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators and stairways of the Structure shall not be obstructed by Tenant or used by it for any purpose other than for ingress to and egress from the Premises. Authority shall in all cases retain the right to control and prevent access to the halls, passages, exits, entrances, elevators, escalators and stairways that are not for the use of the general public, and Authority shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Authority would be prejudicial to the safety, character, reputation and interests of the Structure and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. Tenant shall not go upon the roof of the Structure, except in areas that Authority may designate as "Common Areas" from time to time.
2. No sign, placard, picture, name, advertisement or notice visible from the exterior of the Premises shall be installed or displayed by Tenant on any part of the outside or inside of the Structure without the prior written consent of City, which shall not be unreasonably withheld. City shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant and such work may only be performed by Gable Signs & Graphics, Inc. Material visible from outside the Structure will not be permitted.
3. The Premises shall not be used for the storage of merchandise held for sale, except stamps, cards, packaging materials, etc., to the general public or for lodging. No cooking shall be done or permitted by Tenant on the Premises, except that use by Tenant of Underwriters' Laboratory-approved microwave oven and portable equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, provided that such use is in accordance with all applicable federal, state and local laws, codes, ordinances, rules and regulations.
4. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness.
5. Intentionally Left Blank
6. The elevators to be used for the loading of freight shall be available to Tenant in accordance with such reasonable scheduling as City shall deem appropriate. Tenant shall schedule with City, by written notice given no less than forty-eight (48) hours in advance, its move into or out of the Structure, which moving shall occur only on weekend days if required by City; and Tenant shall reimburse City upon demand for any additional security or other charges incurred by City as a consequence of such moving. The persons employed by Tenant to move equipment or other items in or out of the Structure 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 Structure must be adequately covered, padded and protected, and City may provide such padding and protection, at Tenant's expense, if City determines that such measures undertaken by Tenant or Tenant's movers are inadequate.



City shall have the right to prescribe the weight, size and position of all equipment, materials, supplies, furniture or other property brought into the Structure. Heavy objects shall, if considered necessary by City, stand on wood strips of such thickness as is necessary to properly distribute the weight of such objects. City will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Structure by moving or maintaining Tenant's property shall be repaired at the expense of Tenant.

7. Tenant shall not use or keep in the Premises or the Structure 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 shall 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 Structure by reason of noise, odors, and/or vibrations, or interfere in any way with other tenants or those having business in the Structure.
8. City reserves the right to exclude from the Structure 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 Structure signed by City and properly in the possession of the person presenting such pass. City will furnish passes to persons for whom Tenant requests the same in writing. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to City for all acts of such persons. City shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Structure of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in City's opinion, City reserves the right to prevent access to the Structure during the continuance of same by such action as City may deem appropriate, including closing any doors in the Structure.
9. The directory of the Structure will be provided for the display of the name and location of tenants and a reasonable number of the principal officers and employees of tenants, and City reserves the right to exclude any other names therefrom. Any additional name that Tenant shall desire to place upon the directory must first be approved by City and, if so approved, a charge will be made for each such name.
10. Tenant shall not cut or bore holes for wires in the partitions, woodwork or plaster of the Premises. Tenant shall 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 shall be attached to, hung or placed in, or used in connection with any window of the Structure without City's prior written consent. In any event, with the prior written consent of City, such items shall be installed on the office side of City's standard window covering and shall in no way be visible from the exterior of the Structure.

12. Tenant shall see that the doors of the Premises are closed and locked and that all water faucets and water apparatus are shut off (excluding main water and power) before Tenant or Tenant's employees leave the Premises, so as to prevent waste or damage, and for any default or carelessness in this regard Tenant shall make good all injuries sustained by other tenants or occupants of the Structure or City. On multiple-tenancy floors, all tenants shall keep the doors to the Structure corridors closed at all times except for ingress and egress, and all tenants shall 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 shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be deposited therein. The expense of any breakage, stoppage or damage resulting in any violation of this rule shall be borne by Tenant.
14. Except with City's prior consent, Tenant shall not sell, or permit the sale from the Premises of, or use or permit the use of any sidewalk or mall area adjacent to the Premises for the sale of, newspapers, magazines, periodicals, theater tickets or any other goods, merchandise or service not related to Tenant's use of the Premises, nor shall Tenant 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 Structure, nor shall the Premises 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 shall not install any radio or television antenna, loudspeaker, or other device on or about the roof area or exterior walls of the Structure. Tenant shall not interfere with radio or television broadcasting or reception from or in the Structure or elsewhere.
16. Tenant shall not use in any space, or in the common areas of the Structure, any hand-trucks except those equipped with rubber tires and side guards or such other material-handling equipment as City may approve. No other vehicles of any kind shall be brought by Tenant into the Structure or kept in or about the Premises.
17. Tenant shall store all its trash and garbage within the Premises until removal of the same to such location in the Structure as may be designated from time to time by City. No material shall be placed in the Structure trash boxes or receptacles if such material is of such 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 law or ordinance governing such disposal.
18. All loading and unloading of merchandise, supplies, materials, garbage and refuse shall be made only through such entryways and freight elevators and at such times as City shall designate. In its use of the loading areas of the Structure, Tenant shall not obstruct or permit the obstruction of said loading areas, and at no time shall Tenant park vehicles therein except for immediate loading and unloading purposes.

19. Canvassing, soliciting, peddling or distribution of handbills or any other written material in the Structure is prohibited and Tenant shall cooperate to prevent the same.
20. Tenant shall immediately, upon request from City (which request need not be in writing), reduce its lighting in the Premises to a reasonable standard for temporary periods designated by City, when required in City's judgment to prevent overloads of the mechanical or electrical systems of the Structure.
21. City reserves the right to select the name of the Structure and to make such change or changes of name as it may deem appropriate from time to time, and Tenant shall not refer to the Structure by any name other than: (i) the name as selected by City (as the same may be changed from time to time), or (ii) the postal address approved by the United States Post Office. Tenant shall not use the name of the Structure in any respect other than as an address of its operation in the Structure without the prior written consent of the City.
22. Tenant assumes all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry closed.
23. No vending machine shall be maintained or operated within the Premises or the Structure without City's prior written consent. All current vending machines have been approved.
24. All incoming mail and package deliveries shall be received at the area in the Structure designated by City for such purposes and distributed through means established by City. No messenger or other delivery personnel shall be permitted to enter any area of the Structure other than the area designated by City for the pick-up and receipt of such deliveries.
25. City reserves the right to exclude or expel from the Structure any person who is, in the judgment of City, intoxicated or under the influence of alcohol or other drug or who is in violation of any of the Rules or Regulations of the Structure.
26. No animal or bird shall be permitted in the Premises or the Structure, except for seeing eye dogs, or any other support animals, when in the company of their masters.
27. The requirements of Tenant will be attended to only upon application by telephone or writing or in person at the management office of the Structure. Employee of City shall 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 such waiver by City shall be construed as a waiver of these Rules and Regulations in favor of any other tenant or tenants, nor prevent City from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Structure.

29. Wherever the word "Tenant" occurs in these Rules and Regulations, it is understood and agreed that it shall mean Tenant's associates, agents, clerks, employees and visitors. Wherever the word "City" occurs in these Rules and Regulations, it is understood and agreed that it shall mean City's assigns, agents, officers, employees and visitors.
30. These Rules and Regulations are in addition to, and shall 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 Structure.
31. City reserves the right to make such 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 Structure, and for the preservation of good order therein.
32. Tenant shall be responsible for the observance of all the foregoing Rules and Regulations by Tenant's employees, agents, clients, customers, invitees and guests.

Facility Name: SAN FRANCISCO-MARINA STATION Fin/Sub No: 056821-001  
Address: 2055 LOMBARD ST  
City, ST, ZIP: SAN FRANCISCO, CA 94123-9991

### Real Estate Conflict of Interest Certification

To avoid actual or apparent conflicts of interest, the United States Postal Service (“Postal Service”) requires the following certification from you as a potential Landlord/Supplier/Contractor to the Postal Service. Please check all that apply in item A below. Further, please understand that the Postal Service will be relying on the accuracy of the statements made by you in this certification in determining whether to proceed with any possible transaction with you.

I, Jeffrey Tumlin, hereby certify to the Postal Service as follows: [PRINT: name of potential Landlord/Supplier/Contractor]

- A. (Check all that apply) I am:
- (i) \_\_\_\_\_ A Postal Service employee;
  - (ii) \_\_\_\_\_ The spouse of a Postal Service employee;
  - (iii) \_\_\_\_\_ A family member of a Postal Service employee; (*Relationship*) \_\_\_\_\_
  - (iv) \_\_\_\_\_ An individual residing in the same household as a Postal Service employee;
  - (v) \_\_\_\_\_ I am one of the individuals listed in (i) through (iv) above AND a controlling shareholder or owner of a business organization leasing space or intending to lease space to the Postal Service; OR
  - (vi)  \_\_\_\_\_ None of the above.
- B. (Complete as applicable):
- i. I have the following job with the Postal Service (*Title*) \_\_\_\_\_ (*Location*) \_\_\_\_\_
  - ii. My Spouse who works for the Postal Service holds the following job:  
(*Title*) \_\_\_\_\_ (*Location*) \_\_\_\_\_
  - iii. My family member who works for the Postal Service holds the following job:  
(*Title*) \_\_\_\_\_ (*Location*) \_\_\_\_\_
  - iv. My household member who works for the Postal Service holds the following job: \_\_\_\_\_  
(*Title*) \_\_\_\_\_ (*Location*) \_\_\_\_\_
- C. If you have checked “none of the above” and during the lease term or any renewal term, you do fall into any of the categories listed in A (i) through (v) above, you shall notify the Postal Service Contracting Officer in writing within 30 days of the date you fall into any of the such categories and shall include an explanation of which of the above categories now applies.
- D. The person signing this certification has full power of authority to bind the potential Landlord/Supplier/Contractor named above.

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 20

\_\_\_\_\_ by

BY: \_\_\_\_\_

[Insert Signature]

BY: \_\_\_\_\_

[PRINT: name of entity or person]

Title: \_\_\_\_\_ [Insert title]